

Finance Dept.  
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**CITY OF KINSTON**  
**NORTH CAROLINA**



**COMPREHENSIVE**  
**ANNUAL**  
**FINANCIAL REPORT**  
**FISCAL YEAR ENDED**  
**JUNE 30, 2000**



**CITY OF KINSTON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

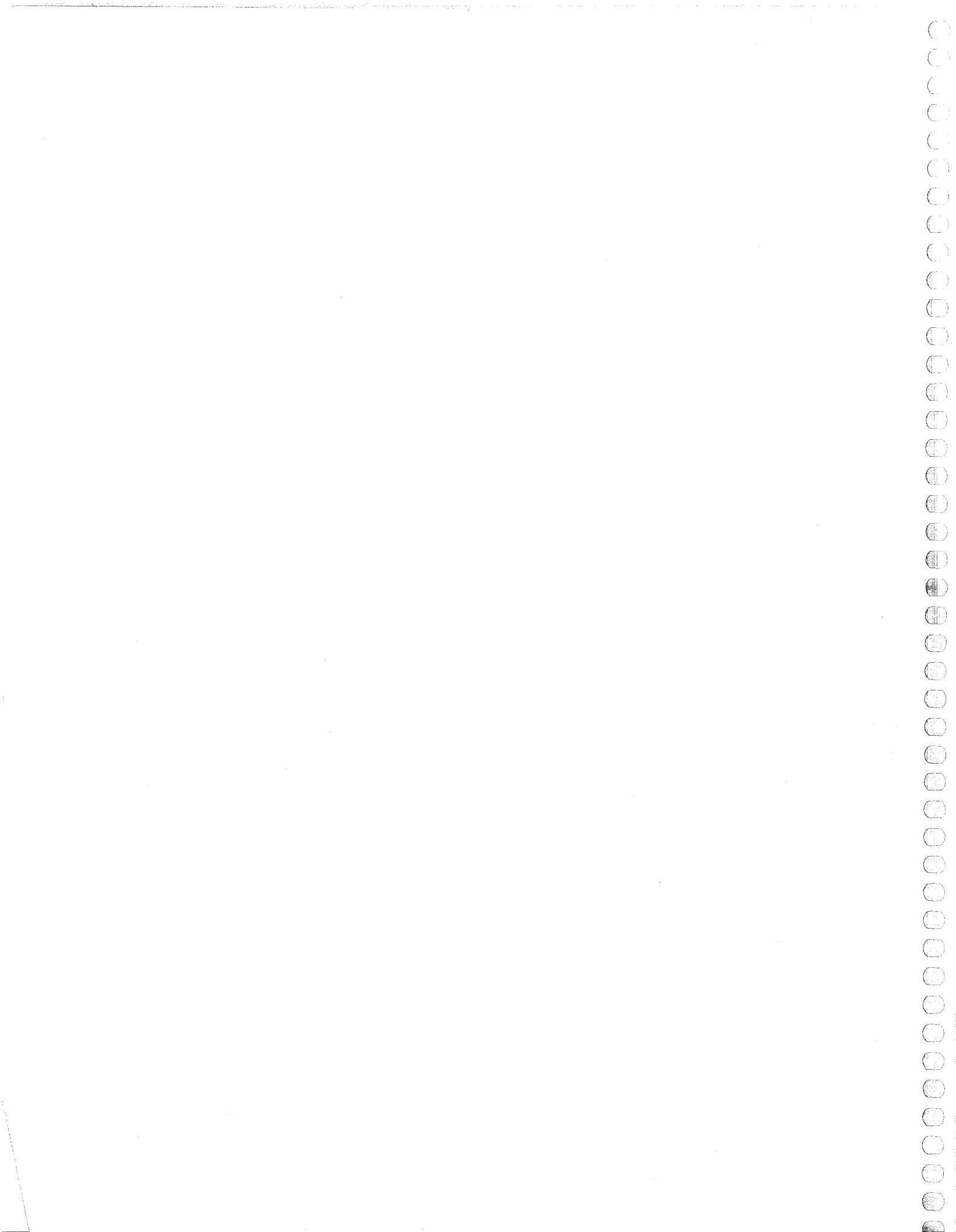
**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**PREPARED BY  
CITY OF KINSTON FINANCE DEPARTMENT**



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## **INTRODUCTORY SECTION**

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**Letter of Transmittal  
List of Principal Officials  
Organizational Chart  
GFOA Certificate of Achievement for  
Excellence in Financial Reporting**

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# City of Kinston

P.O. Box 339  
Kinston, North Carolina 28502  
Phone: (252) 939-3115 Fax: (252) 939-3126

Johnnie Mosley

Mayor

Ralph A. Clark

City Manager

October 13, 2000

To the Citizens of the **CITY OF KINSTON:**

The Comprehensive Annual Financial Report of the **CITY OF KINSTON** (the City) for the fiscal year ended June 30, 2000, is hereby submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of principal officials, the City's organizational chart, and GFOA's Certificate of Achievement for Excellence in Financial Reporting for our 1999 report. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all fund and account groups of the City. The City provides a full range of services including police and fire protection; sanitation services; construction and maintenance of street and other infrastructure; planning and zoning services; and parks and recreational services. In addition to general governmental activities, the City owns and operates electrical, water and wastewater utilities; therefore, these activities are included in the reporting entity. Kinston Leasing Corporation is considered a blended component unit of the City; however, there was no activity during the fiscal year ended June 30, 2000. The Kinston-Lenoir County Library, the Lenoir County Development Commission, the Lenoir County Tourism Development Authority and the Kinston Housing Authority do not meet the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendment of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal and state financial assistance, findings and recommendations, and auditor's reports on internal control awards and compliance with applicable laws and regulations, is included in a separate report.

## **BLUEPRINT FOR THE FUTURE**

The City Council on October 5, 1998, adopted the Greater Kinston Area Growth Plan, thus establishing a blueprint for development of the City. The plan further establishes a strategy for encouraging new economic development and revitalization of the City in a way that takes advantage of existing infrastructure, such as streets, utilities, and investments in other public facilities and private real estate.

## **ECONOMIC CONDITION AND OUTLOOK**

Kinston, located 75 miles east of the City of Raleigh (the State Capital) and 60 miles west of the Atlantic Coast, is the largest municipality in Lenoir County and serves as the County seat.

In what promises to be the single most significant and dramatic economic development project ever in Eastern North Carolina, the Lenoir County-Kinston Regional Jetport competed with scores of cities and counties across North Carolina in the Spring of 1992 and was chosen as the site of the North Carolina Global TransPark (GTP).

The GTP is on its way to becoming a unique multi-modal business center designed to support manufacturing distribution, agribusiness and transportation-related companies competing in national and international commerce. Fully integrating air, rail, road and nearby sea transportation capabilities will serve the logistics requirements of its tenants and users as well as benefitting the surrounding region and the entire state.

The GTP is a long-range project, that over time will become the centerpiece of the East as it creates tens of thousands of direct and indirect jobs. More than 2600 people already work within the boundaries of the GTP area. And more than 400 of these jobs have been created since the time Kinston was selected as the GTP site. The key to success for the GTP rests with putting in place the on-site and regional infrastructure enhancements and other resources that are important to attracting business.

Development has accelerated as the project completed the mandatory planning phase and received the environmental permits and funding that have allowed it to begin initial construction work. The runway extension has been started and the construction of a taxiway and cargo apron is underway. The Education and Training Center was completed this year and classes have begun. Improvements have been completed to U.S. 258 which serve the GTP and the first phase of the Crescent Road connector is under construction. This road is the first link in the GTP's interstate quality connection to Interstate 95.

Kinston was designated a NC State Development Zone #002, on November 5, 1998 by the NC Department of Commerce. This designation encourages corporations and private taxpayers to contribute towards projects which improve chances for new economic development by providing State tax credits for qualifying businesses.

- \$4,000 per qualified job in addition to the \$3,000 per job under the Enterprise Tier incentives created by the William S. Lee Act
- \$1,000 per employee for worker training
- 7% for machinery & equipment with no minimum

These State incentives along with an aggressive County-wide Economic Development Program supported by the City of Kinston and the Lenoir County Committee of 100 will be helpful in attracting new businesses to the Kinston/Lenoir County area.



Older sections of the City are not being ignored. The City fully supports the operating budget for Pride of Kinston, Inc., a not-for-profit downtown revitalization organization that has spawned several major private investments. In fiscal year 1999-2000 nineteen new businesses moved to downtown Kinston and seven existing businesses expanded. In FY 2000-2001 a small business incubator, coffee shops, wine bar and loft apartments will add to the continuing economic revitalization of Kinston's central business district. A comprehensive master plan for the continued redevelopment of downtown Kinston is currently underway. Once completed and approved, it will provide a market based plan for attracting new business, improving the street scape and promoting downtown as a shopping tourist destination.

One of the continuing challenges and opportunities facing the City in the next several years has resulted from the devastating flooding from the aftermath of Hurricane Floyd's arrival in September 1999. The massive flooding surpassed that experienced three years earlier following Hurricane Fran. Nearly 400 homes in southeast Kinston were substantially damaged or destroyed and the Peachtree Wastewater Treatment Plant was flooded. City Council and administration took immediate steps to not only help people and businesses recover from the disaster, but began an aggressive new housing construction program. The program will offer all citizens a chance to locate outside the flood plain while remaining within the City limits.

## **MAJOR INITIATIVES**

### **For the Year**

Fiscal Year 1999-2000 included the planning and /or implementation phases of several initiatives as well as the continuation or completion of projects begun during previous fiscal years.

The flood buyout programs, funded by the state and federal governments, are designed to acquire property in the flood plain and relocate property owners to other locations within the City. The programs were established in response to extensive damage experienced during 1996 from Hurricanes Bertha & Fran and Hurricane Floyd this fiscal year.

There are four (4) projects involved in the Bertha/Fran program, totaling over \$19.5 million in grants, with over \$13.5 million in expenditures having been administered and recorded thru fiscal year end 2000. The Hurricane Floyd program consists of six (6) projects, with grant awards totaling over \$10.6 million and expenditures of approximately \$1.5 million thru June 30, 2000.

A recreation capital improvement project totaling \$1,100,000 was started during the fiscal year 99/00. This project includes the renovation of various city recreation facilities and the purchase of new playground equipment to comply with today's safety standards.

In addition to the buyout programs, the Federal Emergency Management Agency is presently funding over \$6 million for clean-up assistance and repairs to city facilities damaged/destroyed by Hurricane Floyd and subsequent flooding.

A storm water plan for Nitrogen Control was completed and submitted to the North Carolina Department of Environment and Natural Resources. Electric projects included the continued construction of a 115 KV transmission loop and substation improvements. The transmission loop project will improve service reliability and allow maintenance on the system without power outages.

In addition to the federal and state funded programs to assist flood victims with property buyout and relocation; the City, using its own resources, initiated several projects to assist with replacement housing alternatives within the City.

1. Call Kinston Home Project - City provided building lots and materials, along with contractor and volunteer labor, to build 13 homes of approximately 1100 to 1300 square feet for flood victims to purchase.
2. Kingwood Forest Project - City purchased a housing development site for approximately 70 sites for stick-built and manufactured homes to be developed by others using a grant from the Crisis Housing Assistance Fund.
3. Uplands Park Project - City purchased development site for a mobile home park of approximately 80-100 homes. This includes 20 homes, 8 single-wide and 12 double-wide, donated by North Carolina Emergency Management. The City is also providing all infrastructure to the entire development.

### **In the Future**

The flood buyout program will continue relocating residents from a 100-year flood plain who incurred major damage to their property due to Neuse River flooding as a result of Hurricanes Bertha, Fran and Floyd. The City is taking a proactive role in requesting additional funds and locating suitable relocation housing in order to avoid erosion of the City's tax base.

Due to heavy rains during fiscal year 97/98, the City's wastewater plant could not treat the entire amount of flow it received. This resulted in the release of solids into the wetlands. The City is currently under a Special Order of Consent to make certain improvements to the sewer system by December 31, 2001. The City is pursuing an aggressive schedule to correct the system's problems and has several studies currently underway to identify and prioritize the system's needs. Approved capital projects at this time total \$16,060,700, with funding coming from a combination of fund balance, grant proceeds, loan proceeds and participation from Lenoir County.

In the aftermath of Hurricane Floyd, local and state government representatives requested that the Federal Emergency Management Agency consider the relocation of the City's Peachtree sewer plant to a location outside the flood plain. The severe flooding after the hurricane caused extensive damage at the current plant site. In September 2000, the City was awarded \$32 million from FEMA to relocate the plant under a hazard mitigation project.

### **FINANCIAL INFORMATION**

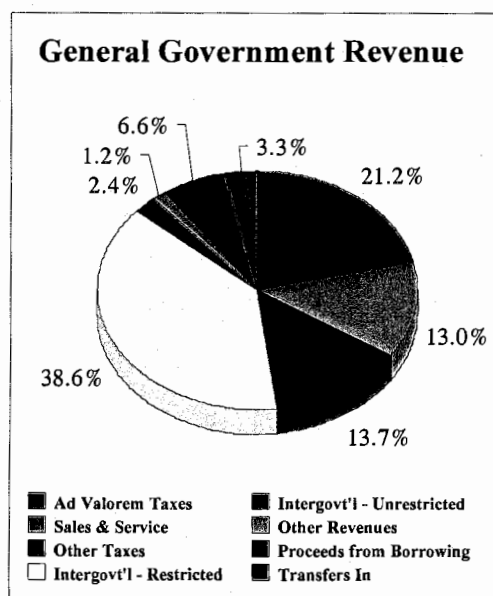
City management is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the City are protected from loss, theft or misuse and to ensure adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

**Budgetary Controls.** In addition to the internal control system, the City maintains a system of budgetary controls. These budgetary controls are designed to insure compliance with the annual budget ordinance adopted by the City Council as well as compliance with the North Carolina General Statutes as they relate to budgetary procedures for local governments. Activities of the general fund, certain special revenue funds, and all proprietary funds are included in the annual appropriated budget. Project length financial plans are adopted for certain special revenue funds and capital projects. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the program level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at year end are reported as reservations of fund balances as these commitments will be honored during the subsequent year.

The City continues to demonstrate its adherence to sound financial management principles and fiscal responsibility as evidenced by the statements and schedules included in this report.

**General Government Functions.** The following schedule presents a summary of the revenue and other financing sources for general governmental functions (General Fund, Capital Projects Funds and Special Revenue Funds) for the fiscal year ended June 30, 2000 and the amount and percentage of increase and decrease in relation to prior year.

<u>Revenue and Other Financing Sources</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1999 (Thousands)</u>	<u>Percent of Increase (Decrease)</u>
Ad valorem taxes	\$ 6,344	21.2%	\$ 13	0.2%
Sales and services	3,880	13.0%	242	6.7%
Other taxes	4,106	13.7%	199	5.1%
Intergovernmental:				
Restricted	11,540	38.6%	3,465	42.9%
Unrestricted	718	2.4%	18	2.6%
Other Revenues	373	1.2%	(278)	(42.7)%
Proceeds from borrowing	1,967	6.6%	1,967	100.0%
Transfers in	991	3.3%	(215)	(17.8)%
<b>Total</b>	<b>\$ 29,919</b>	<b>100.0%</b>	<b>\$ 5,411</b>	

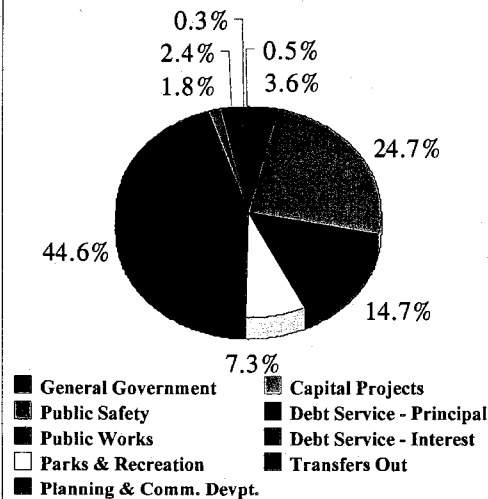


The overall increase in revenues and other financing sources for fiscal year 1999-2000 was 22.1 percent. This increase reflects the receipt of funds from FEMA and HUD for the flood buyout program, and proceeds from equipment purchase and recreation project financing.

Ad valorem taxes continue to be an important source of revenues. Tax collections for the year were 95.13 percent of the current levy, the nineteenth consecutive year the collection rate has exceeded the 95 percent collection level.

<u>Expenditures and Other Financing Uses</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1999 (Thousands)</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$ 1,041	3.6%	996	2213.3%
Public Safety	7,056	24.7%	(21)	(0.3)%
Public Works	4,216	14.7%	214	5.3 %
Parks & Recreation	2,081	7.3%	(341)	(14.1)%
Planning & Community Development	12,758	44.6%	3,478	37.5 %
Capital Projects	502	1.8%	451	884.3%
Debt Service				
Principal	683	2.4%	(206)	(23.2)%
Interest	92	0.3%	(64)	(41.0 %
Transfers Out	156	0.5%	(41)	(20.8)%
Total	<u>\$ 28,585</u>	<u>100.0%</u>	<u>4,466</u>	

### General Government Expenditures



Fiscal year 1999-2000 expenditures and other financing uses increased over the prior year amount by approximately 18.5 percent. The increase is largely attributed to expenditures related to the flood buyout program within the planning and community development category. Public works expenditures increased due to increased in street maintenance projects and fleet maintenance costs. Cost reductions were seen in public safety, parks & recreation, debt service and transfers out. General government category increased primarily due to the realignment of engineering and public facilities department from planning and community development category. Capital project expenditures increased due to the addition of three new projects. Transfers out decreased due to the fact that fewer grant matches were necessary to special revenue funds.

**General Fund Balance.** Fund balance in the General Fund at June 30, 2000 was \$6,411,330. This is an increase of \$1,668,882 or 35.2 percent over June 30, 1999. Fund balance available for appropriation represents 22.4 percent of the General fund expenditures and is approximately 14.4 percent in excess of the minimum recommended level of available fund balance. It continues to remain at a level that complements the City's financial position, maintains credit worthiness, and provides a resource for unforeseen emergencies and revenue fluctuations due to recessions or slowdown in the economy.

**Enterprise Funds.** The government's enterprise operations are comprised of two separate and distinct funds: Electric and Water & Sewer. Several of the City's major initiatives directly relate to the Electric and Water & Sewer Funds.

Total fund equity of the combined system at June 30, 2000 was \$40,659,756 or a .4 percent decrease over the total fund equity at June 30, 1999. The Electric Fund posted a loss of \$733,203 due to the loss of two major industrial customers and particularly the effect of Hurricane Floyd and subsequent flood resulting in the loss of residential and commercial customers. The Water & Sewer Fund posted a net income for FY 2000 of \$55,439.

**Internal Service Fund.** The City maintains one internal service fund to account for the City's entire risk management program. The fund accounts for expenses associated with the City's worker's compensation program, general property and liability insurance, and employee health. The fund equity for the Internal Service Fund at June 30, 2000 was \$508,306.

**Debt Administration.** There are no outstanding general obligation bonds at June 30, 2000. The ratio of net bonded debt to assessed valuation and the amount of gross bonded debt per capital are useful indicators to City management, citizens, and investors of the City's debt position. At June 30, 2000, the legal debt margin of the City was \$79,828,779.

**Cash Management.** During the year, temporarily idle cash was invested in certain U.S. Government Agency securities, certain commercial paper and bankers' acceptance, as well as in the North Carolina Capital Management Trust, and SEC registered mutual fund. The average yield on investments was 5.3 percent.

The City utilizes the pooled concept in its cash and investments program. The goal in selecting investments is to secure the highest return possible taking into consideration the safety and liquidity of the investments and to structure the investments according to the city's overall financial condition, opportunities, and obligations. All deposits of the City are either insured by federal depository insurance or collateralized as required by North Carolina General Statute.

**Risk Management.** The City utilizes commercial insurance carriers to provide coverage for the majority of its insurable risks. However, a limited risk self-insurance program is used for worker's compensation benefits. Resources are paid from other funds to the Internal Service Fund to pay benefit claims and administrative costs of the program. Individual claims in excess of \$250,000 or aggregate claims in excess of \$1.7 million are covered by reinsurance policies with third parties. The risk management program includes an aggressive employee health program and an employee safety program emphasizing accident prevention to minimize losses.

## **OTHER INFORMATION**

**Electric Deregulation.** In 1997, the General Assembly appointed the Study Commission on the Future of Electric Service in North Carolina ("Study Commission") to examine the cost, adequacy, availability and pricing of electric rates in North Carolina, in order to determine whether legislation is necessary to assure an adequate and reliable source of electricity and economical, fair and equitable rates for all consumers in North Carolina.

The Study Commission submitted its report to the 2000 General Assembly on May 16, 2000. That report recommended retail choice for all customers by January 1, 2006. Specific recommendations on Municipal Power Agency debt and stranded costs were deferred. The report did state that nothing in the recommendation was intended to preclude municipalities from being able to sell or retain their distribution systems by making a payment against the municipal power agency debt equal to the appraised value of the electric system. The Study Commission now plans to present further recommendations to the 2001 General assembly addressing these and other issues. The City and the Electric agency are unable to predict the results of the study or the recommendations made by the Study Commission, or whether the recommendations to the General Assembly will be enacted into law.

Although the impact of retail electric competition cannot be measured at this time. if such competition becomes applicable to the City, it may cause significant changes in (1) the number of customers, (2) the costs to the customers, (3) revenues, (4) financing costs, and (5) debt ratings.



**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 Kinston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a Government Unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and the City will be submitting it to the GFOA.

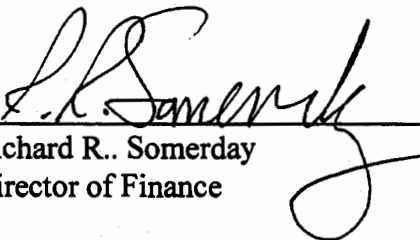
**Independent Audit.** The City is required by the North Carolina General Statutes to have an annual independent audit of its transactions. In addition, the Federal Single Audit Act Amendment of 1996 and the State Single Implementation Act require annual independent audits of the City's compliance with the applicable laws and regulations related to certain financial assistance received by the City. The independent auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The independent auditor's reports on the compliance matters are included in a separate report.


The preparation of this comprehensive annual financial report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report and in their continued professional excellence in accounting for the fiscal actions of the City.

We also acknowledge the valuable professional service provided by the accounting firm of McGladrey & Pullen, LLP and appreciate their assistance in preparing this report.

In closing, we would like to express our appreciation to the Mayor, City Council, Department Heads and all City staff, for their leadership, interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,

  
Richard R. Somerday  
Director of Finance

  
Ralph A. Clark  
City Manager

## **CITY OF KINSTON, NORTH CAROLINA**

**LIST OF PRINCIPAL OFFICERS  
JUNE 30, 2000**

### **CITY COUNCIL**

**JOHNNIE MOSLEY**  
Mayor

**R. VAN BRAXTON**  
Mayor Pro Tem

**ALICE S. TJNGLE**  
**E. GORDON VERMILLION**

**WAYNE D. MALONE**  
**JOSEPH M. TYSON**

### **CITY ADMINISTRATION**

**RALPH CLARKR**  
City Manager

**MICHAEL WIGHTMAN**  
Police Chief

**GREG SMITH**  
Fire Chief

**RONALD WICKER**  
Director of Public Utilities

**JAMES T. PRATT**  
Director of Public Works

**BILL ELLIS**  
Director of Recreation

**ROBERT CLARK**  
Director of Planning and  
Community Development

**KARL MUNSON**  
Director of Human Resources

**SCOTT STEVENS**  
City Engineer

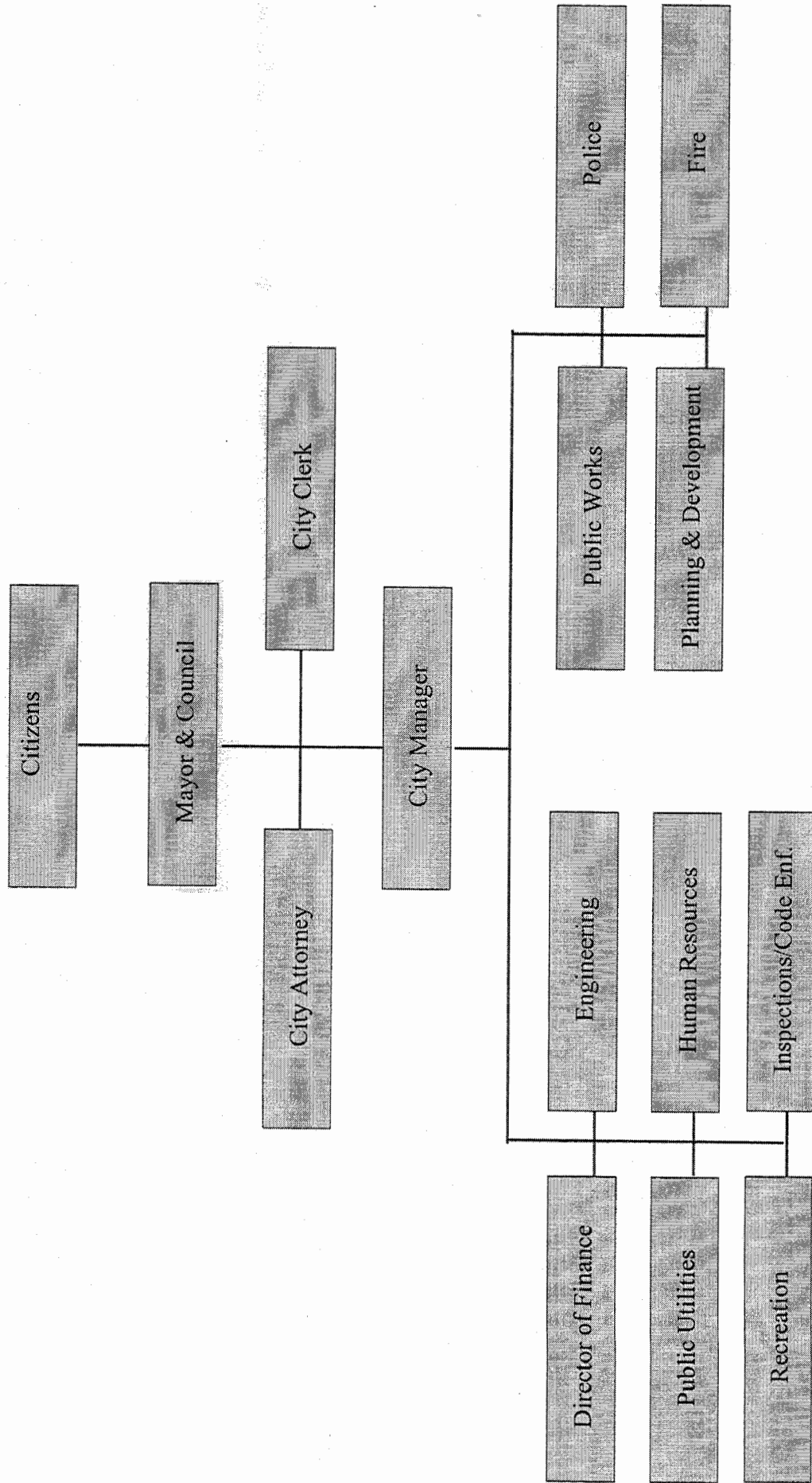
**RICHARD R. SOMERDAY**  
Director of Finance and  
Administration

**TOMMY LEE**  
Director of Inspections

# City of Kinston

## Organizational Chart

Fiscal Year 1999/2000



# Certificate of Achievement for Excellence in Financial Reporting

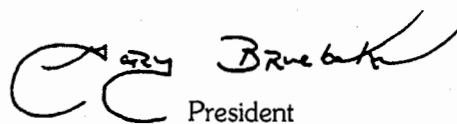
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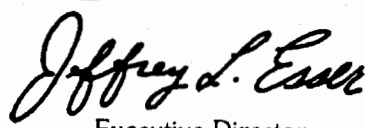
City of Kinston,  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



  
President

  
Executive Director









## **FINANCIAL SECTION**

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**Independent Auditor's Report**

**General Purpose Financial Statements**

**Notes to General Purpose Financial Statements**

**Required Supplemental Financial Data**

**Combining, Individual Fund and Account Group**

**Statements and Schedules**

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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying general purpose financial statements of City of Kinston, North Carolina, as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of City of Kinston's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Kinston, North Carolina, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2000 on our consideration of City of Kinston's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of City of Kinston, North Carolina, taken as a whole. The accompanying statements and schedules listed under the required supplemental financial data and combining, individual fund and account group statements and schedules sections in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of City of Kinston, North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The introductory and statistical sections of the Comprehensive Annual Financial Report (CAFR) have not been audited by us and, accordingly, we express no opinion on their contents.

*McGladrey & Pullen, LLP*

New Bern, North Carolina  
September 26, 2000





## **GENERAL PURPOSE FINANCIAL STATEMENTS**

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**The General Purpose Financial Statements** present a condensed overview of the financial position and results of operations of the City as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

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**CITY OF KINSTON, NORTH CAROLINA**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**

**June 30, 2000**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>ASSETS AND OTHER DEBIT</b>			
Assets:			
Cash and investments	\$ 5,247,978	\$ 296,007	\$ 20,696
Receivables:			
Due from other funds	-	7,810	-
Due from government agencies	952,552	1,243,013	-
Accounts receivable	349,911	102,866	9,755
Taxes receivable	855,564	-	-
Customer receivables, net	327,341	-	-
Interest receivable	32,769	299	-
Inventories	204,427	-	-
Bond issuance costs	-	-	-
Restricted cash and investments	718,438	-	900,559
Investment in direct financing lease	-	-	-
Fixed assets, net where applicable	-	-	-
Other debit:			
Amount to be provided for retirement of general long-term debt	-	-	-
<b>Total assets and other debit</b>	<b>\$ 8,688,980</b>	<b>\$ 1,649,995</b>	<b>\$ 931,010</b>
<b>LIABILITIES, EQUITY AND OTHER CREDIT</b>			
Liabilities:			
Due to other funds	\$ -	\$ 2,451,674	\$ 185,317
Accounts payable and accrued liabilities	784,342	2,814	1,290
Deferred revenue	1,493,308	-	-
Customer deposits	-	-	-
Accrued compensated absences	-	-	-
Police separation allowance	-	-	-
Separation allowance plan	-	-	-
Long-term debt	-	-	-
<b>Total liabilities</b>	<b>2,277,650</b>	<b>2,454,488</b>	<b>186,607</b>
Equity and other credit:			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings	-	-	-
Fund balances:			
Reserved for Powell Bill	1,134,888	-	-
Reserved for inventories	204,427	-	-
Reserved by State statute	1,200,175	1,353,988	9,755
Reserved for encumbrances	1,354,100	-	-
Unreserved:			
Designated for subsequent year's expenditure	-	-	734,648
Undesignated (deficit)	2,517,740	(2,158,481)	-
<b>Total equity and other credit</b>	<b>6,411,330</b>	<b>(804,493)</b>	<b>744,403</b>
<b>Total liabilities, equity and other credit</b>	<b>\$ 8,688,980</b>	<b>\$ 1,649,995</b>	<b>\$ 931,010</b>

*See Notes to General Purpose Financial Statements.*

Proprietary Fund Types		Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	
\$ 1,758,710	\$ 16,556	\$ -	\$ -	\$ 7,339,947
2,059,348	569,833	-	-	2,636,991
-	-	-	-	2,195,565
484,755	1,252	-	-	948,539
-	-	-	-	855,564
5,534,920	-	-	-	5,862,261
60,679	2,871	-	-	96,618
1,342,866	-	-	-	1,547,293
398,806	-	-	-	398,806
2,166,378	-	-	-	3,785,375
327,816	-	-	-	327,816
52,130,412	16,546	19,432,865	-	71,579,823
-	-	-	4,020,076	4,020,076
<u>\$ 66,264,690</u>	<u>\$ 607,058</u>	<u>\$ 19,432,865</u>	<u>\$ 4,020,076</u>	<u>\$ 101,594,674</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,636,991
3,282,461	94,833	-	-	4,165,740
24,951	-	-	-	1,518,259
593,424	-	-	-	593,424
196,806	3,919	-	683,406	884,131
-	-	-	94,053	94,053
-	-	-	193,466	193,466
21,507,292	-	-	3,049,151	24,556,443
<u>25,604,934</u>	<u>98,752</u>	<u>-</u>	<u>4,020,076</u>	<u>34,642,507</u>
3,836,805	-	-	-	3,836,805
-	-	19,432,865	-	19,432,865
36,822,951	508,306	-	-	37,331,257
-	-	-	-	1,134,888
-	-	-	-	204,427
-	-	-	-	2,563,918
-	-	-	-	1,354,100
-	-	-	-	734,648
-	-	-	-	359,259
<u>40,659,756</u>	<u>508,306</u>	<u>19,432,865</u>	<u>-</u>	<u>66,952,167</u>
<u>\$ 66,264,690</u>	<u>\$ 607,058</u>	<u>\$ 19,432,865</u>	<u>\$ 4,020,076</u>	<u>\$ 101,594,674</u>





**CITY OF KINSTON, NORTH CAROLINA**

**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Fiscal Year Ended June 30, 2000**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total (Memorandum Only)</u>
<b>Revenue:</b>				
Ad valorem taxes	\$ 6,343,842	\$ -	\$ -	\$ 6,343,842
Sales and services	3,879,629	-	-	3,879,629
Other taxes	4,105,684	-	-	4,105,684
Intergovernmental revenue:				
Unrestricted	718,442	-	-	718,442
Restricted	1,089,816	10,448,836	-	11,538,652
Other	262,291	91,131	20,100	373,522
<b>Total revenue</b>	<u>16,399,704</u>	<u>10,539,967</u>	<u>20,100</u>	<u>26,959,771</u>
<b>Expenditures:</b>				
Current:				
General government	1,041,340	-	-	1,041,340
Public safety	7,077,340	-	-	7,077,340
Public works	4,215,536	-	-	4,215,536
Parks and recreation	2,081,602	-	-	2,081,602
Planning and community development	1,137,985	11,618,790	-	12,756,775
Capital projects	-	-	501,697	501,697
Debt service				
Principal	683,052	-	-	683,052
Interest	70,342	-	-	70,342
<b>Total expenditures</b>	<u>16,307,197</u>	<u>11,618,790</u>	<u>501,697</u>	<u>28,427,684</u>
<b>Revenue over (under) expenditures</b>	<u>92,507</u>	<u>(1,078,823)</u>	<u>(481,597)</u>	<u>(1,467,913)</u>
<b>Other financing source (uses):</b>				
Operating transfers in	835,300	29,845	126,000	991,145
Operating transfers out	(155,845)	-	-	(155,845)
Proceeds from borrowings	866,920	-	1,100,000	1,966,920
<b>Total other financing sources</b>	<u>1,546,375</u>	<u>29,845</u>	<u>1,226,000</u>	<u>2,802,220</u>
<b>Revenue and other financing     sources over (under)     expenditures and other     financing uses</b>	<u>1,638,882</u>	<u>(1,048,978)</u>	<u>744,403</u>	<u>1,334,307</u>
Fund balances, beginning	4,742,448	274,485	-	5,016,933
Equity transfers	30,000	(30,000)	-	-
Fund balances, ending	<u>\$ 6,411,330</u>	<u>\$ (804,493)</u>	<u>\$ 744,403</u>	<u>\$ 6,351,240</u>

*See Notes to General Purpose Financial Statements.*

# CITY OF KINSTON, NORTH CAROLINA

## COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL AND SPECIAL REVENUE FUNDS FOR WHICH ANNUAL BUDGETS HAVE BEEN ADOPTED For the Fiscal Year Ended June 30, 2000

	General Fund			Certain Special Revenue Funds		
	Budget	Actual	Variance, Favorable (Unfavorable)	Budget	Actual	Variance, Favorable (Unfavorable)
Revenue:						
Ad valorem taxes	\$ 6,215,500	\$ 6,343,842	\$ 128,342	\$ -	\$ -	\$ -
Sales and services	3,781,900	3,879,629	97,729	-	-	-
Other taxes	3,960,700	4,105,684	144,984	-	-	-
Intergovernmental revenue:						
Unrestricted	847,900	718,442	(129,458)	-	-	-
Restricted	1,051,000	1,089,816	38,816	98,100	87,984	10,116
Other	255,500	262,291	6,791	20,000	3,147	16,853
Total revenue	<u>16,112,500</u>	<u>16,399,704</u>	<u>287,204</u>	<u>118,100</u>	<u>91,131</u>	<u>26,969</u>
Expenditures:						
Current:						
General government	1,482,500	1,109,577	372,923	-	-	-
Public safety	7,714,400	7,145,872	568,528	-	-	-
Public works	5,317,400	4,543,354	774,046	-	-	-
Parks and recreation	2,455,800	2,357,298	98,502	-	-	-
Planning and community development	1,214,200	1,151,096	63,104	230,000	132,389	97,611
Total expenditures	<u>18,184,300</u>	<u>16,307,197</u>	<u>1,877,103</u>	<u>230,000</u>	<u>132,389</u>	<u>97,611</u>
Revenue over (under ) expenditures	<u>(2,071,800)</u>	<u>92,507</u>	<u>2,164,307</u>	<u>(111,900)</u>	<u>(41,258)</u>	<u>70,642</u>
Other financing source (uses):						
Appropriated fund balance	518,100	-	(518,100)	-	-	-
Operating transfers in	835,300	835,300	-	111,900	-	(111,900)
Operating transfers out	(156,600)	(155,845)	755	-	-	-
Proceeds from borrowings	875,000	866,920	(8,080)	-	-	-
Total other financing sources	<u>2,071,800</u>	<u>1,546,375</u>	<u>(525,425)</u>	<u>111,900</u>	<u>-</u>	<u>(111,900)</u>
Revenue and other financing sources over expenditures	<u>\$ -</u>	<u>1,638,882</u>	<u>\$ 1,638,882</u>	<u>\$ -</u>	<u>(41,258)</u>	<u>\$ (41,258)</u>
Fund balances, beginning		4,742,448			252,873	
Residual equity transfers		<u>30,000</u>			<u>-</u>	
Fund balances, ending		<u>\$ 6,411,330</u>			<u>\$ 211,615</u>	

See Notes to General Purpose Financial Statements.

# CITY OF KINSTON, NORTH CAROLINA

## COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES For the Fiscal Year Ended June 30, 2000

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only)
Operating Revenue:			
Charges for services	\$ 40,048,510	\$ 634,221	\$ 40,682,731
Other	481,699	-	481,699
<b>Total operating revenue</b>	<u>40,530,209</u>	<u>634,221</u>	<u>41,164,430</u>
Operating Expenses:			
Electrical operations	31,885,454	-	31,885,454
Administration	3,009,976	446,109	3,456,085
Depreciation	2,045,958	8,607	2,054,565
Amortization	37,638	-	37,638
Water and sewer operations	1,074,284	-	1,074,284
Wastewater plant operations	1,346,247	-	1,346,247
Water production	749,116	-	749,116
Claims reimbursements	-	197,567	197,567
<b>Total operating expenses</b>	<u>40,148,673</u>	<u>652,283</u>	<u>40,800,956</u>
<b>Operating income (loss)</b>	<u>381,536</u>	<u>(18,062)</u>	<u>363,474</u>
Nonoperating Revenue (Expenses):			
Interest earned on investments	493,914	14,162	508,076
Interest on long-term debt	(717,914)	-	(717,914)
<b>Total nonoperating revenue (expenses)</b>	<u>(224,000)</u>	<u>14,162</u>	<u>(209,838)</u>
<b>Income (loss) before operating transfers</b>	<u>157,536</u>	<u>(3,900)</u>	<u>153,636</u>
Operating Transfers:			
Operating transfer out	(835,300)	-	(835,300)
<b>Total operating transfers</b>	<u>(835,300)</u>	<u>-</u>	<u>(835,300)</u>
<b>Net loss</b>	<u>(677,764)</u>	<u>(3,900)</u>	<u>(681,664)</u>
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	<u>87,327</u>	<u>-</u>	<u>87,327</u>
<b>Decrease in retained earnings</b>	<u>(590,437)</u>	<u>(3,900)</u>	<u>(594,337)</u>
Retained earnings, beginning	37,413,388	512,206	37,925,594
Retained earnings, ending	<u>\$ 36,822,951</u>	<u>\$ 508,306</u>	<u>\$ 37,331,257</u>

*See Notes to General Purpose Financial Statements.*

**CITY OF KINSTON, NORTH CAROLINA**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**For the Fiscal Year Ended June 30, 2000**

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only)
Cash Flows form Operating Activities:			
Operating income (loss)	\$ 381,536	\$ (18,062)	\$ 363,474
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	2,045,958	8,607	2,054,565
Amortization	37,638	-	37,638
Change in assets and liabilities:			
Due from other funds	(1,569,340)	(569,833)	(2,139,173)
Allowance for uncollectable accounts	(128,973)	-	(128,973)
Customer receivables	793,289	-	793,289
Accounts receivable	(26,489)	580	(25,909)
Customer deposits	(152,624)	-	(152,624)
Inventories	88,372	-	88,372
Accounts payable	9,067	28,407	37,474
Deferred revenue	1,825	-	1,825
Accrued compensated absences	19,587	(75)	19,512
<b>Net cash provided by (used for) operating activities</b>	<b>1,499,846</b>	<b>(550,376)</b>	<b>949,470</b>
Cash Flows from Noncapital Financing Activities:			
Operating transfers to other funds	(835,300)	-	(835,300)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(4,652,573)	-	(4,652,573)
Principal paid on general obligation bonds and equipment contracts	(1,888,423)	-	(1,888,423)
Interest paid on general obligation bonds and equipment contracts	(719,872)	-	(719,872)
Contributed capital	520,595	-	520,595
<b>Net cash used in capital and related financing activities</b>	<b>(6,740,273)</b>	<b>-</b>	<b>(6,740,273)</b>
Cash Flows from Investing Activities:			
Investment in direct financing lease principal received	550,150	-	550,150
Interest and dividends on investments	498,404	14,162	512,566
<b>Net cash provided by investing activities</b>	<b>1,048,554</b>	<b>14,162</b>	<b>1,062,716</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,027,173)</b>	<b>(536,214)</b>	<b>(5,563,387)</b>
Cash and cash equivalents, beginning (including restricted amounts of \$4,436,870)	\$ 8,952,261	\$ 552,770	\$ 9,505,031
Cash and cash equivalents, ending (including restricted amounts of \$2,166,378)	\$ 3,925,088	\$ 16,556	\$ 3,941,644

*See Notes to General Purpose Financial Statements.*

## **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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**These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.**

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## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies**

The City of Kinston (the City) was incorporated in 1762 and operates under a Council-Manager form of government. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, water and sewer, electric, planning and zoning, recreation, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### Reporting Entity

The City of Kinston is a municipal corporation which is governed by an elected mayor and a five-member council.

Generally accepted accounting principles require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered and the City has one blended component unit which is described below. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with the data of the primary government.

*Blended Component Unit.* Kinston Leasing Corporation (KLC) is a nonprofit public benefit corporation organized and operated under the laws of the State of North Carolina. KLC was specifically organized for the purpose of assisting the City in carrying out its municipal and governmental functions through the acquisition, construction and operation, sale or lease of real estate and improvements, facilities and equipment. Because of its specific purpose and its fiscal dependency on the City, all KLC transactions are included in the appropriate funds of the City. KLC is governed by a board of three directors. One third of the directors are appointed by the City Council. The remaining directors are elected by the Board of Directors at their annual meeting.

#### Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures (expenses). Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements, into five generic fund types and broad fund categories as follows:



## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Governmental Fund Types**

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

*Special Revenue Funds* - The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has 18 Special Revenue Funds within the Governmental Fund Types: Community Development Administration Fund, Disaster Recovery Fund, Lead Abatement Fund, FEMA/HMGP Project Fund, HUD Acquisition-DRI Project Fund, HUD/DRI Project Fund, SARF/DCA Project Fund, FEMA-HMGP FRAN Phase II Fund, FEMA-HMGP FRAN Phase III Fund, FEMA Demolition Project I Fund, FEMA Demolition Project II Fund, FEMA-HMGP Floyd Phase I Fund, Grainger Place Apartments Fund, Domestic Violence Intervention Fund, LLEBG-1998 Fund, LLEBG-1999 Fund, COPS/KHA Grant Fund, and Highway Safety-1999 Fund.

*Capital Project Funds* - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or nonexpendable trust funds). The City has three (3) Capital Project Funds within the Governmental Fund Types: Recreation Improvements, Uplands Park, and Kingwood Forest.

##### **Proprietary Fund Types**

*Enterprise Funds* - The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where it is the intent of the City that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenue, expenses and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has two Enterprise Funds: the Electric Fund and the Water and Sewer Fund. For financial reporting purposes, The Water and Sewer Capital Project Fund and the Electric Capital Project Fund have been consolidated with the Water and Sewer Fund and Electric Fund respectively.

*Internal Service Funds* - The Internal Service Fund was established in conjunction with the City's decision to finance workers' compensation insurance coverage internally rather than through a private insurance carrier because of anticipated cost savings. This fund receives premium payments from the City and makes payments of claims to employees.

##### **Account Groups**

The general fixed assets account group is used to account for fixed assets not accounted for in proprietary or trust funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenue and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenue) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due and certain compensated absences and claims and judgments (if any), which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The City considers revenue as available if it is collected within 60 days after year-end. The revenue susceptible to accrual is sales taxes, franchise taxes, licenses, interest and charges for services. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Lenoir County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County including the City of Kinston. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Lenoir County from March, 1999 through February, 2000 apply to the fiscal year ended June 30, 2000. Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. Those taxes for vehicles registered from March 1, 2000 through the fiscal year-end apply to the 2000-2001 fiscal year and are not shown as receivables at June 30, 2000. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenue because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2000 because they are intended to finance the City's operations during the 2000-2001 fiscal year.

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Certain other intergovernmental revenues and sales and services, other than utility customer receivables, are not susceptible to accrual. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Receivables for unbilled Electric and Water and Sewer Fund utility services are recorded at year end. As permitted by GAAP, the City has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

The City reports deferred revenue on its combined balance sheet. Deferred revenue arises in a governmental fund type when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

#### Budgets

Budgets are adopted on the legally mandated modified accrual basis of accounting, which is consistent with generally accepted accounting principles for governmental fund types. Annual appropriated budgets are adopted for the general fund, the community development administration special revenue fund and all proprietary operating funds. All annual appropriations lapse at fiscal year-end. Project length budgets are adopted for all other certain special revenue funds and all capital projects funds and appropriations therein lapse at the completion of the project.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized. Encumbrances outstanding at year end are reported as reservations of fund balances in governmental fund types since they do not constitute expenditures or liabilities as the commitments will be honored during the subsequent year.

#### Cash and Investments

Cash and investment resources of the individual funds are combined to form a pool of cash and investments in order to maximize investment opportunities. As part of the City's investment policy, all available cash is invested each night to generate investments earnings. Although this results in a negative cash on deposit per books, the City, per agreement with a financial institution, is alerted to and pays all checks presented for payment the following day. Cash pools have the general characteristic of demand deposit accounts in that the individual funds may deposit additional cash at any time and also effectively withdraw cash at any time without prior notice or penalty. Interest income earned on pooled resources is distributed to the individual funds utilizing a formula based on each fund's proportionate equity in pooled cash and investments. Restricted cash amounts are not pooled.

Deposits permitted under North Carolina General Statutes include amounts in demand deposits as well as time deposits in the form of NOW, SuperNOW, money market accounts and certificates of deposit. By Statute, deposits may be made in any bank or savings association whose principal office is located in North Carolina and whom the City designates as an official depository.

## **CITY OF KINSTON, NORTH CAROLINA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

North Carolina General Statutes authorize the City to invest in obligations of the US Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) money market mutual fund.

Any City investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued based on a computerized matrix system and/or appraisals by a pricing service. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

#### **Property Taxes Receivable**

Property (other than registered motor vehicles) is assessed for tax purposes as of January 1 (lien date). The value at that date determines the basis for the tax levy for the fiscal year beginning July 1. Property taxes are not formally levied until the budget adoption (July 1) and are not due until September 1. Taxes are past due on the following January 6. By the following June 30, taxes receivable are delinquent and are not considered a resource to finance current year operations and are recorded as deferred revenue until collected.

Registered motor vehicles taxes are described elsewhere in Note 1.

#### **Inventories**

Inventories in governmental funds are reported at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The amount is recorded as an asset, offset by a reservation of fund balance in an equal amount. Inventories of Enterprise Funds are reported at the lower of cost, using the first-in/first-out (FIFO) method, or market. The inventories consist of various items used in the maintenance of existing utility systems and expansion of new systems. Depending on the eventual use of these inventories, these items may be expensed in the future as maintenance of existing systems or capitalized as a part of the development of new systems.

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (Continued)

#### Bond Issuance Costs

Bond issuance costs are deferred and amortized over the terms of the bonds using the interest method. These costs relate to the revenue bonds issued in the Enterprise funds.

#### Restricted Cash and Investments

Certain debt proceeds, as well as certain resources set aside for the repayment of debt, are classified as restricted assets on the combined balance sheet because their use is limited by the applicable legal agreements.

#### Investment in Direct Financing Lease

The City's leasing operations consist of the leasing of peak shaving generators to industrial utility customers. These leases are classified as direct financing leases. Under the direct financing method of accounting for leases, the total net rentals receivable under the lease contracts, initial direct costs (net of fees), and the estimated unguaranteed residual value of the leased equipment, net of unearned income, are recorded as a net investment in direct financing leases, and the unearned income on each lease is recognized each month at a constant periodic rate of return on the unrecovered investment.

#### Fixed Assets

General Fixed Assets are not capitalized in governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Fixed assets acquired by or used in proprietary fund types are capitalized in the proprietary fund type. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City. The City also does not capitalize interest costs as a part of general fixed assets.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of fixed assets in the proprietary fund types is computed using the straight-line method.

It is the City's policy not to provide for depreciation in the first year of service, but to take a full year's depreciation in the year of disposal.

In proprietary funds, the following estimated useful lives are used to compute depreciation:

	Estimated Useful Lives
Building and improvements	40 years
Distribution system	25 - 40 years
Equipment	3 - 15 years

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Compensated Absences

The City's sick leave policy provides for an unrestricted accumulation of earned sick leave. Upon termination of employment, accumulated sick leave is forfeited. Upon retirement, a certain portion of accumulated sick leave may be used in the determination of length of service for retirement benefit purposes. No obligation of the employer results from such application and, therefore, no accrual has been made.

The vacation policy of the City provides for the accumulation of up to 30 days earned vacation leave with such leave being fully vested when earned. Accrued compensated absences (including salary related payments) of the governmental funds are recorded in the General Long-Term Debt Account Group while the liabilities of the proprietary type funds are recorded in those funds. The current portion of the accumulated vacation pay is not considered to be material and, therefore, no provision for this has been made in the accompanying financial statements.

##### Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations serviced by governmental funds, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. Long-term liabilities expected to be repaid from proprietary fund operations are accounted for in those funds.

##### Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds.

North Carolina General Statutes restrict appropriation of fund balances to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenue arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

##### **Reserved:**

*Reserved for Powell Bill* - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

*Reserved for inventories* - represents the total amount of inventories in the General Fund.

*Reserved by State statute* - in certain governmental funds, a portion of fund balance is thus designated as these amounts represent the portion of fund balances applicable to various assets not yet realized in cash, which are not available for appropriation as defined by North Carolina General Statute.

*Reserved for encumbrances* - represents the portion of fund balance of the General Fund available for appropriation to pay for commitments related to unperformed contracts.

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **Unreserved:**

*Designated for subsequent year's expenditures* - represents the amount of fund balance of the General Fund appropriated to the budget for the year ending June 30, 2001.

*Undesignated* - represents the amount of fund balance which is available for future appropriations.

##### Interfund Transactions

Quasi-external transactions are accounted for as revenue, expenditures or expenses since they would be treated as such if they involved organizations external to the City. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

##### Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

##### Statement of Cash Flows

For purposes of reporting cash flows, the City considers all of its deposits in the pool (including restricted cash) to be cash equivalents. Proprietary fund highly liquid debt investments outside the pool are considered cash equivalents if purchased with a maturity of three months or less.

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

##### Budget

On or before March 15 of each year, all departments of the City submit requests for appropriation to the City's Budget Officer so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

After City Manager review, the City Manager's proposed budget is presented during May to the City Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations.

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 2. Stewardship, Compliance and Accountability (Continued)

Expenditures may not legally exceed appropriations at the functional level in the General Fund and or department level for all other annually budgeted funds and at the object total level for all project funds. Any revisions that alter total expenditures of any department must be approved by City Council. The City Council has the authority to amend the budget as they deem appropriate during the year to reflect the economic circumstances of the City. During the year several amendments to the original general fund budget were necessary, the effects of which were not material.

A budget calendar is included in State law that prescribes the last day on which certain steps of the budget procedures are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30	Each department head will transmit to the budget officer the departmental budget requests and revenue estimates for the budget year.
June 1	The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
July 1	The budget ordinance shall be adopted by the governing board.

#### Deficit Balances

The City has fund balance deficits in individual funds as of June 30, 2000 as follows:

##### Special Revenue Funds:

Disaster Recovery Fund	\$ 561,409
FEMA/HGMP Project	453,324
SARF/DCA Project	98,878
COPS/KHA Grant	49,304
Highway Safety Equipment Grant	5,081

##### Capital Project Funds:

Uplands Park	178,547
Kingswood Forest	7,866

These deficits are expected to be funded by grant revenue and other financing sources.

#### Note 3. Cash and Investments

Total cash and investments per the total memorandum column reconciles to the total cash and investments as follows:

Petty cash	\$ 4,050
Cash on deposit	(459,988)
Investment	11,581,260
Cash and investments	<u>\$ 11,125,322</u>

##### Balance sheet reconciliation:

Cash and investments	\$ 7,339,947
Restricted cash and investments	3,785,375
	<u>\$ 11,125,322</u>



## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

#### Note 3. Cash and Investments (Continued)

##### Deposits

At year end, the carrying amount of the City's deposits was \$(459,988) and the bank balance was \$736,574. Under North Carolina General Statutes, depositories must collateralize public deposits in excess of federal depository insurance coverage by using one of two methods. Under the Dedicated Method, a separate escrow account is established by each depository in the name of each local unit, and the responsibility of monitoring collateralization rests with the local unit. Under the Pooling Method, each depository establishes an escrow account in the name of the State Treasurer to secure all its public deposits. This method shifts the monitoring responsibility from the local unit to 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 its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or 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 deposits in banks using the pooling method. Of the City's bank balances, \$165,000 was covered by federal depository insurance and \$571,574 was covered by collateral held by the State Treasurer under the pooling method on behalf of the City.

##### Investments

The City's investments are categorized as either (1) insured or registered, or securities held by the City or its agent in the City's name, (2) uninsured and unregistered, with securities held by the counterparty's trust department or the counterparty's agent in the City's name or (3) uninsured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the City's name.

	Category 2	Reported Value	Fair Value
Commercial Paper	\$ 4,180,573	\$ 4,180,573	\$ 4,180,573
US Government Agencies	1,105,506	1,105,506	1,110,831
	<u>\$ 5,286,079</u>	5,286,079	5,291,404
North Carolina Capital Management Trust (NCCMT)		2,509,805	2,509,805
NCCMT, held by trustee		3,785,375	3,785,375
Total investments		<u>\$ 11,581,260</u>	<u>\$ 11,586,585</u>

All North Carolina Capital Management Trust amounts are exempt from risk categorization because the City does not own any identifiable securities but is a shareholder of a percentage of these funds.

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 4. Interfund Transactions and Balances

The following is a detailed schedule of interfund transfers for the year ended June 30, 2000:

Operating Transfers In	Operating Transfers Out		Total
	General Fund	Electric Fund	
General Fund	\$ -	\$ 835,300	\$ 835,300
Capital Projects Funds	126,000	-	126,000
Special Revenue Funds	29,845	-	29,845
Total	\$ 155,845	\$ 835,300	\$ 991,145

Amounts due from/to other funds at June 30, 2000 were as follows:

Receivable Fund	Payable Fund	Amount
Water and Sewer Enterprise Fund	Upland Park Capital Project	\$ 177,451
	Kingwood Forest Capital Project	7,866
	Fran Phase II Project Fund	1,155,200
	Disaster Recovery Fund	590,606
		<u>1,931,123</u>
Electric Enterprise Fund	COPS/KHA Grant	67,035
	Fran Phase III Project Fund	61,190
		<u>128,225</u>
Internal Service Fund	FEMA/HMGP Project Fund	453,872
	SARF/DCA Project Fund	115,961
		<u>569,833</u>
Community Development Administration Fund	Highway Equipment Grant	5,957
	HUD Acquisition Project Fund	368
	Floyd Phase I Project Fund	1,485
		<u>7,810</u>
	Total	<u>\$ 2,636,991</u>

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 5. Allowance For Uncollectible Accounts

The amounts shown in the combined balance sheet for customer receivables are net of the following allowances for estimated uncollectible accounts:

General Fund	\$ 20,859
Enterprise Funds:	
Electric Fund	181,845
Water and Sewer Fund	<u>42,832</u>
	<u>\$ 245,536</u>

### Note 6. Investment in Direct Financing Leases

In the Electric Fund, the City has entered into lease agreements as lessor, for financing the sale of peak shaving generators to industrial utility customers. These lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, the City's investment has been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2000.

<u>Fiscal Year Ending June 30,</u>	<u>Enterprise Fund</u>
2001	\$ 312,539
2002	<u>26,045</u>
Total payments	338,584
Less: Amount representing interest	<u>10,768</u>
Present value of future minimum lease payments	<u>\$ 327,816</u>

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 7. Fixed Assets

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance at July 1, 1999	Additions and Transfers	Disposals	Balance at June 30, 2000
Land and buildings	\$ 9,904,895	\$ 24,172	\$ 846,306	\$ 9,082,761
Equipment and vehicles	11,435,377	807,198	1,892,471	10,350,104
	<u>\$ 21,340,272</u>	<u>\$ 831,370</u>	<u>\$ 2,738,777</u>	<u>\$ 19,432,865</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 2000

	Enterprise Funds			Internal Service Fund
	Electric	Water and Sewer	Total	
Land	\$ 202,380	\$ 83,972	\$ 286,352	\$ -
Buildings and improvements	3,671,890	3,534,922	7,206,812	19,468
Distribution system	22,794,766	34,848,143	57,642,909	-
Equipment	1,617,887	2,006,997	3,624,884	-
Construction in progress	5,577,962	4,164,751	9,742,713	-
	33,864,885	44,638,785	78,503,670	19,468
Less accumulated depreciation	11,923,143	14,450,115	26,373,258	2,922
Net fixed assets	<u>\$ 21,941,742</u>	<u>\$ 30,188,670</u>	<u>\$ 52,130,412</u>	<u>\$ 16,546</u>

### Note 8. Long-Term Debt

#### Changes in Long-term Liabilities

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the general-long term debt account group and the enterprise funds:

#### **General Long-Term Debt Account Group:**

	Balance at July 1, 1999	Additions	Reductions	Balance at June 30, 2000
Accrued compensated absences	\$ 649,035	\$ 34,371	\$ -	\$ 683,406
Police separation allowance	62,947	31,106	-	94,053
Separation allowance plan	153,804	39,662	-	193,466
Installment contracts	1,765,283	1,966,920	683,052	3,049,151
Total	<u>\$ 2,631,069</u>	<u>\$ 2,072,059</u>	<u>\$ 683,052</u>	<u>\$ 4,020,076</u>

**CITY OF KINSTON, NORTH CAROLINA**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

**Note 8. Long-Term Debt (Continued)**

**Enterprise Funds:**

	Balance at July 1, 1999	Additions	Reductions	Balance at July 30, 2000
Revenue bonds	\$ 15,245,000	\$ -	\$ 770,000	\$ 14,475,000
Notes payable	5,526,456	-	493,420	5,033,036
Installment contracts	2,624,259	-	625,003	1,999,256
	<u>\$ 23,395,715</u>	<u>\$ -</u>	<u>\$ 1,888,423</u>	<u>\$ 21,507,292</u>

**Revenue Bonds**

Revenue bonds outstanding at June 30, 2000 are as follows:

**Enterprise Funds:**

*Water and Sewer Fund:*

\$6,645,000 – Combined Enterprise System Revenue Bonds, 1996 Series, due in Semi-annual installments through April 1, 2021; interest at 3.4% to 5.7%. \$ 5,675,000  
355

*Electric Fund:*

\$10,315,000 – Combined Enterprise System Revenue Bonds, 1996 Series, due in Semi-annual installments through April 1, 2021, interest at 3.4% to 5.7%. 8,800,000

Total Revenue Bonds \$ 14,475,000

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 910,000	\$ 781,921	\$ 1,691,921
2002	835,000	740,061	1,575,061
2003	885,000	700,816	1,585,816
2004	915,000	656,566	1,571,566
2005	230,000	611,731	841,731
Thereafter	<u>10,700,000</u>	<u>6,458,203</u>	<u>17,158,203</u>
Total	<u>\$ 14,475,000</u>	<u>\$ 9,949,298</u>	<u>\$ 24,424,298</u>

The Series 1996 revenue bonds are special obligations of the City, secured solely by the pledge of net revenue of the City's Enterprise Funds. Pursuant to the bond and related agreements, the City has made certain covenants which provide for rates to be set at levels to provide annually to maintain a debt service coverage ratio of 1.25 for parity indebtedness and 1.00 for parity and subordinated indebtedness. In addition, rates must be set at levels to provide for the payment of current expenses and to provide deposits to meet certain trust fund requirements associated with the Bond agreements. The City has complied with these bond covenants for the year ended June 30, 2000.

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 8. Long-Term Debt (Continued)

#### Notes Payable

Notes payable include obligations of the City for various water and sewer fund improvements. These unsecured obligations are for varying annual installments with interest ranging from 3.035 percent to 10 percent.

Annual debt service requirements to maturity for notes payable are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 496,525	\$ 172,755	\$ 669,280
2002	499,940	154,186	654,126
2003	503,696	135,277	638,973
2004	507,829	115,990	623,819
2005	462,374	96,292	558,666
Thereafter	2,562,672	287,149	2,849,821
Total	<u>\$ 5,033,036</u>	<u>\$ 961,646</u>	<u>\$ 5,994,685</u>

#### Installment Contracts

The City has entered into a number of loan agreements for financing various land, building, building improvements and equipment purchases, which principally serves as collateral for these obligations. These obligations are for varying annual installments with interest rates ranging from 3.78 percent to 8.5 percent.

Annual debt service requirements to maturity for installment contracts are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>General Long-Term Debt Account Group</u>		<u>Enterprise Fund</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2001	\$ 743,317	\$ 166,141	\$ 606,607	\$ 91,407	\$ 1,349,924	\$ 257,548
2002	522,960	125,858	178,107	60,639	701,067	186,497
2003	448,645	9,510	129,621	54,290	578,266	149,394
2004	399,148	66,475	135,415	48,496	534,563	114,971
2005	221,311	45,412	141,468	42,443	362,779	87,855
Thereafter	713,770	87,759	808,038	111,514	1,521,808	199,273
	<u>\$ 3,049,151</u>	<u>\$ 586,749</u>	<u>\$ 1,999,256</u>	<u>\$ 408,789</u>	<u>\$ 5,048,407</u>	<u>\$ 995,538</u>

Installment contracts of the general long-term debt account group will be repaid from the general fund. Of the Enterprise Fund installment contracts, \$1,543,752 will be repaid from the Water and Sewer Fund and \$455,504 will be repaid from the Electric Fund.

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 8. Long-Term Debt (Continued)

#### Other Long-Term Debt Disclosures

North Carolina General Statutes limit certain indebtedness of the City to an amount not greater than eight percent (8%) of the appraised value of property subject to taxation by the City. At June 30, 2000, the legal debt limit for the City was \$82,877,930 providing a legal debt margin of \$79,828,779.

At June 30, 2000, the City has no authorized bonds remaining to be issued.

### Note 9. Contributed Capital

During the year, contributed capital had the following changes:

Source	Electric Fund	Water and Sewer Fund	Total
Contributed capital, July 1, 1999	\$ -	\$ 3,403,537	\$ 3,403,537
Contribution from County for prior year completed project	-	142,400	142,400
Contribution from Dimon, Inc.	378,195	-	378,195
Depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction.	-	(87,327)	(87,327)
Contributed capital, June 30, 2000	<u>\$ 378,195</u>	<u>\$ 3,458,610</u>	<u>\$ 3,836,805</u>

### Note 10. Deferred Revenue

The balance in deferred revenue at year end is composed of the following:

	General Fund	Enterprise Fund
Prepaid taxes not yet earned	\$ 175,346	\$ -
Property taxes receivable	741,501	-
Property taxes receivable - automobiles	114,064	-
Paving assessments receivable	161,178	-
Refuse fees receivable	301,219	-
Repayment agreements	-	24,951
	<u>\$ 1,493,308</u>	<u>\$ 24,951</u>

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

#### Note 11. Segment Information

The City maintains two enterprise funds which provide electric and water and sewer services. Financial segment information as of and for the year ended June 30, 2000, is presented below.

	Electric Fund	Water and Sewer Fund	Total
Operating revenue	\$ 34,345,917	\$ 6,184,292	\$ 40,530,209
Nonoperating revenue (expenses)	131,563	(355,563)	(224,000)
Depreciation	878,354	1,167,604	2,045,958
Amortization	22,884	14,754	37,638
Operating income (loss)	(29,466)	411,002	381,536
Operating transfers out	(835,300)	-	(835,300)
Net income (loss)	(733,203)	55,439	(677,764)
Increase in contributed capital (net)	378,195	55,073	433,268
Fixed asset additions	2,455,665	2,196,908	4,652,573
Working capital	4,780,946	3,039,451	7,820,397
Total assests	31,773,711	34,490,979	66,264,690
Bonds and other long-term liabilities			
payable from operating revenue	9,255,504	12,251,788	21,507,292
Total fund equity	18,778,034	21,881,722	40,659,756

#### Note 12. Employee Retirement Systems

##### Local Governmental Employees' Retirement System

*Plan Description.* The City of Kinston contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefits pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article of G.S. Chapter assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 4.93% and 4.63% respectively, of annual covered payroll. The contribution requirements of members and of the City of Kinston are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2000, 1999, and 1998 were \$609,530, \$568,547, and \$537,580, respectively. The contributions made by the City equaled the required contributions for each year.



## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

#### Note 12. Employee Retirement Systems (Continued)

##### Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution 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.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2000 were \$169,722, which consisted of \$140,021 from the City and \$29,701 from the law enforcement officers.

##### Law Enforcement Officer's Special Separation Allowance

*Plan Description.* The City of Kinston administers a public employees retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. No stand-alone report is issued for this Plan.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 1999, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	79
Total	<u>82</u>

*Contributions.* The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 1999 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.4 to 8.5% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 12. Employee Retirement Systems (Continued)

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 53,672
Interest on net pension obligation	4,564
Adjustment to annual required contribution	(5,727)
Annual pension cost	52,509
Contributions made	(21,403)
Increase (decrease) in net pension obligation	31,106
Net pension obligation beginning of year	62,947
Net pension obligation end of year	<u>\$ 94,053</u>

#### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/1998	\$ 59,094	65.23%	\$ 35,300
06/30/1999	63,109	56.19%	62,947
06/30/2000	52,509	40.76%	94,053

#### Separation Allowance Plan

*Plan Description.* The City of Kinston administers a public employees retirement system (the "Separation Allowance"), a single-employer closed defined benefit pension plan that provides retirement benefits to the city employees hired before May 21, 1984. The monthly plan benefits are a percentage (from the table below) of pay at retirement less the sum of monthly benefits received from Social Security, the North Carolina Local Governmental Employees' Retirement System, and the North Carolina Law Enforcement Officers Separation Allowance Plan. No stand-alone report is issued for this Plan.

Years of Employment	Percentage of Pay
Less than 10	0%
10 but less than 13	30%
15 but less than 20	40%
20 or more	50%

To receive the above separation allowance, a person must retire under the North Carolina Local Governmental Employees Retirement System and not have rejected their benefits under this plan. This generally means that the employee has either completed 30 or more years of creditable service, or attained age 60 and completed 5 years of creditable service (age 55 in the case of firemen and law enforcement officers).

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 12. Employee Retirement Systems (Continued)

The benefits are payable for life under the plan. However, as a practical matter, the allowances are paid to age 62 when Social Security is available. The offset Social Security benefits generally causes the plan benefits to be non-existent after age 62. As benefits are increased under Social Security or under the basic retirement plan, the benefits payable under this plan are reduced.

At December 31, 1999, the Separation Allowance's membership consisted of:

Retirees receiving benefits	15
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	73
Total	<u>88</u>

*Contributions.* The City is required to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund budget. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the June 30, 2000 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increase ranging from 4.4% to 11.9% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

*Annual Pension Cost and Net Pension Obligation.* The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 121,488
Interest on net pension obligation	11,151
Adjustment to annual required contribution	<u>(31,389)</u>
Annual pension cost	101,250
Contributions made	<u>(61,588)</u>
Increase (decrease) in net pension obligation	39,662
Net pension obligation beginning of year	153,804
Net pension obligation end of year	<u>\$ 193,466</u>

#### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/1998	\$ 143,082	64.50%	\$ 50,863
06/30/1999	158,334	35.00%	153,804
06/30/2000	101,250	60.80%	193,466

## **CITY OF KINSTON, NORTH CAROLINA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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#### **Note 12. Employee Retirement Systems (Continued)**

##### Supplemental Retirement Income Plan

The City offers its employees optional participation in the Supplemental Retirement Income Plan of North Carolina, a tax deferred investment program created in accordance with Internal Revenue Code Section 401 (K). The plan, available to all permanent employees not engaged in law enforcement, permits them to defer a portion of their salary until future years. The employees' contributions and investment earnings are 100 percent vested immediately and are not tied to years of service. However, the funds are not available to employees until termination, retirement, death or unforeseeable emergency. There is a loan provision allowing participants to borrow from their account.

The Department of the State Treasurer and the Board of Trustees contracts with a third party to administer the plan and to manage the investments of the participants. The choice of the investment options is made by the participants.

The City does not make any contributions to this defined contribution plan.

##### Other Post-Employment Benefits

##### Health Care Benefits

In addition to providing pension benefits, the City of Kinston has elected to provide post-retirement health care benefits to retirees of the City who participate in the North Carolina Local Government Employees' Retirement System (NCLGERS) and have at least twenty (20) years of creditable service under the NCLGERS, provided that last ten years of continuous service were with the City. Each retired participant receives an annual retirement medical allowance, until he reaches age sixty-five (65), of \$5.33 per year of creditable service, not to exceed thirty (30) years, for each month of the medical year plan.

Currently, forty-one (41) retirees are eligible for post-retirement health benefits. The cost of post-retirement health benefits is recognized as an expenditure when paid. For 2000 those costs totaled \$45,124. The City obtains healthcare coverage through private insurers.

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 13. Budget to GAAP Reconciliation

For the fiscal year ended June 30, 2000, the following adjustments are needed to reconcile the operating statements of the special revenue funds between combined statements on a GAAP basis and combined statements on a budgetary basis:

	Special Revenue Funds
Expenditures over revenues, budgetary basis	\$ (41,258)

To record excess of revenues over expenditures for the following funds which have multi-year budgets:

Special Revenue Fund	
Disaster Recovery Project	(561,409)
FEMA - HMGP Project	(454,822)
SARF-DCA Project	(98,878)
HUD - DRI Project	(28,882)
HUD Acquisition Project	60,112
Fran Phase II	8,107
Grainger Place Apartments	20,400
Domestic Violence Intervention	38,818
LLEBG-1998	(22,804)
COPS/KHA Grant	(46,356)
LLEBG-1999	63,269
Highway Safety Equipment-1999	(15,120)

Revenues under expenditures, GAAP basis	\$ (1,078,823)
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## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 14. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City's Internal Service Fund was established to account for a limited risk, self-insurance program to provide workers' compensation benefits to City employees. Premiums are paid in to the Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. The interfund premiums are based upon the claims experience of the insured funds. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. An excess coverage insurance policy provides for individual claims in excess of \$250,000 and in aggregate in excess of \$2,000,000. A total of \$197,567 in claims was incurred for benefits during fiscal year 2000.

#### Claims liability

	2000	1999
Unpaid claims, beginning of fiscal year	\$ 55,200	\$ 284,324
Incurred claims (including claims incurred but not reported as of June 30, 2000)	197,567	296,349
Payments and reduction in claims estimates	(174,767)	(525,473)
Unpaid claims, end of fiscal year	<u>\$ 78,000</u>	<u>\$ 55,200</u>

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

## **CITY OF KINSTON, NORTH CAROLINA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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#### **Note 15. Commitments, Contingencies and Subsequent Event**

##### **Purchase Commitments**

The City participates in the North Carolina Eastern Municipal Power Agency (Agency). Under the contracts executed by the City with the Agency, the Agency became the "all requirements" power supplier to the City. The City is obligated to pay for this power at rates set by the Agency and to set rates at a level such that sufficient electrical revenue is generated to meet the obligations to the Agency. The Agency furnishes power to the City by purchasing an undivided interest in some of Carolina Power & Light Company's (CP&L) generating capacity and by contracting with CP&L to furnish all of the Agency's requirements. Under the terms of the agreement with the Agency, the City is obligated to pay a proportionate share of the Agency's obligation to CP&L for the purchase of generating capacity whether or not the generator produces power. This is commonly referred to as a "take or pay" contract in the electric industry.

The City had commitments of approximately \$1,289,000 in the Water and Sewer Fund and approximately \$1,140,000 in the Electric Fund for the purchase of equipment and construction of various capital projects. These commitments are to be funded by additional loan drawdowns, bond proceeds and operating revenues of the respective funds during the 2000-2001 fiscal year end.

##### **Claims and Judgments**

At June 30, 2000, the City was a defendant in various lawsuits and other claims; however, no provision was made in the financial statements for any contingent liabilities. In the opinion of management and the City attorney, the ultimate outcome of these legal matters will not have a material adverse affect on the City's financial position.

##### **Federal and State Assisted Programs**

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could results in the refund of grant monies 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 monies.

##### **Consent Judgment**

On August 18, 1998, the City entered into a consent judgment with the State of North Carolina, Department of Environment and Natural Resources (DENR), the purpose of which is to establish an enforceable schedule of the evaluation, construction and completion of improvements to the City's wastewater treatment facilities such as will bring it in compliance with all applicable water quality laws and regulations as soon as possible. The City currently estimates costs to complete the judgment at approximately \$30,000,000. The judgment specifies the City shall complete construction on or before December 31, 2003, or on or before twenty-four months after beginning construction, whichever is later. As of the balance sheet date, the City was still assessing the various revenue sources to be used to complete the judgment. Subsequent to June 30, the City has been awarded \$32,000,000 in federal and State grant funding to construct a new wastewater treatment facility.

## **CITY OF KINSTON, NORTH CAROLINA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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#### **Note 15. Commitments, Contingencies and Subsequent Event (Continued)**

##### **Flood Plain Buyout**

In conjunction with the federal, State and County governments, the City has tentatively entered into agreements to purchase the property of and relocate approximately 450 citizens from the Neuse River Basin flood plain. As of the balance sheet date, the City had completed approximately 75% of the cases. All revenues used for the buyout are expected to come from various federal and State agencies and the City does not expect to incur any expenditures using local revenues.

##### **Electric Deregulation**

In 1997, the General Assembly appointed the Study Commission on the Future of Electric Service in North Carolina ("Study Commission") to examine the cost, adequacy, availability and pricing of electric rates in North Carolina, in order to determine whether legislation is necessary to assure an adequate and reliable source of electricity and economical, fair and equitable rates for all consumers in North Carolina.

The Study Commission submitted its report to the 2000 General Assembly on May 16, 2000. That report recommended retail choice for all customers by January 1, 2006. Specific recommendations on Municipal Power Agency debt and stranded costs were deferred. The report did state that nothing in the recommendation was intended to preclude municipalities from being able to sell or retain their distribution systems by making a payment against the Municipal Power Agency debt equal to the appraised value of the electric system. The Study Commission now plans to present further recommendations to the 2001 General Assembly addressing these and other issues. The City and the Electric Agency are unable to predict the results of the study or the recommendations made by the Study Commission, or whether the recommendations to the General Assembly will be enacted into law.

Although the impact of retail electric competition cannot be measured at this time, if such competition becomes applicable to the City, it may cause significant changes in (i) the number of customers, (ii) the costs to the customers, (iii) revenues, (iv) financing costs, and (v) debt ratings.

#### **Note 16. Jointly Governed Organizations**

##### **Neuse River Council of Governments**

The City, in conjunction with seven counties and twenty-eight other municipalities, established the Neuse River Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$6,984 to the Council during the fiscal year ended June 30, 2000.

##### **North Carolina Eastern Municipal Power Agency**

The City, in conjunction with thirty-two other local governments, is a member of the North Carolina Eastern Municipal Power Agency ("Agency"). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The thirty-two members, which receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power from the Agency for the fiscal year ended June 30, 2000 were \$28,470,912.



## **CITY OF KINSTON, NORTH CAROLINA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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#### **Note 16. Jointly Governed Organizations (Continued)**

##### **Lenoir County Development Commission**

The City, in conjunction with Lenoir County, established the Lenoir County Development Commission. The participating governments established the Commission to coordinate economic development activities within the county. The City appoints five members of the fourteen-member board of directors. The City provided no funding to the Commission during the year ended June 30, 2000.

##### **Lenoir County Tourism Development Authority**

The City in conjunction with Lenoir County, established the Lenoir County Tourism Development Authority. The participating governments established the Authority to promote tourism in the County area. The City appoints three members of the seven-member board of directors. The City provided no funding for the Authority for the year ended June 30, 2000.

#### **Note 17. Joint Ventures**

##### **Kinston-Lenoir County Library**

The City participates in a joint venture with Lenoir County to operate the Kinston/Lenoir County Library. The City appoints three board members of the six-member board. The City has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2000. During the year ended June 30, 2000, the City provided \$212,400 to the Library. Separate financial statements of the library are available at the library address of 510 North Queen Street, Kinston, North Carolina 28501.

#### **Note 18. Related Organization**

##### **City of Kinston Housing Authority**

The Board of the City of Kinston Housing Authority is appointed by the City of Kinston. 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.

#### **Note 19. Pending GASB Statements**

At June 30, 2000, the Governmental Accounting Standards Board (GASB) had issued two statements not yet implemented by City of Kinston. The statements, which might impact City Kinston, are as follows:

No. 33, "Accounting and Financial reporting for Nonexchange Transaction,"( issued December, 1998, and amended by GASB Statement No. 36 issued in April, 2000) will be effective for the fiscal year ending after June 30, 2000. Statement No.33 imposes new standards for the timing of the recognition of revenue in certain nonexchange transaction. Nonexchange transaction types affected are: derived tax revenues such as sales tax, imposed nonexchange revenues such as property taxes, government-mandated nonexchange transaction such as federal- or state-mandated programs and voluntary nonexchange transactions such as certain grants or private contributions. Management of City of Kinston continues to study the statement provisions, and has not yet determined what effect, if any, Statements No. 33 and 36 will have on the financial condition or recognition and presentation of nonexchange transactions.

## **CITY OF KINSTON, NORTH CAROLINA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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#### **Note 19. Pending GASB Statements (Continued)**

No. 34, "Basic Financial Statements - and Management Discussion and Analysis - For State and Local Governments," issued June, 1999, will be effective for City of Kinston, based on its revenues, for June 30, 2003. Statement No. 34, summarized below, imposes new standards for financial reporting. Management has not yet completed their assessment of this statement; however, it will have a material effect on the overall financial statement presentation for City of Kinston.

The new financial statement guidelines embodied in Statement No. 34 are the culmination of many years of study and deliberation by the GASB.

Under GASB Statement No. 34 financial managers will be required to share their insights in management's discussion and analysis (MD&A) that gives readers an analysis of the government's overall financial position and results of the previous year's operations.

Financial statements will be presented under a dual perspective - a government-wide perspective (new) and a fund level perspective. For the first time, the annual report will include government-wide financial statements prepared using full accrual accounting for all of the government's activities, not just those that cover costs by charging a fee for services, as was previously required. Governments will report all capital assets, including infrastructure, in a government-wide statement of net assets and will report depreciation expense, the cost of using up capital assets, in the statement of activities. Infrastructure assets will be reported, but may not be required to be depreciated under certain circumstances. The net assets of a government will be broken down into three categories: invested in capital assets, net of related debt; restricted; and unrestricted. A statement of activities will be presented in at least the same level of detail provided in the governmental fund statements - generally, expenses and program revenues by function. Program expenses will include all direct expenses; governments that allocate overhead and other indirect expenses to individual programs will show the allocation in a separate column. Special and extraordinary items will be reported separately from other revenues and expenses. This way, users will see if the government's conventional, recurring revenues and expenses balanced.

Statement 34 requires governments to continue to present fund level financial statement with information about funds. The focus of these fund-based statements has been sharpened; however, by requiring governments to report information about their most important or major funds (those whose revenues, expenditure/expenses, assets or liabilities are at least ten (10%) percent of the total for their fund category or type (governmental or enterprise) and at least five (5%) percent of the aggregate amount for all governmental and enterprise funds), including a government's general fund. Fund-based statements for governmental activities (generally, those supported by tax revenues) will continue to report the flow of current financial resources (generally, cash and other assets that can easily be converted to cash.)

To help users understand and assess the relationship between fund-based and government-wide financial statements, governments will present a summary reconciliation that will show the interplay between the two types of statements.

Governments will continue to provide budgetary comparison information in their annual reports as required supplementary information. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.



## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
  - Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
  - Schedule of Funding Progress for the Separation Allowance Plan
  - Schedule of Employer Contributions for Separation Allowance Plan
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**CITY OF KINSTON, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL)- Projected Unit Credit ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percent of Covered Payroll (( b-a )/c )
12/31/1994	\$ -	\$ 337,764	\$ 337,764	0.00%	\$ 2,078,440	16.25%
12/31/1995	-	417,893	417,893	0.00%	2,093,043	19.97%
12/31/1996	-	402,620	402,620	0.00%	2,306,243	17.44%
12/31/1997	-	422,196	422,196	0.00%	2,333,064	18.10%
12/31/1998	-	321,925	321,925	0.00%	2,150,376	14.97%
12/31/1999	-	367,921	367,921	0.00%	2,550,453	14.43%

Note to Required Schedule:

Information above is presented for those years for which it is available.

**CITY OF KINSTON, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
1992	\$ 44,744	109.8
1993	43,232	100.9
1994	44,188	80.7
1995	49,259	90.2
1996	59,233	75.9
1997	59,186	80.5
1998	59,331	63.8
1999	63,699	55.7
2000	53,672	39.9

**Notes to the Required Schedule**

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/1999
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed basis
Remaining amortization period	20 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.4 - 8.5%
Includes inflation at	3.75%
Cost of living adjustments	N/A

**CITY OF KINSTON, NORTH CAROLINA  
SEPARATION ALLOWANCE PLAN  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL)- Projected Unit Credit ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percent of Covered Payroll ( ( b-a )/c )
7/1/1997	\$ -	\$ 628,797	\$ 628,797	0.00%	\$ 2,555,325	24.6%
7/1/1998	-	749,238	749,238	0.00%	2,373,338	31.6%
7/1/1999	-	533,936	533,936	0.00%	2,418,620	22.1%
7/1/2000	-	566,768	566,768	0.00%	2,585,194	21.9%

Note to Required Schedule:

Information above is presented for those years for which it is available.



**CITY OF KINSTON, NORTH CAROLINA  
SEPARATION ALLOWANCE PLAN  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended June 30,	Annual Required Contributions	Percentage Contributed
1998	\$ 143,082	64.5%
1999	165,026	56.2%
2000	121,488	50.7%

**Notes to the Required Schedule**

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2000
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open basis
Remaining amortization period	4 years
Asset valuation method	Market vlaue
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.4 - 11.9%
Includes inflation at	3.75%
Cost of living adjustments	N/A





## **GENERAL FUND**

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The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

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**CITY OF KINSTON, NORTH CAROLINA  
GENERAL FUND**

**COMPARATIVE BALANCE SHEET  
June 30, 2000 and 1999**

ASSETS	2000	1999
Cash and investments	\$ <del>+</del> 5,247,978	\$ 4,287,917
Receivables:		
Due from governmental agencies	952,552	996,311
Accounts receivable	349,911	419,037
Taxes receivable	855,564	758,208
Customer receivables, net	327,341	369,767
Interest receivable	32,769	31,076
Inventories	204,427	204,743
Restricted investments	<del>+</del> 718,438	69,074
Total assets	<u>\$ 8,688,980</u>	<u>\$ 7,136,133</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ - 784,342	\$ 983,712
Deferred revenue	1,493,308	1,409,973
Total liabilities	<u>2,277,650</u>	<u>2,393,685</u>
Fund Balances:		
Reserved for Powell Bill	1,134,888	704,957
Reserved for inventories	204,427	204,743
Reserved by State statute	1,200,175	1,271,012
Reserved for encumbrances	<del>-</del> 1,354,100	190,936
Unreserved:		
Undesignated	<u>2,517,740</u>	<u>2,370,800</u>
Total fund balances	<u>6,411,330</u>	<u>4,742,448</u>
 Total liabilities and fund balance	 <u>\$ 8,688,980</u>	 <u>\$ 7,136,133</u>

0 • \*

2000 0 • \*

5,247,978 • +

718,438 • +

784,342 • -

1,354,100 • -

3,827,974 • \*

2000 0 • \*

16,307,197 • +

155,845 • +

866,920 • -

15,596,122 • \*

2000 24.5%

1999

3,113,219

16,974,995

18.3% 1999

**CITY OF KINSTON, NORTH CAROLINA  
GENERAL FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 2000**

**With Comparative Totals for the Fiscal Year Ended June 30, 1999**

(Page 1 of 4)

	2000			1999
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
<b>Revenue:</b>				
Ad valorem taxes:				
Taxes	\$ 6,175,000	\$ 6,288,017	\$ 113,017	\$ 6,262,667
Penalties and interest	40,500	55,825	15,325	68,437
<b>Total ad valorem taxes</b>	<b>6,215,500</b>	<b>6,343,842</b>	<b>128,342</b>	<b>6,331,104</b>
<b>Sales and services:</b>				
Garbage collections	2,432,200	2,391,266	(40,934)	2,184,760
Rents, concessions and fees	320,400	356,663	36,263	422,094
Inspection fees	138,000	245,284	107,284	102,448
Cemetery fees	205,000	249,797	44,797	226,060
Cable franchise	140,000	102,845	(37,155)	147,225
Legal Services	100,000	88,258	(11,742)	121,527
Lenoir County participation:				
Recreation	446,300	445,516	(784)	434,000
<b>Total sales and services</b>	<b>3,781,900</b>	<b>3,879,629</b>	<b>97,729</b>	<b>3,638,114</b>
<b>Other taxes and licenses:</b>				
Local government sales tax	2,579,500	2,498,830	(80,670)	2,436,314
Franchise tax	954,000	1,174,775	220,775	1,025,225
Intangible taxes	225,000	216,331	(8,669)	231,319
Occupancy tax	132,300	138,857	6,557	137,977
Licenses and permits	69,900	76,891	6,991	76,437
<b>Total other taxes and licenses</b>	<b>3,960,700</b>	<b>4,105,684</b>	<b>144,984</b>	<b>3,907,272</b>
<b>Unrestricted intergovernmental revenue:</b>				
Payments in lieu of taxes	711,900	591,668	(120,232)	577,186
Beer and wine	108,000	107,199	(801)	107,293
ABC revenue	28,000	19,575	(8,425)	18,381
<b>Total unrestricted intergovernmental revenue</b>	<b>847,900</b>	<b>718,442</b>	<b>(129,458)</b>	<b>702,860</b>
<b>Restricted intergovernmental revenue:</b>				
Powell Bill allocations	828,000	812,695	(15,305)	823,906
NC Health and Sanitation	6,000	-	(6,000)	6,168
NC Dept of Transportation	36,100	-	(36,100)	-
Victims advocate grant	87,500	90,949	3,449	-
US Justice Department	93,400	158,035	64,635	36,470
Forfeited drug proceeds	-	28,137	28,137	13,739
NC Dept of Cultural Resources	-	-	-	75,158
Week-end grant	-	-	-	56,155
<b>Total restricted intergovernmental intergovernmental revenue</b>	<b>1,051,000</b>	<b>1,089,816</b>	<b>38,816</b>	<b>1,011,596</b>

**CITY OF KINSTON, NORTH CAROLINA  
GENERAL FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 2000  
With Comparative Totals for the Fiscal Year Ended June 30, 1999  
(Page 2 of 4)**

	2000			1999
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
<b>Other revenue:</b>				
Investment income	\$ 162,000	\$ 233,361	\$ 71,361	\$ 193,943
Sales of surplus materials and assets	25,000	5,823	(19,177)	7,756
Miscellaneous	68,500	23,107	(45,393)	71,310
<b>Total other revenue</b>	<u>255,500</u>	<u>262,291</u>	<u>6,791</u>	<u>273,009</u>
<b>Total revenue</b>	<u>16,112,500</u>	<u>16,399,704</u>	<u>287,204</u>	<u>15,863,955</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Governing body:				
Salaries and benefits		290,280		360,473
Operating		354,043		557,037
<b>Total governing body</b>		<u>644,323</u>		<u>917,510</u>
<b>Executive:</b>				
Salaries and benefits		377,318		360,957
Operating		310,064		360,254
Capital outlay		-		33,940
<b>Total executive</b>		<u>687,382</u>		<u>755,151</u>
<b>Finance:</b>				
Salaries and benefits		304,622		679,801
Operating		159,239		159,424
<b>Total finance</b>		<u>463,861</u>		<u>839,225</u>
<b>Human Resources:</b>				
Salaries and benefits		290,496		289,902
Operating		79,175		102,462
<b>Total human resources</b>		<u>369,671</u>		<u>392,364</u>
<b>Engineering and public facilities:</b>				
Salaries and benefits		486,908		470,556
Operating		421,625		449,327
Capital outlay		43,283		15,302
<b>Total engineering and public facilities</b>		<u>951,816</u>		<u>935,185</u>
Indirect costs reimbursement		(2,007,476)		(2,710,000)
<b>Total general government</b>	<u>1,482,500</u>	<u>1,109,577</u>	<u>372,923</u>	<u>1,129,435</u>



**CITY OF KINSTON, NORTH CAROLINA  
GENERAL FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 2000**

**With Comparative Totals for the Fiscal Year Ended June 30, 1999**

(Page 3 of 4)

	2000			1999
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Public safety:				
Police:				
Salaries and benefits	\$	\$ 3,385,379	\$	\$ 3,216,490
Operating		690,850		886,425
Capital outlay		239,035		268,646
Total police		4,315,264		4,371,561
Fire:				
Salaries and benefits		2,381,984		2,341,142
Operating		381,599		412,008
Capital outlay		67,025		152,595
Total fire		2,830,608		2,905,745
Total public safety	7,714,400	7,145,872	568,528	7,277,306
Public works:				
Salaries and benefits		2,394,122		2,273,597
Operating		2,613,648		2,872,274
Capital outlay		339,091		32,478
Less: interdepartment charges		(803,507)		(788,182)
Total public works	5,317,400	4,543,354	774,046	4,390,167
Parks and recreation:				
Salaries and benefits		1,371,200		1,427,274
Operating		952,415		1,095,395
Capital outlay		33,683		175,589
Total parks and recreation	2,455,800	2,357,298	98,502	2,698,258
Planning and community development:				
Planning and development:				
Operating salaries		220,042		219,043
Total planning and development		220,042		219,043
Inspections and code enforcement:				
Salaries and benefits		239,658		201,617
Operating		87,085		122,569
Capital outlay		-		13,501
Total inspections and code enforcement		326,743		337,687

**CITY OF KINSTON, NORTH CAROLINA  
GENERAL FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 2000**

**With Comparative Totals for the Fiscal Year Ended June 30, 1999**

(Page 4 of 4)

	2000			1999
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Economic development:				
Operating	\$	\$ 604,311	\$	\$ 726,291
Total economic development		604,311		726,291
 Total planning and community development	1,214,200	1,151,096	63,104	1,283,021
 Total expenditures	18,184,300	16,307,197	1,877,103	16,778,187
 Revenue over (under) expenditures	\$ (2,071,800)	\$ 92,507	\$ 2,164,307	\$ (914,232)
Other financing sources (uses):				
Appropriated fund balance	518,100	-	(518,100)	-
Operating transfers in	835,300	835,300		1,009,400
Operating transfers out	(156,600)	(155,845)	755	(196,808)
Proceeds from borrowing	875,000	866,920	(8,080)	-
Total other financing sources	2,071,800	1,546,375	(525,425)	812,592
 Revenue and other financing sources over expenditures	\$ -	1,638,882	\$ 1,638,882	(101,640)
 Fund balance, beginning		4,742,448		4,767,414
 Equity transfers		30,000		76,674
 Fund balance, ending		\$ 6,411,330		\$ 4,742,448







FYE June 30 2000

## SPECIAL REVENUE FUNDS

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Special Revenue Funds are used to account for specific revenue that is legally restricted to expenditure for particular purposes.

***Community Development Administration Fund*** - This fund is used to account for miscellaneous federal and State grant monies received from various funding agencies.

***Disaster Recovery Project Fund*** - This fund is used to account for federal grant monies received from Federal Emergency Management Agency for recovery assistance after hurricane Floyd.

***Lead Abatement*** - This fund accounts for grant proceeds received from the Housing Finance Agency to assist one family with lead abatement.

***FEMA - HMGP*** - This fund accounts for the hazard mitigation program funded by FEMA for the acquisition of property in the flood plain.

***SARF - DCA*** - This fund accounts for proceeds from the State Acquisition and Relocation Fund Project funded by HUD and awarded to assist the flood recovery program by providing relocation assistance to flood clients.

***HUD - DRI*** - This fund accounts for the Disaster Recovery Initiative funded by HUD and awarded to the City to assist with flood recovery by the relocation of flood clients.

***HUD Acquisition - DRI Project*** - This fund accounts for proceeds from the Acquisition and Relocation Fund Project funded by HUD and awarded to assist the flood recovery program by providing relocation assistance to flood clients.

***FEMA - HMGP Fran Phase II*** - This fund accounts for the Buy-Out Project funded by FEMA for the acquisition and demolition of property in the flood plain

***FEMA - HMGP Fran Phase III*** - This fund accounts for the Buy-Out Project funded by FEMA for the acquisition and demolition of property in the flood plain

***FEMA Demolition Project I*** - This fund accounts for the demolition of 36 houses acquired through the Fran-HMGP Buy-Out Project funded by FEMA Public Assistance.

***FEMA Demolition Project II*** - This fund accounts for the demolition of 36 houses acquired through the Fran-HMGP Buy-Out Project funded by FEMA Public Assistance.

***FEMA - HMGP Floyd Phase I*** - This fund accounts for the Buy-Out Project funded by FEMA for the acquisition and demolition of 100 properties in the flood plain

***Grainger Place Apartments*** - This fund is for the conversion of the Old Grainger High School to apartments for the elderly funded by the DCA CDBG.

***Highway Safety Equipment 1999*** - This fund is used for the purchase of traffic enforcement equipment such as in-car video cameras and mobile data computers.

***Domestic Violence*** - This fund accounts for grant proceeds received from the Governor's Crime Commission and supports technological equipment and salaries for four employees.

***Local Law Enforcement Block Grant 1998*** - This fund accounts for a Local Law Enforcement Block Grant funded by the US Department of Justice, Bureau of Justice Assistance the purchase equipment for the police department.

## **SPECIAL REVENUE FUNDS**

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***COPS/KHA Grant Fund*** - This fund accounts for a community oriented police services grant funded by the US Department of Justice and passed through to the City by the Kinston Housing Authority.

***Local Law Enforcement Block Grant 1999*** - This fund accounts for a Local Law Enforcement Block Grant funded by the US Department of Justice, Bureau of Justice Assistance the purchase equipment for the police department.

**CITY OF KINSTON, NORTH CAROLINA  
SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEETS**

**June 30, 2000**

**With Comparative Totals for June 30, 1999**

**(Page 1 of 2)**

	Community Development Administration	Disaster Recovery Floyd	FEMA - HGMP	SARF - DCA	HUD Acquisition DRI Project	FEMA-HMGP Fran II	FEMA-HMGP Fran III
<b>ASSETS</b>							
Cash and investments	\$ 143,858	\$ -	\$ -	\$ 8,000	\$ 60,480	\$ -	\$ -
Due from other funds	7,810	-	-	-	-	-	-
Due from government agencies	-	-	-	-	-	1,163,305	61,190
Accounts receivable	62,376	29,197	548	9,169	-	2	-
Interest receivable	299	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 214,343</b>	<b>\$ 29,197</b>	<b>\$ 548</b>	<b>\$ 17,169</b>	<b>\$ 60,480</b>	<b>\$ 1,163,307</b>	<b>\$ 61,190</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
<b>LIABILITIES:</b>							
Due to other funds	\$ -	\$ 590,606	\$ 453,872	\$ 115,961	\$ 368	\$ 1,155,200	\$ 61,190
Accounts payable and accrued liabilities	2,728	-	-	86	-	-	-
<b>Total liabilities</b>	<b>2,728</b>	<b>590,606</b>	<b>453,872</b>	<b>116,047</b>	<b>368</b>	<b>1,155,200</b>	<b>61,190</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved by State statute	70,485	29,197	548	9,169	-	1,163,307	61,190
Unreserved - undesignated	141,130	(590,606)	(453,872)	(108,047)	60,112	(1,155,200)	(61,190)
	211,615	(561,409)	(453,324)	(98,878)	60,112	8,107	-
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 214,343</b>	<b>\$ 29,197</b>	<b>\$ 548</b>	<b>\$ 17,169</b>	<b>\$ 60,480</b>	<b>\$ 1,163,307</b>	<b>\$ 61,190</b>



**CITY OF KINSTON, NORTH CAROLINA  
SPECIAL REVENUE FUNDS**

**COMBINING BALANCE SHEETS**

**June 30, 2000**

**With Comparative Totals for June 30, 1999**

(Page 2 of 2)

	Floyd Phase I	Grainger Place Apartments	Highway Safety Equipment	COPS/KHA	1999 LLEBG	Totals 2000	1999
<b>ASSETS</b>							
Cash and investments	\$ -	\$ 20,400	\$ -	\$ -	\$ 63,269	\$ 296,007	\$ 56,321
Due from other funds	-	-	-	-	-	7,810	201,038
Due from government agencies	1,485	-	-	17,033	-	1,243,013	665,021
Accounts receivable	-	-	876	698	-	102,866	50,657
Interest receivable	-	-	-	-	-	299	345
<b>Total assets</b>	<b>\$ 1,485</b>	<b>\$ 20,400</b>	<b>\$ 876</b>	<b>\$ 17,731</b>	<b>\$ 63,269</b>	<b>\$ 1,649,995</b>	<b>\$ 973,382</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
<b>LIABILITIES:</b>							
Due to other funds	\$ 1,485	-	\$ 5,957	\$ 67,035	-	\$ 2,451,674	\$ 691,046
Accounts payable and accrued liabilities	-	-	-	-	-	2,814	7,851
<b>Total liabilities</b>	<b>1,485</b>	<b>-</b>	<b>5,957</b>	<b>67,035</b>	<b>-</b>	<b>2,454,488</b>	<b>698,897</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved by State statute	1,485	-	876	17,731	-	1,353,988	917,061
Unreserved - undesignated	(1,485)	20,400	(5,957)	(67,035)	63,269	(2,158,481)	(642,576)
	-	20,400	(5,081)	(49,304)	63,269	(804,493)	274,485
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 1,485</b>	<b>\$ 20,400</b>	<b>\$ 876</b>	<b>\$ 17,731</b>	<b>\$ 63,269</b>	<b>\$ 1,649,995</b>	<b>\$ 973,382</b>

**CITY OF KINSTON, NORTH CAROLINA  
SPECIAL REVENUE FUNDS**

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS)**

**For the Fiscal Year Ended June 30, 2000**

**With Comparative Totals for the Fiscal Year Ended June 30, 1999**

(Page 1 of 2)

	Community Development Administration	Disaster Recovery Floyd	Lead Abatement	FEMA - HGMP	SARF - DCA	HUD - DRI	HUD Acquisition DRI	FEMA-HMGP Fran II
<b>Revenue:</b>								
Restricted intergovernmental revenue	\$ -	\$ 2,390,381	\$ -	\$ 3,898,721	\$ 504,605	\$ 1,724,046	\$ 65,855	\$ 1,296,200
Insurance proceeds	-	78,178	-	-	-	-	-	-
Other - rent and program income	87,984	-	-	-	-	-	-	-
Investment earnings	3,147	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>91,131</b>	<b>2,468,559</b>	<b>-</b>	<b>3,898,721</b>	<b>504,605</b>	<b>1,724,046</b>	<b>65,855</b>	<b>1,296,200</b>
<b>Expenditures:</b>								
<b>Current:</b>								
Planning and community development	-	534,699	-	-	-	-	-	-
Administration	-	-	-	4,353,543	-	1,752,928	-	-
Rehabilitation of private properties	-	-	-	-	-	-	-	-
Contract services	132,389	2,495,269	-	-	603,483	-	5,743	1,288,093
<b>Total expenditures</b>	<b>132,389</b>	<b>3,029,968</b>	<b>-</b>	<b>4,353,543</b>	<b>603,483</b>	<b>1,752,928</b>	<b>5,743</b>	<b>1,288,093</b>
<b>Total revenue over (under) expenditures</b>	<b>(41,258)</b>	<b>(561,409)</b>	<b>-</b>	<b>(454,822)</b>	<b>(98,878)</b>	<b>(28,882)</b>	<b>60,112</b>	<b>8,107</b>
<b>Other financing sources:</b>								
Operating transfers in	-	-	-	-	-	-	-	-
<b>Total revenue and other sources over (under) expenditures</b>	<b>(41,258)</b>	<b>(561,409)</b>	<b>-</b>	<b>(454,822)</b>	<b>(98,878)</b>	<b>(28,882)</b>	<b>60,112</b>	<b>8,107</b>
<b>Fund balances (deficits), beginning</b>	<b>252,873</b>	<b>-</b>	<b>30,000</b>	<b>1,498</b>	<b>-</b>	<b>28,882</b>	<b>-</b>	<b>-</b>
<b>Less equity transfers</b>	<b>-</b>	<b>-</b>	<b>(30,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficits), ending</b>	<b>\$ 211,615</b>	<b>\$ (561,409)</b>	<b>\$ -</b>	<b>\$ (453,324)</b>	<b>\$ (98,878)</b>	<b>\$ -</b>	<b>\$ 60,112</b>	<b>\$ 8,107</b>

**CITY OF KINSTON, NORTH CAROLINA  
SPECIAL REVENUE FUNDS**

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS)**

For the Fiscal Year Ended June 30, 2000

With Comparative Totals for the Fiscal Year Ended June 30, 1999

(Page 2 of 2)

	FEMA-HMGP Fran III	Floyd Phase I	Grainger Place Apartments	Highway Safety Equipment	Domestic Violence Intervention	1998 LLEBG	COPS/KHA	1999 LLEBG	Totals	
									2000	1999
<b>Revenue:</b>										
Restricted intergovernmental	\$ 61,190	\$ 1,485	\$ 165,266	\$ -	\$ 68,110	\$ -	\$ 131,530	\$ 63,269	\$ 10,370,658	\$ 7,063,043
Insurance proceeds	-	-	-	-	-	-	-	-	78,178	-
Other - rent and program	-	-	-	-	-	-	-	-	87,984	98,682
Investment earnings	-	-	-	-	-	-	-	-	3,147	1,917
<b>Total revenue</b>	<b>61,190</b>	<b>1,485</b>	<b>165,266</b>	<b>-</b>	<b>68,110</b>	<b>-</b>	<b>131,530</b>	<b>63,269</b>	<b>10,539,967</b>	<b>7,163,642</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Planning and community development	-	-	-	-	-	-	-	-	534,699	2,284
Administration	-	-	-	-	-	-	-	-	6,106,471	6,493,373
Rehabilitation of private	-	-	-	-	-	-	-	-	4,977,620	596,716
Contract services	61,190	1,485	144,866	15,120	29,292	22,804	177,886	-	-	-
<b>Total expenditures</b>	<b>61,190</b>	<b>1,485</b>	<b>144,866</b>	<b>15,120</b>	<b>29,292</b>	<b>22,804</b>	<b>177,886</b>	<b>-</b>	<b>11,618,790</b>	<b>7,092,373</b>
<b>Total revenue over (under)</b>	<b>-</b>	<b>-</b>	<b>20,400</b>	<b>(15,120)</b>	<b>38,818</b>	<b>(22,804)</b>	<b>(46,356)</b>	<b>63,269</b>	<b>(1,078,823)</b>	<b>71,269</b>
<b>Other financing sources:</b>										
Operating transfers in	-	-	-	10,039	19,806	-	-	-	29,845	196,808
<b>Total revenue and other sources over (under)</b>	<b>-</b>	<b>-</b>	<b>20,400</b>	<b>(5,081)</b>	<b>58,624</b>	<b>(22,804)</b>	<b>(46,356)</b>	<b>63,269</b>	<b>(1,048,978)</b>	<b>268,077</b>
<b>Fund balances (deficits), beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58,624)</b>	<b>22,804</b>	<b>(2,948)</b>	<b>-</b>	<b>0</b>	<b>83,082</b>
<b>Less equity transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,000)</b>	<b>(76,674)</b>
<b>Fund balances (deficit), ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,400</b>	<b>\$ (5,081)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (49,304)</b>	<b>\$ 63,269</b>	<b>\$ (804,493)</b>	<b>\$ 274,485</b>

**CITY OF KINSTON, NORTH CAROLINA**  
**GRANT PROJECT FUND – COMMUNITY DEVELOPMENT ADMINISTRATION**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2000**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:			
Restricted intergovernmental revenue-			
Rent and program income	\$ 98,100	\$ 87,984	\$ (10,116)
Other - interest income & donations	<u>20,000</u>	<u>3,147</u>	<u>(16,853)</u>
<b>Total revenue</b>	<u>118,100</u>	<u>91,131</u>	<u>(26,969)</u>
Expenditures:			
Contract services	<u>230,000</u>	<u>132,389</u>	<u>97,611</u>
<b>Total expenditures</b>	<u>230,000</u>	<u>132,389</u>	<u>97,611</u>
Other financing sources:			
Appropriated fund balance	<u>111,900</u>	<u>-</u>	<u>(111,900)</u>
<b>Total other financing sources</b>	<u>111,900</u>	<u>-</u>	<u>111,900</u>
<b>Total revenue and other financing sources     under expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ (41,258)</u></u>	<u><u>\$ (41,258)</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – DISASTER RECOVERY FUND**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue	\$ 2,390,381	\$ 2,390,381	\$ 5,936,100
Other - investment earnings	78,178	78,178	900,000
<b>Total revenue</b>	<b>2,468,559</b>	<b>2,468,559</b>	<b>6,836,100</b>
Expenditures:			
Salaries and benefits	534,699	534,699	416,400
Contract services	2,495,269	2,495,269	6,419,700
<b>Total expenditures</b>	<b>3,029,968</b>	<b>3,029,968</b>	<b>6,836,100</b>
<b>Total expenditures over revenue</b>	<b>\$ (561,409)</b>	<b>\$ (561,409)</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND - FEMA/HMGP PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
Federal Grant Project	<u>\$ 3,898,721</u>	<u>\$ 8,687,320</u>	<u>\$ 12,342,456</u>
Expenditures:			
Administration	61,056	133,065	510,706
Acquisition, relocation, demolition of private properties	<u>4,292,487</u>	<u>9,007,579</u>	<u>11,831,750</u>
<b>Total expenditures</b>	<u>4,353,543</u>	<u>9,140,644</u>	<u>12,342,456</u>
 <b>Total expenditures over revenue</b>	 <u><u>\$ (454,822)</u></u>	 <u><u>\$ (453,324)</u></u>	 <u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – SARF DCA PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	Actual		
	Current Year	Total to Date	Project Authorization
<b>Revenue:</b>			
Restricted intergovernmental revenue-			
State grant project	\$ 504,605	\$ 505,840	\$ 1,664,275
<b>Expenditures:</b>			
Administration	240	950	156,069
Acquisition, relocation, demolition of private properties	603,243	603,768	1,508,206
<b>Total expenditures</b>	603,483	604,718	1,664,275
<b>Total expenditures over revenue</b>	\$ (98,878)	\$ (98,878)	\$ -

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – HUD / DRI PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
State community development grant project	<u>\$ 1,724,046</u>	<u>\$ 3,705,171</u>	<u>\$ 5,461,466</u>
Expenditures:			
Administration	22,820	45,379	120,942
Acquisition, relocation, demolition of private properties	<u>1,730,108</u>	<u>3,659,792</u>	<u>5,340,524</u>
<b>Total expenditures</b>	<u>1,752,928</u>	<u>3,705,171</u>	<u>5,461,466</u>
<b>Total expenditures over revenue</b>	<u>\$ (28,882)</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND - HUD ACQUISITION - DRI PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal Grant Project	\$ 65,855	\$ 145,792	\$ 94,062
Expenditures:			
Acquisition, relocation, demolition of private properties	5,743	85,680	94,062
Total expenditures	5,743	85,680	94,062
Total revenue over expenditures	\$ 60,112	\$ 60,112	\$ -

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA – HMGP FRAN PHASE II**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenue:</b>			
Restricted intergovernmental revenue-			
Federal grant project	<u>\$ 1,296,200</u>	<u>\$ 1,296,200</u>	<u>\$ 2,659,139</u>
<b>Expenditures:</b>			
Administration	-	-	164,729
Acquisition, relocation, demolition of private properties	<u>1,288,093</u>	<u>1,288,093</u>	<u>2,494,410</u>
<b>Total expenditures</b>	<u>1,288,093</u>	<u>1,288,093</u>	<u>2,659,139</u>
<b>Total revenue over expenditures</b>	<u><u>\$ 8,107</u></u>	<u><u>\$ 8,107</u></u>	<u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA – HMGP FRAN PHASE III**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	Actual		
	Current Year	Total to Date	Project Authorization
<b>Revenue:</b>			
Restricted intergovernmental revenue-			
Federal grant project	\$ 61,190	\$ 61,190	\$ 2,670,954
<b>Expenditures:</b>			
Administration	-	-	132,988
Acquisition, relocation, demolition of private properties	61,190	61,190	2,537,966
<b>Total expenditures</b>	<b>61,190</b>	<b>61,190</b>	<b>2,670,954</b>
<b>Total expenditures over revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA – DEMOLITION PROJECT I**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue- Community development grant project	\$ -	\$ -	\$ 188,620
Expenditures:			
Demolition of private properties	-	-	188,620
<b>Total expenditures</b>	-	-	188,620
<b>Total expenditures over revenue</b>	\$ -	\$ -	\$ -

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA – DEMOLITION PROJECT II**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
Revenue:			
Restricted intergovernmental revenue- Community development grant project	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 414,100</u>
Expenditures:			
Administration	<u>-</u>	<u>-</u>	<u>4,100</u>
Demolition of private properties	<u>-</u>	<u>-</u>	<u>410,000</u>
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>414,100</u>
<b>Total expenditures over revenue</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA – HMGP FLOYD PHASE I**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	<u>Actual</u>		<u>Project</u>
	<u>Current</u>	<u>Total</u>	<u>Authorization</u>
	<u>Year</u>	<u>to Date</u>	
<b>Revenue:</b>			
Restricted intergovernmental revenue-			
Community development grant project	<u>\$ 1,485</u>	<u>\$ 1,485</u>	<u>\$ 4,473,305</u>
<b>Expenditures:</b>			
Administration	-	-	210,305
Acquisition, relocation, demolition of private			
properties	<u>1,485</u>	<u>1,485</u>	<u>4,263,000</u>
<b>Total expenditures</b>	<u>1,485</u>	<u>1,485</u>	<u>4,473,305</u>
<b>Total expenditures over revenue</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND - GRAINGER PLACE APARTMENTS**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenue:</b>			
Restricted intergovernmental revenue- Community development grant project	<u>\$ 165,266</u>	<u>\$ 165,266</u>	<u>\$ 250,000</u>
<b>Expenditures:</b>			
Administration	-	-	25,000
Acquisition, relocation, demolition of private properties	<u>144,866</u>	<u>144,866</u>	<u>225,000</u>
<b>Total expenditures</b>	<u>144,866</u>	<u>144,866</u>	<u>250,000</u>
<b>Total revenue over expenditures</b>	<u><u>\$ 20,400</u></u>	<u><u>\$ 20,400</u></u>	<u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA**  
**GRANT PROJECT FUND - HIGHWAY SAFETY EQUIPMENT- 1999**

**SCHEDULE OF REVENUE AND EXPENDITURES,**  
**BUDGET AND ACTUAL**  
**From Grant Inception and for the Fiscal Year Ended June 30, 2000**

	<u>Actual</u>		<u>Project</u>
	<u>Current</u>	<u>Total</u>	<u>Authorization</u>
	<u>Year</u>	<u>to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>
Expenditures:			
Capital outlay	<u>15,120</u>	<u>15,120</u>	<u>40,039</u>
<b>Total expenditures</b>	<u>15,120</u>	<u>15,120</u>	<u>40,039</u>
<b>Total revenue over expenditures</b>	<u>(15,120)</u>	<u>(15,120)</u>	<u>(10,039)</u>
Other financing sources:			
Operating transfers in	<u>10,039</u>	<u>10,039</u>	<u>10,039</u>
<b>Total other financing sources</b>	<u>10,039</u>	<u>10,039</u>	<u>10,039</u>
<b>Total revenue and other financing sources</b>			
under expenditures	<u>\$ (5,081)</u>	<u>\$ (5,081)</u>	<u>\$ -</u>



**CITY OF KINSTON, NORTH CAROLINA**  
**GRANT PROJECT FUND – DOMESTIC VIOLENCE INTERVENTION**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
 BUDGET AND ACTUAL  
 From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	<u>Actual</u>		<u>Project</u>
	<u>Current</u>	<u>Total</u>	<u>Authorization</u>
	<u>Year</u>	<u>to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
State grant project	\$ 68,110	\$ 207,383	\$ 207,383
Expenditures:			
Personnel costs	16,067	218,714	218,714
Capital outlay	13,225	85,775	85,775
<b>Total expenditures</b>	<b>29,292</b>	<b>304,489</b>	<b>304,489</b>
<b>Total revenue over expenditures</b>	<b>38,818</b>	<b>(97,106)</b>	<b>(97,106)</b>
Other financing sources:			
Operating transfers in	19,806	97,106	97,106
<b>Total other financing sources</b>	<b>19,806</b>	<b>97,106</b>	<b>97,106</b>
<b>Total revenue and other financing sources over expenditures</b>	<b>\$ 58,624</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND - LLEBG - 1998**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	<u>Actual</u>		<u>Project</u>
	<u>Current</u>	<u>Total</u>	<u>Authorization</u>
	<u>Year</u>	<u>to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	\$ -	\$ 65,011	\$ 65,011
Expenditures:			
Capital outlay	22,804	72,234	72,234
<b>Total expenditures</b>	<b>22,804</b>	<b>72,234</b>	<b>72,234</b>
<b>Total revenue over expenditures</b>	<b>(22,804)</b>	<b>(7,223)</b>	<b>(7,223)</b>
Other financing sources:			
Operating transfers in	-	7,223	7,223
<b>Total other financing sources</b>	<b>-</b>	<b>7,223</b>	<b>7,223</b>
<b>Total revenue and other financing sources</b>			
under expenditures	\$ (22,804)	\$ -	\$ -

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND - COPS/KHA GRANT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	<u>\$ 131,530</u>	<u>\$ 131,530</u>	<u>\$ 399,256</u>
Expenditures:			
Personnel costs	116,967	119,915	349,256
Capital outlay	<u>60,919</u>	<u>60,919</u>	<u>50,000</u>
Total expenditures	<u>177,886</u>	<u>180,834</u>	<u>399,256</u>
Total expenditures over revenue	<u>\$ (46,356)</u>	<u>\$ (49,304)</u>	<u>\$ -</u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND - LLEBG - 1999**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2000**

	Actual		Project
	Current Year	Total to Date	Authorization
<b>Revenue:</b>			
Restricted intergovernmental revenue-			
Federal grant project	\$ 63,269	\$ 63,269	\$ 63,269
<b>Expenditures:</b>			
Capital outlay	-	-	70,299
<b>Total expenditures</b>	-	-	70,299
<b>Total revenue over expenditures</b>	63,269	63,269	(7,030)
<b>Other financing sources:</b>			
Operating transfers in	-	-	7,030
<b>Total other financing sources</b>	-	-	7,030
<b>Total revenue and other financing sources             over expenditures</b>	\$ 63,269	\$ 63,269	\$ -







## CAPITAL PROJECTS FUND

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Capital Projects Funds are used to account for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds.

**Recreation Improvements** – This fund accounts for funds to be used for improvements to various buildings and facilities in the City's recreation department.

**Uplands Park** – This fund accounts for funds to be used to provide infrastructure to housing development for flood Buy-Out properties.

**Kingwood Forest** – This fund accounts for funds to be used for the purchase of land to provide development for flood Buy-Out participants.

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**CITY OF KINSTON, NORTH CAROLINA  
CAPITAL PROJECT FUND**

**COMBINING BALANCE SHEETS  
June 30, 2000  
With Comparative Totals for 1999**

	Recreation Improvements	Uplands Park	Kingwood Forest	Totals	
				2000	1999
<b>ASSETS</b>					
Cash and investments	\$ 20,696	\$ -	\$ -	\$ 20,696	\$ -
Accounts receivable	9,753	2	-	9,755	-
Restricted cash and investments	900,559	-	-	900,559	-
<b>Total assets</b>	<u>\$ 931,008</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 931,010</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES:</b>					
Due to other funds	\$ -	\$ 177,451	\$ 7,866	\$ 185,317	\$ -
Accounts payable and accrued liabilities	192	1,098	-	1,290	-
<b>Total liabilities</b>	<u>\$ 192</u>	<u>\$ 178,549</u>	<u>\$ 7,866</u>	<u>\$ 186,607</u>	<u>\$ -</u>
<b>FUND BALANCES (DEFICITS):</b>					
Reserved by state statute	9,753	2	-	9,755	-
Unreserved - designated for subsequent year's expenditures (deficits)	921,063	(178,549)	(7,866)	734,648	-
	<u>930,816</u>	<u>(178,547)</u>	<u>(7,866)</u>	<u>744,403</u>	<u>-</u>
<b>Total liabilities and fund balances (deficits)</b>	<u>\$ 931,008</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 931,010</u>	<u>\$ -</u>

**CITY OF KINSTON, NORTH CAROLINA  
CAPITAL PROJECT FUNDS**

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES**

**For the Fiscal Year Ended June 30, 2000**

**With Comparative Totals for the Fiscal Year Ended June 30, 1999**

	Recreation Improvements	Uplands Park	Kingwood Forest	Totals	
				2000	1999
Revenues:					
Donations	\$ -	\$ -	\$ 20,100	\$ 20,100	\$ -
Sale of property	-	-	-	-	275,000
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>20,100</b>	<b>20,100</b>	<b>275,000</b>
Expenditures:					
Capital outlay	295,184	178,547	27,966	501,697	51,374
<b>Total expenditures</b>	<b>295,184</b>	<b>178,547</b>	<b>27,966</b>	<b>501,697</b>	<b>51,374</b>
Other financing sources:					
Proceeds from borrowing	1,100,000	-	-	1,100,000	-
Operating transfers in	126,000	-	-	126,000	-
<b>Total other financing sources</b>	<b>1,226,000</b>	<b>-</b>	<b>-</b>	<b>1,226,000</b>	<b>-</b>
<b>Total revenue and other financing sources over expenditures</b>	<b>930,816</b>	<b>(178,547)</b>	<b>(7,866)</b>	<b>744,403</b>	<b>223,626</b>
Fund balances (deficits), beginning	-	-	-	-	(223,626)
Fund balances (deficits), ending	<u>\$ 930,816</u>	<u>\$ (178,547)</u>	<u>\$ (7,866)</u>	<u>\$ 744,403</u>	<u>\$ -</u>

**CITY OF KINSTON, NORTH CAROLINA  
CAPITAL PROJECT FUNDS – RECREATION IMPROVEMENT PROJECT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

**From Inception and For the Year Ended June 30, 2000**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures:				
Capital outlay:				
Construction cost	\$ 1,226,000	\$ -	\$ 295,184	\$ 295,184
<b>Total expenditures</b>	<u>1,226,000</u>	<u>-</u>	<u>295,184</u>	<u>295,184</u>
Other financing sources:				
Proceeds from borrowing	1,100,000	-	1,100,000	1,100,000
Operating transfers in	126,000	-	126,000	126,000
<b>Total other financing sources</b>	<u>1,226,000</u>	<u>-</u>	<u>1,226,000</u>	<u>1,226,000</u>
<b>Total other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 930,816</u>	<u>\$ 930,816</u>

**CITY OF KINSTON, NORTH CAROLINA  
CAPITAL PROJECT FUNDS – UPLAND PARK PROJECT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
From Inception and For the Year Ended June 30, 2000**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenue:				
Sale of property	\$ 980,000	\$ -	\$ -	\$ -
<b>Total revenue</b>	<b>980,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Capital outlay:				
Construction cost	1,580,000	-	178,547	178,547
<b>Total expenditures</b>	<b>1,580,000</b>	<b>-</b>	<b>178,547</b>	<b>178,547</b>
Other financing sources:				
Operating transfers in	600,000	-	-	-
<b>Total other financing sources</b>	<b>600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue &amp; other financing sources under expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (178,547)</b>	<b>\$ (178,547)</b>

**CITY OF KINSTON, NORTH CAROLINA  
CAPITAL PROJECT FUNDS – KINGWOOD FOREST PROJECT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

**From Inception and For the Year Ended June 30, 2000**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenue:				
Donations	\$ 20,100	\$ -	\$ 20,100	\$ 20,100
<b>Total revenue</b>	<u>20,100</u>	<u>-</u>	<u>20,100</u>	<u>20,100</u>
Expenditures:				
Capital outlay:				
Construction cost	50,000	-	27,966	27,966
<b>Total expenditures</b>	<u>50,000</u>	<u>-</u>	<u>27,966</u>	<u>27,966</u>
Other financing sources:				
Operating transfers in	29,900	-	-	-
<b>Total other financing sources</b>	<u>29,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenue &amp; other financing sources under expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,866)</u>	<u>\$ (7,866)</u>









## ENTERPRISE FUNDS

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Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's Board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or the government's Board has decided that periodic determination of net income is appropriate for accountability purposes.

**Electric Fund** - This fund is used to account for the activities associated with the distribution and transmission of electricity by the City to its users.

**Water and Sewer Fund** - This fund is used to account for the activities associated with the production, distribution and transmission of potable water and the activities associated with operating and maintaining the City's sewer and surface drainage systems.

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**CITY OF KINSTON  
ENTERPRISE FUNDS**

**COMBINING BALANCE SHEETS  
June 30, 2000  
With Comparative Totals for June 30, 1999**

	Electric Fund	Water and Sewer Fund	Totals	
			2000	1999
<b>ASSETS</b>				
Cash and investments	\$ 1,255,651	\$ 503,059	\$ 1,758,710	\$ 4,515,391
Due from other funds	128,225	1,931,123	2,059,348	490,008
Accounts receivable	309,465	175,290	484,755	458,266
Customer receivables, net	4,677,422	857,498	5,534,920	6,199,236
Interest receivable	35,164	25,515	60,679	65,169
Inventories	1,094,088	248,778	1,342,866	1,431,238
Bond issuance costs	247,793	151,013	398,806	436,444
Restricted cash and investments	1,756,345	410,033	2,166,378	4,436,870
Investment in direct financing lease	327,816	-	327,816	877,966
Fixed assets:				
Land	202,380	83,972	286,352	291,233
Buildings	3,671,890	3,534,922	7,206,812	7,206,812
Distribution system	22,794,766	34,848,143	57,642,909	55,758,637
Equipment	1,617,887	2,006,997	3,624,884	4,128,044
Accumulated depreciation	(11,923,143)	(14,450,115)	(26,373,258)	(25,141,124)
Construction in progress	5,577,962	4,164,751	9,742,713	7,280,195
<b>Total assets</b>	<b>\$ 31,773,711</b>	<b>\$ 34,490,979</b>	<b>\$ 66,264,690</b>	<b>\$ 68,434,385</b>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,034,052	\$ 248,409	\$ 3,282,461	\$ 3,275,352
Deferred revenue	-	24,951	24,951	23,126
Customer deposits	593,424	-	593,424	746,048
Accrued compensated absences	112,697	84,109	196,806	177,219
Long-term debt	9,255,504	12,251,788	21,507,292	23,395,715
<b>Total liabilities</b>	<b>12,995,677</b>	<b>12,609,257</b>	<b>25,604,934</b>	<b>27,617,460</b>
Fund equity:				
Contributed capital	378,195	3,458,610	3,836,805	3,403,537
Retained earnings	18,399,839	18,423,112	36,822,951	37,413,388
<b>Total fund equity</b>	<b>18,778,034</b>	<b>21,881,722</b>	<b>40,659,756</b>	<b>40,816,925</b>
<b>Total liabilities and fund equity</b>	<b>\$ 31,773,711</b>	<b>\$ 34,490,979</b>	<b>\$ 66,264,690</b>	<b>\$ 68,434,385</b>

**CITY OF KINSTON, NORTH CAROLINA  
ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
For the Fiscal Year Ended June 30, 2000  
With Comparative Totals for the Fiscal Year Ended June 30, 1999**

	Electric Fund	Water and Sewer Fund	Totals	
			2000	1999
Operating revenue:				
Charges for services	\$ 33,955,015	\$ 6,093,495	\$ 40,048,510	\$ 42,917,361
Other	390,902	90,797	481,699	278,515
<b>Total operating revenue</b>	<b>34,345,917</b>	<b>6,184,292</b>	<b>40,530,209</b>	<b>43,195,876</b>
Operating expenses:				
Electrical operations	31,885,454	-	31,885,454	31,851,243
Administration	1,588,691	1,421,285	3,009,976	3,490,256
Depreciation	878,354	1,167,604	2,045,958	1,975,806
Amortization	22,884	14,754	37,638	36,289
Water and sewer operations	-	1,074,284	1,074,284	945,664
Wastewater plant operations	-	1,346,247	1,346,247	1,781,358
Water production	-	749,116	749,116	888,789
<b>Total operating expenses</b>	<b>34,375,383</b>	<b>5,773,290</b>	<b>40,148,673</b>	<b>40,969,405</b>
<b>Operating income (loss)</b>	<b>(29,466)</b>	<b>411,002</b>	<b>381,536</b>	<b>2,226,471</b>
Nonoperating revenue (expenses):				
Interest earned on investments	362,541	131,373	493,914	634,315
Interest on long-term debt	(230,978)	(486,936)	(717,914)	(584,499)
<b>Total nonoperating revenue (expenses)</b>	<b>131,563</b>	<b>(355,563)</b>	<b>(224,000)</b>	<b>49,816</b>
<b>Income before operating transfers</b>	<b>102,097</b>	<b>55,439</b>	<b>157,536</b>	<b>2,276,287</b>
Operating transfers:				
Operating transfers out	(835,300)	-	(835,300)	(1,009,400)
<b>Net income (loss)</b>	<b>(733,203)</b>	<b>55,439</b>	<b>(677,764)</b>	<b>1,266,887</b>
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	-	87,327	87,327	89,538
<b>Increase (decrease) in retained retained earnings</b>	<b>(733,203)</b>	<b>142,766</b>	<b>(590,437)</b>	<b>1,356,425</b>
Retained Earnings, beginning	19,133,042	18,280,346	37,413,388	36,056,963
Retained Earnings, ending	<u>\$ 18,399,839</u>	<u>\$ 18,423,112</u>	<u>\$ 36,822,951</u>	<u>\$ 37,413,388</u>

**CITY OF KINSTON, NORTH CAROLINA  
ENTERPRISE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended June 30, 2000  
With Comparative Totals for the Fiscal Year Ended June 30, 1999**

	Electric Fund	Water and Sewer Fund	Totals	
			2000	1999
<b>Cash Flows from Operating Activities:</b>				
Operating income (loss)	\$ (29,466)	\$ 411,002	\$ 381,536	\$ 2,226,471
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	878,354	1,167,604	2,045,958	1,975,806
Amortization	22,884	14,754	37,638	36,289
Change in assets and liabilities:				
Due from other funds	(128,225)	(1,441,115)	(1,569,340)	(490,008)
Allowance for uncollectible accounts	(119,132)	(9,841)	(128,973)	132,620
Customer receivables	759,922	33,367	793,289	(1,307,402)
Accounts receivable	(13,165)	(13,324)	(26,489)	40,850
Customer deposits	(152,624)	-	(152,624)	75,418
Inventories	71,059	17,313	88,372	(18,119)
Accounts payable	79,882	(70,815)	9,067	(192,636)
Deferred revenue	-	1,825	1,825	(996)
Accrued compensated absences	10,838	8,749	19,587	(3,926)
<b>Net cash provided by operating activities</b>	<u>1,380,327</u>	<u>119,519</u>	<u>1,499,846</u>	<u>2,474,367</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating transfers to other funds	<u>(835,300)</u>	<u>-</u>	<u>(835,300)</u>	<u>(1,009,400)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(2,455,665)	(2,196,908)	(4,652,573)	(7,193,330)
Principal paid on general obligation bond maturities and equipment contracts	(983,034)	(905,389)	(1,888,423)	(1,869,764)
Interest paid on bonded indebtedness and equipment contracts	(229,668)	(490,204)	(719,872)	(598,281)
Contributed capital	378,195	142,400	520,595	349,116
Proceeds from borrowing	-	-	-	1,566,282
<b>Net cash used for capital and related financing activities</b>	<u>(3,290,172)</u>	<u>(3,450,101)</u>	<u>(6,740,273)</u>	<u>(7,745,977)</u>
<b>Cash Flows from Investing Activities:</b>				
Principal received on direct financing leases	550,150	-	550,150	510,784
Interest and dividends on investments	365,317	133,087	498,404	650,394
<b>Net cash provided by investing activities</b>	<u>915,467</u>	<u>133,087</u>	<u>1,048,554</u>	<u>1,161,178</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(1,829,678)</u>	<u>(3,197,495)</u>	<u>(5,027,173)</u>	<u>(5,119,832)</u>
Cash and cash equivalents, beginning	\$ 4,841,674	\$ 4,110,587	\$ 8,952,261	\$ 14,072,093
Cash and cash equivalents, ending	<u>\$ 3,011,996</u>	<u>\$ 913,092</u>	<u>\$ 3,925,088</u>	<u>\$ 8,952,261</u>

**CITY OF KINSTON, NORTH CAROLINA  
ELECTRIC FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
BUDGET AND ACTUAL,  
NON-GAAP, MODIFIED ACCRUAL BASIS**

**For the Fiscal Year Ended June 30, 2000**

**With Comparative Totals for the Fiscal Year Ended June 30, 1999**

(Page 1 of 2)

	2000		Variance, Favorable (Unfavorable)	1999
	Budget	Actual		Actual
<b>Operating revenue:</b>				
Charges for services, electricity sales	\$ 35,602,700	\$ 33,245,187	\$ (2,357,513)	\$ 35,734,589
Other	421,200	390,902	(30,298)	210,357
<b>Total operating revenue</b>	<u>36,023,900</u>	<u>33,636,089</u>	<u>(2,387,811)</u>	<u>35,944,946</u>
<b>Non operating revenue:</b>				
Principal received on direct lease financing	499,300	550,150	50,850	510,784
Interest earned on investments	385,000	362,541	(22,459)	481,685
<b>Total nonoperating revenue</b>	<u>884,300</u>	<u>912,691</u>	<u>28,391</u>	<u>992,469</u>
<b>Total revenue</b>	<u>36,908,200</u>	<u>34,548,780</u>	<u>(2,359,420)</u>	<u>36,937,415</u>
<b>Expenditures:</b>				
Administration:				
Salaries and benefits		158,525		144,230
Operating		324,166		240,637
Indirect costs		1,106,000		1,785,000
	<u>1,640,000</u>	<u>1,588,691</u>	<u>51,309</u>	<u>2,169,867</u>
Electrical operations:				
Salaries and benefits		1,752,544		1,388,169
Operating		31,331,855		31,930,592
Capital outlay		538,446		404,206
	<u>34,510,200</u>	<u>33,622,845</u>	<u>887,355</u>	<u>33,722,967</u>
<b>Total expenditures</b>	<u>36,150,200</u>	<u>35,211,536</u>	<u>938,664</u>	<u>35,892,834</u>
<b>Revenue over (under) expenditures</b>	<u>758,000</u>	<u>(662,756)</u>	<u>(1,420,756)</u>	<u>1,044,581</u>
<b>Other financing sources (uses):</b>				
Appropriated fund balance	302,300	-	(302,300)	-
Operating transfers out - general fund	(1,060,300)	(835,300)	225,000	(1,009,400)
<b>Total other financing uses</b>	<u>(758,000)</u>	<u>(835,300)</u>	<u>(77,300)</u>	<u>(1,009,400)</u>
<b>Revenue and other sources over (under) expenditures and other uses</b>	<u>\$ -</u>	<u>\$ (1,498,056)</u>	<u>\$ (1,498,056)</u>	<u>\$ 35,181</u>

**CITY OF KINSTON, NORTH CAROLINA  
ELECTRIC FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
BUDGET AND ACTUAL,  
NON-GAAP, MODIFIED ACCRUAL BASIS  
For the Fiscal Year Ended June 30, 2000  
With Comparative Totals for the Fiscal Year Ended June 30, 1999  
(Page 2 of 2)**

	<u>2000</u>		<u>1999</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance, Favorable (Unfavorable)</u>
			<u>Actual</u>
Reconciliation of modified accrual basis to full accrual basis:			
Revenue and other sources under expenditures and other uses	\$	(1,498,056)	\$ 35,181
Transfers		835,300	1,009,400
Capital outlay		538,446	404,206
Capitalized interest		268,758	260,117
Payment of debt principal		898,034	983,920
Depreciation		(878,354)	(892,854)
Amortization of debt fees		(22,884)	(22,427)
Lease purchase principal received		(550,150)	(104,930)
Decrease in accrued unbilled electricity sales		709,828	1,344,041
Bad debt expense		(197,515)	(510,784)
Decrease in interest accrual		(1,310)	15,046
Income before operating transfers, accrual basis	\$	<u>102,097</u>	\$ <u>2,520,916</u>



**CITY OF KINSTON, NORTH CAROLINA  
WATER AND SEWER FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
BUDGET AND ACTUAL,  
NON-GAAP, MODIFIED ACCRUAL BASIS**

**For the Fiscal Year Ended June 30, 2000**

**With Comparative Totals for the Fiscal Year Ended June 30, 1999**

(Page 1 of 2)

	2000		Variance, Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Operating revenue:				
Charges for services:				
Water sales	\$ 3,236,200	\$ 2,925,300	\$ (310,900)	\$ 2,601,580
Sewer charges	3,448,500	3,340,925	(107,575)	2,979,548
Other	80,500	90,797	10,297	68,158
<b>Total operating revenue</b>	<b>6,765,200</b>	<b>6,357,022</b>	<b>(408,178)</b>	<b>5,649,286</b>
Nonoperating revenue:				
Interest earned on investments	113,000	131,373	18,373	152,630
<b>Total nonoperating revenue</b>	<b>113,000</b>	<b>131,373</b>	<b>18,373</b>	<b>152,630</b>
<b>Total revenue</b>	<b>6,878,200</b>	<b>6,488,395</b>	<b>(389,805)</b>	<b>5,801,916</b>
Expenditures:				
Water and sewer administration:				
Salaries and benefits		80,666		185,723
Operating		349,719		209,666
Indirect costs		990,900		925,000
	<u>1,495,900</u>	<u>1,421,285</u>	<u>74,615</u>	<u>1,320,389</u>
Water production:				
Salaries and benefits		229,939		242,819
Operating		519,177		645,970
Capital outlay		35,703		24,306
	<u>851,500</u>	<u>784,819</u>	<u>66,681</u>	<u>913,095</u>
Water and sewer operations:				
Salaries and benefits		690,480		652,511
Operating		1,760,255		1,733,600
Capital outlay		144,128		420,170
	<u>2,945,200</u>	<u>2,594,863</u>	<u>350,337</u>	<u>2,806,281</u>
Wastewater plant operations:				
Salaries and benefits		620,682		574,389
Operating		725,565		1,206,969
Capital outlay		-		46,584
	<u>1,691,200</u>	<u>1,346,247</u>	<u>344,953</u>	<u>1,827,942</u>
<b>Total expenditures</b>	<b>6,983,800</b>	<b>6,147,214</b>	<b>836,586</b>	<b>6,867,707</b>
<b>Revenue over (under) expenditures</b>	<b>(105,600)</b>	<b>341,181</b>	<b>446,781</b>	<b>(1,065,791)</b>
Other financing sources (uses):				
Appropriated fund balance	469,600	-	(469,600)	-
Proceeds from borrowing	-	-	-	1,566,282
Operating transfers out	(364,000)	(364,000)	-	(1,400,000)
<b>Total other financing sources (uses)</b>	<b>105,600</b>	<b>(364,000)</b>	<b>(469,600)</b>	<b>166,282</b>
<b>Revenue and other sources over (under) expenditures</b>	<b>\$</b>	<b>\$ (22,819)</b>	<b>\$ (22,819)</b>	<b>\$ (899,509)</b>

**CITY OF KINSTON, NORTH CAROLINA  
WATER AND SEWER FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
BUDGET AND ACTUAL,  
NON-GAAP, MODIFIED ACCRUAL BASIS  
For the Fiscal Year Ended June 30, 2000**

**With Comparative Totals for the Fiscal Year Ended June 30, 1999**

(Page 2 of 2)

	2000		Variance, Favorable (Unfavorable)	1999
	Budget	Actual		Actual
Reconciliation of modified accrual basis to full accrual basis:				
Revenue and other sources over		\$ (22,819)		\$ (899,509)
Transfers		364,000		1,400,000
Capital outlay		179,831		491,060
Capitalized interest		-		305,583
Proceeds form borrowing		-		(1,566,282)
Payment of debt principal		905,389		885,844
Depreciation		(1,167,604)		(1,082,952)
Amortization of debt fees		(14,754)		(13,862)
Decrease in accrued unbilled water sales		(73,043)		121,073
Decrease in accrued unbilled sewer sales		(99,687)		136,530
Bad debt expense		(19,142)		(20,880)
Increase in interest accrual		3,268		(1,267)
Income before operating transfers, accrual basis		<u>\$ 55,439</u>		<u>\$ (244,662)</u>

**CITY OF KINSTON, NORTH CAROLINA  
ELECTRIC CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL, (NON-GAAP)  
For the Fiscal Year Ended June 30, 2000**

	Project Authorization	Prior Years	Actual Current Year	Total To Date
<b>Revenues:</b>				
NC DOT Reimbursement	\$ 668,000	\$ -	\$ -	\$ -
<b>Total revenue</b>	<u>668,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
230KV POD/115KV Transmission Loop	5,838,037	3,742,261	1,095,921	4,838,182
Fuse Installations	263,600	162,785	98,565	261,350
Less: Completed Project	(263,600)	(162,785)	(98,565)	(261,350)
Substations Improvements	618,500	594,584	23,884	618,468
Less: Completed Project	(618,500)	(594,584)	(23,884)	(618,468)
Airport/Western Tie	42,400	32,497	9,825	42,322
Less: Completed Project	(42,400)	(32,497)	(9,825)	(42,322)
Briery Subdivision Project	65,400	12,160	53,145	65,305
Less: Completed Project	(65,400)	(12,160)	(53,145)	(65,305)
Crescent Road	668,000	-	46,366	46,366
<b>Total expenditures</b>	<u>6,506,037</u>	<u>3,742,261</u>	<u>1,142,287</u>	<u>4,884,548</u>
<b>Revenue under expenditures</b>	<u>(5,838,037)</u>	<u>(3,742,261)</u>	<u>(1,142,287)</u>	<u>(4,884,548)</u>
<b>Other financing sources:</b>				
Revenue bond proceeds	6,827,937	6,827,859	-	6,827,859
Less: Completed Projects	(989,900)	(802,026)	(185,419)	(987,445)
<b>Total other financing sources</b>	<u>5,838,037</u>	<u>6,025,833</u>	<u>(185,419)</u>	<u>5,840,414</u>
<b>Total revenue and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 2,283,572</u>	<u>\$ (1,327,706)</u>	<u>\$ 955,866</u>

**CITY OF KINSTON, NORTH CAROLINA  
WATER AND SEWER CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL, (NON-GAAP)  
For the Fiscal Year Ended June 30, 2000**

	Project Authorization	Prior Years	Actual Current Year	Total To Date
Expenditures:				
FY 98/99 Capital Projects <i>GTP Transfers 9901W</i>	\$ 6,412,700	\$ 2,147,674	\$ 1,517,004	\$ 3,664,678
FY 99/00 Capital Projects <i>9200W</i>	12,077,000	-	446,816	446,816
<b>Total expenditures</b>	<u>18,489,700</u>	<u>2,147,674</u>	<u>1,963,820</u>	<u>4,111,494</u>
Other Financing Sources:				
Federal and State grants	8,193,700	-	-	-
<i>GAAP</i> <del>Revenue</del> bond proceeds	8,057,000	1,450,000	-	1,450,000
County participation	475,000	349,116	142,400	491,516
Transfers in	<u>1,764,000</u>	<u>1,400,000</u>	<u>364,000</u>	<u>1,764,000</u>
<b>Total other financing sources</b>	<u>18,489,700</u>	<u>3,199,116</u>	<u>506,400</u>	<u>3,705,516</u>
<b>Total other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 1,051,442</u>	<u>\$ (1,457,420)</u>	<u>\$ (405,978)</u>







## **INTERNAL SERVICE FUND**

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**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agencies of the City on a cost reimbursement basis.

**Internal Service Fund** - This fund is used to finance and account for the City's workers' compensation insurance program.

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**CITY OF KINSTON, NORTH CAROLINA  
INTERNAL SERVICE FUND**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS  
For the Fiscal Year Ended June 30, 2000  
With Comparative Totals for the Fiscal Year Ended June 30, 1999**

	<u>2000</u>	<u>1999</u>
Operating revenue:		
Contributions	\$ 634,221	\$ 796,700
Operating expenses:		
Administration	446,109	459,319
Depreciation	8,607	3,066
Claims reimbursement	197,567	(148,451)
<b>Total operating expenses</b>	<u>652,283</u>	<u>313,934</u>
<b>Operating income (loss)</b>	<u>(18,062)</u>	<u>482,766</u>
Nonoperating revenue:		
Interest earned on investments	14,162	14,430
<b>Total nonoperating revenue</b>	<u>14,162</u>	<u>14,430</u>
<b>Net income (loss)</b>	(3,900)	497,196
Retained earnings, beginning	<u>512,206</u>	<u>15,010</u>
Retained earnings, ending	<u><u>\$ 508,306</u></u>	<u><u>\$ 512,206</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
INTERNAL SERVICE FUND**

**SCHEDULE OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL,  
NON-GAAP, MODIFIED ACCRUAL BASIS  
For the Fiscal Year Ended June 30, 2000**

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenue:			
Contributions from various funds	\$ 617,600	\$ 617,600	\$ -
Insurance proceeds		16,621	16,621
	<u>617,600</u>	<u>634,221</u>	<u>16,621</u>
Nonoperating revenue:			
Other	3,000	14,162	11,162
	<u>3,000</u>	<u>14,162</u>	<u>11,162</u>
<b>Total revenue</b>	<u>620,600</u>	<u>648,383</u>	<u>27,783</u>
Expenditures:			
Administration:			
Salaries and benefits		91,488	
Insurance		229,658	
Operating		<u>124,963</u>	
		446,109	
Claim reimbursements, operating		<u>197,567</u>	
<b>Total expenditures</b>	<u>716,700</u>	<u>643,676</u>	<u>73,024</u>
Other financing source:			
Appropriated fund balance	96,100	-	(96,100)
<b>Revenue and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ 4,707</u>	<u>\$ 4,707</u>
Reconciliation of modified accrual basis to full accrual basis:			
Revenue and other sources under expenditures		4,707	
Depreciation		<u>(8,607)</u>	
Net loss, accrual basis		<u>\$ (3,900)</u>	





## **GENERAL FIXED ASSETS ACCOUNT GROUP**

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**The General Fixed Assets Account Group** is used to account for the cost of fixed assets of the City that are used in the performance of general government functions and that are not accounted for in the Enterprise or Internal Service Funds of the City.

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**CITY OF KINSTON, NORTH CAROLINA**

**SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE**

**June 30, 2000 and 1999**

	<u>2000</u>	<u>1999</u>
General Fixed Assets:		
Land	\$ 2,914,490	\$ 3,684,496
Buildings	6,168,271	6,220,399
Equipment and vehicles	<u>10,350,104</u>	<u>11,435,377</u>
<b>Total general fixed assets</b>	<b><u>\$ 19,432,865</u></b>	<b><u>\$ 21,340,272</u></b>
Investment in General Fixed Assets by Source:		
General Fund	18,951,224	20,858,631
Special Revenue Funds	<u>481,641</u>	<u>481,641</u>
<b>Total investment in general fixed assets</b>	<b><u>\$ 19,432,865</u></b>	<b><u>\$ 21,340,272</u></b>



**CITY OF KINSTON, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY**  
**For the Fiscal Year Ended June 30, 2000**

<u>Function and Activity:</u>	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Transfers to Deductions</u>	<u>Balance June 30, 2000</u>
<b>General Government:</b>				
Council	\$ 22,877	\$ -	\$ 22,877	\$ -
Manager	1,498,993	-	667,926	831,067
Clerk	11,704	-	(554)	12,258
Human resources	75,686	-	65,256	10,430
Finance and administration	675,378	-	537,226	138,152
Other, unclassified	4,469,976	24,172	(620,415)	5,114,563
<b>Total general government</b>	<u>6,754,614</u>	<u>24,172</u>	<u>672,316</u>	<u>6,106,470</u>
<b>Public Safety:</b>				
Police	2,243,876	287,725	590,055	1,941,546
Fire	2,775,358	67,025	526,646	2,315,737
Inspection	166,658	-	65,917	100,741
<b>Total public safety</b>	<u>5,185,892</u>	<u>354,750</u>	<u>1,182,618</u>	<u>4,358,024</u>
<b>Public Works:</b>				
Highways and Streets:				
Engineering	361,853	43,283	93,341	311,795
Maintenance	1,023,896	24,627	(130,271)	1,178,794
<b>Total highways and streets</b>	<u>1,385,749</u>	<u>67,910</u>	<u>(36,930)</u>	<u>1,490,589</u>
Environmental Services	<u>3,216,527</u>	<u>314,464</u>	<u>456,448</u>	<u>3,074,543</u>
Parks and Recreation	<u>4,797,490</u>	<u>33,683</u>	<u>427,934</u>	<u>4,403,239</u>
<b>Total general fixed assets</b>	<u>\$ 21,340,272</u>	<u>\$ 794,979</u>	<u>\$ 2,702,386</u>	<u>\$ 19,432,865</u>

**CITY OF KINSTON, NORTH CAROLINA**

**SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY**

**June 30, 2000**

	<u>Land</u>	<u>Buildings</u>	<u>Equipment and Vehicles</u>	<u>Total</u>
<b><u>Function and Activity:</u></b>				
<b>General Government:</b>				
Council	\$ -	\$ -	\$ -	\$ -
Manager	-	-	831,067	831,067
Clerk	-	-	12,258	12,258
Human resources	-	-	10,430	10,430
Finance and administration	-	-	138,152	138,152
Other, unclassified	2,332,062	2,506,337	276,164	5,114,563
<b>Total general government</b>	<u>2,332,062</u>	<u>2,506,337</u>	<u>1,268,071</u>	<u>6,106,470</u>
<b>Public Safety:</b>				
Police	-	-	1,941,546	1,941,546
Fire	19,365	313,744	1,982,628	2,315,737
Inspection	-	-	100,741	100,741
<b>Total public safety</b>	<u>19,365</u>	<u>313,744</u>	<u>4,024,915</u>	<u>4,358,024</u>
<b>Public Works:</b>				
Highways and Streets:				
Engineering	-	-	311,795	311,795
Maintenance	-	-	1,178,794	1,178,794
<b>Total highways and streets</b>	<u>-</u>	<u>-</u>	<u>1,490,589</u>	<u>1,490,589</u>
<b>Environmental Services</b>	<u>-</u>	<u>-</u>	<u>3,074,543</u>	<u>3,074,543</u>
<b>Parks and Recreation</b>	<u>563,063</u>	<u>3,348,190</u>	<u>491,986</u>	<u>4,403,239</u>
<b>Total general fixed assets</b>	<u>\$ 2,914,490</u>	<u>\$ 6,168,271</u>	<u>\$ 10,350,104</u>	<u>\$ 19,432,865</u>







## **GENERAL LONG-TERM DEBT ACCOUNT GROUP**

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**The General Long-Term Debt Account Group** is used to account for the City's unmatured long-term indebtedness that is not accounted for as a specific fund liability of the Enterprise or Internal Service Funds of the City.

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**CITY OF KINSTON, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT  
For the Fiscal Year Ended June 30, 2000**

	General Long-Term Debt July 1, 1999	Additions	Deductions	General Long-Term Debt June 30, 2000
<b>By Type of Debt:</b>				
Accrued compensated absences	\$ 649,035	\$ 34,371	\$ -	\$ 683,406
Police separation allowance	62,947	31,106	-	94,053
Separation allowance plan	153,804	39,662	-	193,466
Installment contract obligations	1,765,283	1,966,920	683,052	3,049,151
	<u>\$ 2,631,069</u>	<u>\$ 2,072,059</u>	<u>\$ 683,052</u>	<u>\$ 4,020,076</u>
<b>By Purpose:</b>				
General government equipment	\$ 52,575	\$ -	\$ 52,575	\$ -
Public safety, equipment	68,157	505,000	68,157	505,000
Public works, equipment	802,992	361,920	414,747	750,165
Recreation, equipment	841,559	1,100,000	147,573	1,793,986
Accrued compensated absences, all departments	649,035	34,371	-	683,406
Police separation allowance	153,804	39,662	-	193,466
Separation allowance plan	62,947	31,106	-	94,053
	<u>\$ 2,631,069</u>	<u>\$ 2,072,059</u>	<u>\$ 683,052</u>	<u>\$ 4,020,076</u>









## **OTHER FINANCIAL INFORMATION**

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**Other financial information** includes additional detailed analysis of particular aspects of the City's financial position or results of operations.

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**CITY OF KINSTON, NORTH CAROLINA**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
For the Fiscal Year Ended June 30, 2000**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 1999</b>	<b>Current Year Gross Levy</b>	<b>Collections Credits and Adjustments</b>	<b>Uncollected Balance June 30, 2000</b>
1999-2000	\$ -	\$ 6,229,391	\$ 5,926,159	\$ 303,232
1998-1999	248,050	-	127,083	120,967
1997-1998	99,695	-	29,340	70,355
1996-1997	77,739	-	18,186	59,553
1995-1996	48,119	-	11,191	36,928
1994-1995	32,090	-	6,182	25,908
1993-1994	22,774	-	3,181	19,593
1992-1993	50,204	-	2,572	47,632
1991-1992	33,221	-	2,144	31,077
1990-1991	28,707	-	2,451	26,256
1989 -1990	12,656	-	12,656	
	<u>\$ 653,255</u>	<u>\$ 6,229,391</u>	<u>\$ 6,141,145</u>	<u>\$ 741,501</u>
Motor vehicle tags receivable				114,063
Total property tax receivable				<u>\$ 855,564</u>

**RECONCILIATION WITH REVENUE:**

Ad valorem taxes - General Fund	\$ 6,288,017	
Less auto fee	(163,993)	
		\$ 6,124,024
Add credits and adjustments		<u>17,121</u>
		<u>\$ 6,141,145</u>

# CITY OF KINSTON, NORTH CAROLINA

## ANALYSIS OF CURRENT TAX LEVY For the Fiscal Year Ended June 30, 2000

	City Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current	\$ 1,014,450,300	\$ 0.595	\$ 6,036,005	\$ 5,230,672	\$ 805,333
Penalties	-		14,644	14,644	-
Total	<u>1,014,450,300</u>		<u>6,050,649</u>	<u>5,245,316</u>	<u>805,333</u>
Municipal Service District	-		50,272	50,272	-
Discoveries:					
Current year taxes	<u>29,991,886</u>	0.595	<u>180,470</u>	<u>178,452</u>	<u>2,018</u>
Total	<u>29,991,886</u>		<u>180,470</u>	<u>178,452</u>	<u>2,018</u>
Abatements	(8,468,067)	0.595	(50,385)	(47,367)	(3,018)
Penalties	-		(1,615)	(1,615)	-
	<u>(8,468,067)</u>		<u>(52,000)</u>	<u>(48,982)</u>	<u>(3,018)</u>
Total property valuation	<u>\$ 1,035,974,119</u>				
Net levy			6,229,391	5,427,076	804,333
Uncollected taxes at June 30, 2000			<u>303,232</u>	<u>156,007</u>	<u>147,225</u>
Current year's taxes collected			<u>\$ 5,926,159</u>	<u>\$ 5,271,069</u>	<u>\$ 657,108</u>
Current levy collection percentage			<u>95.13%</u>	<u>97.13%</u>	<u>81.70%</u>







## **STATISTICAL SECTION (Unaudited)**

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Schedules presented in the Statistical Section differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. The Statistical Section reflects social and economic data, financial trends and the fiscal capacity of the County.

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# CITY OF KINSTON, NORTH CAROLINA

## GENERAL GOVERNMENTAL (1) EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

Fiscal Year Ended June 30	General Government	Public Safety	Public Works	Recreation	Planning & Development	Debt Service	Capital Outlay	Total
1991	\$ 1,257,882	\$ 5,260,246	\$ 3,794,562	\$ 1,878,150	\$ 1,907,452	\$ 76,052	\$ -	\$ 14,174,344
1992	1,091,584	5,513,816	3,777,559	1,829,086	1,831,158	31,160	-	14,074,363
1993	1,080,042	5,703,579	4,607,689	2,198,167	1,848,171	29,758	-	15,467,406
1994	1,368,327	6,109,920	4,254,386	2,755,956	2,179,809	28,330	-	16,696,728
1995	1,762,566	6,765,199	4,698,604	2,591,703	2,311,865	26,902	-	18,156,839
1996	1,237,584	6,832,396	4,537,956	2,419,057	3,468,111	-	-	18,495,104
1997	820,590	6,397,245	3,781,419	2,248,223	5,517,284	1,285,671	228,131	20,278,563
1998	80,359	6,677,932	3,483,520	2,296,814	4,519,688	1,324,572	330,564	18,713,449
1999	1,129,435	7,277,306	4,390,167	2,698,258	8,372,446	-	-	23,864,612
2000	1,041,340	7,077,340	4,215,536	2,081,602	12,756,775	753,394	-	27,925,987

Source: City of Kinston Finance Department

Notes: (1) Includes general and special revenue funds

# CITY OF KINSTON, NORTH CAROLINA

## GENERAL GOVERNMENT (1) REVENUE BY SOURCE Last Ten Fiscal Years

Fiscal Year Ended June 30,	Ad Valorem Taxes (2)	Sales and Services	Other Taxes and Licenses	Inter- Governmental Unrestricted	Inter- Governmental Restricted	Other Revenue	Total
1991	\$ 4,201,916	\$ 2,719,137	\$ 1,742,530	\$ 1,451,578	\$ 1,287,122	\$ 398,498	\$ 11,800,781
1992	4,643,265	2,883,661	1,723,474	1,503,899	1,256,132	397,114	12,407,545
1993	4,800,094	3,193,928	1,860,410	1,488,129	1,106,380	217,288	1,266,229
1994	4,966,902	3,048,637	3,085,375	532,090	1,208,362	443,316	13,284,682
1995	5,224,633	3,166,522	3,295,271	524,737	1,253,385	432,649	13,897,197
1996	5,152,163	2,957,803	3,536,519	519,967	1,024,159	449,339	13,639,950
1997	5,201,366	3,118,713	3,748,121	516,784	3,453,455	1,009,342	17,047,781
1998	6,049,670	3,454,623	3,689,204	698,254	2,757,179	586,328	17,235,258
1999	6,331,104	3,638,114	3,907,272	700,488	8,074,639	375,980	23,027,597
2000	6,343,842	3,879,629	4,105,684	718,442	11,538,652	353,422	26,939,671

Source: City of Kinston Finance Department

Notes: (1) includes general and special revenue funds

(2) Includes municipal service district and penalties and interest

# CITY OF KINSTON, NORTH CAROLINA

## GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE (1) Last Ten Fiscal Years

Fiscal Year Ended June 30	Other Taxes						
	Ad						Licenses and
	Valorem (2)	Sales	Intangible	Franchise	Occupancy	Permits	Total
1991	\$ 4,127,658	\$ 1,458,558	\$ 229,016	\$ 957,150	\$ -	\$ 54,956	\$ 6,827,338
1992	4,643,265	1,441,880	219,636	933,453	-	61,958	7,300,192
1993	4,800,094	1,577,036	235,709	971,877	-	47,665	7,632,381
1994	4,966,902	1,809,046	221,979	995,684	-	58,666	8,052,277
1995	5,224,633	1,928,391	220,005	1,010,519	72,999	63,357	8,519,904
1996	5,152,163	1,953,386	207,542	1,203,606	106,037	65,948	8,688,682
1997	5,201,366	2,085,067	209,384	1,254,266	134,226	65,178	8,949,487
1998	6,049,670	2,227,640	225,241	1,049,589	122,883	63,851	9,738,874
1999	6,331,104	2,436,314	231,319	1,025,225	137,977	76,437	10,238,376
2000	6,343,842	2,498,830	216,331	1,174,775	138,857	76,891	10,449,526

Source: City of Kinston Finance Department

Notes: (1) Includes general fund revenue only  
(2) Includes penalties and interest

**CITY OF KINSTON, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy
1991	\$ 4,205,266	\$ 4,065,919	96.7%	\$ 53,901	\$ 4,119,820	98.0%
1992	4,610,004	4,464,606	96.8%	94,120	4,558,726	98.9%
1993	4,733,536	4,583,443	96.8%	109,224	4,692,667	99.1%
1994	4,909,856	4,728,165	96.3%	97,616	4,825,781	98.3%
1995	5,103,866	4,917,585	96.4%	155,890	5,073,475	99.4%
1996	5,034,263	4,823,149	95.8%	165,830	4,988,979	99.1%
1997	5,119,439	4,870,420	96.3%	182,987	5,053,407	98.7%
1998	5,948,636	5,708,362	96.4%	194,379	5,902,741	99.2%
1999	6,124,500	5,876,450	95.9%	241,935	6,118,385	99.9%
2000	6,229,391	5,926,159	95.1%	214,986	6,141,145	98.6%

Source: City of Kinston Finance Department

Note: (1) Includes municipal service district

# CITY OF KINSTON, NORTH CAROLINA

## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Total Assessed Value (2)</u>	<u>Estimated Actual Value</u>	<u>Percentage of Assessed Value Growth</u>
1991	\$ 699,827,335	\$ (1)	5.0%
1992	764,925,492	(1)	9.3%
1993	783,182,081	(1)	2.4%
1994	793,302,730	(1)	1.3%
1995	824,872,433	(1)	4.0%
1996	815,628,820	(1)	-1.1%
1997	828,874,289	(1)	1.6%
1998	991,578,151	(1)	16.4%
1999	1,018,705,392	(1)	2.7%
2000	1,035,974,119	(1)	1.7%

Source: City of Kinston Finance Department  
Lenoir County Tax Office

Notes: (1) Estimated values are 100% of the sound cost value replacement  
(2) City-wide values, excluding municipal service district



# CITY OF KINSTON, NORTH CAROLINA

## PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS (PER \$100 OF ASSESSED VALUE) Last Ten Fiscal Years

Fiscal Year Ended June 30		City Millage	Municipal Service District Millage	Total City Millage	Total County Millage	Total School District Millage
1991	\$	0.61	\$ 0.27	0.61	\$ 0.77	5.25
1992		0.61	0.27	0.61	0.77	-
1993		0.61	0.27	0.61	0.77	-
1994		0.61	0.27	0.61	0.77	-
1995		0.61	0.27	0.61	0.77	-
1996		0.61	0.27	0.61	0.77	-
1997		0.61	0.27	0.61	0.77	-
1998		0.595	0.27	0.595	0.77	-
1999		0.595	0.27	0.595	0.77	-
2000		0.595	0.27	0.595	0.77	-

Source: City of Kinston Finance Department  
Lenoir County Tax Office

# CITY OF KINSTON, NORTH CAROLINA

## PROPERTY TAX RATES AND LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years

Fiscal Year Ended 30-Jun	Tax Rates			Tax Levies		
	City	County	Total	City	County	Total
1991	\$ 0.61	\$ 0.77	\$ 1.38	\$ 4,205,266	\$ 13,167,382	\$ 17,372,648
1992	0.61	0.77	1.38	4,610,004	14,894,106	19,504,110
1993	0.61	0.77	1.38	4,733,536	14,811,689	19,545,225
1994	0.61	0.77	1.38	4,909,856	15,977,305	20,887,161
1995	0.61	0.77	1.38	5,103,586	17,353,862	22,457,448
1996	0.61	0.77	1.38	5,034,262	18,016,619	23,050,881
1997	0.61	0.77	1.38	5,119,439	18,020,366	23,139,805
1998	0.595	0.77	1.37	5,948,636	18,540,785	24,489,421
1999	0.595	0.77	1.37	6,124,500	18,667,338	24,791,838
2000	0.595	0.77	1.37	6,229,391	21,783,836	28,013,227

Source: Lenoir County Tax Office

22.2% 22,347,650  
21.8%

# CITY OF KINSTON, NORTH CAROLINA

## PRINCIPAL TAXPAYERS

June 30, 2000

<u>Taxpayer</u>	<u>Nature of Property</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Dimon International	Tobacco Processor	\$ 19,101,635	1.8
VPM, Inc.	Shopping Mall	13,770,555	1.3
Carolina telephone	Utility	11,844,103	1.1
Kinston Ham Products, Inc.	Meat Processor	11,462,454	1.1
Hampton Industries	Manufacturer	9,132,370	0.9
Austin Co.	Tobacco Processor	8,647,877	0.8
Excel Realty	Shopping Mall	6,987,119	0.7
Beuhler Products	Manufacturer	6,859,487	0.7
Barnet Southern Corp	Manufacturer	6,190,590	0.6
Poole Walter Realty Inc	Shopping Mall	5,759,111	0.6
<b>Total Assessed Valuation of Top Ten Taxpayers</b>		99,755,301	9.6
<b>Balance of Assessed Valuation</b>		936,218,818	90.4
<b>Total Assessed Valuation</b>		<u>\$ 1,035,974,119</u>	<u>100.0%</u>

Source: Lenoir County Tax Office

**CITY OF KINSTON, NORTH CAROLINA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2000**

Total assessed value		<u><u>\$ 1,035,974,119</u></u>
Debt limitation - 8% of total assessed value		\$ 82,877,930
Debt applicable to limitation:		
Total bonded debt	\$ 14,475,000	
Obligation under notes payable	5,033,036	
Obligation under installment contracts	<u>5,048,407</u>	
Gross debt	24,556,443	
Less - statutory deductions:		
Revenue bonds issued and outstanding for electric purposes	8,800,000	
Obligations under notes payable attributable to enterprise funds	5,033,036	
Obligation under installment contracts attributable to enterprise funds	1,999,256	
Revenue bonds issued and outstanding for water purposes	<u>5,675,000</u>	
Total statutory deductions	<u>21,507,292</u>	
Total debt applicable to limitation		<u>3,049,151</u>
Legal debt margin		<u><u>\$ 79,828,779</u></u>

# CITY OF KINSTON, NORTH CAROLINA

## RATIO OF ANNUAL GENERAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES Last Ten Fiscal Years

Fiscal Year Ended June 30	Principal	Interest	Total (1)	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Expenditures
1991	\$ 415,000	\$ 90,328	\$ 505,328	\$ 14,174,344	3.57 %
1992	375,000	62,086	437,086	14,074,363	3.11
1993	360,000	50,228	410,228	15,467,406	2.65
1994	360,000	31,833	391,833	16,696,728	2.35
1995	175,000	13,438	188,438	18,156,839	1.04
1996	150,000	6,000	156,000	18,495,104	0.84
1997	-	-	-	20,278,563	-
1998	-	-	-	18,713,449	-
1999	-	-	-	23,864,612	-
2000	-	-	-	27,927,222	-

Notes: (1) Includes debt service for general obligation bonds for Enterprise Fund and General Long-term Debt Account group.

(2) Includes General and Special Revenue Funds.

**CITY OF KINSTON, NORTH CAROLINA**

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**

**June 30, 2000**

<u>Name of Governmental Unit</u>	<u>General Obligation Bonds Outstanding (1)</u>	<u>Percentage Applicable to City of Kinston (2)</u>	<u>City of Kinston's Share of Debt (3)</u>
Direct debt - City of Kinston	\$	100.00%	\$
Lenoir County debt	<u>7,540,000</u>	36.23%	<u>2,731,742</u>
Total overlapping debt	<u>\$ 7,540,000</u>		<u>\$ 2,731,742</u>

Notes (1) Includes general obligation bonds for Enterprise Fund and General Long-term Debt Account Group

(2) Determined by ratio of assessed valuation of property subject to taxation in Lenoir County (\$2,859,345,827).

(3) Amount in debt outstanding column multiplied by percentage applicable

# CITY OF KINSTON, NORTH CAROLINA

## PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Value (1)	Construction		Bank Deposits (3)
		Units (2)	Value (2)	
1991	699,827,335	(4.0) 219	16,463,698	520,608,000
1992	764,925,492	(4.0) 242	16,847,253	526,538,000
1993	783,182,081	(4.0) 264	47,443,108	493,147,000
1994	811,306,805	(4.0) 456	28,178,970	471,537,000
1995	842,336,146	(4.0) 490	31,349,949	507,688,000
1996	832,601,605	(4.0) 271	31,974,645	527,195,000
1997	846,130,255	(4.0) 456	28,178,970	471,537,000
1998	1,005,811,456	(4.0) 207	22,348,955	531,440,000
1999	1,035,578,586	(4.0) 145	18,165,316	537,398,000
2000	1,054,593,492	(4.0) 204	48,959,642	(5)

Source: (1) Lenoir County Tax Office  
 (2) City Inspections Department  
 (3) Wachovia Bank-FDIC Summary of Deposit

Note: (4) Includes municipal service district  
 (5) Information not presently available

**CITY OF KINSTON, NORTH CAROLINA**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO**  
**ASSESSED VALUE AND BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Estimated Population (1)	Taxable Property Assessed Value (2)	8% Debt Limit	Gross Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Property		Per Capita Bonded Debt	
						Assessed Value		Gross	Net
1991	25,295	699,827,335	55,986,187	1,434,000	100,000	0.01 %	\$	57	4
1992	25,295	764,925,492	61,194,039	1,045,000	75,000	0.001		41	3
1993	25,758	783,182,081	62,654,566	685,000	50,000	0.001		27	2
1994	25,863	811,306,805	64,904,544	325,000	25,000	0.00003		13	1
1995	25,730	842,336,146	67,386,892	150,000	-	-		6	-
1996	25,729	832,601,605	66,608,128	-	-	-		-	-
1997	25,729	846,130,255	65,056,024	-	-	-		-	-
1998	25,729	1,005,811,456	80,464,916	-	-	-		-	-
1999	24,974	1,035,578,586	81,496,431	-	-	-		-	-
2000	24,974	1,054,593,492	82,877,930	-	-	-		-	-

Source: (1) Provided by North Carolina Office of State Planning

Note: (2) Includes municipal service district



**CITY OF KINSTON, NORTH CAROLINA**  
**REVENUE BOND COVERAGE**  
**COMBINED ENTERPRISE FUNDS**  
**Last Ten Fiscal years**

Fiscal Year Ended June 30	Gross Revenues (1)		Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			
					Principal	Interest	Total	Coverage
1991	\$	36,508,539	\$	30,997,731	\$	5,510,808	\$	-
1992		38,087,934		33,113,106		4,974,828		-
1993		39,906,505		34,910,008		4,996,497		150,000
1994		43,398,900		36,809,185		6,589,715		200,925
1995		43,154,442		37,330,887		5,823,555		210,000
1996		45,432,937		39,669,640		5,763,297		225,000
1997		41,849,213		37,489,507		4,359,706		240,000
1998		43,234,423		39,231,141		4,003,282		495,000
1999		43,830,191		38,993,599		4,836,592		853,151
2000		41,024,123		38,102,715		2,921,408		816,571

- Notes:
- (1) Total revenues including gross interest
  - (2) Total operating expenses exclusive of depreciation
  - (3) Includes principal and interest of revenues bonds only

# CITY OF KINSTON, NORTH CAROLINA

## DEMOGRAPHIC STATISTICS

Last Ten Fiscal years

Fiscal Year Ended June 30	City Population (1)	County Per Capita Income (2)	County Unemployment Rate (3)	City and County School Enrollment (4)	County Retail Sales (5)	Bank Deposits (6)
1991	25,295 \$	16,257	7.7%	11,023 \$	504,222,805 \$	520,608,000
1992	25,295	18,325	6.7%	10,654	519,024,495	526,538,000
1993	25,758	18,290	7.0%	10,713	545,002,712	493,147,000
1994	25,863	18,255	6.5%	10,400	628,638,734	471,537,000
1995	25,730	18,036	6.2%	10,451	595,789,426	507,668,000
1996	25,729	19,889	7.0%	10,470	671,296,492	527,195,000
1997	25,729	20,350	6.5%	10,200	792,179,860	524,052,000
1998	25,729	21,707	6.2%	10,326	795,347,821	531,440,000
1999	24,974	(7)	6.3%	10,062	781,517,297	537,392,000
2000	24,974	(7)	4.8%	10,275	770,936,181	(7)

Source: (1) NC Office of State Planning  
 (2) NC Bureau of Economic Analysis  
 (3) NC Employment Security Commission  
 (4) Lenoir County Board of Education  
 (5) NC Department of Revenue - Tax Research Division  
 (6) First Citizens Bank & Trust - FDIC Summary of Deposits

Note: (7) Information not presently available

# CITY OF KINSTON, NORTH CAROLINA

## MISCELLANEOUS STATISTICS

June 30, 2000

Population	24,974
Date of incorporation	1,762
Form of Government	Council/Manager
Area (Extra-territorial jurisdiction 45.52sq/mi)	17
Miles of paved street (state maintained 43.63)	115.36
Number of street lights	2,060
Employees	394
Fire Protection:	
Number of stations	3
Number of firemen/officers	65
Police Department:	
Number of stations	5
Number of police/officers	75
Electric Department:	
Number of consumers	12,957
Average daily usage	1580 MWH
Miles of distribution lines	365
Water Department:	
Number of consumers	11,470
Average daily consumption	4.82MGD
Miles of water mains	206
Sewers:	
Average daily flow	5.1 MGD
Miles of sewer lines	180
Parks/Recreation:	
Number of parks	13
Park acreage	278
Golf courses	1
Swimming pools	3
Tennis courts	19
Museum	1
Other recreational facilities:	
Grainger Stadium	4,200 seat baseball stadium
Airport theater	300 seat theater