

CITY OF KINSTON

NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 1997

CITY OF KINSTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1997

**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**
-





City of Kinston

P.O. Box 339

Kinston, North Carolina 28502

Phone: (919) 939-3115 Fax: (919) 939-3126

O. A. RITCH, JR.
Mayor

DAVID R. WALKER
Interim City Manager

VERNON H. ROCHELLE
City Attorney

PEGGY D. BOONE
City Clerk

October 24, 1997

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, 1997, is hereby submitted. Responsibility for both 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, and a list of principal officials, the City's organizational chart, and GFOA's Certificate of Achievement for Excellence in Financial Reporting for our 1996 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 funds 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 streets 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, the Kinston-Lenoir County Library, the Lenoir County-City of Kinston Airport Commission, the Lenoir County Development Commission, the Lenoir County Tourism Development Authority and the City of 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 of 1984 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 federal and State financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is included in a separate report.

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-City of 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. The development of the massive Global TransPark and business complex will define the future environment for successful global manufacturing and distribution facilities in North Carolina and the nation. The complex will function as an international air cargo airport integrating "State-of-the-art" manufacturing systems with air freight and other transport modes.

The plants will be located along taxiways allowing air freighters to interface directly with industrial plants and distribution centers, and a central cargo facility will process freight utilizing the latest available technologies. The North Carolina State Legislature created and funded the North Carolina Air Cargo Airport Authority, while the U.S. Federal Aviation Administration and the State have assisted in funding the planning, development and land acquisition stages.

The Global TransPark will be designed to help its tenants compete successfully in international economic development and globalization of business transactions. It is expected, eventually, to generate several thousands of jobs at the TransPark itself and have a multiplier effect on jobs in the surrounding region and across the State.

MAJOR INITIATIVES

For the Year. Fiscal Year 1996-1997 included the planning and/or implementation phases of several initiatives as well as the continuation or completion of projects begun during previous fiscal years.

A Capital Project Ordinance was established for the completion of effort to acquire property, relocate and/or demolish structures and pave additional parking facilities at the City owned Grainger Stadium.

During the year the City and surrounding areas were struck by hurricanes Bertha and Fran and a tornado. The subsequent heavy rains associated with Fran caused widespread flooding of area streams and rivers, in particular the Neuse River, which passes thru the town. The cost of replacing and/or repairing facilities and equipment plus clean-up of debris will approximate \$2.5 million.

City Council approved the installation of a CATV Governmental Access Channel. This will allow 24 hours per day of governmental TV broadcasts that will air live and tape delay programming as well as computerized graphics information. The site for the channel will be Council Chambers in City Hall.

In April 1997, the City contracted the Field Service's function within the Billing Section of the Finance Department to Griffin Management Incorporated. This function encompassed the monthly reading of all electric and water meters and the daily handling of all utility service applications. This will enable the City to provide citizens with increased resources at a reduction in cost.

In March 1997, the City Council appointed the City Attorney as a regular full-time professional staff position within the executive area of management, reporting directly to City Council. One major area of focus for the City Attorney and his staff will be to administer the federal & state grants (DCA) to be utilized in relocating qualified citizens who were displaced and /or sustained major damage during the 1996 flood.

In the Future. The next major module of the new management information system software applications to be installed is the utility billing module. The schedule currently calls for the conversion and implementation process to be completed in the first half of 1998. This module will enable numerous improvements that will enhance the City staff's ability to meet customers' service needs. These improvements include: 1) ability of the special needs customer to select extended "due dates" for payment of their monthly utility bills, 2) enhanced itemized billings for customers distributed in private individual envelopes with return payment envelopes provided, and 3) enhanced historical billing data to assist Customer Service Representatives in handling customer needs.

The Fire Department will build a new station number No.3 to better serve the needs of the northwest section of the City, except for some very specialized areas, the entire project will utilize Fire Department staff to construct this facility.

Complete Wastewater treatment plant lime stabilization and sludge dewatering systems project started in 1996.

Relocate qualified residents from 100-year flood plain who incurred major damage to their residences due to the Neuse river flooding as a result of hurricane Fran. This will be a combined City and County effort with funding being provided by federal (DCA) agencies in the amount of approximately \$23 million.

Transmission improvements highlight the changes for the electric system for this year. The 115 KV transmission loop including approximately 7.2 miles of line, will be well underway by the end of the year. The line will connect the Cunningham Rd. Substation to the Industrial Park Substation. This project will improve service reliability in addition to allow maintenance on the system without power outages.

The fuse coordination project currently underway, will also improve service reliability as well as properly protecting the City's power equipment. A properly coordinated electric system will minimize the number of customers affected by any power outage.

Completion of the Water Supply Improvement Projects authorized and started in prior years.

In June 1997, City Council authorized a contract with Benchmark, Inc., with corporate offices in Kannapolis, N. C., to provide professional planning and community development services for the City. Former planning department personnel will continue to provide these services thru Benchmark, Inc.

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 judgments 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 ensure 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 department 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 source for general governmental functions (General Fund, Capital Projects Funds and Special Revenue Funds) for the fiscal year ended June 30, 1997 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 1996 (Thousands)</u>	<u>Percent of Increase (Decrease)</u>
Ad valorem taxes	\$ 5,201	24.8	\$ 49	1.0
Sales and services	3,119	14.9	161	5.4
Other Taxes	3,748	17.9	212	6.0
Intergovernmental:				
Restricted	517	2.5	(3)	(0.6)
Unrestricted	3,453	16.5	2,179	171.0
Other Revenues	1,009	4.8	425	72.8
Proceeds from borrowing	1,278	6.1	280	28.1
Transfers in	2,620	12.5	471	21.9
Total	<u>\$ 20,945</u>	<u>100.0%</u>	<u>\$ 3,774</u>	

The overall increase in revenues and other financing sources for fiscal year 1996-1997 was 22.0 percent. This increase reflects the funds from FEMA for storm damages, an overall increase of tax revenues both state and local, and an increase in the transfer of monies from the Enterprise funds to support general government activities.

Ad valorem taxes continue to be the principal single source of revenues. However, due to the prudent management of the City's assets, the tax rate has remained at \$.61 per \$100 assessed valuation for the last seven years.

Collections for the year were 95.14 percent of the current levy, the sixteenth 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 1996 (Thousands)</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$ 821	4.0	(417)	(33.7)
Public Safety	6,397	31.6	(435)	(6.4)
Public Works	3,781	18.6	(757)	(16.7)
Parks and Recreation	2,249	11.1	(170)	(7.0)
Planning and Community Development	5,517	27.3	2,049	59.1
Capital Outlay	228	1.1	228	100.0
Debt Service:				
Principal	1,083	5.3	1,083	100.0
Interest	202	1.0	202	100.0
Transfers out	<u>3</u>	<u>0.0</u>	<u>3</u>	<u>100.0</u>
Total	<u>\$ 20,281</u>	<u>100.0%</u>	<u>\$ 1,786</u>	

Fiscal year 1996-1997 expenditures and other financing uses exceeded the prior year amount by approximately 9.6 percent. If however, the costs of clean-up and debris removal caused by two hurricanes and flood are excluded, overall expenditures would have decreased by approximately 2.6 percent. This decrease was again the result of the City's management and staff continued effective cost containment, with no curtailment of service to our citizens.

General Fund Balance. Fund balance in the General Fund at June 30, 1997 was \$4,267,234. This is an increase of \$743,640 or 21.1 percent over June 30, 1996. Unreserved fund balance represents 16.3 percent of General fund expenditures and is approximately 8.0 percent in excess of the 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 slowdowns in the economy.

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

Total fund equity of the Electric Fund at June 30, 1997 was \$16,605,244 or 5.3 percent increase over the total fund equity at June 30, 1996. Net income for FY 1997 was \$831,966. The net income is primarily the result of management's cost containment efforts and demand side management activities aimed at reducing the overall purchased power costs of the City.

Total fund equity of the Water and Sewer Fund at June 30, 1997 was \$21,431,373 or 7.0 percent increase over the total fund equity at June 30, 1996. Net income for FY 1997 was \$1,183,253.

Internal Service Fund. The City maintains one internal service fund to account for the City's limited risk self-insurance worker's compensation program. The fund equity for the Internal Service Fund at June 30, 1997 was \$6,640.

Trust and Agency Funds. The City maintains one agency fund to account for assets held for City employees in accordance with the provisions of Internal Revenue Code Section 457. The assets of this fund at June 30, 1997, totaled \$125,352. A pension trust fund was established in 1997 for the special separation allowance for law enforcement officers.

Debt Administration. There are no outstanding general obligation bonds at June 30, 1997. The ratio of net bonded debt to assessed valuation and the amount of gross bonded debt per capita are useful indicators to City management, citizens, and investors of the City's debt position. At June 30, 1997, the legal debt margin of the City was \$54,086,763.

Cash Management. During the year, temporarily idle cash was invested in certain U.S. Government Agency securities, certain commercial paper and bankers' acceptances, as well as in the North Carolina Capital Management Trust, an SEC registered mutual fund. The average yield on investments was 5.5 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 the 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.

Included among these is an employee safety program emphasizing accident prevention to minimize losses.

OTHER INFORMATION

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, 1996. 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.

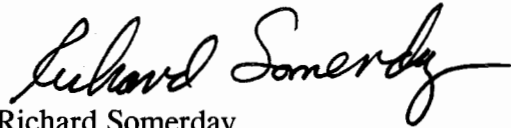
Independent Audit. The City is required by the North Carolina General Statutes to have an annual independent audit of its financial transactions. In addition, the Federal Single Audit Act of 1984 and the State Single Audit Implementation Act require annual independent audits of the City's compliance with the applicable laws and regulations related to certain financial assistance received by the City. The 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.

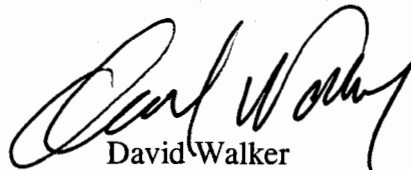
We also acknowledge the valuable professional services provided by the accounting firm of McGladrey & Pullen, LLP and appreciate their assistance in preparing this report.

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 operations of the City in a responsible and progressive manner.

Respectfully submitted,



Richard Somerday
Assistant Director of Finance & Administration



David Walker
Interim City Manager

CITY OF KINSTON, NORTH CAROLINA

**LIST OF PRINCIPAL OFFICERS
JUNE 30, 1997**

CITY COUNCIL

**O.A. RITCH, JR.
Mayor**

JAN BARWICK

JOHNNIE MOSLEY

**ELIZA WORTHINGTON
Mayor Pro Tem**

R. VAN BRAXTON

WAYNE D. MALONE

CITY ADMINISTRATION

**DAVID WALKER
Interim City Manager**

**ERVIN KEATON, JR.
Assistant to the City Manager**

**MICHAEL WIGHTMAN
Police Chief**

**ANTHONY KELLY
Fire Chief**

**RONALD WICKER
Director of Public Utilities**

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

**JAMES TYER
Director of Recreation**

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

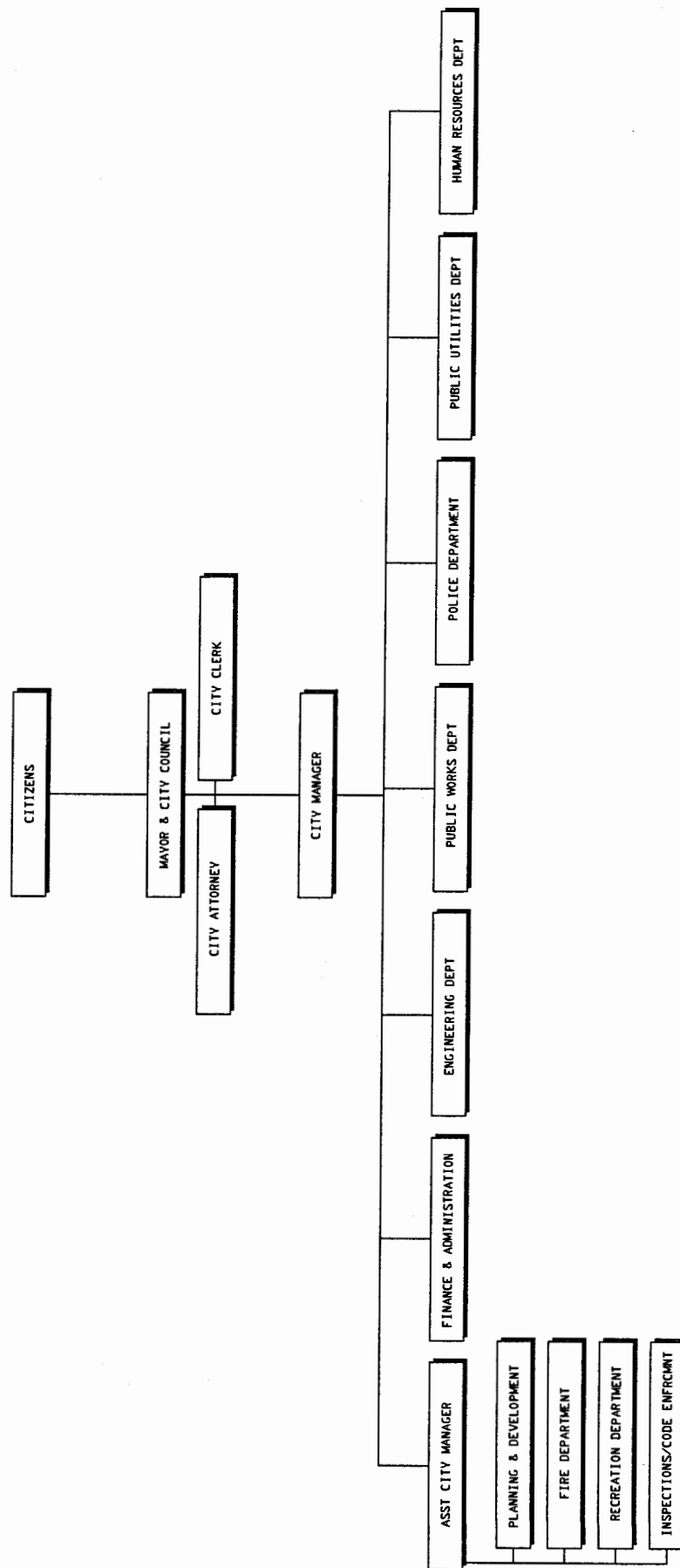
**KARL MUNSON
Director of Human Resources**

**CLARENCE LOCKAMY
City Engineer**

**RICHARD R. SOMERDAY
Assistant Director of Finance**

**THOMAS LEE
Director of Inspections**

CITY OF KINSTON, NORTH CAROLINA ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kinston,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1996

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.



Linda K. Savitsky
President

Jeffrey L. Esser
Executive Director

FINANCIAL SECTION

- **Independent Auditor's Report**
 - **General Purpose Financial Statements**
 - **Notes to General Purpose Financial Statements**
 - **Combining, Individual Fund and Account Group Statements and Schedules**
 - **Other Financial Information**
-





McGLADREY & PULLEN, LLP

Certified Public Accountants and Consultants

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, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the City'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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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, 1997, 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.

As described in Note 8 to the general purpose financial statements, the City changed its method of accounting for pensions to adopt a new accounting standard during the year ended June 30, 1997.

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 1997 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.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group statements and schedules listed 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this Comprehensive Annual Financial Report, designated as "introductory section" and "statistical section" in the table of contents, have not been audited by us and, accordingly, we express no opinion on such data.

McGladrey & Pullen, LLP

New Bern, North Carolina
October 14, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS

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.

CITY OF KINSTON, NORTH CAROLINA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1997

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBIT			
Assets:			
Cash and investments	\$ 2,645,043	\$ 10,840	\$ 126,754
Receivables:			
Due from other funds	-	141,815	-
Due from government agencies	820,611	9,654	-
Accounts receivable	402,308	43,950	1,462
Taxes receivable	689,041	-	-
Customer receivables, net	257,853	-	-
Interest receivable	4,801	197	-
Inventories	202,516	-	-
Bond issuance costs	-	-	-
Restricted investments	1,225,390	-	-
Investment in direct financing lease	-	-	-
Fixed assets	-	-	-
Other debit:			
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debit	\$ 6,247,563	\$ 206,456	\$ 128,216
LIABILITIES, EQUITY AND OTHER CREDIT			
Liabilities:			
Due to other funds	\$ -	\$ 141,815	\$ -
Accounts payable and accrued liabilities	828,368	10,722	7,203
Deferred compensation benefits payable	-	-	-
Deferred revenue	1,151,961	-	-
Customer deposits	-	-	-
Accrued compensated absences	-	-	-
Police separation allowance	-	-	-
Separation allowance plan	-	-	-
Long-term debt	-	-	-
Total liabilities	1,980,329	152,537	7,203
Equity and other credit:			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings	-	-	-
Fund balances:			
Reserved for Powell Bill	58,036	-	-
Reserved for inventories	202,516	-	-
Reserved by State statute	1,034,180	-	-
Reserved for encumbrances	171,234	-	1,118
Unreserved:			
Designated for subsequent year's expenditures	-	-	119,895
Undesignated	2,801,268	53,919	-
Total equity and other credit	4,267,234	53,919	121,013
Total liabilities, equity, and other credit	\$ 6,247,563	\$ 206,456	\$ 128,216

See Notes to General Purpose Financial Statements.

CITY OF KINSTON, NORTH CAROLINA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1997

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Debt	
\$ 6,874,755	\$ 146,856	\$ 125,352	\$ -	\$ -	\$ 9,929,600
-	-	-	-	-	141,815
88,787	-	-	-	-	919,052
412,434	918	-	-	-	861,072
-	-	-	-	-	689,041
4,789,788	-	-	-	-	5,047,641
27,021	407	-	-	-	32,426
1,538,845	-	-	-	-	1,741,361
510,163	-	-	-	-	510,163
8,936,365	-	-	-	-	10,161,755
1,873,179	-	-	-	-	1,873,179
42,217,165	29,765	-	19,838,101	-	62,085,031
-	-	-	-	4,597,613	4,597,613
<u>\$ 67,268,502</u>	<u>\$ 177,946</u>	<u>\$ 125,352</u>	<u>\$ 19,838,101</u>	<u>\$ 4,597,613</u>	<u>\$ 98,589,749</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,815
3,515,599	167,851	-	-	-	4,529,743
-	-	125,352	-	-	125,352
21,163	-	-	-	-	1,173,124
625,724	-	-	-	-	625,724
159,694	3,455	-	-	661,305	824,454
-	-	-	-	14,751	14,751
-	-	-	-	143,082	143,082
<u>24,909,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,778,475</u>	<u>28,688,180</u>
<u>29,231,885</u>	<u>171,306</u>	<u>125,352</u>	<u>-</u>	<u>4,597,613</u>	<u>36,266,225</u>
2,758,372	-	-	-	-	2,758,372
-	-	-	19,838,101	-	19,838,101
35,278,245	6,640	-	-	-	35,284,885
-	-	-	-	-	58,036
-	-	-	-	-	202,516
-	-	-	-	-	1,034,180
-	-	-	-	-	172,352
-	-	-	-	-	119,895
-	-	-	-	-	2,855,187
<u>38,036,617</u>	<u>6,640</u>	<u>-</u>	<u>19,838,101</u>	<u>-</u>	<u>62,323,524</u>
<u>\$ 67,268,502</u>	<u>\$ 177,946</u>	<u>\$ 125,352</u>	<u>\$ 19,838,101</u>	<u>\$ 4,597,613</u>	<u>\$ 98,589,749</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, 1997**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total (Memoran- dum Only)</u>
Revenue:				
Ad valorem taxes	\$ 5,201,366	\$ —	\$ —	\$ 5,201,366
Sales and services	3,118,713	—	—	3,118,713
Other taxes	3,748,121	—	—	3,748,121
Intergovernmental revenue:				
Unrestricted	516,784	—	—	516,784
Restricted	1,177,748	2,275,707	—	3,453,455
Other	<u>582,374</u>	<u>426,968</u>	<u>—</u>	<u>1,009,342</u>
Total revenue	<u>14,345,106</u>	<u>2,702,675</u>	<u>—</u>	<u>17,047,781</u>
Expenditures:				
Current:				
General government	820,590	—	—	820,590
Public safety	6,397,245	—	—	6,397,245
Public works	3,781,419	—	—	3,781,419
Parks and recreation	2,248,223	—	—	2,248,223
Planning and community development	2,614,418	2,902,866	—	5,517,284
Capital Outlay	—	—	228,131	228,131
Debt service:				
Principal	1,049,345	—	—	1,049,345
Interest	<u>236,326</u>	<u>—</u>	<u>—</u>	<u>236,326</u>
Total expenditures	<u>17,147,566</u>	<u>2,902,866</u>	<u>228,131</u>	<u>20,278,563</u>
Revenue under expenditures	<u>(2,802,460)</u>	<u>(200,191)</u>	<u>(228,131)</u>	<u>(3,230,782)</u>
Other financing sources (uses):				
Operating transfers in	2,617,100	—	2,500	2,619,600
Operating transfers out	(2,500)	—	—	(2,500)
Proceeds from borrowings	<u>931,500</u>	<u>—</u>	<u>346,644</u>	<u>1,278,144</u>
Total other financing sources	<u>3,546,100</u>	<u>—</u>	<u>349,144</u>	<u>3,895,244</u>
Revenue and other financing sources over (under) expenditures and other financing uses	743,640	(200,191)	121,013	664,462
Fund balances, beginning	<u>3,523,594</u>	<u>254,110</u>	<u>—</u>	<u>3,777,704</u>
Fund balances, ending	<u>\$ 4,267,234</u>	<u>\$ 53,919</u>	<u>\$ 121,013</u>	<u>\$ 4,442,166</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, 1997**

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance, Favorable (Unfavorable)</u>
Revenue:			
Ad valorem taxes	\$ 5,168,000	\$ 5,201,366	\$ 33,366
Sales and services	3,066,400	3,118,713	52,313
Other taxes	3,901,100	3,748,121	(152,979)
Intergovernmental revenue:			
Unrestricted	503,300	516,784	13,484
Restricted	1,126,100	1,177,748	51,648
Other	442,500	582,374	139,874
Total revenue	<u>14,207,400</u>	<u>14,345,106</u>	<u>137,706</u>
Expenditures:			
Current:			
General government	960,600	820,590	140,010
Public safety	6,536,400	6,397,245	139,155
Public works	3,806,400	3,781,419	24,981
Parks and recreation	2,331,800	2,248,223	83,577
Planning and community development	2,674,400	2,614,418	59,982
	<u>16,309,600</u>	<u>15,861,895</u>	<u>447,705</u>
Debt service:			
Principal		1,049,345	
Interest		236,326	
	<u>1,289,500</u>	<u>1,285,671</u>	<u>3,829</u>
Total expenditures	<u>17,599,100</u>	<u>17,147,566</u>	<u>451,534</u>
Revenue under expenditures	<u>(3,391,700)</u>	<u>(2,802,460)</u>	<u>589,240</u>
Other financing sources (uses):			
Operating transfers in	2,617,100	2,617,100	-
Operating transfers out	(2,500)	(2,500)	-
Proceeds from borrowings	931,500	931,500	-
Total other financing sources	<u>3,546,100</u>	<u>3,546,100</u>	<u>-</u>
Revenue and other financing sources over expenditures	<u>\$ 154,400</u>	743,640	<u>\$ 589,240</u>
Fund balances, beginning		<u>3,523,594</u>	
Fund balances, ending		<u>\$ 4,267,234</u>	

See Notes to General Purpose Financial Statements.

Certain Special Revenue Funds		
Budget	Actual	Variance, Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
219,000	81,238	(137,762)
219,000	81,238	(137,762)
-	-	-
-	-	-
-	-	-
-	-	-
219,000	111,555	107,445
219,000	111,555	107,445
-	-	-
-	-	-
219,000	111,555	107,445
-	(30,317)	(30,317)
-	-	-
-	-	-
-	-	-
-	-	-
\$ -	(30,317)	\$ (30,317)
	217,019	
	\$ 186,702	

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, 1997**

	Enterprise Fund	Internal Service Fund	Total (Memoran- dum Only)
Operating Revenue:			
Charges for services	\$ 41,465,872	\$ —	\$ 41,465,872
Other	383,341	375,000	758,341
Total operating revenue	<u>41,849,213</u>	<u>375,000</u>	<u>42,224,213</u>
Operating Expenses:			
Electrical operations	30,944,404	—	30,944,404
Administration	2,360,584	187,871	2,548,455
Depreciation	1,567,922	3,239	1,571,161
Amortization	36,670	—	36,670
Water and sewer operations	689,585	—	689,585
Wastewater plant operations	1,082,283	—	1,082,283
Water production	808,059	—	808,059
Claims reimbursements	—	185,137	185,137
Total operating expenses	<u>37,489,507</u>	<u>376,247</u>	<u>37,865,754</u>
Operating income (loss)	<u>4,359,706</u>	<u>(1,247)</u>	<u>4,358,459</u>
Nonoperating Revenue (Expenses):			
Interest earned on investments	691,251	7,813	699,064
Interest on long-term debt	(758,911)	—	(758,911)
Other	340,273	6,000	346,273
Total nonoperating revenue	<u>272,613</u>	<u>13,813</u>	<u>286,426</u>
Income before operating transfers	<u>4,632,319</u>	<u>12,566</u>	<u>4,644,885</u>
Operating Transfers:			
Operating transfers out	2,617,100	—	2,617,100
Total operating transfers	<u>2,617,100</u>	<u>—</u>	<u>2,617,100</u>
Net income	2,015,219	12,566	2,027,785
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	<u>74,688</u>	<u>—</u>	<u>74,688</u>
Increase in retained earnings	2,089,907	12,566	2,102,473
Retained earnings (deficit), beginning	<u>33,188,338</u>	<u>(5,926)</u>	<u>33,182,412</u>
Retained earnings, ending	<u>\$ 35,278,245</u>	<u>\$ 6,640</u>	<u>\$ 35,284,885</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, 1997
(Page 1 of 2)**

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total (Memoran- dum Only)</u>
Cash Flows from Operating Activities:			
Operating income (loss)	\$ 4,359,706	\$ (1,247)	\$ 4,358,459
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Other income	340,273	6,000	346,273
Depreciation	1,567,922	3,239	1,571,161
Amortization	36,670	-	36,670
Change in assets and liabilities:			
Allowance for uncollectible accounts	(80,707)	-	(80,707)
Customer receivables	748,215	-	748,215
Accounts receivable and due from government agency	341,271	30	341,301
Customer deposits	75,756	-	75,756
Inventories	25,566	-	25,566
Accounts payable and accrued liabilities	(969,347)	49,320	(920,027)
Deferred revenue	(312)	-	(312)
Accrued compensated absences	(5,561)	1,481	(4,080)
Net cash provided by operating activities	<u>6,439,452</u>	<u>58,823</u>	<u>6,498,275</u>
Cash Flows from Noncapital Financing Activities:			
Operating transfers to other funds	<u>(2,617,100)</u>	<u>-</u>	<u>(2,617,100)</u>
Net cash used for noncapital financing activities	<u>(2,617,100)</u>	<u>-</u>	<u>(2,617,100)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(5,995,061)	-	(5,995,061)
Principal paid on bonds, notes and equipment contracts	(1,343,503)	-	(1,343,503)
Interest paid on general obligation bonds and equipment contracts	(727,052)	-	(727,052)
Bond issuance costs	(25,719)	-	(25,719)
Proceeds from borrowing	2,935,909	-	2,935,909
Contributed capital	<u>219,000</u>	<u>-</u>	<u>219,000</u>
Net cash used for capital and related financing activities	<u>(4,936,426)</u>	<u>-</u>	<u>(4,936,426)</u>

CITY OF KINSTON, NORTH CAROLINA

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
For the Fiscal Year Ended June 30, 1997
(Page 2 of 2)**

	Enterprise Fund	Internal Service Fund	Total (Memoran- dum Only)
Cash Flows from Investing Activities:			
Principal received on direct financing leases	\$ 420,219	\$ —	\$ 420,219
Interest and dividends on investments	686,816	7,406	694,222
Net cash provided from investing activities	1,107,035	7,406	1,114,441
Net increase (decrease) in cash and cash equivalents	(7,039)	66,229	59,190
Cash and cash equivalents, beginning (including restricted amounts)	15,818,159	80,627	15,898,786
Cash and cash equivalents, ending (including restricted amounts)	<u>\$ 15,811,120</u>	<u>\$ 146,856</u>	<u>\$ 15,957,976</u>
Noncash investing, capital and financing activities:			
Investment in direct financing lease	<u>\$ 1,341,206</u>	<u>\$ —</u>	<u>\$ 1,341,206</u>

See Notes to General Purpose Financial Statements.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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.



CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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 promoting the general welfare of the citizens of the City of Kinston by 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 for the use and benefit of the general public. Because of its specific purpose, 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 six generic fund types and three broad fund categories as follows:

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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 Community Development Administration Fund, Disaster Recovery Project, the Community Development Lewis School Special Grant Fund, the Lewis School Revitalization Project Fund, the Lewis School HD-1 Grant Fund, the Hicks Street Grant Fund, SF Rehab Grant Fund, Tree Inventory Grant, and the Urgent Needs Project Fund are all Special Revenue Funds of the City.

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 two Capital Project Funds within the Governmental Fund Types to account for stadium improvements and CATV projects.

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.

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.

Fiduciary Fund Type

Agency Fund - The Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. The City has one agency fund, the Deferred Compensation Fund, which accounts for assets held for City employees participating in the City's deferred compensation plan created pursuant to Internal Revenue Code Section 457.

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

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 and the agency fund. 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, 1996 through February, 1997 apply to the fiscal year ended June 30, 1997. 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, 1997 through the fiscal year-end apply to the 1997-98 fiscal year and are not shown as receivables at June 30, 1997. 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, 1997 because they are intended to finance the City's operations during the 1997-1998 fiscal year.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 un-billed 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, community development administration and all proprietary operating funds. All annual appropriations lapse at fiscal year-end. Project length budgets are adopted for certain special revenue funds (CDBG multi-year funded projects) 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 resources of the individual funds are combined to form a pool of cash in order to maximize investment opportunities. 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

Note 1. Summary of Significant Accounting Policies (Continued)

North Carolina General Statutes authorize the City to invest in obligations of the U.S 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 mutual fund.

Investments are valued at cost or amortized cost, except for the deferred compensation plan investments which are carried at market value.

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. 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 the general fund are reported at cost, using the first-in/first-out (FIFO) method. Inventories of Enterprise Funds are reported at the lower of cost or market, using the first-in/first-out (FIFO) method. 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.

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 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

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 acquiring fund. 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.

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
Buildings and improvements	40 years
Distribution system	25 - 40 years
Equipment	3 - 15 years

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 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.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, 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 financed 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.

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, 1998.

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

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 the statement of cash flows, the City considers all of its deposits in the pool (including restricted cash) to be cash equivalents.

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.

Expenditures may not legally exceed appropriations at the functional or departmental level for all annually budgeted funds and at the project total level for the 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.

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. |

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 2. Stewardship, Compliance and Accountability (Continued)

Deficit Balances

The City has deficits in the Special Revenue Funds as of June 30, 1997 as follows:

Community Development - Hicks Street	\$	124,744
Tree Inventory Grant		18,995

These deficits will be funded by future grant revenue.

Excess of Expenditures over Appropriations in Individual Funds

The City overexpended its budget authority at the legal level of control as follows:

Water and Sewer Capital Projects Fund:		
Castle Oaks/Falling Creek Water Lines	\$	24,841
Poole Project - U.S. 70 West		118,112
National Guard Project		50,982

Note 3. Cash and Investments

Cash

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

Petty cash	\$	4,750
Cash on deposit		2,178,473
Investments		8,971,767
		<hr/>
Cash and investments		11,154,990
		<hr/>
Restricted money market funds		8,936,365
		<hr/>
Total cash and investments	\$	<u><u>20,091,355</u></u>

Deposits

At year end, the carrying amount of the City's deposits was \$2,178,473 and the bank balance was \$2,278,846. Under North Carolina General Statute, 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

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

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 undercollateralization, 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, \$200,000 was covered by federal depository insurance and \$2,078,846 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	Carrying Amount	Market Value
U.S. Government Agencies	\$ 1,171,885	\$ 1,171,885	\$ 1,179,593
Commercial Paper	5,234,844	5,234,844	5,234,844
	<u>\$ 6,406,729</u>	6,406,729	6,414,437
Money market funds, held by bond trustee		8,936,365	8,936,365
The North Carolina Capital Management Trust		2,439,686	2,439,686
Deferred Compensation		125,352	125,352
Total investments		<u>\$ 17,908,132</u>	<u>\$ 17,915,840</u>

Fair Value

The North Carolina Capital Management Trust and the money market funds held by the bond trustee 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, 1997:

Operating Transfers In	Operating Transfers Out			Total
	General Fund	Electric Fund	Water and Sewer Fund	
General Fund	\$ -	\$ 2,300,000	\$ 317,100	\$ 2,617,100
Capital Projects	2,500	-	-	2,500
Electric Fund	-	-	62,000	62,000
Total	\$ 2,500	\$ 2,300,000	\$ 379,100	\$ 2,681,600

Amounts due from/to other funds at June 30, 1997 were as follows:

Receivable Fund	Payable Fund	Amount
Community Development Administration Fund	Community Development Lewis School HD-1	\$ 7,784
	Community Development Hicks Street	115,036
	Tree Inventory Grant	18,995
		<u>\$ 141,815</u>

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:

Enterprise Funds:	
Electric Fund	\$ 209,885
Water and Sewer Fund	44,443
	<u>\$ 254,328</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.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 6. Investment in Direct Financing Leases (Continued)

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, 1997.

Fiscal Year Ending June 30,	Enterprise Fund
1998	\$ 574,064
1999	574,064
2000	499,382
2001	402,561
2002	26,045
Total Payments	2,076,116
Less: Amount representing interest	202,937
Present value of future minimum lease payments	<u>\$ 1,873,179</u>

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, 1996	Additions and Transfers	Disposals	Balance at June 30, 1997
Land and buildings	\$ 8,884,021	\$ 171,492	\$ 21,000	\$ 9,034,513
Equipment and vehicles	10,387,676	415,912	-	10,803,588
	<u>\$ 19,271,697</u>	<u>\$ 587,404</u>	<u>\$ 21,000</u>	<u>\$ 19,838,101</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 1997:

	Enterprise Funds			Internal Service Fund
	Electric	Water and Sewer	Total	
Land	\$ 207,261	\$ 83,972	\$ 291,233	\$ -
Buildings and improvements	3,671,890	3,534,922	7,206,812	19,468
Distribution system	16,016,855	27,259,751	43,276,606	-
Equipment	1,774,496	2,019,703	3,794,199	25,128
Construction in progress	4,733,652	4,422,209	9,155,861	-
	26,404,154	37,320,557	63,724,711	44,596
Less accumulated depreciation	9,847,583	11,659,963	21,507,546	14,831
Net fixed assets	<u>\$ 16,556,571</u>	<u>\$ 25,660,594</u>	<u>\$ 42,217,165</u>	<u>\$ 29,765</u>

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 8. Long-Term Debt

Changes in Long-term Liabilities

During the year ended June 30, 1997, 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, 1996	Additions	Reductions	Balance at June 30, 1997
Compensated absences	\$ 666,534	\$ -	\$ 5,229	\$ 661,305
Police separation allowance	3,185	11,566	-	14,751
Separation allowance plan	-	143,082	-	143,082
Installment contracts	3,549,676	1,278,144	1,049,345	3,778,475
	<u>\$ 4,219,395</u>	<u>\$ 1,432,792</u>	<u>\$ 1,054,574</u>	<u>\$ 4,597,613</u>

During the fiscal year ended June 30, 1997, the City implemented GASB Statement No. 27 which changed its method of accounting for the net pension obligation in relation to the Law Enforcement Officers' Special Separation Allowance and the Separation Allowance Plan. Accordingly, the beginning balance of the net pension obligation as reported in the General Long-Term Debt Account Group was restated, the effects of which are as follows:

	Net Pension Obligation
Beginning Balance July 1, 1996, as previously reported	\$ 83,126
Effects of accounting change	(79,941)
Beginning Balance, July 1, 1996, as restated (under GASB 27)	<u>\$ 3,185</u>

Enterprise Funds:

	Balance at July 1, 1996	Additions	Reductions	Balance at June 30, 1997
Revenue bonds	\$ 16,960,000	\$ -	\$ 495,000	\$ 16,465,000
Notes payable	4,660,449	1,343,603	191,812	5,812,240
Installment contracts	1,696,850	1,592,306	656,691	2,632,465
	<u>\$ 23,317,299</u>	<u>\$ 2,935,909</u>	<u>\$ 1,343,503</u>	<u>\$ 24,909,705</u>

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 8. Long-Term Debt (Continued)

Revenue Bonds

Revenue bonds outstanding at June 30, 1997 are as follows:

Enterprise Funds:

Water and Sewer Fund:

\$6,645,000 - Combined Enterprise System Revenue Bonds, 1997 Series, due in semi-annual installments beginning October 1, 1997 through April 1, 2021; interest at 3.4% to 5.7%. \$ 6,450,000

Electric Fund:

\$10,315,000 - Combined Enterprise System Revenue Bonds, 1997 Series, due in semi-annual installments beginning October 1, 1997 through April 1, 2021 interest at 3.4% to 5.7%. 10,015,000

Total Revenue Bonds \$ 16,465,000

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

Fiscal Year Ending June 30,	Principal	Interest	Total
1998	\$ 590,000	\$ 870,842	\$ 1,460,842
1999	630,000	844,292	1,474,292
2000	770,000	816,571	1,586,571
2001	910,000	781,921	1,691,921
2002	835,000	740,061	1,575,061
Thereafter	12,730,000	7,815,585	20,545,585
Total	<u>\$ 16,465,000</u>	<u>\$ 11,869,272</u>	<u>\$ 28,334,272</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, 1997.

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.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 8. Long-Term Debt (Continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
1998	\$ 441,842	\$ 205,680	\$ 647,522
1999	444,407	189,364	633,771
2000	447,230	172,789	620,019
2001	450,335	155,932	606,267
2002	453,750	138,766	592,516
Thereafter	3,574,676	557,606	4,132,282
Total	<u>\$ 5,812,240</u>	<u>\$ 1,420,137</u>	<u>\$ 7,232,377</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 7.41 percent.

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

Fiscal Year Ending June 30,	General Long-Term Debt Account Group		Enterprise Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1998	\$ 1,110,828	\$ 214,206	\$ 728,067	\$ 125,364	\$ 1,838,895	\$ 339,570
1999	881,054	158,499	729,508	87,237	1,610,562	245,736
2000	657,290	109,762	624,805	49,231	1,282,095	158,993
2001	482,516	73,708	495,544	19,614	978,060	93,322
2002	255,120	44,822	54,541	824	309,661	45,646
Thereafter	391,667	38,739	-	-	391,667	38,739
	<u>\$ 3,778,475</u>	<u>\$ 639,736</u>	<u>\$ 2,632,465</u>	<u>\$ 282,270</u>	<u>\$ 6,410,940</u>	<u>\$ 922,006</u>

Installment contracts of the general long-term debt account group will be repaid from the general fund. Of the enterprise fund installment contracts, \$478,583 will be repaid from the water and sewer fund and \$2,153,882 will be repaid from the electric fund.

Other Long-Term Debt Disclosures

North Carolina General Statutes limit the total bonded 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, 1997, the legal debt limit for the City was \$66,309,943 providing a legal debt margin of \$54,086,763.

At June 30, 1997, the City has no authorized bonds remaining to be issued.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 9. Contributed Capital

During the year, contributed capital had the following changes:

<u>Source</u>	<u>Water and Sewer Fund</u>
Contributed capital, July 1, 1996	\$ 2,614,060
Contribution from County	219,000
Depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction	(74,688)
	<u> </u>
Contributed capital, June 30, 1997	<u><u>\$ 2,758,372</u></u>

Note 10. Deferred Revenue

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

	<u>General Fund</u>	<u>Enterprise Fund</u>
Prepaid taxes not yet earned	\$ 11,527	\$ -
Property taxes receivable	601,245	-
Property taxes receivable - automobiles	87,796	-
Paving Assessments	193,540	-
Refuse fees receivable	257,853	-
Repayment agreements	-	21,163
	<u> </u>	<u> </u>
	<u><u>\$ 1,151,961</u></u>	<u><u>\$ 21,163</u></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, 1997, is presented below.

	Electric Fund	Water and Sewer Fund	Total
Operating revenue	\$ 35,808,929	\$ 6,040,284	\$ 41,849,213
Nonoperating revenue	79,499	193,114	272,613
Depreciation	727,665	840,257	1,567,922
Amortization	22,662	14,008	36,670
Operating income	2,990,467	1,369,239	4,359,706
Operating transfers in	62,000	-	62,000
Operating transfers out	(2,300,000)	(379,100)	(2,679,100)
Net income	831,966	1,183,253	2,015,219
Increase in contributed capital	-	144,312	144,312
Fixed assets:			
Additions	1,700,499	2,953,356	4,653,855
Working capital	9,722,782	7,999,485	17,722,267
Total assets	32,485,321	34,783,181	67,268,502
Bonds and other long-term liabilities			
payable from operating revenue	12,168,882	12,740,823	24,909,705
Total fund equity	16,605,244	21,431,373	38,036,617

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 4.0% and 4.32% 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, 1997, 1996, and 1995 were \$561,385, \$542,915, and \$525,899, 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 pension plan administered by the Department of State Treasurer and a Board of trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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, 1997 were \$203,917, which consisted of \$111,905 from the City and \$92,012 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.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 1996, the Separation Allowance's membership consisted of:

Retirees receiving benefits	6
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	81
Total	<u>87</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, 1995 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.7 to 8.5% per year. Both (a) and (b) included an inflation component of 4.0%. 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	\$ 59,233
Interest on net pension obligation	239
Adjustment to annual required contribution	(286)
Annual pension cost	59,186
Contributions made	(47,620)
Increase (decrease) in net pension obligation	11,566
Net pension obligation beginning of year	3,185
Net pension obligation end of year	<u>\$ 14,751</u>

Trend Information

<u>Fiscal year</u> <u>Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
*6/30/97	\$59,186	80.5%	\$14,751

* Transition year for implementation of GASB 27.

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.

<u>Years of Employment</u>	<u>Percentage of Pay</u>
Less than 10	0%
10 but less than 15	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).

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

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 12. Employee Retirement Systems (Continued)

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, 1996, the Separation Allowance's membership consisted of:

Retirees receiving benefits	17
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	84
Total	<u>101</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, 1997 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increase ranging from 5.96% to 12.15% per year. Both (a) and (b) included an inflation component of 4.0%. 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 plan for the current year were as follows:

Normal cost	\$ 13,793
Six-year level open amortization of \$628,797 of unfunded obligation at 7.5% interest	<u>129,289</u>
Annual required contribution	143,082
Contributions made	-
Increase in net pension obligation (no prior actuarial valuation)	<u>143,082</u>
Net pension obligation beginning of year	-
Net pension obligation end of year	<u>\$ 143,082</u>

Trend Information

Fiscal year	Annual Pension	Percentage of	Net Pension
<u>Ended</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>
*6/30/97	\$143,082	0%	\$143,082

* Transition year for implementation of GASB 27.

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

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 12. Employee Retirement Systems (Continued)

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 Plan.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Subject only to the claims of the City's general creditors, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are - until paid or made available to the employee or other beneficiary - solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of a general creditor of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Investments are managed by the plan's trustee under several investment options, or a combination thereof. The choice of the investment options is made by the participants.

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 \$4 per year of creditable service, not to exceed thirty (30) years, for each month of the medical year plan.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 12. Employee Retirement Systems (Continued)

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 1997 those costs totaled \$33,664. The City obtains healthcare coverage through private insurers.

Note 13. Budget to GAAP Reconciliation

For the fiscal year ended June 30, 1997, 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
Revenues under expenditures, budgetary basis	\$ (30,317)
To record excess of revenues over expenditures for the following funds which have multi-year budgets:	
Special Revenue Fund	
Disaster Recovery Project	10,956
Community Development Lewis School Revitalization	(10,604)
Community Development Lewis School Special Grant	18,742
Community Development Lewis School HD-1	(3,432)
Community Development Hicks Street	(126,928)
Community Development SF Rehab	(39,613)
Tree Inventory Grant	(18,995)
Revenues under expenditures, GAAP basis	<u><u>\$ (200,191)</u></u>

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 \$1,700,000. A total of \$189,137 in claims was incurred for benefits during fiscal year 1997.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 14. Risk Management (Continued)

Claims liability

	1996	1997
Unpaid claims, beginning of fiscal year	\$ 118,073	\$ 118,531
Incurred claims (including claims incurred but not reported as of June 30, 1996)	158,507	238,457
Payments	(158,049)	(189,137)
Unpaid claims, end of fiscal year	<u>\$ 118,531</u>	<u>\$ 167,851</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.

Note 15. Commitments and Contingencies

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.

In the opinion of City management, the City will be able to purchase power from the Agency, during the term of the contract, at a price less than it would have been able to purchase power from CP&L.

The City had commitments of approximately \$698,700 in the water and sewer fund and approximately \$87,300 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 97/98 fiscal year end.

Claims and judgments

At June 30, 1997, 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.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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 \$7,076 to the Council during the fiscal year ended June 30, 1997.

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, 1997 were \$28,688,585.

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 paid \$54,600 to the Commission during the year ended June 30, 1997.

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, 1997.

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, 1997. During the year ended June 30, 1997, the City provided \$182,200 to the Library. Separate financial statements of the library are available at the library address of 510 North Queen Street, Kinston, North Carolina 28501.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 17. Joint Ventures (Continued)

Lenoir County - City of Kinston Airport Commission

The City, in conjunction with Lenoir County and the Global TransPark Authority, participates in a regional airport. The City appoints two board members of the seven-member board. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The City has an ongoing financial responsibility for the Airport because it and the County are legally obligated under the intergovernmental agreement that created the Airport. The City has agreed to provide 25% of the annual operating budget of the Airport and 50% of the annual capital budget and Lenoir County has agreed to provide the remainder of the operating and capital budgets. The City contributed \$234,024 to the Airport during the fiscal year ended June 30, 1997. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 1997. Separate financial statements for the Commission are available at the Commission address of Stallings Field, Route 7, Box 89-B, 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. Pronouncement Issued and Not Yet Adopted

In March, 1997, the Governmental Accounting Standards Board issued Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement establishes fair value standards for investments in (a) participating interest-earning investment contracts, (b) external investment pools, (c) open-end mutual funds, (d) debt securities, and (e) equity securities, option contracts, stock warrants, and stock rights that have readily determinable fair values. Participating investment contracts are investments whose value is affected by market (interest rate) changes. For defined benefit pension plans and Internal Revenue Code Section 457 deferred compensation plans, this Statement provides guidance for applying fair value to certain investment transactions.

Governmental entities, including governmental external investment pools, should report investments at fair value in the balance sheet (or other statement of financial position). However, governmental entities other than external investment pools are permitted to report certain money market investments at amortized cost, provided that the investment has a remaining maturity of one year or less at a time of purchase.

The government has not yet adopted this statement, and does not expect the adoption of this statement to have a significant effect on its financial statements.



REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
 - Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
 - Schedule of Funding Progress for the Separation Allowance Plan
 - Schedule of Employer Contributions for Separation Allowance Plan
-



**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)
12/31/94	\$ —	\$ 337,764	\$ 337,764	—	\$ 2,078,440	16.25%
12/31/95	—	417,893	417,893	—	2,093,043	19.97%
12/31/96	—	402,620	402,620	—	2,308,243	17.44%

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>
1997	\$ 59,186	80.5
1996	59,233	75.9
1995	49,259	90.2
1994	44,188	80.7
1993	43,232	100.9
1992	44,744	109.8

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	12/31/96
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed basis
Remaining amortization period	23 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.7% to 8.5%
Includes inflation at	4.0%
Cost of living adjustments	None

**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)
6/30/97	\$ -	\$ 628,797	\$ 628,797	0%	\$ 2,555,532	24.61%

Note to Required Schedule:

Information above is presented for that one year for which it is available.

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

<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
1997	\$ 143,082	0%

Notes to the Required Schedules:

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	6/30/97
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed basis
Remaining amortization period	6 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5.95% to 12.15%
Includes inflation at	4.0%
Cost of living adjustments	None

GENERAL FUND

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.



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

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

For the Fiscal Year Ended June 30, 1997

(Page 1 of 4)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Ad valorem taxes:			
Taxes	\$ 5,147,000	\$ 5,158,456	\$ 11,456
Penalties and interest	21,000	42,910	21,910
Total ad valorem taxes	<u>5,168,000</u>	<u>5,201,366</u>	<u>33,366</u>
Sales and services:			
Garbage collections	1,729,000	1,723,323	(5,677)
Rents, concessions, and fees	354,600	400,670	46,070
Inspection fees	185,000	190,336	5,336
Cemetery fees	182,800	199,376	16,576
Cable franchise	110,000	125,953	15,953
Lenoir County participation:			
Recreation	370,000	364,401	(5,599)
Building inspection	135,000	114,654	(20,346)
Total sales and services	<u>3,066,400</u>	<u>3,118,713</u>	<u>52,313</u>
Other taxes and licenses:			
Local government sales tax	2,197,000	2,085,067	(111,933)
Franchise tax	1,260,700	1,254,266	(6,434)
Intangible taxes	235,700	209,384	(26,316)
Occupancy tax	137,000	134,226	(2,774)
Licenses and permits	70,700	65,178	(5,522)
Total other taxes and licenses	<u>3,901,100</u>	<u>3,748,121</u>	<u>(152,979)</u>
Unrestricted intergovernmental revenue:			
Payments in lieu of taxes	380,800	378,837	(1,963)
Beer and wine	102,500	109,156	6,656
ABC revenue	20,000	28,791	8,791
Total unrestricted intergovernmental revenue	<u>503,300</u>	<u>516,784</u>	<u>13,484</u>

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

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

For the Fiscal Year Ended June 30, 1997

(Page 2 of 4)

	Budget	Actual	Variance Favorable (Unfavorable)
Restricted intergovernmental revenue:			
Powell Bill allocations	\$ 783,400	\$ 783,497	\$ 97
NC Dept of Envir,Health,Nat.Res.	15,200	15,205	5
NC Health and Sanitation	3,000	5,100	2,100
NC Dept of Cultural Resources	-	20,255	20,255
Domestic Violence Program -			
Victim's Advocate	25,000	9,061	(15,939)
Week End	3,900	11,554	7,654
US Justice Department	273,100	300,118	27,018
Forfeited Drug proceeds	22,500	32,958	10,458
Total restricted intergovernmental revenue	1,126,100	1,177,748	51,648
Other revenue:			
Investment income	225,000	329,697	104,697
Sales of surplus materials and assets	165,000	164,382	(618)
Miscellaneous	52,500	88,295	35,795
Total other revenue	442,500	582,374	139,874
Total revenue	14,207,400	14,345,106	137,706
Expenditures:			
General Government:			
Governing body:			
Salaries and benefits		141,090	
Operating		311,312	
Capital outlay		34,871	
Total governing body	-	487,273	-
Executive:			
Salaries and benefits		363,699	
Operating		232,322	
Capital outlay		8,565	
Total executive	-	604,586	-
Finance:			
Salaries and benefits		654,948	
Operating		212,555	
Capital outlay		8,489	
Total finance	-	875,992	-

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

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

For the Fiscal Year Ended June 30, 1997

(Page 3 of 4)

	Budget	Actual	Variance Favorable (Unfavorable)
Human Resources:	\$	\$	\$
Salaries and benefits		245,648	
Operating		435,457	
Capital outlay		10,434	
Total personnel	<u>—</u>	<u>691,539</u>	<u>—</u>
Indirect costs reimbursement	<u>(1,888,300)</u>	<u>(1,838,800)</u>	<u>—</u>
Total general government	<u>960,600</u>	<u>820,590</u>	<u>140,010</u>
Public safety:			
Police:			
Salaries and benefits		2,629,577	
Operating		1,503,132	
Capital outlay		47,466	
Total police	<u>—</u>	<u>4,180,175</u>	<u>—</u>
Fire:			
Salaries and benefits		1,948,269	
Operating		258,938	
Capital outlay		9,863	
Total fire	<u>—</u>	<u>2,217,070</u>	<u>—</u>
Total public safety	<u>6,536,400</u>	<u>6,397,245</u>	<u>139,155</u>
Public works:			
Salaries and benefits		2,209,480	
Operating		2,233,701	
Capital outlay		266,419	
Less: interdepartment charges		(928,181)	
Total public works	<u>3,806,400</u>	<u>3,781,419</u>	<u>24,981</u>
Parks and Recreation:			
Salaries and benefits		1,428,904	
Operating		707,357	
Capital outlay		111,962	
Total parks and recreation	<u>2,331,800</u>	<u>2,248,223</u>	<u>83,577</u>
Planning and community development:			
Planning and development:			
Salaries and benefits		208,575	
Operating		53,975	
Capital outlay		—	
Total planning and development	<u>273,400</u>	<u>262,550</u>	<u>10,850</u>

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

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

For the Fiscal Year Ended June 30, 1997

(Page 4 of 4)

	Budget	Actual	Variance Favorable (Unfavorable)
Inspections and code enforcement:			
Salaries and benefits	\$	\$ 578,060	\$
Operating		132,491	
Capital outlay		1,415	
Total inspections and code enforcement	724,500	711,966	12,534
Economic development:			
Operating		810,839	
Capital outlay		—	
Total economic development	819,200	810,839	8,361
Engineering and public facilities:			
Salaries and benefits		431,319	
Operating		365,486	
Capital outlay		32,258	
Total engineering and public facilities	857,300	829,063	28,237
Total planning and community development	2,674,400	2,614,418	59,982
Debt Service:			
Principal		1,049,345	
Interest		236,326	
Total debt service	1,289,500	1,285,671	3,829
Total expenditures	17,599,100	17,147,566	451,534
Revenue over (under) expenditures	\$ (3,391,700)	\$ (2,802,460)	\$ 589,240
Other financing sources (uses):			
Operating transfers in	2,617,100	2,617,100	—
Operating transfers out	(2,500)	(2,500)	—
Proceeds from borrowings	931,500	931,500	—
Total other financing sources	3,546,100	3,546,100	—
Revenue and other financing sources over expenditures	\$ 154,400	743,640	\$ 589,240
Fund balance, beginning		3,523,594	
Fund balance, ending		<u>\$ 4,267,234</u>	

SPECIAL REVENUE FUNDS

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 hurricanes Bertha and Fran in 1996.

Community Development Lewis School Revitalization Fund - This fund is used to account for the federal grant monies received from the Housing and Urban Development Department for Community Block Development Block Grants for residential rehabilitation.

Community Development Lewis School Special Grant Fund - This fund is used to account for the federal grant monies received from the Housing and Urban Development Department for Community Development Special Purpose Grant which includes rehabilitation and relocation of properties.

Community Development Lewis School HD-1 Fund - This fund is used to account for the federal grant monies received from the Housing and Urban Development Department for Community Block Development and Block Grants for residential rehabilitation.

Community Development Hicks Street Fund - This fund is used to account for the federal grant monies received from the Housing and Urban Development Department for Community Block Development and Block Grants for residential rehabilitation.

Community Development SF REHAB Fund - This fund is used to account for the federal grant monies received from the Housing and Urban Development Department for Community Block Development and Block Grants for residential rehabilitation.

Tree Inventory Grant Fund - This fund is used to account for the estate grant monies received from North Carolina Department of Environment, Health and Natural Resources to inventory the number of trees within the public right of way.

Urgent Needs Project Fund - This fund is used to account for State grant monies received from N.C. Department of Commerce to acquire and relocate residential housing units.



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

**COMBINING BALANCE SHEET
June 30, 1997**

	Community Development Administration	Disaster Recovery Project	Community Development Lewis School			Community Development Lewis School HD-1	Community Development Hicks Street	Community Development SF Rehab	Tree Inventory Grant	Urgent Needs Project	Total
			Revitalization	Special Grant							
ASSETS											
Cash and investments	\$ 8,096	\$ 2,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,840
Due from other funds	141,815	-	-	-	-	-	-	-	-	-	141,815
Due from government agencies	1,870	-	-	-	-	-	-	-	-	-	9,654
Accounts receivable	35,415	8,364	-	-	-	-	171	-	-	-	43,950
Interest receivable	197	-	-	-	-	-	-	-	-	-	197
Total assets	\$ 187,393	\$ 11,108	\$ -	\$ -	\$ -	\$ 7,784	\$ 171	\$ -	\$ -	\$ -	\$ 206,456

**LIABILITIES AND
FUND BALANCES**

LIABILITIES:											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,784	\$ 115,036	\$ -	\$ 18,995	\$ -	\$ 141,815
Accounts payable and accrued liabilities	691	152	-	-	-	-	9,879	-	-	-	10,722
Total liabilities	691	152	-	-	-	7,784	124,915	-	18,995	-	152,537
FUND BALANCES:											
Reserved by State statute	-	-	-	-	-	-	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-	-	-	-	-	-	-
Unreserved - undesignated	186,702	10,956	-	-	-	-	(124,744)	-	(18,995)	-	53,919
Total liabilities and fund balances	186,702	10,956	-	-	-	-	(124,744)	-	(18,995)	-	53,919
	\$ 187,393	\$ 11,108	\$ -	\$ -	\$ -	\$ 7,784	\$ 171	\$ -	\$ -	\$ -	\$ 206,456

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

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 1997**

	Community Development Administration	Disaster Recovery Project	Community Development Lewis School Revitalization	Community Development Lewis School Special Grant	Community Development Lewis School HD-1	Community Development Hicks Street	Community Development SF Rehab	Tree Inventory Grant	Urgent Needs Project	Total
Revenue:										
Restricted intergovernmental revenue	\$ 73,371	\$ 1,881,786	\$ 150,737	\$ 36,738	\$ 7,784	\$ -	\$ 125,291	\$ -	\$ -	\$ 2,275,707
Insurance proceeds	-	404,195	-	-	-	-	-	-	-	404,195
Other - rent and program income	-	-	14,906	-	-	-	-	-	-	14,906
Investment earnings	7,867	-	-	-	-	-	-	-	-	7,867
Total revenue	81,238	2,285,981	165,643	36,738	7,784	-	125,291	-	-	2,702,675
Expenditures:										
Current										
Planning and community development	-	-	29,166	-	9,978	20,170	17,061	-	-	76,375
Administration	-	-	147,081	17,996	1,238	106,758	147,843	-	-	420,916
Rehabilitation of private properties	111,555	2,275,025	-	-	-	-	-	18,995	-	2,405,575
Contract services	111,555	2,275,025	176,247	17,996	11,216	126,928	164,904	18,995	-	2,902,866
Total expenditures	(30,317)	10,956	(10,604)	18,742	(3,432)	(126,928)	(39,613)	(18,995)	-	(200,191)
Total revenue over (under) expenditures	217,019	-	10,604	(18,742)	3,432	2,184	39,613	-	-	254,110
Fund balances, beginning	\$ 186,702	\$ 10,956	\$ -	\$ -	\$ -	\$ (124,744)	\$ -	\$ (18,995)	\$ -	\$ 53,919
Fund balances, ending										

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, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenue:			
Restricted intergovernmental revenue -			
Rent and program income	\$ -	\$ 73,371	\$ -
Other - investment earnings	-	7,867	-
Total revenue	<u>219,000</u>	<u>81,238</u>	<u>(137,762)</u>
Expenditures:			
Administration	-	-	-
Contract services	-	111,555	-
Total expenditures	<u>219,000</u>	<u>111,555</u>	<u>107,445</u>
Total expenditures over revenue	<u>\$ -</u>	<u>\$ (30,317)</u>	<u>\$ (30,317)</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, 1997**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
Revenue:			
Restricted intergovernmental revenue	\$ 1,881,786	\$ 1,881,786	\$ 2,200,000
Other - insurance proceeds	404,195	404,195	300,000
Total revenue	<u>2,285,981</u>	<u>2,285,981</u>	<u>2,500,000</u>
Expenditures:			
Salaries and benefits	516,411	516,411	-
Landfill fees	157,665	157,665	-
Contract services	1,600,949	1,600,949	-
Total expenditures	<u>2,275,025</u>	<u>2,275,025</u>	<u>2,500,000</u>
Total revenue over (under) expenditures	<u>\$ 10,956</u>	<u>\$ 10,956</u>	<u>\$ -</u>

**CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND - LEWIS SCHOOL SPECIAL GRANT**

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL
From Grant Inception and For the Fiscal Year Ended June 30, 1997**

	<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 Community Development Grant Project	\$ 150,737	\$ 600,000	\$ 600,000
Other - rent and program income	14,906	14,996	14,996
Total revenue	<u>165,643</u>	<u>614,996</u>	<u>614,996</u>
Expenditures:			
Administration	29,166	91,150	91,150
Rehabilitation of private properties	147,081	623,846	623,846
Total expenditures	<u>176,247</u>	<u>714,996</u>	<u>714,996</u>
Total expenditures over revenue	<u>(10,604)</u>	<u>(100,000)</u>	<u>(100,000)</u>
Other Financing Sources:			
Operating transfers in	<u>—</u>	<u>100,000</u>	<u>100,000</u>
Total revenue and other			
sources over (under) expenditures	<u>\$ (10,604)</u>	<u>\$ —</u>	<u>\$ —</u>

**CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND - LEWIS SCHOOL SPECIAL GRANT**

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL
From Grant Inception and For the Fiscal Year Ended June 30, 1997**

	<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 Community Development Grant Project	\$ 36,738	\$ 200,000	\$ 200,000
Expenditures:			
Administration	-	21,753	20,000
Rehabilitation of private properties	17,996	178,247	180,000
Total expenditures	<u>17,996</u>	<u>200,000</u>	<u>200,000</u>
Total revenue over expenditures	18,742	-	-
Other Financing Sources:			
Operating transfers in	-	-	-
Total revenue and other sources			
over expenditures	<u>\$ 18,742</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND - LEWIS SCHOOL HD-1**

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL
From Grant Inception and For the Fiscal Year Ended June 30, 1997**

	<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 Community Development Grant Project	\$ 7,784	\$ 108,317	\$ 108,317
Expenditures:			
Administration	9,978	10,182	10,182
Rehabilitation of private properties	1,238	98,135	98,135
Total expenditures	<u>11,216</u>	<u>108,317</u>	<u>108,317</u>
Total expenditures over revenue	(3,432)	-	-
Other Financing Sources:			
Operating transfers in	-	-	-
Total revenue and other			
sources over expenditures	<u>\$ (3,432)</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND - HICKS STREET**

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL
From Grant Inception and For the Fiscal Year Ended June 30, 1997**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue -			
Federal Community Development Grant Project	\$ -	\$ 21,463	\$ 910,000
Other -rent and program income	-	-	5,000
Total revenues	-	21,463	915,000
Expenditures:			
Administration	20,170	39,449	142,620
Rehabilitation of private properties	106,758	106,758	922,380
Total expenditures	126,928	146,207	1,065,000
Total expenditures over revenue	(126,928)	(124,744)	(150,000)
Other Financing Sources:			
Operating transfers in	-	-	150,000
Total expenditures over revenue and other sources	<u>\$ (126,928)</u>	<u>\$ (124,744)</u>	<u>\$ -</u>

**CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND - SF REHAB**

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL
From Grant Inception and For the Fiscal Year Ended June 30, 1997**

	<u>Actual</u>		<u>Project</u>
	<u>Current</u>	<u>Total</u>	<u>Authorization</u>
	<u>Year</u>	<u>to Date</u>	
Restricted intergovernmental revenue -			
Federal Community Development Grant Project	\$ 125,291	\$ 167,054	\$ 167,054
Administration	17,061	19,211	19,211
Rehabilitation of private properties	147,843	147,843	147,843
Total expenditures	<u>164,904</u>	<u>167,054</u>	<u>167,054</u>
Total expenditures over revenue	(39,613)	—	—
Operating transfers in	—	—	—
Total expenditures over revenue and other sources	<u>\$ (39,613)</u>	<u>\$ —</u>	<u>\$ —</u>

**CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND - TREE INVENTORY**

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL
From Grant Inception and For the Fiscal Year Ended June 30, 1997**

	<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 resources Grant Project	\$ —	\$ —	\$ 10,000
Expenditures:			
Professional services	18,995	18,995	24,250
Total expenditures	18,995	18,995	24,250
Total revenue over expenditures	(18,995)	(18,995)	(14,250)
Other Financing Sources:			
Operating transfers in	—	—	14,250
Total expenditures over revenue	\$ (18,995)	\$ (18,995)	\$ —
and other sources			

**CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND - URGENT NEEDS PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL
From Grant Inception and For the Fiscal Year Ended June 30, 1997**

	<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 Community Development Grant Project	\$ —	\$ —	\$ 600,000
	<u> </u>	<u> </u>	
Total revenue	<u> —</u>	<u> —</u>	<u> 600,000</u>
Expenditures:			
Administration	—	—	60,000
Acquisition and relocation	<u>—</u>	<u>—</u>	<u>540,000</u>
Total expenditures	<u> —</u>	<u> —</u>	<u> 600,000</u>
Total revenue over expenditures	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>



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

**COMBINING BALANCE SHEET
June 30, 1997**

	Grainger Stadium Parking	Governmental Access Channel	Total
ASSETS			
Cash and investments	\$ 126,754	\$ —	\$ 126,754
Accounts receivable	1,462	—	1,462
Total assets	<u>\$ 128,216</u>	<u>\$ —</u>	<u>\$ 128,216</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 7,203	\$ —	\$ 7,203
Total liabilities	<u>7,203</u>	<u>—</u>	<u>7,203</u>
 FUND BALANCES:			
Reserved for encumbrances	1,118	—	1,118
Unreserved - undesignated	119,895	—	119,895
	<u>121,013</u>	<u>—</u>	<u>121,013</u>
Total liabilities and fund balances	<u>\$ 128,216</u>	<u>\$ —</u>	<u>\$ 128,216</u>

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

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 1997**

	Grainger Stadium Parking	Governmental Access Channel	Total
Expenditures:	\$	\$	\$
Capital outlay	225,631	2,500	228,131
Total expenditures	225,631	2,500	228,131
Other Financing Sources:			
Operating transfers in	—	2,500	2,500
Proceeds from borrowing	346,644	—	346,644
Total other financing sources	346,644	2,500	349,144
Total revenue and other sources over expenditures	121,013	—	121,013
Fund balances, beginning	—	—	—
Fund balances, ending	<u><u>\$ 121,013</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 121,013</u></u>

**CITY OF KINSTON, NORTH CAROLINA
CAPITAL PROJECT FUNDS
GRAINGER STADIUM PARKING
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 1997**

	Project	Actual		
	Authorization	Prior	Current	Total
		Years	Year	to Date
Expenditures:				
Capital Outlay:				
Construction cost	\$	\$	\$	\$
Property Acquisition		—	86,622	86,622
	—	—	139,009	139,009
Total expenditures				
	332,000	—	225,631	225,631
Other Financing Sources:				
Proceeds from borrowing				
	332,000	—	346,644	346,644
Total other financing sources				
	332,000	—	346,644	346,644
Total other financing sources				
over (under) expenditures				
	\$ —	\$ —	121,013	\$ 121,013
Fund Balance, beginning				
			—	
Fund Balance, ending			<u>\$ 121,013</u>	

**CITY OF KINSTON, NORTH CAROLINA
CAPITAL PROJECT FUNDS
GOVERNMENT ACCESS CHANNEL
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 1997**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures:				
Capital Outlay:	\$	\$	\$	\$
Equipment and installation	175,000	—	2,500	2,500
Total expenditures	175,000	—	2,500	2,500
Other Financing Sources:				
Transfers in	175,000	—	2,500	2,500
Total other financing sources	175,000	—	2,500	2,500
Total other financing sources over (under) expenditures	<u>\$ —</u>	<u>\$ —</u>	—	<u>\$ —</u>
Fund Balance, beginning			—	
Fund Balance, ending			<u>\$ —</u>	

ENTERPRISE FUNDS

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.



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

COMBINING BALANCE SHEET

June 30, 1997

	Electric Fund	Water and Sewer Fund	Totals
ASSETS			
Cash and investments	\$ 1,145,200	\$ 5,729,555	\$ 6,874,755
Accounts receivable	294,694	206,527	501,221
Customer receivables, net	4,061,297	728,491	4,789,788
Interest receivable	14,009	13,012	27,021
Inventories	1,277,261	261,584	1,538,845
Bond issuance costs	316,236	193,927	510,163
Restricted cash and investments	6,946,874	1,989,491	8,936,365
Investment in direct financing lease	1,873,179	—	1,873,179
Fixed assets:			
Land	207,261	83,972	291,233
Buildings	3,671,890	3,534,922	7,206,812
Distribution system	16,016,855	27,259,751	43,276,606
Equipment	1,774,496	2,019,703	3,794,199
Accumulated depreciation	(9,847,583)	(11,659,963)	(21,507,546)
Construction in progress	4,733,652	4,422,209	9,155,861
Total fixed assets, net	<u>16,556,571</u>	<u>25,660,594</u>	<u>42,217,165</u>
Total assets	<u><u>\$32,485,321</u></u>	<u><u>\$ 34,783,181</u></u>	<u><u>\$ 67,268,502</u></u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,985,826	\$ 529,773	\$ 3,515,599
Deferred revenue	—	21,163	21,163
Customer deposits	625,724	—	625,724
Accrued compensated absences	99,645	60,049	159,694
Long-term debt	12,168,882	12,740,823	24,909,705
Total liabilities	<u>15,880,077</u>	<u>13,351,808</u>	<u>29,231,885</u>
Fund equity:			
Contributed capital	—	2,758,372	2,758,372
Retained earnings	16,605,244	18,673,001	35,278,245
Total fund equity	<u>16,605,244</u>	<u>21,431,373</u>	<u>38,036,617</u>
Total liabilities and fund equity	<u><u>\$32,485,321</u></u>	<u><u>\$ 34,783,181</u></u>	<u><u>\$ 67,268,502</u></u>

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

**COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1997**

	Electric Fund	Water and Sewer Fund	Totals
Operating Revenue:			
Charges for services	224 \$35,507,318 ✓	\$ 5,958,554 ✓	\$41,465,872
Other	301,611 ✓	81,730	383,341
Total operating revenue	35,808,929	6,040,284	41,849,213
Operating Expenses:			
Electrical operations	30,944,404 ✓	-	30,944,404
Administration	1,123,731 ✓	1,236,853 ✓	2,360,584
Depreciation	727,665 ✓	840,257 ✓	1,567,922
Amortization	22,662 ✓	14,008 ✓	36,670
Water and sewer operations	-	✓ 689,585 297	689,585
Wastewater plant operations	-	✓ 1,082,283 283	1,082,283
Water production	-	✓ 808,059 290	808,059
Total operating expenses	32,818,462	4,671,045	37,489,507
Operating income	2,990,467	1,369,239	4,359,706
Nonoperating Revenue (Expenses):			
Interest earned on investments	387,445 ✓	298 303,806	691,251
Interest on long-term debt	(482,736) ✓	290 (276,175)	(758,911)
Other	174,790 ✓	202 165,483	340,273
Total nonoperating revenue (expenses)	79,499	193,114	272,613
Income before operating transfers	3,069,966	1,562,353	4,632,319
Operating Transfers:			
Operating transfers in	62,000 ✓	105 -	62,000
Operating transfers out	(2,300,000) ✓	209 (379,100)	(2,679,100)
Total operating transfers	(2,238,000)	(379,100)	(2,617,100)
Net income	831,966	1,183,253	2,015,219
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	-	74,688 ✓	74,688
Increase (decrease) in retained earnings	831,966	1,257,941	2,089,907
Retained Earnings, beginning	15,773,278 ✓	17,415,060 ✓	33,188,338
Retained Earnings, ending	<u>\$16,605,244</u>	<u>\$18,673,001</u>	<u>\$35,278,245</u>

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

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 1997

(Page 1 of 2)

	Electric Fund	Water and Sewer Fund	Totals 1997
Cash Flows from Operating Activities:			
Operating income	\$ 2,990,467	\$ 1,369,239	\$ 4,359,706
Adjustments to reconcile operating income to net cash provided by operating activities:			
Other income	174,790	165,483	340,273
Depreciation	727,665	840,257	1,567,922
Amortization	22,662	14,008	36,670
Change in assets and liabilities:			
Allowance for uncollectible accounts	(79,532) ✓	(1,175)	(80,707)
Customer receivables	771,204 ✓	(22,989)	748,215
Accounts receivable	6,528 ✓	334,743	341,271
Customer deposits	75,756 ✓	-	75,756
Inventories	68,373 ✓	(42,807)	25,566
Accounts payable	(238,074) ✓	(731,273)	(969,347)
Deferred revenue	-	(312)	(312)
Accrued compensated absences	(3,825) ✓	(1,736)	(5,561)
Net cash provided by operating activities	<u>4,516,014</u>	<u>1,923,438</u>	<u>6,439,452</u>
Cash Flows from Noncapital Financing Activities:			
Operating transfers from other funds	62,000	-	62,000
Operating transfers to other funds	(2,300,000)	(379,100)	(2,679,100)
Net cash used for noncapital financing activities	<u>(2,238,000)</u>	<u>(379,100)</u>	<u>(2,617,100)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(3,041,705) ✓	(2,953,356)	(5,995,061)
Principal paid on general obligation bond maturities and and equipment contracts	(818,057) ✓	(525,446)	(1,343,503)
Interest paid on bonded indebtedness equipment contracts	(460,176) ✓	(266,876)	(727,052)
Bond issuance costs	(7,303) ✓	(18,416)	(25,719)
Proceeds from borrowing	1,466,206 ✓	1,469,703	2,935,909
Contributed capital	-	219,000	219,000
Net cash used for capital and related financing activities	<u>(2,861,035)</u>	<u>(2,075,391)</u>	<u>(4,936,426)</u>

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

**COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 1997
(Page 2 of 2)**

	Electric Fund	Water and Sewer Fund	Totals
Cash Flows from Investing Activities:			
Principal received on direct financing leases	\$ 420,219	\$ —	\$ 420,219
Interest and dividends on investments	388,619	298,197	686,816
	<u>808,838</u>	<u>298,197</u>	<u>1,107,035</u>
Cash Flows Provided by Investing Activities			
	<u>808,838</u>	<u>298,197</u>	<u>1,107,035</u>
Net increase (decrease) in cash and cash equivalents	225,817	(232,856)	(7,039)
Cash and cash equivalents, beginning	7,866,257	7,951,902	15,818,159
Cash and cash equivalents, ending	<u>\$ 8,092,074</u>	<u>\$ 7,719,046</u>	<u>\$ 15,811,120</u>
Noncash investing, capital and financing activities:			
Investment in direct financing lease	<u>\$ 1,341,206</u>	<u>\$ —</u>	<u>\$ 1,341,206</u>

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

**SCHEDULE OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL,
NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 1997
(Page 1 of 2)**

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating Revenue:			
Charges for services, electricity sales	\$ 36,478,500 ✓	\$ 35,678,461 ✓	\$ (800,039)
Other	272,000	301,611 ✓	29,611
Total operating revenue	36,750,500	35,980,072 ✓	(770,428)
Nonoperating Revenue:			
Interest earned on investments	971,900	387,445 ✓	(584,455)
Other	60,700	174,790 ✓	114,090
Total nonoperating revenue	1,032,600	562,235	(470,365)
Total revenue	37,783,100	36,542,307	(1,240,793)
Expenditures:			
Administration:			
Salaries and benefits		128,584 ✓	
Operating		200,392 ✓	
Capital outlay		1,255 ✓	
Indirect costs		793,500 ✓	
	1,133,000	1,123,731	9,269
Electrical operations:			
Salaries and benefits		1,230,599	
Operating		31,049,189	
Capital outlay		371,515	
	33,119,200	32,651,303	467,897
Total expenditures	34,252,200	33,775,034	477,166
Revenue over expenditures	3,530,900	2,767,273	(763,627)
Other Financing Sources (uses):			
Proceeds from borrowing	125,000	125,000	-
Operating transfers in	62,000	62,000	-
Operating transfers out	(3,285,000)	(3,285,000)	-
Total other financing uses	(3,098,000)	(3,098,000)	-

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

**SCHEDULE OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL,
NON-GAAP, MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 1997
(Page 2 of 2)**

	Budget	Actual	Variance - Favorable (Unfavorable)
Revenue and other sources over (under) expenditures and other uses	<u>\$ 432,900</u>	<u>\$ (330,727)</u>	<u>\$ (763,627)</u>

Reconciliation of modified accrual basis
to full accrual basis:

Revenue and other sources under expenditures and other uses	\$ (330,727)
Transfers	3,223,000
Capital outlay	372,770
Capitalized interest	157,993
Payment of debt principal	818,057
Proceeds from borrowing	(125,000)
Depreciation	(727,665)
Amortization of debt fees	(22,662)
Decrease in accrued unbilled electricity sales	(171,143)
Bad debt expense	(102,097)
Increase in interest accrual	<u>(22,560)</u>
Income before operating transfers, accrual basis	<u><u>\$ 3,069,966</u></u>

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

**SCHEDULE OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL,
NON-GAAP MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 1997
(Page 1 of 2)**

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating Revenue:			
Charges for services:			
Water sales	\$ 2,587,500	\$ 2,659,365	\$ 71,865
Sewer charges	3,248,000	3,327,946	79,946
Other	52,300	81,730	29,430
Total operating revenue	5,887,800	6,069,041	181,241
Nonoperating Revenue:			
Interest earned on investments	250,000	303,806	53,806
Other	133,200	165,483	32,283
Total nonoperating revenue	383,200	469,289	86,089
Total revenue	6,271,000	6,538,330	267,330
Expenditures:			
Water and Sewer Administration:			
Salaries and benefits		166,128 ⁷⁵	
Operating		25,925 ⁸⁶	
Capital outlay		714 ⁸⁸	
Indirect costs		1,044,800 ⁹⁵	
	1,259,200	1,237,567	21,633
Water Production:			
Salaries and benefits		225,682 ¹⁰⁶	
Operating		582,377 ¹¹³	
Capital outlay		16,771 ¹¹⁹	
	843,200	824,830	18,370
Water and sewer operations:			
Salaries and benefits		458,711 ¹³⁰	
Operating		1,188,877 ¹⁴⁹	
Capital outlay		529,260 ¹⁵⁴	
	2,681,200	2,176,848	504,352

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

**SCHEDULE OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),
BUDGET AND ACTUAL,
NON-GAAP MODIFIED ACCRUAL BASIS
For the Fiscal Year Ended June 30, 1997
(Page 2 of 2)**

	Budget	Actual	Variance - Favorable (Unfavorable)
Wastewater plant operations:			
Salaries and benefits	\$	\$ 303,496	\$ 165
Operating		778,787	172
Capital outlay		3,172	74
	<u>1,075,400</u>	<u>1,085,455</u>	<u>(10,055)</u>
Total expenditures	<u>5,859,000</u>	<u>5,324,700</u>	<u>534,300</u>
Revenue over expenditures	<u>412,000</u>	<u>1,213,630</u>	<u>801,630</u>
Other Financing Sources (uses):			
Proceeds from borrowing	126,100	126,100	183 -
Operating transfers in	-	-	184 -
Operating transfers out	(459,100)	(429,100)	2586 30,000
Total other financing sources (uses)	<u>(333,000)</u>	<u>(303,000)</u>	<u>30,000</u>
Revenue and other sources over expenditures	<u>\$ 79,000</u>	<u>\$ 910,630</u>	<u>\$ 831,630</u>

Reconciliation of modified accrual basis
to full accrual basis:

Revenue and other sources over expenditures	\$ 910,630
Transfers	429,100
Capital outlay	549,917
Capitalized interest	199,708
Proceeds from borrowing	(126,100)
Payment of debt principal	525,446
Depreciation	(840,257)
Amortization of debt fees	(14,008)
Increase in accrued unbilled water sales	(180)
Decrease in accrued unbilled sewer sales	(28,577)
Bad debt expense	(34,027)
Increase in interest accrual	(9,299)
Income before operating transfers, accrual basis	<u>\$ 1,562,353</u>

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

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL, (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 1997
(Page 1 of 2)**

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
Expenditures:				
West Co., KNC, Dimon Peak Generators	\$ 1,142,000	\$ 1,142,000	\$ -	\$ 1,142,000
Less : Completed Projects	(1,142,000)	(1,142,000)	-	(1,142,000)
Lenox China Peak Generator	488,200	102,406	380,109	482,515
Less : Completed Project	(488,200)	(102,406)	(380,109)	(482,515)
Moen Project	25,000	24,661	-	24,661
Less : Completed Project	(25,000)	(24,661)	-	(24,661)
Lenoir Memorial Peak Generator	1,341,200	1,185,033	156,173	1,341,206
Less : Completed Project	(1,341,200)	(1,185,033)	(156,173)	(1,341,206)
Lenoir Comm. College Peak Generator	712,500	321,160	311,010	632,170
Caswell Project	3,300	2,669	-	2,669
Less : Completed Project	(3,300)	(2,669)	-	(2,669)
Carolina Dairies Peak Generator	240,000	193,999	45,899	239,898
Frigidaire Project	24,000	23,825	-	23,825
Less : Completed Project	(24,000)	(23,825)	-	(23,825)
Servitex Peak Generator	223,500	167,935	55,106	223,041
Glenn Raven Mills Peak Generator	563,000	55,826	461,725	517,551
Rouse Road Substation	1,500,000	1,294,739	112,878	1,407,617
Peak Generators - Others	859,500	324,915	458,267	783,182
King's Peak Generator	219,000	18,894	199,754	218,648
230 KV POD / 115 KV Transmission Loop	5,197,500	223,531	176,959	400,490
Fuse Installations	263,600	-	28,517	28,517
Sectionalizing Switches - Transmission Syst	288,800	-	-	-

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

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL, (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 1997
(Page 2 of 2)**

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
Substations Improvements	\$ 693,000	\$ —	\$ —	\$ —
Airport / Western Tie	239,100	—	—	—
Briery Subdivision Project	109,100	—	4,912	4,912
Industrial Park Electric Feeder	219,400	—	119,633	119,633
Total expenditures	11,328,000	2,600,999	1,974,660	4,575,659
Other Financing Sources:				
Revenue bond proceeds	7,010,500	7,010,500	—	7,010,500
Proceeds from borrowing	1,341,200	—	1,341,206	1,341,206
Tranfers in	6,000,000	4,858,100	985,000	5,843,100
Sub-Total	14,351,700	11,868,600	2,326,206	14,194,806
Less : Completed Projects	(3,023,700)	(3,023,700)	—	(3,023,700)
Total other financing sources	11,328,000	8,844,900	2,326,206	11,171,106
Total other financing sources over expenditures	\$ —	\$ 6,243,901	\$ 351,546	\$ 6,595,447

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

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL, (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 1997
(Page 1 of 2)**

		Actual		
	Project Authorization	Prior Years	Current Year	Total To Date
Expenditures:				
Wastewater Plant Improvements	\$ 4,531,400	\$ 3,044,568	\$ 973,255	\$ 4,017,823
Well #18 Renovations & Water Line Installation	394,200	329,782	20,538	350,320
Less : Completed Project	(394,200)	(329,782)	(20,538)	(350,320) ✓
Dobbs Road / Highway 258 Connector	537,400	485,806	43,357	529,163
Less : Completed Project	(537,400)	(485,806)	(43,357)	(529,163)
Well #21 Renovations	337,600	220,981	19,728	240,709
Less : Completed Project	(337,600)	(220,981)	(19,728)	(240,709)
Tower Hill Water Line Installation	180,800	165,644	—	165,644
Less : Completed Project	(180,800)	(165,644)	—	(165,644)
Elevated Tank Installation	937,000	572,604	328,331	900,935
Less : Completed Project	(937,000)	(572,604)	(328,331)	(900,935) ✓
Castle Oaks/ Falling Creek Water Lines Installation	113,900	134,289	4,452	138,741
Less : Completed Project	(113,900)	(134,289)	(4,452)	(138,741) ✓
Water Supply Improvements	292,900	248,250	34,195	282,445 ✓
Mountain Air Cargo	440,000	302,075	8,470	310,545
Less : Completed Project	(440,000)	(302,075)	(8,470)	(310,545)
Poole Project - U.S. 70 West	369,600	—	487,712	487,712
Less : Completed Project	(369,600)	—	(487,712)	(487,712)
National Guard Project	52,500	—	103,482	103,482
Less : Completed Project	(52,500)	—	(103,482)	(103,482)
Briery Subdivision Project	207,900	6,109	123,029	129,138
Less : Completed Project	(207,900)	(6,109)	(123,029)	(129,138)
Lenoir Community Center	26,400	—	26,358	26,358
Less : Completed Project	(26,400)	—	(26,358)	(26,358)

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

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL, (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 1997
(Page 2 of 2)**

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
Triangle Center	\$ 3,200	\$ —	\$ 3,071	\$ 3,071
Less : Completed Project	(3,200)	—	(3,071)	(3,071)
Kennedy Home - Water/Sewer Lines	1,000,700	—	38,259	38,259
Daly Waldrop Road / Hwy 258 N.	870,000	—	50,710	50,710
Well Generation Projects - 3 sites	40,000	—	17,471	17,471
GTP Training Center	5,000,000	—	—	—
Well Generation Projects	500,000	—	—	—
Miscellaneous - 1996/97	41,400	—	—	—
Total expenditures	12,276,400	3,292,818	1,113,890	4,406,708
Other Financing Sources:				
State Revolving Loan	4,400,000	2,371,657	1,343,603	3,715,260
Revenue bond proceeds	4,274,500	4,274,500	—	4,274,500
County participation	2,840,000	—	219,000	219,000
Customer participation	430,000	—	—	—
Transfers in	3,932,400	—	50,000	50,000
Sub-Total	15,876,900	6,646,157	1,612,603	8,258,760
Less : Completed Projects	(3,600,500)	(3,284,500)	(248,600)	(3,533,100)
Total other financing sources	12,276,400	3,361,657	1,364,003	4,725,660
Total other financing sources over expenditures	\$ —	\$ 68,839	\$ 250,113	\$ 318,952

INTERNAL SERVICE FUND

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.



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

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 1997**

	<u>Actual</u>
Operating Revenue:	
Contribution from various funds	<u>\$ 375,000</u>
Operating Expenses:	
Administration	187,871
Depreciation	3,239
Claims reimbursement	<u>185,137</u>
Total operating expenses	<u>376,247</u>
Operating loss	<u>(1,247)</u>
Nonoperating Revenue:	
Interest earned on investments	7,813
Other	<u>6,000</u>
Total nonoperating revenue	<u>13,813</u>
Net income	12,566
Retained earnings (deficit), beginning	<u>(5,926)</u>
Retained earnings, ending	<u><u>\$ 6,640</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, 1997**

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating Revenue:			
Contributions from various funds	\$ 375,000	\$ 375,000	\$ —
Nonoperating Revenue:			
Other	4,800	13,813	9,013
Total revenue	<u>379,800</u>	<u>388,813</u>	<u>9,013</u>
Expenditures:			
Administration:			
Salaries and benefits		63,577	
Insurance		73,517	
Operating		50,777	
Capital outlay		—	
Total administration	—	187,871	—
Claim reimbursements, operating		185,137	
Total expenditures	<u>379,800</u>	<u>373,008</u>	<u>6,792</u>
Revenue and other sources over expenditures	<u>\$ —</u>	<u>\$ 15,805</u>	<u>\$ 15,805</u>
Reconciliation of modified accrual basis to full accrual basis:			
Revenue and other sources under expenditures		\$ 15,805	
Depreciation		<u>(3,239)</u>	
Net income, accrual basis		<u>\$ 12,566</u>	

AGENCY FUNDS

The Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Fund

Deferred Compensation Fund - accounts for assets held for City employees in accordance with the provisions of Internal Revenue Code Section 457.



CITY OF KINSTON, NORTH CAROLINA

**AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 1997**

	<u>Balance July 1, 1996</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 1997</u>
ASSETS				
Cash and investments	<u>\$ 49,696</u>	<u>\$ 83,535</u>	<u>\$ 7,879</u>	<u>\$ 125,352</u>
LIABILITIES				
Deferred compensation benefits payable	<u>\$ 49,696</u>	<u>\$ 83,535</u>	<u>\$ 7,879</u>	<u>\$ 125,352</u>



GENERAL FIXED ASSETS ACCOUNT GROUP

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.



CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

For the Fiscal Year Ended 30, 1997

AS of

General Fixed Assets:

Land	\$ 3,656,241
Buildings	5,378,272
Equipment and vehicles	<u>10,803,588</u>

Total general fixed assets	<u>\$19,838,101</u>
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Investment in General Fixed Assets By Source:

General fund	\$19,377,215
Special revenue funds	<u>460,886</u>

Total investment in general fixed assets	<u>\$19,838,101</u>
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CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended 30, 1997

Function and Activity	General Fixed Assets July 1, 1996	Additions	Deductions	General Fixed Assets June 30, 1997
General Government:				
Council	\$ 20,692	\$ -	\$ -	\$ 20,692
Manager	1,468,353	8,565	-	1,476,918
Clerk	9,294	2,410	-	11,704
Human resources	63,830	10,434	-	74,264
Finance and administration	699,680	8,489	-	708,169
Other, unclassified	4,213,804	89,538	21,000	4,282,342
Total general government	<u>6,475,653</u>	<u>119,436</u>	<u>21,000</u>	<u>6,574,089</u>
Public Safety:				
Police	1,609,989	47,466	-	1,657,455
Fire	2,331,306	9,863	-	2,341,169
Inspection	186,913	-	-	186,913
Total public safety	<u>4,128,208</u>	<u>57,329</u>	<u>-</u>	<u>4,185,537</u>
Public Works:				
Highways and Streets:				
Engineering	316,370	32,258	-	348,628
Maintenance	947,136	168,614	-	1,115,750
Total highways and streets	<u>1,263,506</u>	<u>200,872</u>	<u>-</u>	<u>1,464,378</u>
Environmental Services	3,188,887	97,805	-	3,286,692
Parks and Recreation	4,215,443	111,962	-	4,327,405
Total general fixed assets	<u>\$19,271,697</u>	<u>\$ 587,404</u>	<u>\$ 21,000</u>	<u>\$19,838,101</u>

CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 1997

Function and Activity	General Fixed Assets July 1, 1996	Additions	Deductions	General Fixed Assets June 30, 1997
General Government:				
Council	\$ 20,692	\$ -	\$ -	\$ 20,692
Manager	1,468,353	8,565	-	1,476,918
Clerk	9,294	2,410	-	11,704
Human resources	63,830	10,434	-	74,264
Finance and administration	699,680	8,489	-	708,169
Other, unclassified	4,213,804	89,538	21,000	4,282,342
Total general government	6,475,653	119,436	21,000	6,574,089
Public Safety:				
Police	1,609,989	47,466	-	1,657,455
Fire	2,331,306	9,863	-	2,341,169
Inspection	186,913	-	-	186,913
Total public safety	4,128,208	57,329	-	4,185,537
Public Works:				
Highways and Streets:				
Engineering	316,370	32,258	-	348,628
Maintenance	947,136	168,614	-	1,115,750
Total highways and streets	1,263,506	200,872	-	1,464,378
Environmental Services	3,188,887	97,805	-	3,286,692
Parks and Recreation	4,215,443	111,962	-	4,327,405
Total general fixed assets	\$19,271,697	\$ 587,404	\$ 21,000	\$19,838,101



GENERAL LONG-TERM DEBT ACCOUNT GROUP

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.



CITY OF KINSTON, NORTH CAROLINA

**SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT
For the Fiscal Year Ended 30, 1997**

	General Long-Term Debt July 1, 1996	Additions	Deductions	General Long-Term Debt June 30, 1997
By Type of Debt:				
Accrued compensated absences	\$ 666,534	\$ —	\$ 5,229	\$ 661,305
Police separation allowance	3,185	11,566	—	14,751
Separation allowance plan	—	143,082	—	143,082
Installment contract obligations	<u>3,549,676</u>	<u>1,278,144</u>	<u>1,049,345</u>	<u>3,778,475</u>
	<u>\$ 4,219,395</u>	<u>\$ 1,432,792</u>	<u>\$ 1,054,574</u>	<u>\$ 4,597,613</u>
By Purpose:				
General government equipment	\$ 836,983	\$ 104,600	\$ 288,915	\$ 652,668
Public safety, equipment	405,353	227,900	335,080	298,173
Public works, equipment	1,348,320	569,000	360,579	1,556,741
Recreation, equipment	959,020	376,644	64,771	1,270,893
Accrued compensated absences, all departments	666,534	—	5,229	661,305
Police separation allowance	3,185	11,566	—	14,751
Separation allowance plan	<u>—</u>	<u>143,082</u>	<u>—</u>	<u>143,082</u>
	<u>\$ 4,219,395</u>	<u>\$ 1,432,792</u>	<u>\$ 1,054,574</u>	<u>\$ 4,597,613</u>



OTHER FINANCIAL INFORMATION

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



CITY OF KINSTON, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
For the Fiscal Year Ended 30, 1997**

Fiscal Year	Uncollected Balance July 1, 1996	Current Year Gross Levy	Collections Credits and Adjustments	Uncollected Balance June 30, 1997
1996-1997	\$ —	\$ 5,119,439	\$ 4,870,420	\$ 249,019
1995-1996	211,113	—	118,968	92,145
1994-1995	85,417	—	29,560	55,857
1993-1994	46,456	—	10,708	35,748
1992-1993	66,921	—	6,315	60,606
1991-1992	41,056	—	2,909	38,147
1990-1991	33,232	—	1,596	31,636
1989-1990	16,202	—	1,265	14,937
1988-1989	13,790	—	1,371	12,419
1987-1988	11,028	—	297	10,731
1986 and prior	9,998	—	9,998	—
	<u>\$ 535,213</u>	<u>\$ 5,119,439</u>	<u>\$ 5,053,407</u>	<u>\$ 601,245</u>

RECONCILIATION WITH REVENUE:

Ad valorem taxes - General Fund	\$ 5,158,456	
Less auto fee	<u>(144,316)</u>	
		\$ 5,014,140
Add credits and adjustments		<u>39,267</u>
		<u>\$ 5,053,407</u>

Note: Levy and collections exclude vehicle taxes billed and collected for the City by Lenoir County.

CITY OF KINSTON, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 1997**

	<u>Total Property Valuation</u>	<u>Tax Rate Per \$100 Valuation</u>	<u>Amount of Tax Levy</u>
Tax Levy:			
City-wide, including motor vehicle tax	\$ 828,874,289	0.61	\$ 5,072,848
Municipal service district	<u>17,255,966</u>	0.27	<u>46,591</u>
Total for year	<u>\$ 846,130,255</u>		5,119,439
Less uncollected tax at June 30, 1997			<u>249,019</u>
Current year taxes collected			<u>\$ 4,870,420</u>
Percent current year collected			<u>95.14%</u>

STATISTICAL SECTION (Unaudited)

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.



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
1988	\$ 1,334,659	\$ 4,205,705	\$ 3,384,442	\$ 1,550,937	\$ 2,365,490	\$ 102,413	-	\$ 12,943,646
1989	861,849	4,397,357	4,105,855	1,518,135	1,776,043	97,263	-	12,756,502
1990	1,131,145	4,936,323	3,367,420	1,716,122	2,103,760	117,112	-	13,371,882
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

Source: City of Kinston Finance Department

Notes: (1) Includes general, special revenue and capital project 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
1988	\$ 3,351,972	\$ 2,184,221	\$ 1,590,920	\$ 1,041,643	\$ 1,181,926	\$ 318,073	\$ 9,668,755
1989	3,245,859	2,336,722	1,728,611	1,418,485	1,135,387	606,584	10,471,648
1990	3,995,839	2,356,366	1,892,395	1,546,851	1,338,889	511,992	11,642,332
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	12,666,229
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

Source: City of Kinston Finance Department

Notes: (1) Includes general, special revenue and capital project funds
(2) Includes municipal service district

CITY OF KINSTON, NORTH CAROLINA

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE (1)

Last Ten Fiscal Years

Fiscal Year Ended June 30	Other Taxes					Licenses and Permits	Total
	Ad Valorem (2)	Sales	Intangible	Franchise	Occupancy		
1988	\$ 3,351,972	\$ 1,324,196	\$ 216,762	\$ 741,408	\$ -	\$ 49,962	5,684,300
1989	3,245,859	1,430,723	250,501	802,592	-	47,387	5,777,062
1990	3,995,839	1,559,192	282,655	921,486	-	50,548	6,809,720
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

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
1988	\$3,379,868	\$3,307,489	97.9%	\$ 51,203	\$3,358,692	99.4%
1989	3,260,872	3,178,954	97.5%	43,647	3,222,601	98.8%
1990	4,003,070	3,917,432	97.9%	79,766	3,997,198	99.9%
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	95.1%	182,987	5,053,407	98.7%

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**

Fiscal Year Ended June 30	Total Assessed Value (2)	Estimated Actual Value	Percentage of Assessed Value Growth
1988	\$ 592,392,161	(1)	9.7%
1989	542,622,725	(1)	-8.4%
1990	666,678,591	(1)	22.9%
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%

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
1988	\$	0.61	\$	0.29	\$	0.61	\$	0.62	\$ 6.50
1989		0.61		0.27		0.61		0.72	6.50
1990		0.61		0.27		0.61		0.72	6.50
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	-

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 June 30	Tax Rates			Tax Levies		
	City	County	Total	City	County	Total
1988	\$ 0.61	\$ 0.62	\$ 1.23	\$ 3,379,868	\$ 9,201,457	\$ 12,581,325
1989	0.61	0.72	1.33	3,260,872	8,467,230	11,728,102
1990	0.61	0.72	1.33	4,003,070	11,465,664	15,468,734
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	0.75	1.36	5,119,439	18,020,366	23,139,805

Source: Lenoir County Tax Office

CITY OF KINSTON, NORTH CAROLINA

PRINCIPAL TAXPAYERS

June 30, 1997

<u>Taxpayer</u>	<u>Nature of Property</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
VPM, Inc.	Retail	\$ 15,112,699	1.8%
Carolina Telephone	Utility	11,913,927	1.4%
Dimon International	Tobacco Processor	11,418,981	1.4%
Kinston Ham Products, Inc.	Meat Processor	10,666,666	1.3%
Austin Co.	Tobacco Processor	10,401,384	1.3%
Barnet Southern Corp	Manufacturer	8,067,188	1.0%
Hampton Industries	Manufacturer	7,826,613	0.9%
Buehler Products	Manufacturer	6,595,622	0.8%
Excel Realty	Shopping Mall	6,089,786	0.7%
Glen Raven Mills	Manufacturer	4,942,884	0.6%
Total Assessed Valuation of Top 10 Taxpayers		<u>93,035,750</u>	<u>11.2%</u>
Balance of Assessed Valuation		<u>735,838,539</u>	<u>88.8%</u>
Total Assessed Valuation		<u><u>\$ 828,874,289</u></u>	<u><u>100.0%</u></u>

Source: Lenoir County Tax Office

CITY OF KINSTON, NORTH CAROLINA

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 1997

Total assessed value		<u>\$ 828,874,289</u>
Debt limitation - 8% of total assessed value		\$ 66,309,943
Debt applicable to limitation:		
Total bonded debt	\$ 16,465,000	
Obligation under notes payable	5,812,240	
Obligation under installment contracts	<u>6,410,940</u>	
Gross debt	28,688,180	
Less - statutory deductions:		
Revenue bonds issued and outstanding for electric purposes	10,015,000	
Revenue bonds issued and outstanding for water purposes	<u>6,450,000</u>	
Total statutory deductions	<u>16,465,000</u>	
Total debt applicable to limitation		<u>12,223,180</u>
Legal debt margin		<u>\$ 54,086,763</u>

989,220,363

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
1988	\$ 465,000	\$ 160,453	\$ 625,453	\$ 12,943,656	4.83%
1989	450,000	137,278	587,278	12,756,502	4.60%
1990	450,000	114,203	564,203	13,371,882	4.22%
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	-	-	-	20,245,227	-

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, 1997

Name of Governmental Unit	General Obligation Bonds Outstanding (1)	Percentage Applicable to City of Kinston (2)	City of Kinston's Share of Debt (3)
Direct debt - City of Kinston	\$ -	100.00%	\$ -
Lenoir County debt	<u>11,850,000</u>	35.41%	<u>4,196,085</u>
Total overlapping debt	<u>\$11,850,000</u>		<u>\$ 4,196,085</u>

Note (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 (\$2,340,972,405) City of Kinston (\$828,874,289).

(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)	
1988	\$ 592,392,161 (4)	213	\$ 27,460,174	\$ 421,264,000
1989	542,622,725 (4)	280	28,249,535	452,533,000
1990	666,678,591 (4)	293	20,456,346	510,124,000
1991	699,827,335 (4)	219	16,463,698	520,608,000
1992	764,925,492 (4)	242	16,847,253	526,538,000
1993	783,182,081 (4)	264	47,443,108	493,147,000
1994	811,306,805 (4)	456	28,178,970	471,537,000
1995	842,336,146 (4)	490	31,349,949	507,668,000
1996	832,601,605 (4)	271	31,794,645	527,195,000
1997	846,130,255 (4)	265	17,599,789	(5)

Source: (1) *Lenoir County Tax Office*
 (2) *City Inspections Department*
 (3) *First Citizen Bank & Trust - 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 Assessed Value	Per Capital Bonded Debt	
							Gross	Net
1988	\$ 27,400	\$ 592,392,161	\$ 47,391,373	\$ 2,749,000	\$ 365,000	0.06 %	\$ 100	\$ 13
1989	27,400	542,622,725	43,409,818	2,299,000	265,000	0.05	84	10
1990	27,400	666,678,591	53,334,287	1,849,000	165,000	0.02	67	6
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	813,200,295	65,056,024	-	-	-	-	-

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 Requirements (3)		
			Debt Service	Principal	Interest	Total	Coverage
1988	\$ 27,381,651	\$ 22,715,248	\$ 4,666,403	\$ -	\$ -	\$ -	-
1989	30,571,337	25,249,728	5,321,609	-	-	-	-
1990	33,738,520	28,302,308	5,436,212	-	-	-	-
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	200,925	350,925	14.24
1994	43,398,900	36,809,185	6,589,715	210,000	201,533	411,533	16.01
1995	43,154,442	37,330,887	5,823,555	225,000	187,801	412,801	14.11
1996	45,432,937	39,669,640	5,763,297	240,000	137,038	377,038	15.29
1997	41,849,213	37,489,507	4,359,706	495,000	853,151	1,348,151	3.23

Notes: (1) Total revenues including interest.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue 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)
1988	27,400	\$ 13,209	5.2%	11,243	\$ 513,507,557	\$ 421,264,000
1989	27,400	13,343	4.2%	11,097	513,204,047	452,533,000
1990	27,400	15,443	3.8%	11,076	498,572,117	510,124,000
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	(7)	6.3%	10,470	671,296,492	527,195,000
1997	25,729	(7)	5.4%	10,200	792,179,860	(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, 1997

Population	25,729
Date of incorporation	1,762
Form of government	Council/Manager
Area (Extra-territorial jurisdiction 45.52 sp/miles)	17
Miles of paved streets (State maintained 43.63)	110.70
Number of street lights	2,045
Employees	460
Fire Protection:	
Number of stations	3
Number of fireman/officers	52
Police Protection:	
Number of stations	6
Number of police/officers	80
Electric Department:	
Number of consumers	12,886
Average daily usage	1221 MWH
Miles of distribution lines	355
Water Department:	
Number of consumers	11,583
Average daily consumption	5.46MGD
Miles of water mains	198
Sewers:	
Average daily flow	6.10 MGD
Miles of sewer lines	2.92
Parks/Recreation:	
Number of parks	15
Park acreage	278.5
Golf courses	1
Swimming pools	3
Tennis courts	19
Museum	1
Other recreational facilities:	
Grainger Stadium	4,200 seat baseball stadium

