

CITY OF KINSTON

NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 1994

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

**PREPARED BY
CITY OF KINSTON FINANCE DEPARTMENT**



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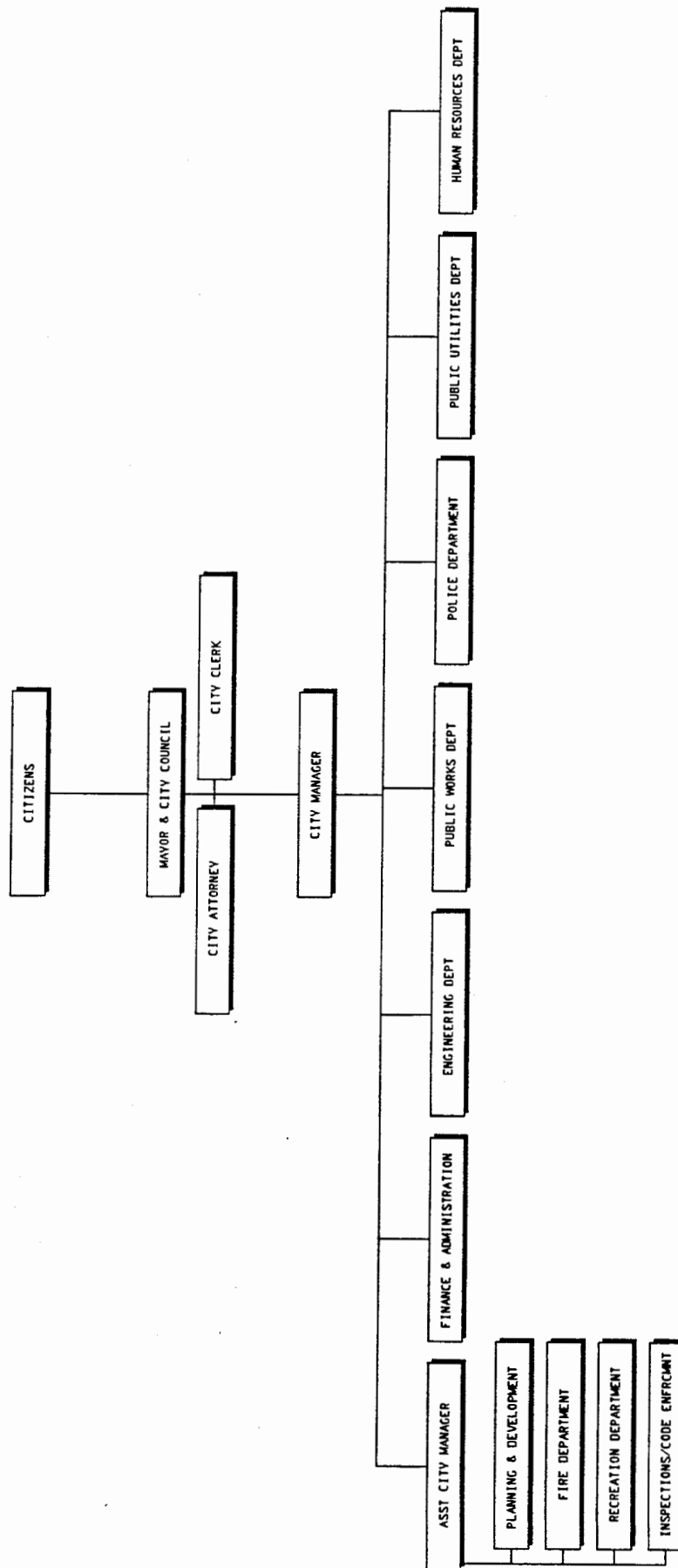
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INTRODUCTORY SECTION

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-

CITY OF KINSTON, NORTH CAROLINA ORGANIZATIONAL CHART



FINANCIAL SECTION

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-





McGLADREY & PULLEN

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, 1994, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Kinston, North Carolina, as of June 30, 1994 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.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial 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 "statistical section" in the table of contents, have not been audited by us and, accordingly, we express no opinion on such data.

McGladrey & Pullen

Greenville, North Carolina
September 30, 1994



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, 1994**

| | <u>Governmental Fund Types</u> | | <u>Proprietary Fund Types</u> | |
|---|------------------------------------|----------------------------|-----------------------------------|-----------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Enterprise</u> | <u>Internal Service</u> |
| ASSETS AND OTHER DEBIT | | | | |
| Assets: | | | | |
| Cash and investments | \$ 3,136,965 | \$ 69,662 | \$ 8,244,266 | \$ 38,571 |
| Receivables: | | | | |
| Due from other fund | — | — | 122,074 | — |
| Due from government agencies | — | 11,941 | — | — |
| Accounts receivable | 1,778,600 | — | 457,875 | 1,201 |
| Taxes receivable | 505,616 | — | — | — |
| Customer receivables, net | 205,073 | — | 4,520,733 | — |
| Interest receivable | 7,240 | — | 57,808 | — |
| Inventories | 92,483 | — | 983,502 | — |
| Deferred charges - debt issuance fees | — | — | 21,835 | — |
| Restricted cash and investments | 363,872 | — | 440,816 | — |
| Fixed assets | — | — | 31,179,376 | 32,018 |
| Other debit: | | | | |
| Amount to be provided for retirement of general long-term debt | — | — | — | — |
| Total assets and other debit | <u>\$ 6,089,849</u> | <u>\$ 81,603</u> | <u>\$ 46,028,285</u> | <u>\$ 71,790</u> |
| LIABILITIES, EQUITY AND OTHER CREDIT | | | | |
| Liabilities: | | | | |
| Due to other fund | \$ — | \$ 122,074 | \$ — | \$ — |
| Accounts payable and accrued liabilities | 577,353 | 5,098 | 3,195,931 | 63,355 |
| Deferred revenue | 867,845 | — | 17,707 | — |
| Customer deposits | — | — | 480,171 | — |
| Due to North Carolina Eastern Municipal Power Agency | — | — | 55,926 | — |
| Accrued compensated absences | — | — | 112,544 | 1,065 |
| Police separation allowance | — | — | — | — |
| Long-term debt | — | — | 8,465,377 | — |
| Total liabilities | <u>1,445,198</u> | <u>127,172</u> | <u>12,327,656</u> | <u>64,420</u> |
| Equity and other credit: | | | | |
| Contributed capital | — | — | 2,763,436 | — |
| Investment in general fixed assets | — | — | — | — |
| Retained earnings | — | — | 30,937,193 | 7,370 |
| Fund balances: | | | | |
| Reserved for inventories | 92,483 ✓ | — | — | — |
| Reserved by State statute | 1,633,032 ✓ | 11,941 | — | — |
| Reserved for encumbrances | 853,484 ✓ | — | — | — |
| Unreserved: | | | | |
| Designated for subsequent year's expenditures | 224,700 | — | — | — |
| Undesignated (deficit) | <u>1,840,952</u> | <u>(57,510)</u> | <u>—</u> | <u>—</u> |
| Total equity (deficit) and other credit | <u>4,644,651</u> | <u>(45,569)</u> | <u>33,700,629</u> | <u>7,370</u> |
| Total liabilities, equity, and other credit | <u>\$ 6,089,849</u> | <u>\$ 81,603</u> | <u>\$ 46,028,285</u> | <u>\$ 71,790</u> |

See Notes to General Purpose Financial Statements.

| Account Groups | | |
|----------------------------|------------------------------|---------------------------------|
| General Fixed Assets | General Long-Term Debt | Total (Memoran- dum Only) |
| \$ — | \$ — | \$ 11,489,464 |
| — | — | 122,074 |
| — | — | 11,941 |
| — | — | 2,237,676 |
| — | — | 505,616 |
| — | — | 4,725,806 |
| — | — | 65,048 |
| — | — | 1,075,985 |
| — | — | 21,835 |
| — | — | 804,688 |
| 15,774,792 | — | 46,986,186 |
| — | 2,521,716 | 2,521,716 |
| <u>\$ 15,774,792</u> | <u>\$ 2,521,716</u> | <u>\$ 70,568,035</u> |
| \$ — | \$ — | \$ 122,074 |
| — | — | 3,841,737 |
| — | — | 885,552 |
| — | — | 480,171 |
| — | — | 55,926 |
| — | 579,233 | 692,842 |
| — | 64,032 | 64,032 |
| — | 1,878,451 | 10,343,828 |
| — | 2,521,716 | 16,486,162 |
| — | — | 2,763,436 |
| 15,774,792 | — | 15,774,792 |
| — | — | 30,944,563 |
| — | — | 92,483 |
| — | — | 1,633,032 |
| — | — | 853,484 |
| — | — | 224,700 |
| — | — | 1,914,664 |
| 15,774,792 | — | 54,081,873 |
| <u>\$ 15,774,792</u> | <u>\$ 2,521,716</u> | <u>\$ 70,568,035</u> |



CITY OF KINSTON, NORTH CAROLINA

**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1994**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total (Memoran- dum Only)</u> |
|--|-------------------------|-------------------------------------|--|
| Revenue: | | | |
| Ad valorem taxes | \$ 4,966,902 | \$ — | \$ 4,966,902 |
| Sales and services | 3,048,637 | — | 3,048,637 |
| Other taxes | 3,085,375 | — | 3,085,375 |
| Intergovernmental revenue: | | | |
| Unrestricted | 532,090 | — | 532,090 |
| Restricted | 845,120 | 363,242 | 1,208,362 |
| Other | <u>415,117</u> | <u>28,199</u> | <u>443,316</u> |
| Total revenue | <u>12,893,241</u> | <u>391,441</u> | <u>13,284,682</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 1,368,327 | — | 1,368,327 |
| Public safety | 6,109,920 | — | 6,109,920 |
| Public works | 4,254,386 | — | 4,254,386 |
| Parks and recreation | 2,755,956 | — | 2,755,956 |
| Planning and community development | 1,566,343 | 613,466 | 2,179,809 |
| Debt service: | | | |
| Principal | 25,000 | — | 25,000 |
| Interest | <u>3,330</u> | <u>—</u> | <u>3,330</u> |
| Total expenditures | <u>16,083,262</u> | <u>613,466</u> | <u>16,696,728</u> |
| Revenue under expenditures | <u>(3,190,021)</u> | <u>(222,025)</u> | <u>(3,412,046)</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | 2,828,600 | 114,500 | 2,943,100 |
| Operating transfers out | (89,500) | — | (89,500) |
| Proceeds from borrowings | <u>943,652</u> | <u>—</u> | <u>943,652</u> |
| Total other financing sources | <u>3,682,752</u> | <u>114,500</u> | <u>3,797,252</u> |
| Revenue and other financing sources over (under) expenditures | 492,731 | (107,525) | 385,206 |
| Fund balance, beginning | <u>4,151,920</u> | <u>61,956</u> | <u>4,213,876</u> |
| Fund balance (deficit), ending | <u>\$ 4,644,651</u> | <u>\$ (45,569)</u> | <u>\$ 4,599,082</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 YEAR ENDED JUNE 30, 1994**

| | General Fund | | Variance, Favorable (Unfavorable) |
|--|---------------------|---------------------|---|
| | Budget | Actual | |
| Revenue: | | | |
| Ad valorem taxes | \$ 4,928,300 | \$ 4,966,902 | \$ 38,602 |
| Sales and services | 3,266,400 | 3,048,637 | (217,763) |
| Other taxes | 2,988,100 | 3,085,375 | 97,275 |
| Intergovernmental revenue: | | | |
| Unrestricted | 520,400 | 532,090 | 11,690 |
| Restricted | 824,000 | 845,120 | 21,120 |
| Other | <u>359,800</u> | <u>415,117</u> | <u>55,317</u> |
| Total revenue | <u>12,887,000</u> | <u>12,893,241</u> | <u>6,241</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 1,414,700 | 1,368,327 | 46,373 |
| Public safety | 6,157,800 | 6,109,920 | 47,880 |
| Public works | 4,782,100 | 4,254,386 | 527,714 |
| Parks and recreation | 2,820,900 | 2,755,956 | 64,944 |
| Planning and community development | 1,692,500 | 1,566,343 | 126,157 |
| Debt service: | | | |
| Principal | 25,000 | 25,000 | — |
| Interest | <u>3,400</u> | <u>3,330</u> | <u>70</u> |
| Total expenditures | <u>16,896,400</u> | <u>16,083,262</u> | <u>813,138</u> |
| Revenue under expenditures | <u>(4,009,400)</u> | <u>(3,190,021)</u> | <u>819,379</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | 2,876,600 | 2,828,600 | (48,000) |
| Operating transfers out | (89,500) | (89,500) | — |
| Proceeds from borrowings | <u>940,000</u> | <u>943,652</u> | <u>3,652</u> |
| Total other financing sources | <u>3,727,100</u> | <u>3,682,752</u> | <u>(44,348)</u> |
| Revenue and other financing sources over expenditures | <u>\$ (282,300)</u> | 492,731 | <u>\$ 775,031</u> |
| Fund balance, beginning | <u>\$ 282,300</u> | <u>4,151,920</u> | |
| Fund balance, ending | | <u>\$ 4,644,651</u> | |

See Notes to General Purpose Financial Statements.

| <u>Certain Special Revenue Funds</u> | | |
|--------------------------------------|------------------|--|
| <u>Budget</u> | <u>Actual</u> | <u>Variance, Favorable (Unfavorable)</u> |
| \$ — | \$ — | — |
| — | — | — |
| — | — | — |
| — | — | — |
| — | 6,860 | 6,860 |
| <u>43,100</u> | <u>28,199</u> | <u>(14,901)</u> |
| <u>43,100</u> | <u>35,059</u> | <u>(8,041)</u> |
| — | — | — |
| — | — | — |
| — | — | — |
| — | — | — |
| 97,600 | 77,803 | 19,797 |
| — | — | — |
| <u>—</u> | <u>—</u> | <u>—</u> |
| <u>97,600</u> | <u>77,803</u> | <u>19,797</u> |
| <u>(54,500)</u> | <u>(42,744)</u> | <u>11,756</u> |
| 54,500 | 54,500 | — |
| — | — | — |
| <u>—</u> | <u>—</u> | <u>—</u> |
| <u>54,500</u> | <u>54,500</u> | <u>—</u> |
| <u>\$ —</u> | 11,756 | <u>\$ 11,756</u> |
| | <u>61,956</u> | |
| | <u>\$ 73,712</u> | |

CITY OF KINSTON, NORTH CAROLINA

**COMBINED STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 1994**

| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> | <u>Total (Memoran- dum Only)</u> |
|--|----------------------------|--------------------------------------|--|
| Operating Revenue: | | | |
| Charges for services | \$ 41,948,462 | \$ — | \$ 41,948,462 |
| Contributions from various funds | — | 350,900 | 350,900 |
| Other | <u>633,559</u> | <u>—</u> | <u>633,559</u> |
| Total operating revenue | <u>42,582,021</u> | <u>350,900</u> | <u>42,932,921</u> |
| Operating Expenses: | | | |
| Electrical operations | 32,334,980 | — | 32,334,980 |
| Administration | 2,639,722 | 156,194 | 2,795,916 |
| Depreciation | 1,360,800 | 2,081 | 1,362,881 |
| Amortization | 2,427 | — | 2,427 |
| Water and sewer operations | 570,830 | — | 570,830 |
| Wastewater plant operations | 666,856 | — | 666,856 |
| Water production | 594,370 | — | 594,370 |
| Claims reimbursements | <u>—</u> | <u>209,860</u> | <u>209,860</u> |
| Total operating expenses | <u>38,169,985</u> | <u>368,135</u> | <u>38,538,120</u> |
| Operating income (loss) | <u>4,412,036</u> | <u>(17,235)</u> | <u>4,394,801</u> |
| Nonoperating Revenue (Expenses): | | | |
| Interest earned on investments | 294,643 | — | 294,643 |
| ½ % local sales tax refund | 179,854 | — | 179,854 |
| Interest on long-term debt | (516,671) | — | (516,671) |
| Other | <u>342,382</u> | <u>5,541</u> | <u>347,923</u> |
| Total nonoperating revenue | <u>300,208</u> | <u>5,541</u> | <u>305,749</u> |
| Income (loss) before operating transfers | <u>4,712,244</u> | <u>(11,694)</u> | <u>4,700,550</u> |
| Operating Transfers: | | | |
| Operating transfers out | <u>(2,853,600)</u> | <u>—</u> | <u>(2,853,600)</u> |
| Net income (loss) | 1,858,644 | (11,694) | 1,846,950 |
| 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 (decrease) in retained earnings | 1,933,332 | (11,694) | 1,921,638 |
| Retained earnings, beginning | <u>29,003,861</u> | <u>19,064</u> | <u>29,022,925</u> |
| Retained earnings, ending | <u>\$ 30,937,193</u> | <u>\$ 7,370</u> | <u>\$ 30,944,563</u> |

See Notes to General Purpose Financial Statements.

CITY OF KINSTON, NORTH CAROLINA

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 1994
(Page 1 of 2)**

| | <u>Enterprise Fund</u> | <u>Internal Service Fund</u> | <u>Total (Memoran- dum Only)</u> |
|---|----------------------------|--------------------------------------|--|
| Cash Flows from Operating Activities: | | (17,235) | 4,394,601 |
| Operating income (loss) | \$ 4,412,036 | \$ (11,694) | \$ 4,400,342 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Other income | 522,236 | 5,541 | 527,777 |
| Depreciation | 1,360,800 | 2,081 | 1,362,881 |
| Amortization | 2,427 | — | 2,427 |
| Change in assets and liabilities: | | | |
| Due from other funds | (83,249) | — | (83,249) |
| Customer receivables | (357,830) | — | (357,830) |
| Accounts receivable | (180,740) | (455) | (181,195) |
| Customer deposits | 36,259 | — | 36,259 |
| Inventories | 30,691 | — | 30,691 |
| Accounts payable | (150,800) | 45,576 | (105,224) |
| Deferred revenue | 7,838 | — | 7,838 |
| Accrued compensated absences | <u>12,285</u> | <u>11</u> | <u>12,296</u> |
| Net cash provided by operating activities | <u>5,611,953</u> | <u>35,519</u> | <u>5,647,472</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| Repayments under revolving loan arrangement | (58,190) | — | (58,190) |
| Operating transfers to other funds | <u>(2,853,600)</u> | <u>—</u> | <u>(2,853,600)</u> |
| Net cash used for noncapital financing activities | <u>(2,911,790)</u> | <u>—</u> | <u>(2,911,790)</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Acquisition and construction of capital assets | (1,982,735) | (20,048) | (2,002,783) |
| Principal paid on general obligation bonds and equipment contracts | (975,287) | — | (975,287) |
| Interest paid on general obligation bonds and equipment contracts | (516,671) | — | (516,671) |
| Proceeds from borrowing | <u>224,700</u> | <u>—</u> | <u>224,700</u> |
| Net cash used for capital and related financing activities | <u>(3,249,993)</u> | <u>(20,048)</u> | <u>(3,270,041)</u> |

CITY OF KINSTON, NORTH CAROLINA

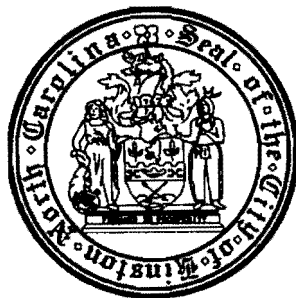
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 1994
(Page 2 of 2)

| | Enterprise Fund | Internal Service Fund | Total (Memoran- dum Only) |
|---|---------------------|-----------------------------|---------------------------------|
| Cash Flows from Investing Activities: | | | |
| Interest and dividends on investments | <u>250,585</u> | <u>—</u> | <u>250,585</u> |
| Net increase (decrease) in cash and cash equivalents | (299,245) | 15,471 | (283,774) |
| Cash and cash equivalents, beginning | <u>8,984,327</u> | <u>23,100</u> | <u>9,007,427</u> |
| Cash and cash equivalents, ending | <u>\$ 8,685,082</u> | <u>\$ 38,571</u> | <u>\$ 8,723,653</u> |

See Notes to General Purpose Financial Statements.

NOTES TO 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 four generic fund types and two broad fund categories as follows:

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 New York/Reed Street Fund, the Community Development Administration Fund, the Community Development Lewis School Special Grant Fund and the Lewis School Revitalization Project Fund are all Special Revenue Funds of the City.

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 three Enterprise Funds: the Electric Fund, the Water and Sewer Fund and the Parking Facilities Authority Fund.

Internal Service Funds - The Internal Service Fund was established in conjunction with the City's decision to provide 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.

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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

The City considers revenue as available if it is collected within 60 days after year-end. The revenue susceptible to accrual is 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 subsequent 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 1993 through February 1994 apply to the fiscal year ended June 30, 1994. 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 through the fiscal year-end apply to the 1994-95 fiscal year and are not shown as receivables at June 30, 1994. 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 revenues 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, 1994 because they are intended to finance the County's operations during the 1995 fiscal year.

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.

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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Budgets

Budgets are adopted on a legally mandated modified accrual basis of accounting which recognizes revenue expected to be received in cash and expenditures and accruals for goods and services received which is consistent with generally accepted accounting principles. 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 financial plans are adopted for certain special revenue funds (CDBG multi-year funded projects).

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. Cash includes amounts in demand deposits as well as investments. 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; The North Carolina Capital Management Trust mutual fund; and time deposits in the form of NOW, SuperNOW and money market accounts as well as certificates of deposit.

Investments are stated at the lower of cost amortized cost or market.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

Property Taxes Receivable

Property is assessed for tax purposes as of January 1. 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.

Restricted Assets

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.

Fixed Assets

General fixed assets are not capitalized in the 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. 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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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:

| | <u>Estimated Useful Life</u> |
|--------------|----------------------------------|
| Buildings | 40 years |
| Improvements | 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 Enterprise Funds are recorded in those funds. The current portion of the accumulated vacation pay is not considered to be material and, therefore, no provision for this has been made in the accompanying financial statements.

Long-term Obligations

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

Fund 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 or fund equity 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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The governmental fund types classify fund balances as follows:

Reserved:

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, 1995.

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

Interfund Transactions

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

Memorandum Only - Total Columns

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 departmental level for all annually budgeted funds and at the project level for the special revenue 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.

Excess of Expenditures Over Appropriations in Individual Funds

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

| | |
|-----------------------------|-------------------|
| General Fund | |
| Executive | <u>\$ 9,418</u> |
| Water and Sewer Fund | |
| Wastewater plant operations | <u>\$ 394,834</u> |
| Internal Service Fund | <u>\$ 35,202</u> |

Deficit Fund Balance

The city has deficit fund balances in the special revenue funds as follows:

| | |
|---|------------------|
| Community Development Lewis School Special Grant | <u>\$ 30,146</u> |
| Community Development Lewis School Revitalization | <u>\$ 89,135</u> |

The expenditures qualify under applicable grant programs thus allowing the City to be reimbursed the following fiscal year.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 3. Cash, Deposits and Investments

Cash

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

| | |
|----------------------------|----------------------|
| Petty cash | \$ 3,350 |
| Cash on deposit | 235,755 |
| Investments | <u>11,250,359</u> |
| Cash and investments | \$ 11,489,464 |
| Restricted cash | <u>804,688</u> |
| Total cash and investments | <u>\$ 12,294,152</u> |

Deposits

At year end, the carrying amount of the City's deposits was \$1,040,443 and the bank balance was \$1,291,086. 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. 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 \$1,091,086 was covered by collateral held by the State Treasurer under the pooling method on behalf of the City.

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 agent in the City's name or (3) uninsured and unregistered with securities held by the counterparty or its trust department or agent but not in the City's name.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 3. Cash, Deposits and Investments (Continued)

Investments

| | <u>Category 2</u> | <u>Carrying Amount</u> | <u>Market Value</u> |
|---|---------------------|------------------------|----------------------|
| U.S. Agencies | \$ 3,537,614 | \$ 3,537,614 | \$ 3,537,614 |
| Banker's Acceptance | 1,963,590 | 1,963,590 | 1,963,590 |
| Commercial Paper | <u>1,000,000</u> | <u>1,000,000</u> | <u>1,000,000</u> |
| | <u>\$ 6,501,204</u> | <u>\$ 6,501,204</u> | <u>\$ 6,501,204</u> |
| The North Carolina Capital Management Trust | | <u>4,749,155</u> | <u>4,749,155</u> |
| Total investments | | <u>\$ 11,250,359</u> | <u>\$ 11,250,359</u> |

The North Carolina Capital Management Trust is exempt from risk categorization because the City does not own any identifiable securities but is a shareholder of a percentage of the fund.

Note 4. Interfund Transactions

Due from/to other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|--|-------------------|
| Electric | Community Development New York/Reed Street | \$ 2,793 |
| Electric | Community Development Lewis School Special Grant | 30,146 |
| Electric | Community Development Lewis School Revitalization | <u>89,135</u> |
| | | <u>\$ 122,074</u> |

The following is a detailed schedule of interfund transfers for the year ended June 30, 1994:

| <u>Operating Transfers In</u> | <u>Operating Transfers Out</u> | | | <u>Total</u> |
|--|--------------------------------|----------------------|-----------------------------|---------------------|
| | <u>General Fund</u> | <u>Electric Fund</u> | <u>Water and Sewer Fund</u> | |
| General Fund | \$ — | \$ 2,688,600 | \$ 140,000 | \$ 2,828,600 |
| Community Development Administration Fund | 54,500 | — | — | 54,500 |
| Community Development New York/Reed Street | <u>35,000</u> | <u>—</u> | <u>25,000</u> | <u>60,000</u> |
| Total | <u>\$ 89,500</u> | <u>\$ 2,688,600</u> | <u>\$ 165,000</u> | <u>\$ 2,943,100</u> |

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 5. Receivables

Ad valorem taxes are levied each July 1, the beginning of the fiscal year, on the assessed value listed as of the prior January 1 for all real and taxable personal property and are due on September 1; however, interest does not accrue until the following January 6. The lien date is June 1 of each year.

Ad valorem taxes receivable at June 30 are measurable but are not considered as earned revenue because they are materially past due and, therefore, not available and, accordingly, are recorded as deferred revenue until collected.

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 | \$ 261,557 |
| Water and Sewer Fund | <u>48,650</u> |
| | <u>\$ 310,207</u> |

Note 6. Fixed Assets

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

| | Balance at July 1, 1993 | Additions and Transfers | Disposals | Balance at June 30, 1994 |
|------------------------|----------------------------|----------------------------|-------------------|-----------------------------|
| Land and buildings | \$ 6,449,750 | \$ 1,107,467 | \$ — | \$ 7,557,217 |
| Equipment and vehicles | <u>7,815,988</u> | <u>862,338</u> | <u>460,751</u> | <u>8,217,575</u> |
| | <u>\$ 14,265,738</u> | <u>\$ 1,969,805</u> | <u>\$ 460,751</u> | <u>\$ 15,774,792</u> |

The following is a summary of proprietary fund-type fixed assets at June 30, 1994:

| | Enterprise Funds | | | | |
|----------------------------------|---------------------|---------------------|------------------------------------|---------------------|-----------------------------|
| | Electric | Water and Sewer | Parking Facilities Authority | Total | Internal Service Fund |
| Land | \$ 207,261 | \$ 83,972 | \$ 291,425 | \$ 582,658 | \$ — |
| Buildings | 3,671,890 | 3,534,922 | 8,406 | 7,215,218 | 19,468 |
| Distribution system | 14,249,304 | 22,987,846 | — | 37,237,150 | — |
| Equipment | 1,549,079 | 1,457,986 | — | 3,007,065 | 19,004 |
| Construction in progress | <u>77,356</u> | <u>169,410</u> | <u>—</u> | <u>246,766</u> | <u>—</u> |
| | 19,754,890 | 28,234,136 | 299,831 | 48,288,857 | 38,472 |
| Less accumulated depreciation | <u>(7,851,412)</u> | <u>(9,251,975)</u> | <u>(6,094)</u> | <u>(17,109,481)</u> | <u>(6,454)</u> |
| Net fixed assets | <u>\$11,903,478</u> | <u>\$18,982,161</u> | <u>\$ 293,737</u> | <u>\$31,179,376</u> | <u>\$ 32,018</u> |

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 7. Long-Term Debt

Changes in Long-term Liabilities

General Long-Term Debt Account Group:

During the year ended June 30, 1994, the following changes occurred in liabilities reported in the general-long term debt account group and the enterprise funds:

| | <u>Balance at July 1, 1993</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at June 30, 1994</u> |
|-----------------------------|------------------------------------|-------------------|-------------------|-------------------------------------|
| General obligation bonds | \$ 50,000 | \$ — | \$ 25,000 | \$ 25,000 |
| Compensated absences | 620,535 | — | 41,302 | 579,233 |
| Police separation allowance | 55,513 | 8,519 | — | 64,032 |
| Installment contracts | <u>1,186,803</u> | <u>943,652</u> | <u>277,004</u> | <u>1,853,451</u> |
| | <u>\$ 1,912,851</u> | <u>\$ 952,171</u> | <u>\$ 343,306</u> | <u>\$ 2,521,716</u> |

Enterprise Funds:

| | <u>Balance at July 1, 1993</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance at June 30, 1994</u> |
|--------------------------|------------------------------------|-------------------|-------------------|-------------------------------------|
| General obligation bonds | \$ 635,000 | \$ — | \$ 335,000 | \$ 300,000 |
| Revenue bonds | 3,264,000 | — | 210,000 | 3,054,000 |
| Compensated absences | 100,259 | 12,285 | — | 112,544 |
| Notes payable | 2,852,060 | — | 185,911 | 2,666,149 |
| Installment contracts | <u>2,464,904</u> | <u>224,700</u> | <u>244,376</u> | <u>2,445,228</u> |
| | <u>\$ 9,316,223</u> | <u>\$ 236,985</u> | <u>975,287</u> | <u>\$ 8,577,921</u> |

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds, therefore, are reported in the proprietary funds if they are expected to be repaid from proprietary revenue. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at June 30, 1994, are as follows:

General Long-term Debt:

| | |
|--|-----------|
| \$295,000 - 1979 Street Improvement serial bonds due in annual principal installments of \$25,000 through June 1, 1995; interest at 5.75 % | \$ 25,000 |
| Total General Long-term Debt | \$ 25,000 |

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Enterprise Funds:

\$2,300,000 - 1974 Water and Sewer Improvement serial bonds due in principal installments of \$150,000 through April 1, 1996; interest at 4.0% \$ 300,000

Total Enterprise Funds Bonds \$ 300,000

Total General Obligation Bonds \$ 325,000

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

| Fiscal Year Ending June 30, | General Long-Term Debt Account Group | | Enterprise Funds | | Total | |
|-----------------------------------|---|-----------------|-------------------|------------------|-------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 1995 | \$ 25,000 | \$ 1,438 | \$ 150,000 | \$ 12,000 | \$ 175,000 | \$ 13,438 |
| 1996 | — | — | 150,000 | 6,000 | 150,000 | 6,000 |
| Total | <u>\$ 25,000</u> | <u>\$ 1,438</u> | <u>\$ 300,000</u> | <u>\$ 18,000</u> | <u>\$ 325,000</u> | <u>\$ 19,438</u> |

Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 1994 are as follows:

Enterprise Funds:

Parking Facilities Authority Fund:

\$88,000 - 1964 Parking Facilities serial bonds due in principal installments of \$14,000 through December 1, 1996; interest at 3.0% \$ 14,000

Water and Sewer Fund:

\$748,000 - 1992 Combined Revenue serial bonds due in quarterly installments beginning October 1, 1992, through April 1, 2004; interest at 6.35% \$ 668,800

Electric Fund:

\$2,652,000 - 1992 Combined Revenue serial bonds due in quarterly installments beginning October 1, 1992, through April 1, 2004; interest at 6.35% \$ 2,371,200

Total Revenue Bonds \$ 3,054,000

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 7. Long-term Debt (Continued)

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

| Fiscal Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------------|---------------------|---------------------|---------------------|
| 1995 | 225,000 | 187,801 | 412,801 |
| 1996 | 254,000 | 173,037 | 427,037 |
| 1997 | 255,000 | 157,560 | 412,560 |
| 1998 | 275,000 | 140,890 | 415,890 |
| 1999 | 290,000 | 123,111 | 413,111 |
| Thereafter | <u>1,755,000</u> | <u>306,626</u> | <u>2,061,626</u> |
| Total | <u>\$ 3,054,000</u> | <u>\$ 1,089,025</u> | <u>\$ 4,143,025</u> |

Notes Payable

Notes payable include obligations of the City for various water and sewer fund improvements. These obligations are for varying annual installments with interest ranging from 3.7 percent to 10 percent.

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

| Fiscal Year Ending June 30, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------------|---------------------|-------------------|---------------------|
| 1995 | \$ 187,764 | \$ 117,999 | \$ 305,763 |
| 1996 | 189,692 | 109,837 | 299,529 |
| 1997 | 191,812 | 101,482 | 293,294 |
| 1998 | 194,145 | 92,916 | 287,061 |
| 1999 | 196,711 | 84,117 | 280,828 |
| Thereafter | <u>1,706,025</u> | <u>340,993</u> | <u>2,047,018</u> |
| Total | <u>\$ 2,666,149</u> | <u>\$ 847,344</u> | <u>\$ 3,513,493</u> |

Installment Contracts

The City has entered into a number of loan agreements for financing various land, building, building improvements and equipment purchases. These obligations are for varying annual installments with interest rates ranging from 3.78 percent to 7.41 percent.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 7. Long-term Debt (Continued)

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 |
| 1995 | \$ 349,163 | \$ 83,377 | \$ 334,126 | \$ 156,742 | \$ 683,289 | \$ 240,119 |
| 1996 | 370,211 | 69,633 | 261,494 | 136,991 | 631,705 | 206,624 |
| 1997 | 386,366 | 51,652 | 264,789 | 120,925 | 651,155 | 172,577 |
| 1998 | 264,496 | 34,337 | 251,730 | 104,696 | 516,226 | 139,033 |
| 1999 | 101,879 | 26,501 | 233,089 | 89,379 | 334,968 | 115,880 |
| Thereafter | <u>381,336</u> | <u>78,027</u> | <u>1,100,000</u> | <u>204,124</u> | <u>1,481,336</u> | <u>282,151</u> |
| Total | <u>\$1,853,451</u> | <u>\$343,527</u> | <u>\$2,445,228</u> | <u>\$812,857</u> | <u>\$4,298,679</u> | <u>\$1,156,384</u> |

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, 1994, the legal debt limit for the City was \$63,464,218 providing a legal debt margin of \$56,474,390.

At June 30, 1994, the City has no authorized bonds remaining to be issued.

Note 8. Contributed Capital

During the year, contributed capital had the following changes:

| Source | Water and Sewer Fund |
|--|-------------------------|
| Contributed capital, July 1, 1993 | \$ 2,838,124 |
| Less: | |
| Add back of depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction | <u>(74,688)</u> |
| Contributed capital, June 30, 1994 | <u>\$ 2,763,436</u> |

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 9. Deferred Revenue

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

| | General Fund | Enterprise Fund |
|------------------------------|-------------------|--------------------|
| Prepaid taxes not yet earned | \$ 4,348 | \$ — |
| Property taxes | 505,616 | — |
| Paving Assessments | 151,950 | — |
| Privilege licenses | 858 | — |
| Refuse fees receivable | 205,073 | — |
| Repayment agreements | — | 17,707 |
| | <u>\$ 867,845</u> | <u>\$ 17,707</u> |

Note 10. Segment Information

The City maintains three enterprise funds which provide electric, water and sewer and parking services. Financial segment information as of and for the year ended June 30, 1994, is presented below.

| | Electric Fund | Water and Sewer Fund | Parking Facilities Authority Fund | Total |
|--|------------------|-------------------------|--|---------------|
| Operating revenue | \$ 37,156,496 | \$ 5,425,525 | \$ — | \$ 42,582,021 |
| Nonoperating revenue | | | | |
| (expenses) | 350,554 | (49,926) | (420) | 300,208 |
| ½ % sales tax refund | — | 179,854 | — | 179,854 |
| Depreciation | 595,819 | 764,771 | 210 | 1,360,800 |
| Amortization | 1,893 | 534 | — | 2,427 |
| Operating income (loss) | 2,794,737 | 1,617,509 | (210) | 4,412,036 |
| Operating transfers out | (2,688,600) | (165,000) | — | (2,853,600) |
| Net income (loss) | 456,691 | 1,402,583 | (630) | 1,858,644 |
| Decrease in contributed capital | — | (74,688) | — | (74,688) |
| Fixed assets: | | | | |
| Additions | 1,020,456 | 962,279 | — | 1,982,735 |
| Working capital | 7,692,810 | 2,384,845 | 12,085 | 10,089,740 |
| Total assets | 23,595,621 | 22,126,842 | 305,822 | 46,028,285 |
| Bonds and other long-term liabilities payable from operating revenue | 3,217,044 | 4,337,443 | 14,000 | 7,568,487 |
| Total fund equity | 16,379,244 | 17,029,563 | 291,822 | 33,700,629 |

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 11. Employee Retirement Systems

The City participates in four retirement systems established by North Carolina General Statutes:

North Carolina Local Governmental Employee's Retirement System

All permanent full-time City of Kinston employees participate in the state-wide North Carolina Local Governmental Employee's Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan. The System is administered by the State. The City's payroll for employees covered by the System for the year ended June 30, 1994 was \$10,134,405; the City's total payroll was \$10,588,568.

The System provides retirement and disability benefits. After five (5) years of creditable service, employees qualify for a vested deferred benefit.

Employees not engaged in law enforcement may retire with unreduced retirement benefits under the following conditions:

- 1) complete 30 years of creditable service, or
- 2) reach age 65 with 5 years of creditable service, or
- 3) reach age 60 with 25 years of creditable service.

Law enforcement officers may retire with unreduced retirement benefits after completing 30 years of creditable service or after reaching age 55 and completing 5 years of creditable service. Employees retiring under any of these conditions are entitled to annual retirement benefits equal to 1.70 percent of their average final compensation times their years of creditable service. Average final compensation is the average of an employee's four highest paid years in a row.

Employees may retire with reduced benefits under the following conditions:

- 1) employees not engaged in law enforcement who reach age 50 and complete 20 years of creditable service or reach age 60 and complete 5 years of creditable service, or
- 2) law enforcement officers who reach age 50 and complete 15 years of creditable service, or
- 3) firemen who reach age 55 and complete 5 years of creditable service

Covered employees are required by State statute to contribute 6.00 percent of their salary to the System. The City is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirement for the year ended June 30, 1994, was \$1,099,971, which consisted of \$607,984 from employees and \$491,987 from the City; the City's required contributions for employees not engaged in law enforcement and for law enforcement officers represents 4.99 percent and 4.32 percent of covered payroll, respectively.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 11. Employee Retirement Systems (Continued)

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation for the System as a whole at December 31, 1993, the date of the System's latest available actuarial valuation, was \$4,046,264,000. The System's net assets available for benefits on that date were \$4,436,587,000, leaving net assets in excess of the pension benefit obligation of \$390,323,000. The City's 1994 contribution represented .40 percent of total contributions required of all participating employers.

Ten year historical trend information showing the System's revenue by source and expense by type will be presented in the State of North Carolina's June 30, 1994 Comprehensive Annual Financial Report (CAFR). The State's CAFR also will present prospective trend information showing the System's progress in accumulating sufficient assets to pay benefits when due.

Law Enforcement Officers' Special Separation Allowance

The City is the administrator of a single employer, defined benefit, public employee retirement system (System) established by the City effective January 1, 1987 to provide special separation benefits to law enforcement officers. The City's payroll for employees covered by the System for the year ended June 30, 1994, was \$2,047,789. The City's total payroll was \$10,588,568. The City funds benefit payments when due and records these payments as General Fund expenditures.

All full-time City law enforcement officers are covered by the System. At June 30, 1994, the System's membership consisted of:

| | |
|--|-----------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 6 |
| Current employees: | |
| Vested | 0 |
| Nonvested | <u>79</u> |
| Total | <u>85</u> |

The System provides separation benefits to all full-time City law enforcement officers who meet the following:

- 1) have (i) completed 30 or more years of creditable service or, (ii) have attained 55 years of age and completed 5 or more years of creditable service; and
- 2) have not attained 62 years of age; and

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 11. Employee Retirement Systems (Continued)

- 3) have completed at least 5 years of continuous service as a law enforcement officer immediately preceding a service retirement.

"Creditable service" means that service for which credit is allowed under the retirement system of which the officer is a member, provided, that at least 50 percent of the service is as a law enforcement officer.

The qualified law enforcement officers are entitled to an annual retirement benefit of .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the covered employee for each year of creditable service. The retirement benefits are paid monthly in equal installments. Payments to retired officers cease at their death or on the last day of the month in which the officer attains 62 years of age or upon the first day of reemployment by any State department, agency or institution.

The City is required by State statute to provide these special separation benefits and has chosen not to fund the amount necessary to cover the benefits earned using the actuarial basis described in the following section; rather, the City is funding benefit payments when due and the difference between the actuarially determined required contribution and the amount actually funded is included as a liability in the General Long-Term Debt Account Group.

The amount shown below as the "pension benefit obligation" is a standardized measure of the present value of pension benefits, adjusted for the effect of projected salary increases and step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the System on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

The pension benefit obligation was computed as part of an actuarial valuation performed as of December 31, 1993. Significant actuarial assumptions used in the valuation include (a) an annual rate of return on the investment of present and future assets of 7.5 percent compounded annually, (b) projected annual salary increases of 5.0 percent compounded annually, attributable to inflation, and (c) additional projected annual salary increases of 6.7 percent to 10.5 percent attributable to merit or seniority.

At December 31, 1993, the unfunded pension benefit obligation was \$302,501 as follows:

Pension benefit obligation:

| | |
|---|-------------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits | \$ 128,608 |
| Current employees: | |
| Employer - financed - vested | — |
| Employer - financed - nonvested | <u>173,893</u> |
| Total pension benefit obligation | \$ 302,501 |
| Net assets available for benefits | <u>—</u> |
| Unfunded pension benefit obligation | <u>\$ 302,501</u> |

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 11. Employment Retirement Systems (Continued)

The contribution rate for normal cost is determined using the credited projected unit credit cost actuarial funding method. The System uses the level percent of payroll method to amortize the unfunded liability over a closed 30-year period.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

The actuarially determined required contribution to the System for the year ended June 30, 1994 was \$44,188; the amount funded by the City was \$35,669 (1.74 percent of covered payroll). The cumulative difference as of June 30, 1994 between actuarially determined contributions and the amount funded by the City is included as a liability in the General Long-Term Debt Account Group. The City contributed 100 percent of the contributions to the System.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information is being developed in the City's Comprehensive Annual Financial Report and is presented for as many years as the standardized measure of pension benefit obligation is available. For the three years ended June 30, 1994, there were no assets available to fund the pension benefit obligation. The unfunded pension benefit obligation represented 19.87, 15.52 and 14.77 percent of the annual payroll for employees covered by the System for years ended 1992, 1993, and 1994, respectively. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three years ended 1992, 1993 and 1994, the City's contributions to the System, all made to fund benefits when due, were 2.83, 2.21 and 1.74 percent, respectively, of annual covered payroll.

Supplemental Retirement Income Plan for Law Enforcement Officers

All law enforcement officers employed by the City participate in the Supplemental Retirement Income Plan, a defined contribution 401(K) pension plan. Participation begins at the date of employment. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. State statute requires that the City contribute each month an amount equal to 5 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan.

The City's contributions were calculated using a covered payroll amount of \$2,047,789. Total contributions for the year ended June 30, 1994, were \$183,499 which consisted of \$102,338 from the City and \$81,161 from the law enforcement officers. The City's required contributions and the officers' voluntary contributions represented 5.00 percent and 3.96 percent of the covered payroll amount, respectively.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 11. Employee Retirement Systems (Continued)

Supplemental Retirement Income Plan

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

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

The City does not make any contributions to this Plan.

Note 12. Budget to GAAP Reconciliation

For the fiscal year ended June 30, 1994, 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:

| | <u>Special Revenue Funds</u> |
|--|----------------------------------|
| Revenues and other financing sources over expenditures, budgetary basis | \$ 11,756 |
| To record excess of revenues and other sources over (under) expenditures and other uses for the following fund which has multi-year budgets: | |
| Special Revenue Fund | |
| Community Development Lewis School Special Grant | (30,146) |
| Community Development Lewis School Revitalization | <u>(89,135)</u> |
| Revenues and other sources under expenditures, GAAP basis | <u>\$ (107,525)</u> |

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 13. Risk Management

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. An excess coverage insurance policy provides for individual claims in excess of \$250,000 and an aggregate in excess of \$250,000. A total of \$209,860 in claims was incurred for benefits during fiscal year 1994. The City carries commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 14. 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.

As a result of a decision by the Federal Energy Regulatory Commission (FERC), the City has been ordered to reimburse the North Carolina Eastern Municipal Power Agency for previously incurred disposal costs of nuclear fuel. The City is repaying the Agency over ten years. The interest rate, adjusted annually, is based on the Agency's actual investment earnings rates. At June 30, 1994, the total amount due to the Agency was \$55,926.

Claims and judgments

At June 30, 1994, the City was a defendant in various lawsuits; 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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 15. Jointly Governed Organizations

Neuse River Council of Governments

The City, in conjunction with eight counties and thirty-seven other municipalities, established the Neuse River Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$6,956 to the Council during the fiscal year ended June 30, 1994.

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 for the fiscal year ended June 30, 1994 were \$30,511,138.

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 \$45,033 to the Commission during the year ended June 30, 1994.

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, 1994.

Note 16. 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, 1994. During the year ended June 30, 1994, the City provided \$147,875 to the Library.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 16. Joint Ventures

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 \$192,023 to the Airport during the fiscal year ended June 30, 1994. 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, 1994.

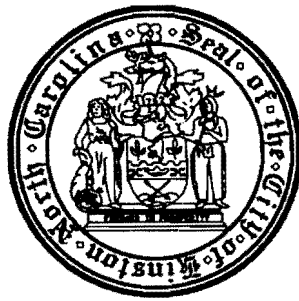
Note.17 Related Organization

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.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments 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, 1994
(Page 1 of 6)**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|------------------|------------------|---|
| Revenue: | | | |
| Ad valorem taxes: | | | |
| Taxes | \$ 4,897,200 | \$ 4,933,650 | \$ 36,450 |
| Penalties and interest | <u>31,100</u> | <u>33,252</u> | <u>2,152</u> |
| Total ad valorem taxes | <u>4,928,300</u> | <u>4,966,902</u> | <u>38,602</u> |
| Sales and services: | | | |
| Garbage collections | 1,735,300 | 1,721,160 | (14,140) |
| Rents, concessions, and fees | 327,000 | 238,327 | (88,673) |
| Inspection fees | 175,000 | 168,901 | (6,099) |
| Cemetery fees | 140,000 | 139,650 | (350) |
| Cable franchise | 103,000 | 102,485 | (515) |
| Lenoir County participation: | | | |
| Recreation | 281,200 | 260,667 | (20,533) |
| Building inspection | 96,200 | 86,282 | (9,918) |
| Miscellaneous | <u>408,700</u> | <u>331,165</u> | <u>(77,535)</u> |
| Total sales and services | <u>3,266,400</u> | <u>3,048,637</u> | <u>(217,763)</u> |
| Other taxes and licenses: | | | |
| Local government sales tax | 1,721,900 | 1,809,046 | 87,146 |
| Franchise tax | 975,000 | 995,684 | 20,684 |
| Intangible taxes | 235,700 | 221,979 | (13,721) |
| Licenses and permits | <u>55,500</u> | <u>58,666</u> | <u>3,166</u> |
| Total other taxes and licenses | <u>2,988,100</u> | <u>3,085,375</u> | <u>97,275</u> |
| Unrestricted intergovernmental revenue: | | | |
| Payments in lieu of taxes | 370,800 | 391,940 | 21,140 |
| Beer and wine | 104,600 | 104,624 | 24 |
| ABC revenue | <u>45,000</u> | <u>35,526</u> | <u>(9,474)</u> |
| Total unrestricted intergovernmental revenue | <u>520,400</u> | <u>532,090</u> | <u>11,690</u> |
| Restricted intergovernmental revenue: | | | |
| Powell Bill allocations | 708,400 | 708,402 | 2 |
| NC Health and Sanitation | 7,000 | 6,605 | (395) |
| NC Governor's Highway Safety Program - DWI Task Force | 76,100 | 73,495 | (2,605) |
| Domestic Violence Program - S.A.F.E. of Lenoir County | 22,500 | 26,991 | 4,491 |
| Police Community Action Team | 10,000 | 9,204 | (796) |
| Forfeited Drug proceeds | <u>—</u> | <u>20,423</u> | <u>20,423</u> |
| Total restricted intergovernmental revenue | <u>824,000</u> | <u>845,120</u> | <u>21,120</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, 1994
(Page 2 of 6)**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|------------|------------|--|
| Other revenue: | | | |
| Investment income | \$ 104,900 | \$ 93,208 | (11,692) |
| Sales of surplus materials and assets | 83,100 | 83,114 | 14 |
| Miscellaneous | 171,800 | 238,795 | 66,995 |
| Total other revenue | 359,800 | 415,117 | 55,317 |
| Total revenue | 12,887,000 | 12,893,241 | 6,241 |
| Expenditures: | | | |
| General Government: | | | |
| Governing body: | | | |
| Salaries and benefits | — | 81,138 | — |
| Operating | — | 815,920 | — |
| Capital outlay | — | 2,385 | — |
| Total governing body | 912,900 | 899,443 | 13,457 |
| Executive: <i>Administration</i> | | | |
| Salaries and benefits | — | 162,628 | — |
| Operating | — | 34,768 | — |
| Capital outlay | — | 1,622 | — |
| Total executive | 189,600 | 199,018 | (9,418) |
| Finance: | | | |
| <i>D.P. Purch</i> Administration and operations: | | | |
| Salaries and benefits | — | 506,380 | — |
| Operating | — | 156,716 | — |
| Capital outlay | — | 11,288 | — |
| | — | 674,384 | — |
| Field service: | | | |
| Salaries and benefits | — | 171,144 | — |
| Operating | — | 27,774 | — |
| | — | 198,918 | — |
| <i>Billing & Collections</i> | | | |
| Data processing: | | | |
| Salaries and benefits | — | 70,777 | — |
| Operating | — | 76,985 | — |
| | — | 147,762 | — |
| <i>Warehouse</i> | | | |
| Purchasing: | | | |
| Salaries and benefits | — | 172,648 | — |
| Operating | — | 30,105 | — |
| Capital outlay | — | 5,149 | — |
| | — | 207,902 | — |
| Total finance | 1,237,100 | 1,228,966 | 8,134 |

**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, 1994
(Page 3 of 6)**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------|--------------------|--------------------|--|
| <i>Human Resources:</i> | | | |
| Personnel: | | | |
| Salaries and benefits | \$ — | \$ 213,022 | \$ — |
| Operating | — | 81,394 | — |
| Capital outlay | — | 7,622 | — |
| Total personnel | <u>324,900</u> | <u>302,038</u> | <u>22,862</u> |
| Public facilities: | | | |
| Municipal hall: | | | |
| Operating | — | 155,122 | — |
| Capital outlay | — | 278,740 | — |
| Total public facilities | <u>445,200</u> | <u>433,862</u> | <u>11,338</u> |
| Indirect costs reimbursement | <u>(1,695,000)</u> | <u>(1,695,000)</u> | <u>—</u> |
| Total general government | <u>1,414,700</u> | <u>1,368,327</u> | <u>46,373</u> |
| Public safety: | | | |
| Police: | | | |
| Salaries and benefits | — | 2,903,995 | — |
| Operating | — | 535,579 | — |
| Capital outlay | — | 141,598 | — |
| Total police | <u>3,615,300</u> | <u>3,581,172</u> | <u>34,128</u> |
| Fire: | | | |
| Salaries and benefits | — | 1,843,722 | — |
| Operating | — | 354,296 | — |
| Capital outlay | — | 330,730 | — |
| Total fire | <u>2,542,500</u> | <u>2,528,748</u> | <u>13,752</u> |
| Total public safety | <u>6,157,800</u> | <u>6,109,920</u> | <u>47,880</u> |
| Public works: | | | |
| Administration: | | | |
| Salaries and benefits | — | 127,876 | — |
| Operating | — | 31,506 | — |
| Total administration | <u>—</u> | <u>159,382</u> | <u>—</u> |
| Fleet maintenance: | | | |
| Salaries and benefits | — | 390,657 | — |
| Operating | — | 39,183 | — |
| Capital outlay | — | 24,282 | — |
| Total fleet maintenance | <u>—</u> | <u>454,122</u> | <u>—</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, 1994
(Page 4 of 6)**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------------|---------------|---------------|---|
| Streets: | | | |
| Salaries and benefits | \$ — | \$ 542,493 | \$ — |
| Operating | — | 646,811 | — |
| Capital outlay | — | 131,825 | — |
| Total streets | — | 1,321,129 | — |
| Environmental services: | | | |
| Salaries and benefits | — | 1,030,168 | — |
| Operating | — | 989,212 | — |
| Capital outlay | — | 89,019 | — |
| Total environmental services | — | 2,108,399 | — |
| Cemetery services: | | | |
| Buildings and grounds: | | | |
| Salaries and benefits | — | 86,894 | — |
| Operating | — | 124,460 | — |
| Total building and grounds | — | 211,354 | — |
| Total public works | 4,782,100 | 4,254,386 | 527,714 |
| Parks and Recreation: | | | |
| Administration: | | | |
| Salaries and benefits | — | 108,692 | — |
| Operating | — | 30,238 | — |
| Capital outlay | — | 1,988 | — |
| Total administration | — | 140,918 | — |
| Programs: | | | |
| Salaries and benefits | — | 565,825 | — |
| Operating | — | 109,610 | — |
| Capital outlay | — | 2,632 | — |
| Total programs | — | 678,067 | — |
| Parks: | | | |
| Salaries and benefits | — | 376,860 | — |
| Operating | — | 249,731 | — |
| Capital outlay | — | 62,570 | — |
| Total parks | — | 689,161 | — |
| County: | | | |
| Salaries and benefits | — | 154,616 | — |
| Operating | — | 104,018 | — |
| Total county | — | 258,634 | — |

**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, 1994
(Page 5 of 6)**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------|---------------|---|
| Sponsored activities: | | | |
| Salaries and benefits | \$ — | \$ 15,510 | \$ — |
| Operating | — | 88,000 | — |
| Total sponsored activities | — | 103,510 | — |
| Municipal stadium: | | | |
| Salaries and benefits | — | 26,895 | — |
| Operating | — | 48,811 | — |
| Capital outlay | — | 809,960 | — |
| Total municipal stadium | — | 885,666 | — |
| Total parks and recreation | 2,820,900 | 2,755,956 | 64,944 |
| Planning and community development: | | | |
| Planning and development: | | | |
| Salaries and benefits | — | 226,263 | — |
| Operating | — | 61,748 | — |
| Capital outlay | — | 507 | — |
| Total planning and development | 353,300 | 288,518 | 64,782 |
| Inspections and code enforcement: | | | |
| Salaries and benefits | — | 296,525 | — |
| Operating | — | 92,025 | — |
| Capital outlay | — | 21,963 | — |
| Total inspections and code enforcement | 458,900 | 410,513 | 48,387 |
| Economic development: | | | |
| Operating | 360,400 | 353,359 | 7,041 |
| Engineering: | | | |
| Salaries and benefits | — | 412,804 | — |
| Operating | — | 73,900 | — |
| Capital outlay | — | 27,249 | — |
| Total engineering | 519,900 | 513,953 | 5,947 |
| Total planning and community development | 1,692,500 | 1,566,343 | 126,157 |

**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, 1994
(Page 6 of 6)**

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|---------------------------------|---------------------------------|--|
| Debt service: | | | |
| Principal | \$ 25,000 | \$ 25,000 | \$ — |
| Interest | <u>3,400</u> | <u>3,330</u> | <u>70</u> |
| Total debt service | <u>28,400</u> | <u>28,330</u> | <u>70</u> |
| Total expenditures | <u>16,896,400</u> | <u>16,083,262</u> | <u>813,138</u> |
| Revenue over (under) expenditures | <u>\$(4,009,400)</u> | <u>\$(3,190,021)</u> | <u>\$ 819,379</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | 2,876,600 | 2,828,600 | (48,000) |
| Operating transfers out | (89,500) | (89,500) | — |
| Proceeds from borrowings | <u>940,000</u> | <u>943,652</u> | <u>3,652</u> |
| Total other financing sources | <u>3,727,100</u> | <u>3,682,752</u> | <u>(44,348)</u> |
| Revenue and other financing sources over expenditures | <u>\$ (282,300)</u> | 492,731 | <u>\$ 775,031</u> |
| Fund balance, beginning | <u>\$ 282,300</u> | <u>4,151,920</u> | |
| Fund balance, ending | | <u>\$ 4,644,651</u> | |

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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 New York / Reed Street Fund - This fund is used to account for the federal grant monies received from the Housing and Urban Development Department for Community Development Block Grants under the Small Cities program.

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

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.



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

**COMBINING BALANCE SHEET
JUNE 30, 1994**

| | Community Development Lewis School Special Grant | Community Development New York / Reed Street | Community Development Administration | Community Development Lewis School Revitalization | Total |
|--|---|---|--|--|------------------|
| ASSETS | | | | | |
| Cash and investments | \$ — | \$ — | \$ 69,662 | \$ — | \$ 69,662 |
| Due from governmental agencies | — | 7,891 | 4,050 | — | 11,941 |
| Total assets | <u>\$ —</u> | <u>\$ 7,891</u> | <u>\$ 73,712</u> | <u>\$ —</u> | <u>\$ 81,603</u> |
| LIABILITIES AND FUND EQUITY | | | | | |
| LIABILITIES: | | | | | |
| Due to other fund | \$ 30,146 | \$ 2,793 | \$ — | \$ 89,135 | \$ 122,074 |
| Accounts payable and accrued liabilities | — | 5,098 | — | — | 5,098 |
| Total liabilities | <u>30,146</u> | <u>7,891</u> | <u>—</u> | <u>89,135</u> | <u>127,172</u> |
| FUND EQUITY (DEFICIT): | | | | | |
| Unreserved - undesignated | <u>(30,146)</u> | <u>—</u> | <u>73,712</u> | <u>(89,135)</u> | <u>(45,569)</u> |
| Total liabilities and fund equity (deficit) | <u>\$ —</u> | <u>\$ 7,891</u> | <u>\$ 73,712</u> | <u>\$ —</u> | <u>\$ 81,603</u> |

**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, 1994**

| | Community Development Lewis School Special Grant | Community Development New York / Reed Street | Community Development Administration | Community Development Lewis School Revitalization | Total |
|---|---|---|--|--|--------------------|
| Revenue: | | | | | |
| Restricted intergovernmental revenue | \$ 38,380 | \$ 61,467 | \$ 6,860 | \$ 256,535 | \$ 363,242 |
| Other - rent and program income | <u>—</u> | <u>—</u> | <u>28,199</u> | <u>—</u> | <u>28,199</u> |
| Total revenue | <u>38,380</u> | <u>61,467</u> | <u>35,059</u> | <u>256,535</u> | <u>391,441</u> |
| Expenditures: | | | | | |
| Administration | 10,196 | 74 | 5,317 | 54,551 | 20,138 |
| Rehabilitation of private properties | 58,330 | 121,393 | — | 291,119 | 470,842 |
| Contract services | <u>—</u> | <u>—</u> | <u>72,486</u> | <u>—</u> | <u>72,486</u> |
| Total expenditures | <u>68,526</u> | <u>121,467</u> | <u>77,803</u> | <u>345,670</u> | <u>613,466</u> |
| Total revenue under expenditures | (30,146) | (60,000) | (42,744) | (89,135) | (222,025) |
| Other Financing Sources: | | | | | |
| Operating transfers in | <u>—</u> | <u>60,000</u> | <u>54,500</u> | <u>—</u> | <u>114,500</u> |
| Total revenue and other sources over (under) expenditures | (30,146) | — | 11,756 | (89,135) | (107,525) |
| Fund balances, beginning | <u>—</u> | <u>—</u> | <u>61,956</u> | <u>—</u> | <u>61,956</u> |
| Fund balances (deficit), ending | <u>\$ (30,146)</u> | <u>\$ —</u> | <u>\$ 73,712</u> | <u>\$ (89,135)</u> | <u>\$ (45,569)</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, 1994**

| | <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 | \$ 38,380 | \$ 38,380 | \$ 200,000 |
| Expenditures: | | | |
| Administration | 10,196 | 10,196 | 20,000 |
| Rehabilitation of private properties | 58,330 | 58,330 | 180,000 |
| Total expenditures | 68,526 | 68,526 | 200,000 |
| Total revenue over expenditures | (30,146) | (30,146) | — |
| Other Financing Sources: | | | |
| Operating transfers in | — | — | — |
| Total revenue and other sources | | | |
| under expenditures | \$ (30,146) | \$ (30,146) | \$ — |

**CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND - COMMUNITY DEVELOPMENT
NEW YORK STREET\REED STREET**

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL
FROM GRANT INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 1994**

| | <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 | \$ 61,467 | \$ 583,679 | \$ 600,000 |
| Other - rent and program income | <u>—</u> | <u>3,419</u> | <u>6,000</u> |
| Total revenue | <u>\$ 61,467</u> | <u>\$ 587,098</u> | <u>\$ 606,000</u> |
| Expenditures: | | | |
| Administration | 74 | 108,057 | 106,000 |
| Disposition | — | — | 1,000 |
| Clearance | — | — | 1,000 |
| Rehabilitation of private properties | <u>121,393</u> | <u>539,041</u> | <u>558,000</u> |
| Total expenditures | <u>121,467</u> | <u>647,098</u> | <u>666,000</u> |
| Total revenue under expenditures | (60,000) | (60,000) | (60,000) |
| Other Financing Sources: | | | |
| Operating transfers in | <u>60,000</u> | <u>60,000</u> | <u>60,000</u> |
| Total revenue and other sources over expenditures | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> |

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, 1994**

| | <u>Budget</u> | <u>Actual</u> | Variance - Favorable (Unfavorable) |
|--|------------------|------------------|--|
| Revenue: | | | |
| Restricted intergovernmental revenue - | | | |
| Federal Community Development Grant Project | \$ — | \$ 6,860 | \$ 6,860 |
| Other - rent and program income | <u>43,100</u> | <u>28,199</u> | <u>(14,901)</u> |
| Total revenue | \$ <u>43,100</u> | \$ <u>35,059</u> | \$ <u>(8,041)</u> |
| Expenditures: | | | |
| Administration | — | 5,317 | — |
| Contract services | — | 72,486 | — |
| Capital outlay | <u>—</u> | <u>—</u> | <u>—</u> |
| Total expenditures | <u>97,600</u> | <u>77,803</u> | <u>19,797</u> |
| Total revenue under expenditures | (54,500) | (42,744) | 11,756 |
| Other Financing Sources: | | | |
| Operating transfers in | <u>54,500</u> | <u>54,500</u> | <u>—</u> |
| Total revenue and other sources over expenditures | <u>\$ —</u> | <u>\$ 11,756</u> | <u>\$ 11,756</u> |

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

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL
FROM GRANT INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 1994**

| | <u>Actual</u> | | |
|---|--------------------|--------------------|----------------------|
| | <u>Current</u> | <u>Total</u> | <u>Project</u> |
| | <u>Year</u> | <u>to Date</u> | <u>Authorization</u> |
| Revenue: | | | |
| Restricted intergovernmental revenue - | | | |
| Federal Community Development Grant Project | \$ 256,535 | \$ 256,535 | \$ 600,000 |
| Other - rent and program income | <u>—</u> | <u>—</u> | <u>2,350</u> |
| Total revenue | <u>\$ 256,535</u> | <u>\$ 256,535</u> | <u>\$ 602,350</u> |
| Expenditures: | | | |
| Administration | 54,551 | 54,551 | 90,750 |
| Rehabilitation of private properties | <u>291,119</u> | <u>291,119</u> | <u>611,600</u> |
| Total expenditures | <u>345,670</u> | <u>345,670</u> | <u>702,350</u> |
| Total revenue under expenditures | (89,135) | (89,135) | (100,000) |
| Other Financing Sources: | | | |
| Operating transfers in | <u>—</u> | <u>—</u> | <u>100,000</u> |
| Total revenue and other sources under expenditures | <u>\$ (89,135)</u> | <u>\$ (89,135)</u> | <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 governing body 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 where the government's governing body 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.

Parking Facilities Authority Fund - This fund is used to account for the activities of the Parking Facilities Authority Fund.



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

**COMBINING BALANCE SHEET
JUNE 30, 1994**

| | Electric Fund | Water and Sewer Fund | Parking Facilities Authority Fund | Totals 1994 |
|---|---------------------|----------------------------|--|---------------------|
| ASSETS | | | | |
| Cash and investments | \$ 6,569,681 | \$ 1,662,500 | \$ 12,085 | \$ 8,244,266 |
| Due from other fund | 122,074 | — | — | 122,074 |
| Accounts receivable | 102,079 | 355,796 | — | 457,875 |
| Customer receivables, net | 3,851,774 | 668,959 | — | 4,520,733 |
| Interest receivable | 48,995 | 8,813 | — | 57,808 |
| Inventories | 812,944 | 170,558 | — | 983,502 |
| Deferred charges | 17,031 | 4,804 | — | 21,835 |
| Restricted cash and investments | 167,565 | 273,251 | — | 440,816 |
| Fixed assets: | | | | |
| Land | 207,261 | 83,972 | 291,425 | 582,658 |
| Buildings | 3,671,890 | 3,534,922 | 8,406 | 7,215,218 |
| Distribution | 14,249,304 | 22,987,846 | — | 37,237,150 |
| Equipment | 1,549,079 | 1,457,986 | — | 3,007,065 |
| Accumulated depreciation | (7,851,412) | (9,251,975) | (6,094) | (17,109,481) |
| Construction in progress | 77,356 | 169,410 | — | 246,766 |
| Total fixed assets, net | <u>11,903,478</u> | <u>18,982,161</u> | <u>293,737</u> | <u>31,179,376</u> |
| Total assets | <u>\$23,595,621</u> | <u>\$22,126,842</u> | <u>\$ 305,822</u> | <u>\$46,028,285</u> |
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 3,071,189 | \$ 124,742 | \$ — | \$ 3,195,931 |
| Deferred revenue | — | 17,707 | — | 17,707 |
| Customer deposits | 480,171 | — | — | 480,171 |
| Due to North Carolina Eastern Municipal Power Agency | 55,926 | — | — | 55,926 |
| Accrued compensated absences | 74,972 | 37,572 | — | 112,544 |
| Long-term debt | <u>3,534,119</u> | <u>4,917,258</u> | <u>14,000</u> | <u>8,465,377</u> |
| Total liabilities | <u>7,216,377</u> | <u>5,097,279</u> | <u>14,000</u> | <u>12,327,656</u> |
| Fund equity: | | | | |
| Contributed capital | — | 2,763,436 | — | 2,763,436 |
| Retained earnings | <u>16,379,244</u> | <u>14,266,127</u> | <u>291,822</u> | <u>30,937,193</u> |
| Total fund equity | <u>16,379,244</u> | <u>17,029,563</u> | <u>291,822</u> | <u>33,700,629</u> |
| Total liabilities and fund equity | <u>\$23,595,621</u> | <u>\$22,126,842</u> | <u>\$ 305,822</u> | <u>\$46,028,285</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, 1994**

| | Electric Fund | Water and Sewer Fund | Parking Facilities Authority Fund | Totals 1994 |
|---|---------------------|----------------------------|--|---------------------|
| Operating Revenue: | | | | |
| Charges for services | \$36,910,961 | \$ 5,037,501 | \$ — | \$41,948,462 |
| Other | <u>245,535</u> | <u>388,024</u> | <u>—</u> | <u>633,559</u> |
| Total operating revenue | <u>37,156,496</u> | <u>5,425,525</u> | <u>—</u> | <u>42,582,021</u> |
| Operating Expenses: | | | | |
| Electrical operations | 32,334,980 | — | — | 32,334,980 |
| Administration | 1,429,067 | 1,210,655 | — | 2,639,722 |
| Depreciation | 595,819 | 764,771 | 210 | 1,360,800 |
| Amortization | 1,893 | 534 | — | 2,427 |
| Water and sewer operations | — | 570,830 | — | 570,830 |
| Wastewater plant operations | — | 666,856 | — | 666,856 |
| Water production | <u>—</u> | <u>594,370</u> | <u>—</u> | <u>594,370</u> |
| Total operating expenses | <u>34,361,759</u> | <u>3,808,016</u> | <u>210</u> | <u>38,169,985</u> |
| Operating income (loss) | <u>2,794,737</u> | <u>1,617,509</u> | <u>(210)</u> | <u>4,412,036</u> |
| Nonoperating Revenue (Expenses): | | | | |
| Interest earned on investments | 247,585 | 47,058 | — | 294,643 |
| ½ % local sales tax refund | — | 179,854 | — | 179,854 |
| Interest on long-term debt | (234,686) | (281,565) | (420) | (516,671) |
| Other | <u>337,655</u> | <u>4,727</u> | <u>—</u> | <u>342,382</u> |
| Total nonoperating revenue (expenses) | <u>350,554</u> | <u>(49,926)</u> | <u>(420)</u> | <u>300,208</u> |
| Income (loss) before operating transfers | <u>3,145,291</u> | <u>1,567,583</u> | <u>(630)</u> | <u>4,712,244</u> |
| Operating Transfers: | | | | |
| Operating transfers out | <u>(2,688,600)</u> | <u>(165,000)</u> | <u>—</u> | <u>(2,853,600)</u> |
| Net income (loss) | 456,691 | 1,402,583 | (630) | 1,858,644 |
| Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction | <u>—</u> | <u>74,688</u> | <u>—</u> | <u>74,688</u> |
| Increase (decrease) in retained earnings | 456,691 | 1,477,271 | (630) | 1,933,332 |
| Retained Earnings, beginning | <u>15,922,553</u> | <u>12,788,856</u> | <u>292,452</u> | <u>29,003,861</u> |
| Retained Earnings, ending | <u>\$16,379,244</u> | <u>\$14,266,127</u> | <u>\$ 291,822</u> | <u>\$30,937,193</u> |

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 1994
(Page 1 of 2)**

| | <u>Electric Fund</u> | <u>Water and Sewer Fund</u> | <u>Parking Facilities Authority Fund</u> | <u>Totals</u> |
|--|--------------------------|-------------------------------------|--|--------------------|
| Cash Flows from Operating Activities: | | | | |
| Operating income (loss) | \$ 2,794,737 | \$ 1,617,509 | \$ (210) | \$ 4,412,036 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Other income | 337,655 | 184,581 | — | 522,236 |
| Depreciation | 595,819 | 764,771 | 210 | 1,360,800 |
| Amortization | 1,893 | 534 | — | 2,427 |
| Change in assets and liabilities: | | | | |
| Allowance for uncollectible accounts | (9,459) | 2,595 | — | (6,864) |
| Due from other funds | (83,249) | — | — | (83,249) |
| Customer receivables | (110,207) | (240,759) | — | (350,966) |
| Accounts receivable | (9,503) | (171,237) | — | (180,740) |
| Customer deposits | 36,259 | — | — | 36,259 |
| Inventories | (19,383) | 50,074 | — | 30,691 |
| Accounts payable | (28,832) | (121,968) | — | (150,800) |
| Deferred revenue | — | 7,838 | — | 7,838 |
| Accrued compensated absences | <u>11,502</u> | <u>783</u> | <u>—</u> | <u>12,285</u> |
| Net cash provided by operating activities | <u>3,517,232</u> | <u>2,094,721</u> | <u>—</u> | <u>5,611,953</u> |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Repayments under revolving loan arrangement | (58,190) | — | — | (58,190) |
| Operating transfers out to other funds | <u>(2,688,600)</u> | <u>(165,000)</u> | <u>—</u> | <u>(2,853,600)</u> |
| Net cash used for noncapital financing activities | <u>(2,746,790)</u> | <u>(165,000)</u> | <u>—</u> | <u>(2,911,790)</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Acquisition and construction of capital assets | (1,020,456) | (962,279) | — | (1,982,735) |
| Principal paid on general obligation bond maturities and equipment contracts | (418,694) | (556,593) | — | (975,287) |
| Interest paid on bonded indebtedness and equipment contracts | (234,686) | (281,565) | (420) | (516,671) |
| Proceeds from borrowing | <u>116,390</u> | <u>108,310</u> | <u>—</u> | <u>224,700</u> |
| Net cash used for capital and related financing activities | <u>(1,557,446)</u> | <u>(1,692,127)</u> | <u>(420)</u> | <u>(3,249,993)</u> |

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 1994
(Page 2 of 2)**

| | <u>Electric Fund</u> | <u>Water and Sewer Fund</u> | <u>Parking Facilities Authority Fund</u> | <u>Totals</u> |
|---|--------------------------|-------------------------------------|--|---------------------|
| Cash Flows from Investing Activities: | | | | |
| Interest and dividends on investments | <u>210,514</u> | <u>40,071</u> | <u>—</u> | <u>250,585</u> |
| Net increase (decrease) in cash and cash equivalents | (576,490) | 277,665 | (420) | (299,245) |
| Cash and cash equivalents, beginning | <u>7,313,736</u> | <u>1,658,086</u> | <u>12,505</u> | <u>8,984,327</u> |
| Cash and cash equivalents, ending | <u>\$ 6,737,246</u> | <u>\$ 1,935,751</u> | <u>\$ 12,085</u> | <u>\$ 8,685,082</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, 1994
(Page 1 of 2)**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Favorable (Unfavorable)</u> |
|---|--------------------|--------------------|---|
| Operating Revenue: | | | |
| Charges for services, electricity sales | \$ 36,931,100 | \$ 36,947,491 | \$ 16,391 |
| Other | <u>302,000</u> | <u>245,535</u> | <u>(56,465)</u> |
| Total operating revenue | <u>37,233,100</u> | <u>37,193,026</u> | <u>(40,074)</u> |
| Nonoperating Revenue: | | | |
| Interest earned on investments | 228,300 | 247,585 | 19,285 |
| Other | <u>353,500</u> | <u>337,655</u> | <u>(15,845)</u> |
| Total nonoperating revenue | <u>581,800</u> | <u>585,240</u> | <u>3,440</u> |
| Total revenue | <u>37,814,900</u> | <u>37,778,266</u> | <u>(36,634)</u> |
| Expenditures: | | | |
| Administration: | | | |
| Salaries and benefits | - | 377,696 | - |
| Operating | - | 295,074 | - |
| Capital outlay | - | 6,319 | - |
| Indirect costs | <u>-</u> | <u>681,100</u> | <u>-</u> |
| | <u>1,438,100</u> | <u>1,360,189</u> | <u>77,911</u> |
| Electrical operations: | | | |
| Salaries and benefits | - | 1,035,307 | - |
| Operating | - | 31,944,828 | - |
| Capital outlay | <u>-</u> | <u>1,014,137</u> | <u>-</u> |
| | <u>34,251,100</u> | <u>33,944,272</u> | <u>256,828</u> |
| Total expenditures | <u>35,689,200</u> | <u>35,354,461</u> | <u>334,739</u> |
| Revenue over expenditures | <u>2,125,700</u> | <u>2,423,805</u> | <u>298,105</u> |
| Other Financing Sources (Uses): | | | |
| Proceeds from borrowing | 120,000 | 116,390 | (3,610) |
| Operating transfers out | <u>(2,688,600)</u> | <u>(2,688,600)</u> | <u>-</u> |
| Total other financing uses | <u>(2,568,600)</u> | <u>(2,572,210)</u> | <u>(3,610)</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, 1994
(Page 2 of 2)**

| | <u>Budget</u> | <u>Actual</u> | Variance - Favorable (Unfavorable) |
|--|---------------|---------------------|--|
| Revenue and other sources under expenditures and other uses | \$ (442,900) | \$ (148,405) | \$ 294,495 |
| Reconciliation of modified accrual basis to full accrual basis: | | | |
| Revenue and other sources under expenditures and other uses | | \$ (148,405) | |
| Budgetary appropriations | | 2,688,600 | |
| Capital outlay | | 1,020,456 | |
| Payment of debt principal | | 418,694 | |
| Proceeds from borrowing | | (116,390) | |
| Depreciation | | (595,819) | |
| Amortization of debt fees | | (1,893) | |
| Decrease in accrued unbilled electricity sales | | (36,531) | |
| Bad debt expense | | (86,513) | |
| Decrease in interest accrual | | <u>3,092</u> | |
| Income before operating transfers, full accrual basis | | <u>\$ 3,145,291</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, 1994
(Page 1 of 2)**

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Favorable (Unfavorable)</u> |
|---------------------------------|------------------|------------------|---|
| Operating Revenue: | | | |
| Charges for services: | | | |
| Water sales | \$ 2,128,000 | \$ 2,248,397 | \$ 120,397 |
| Sewer charges | 2,567,100 | 2,713,795 | 146,695 |
| Other | <u>380,000</u> | <u>388,024</u> | <u>8,024</u> |
| Total operating revenue | <u>5,075,100</u> | <u>5,350,216</u> | <u>275,116</u> |
| Nonoperating Revenue: | | | |
| Interest earned on investments | 40,100 | 47,058 | 6,958 |
| ½ % local sales tax refund | 140,000 | 179,854 | 39,854 |
| Other | <u>4,700</u> | <u>4,727</u> | <u>27</u> |
| Total nonoperating revenue | <u>184,800</u> | <u>231,639</u> | <u>46,839</u> |
| Total revenue | <u>5,259,900</u> | <u>5,581,855</u> | <u>321,955</u> |
| Expenditures: | | | |
| Water and Sewer Administration: | | | |
| Salaries and benefits | - | 130,730 | - |
| Operating | - | 66,025 | - |
| Capital outlay | - | - | - |
| Indirect costs | <u>-</u> | <u>1,013,900</u> | <u>-</u> |
| | <u>1,355,200</u> | <u>1,210,655</u> | <u>144,545</u> |
| Water Productions: | | | |
| Salaries and benefits | - | 115,607 | - |
| Operating | - | 511,237 | - |
| Capital outlay | <u>-</u> | <u>5,904</u> | <u>-</u> |
| | <u>690,700</u> | <u>632,748</u> | <u>57,952</u> |
| Water and sewer operations: | | | |
| Salaries and benefits | - | 319,452 | - |
| Operating | - | 1,130,755 | - |
| Capital outlay | <u>-</u> | <u>71,598</u> | <u>-</u> |
| | <u>1,942,200</u> | <u>1,521,805</u> | <u>420,395</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, 1994**

(Page 2 of 2)

| | <u>Budget</u> | <u>Actual</u> | Variance - Favorable (Unfavorable) |
|--|------------------|-------------------|--|
| Wastewater plant operations: | | | |
| Salaries and benefits | - | 227,596 | - |
| Operating | - | 439,260 | - |
| Capital outlay | - | 884,778 | - |
| | <u>1,156,800</u> | <u>1,551,634</u> | <u>(394,834)</u> |
| Total expenditures | <u>5,144,900</u> | <u>4,916,842</u> | <u>228,058</u> |
| Revenue over expenditures | <u>115,000</u> | <u>665,013</u> | <u>550,013</u> |
| Other Financing Sources (uses): | | | |
| Proceeds from borrowing | 50,000 | 108,310 | 58,310 |
| Operating transfers out | <u>(165,000)</u> | <u>(165,000)</u> | <u>-</u> |
| Total other financing sources | <u>(115,000)</u> | <u>(56,690)</u> | <u>58,310</u> |
| Revenue and other sources over expenditures | <u>\$ -</u> | <u>\$ 608,323</u> | <u>\$ 608,323</u> |

Reconciliation of modified accrual basis
to full accrual basis:

| | |
|--|---------------------|
| Revenue and other sources over expenditures | \$ 608,323 |
| Budgetary appropriations | 165,000 |
| Capital outlay | 962,279 |
| Proceeds from borrowing | (108,310) |
| Payment of debt principal | 556,593 |
| Depreciation | (764,771) |
| Amortization of debt fees | (534) |
| Increase in accrued unbilled water sales | 28,225 |
| Increase in accrued unbilled sewer sales | 47,084 |
| Bad debt expense | (16,655) |
| Decrease in interest accrual | <u>90,349</u> |
| Income before operating transfers, full accrual basis | <u>\$ 1,567,583</u> |

**CITY OF KINSTON, NORTH CAROLINA
PARKING FACILITIES AUTHORITY 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, 1994**

| | <u>Budget</u> | <u>Actual</u> | Variance - Favorable (Unfavorable) |
|---|---------------|-----------------|--|
| Expenditures - Administration | \$ 400 | \$ 420 | \$ (20) |
| Other Financing Sources: | | | |
| Appropriated fund balance | 400 | - | (400) |
| Total other financing sources | 400 | - | (400) |
| Revenue and other sources under expenditures | <u>\$ -</u> | <u>\$ (420)</u> | <u>\$ (420)</u> |

Reconciliation of modified accrual basis
to full accrual basis:

| | |
|--|-----------------|
| Revenue and other sources under expenditures | \$ (420) |
| Depreciation | (210) |
| Loss before operating transfers, full accrual basis | <u>\$ (630)</u> |



INTERNAL SERVICE FUND

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments 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, 1994**

| | <u>Actual</u> |
|---------------------------------|------------------------|
| Operating Revenue: | |
| Contribution from various funds | \$ <u>350,900</u> |
| Operating Expenses: | |
| Administration | 156,194 |
| Depreciation | 2,081 |
| Claims reimbursement | <u>209,860</u> |
| Total operating expenses | <u>368,135</u> |
| Operating loss | (17,235) |
| Nonoperating Revenue, Other | <u>5,541</u> |
| Net loss | (11,694) |
| Retained earnings, beginning | <u>19,064</u> |
| Retained earnings, ending | <u>\$ <u>7,370</u></u> |

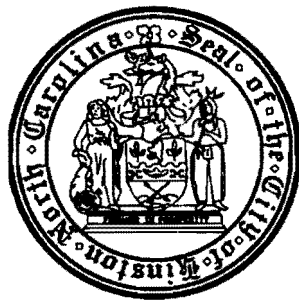
**CITY OF KINSTON, NORTH CAROLINA
INTERNAL SERVICE FUND**

**SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL,
NON-GAAP, MODIFIED ACCRUAL BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 1994**

| | <u>Budget</u> | <u>Actual</u> | Variance - Favorable (Unfavorable) |
|--|----------------|--------------------|--|
| Operating Revenue: | | | |
| Contributions from various funds | \$ 350,900 | \$ 350,900 | \$ - |
| Nonoperating Revenue: | | | |
| Other | - | 5,541 | 5,541 |
| Total revenue | <u>350,900</u> | <u>356,441</u> | <u>5,541</u> |
| Expenditures: | | | |
| Administration: | | | |
| Salaries and benefits | - | 55,294 | 55,294 |
| Insurance | - | 61,248 | 61,248 |
| Operating | - | 39,652 | 39,652 |
| Capital outlay | - | 20,048 | 20,048 |
| Total administration | - | 176,242 | 176,242 |
| Claim reimbursements, operating | - | 209,860 | 209,860 |
| Total expenditures | <u>350,900</u> | <u>386,102</u> | <u>(35,202)</u> |
| Other Financing Sources: | | | |
| Appropriated fund balance | - | - | - |
| Revenue and other sources under expenditures | <u>\$ -</u> | <u>\$ (29,661)</u> | <u>\$ (29,661)</u> |
| Reconciliation of modified accrual basis to full accrual basis: | | | |
| Revenue and other sources under expenditures | | \$ (29,661) | |
| Capital outlay | | 20,048 | |
| Depreciation | | <u>(2,081)</u> | |
| Net loss, full accrual basis | | <u>\$ (11,694)</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
JUNE 30, 1994**

General Fixed Assets:

| | |
|------------------------|------------------|
| Land | \$ 2,781,338 |
| Buildings | 4,775,879 |
| Equipment and vehicles | <u>8,217,575</u> |

| | |
|----------------------------|----------------------------|
| Total general fixed assets | <u><u>\$15,774,792</u></u> |
|----------------------------|----------------------------|

Investment in General Fixed Assets By Source:

| | |
|-----------------------|----------------|
| General fund | \$15,425,186 |
| Special revenue funds | <u>349,606</u> |

| | |
|--|----------------------------|
| Total investment in general fixed assets | <u><u>\$15,774,792</u></u> |
|--|----------------------------|

CITY OF KINSTON, NORTH CAROLINA

**SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 1994**

| <u>Function and Activity</u> | <u>Land</u> | <u>Buildings</u> | <u>Equipment and Vehicles</u> | <u>Total</u> |
|-------------------------------|---------------------|---------------------|---------------------------------------|---------------------|
| General Government: | | | | |
| Council | \$ — | \$ — | \$ 5,939 | \$ 5,939 |
| Manager | 173,000 | 762,266 | 83,088 | 1,018,354 |
| Clerk | — | — | 9,294 | 9,294 |
| Human resources | — | — | 53,703 | 53,703 |
| Finance and administration | — | — | 629,132 | 629,132 |
| Other, unclassified | <u>2,107,853</u> | <u>1,145,287</u> | <u>174,251</u> | <u>3,427,391</u> |
| Total general government | <u>2,280,853</u> | <u>1,907,553</u> | <u>955,407</u> | <u>5,143,813</u> |
| Public Safety: | | | | |
| Police | — | — | 1,052,217 | 1,052,217 |
| Fire | 28,825 | 356,762 | 1,700,445 | 2,086,032 |
| Inspection | <u>—</u> | <u>—</u> | <u>132,580</u> | <u>132,580</u> |
| Total public safety | <u>28,825</u> | <u>356,762</u> | <u>2,885,242</u> | <u>3,270,829</u> |
| Highways and Streets: | | | | |
| Engineering | — | — | 222,659 | 222,659 |
| Maintenance | <u>—</u> | <u>—</u> | <u>874,128</u> | <u>874,128</u> |
| Total highways and streets | <u>—</u> | <u>—</u> | <u>1,096,787</u> | <u>1,096,787</u> |
| Environmental Services | <u>—</u> | <u>—</u> | <u>2,710,804</u> | <u>2,710,804</u> |
| Parks and Recreation | <u>471,660</u> | <u>2,511,564</u> | <u>569,335</u> | <u>3,552,559</u> |
| Total general fixed assets | <u>\$ 2,781,338</u> | <u>\$ 4,775,879</u> | <u>\$ 8,217,575</u> | <u>\$15,774,792</u> |

CITY OF KINSTON, NORTH CAROLINA

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 1994**

| <u>Function and Activity</u> | <u>General Fixed Assets July 1, 1993</u> | <u>Additions</u> | <u>Deductions</u> | <u>General Fixed Assets June 30, 1994</u> |
|-------------------------------|--|---------------------|-------------------|---|
| General Government: | | | | |
| Council | \$ 5,939 | \$ — | \$ — | \$ 5,939 |
| Manager | 1,026,717 | 1,622 | 9,985 | 1,018,354 |
| Clerk | 6,909 | 2,385 | — | 9,294 |
| Human resources | 46,081 | 7,622 | — | 53,703 |
| Finance and administration | 605,080 | 24,052 | — | 629,132 |
| Other, unclassified | <u>3,141,716</u> | <u>285,675</u> | <u>—</u> | <u>3,427,391</u> |
| Total general government | <u>4,832,442</u> | <u>321,356</u> | <u>9,985</u> | <u>5,143,813</u> |
| Public Safety: | | | | |
| Police | 1,003,999 | 141,598 | 93,380 | 1,052,217 |
| Fire | 1,783,730 | 331,930 | 29,628 | 2,086,032 |
| Inspection | <u>114,084</u> | <u>18,496</u> | <u>—</u> | <u>132,580</u> |
| Total public safety | <u>2,901,813</u> | <u>492,024</u> | <u>123,008</u> | <u>3,270,829</u> |
| Highways and Streets: | | | | |
| Engineering | 195,771 | 33,185 | 6,297 | 222,659 |
| Maintenance | <u>808,207</u> | <u>157,070</u> | <u>91,149</u> | <u>874,128</u> |
| Total highways and streets | <u>1,003,978</u> | <u>190,255</u> | <u>97,446</u> | <u>1,096,787</u> |
| Environmental Services | <u>2,851,492</u> | <u>89,019</u> | <u>229,707</u> | <u>2,710,804</u> |
| Parks and Recreation | <u>2,676,013</u> | <u>877,151</u> | <u>605</u> | <u>3,552,559</u> |
| Total general fixed assets | <u>\$14,265,738</u> | <u>\$ 1,969,805</u> | <u>\$ 460,751</u> | <u>\$15,774,792</u> |



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 JUNE 30, 1994**

| | General Long-Term Debt <u>July 1, 1993</u> | <u>Additions</u> | <u>Deductions</u> | General Long-Term Debt <u>June 30, 1994</u> |
|---|---|-------------------|------------------------------|--|
| By Type of Debt: | | | | |
| Bonds payable | \$ 50,000 | \$ — | \$ 25,000 | \$ 25,000 |
| Accrued compensated absences | 620,535 | — | 41,302 | 579,233 |
| Police separation allowance | 55,513 | 8,519 | — | 64,032 |
| Capitalized lease obligations | <u>1,186,803</u> | <u>943,652</u> | <u>277,004</u> | <u>1,853,451</u> |
| Installment contract <i>SP Installment contract</i> | <u>\$ 1,912,851</u> | <u>\$ 952,171</u> | <u>\$ 343,306</u> | <u>\$ 2,521,716</u> |
| By Purpose: | | | | |
| Public safety, equipment | \$ 233,811 | \$ 92,580 | \$ 83,384 ^{30,1670} | \$ 243,007 |
| Public works: | | | | |
| Street improvement | 50,000 | — | 25,000 | 25,000 |
| Equipment | 952,488 | 199,072 | 193,116 ^{41,8470} | 958,444 |
| Recreation, equipment | 504 | 652,000 | 504 | 652,000 |
| Accrued compensated absences, all departments | 620,535 | — | 41,302 | 579,233 |
| Police separation allowance | <u>55,513</u> | <u>8,519</u> | <u>—</u> | <u>64,032</u> |
| | <u>\$ 1,912,851</u> | <u>\$ 952,171</u> | <u>\$ 343,306</u> | <u>\$ 2,521,716</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 JUNE 30, 1994**

| <u>Fiscal Year</u> | <u>Uncollected Balance July 1, 1993</u> | <u>Current Year Gross Levy</u> | <u>Collections Credits and Adjustments</u> | <u>Uncollected Balance June 30, 1994</u> |
|--------------------|---|--|--|--|
| 1993 - 1994 | \$ — | \$ 4,909,856 | \$ 4,728,165 | \$ 181,691 |
| 1992 - 1993 | 150,093 | — | 51,878 | 98,215 |
| 1991 - 1992 | 82,987 | — | 23,123 | 59,864 |
| 1990 - 1991 | 57,275 | — | 11,740 | 45,535 |
| 1989 - 1990 | 24,790 | — | 3,517 | 21,273 |
| 1988 - 1989 | 16,360 | — | 1,055 | 15,305 |
| 1987 - 1988 | 13,550 | — | 807 | 12,743 |
| 1986 - 1987 | 11,081 | — | 462 | 10,619 |
| 1985 - 1986 | 7,942 | — | 499 | 7,443 |
| 1984 - 1985 | 6,932 | — | 81 | 6,851 |
| 1982 and prior | <u>4,454</u> | <u>—</u> | <u>4,454</u> | <u>—</u> |
| | <u>\$ 375,464</u> | <u>\$ 4,909,856</u> | <u>\$ 4,825,781</u> | <u>\$ 459,539</u> |

RECONCILIATION WITH REVENUE:

| | | |
|---------------------------------|----------------|---------------------|
| Ad valorem taxes - General Fund | \$ 4,933,650 | |
| Less auto fee | <u>150,423</u> | |
| | | \$ 4,783,227 |
| Add credits and adjustments | | <u>42,554</u> |
| | | <u>\$ 4,825,781</u> |

CITY OF KINSTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 1994

| | <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 | \$ 793,302,730 | 0.061 | \$ 4,861,137 |
| Municipal service district | <u>18,004,075</u> | 0.027 | <u>48,719</u> |
| Total for year | <u>\$ 811,306,805</u> | | 4,909,856 |
| Less uncollected tax at June 30, 1994 | | | <u>181,691</u> |
| Current year taxes collected | | | <u>\$ 4,728,165</u> |
| Percent current year collected | | | <u>96.3 %</u> |

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

ANALYSIS OF FUNDING PROGRESS

| <u>Fiscal Year Ended June 30,</u> | <u>Net Assets Available for Benefits</u> | <u>Pension Benefit Obligation*</u> | <u>Percentage Funded</u> | <u>Unfunded Pension Benefit Obligation</u> | <u>Annual Covered Payroll</u> | <u>Unfunded Pension Benefit Obligation Percentage of Covered Payroll</u> |
|---|--|--|------------------------------|--|---------------------------------------|--|
| 1985 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| 1986 | — | — | — | — | — | — |
| 1987 | — | N/A | — | N/A | N/A | N/A |
| 1988 | — | N/A | — | N/A | N/A | N/A |
| 1989 | — | 451,644 | — | 451,644 | 1,384,350 | 32.6% |
| 1990 | — | 284,087 | — | 284,087 | 1,331,757 | 21.3% |
| 1991 | — | 312,210 | — | 312,210 | 1,541,377 | 20.3% |
| 1992 | — | 344,640 | — | 344,640 | 1,734,249 | 19.9% |
| 1993 | — | 306,196 | — | 306,196 | 1,972,854 | 15.5% |
| 1994 | — | 302,501 | — | 302,501 | 2,047,789 | 14.8% |

* Note: The Law Enforcement Officers' Special Separation Allowance was established in 1987.

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

REVENUE BY SOURCE AND EXPENSES BY TYPE

| Fiscal Year Ended June 30 | Revenue by Source | | | | Employer Contributions as a Percentage of Covered Payroll |
|------------------------------------|---------------------------|---------------------------|----------------------|--------|--|
| | Employee Contributions | Employer Contributions | Investment Income | Total | |
| 1985 | \$ — | \$ — | \$ — | \$ — | — |
| 1986 | — | — | — | — | — |
| 1987 | — | 5,047 | — | 5,047 | N/A |
| 1988 | — | 15,350 | — | 15,350 | N/A |
| 1989 | — | 18,430 | — | 18,430 | 1.3% |
| 1990 | — | 29,887 | — | 29,887 | 2.2% |
| 1991 | — | 36,943 | — | 36,943 | 2.4% |
| 1992 | — | 49,120 | — | 49,120 | 2.8% |
| 1993 | — | 43,652 | — | 43,652 | 2.2% |
| 1994 | — | 35,669 | — | 35,669 | 1.7% |

| Fiscal Year Ended June 30 | Expenses by Type | | | |
|------------------------------------|------------------|----------------------------|---------|--------|
| | Benefits | Administrative Expenses | Refunds | Total |
| 1985 | \$ — | \$ — | \$ — | \$ — |
| 1986 | — | — | — | — |
| 1987 | 5,047 | — | — | 5,047 |
| 1988 | 15,350 | — | — | 15,350 |
| 1989 | 18,430 | — | — | 18,430 |
| 1990 | 29,887 | — | — | 29,887 |
| 1991 | 36,943 | — | — | 36,943 |
| 1992 | 49,120 | — | — | 49,120 |
| 1993 | 43,652 | — | — | 43,652 |
| 1994 | 35,669 | — | — | 35,669 |

Note: The Law Enforcement Officers' Special Separation Allowance was established in 1987.

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

| <u>Fiscal Year Ended June 30</u> | <u>General Government</u> | <u>Public Safety</u> | <u>Public Works</u> | <u>Recreation</u> | <u>Planning & Development</u> | <u>Non- Departmental</u> | <u>Debt Service</u> | <u>Other</u> | <u>Total</u> |
|--|-------------------------------|--------------------------|-------------------------|-------------------|---------------------------------------|------------------------------|-------------------------|--------------|---------------|
| 1985 | \$ 1,955,239 | \$ 3,913,344 | \$ 2,453,429 | \$ 1,193,545 | \$ 820,413 | \$ — | \$ 712,206 | \$ 298,427 | \$ 11,346,603 |
| 1986 | 1,372,971 | 3,353,239 | 3,212,121 | 1,204,458 (1) | 653,226 | 1,076,045 (2) | 177,687 | — | 11,049,747 |
| 1987 | 2,233,689 | 4,054,023 | 2,885,717 | 1,492,481 | 1,894,996 | — | 80,688 | — | 12,641,594 |
| 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 |

Source: City of Kinston Finance Department

Notes: (1) Includes general and special revenue funds
(2) Expenses allocated on departmental basis after 1986

CITY OF KINSTON, NORTH CAROLINA

GENERAL GOVERNMENT (1)

REVENUE BY SOURCE

LAST TEN FISCAL YEARS

| <u>Fiscal Year Ended June 30</u> | <u>Ad Valorem Taxes (2)</u> | <u>Sales and Services</u> | <u>Other Taxes</u> | <u>Inter- Governmental Unrestricted</u> | <u>Inter- Governmental Restricted</u> | <u>Other Revenue</u> | <u>Total</u> |
|--|---------------------------------|-----------------------------------|------------------------|---|---|--------------------------|--------------|
| 1985 | \$ 2,709,906 | \$ 2,201,727 | \$ 1,638,776 | \$ 718,655 | \$ 1,368,502 | \$ 322,105 | \$ 8,959,671 |
| 1986 | 2,885,164 | 1,959,731 | 1,238,300 | 1,426,355 | 1,289,870 | 402,448 | 9,201,868 |
| 1987 | 3,075,741 | 2,074,103 | 1,456,358 | 1,072,534 | 959,514 | 444,116 | 9,082,366 |
| 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 |

Source: City of Kinston Finance Department

*Notes: (1) Includes general and special revenue 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 | Ad Valorem (2) | Other Taxes | | | | Licenses and Permits | Total |
|------------------------------------|----------------|-------------|------------|------------|-----------|----------------------------|-------|
| | | Sales | Intangible | Franchise | | | |
| 1985 | \$ 2,709,906 | \$ 697,125 | \$ 164,441 | \$ 693,247 | \$ 83,962 | \$ 4,348,681 | |
| 1986 | 2,885,164 | 963,009 | 188,390 | 690,833 | 86,225 | 4,813,621 | |
| 1987 | 3,075,741 | 1,200,465 | 210,599 | 714,510 | 45,294 | 5,246,609 | |
| 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 | 8,087,917 | |
| 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 | |

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

| <u>Fiscal Year Ended June 30</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections</u> | <u>Percent of Current Taxes Collected</u> | <u>Delinquent Tax Collections</u> | <u>Total Tax Collections</u> | <u>Ratio of Total Tax Collections to Total Tax Levy</u> |
|--|-------------------------------|--|---|---|--------------------------------------|---|
| 1985 | \$ 2,703,751 | \$ 2,632,382 | 97.4% | \$ 62,888 | \$ 2,695,270 | 99.7% |
| 1986 | 2,872,421 (1) | 2,809,867 | 97.8% | 52,336 | 2,862,203 | 99.6% |
| 1987 | 3,071,452 (1) | 3,003,206 | 97.8% | 52,912 | 3,056,118 | 99.5% |
| 1988 | 3,379,868 (1) | 3,307,489 | 97.9% | 51,203 | 3,358,692 | 99.4% |
| 1989 | 3,260,872 (1) | 3,178,954 | 97.5% | 43,647 | 3,222,601 | 98.8% |
| 1990 | 4,003,070 (1) | 3,917,432 | 97.9% | 79,766 | 3,997,198 | 99.9% |
| 1991 | 4,205,266 (1) | 4,065,919 | 96.7% | 53,901 | 4,119,820 | 98.0% |
| 1992 | 4,610,004 (1) | 4,464,606 | 96.8% | 94,120 | 4,558,726 | 98.9% |
| 1993 | 4,733,536 (1) | 4,583,443 | 96.8% | 109,224 | 4,692,667 | 99.1% |
| 1994 | 4,909,856 (1) | 4,728,165 | 96.3% | 97,616 | 4,825,781 | 98.3% |

Source: City of Kinston Finance Department

Note: (1) Includes municipal service district

CITY OF KINSTON, NORTH CAROLINA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

| <u>Fiscal Year Ended June 30</u> | <u>Total Assessed Value</u> | <u>Estimated Actual Value</u> | <u>Percentage of Assessed Value Growth</u> |
|--|-------------------------------------|---------------------------------------|--|
| 1985 | \$ 510,141,619 | (1) | 6.3% |
| 1986 | 532,652,436 (2) | (1) | 4.4% |
| 1987 | 539,896,267 (2) | (1) | 1.4% |
| 1988 | 592,392,161 (2) | (1) | 9.7% |
| 1989 | 542,622,725 (2) | (1) | -8.4% |
| 1990 | 666,678,591 (2) | (1) | 22.9% |
| 1991 | 699,827,335 (2) | (1) | 5.0% |
| 1992 | 764,925,492 (2) | (1) | 9.3% |
| 1993 | 783,182,081 (2) | (1) | 2.4% |
| 1994 | 793,302,730 (2) | (1) | 1.3% |

Source: *City of Kinston Finance Department
Lenoir County Tax Office*

Notes: (1) *Estimated values are 100% of the sound cost value replacement*
(2) *Includes municipal service district*

CITY OF KINSTON, NORTH CAROLINA

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

(PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

| <u>Fiscal Year Ended June 30</u> | <u>City Millage</u> | <u>Municipal Service District Millage</u> | <u>Total City Millage</u> | <u>Total County Millage</u> | <u>Total School District Millage</u> |
|--|-------------------------|---|-----------------------------------|-------------------------------------|--|
| 1985 | \$ 0.55 | \$ 0.30 | \$ 0.55 | \$ 0.58 | \$ 6.50 |
| 1986 | 0.58 | 0.30 | 0.58 | 0.62 | 6.50 |
| 1987 | 0.58 | 0.30 | 0.58 | 0.62 | 6.50 |
| 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 | 0.00 |
| 1993 | 0.61 | 0.27 | 0.61 | 0.77 | 0.00 |
| 1994 | 0.61 | 0.27 | 0.61 | 0.77 | 0.00 |

Source: City of Kinston Finance Department
Lenoir County Tax Office

Note: (1) 1985 was initial year of municipal service district levy

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 |
| 1985 | \$ 0.55 | \$ 0.58 | \$ 1.13 | \$ 2,703,751 | \$ 7,572,258 | \$ 10,276,009 |
| 1986 | 0.58 | 0.62 | 1.20 | 2,872,421 | 8,394,045 | 11,266,466 |
| 1987 | 0.58 | 0.62 | 1.20 | 3,071,452 | 8,963,568 | 12,035,020 |
| 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 | 36,876,758 |
| 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 |

Source: Lenoir County Tax Office

CITY OF KINSTON, NORTH CAROLINA

PRINCIPAL TAXPAYERS

JUNE 30, 1994

| <u>Name of Taxpayer</u> | <u>Nature of Property</u> | <u>Assessed Value</u> | <u>Percentage of Total Assessed Value</u> |
|---|-----------------------------------|---------------------------|---|
| Austin Carolina | Tobacco Processor | \$ 22,336,975 | 2.8% |
| Vernon Investment Associates | Retail | 14,304,273 | 1.8% |
| Carolina Telephone | Utility | 11,153,109 | 1.4% |
| Hampton Industries | Manufacturer | 10,434,991 | 1.3% |
| Kinston Ham Products, Inc. | Meat Processor | 9,242,723 | 1.2% |
| Buehler Products, Inc. | Manufacturer | 7,199,632 | 0.9% |
| Glen Raven Mills | Manufacturer | 5,744,053 | 0.7% |
| Barnet Southern | Manufacturer | 5,712,234 | 0.7% |
| Kinston Clinic Properties | Rental Property | 4,641,452 | 0.6% |
| S C Associates | Rental Property | <u>4,626,678</u> | <u>0.6%</u> |
| Total Assessed Valuation of Top 10 Taxpayers | | 95,396,120 | 12.0% |
| Balance of Assessed Valuation | | <u>697,906,610</u> | <u>88.0%</u> |
| Total Assessed Valuation | | <u>\$ 793,302,730</u> | <u>100.0%</u> |

Source: Lenoir County Tax Office

CITY OF KINSTON, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 1994

| | | |
|---|----------------------|-----------------------|
| Total assessed value | | <u>\$ 793,302,730</u> |
| Debt limitation - 8% of total assessed value | | \$ 63,464,218 |
| Debt applicable to limitation: | | |
| Total bonded debt | \$ 3,379,000 | |
| Obligation under notes payable | 2,666,149 | |
| Obligation under installment contracts | <u>4,298,679</u> | |
| Gross debt | <u>\$ 10,343,828</u> | |
| Less - statutory deductions: | | |
| General obligation bonds issued and outstanding for water purposes | \$ 300,000 | |
| Revenue bonds issued and outstanding for electric purposes | 2,371,200 | |
| Revenue bonds issued and outstanding for water purposes | 668,800 | |
| Revenue bonds issued and outstanding for parking purposes | <u>14,000</u> | |
| Total statutory deductions | <u>\$ 3,354,000</u> | |
| Total debt applicable to limitation | | <u>\$ 6,989,828</u> |
| Legal debt margin | | <u>\$ 56,474,390</u> |

CITY OF KINSTON, NORTH CAROLINA

RATIO OF ANNUAL GENERAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION

BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN FISCAL YEARS

| <u>Fiscal Year Ended June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total (1)</u> | <u>Total General Governmental Expenditures (2)</u> | <u>Ratio of Debt Service to General Expenditures (%)</u> |
|--|------------------|-----------------|------------------|--|--|
| 1985 | \$ 485,000 | \$ 228,960 | \$ 713,960 | \$ 11,346,603 | 6.29 |
| 1986 | 485,000 | 205,645 | 690,645 | 11,049,747 | 6.25 |
| 1987 | 475,000 | 183,188 | 658,188 | 12,641,594 | 5.21 |
| 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 | 3.56 |
| 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 |

- 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, 1994

| <u>Name of Governmental Unit</u> | <u>General Obligation Bonds Outstanding (1)</u> | <u>Percentage Applicable to City of Kinston (2)</u> | <u>City of Kinston's Share of Debt (3)</u> |
|--------------------------------------|---|---|--|
| Direct debt - City of Kinston | \$ 325,000 | 100.00% | \$ 325,000 |
| Lenoir County debt | <u>12,820,000</u> | 41.67% | <u>5,342,094</u> |
| Total overlapping debt | <u>\$ 13,145,000</u> | | <u>\$ 5,667,094</u> |

- Notes:**
- (1) *Includes general obligation bonds for Enterprise Fund and General Long-term Debt Account Group.*
 - (2) *Determined by ratio of assessed valuation of property subject to taxation in Lenoir County (\$1,903,831,501) City of Kinston (\$793,302,730).*
 - (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) | |
| 1985 | \$510,141,619 | 254 | \$10,940,283 | \$489,057,000 |
| 1986 | 532,652,436 (4) | 220 | 21,919,771 | 393,509,000 |
| 1987 | 539,896,261 (4) | 207 | 24,069,550 | 402,995,000 |
| 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 | (5) |

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

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

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

| Fiscal Year Ended June 30 | Estimated Population (1) | Taxable Property Assessed Value | 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 |
| 1985 | \$ 26,268 | \$ 510,141,619 | \$ 40,811,330 | \$ 4,160,000 | \$ 730,000 | 0.14 | \$ 158 | \$ 28 |
| 1986 | 26,019 | 532,652,436 (2) | 42,612,195 | 3,693,000 | 595,000 | 0.11 | 142 | 23 |
| 1987 | 25,718 | 539,896,267 (2) | 43,191,701 | 3,214,000 | 475,000 | 0.09 | 125 | 18 |
| 1988 | 27,400 | 592,392,161 (2) | 47,391,373 | 2,749,000 | 365,000 | 0.06 | 100 | 13 |
| 1989 | 27,400 | 542,622,725 (2) | 43,409,818 | 2,299,000 | 265,000 | 0.05 | 84 | 10 |
| 1990 | 27,400 | 666,678,591 (2) | 53,334,287 | 1,849,000 | 165,000 | 0.02 | 67 | 6 |
| 1991 | 25,295 | 699,827,335 (2) | 55,986,187 | 1,434,000 | 100,000 | 0.01 | 57 | 4 |
| 1992 | 25,295 | 764,925,492 (2) | 61,194,039 | 1,045,000 | 75,000 | 0.001 | 41 | 3 |
| 1993 | 25,758 | 783,182,081 (2) | 62,654,566 | 685,000 | 50,000 | 0.001 | 27 | 2 |
| 1994 | 25,863 | 811,306,805 (2) | 63,464,218 | 325,000 | 25,000 | 0.00003 | 13 | 1 |

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

Note: (2) *Includes municipal service district*

CITY OF KINSTON, NORTH CAROLINA

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

| <u>Fiscal Year Ended June 30</u> | <u>(City) Population (1)</u> | <u>(County) Per Capita Income (2)</u> | <u>(County) Unemployment Rate (3)</u> | <u>(City and County) School Enrollment (4)</u> | <u>(County) Retail Sale (5)</u> | <u>Bank Deposits (6)</u> |
|--|----------------------------------|---|---|--|---|------------------------------|
| 1985 | 25,234 | \$ 10,081 | 9.2 ⁹ % | 11,464 | \$ 472,234,389 | \$ 489,057,000 |
| 1986 | 26,019 | 10,813 | 9.2 ⁹ % | 11,813 | 488,073,498 | 393,509,000 |
| 1987 | 25,718 | 11,529 | 6.6 ⁹ % | 11,273 | 522,000,231 | 402,995,000 |
| 1988 | 27,400 | 13,209 | 5.2 ⁹ % | 11,243 | 513,507,557 | 421,264,000 |
| 1989 | 27,400 | 13,343 | 4.2 ⁹ % | 11,097 | 513,204,047 | 452,533,000 |
| 1990 | 27,400 | 15,443 | 3.8 ⁹ % | 11,076 | 498,572,117 | 510,124,000 |
| 1991 | 25,295 | 16,257 | 7.7 ⁹ % | 11,023 | 504,222,805 | 520,608,000 |
| 1992 | 25,295 | 18,325 | 6.7 ⁹ % | 10,654 | 519,024,495 | 526,538,000 |
| 1993 | 25,758 | 18,290 | 7.0 ⁹ % | 10,713 | 545,002,712 | 493,147,000 |
| 1994 | 25,863 | 18,255 | 6.5 ⁹ % | 10,400 | 628,638,734 | (7) |

Source: (1) NC Office of State Planning
 (2) Kinston Lenoir Public Library
 (3) NC Employment Security Commission
 (4) Lenoir County Public School system
 (5) NC Department of Revenue
 (6) Wachovia Bank - FDIC Summary of Deposits

Note: (7) Information not presently available

CITY OF KINSTON, NORTH CAROLINA

MISCELLANEOUS STATISTICS

JUNE 30, 1994

| | |
|----------------------------------|-----------------------------|
| Population | 25,863 |
| Date of incorporation | 1762 |
| Form of government | Council/Manager |
| Area | 16.65 |
| Miles of paved streets | 105.4 |
| Number of street lights | 2,019 |
| Employees | 475 |
| Fire protection: | |
| Number of stations | 3 |
| Number of firemen and officers | 62 |
| Police Protection: | |
| Number of stations | 5 |
| Number of policemen and officers | 79 |
| Electric department: | |
| Number of consumers | 14,398 |
| Average daily usage | 12,149 MWH |
| Miles of distribution lines | 320 |
| Water department: | |
| Number of consumers | 11,409 |
| Average daily consumption | 5.1 MGD |
| Miles of water mains | 175.6 |
| Sewers: | |
| Average daily flow | 6.09 MGD |
| Miles of sewer lines | 287.5 |
| Parks and recreation: | |
| Number of parks | 16 |
| Park acreage | 220 |
| Golf courses | 1 |
| Swimming pools | 3 |
| Tennis courts | 20 |
| Museum | 1 |
| Other recreational facilities: | |
| Grainger Stadium | 4,200 seat baseball stadium |



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 |
| 1985 | \$ 0.55 | \$ 0.58 | \$ 1.13 | \$ 2,703,751 | \$ 7,572,258 | \$ 10,276,009 |
| 1986 | 0.58 | 0.62 | 1.20 | 2,872,421 | 8,394,045 | 11,266,466 |
| 1987 | 0.58 | 0.62 | 1.20 | 3,071,452 | 8,963,568 | 12,035,020 |
| 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 | 36,876,758 |
| 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 |
| | | | | | \$ 17,353,861.72 | |

Source: Lenoir County Tax Office

