

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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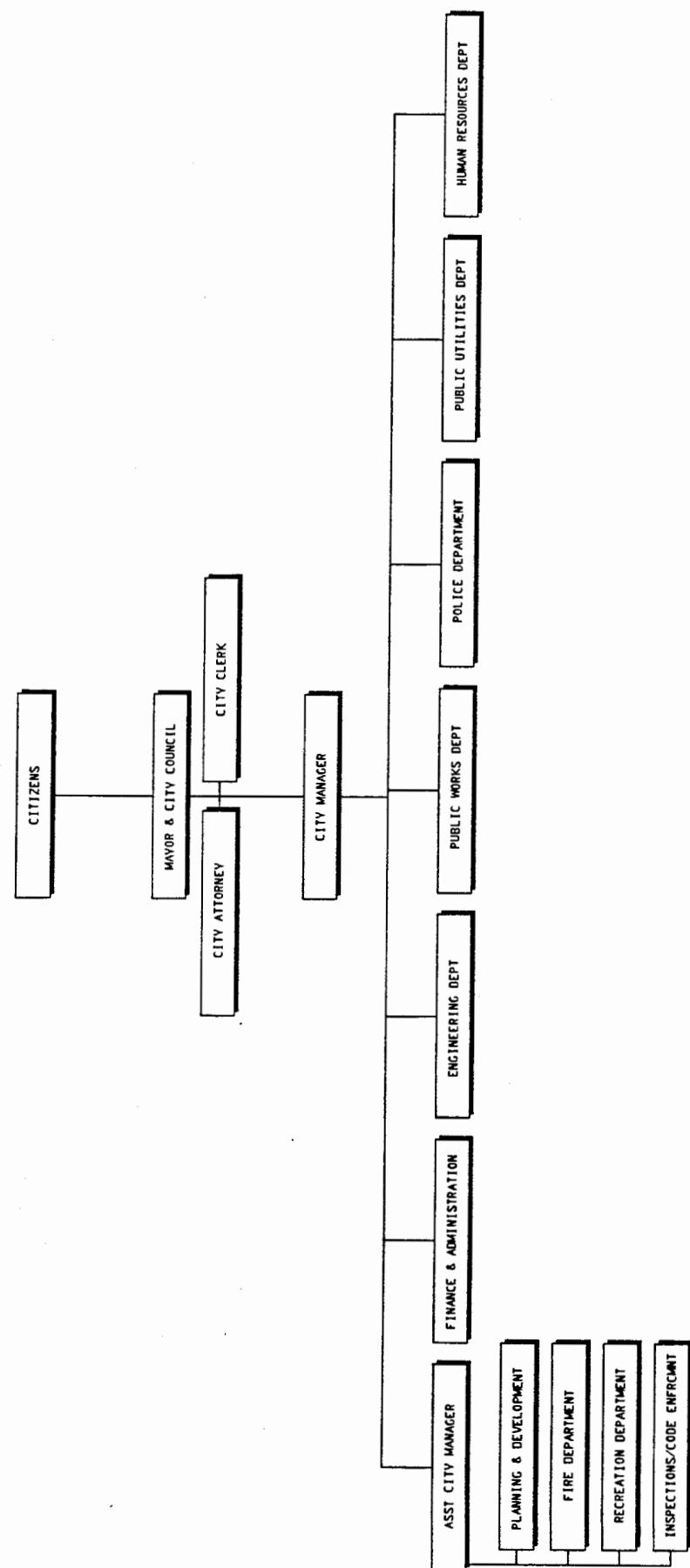
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INTRODUCTORY SECTION

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CITY OF KINSTON, NORTH CAROLINA
ORGANIZATIONAL CHART



FINANCIAL SECTION

- **Independent Auditor's Report**
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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.

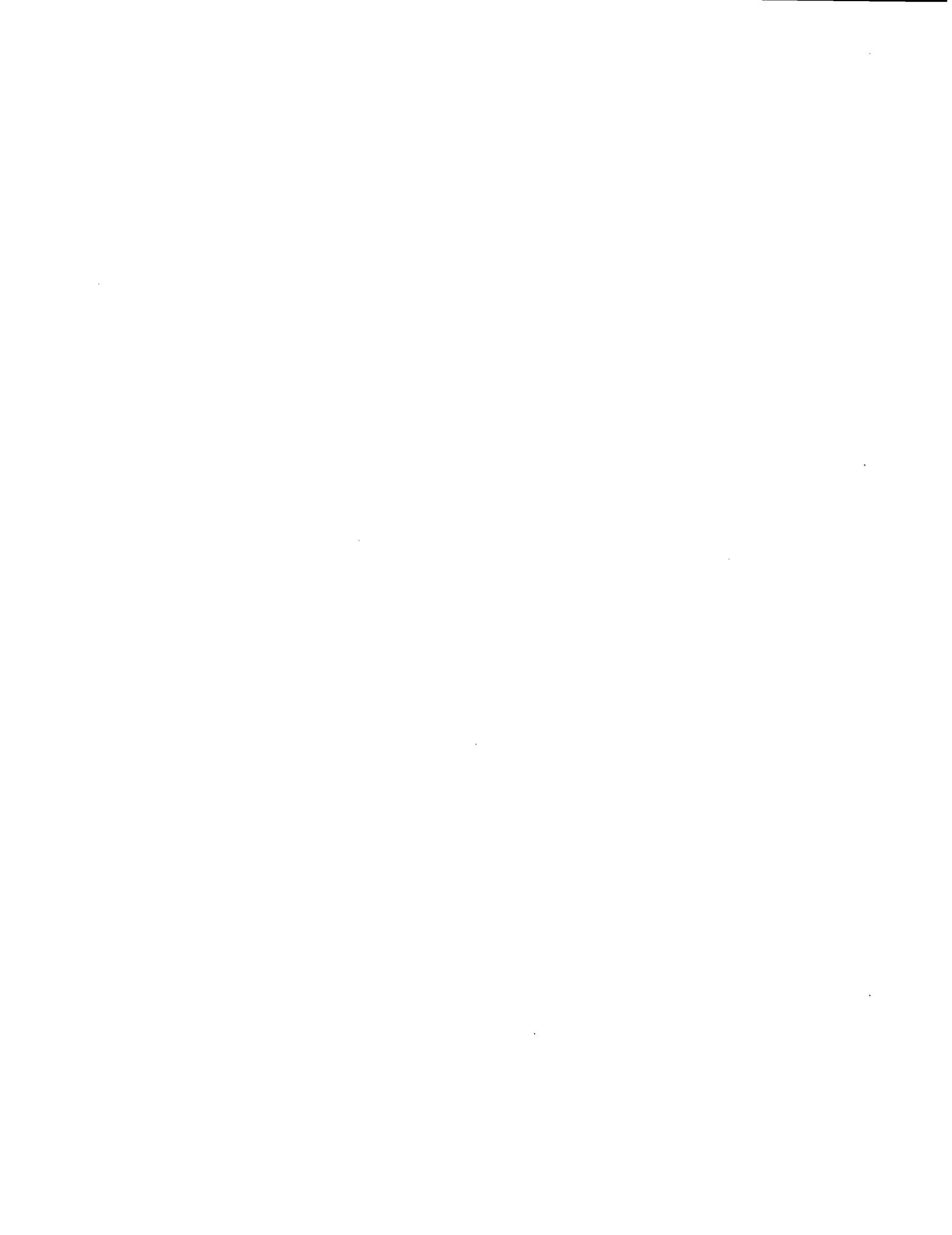
Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of 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

	Governmental Fund Types		Proprietary Fund Types	
	General	Special Revenue	Enterprise	Internal Service
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	—	—	<u>8,465,377</u>	—
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>	—	—
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	
—	<u>2,521,716</u>	<u>2,521,716</u>	
<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	
—	<u>1,878,451</u>	<u>10,343,828</u>	
—	<u>2,521,716</u>	<u>16,486,162</u>	
—	—	2,763,436	
15,774,792	—	15,774,792	
—	—	30,944,563	
—	—	92,483	
—	—	1,633,032	
—	—	853,484	
—	—	224,700	
—	—	<u>1,914,664</u>	
15,774,792	—	<u>54,081,873</u>	
<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**

	General Fund	Special Revenue Fund	Total (Memoran- dum Only)
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	<u>492,731</u>	<u>(107,525)</u>	<u>385,206</u>
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**

	<u>General Fund</u>		Variance, Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
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>	<u>492,731</u>	<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.

Certain Special Revenue Funds

<u>Budget</u>	<u>Actual</u>	Variance, Favorable (Unfavorable)
\$ —	\$ —	—
—	—	—
—	—	—
—	—	—
—	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>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>54,500</u>	<u>54,500</u>	<u>—</u>
\$ —	11,756	\$ 11,756
		<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**

	Enterprise Fund	Internal Service Fund	Total (Memor- andum Only)
Operating Revenue:			
Charges for services	\$ 41,948,462	\$ —	\$ 41,948,462
Contributions from various funds	—	350,900	350,900
Other	633,559	—	633,559
 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	—	209,860	209,860
 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	342,382	5,541	347,923
 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)	<u>1,858,644</u>	<u>(11,694)</u>	<u>1,846,950</u>
 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	<u>1,933,332</u>	<u>(11,694)</u>	<u>1,921,638</u>
 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:			
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	522,236
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 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)

		<u>Investments</u>			
		<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><u>\$ 6,501,204</u></u>	<u><u>\$ 6,501,204</u></u>	<u><u>\$ 6,501,204</u></u>	
The North Carolina Capital Management Trust				<u>4,749,155</u>	<u>4,749,155</u>
Total investments				<u><u>\$ 11,250,359</u></u>	<u><u>\$ 11,250,359</u></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><u>\$ 122,074</u></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>	<u>Total</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><u>\$ 89,500</u></u>	<u><u>\$ 2,688,600</u></u>	<u><u>\$ 165,000</u></u>	<u><u>\$ 2,943,100</u></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><u>\$ 310,207</u></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><u>\$ 14,265,738</u></u>	<u><u>\$ 1,969,805</u></u>	<u><u>\$ 460,751</u></u>	<u><u>\$ 15,774,792</u></u>

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

	<u>Enterprise Funds</u>				Internal Service Fund
	Electric	Water and Sewer	Parking Facilities Authority	Total	
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>
	<u>19,754,890</u>	<u>28,234,136</u>	<u>299,831</u>	<u>48,288,857</u>	<u>38,472</u>
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><u>\$11,903,478</u></u>	<u><u>\$18,982,161</u></u>	<u><u>\$ 293,737</u></u>	<u><u>\$31,179,376</u></u>	<u><u>\$ 32,018</u></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:

	Balance at July 1, 1993	Additions	Reductions	Balance at June 30, 1994
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><u>\$ 1,912,851</u></u>	<u><u>\$ 952,171</u></u>	<u><u>\$ 343,306</u></u>	<u><u>\$ 2,521,716</u></u>

Enterprise Funds:

	Balance at July 1, 1993	Additions	Reductions	Balance at June 30, 1994
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><u>\$ 9,316,223</u></u>	<u><u>\$ 236,985</u></u>	<u><u>\$ 975,287</u></u>	<u><u>\$ 8,577,921</u></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 <u>June 30.</u>	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 <u>June 30,</u>	Principal	Interest	Total
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><u>\$ 3,054,000</u></u>	<u><u>\$ 1,089,025</u></u>	<u><u>\$ 4,143,025</u></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 <u>June 30,</u>	Principal	Interest	Total
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><u>\$ 2,666,149</u></u>	<u><u>\$ 847,344</u></u>	<u><u>\$ 3,513,493</u></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><u>\$1,853,451</u></u>	<u><u>\$343,527</u></u>	<u><u>\$2,445,228</u></u>	<u><u>\$812,857</u></u>	<u><u>\$4,298,679</u></u>	<u><u>\$1,156,384</u></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:

<u>Source</u>	<u>Water and Sewer Fund</u>
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><u>\$ 2,763,436</u></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	—	<u>17,707</u>
	<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
1/2 % 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	—
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>	Variance Favorable (Unfavorable)
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)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other revenue:			
Investment income	\$ 104,900	\$ 93,208	(11,692)
Sales of surplus materials and assets	83,100	83,114	14
Miscellaneous	<u>171,800</u>	<u>238,795</u>	<u>66,995</u>
Total other revenue	<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:			
General Government:			
Governing body:			
Salaries and benefits	—	81,138	—
Operating	—	815,920	—
Capital outlay	<u>—</u>	<u>2,385</u>	<u>—</u>
Total governing body	<u>912,900</u>	<u>899,443</u>	<u>13,457</u>
Executive: <i>Administration</i>			
D.P. <i>Salaries and benefits</i>	—	162,628	—
Purch <i>Operating</i>	—	34,768	—
<i>Capital outlay</i>	<u>—</u>	<u>1,622</u>	<u>—</u>
Total executive	<u>189,600</u>	<u>199,018</u>	<u>(9,418)</u>
Finance:			
Administration and operations:			
Salaries and benefits	—	506,380	—
Operating	—	156,716	—
Capital outlay	<u>—</u>	<u>11,288</u>	<u>—</u>
Total	<u>—</u>	<u>674,384</u>	<u>—</u>
Field service:			
Salaries and benefits	—	171,144	—
Operating	<u>—</u>	<u>27,774</u>	<u>—</u>
<i>Billings & Collections</i>	<u>—</u>	<u>198,918</u>	<u>—</u>
Data processing:			
Salaries and benefits	—	70,777	—
Operating	<u>—</u>	<u>76,985</u>	<u>—</u>
<i>Warehouse</i>			
Purchasing:			
Salaries and benefits	—	172,648	—
Operating	<u>—</u>	<u>30,105</u>	<u>—</u>
Capital outlay	<u>—</u>	<u>5,149</u>	<u>—</u>
Total	<u>—</u>	<u>207,902</u>	<u>—</u>
Total finance	<u>1,237,100</u>	<u>1,228,966</u>	<u>8,134</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 3 of 6)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<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>	Variance Favorable (Unfavorable)
Streets:			
Salaries and benefits	\$ —	\$ 542,493	\$ —
Operating	—	646,811	—
Capital outlay	—	131,825	—
Total streets	—	<u>1,321,129</u>	—
Environmental services:			
Salaries and benefits	—	1,030,168	—
Operating	—	989,212	—
Capital outlay	—	89,019	—
Total environmental services	—	<u>2,108,399</u>	—
<i>Cemetery services:</i>			
<i>Buildings and grounds:</i>			
Salaries and benefits	—	86,894	—
Operating	—	124,460	—
Total building and grounds	—	<u>211,354</u>	—
Total public works	<u>4,782,100</u>	<u>4,254,386</u>	<u>527,714</u>
Parks and Recreation:			
Administration:			
Salaries and benefits	—	108,692	—
Operating	—	30,238	—
Capital outlay	—	1,988	—
Total administration	—	<u>140,918</u>	—
Programs:			
Salaries and benefits	—	565,825	—
Operating	—	109,610	—
Capital outlay	—	2,632	—
Total programs	—	<u>678,067</u>	—
Parks:			
Salaries and benefits	—	376,860	—
Operating	—	249,731	—
Capital outlay	—	62,570	—
Total parks	—	<u>689,161</u>	—
County:			
Salaries and benefits	—	154,616	—
Operating	—	104,018	—
Total county	—	<u>258,634</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 5 of 6)**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sponsored activities:			
Salaries and benefits	\$ —	\$ 15,510	\$ —
Operating	<u>—</u>	<u>88,000</u>	<u>—</u>
Total sponsored activities	<u>—</u>	<u>103,510</u>	<u>—</u>
Municipal stadium:			
Salaries and benefits	—	26,895	—
Operating	—	48,811	—
Capital outlay	<u>—</u>	<u>809,960</u>	<u>—</u>
Total municipal stadium	<u>—</u>	<u>885,666</u>	<u>—</u>
Total parks and recreation	<u>2,820,900</u>	<u>2,755,956</u>	<u>64,944</u>
Planning and community development:			
Planning and development:			
Salaries and benefits	—	226,263	—
Operating	—	61,748	—
Capital outlay	<u>—</u>	<u>507</u>	<u>—</u>
Total planning and development	<u>353,300</u>	<u>288,518</u>	<u>64,782</u>
Inspections and code enforcement:			
Salaries and benefits	—	296,525	—
Operating	—	92,025	—
Capital outlay	<u>—</u>	<u>21,963</u>	<u>—</u>
Total inspections and code enforcement	<u>458,900</u>	<u>410,513</u>	<u>48,387</u>
Economic development:			
Operating	<u>360,400</u>	<u>353,359</u>	<u>7,041</u>
Engineering:			
Salaries and benefits	—	412,804	—
Operating	—	73,900	—
Capital outlay	<u>—</u>	<u>27,249</u>	<u>—</u>
Total engineering	<u>519,900</u>	<u>513,953</u>	<u>5,947</u>
Total planning and community development	<u>1,692,500</u>	<u>1,566,343</u>	<u>126,157</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 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>	<u>492,731</u>	<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	<u>—</u>	<u>7,891</u>	<u>4,050</u>	<u>—</u>	<u>11,941</u>
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	<u>—</u>	<u>5,098</u>	<u>—</u>	<u>—</u>	<u>5,098</u>
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	—	—	28,199	—	28,199
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>72,486</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>60,000</u>	<u>54,500</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>61,956</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>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</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	<u>58,330</u>	<u>58,330</u>	<u>180,000</u>
Total expenditures	<u>68,526</u>	<u>68,526</u>	<u>200,000</u>
 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>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</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	\$ 61,467	\$ 587,098	\$ 606,000
Expenditures:			
Administration	74	108,057	106,000
Disposition	<u>—</u>	<u>—</u>	<u>1,000</u>
Clearance	<u>—</u>	<u>—</u>	<u>1,000</u>
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	—	—	—
Total expenditures	<u>97,600</u>	<u>77,803</u>	<u>19,797</u>
Total revenue under expenditures	<u>(54,500)</u>	<u>(42,744)</u>	<u>11,756</u>
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>		
	Current	Total	Project
	<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	<u>77,356</u>	<u>169,410</u>	<u>—</u>	<u>246,766</u>
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>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)	<u>456,691</u>	<u>1,402,583</u>	<u>(630)</u>	<u>1,858,644</u>
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	—	74,688	—	74,688
Increase (decrease) in retained earnings	<u>456,691</u>	<u>1,477,271</u>	<u>(630)</u>	<u>1,933,332</u>
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	11,502	783	—	12,285
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)**

	Electric Fund	Water and Sewer Fund	Parking Facilities Authority Fund	Totals
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>	Variance - Favorable (Unfavorable)
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	<u>\$ (442,900)</u>	<u>\$ (148,405)</u>	<u>\$ 294,495</u>
 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>	Variance - Favorable (Unfavorable)
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	<u>-</u>	<u>884,778</u>	<u>-</u>
	<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	<u>(108,310)</u>		
Payment of debt principal	556,593		
Depreciation	<u>(764,771)</u>		
Amortization of debt fees	<u>(534)</u>		
Increase in accrued unbilled water sales	28,225		
Increase in accrued unbilled sewer sales	47,084		
Bad debt expense	<u>(16,655)</u>		
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	\$ -	\$ (420)	\$ (420)
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		\$ (630)	



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>\$ 7,370</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	<u>\$ 350,900</u>	<u>\$ 350,900</u>	<u>\$ -</u>
Nonoperating Revenue:			
Other	<u>-</u>	<u>5,541</u>	<u>5,541</u>
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	<u>-</u>	<u>20,048</u>	<u>20,048</u>
Total administration	<u>-</u>	<u>176,242</u>	<u>176,242</u>
Claim reimbursements, operating	<u>-</u>	<u>209,860</u>	<u>209,860</u>
Total expenditures	<u>350,900</u>	<u>386,102</u>	<u>(35,202)</u>
Other Financing Sources:			
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>\$ (29,661)</u>		
Capital outlay	<u>20,048</u>		
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>\$15,774,792</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>\$15,774,792</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>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>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>	Additions	Deductions	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>
<i>Excluded from SFO instant 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	\$ 243,007
Public works:				
Street improvement	50,000	—	25,000	25,000
Equipment	952,488	199,072	193,116	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><u>\$ 375,464</u></u>	<u><u>\$ 4,909,856</u></u>	<u><u>\$ 4,825,781</u></u>	<u><u>\$ 459,539</u></u>

RECONCILIATION WITH REVENUE:

Ad valorem taxes - General Fund	\$ 4,933,650
Less auto fee	<u>150,423</u>
	<u>\$ 4,783,227</u>
Add credits and adjustments	<u>42,554</u>
	<u><u>\$ 4,825,781</u></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><u>\$ 811,306,805</u></u>		4,909,856
Less uncollected tax at June 30, 1994			<u>181,691</u>
Current year taxes collected			<u><u>\$ 4,728,165</u></u>
Percent current year collected			<u><u>96.3 %</u></u>

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

ANALYSIS OF FUNDING PROGRESS

Fiscal Year Ended June 30,	Net Assets Available for Benefits	Pension Benefit Obligation*	Percentage Funded	Unfunded Pension Benefit Obligation		Annual Covered Payroll	Unfunded Pension Benefit Obligation Percentage of Covered Payroll
1985	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—
1986	—	—	—	—	—	—	—
1987	—	N/A	—	N/A	N/A	N/A	N/A
1988	—	N/A	—	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			
	Administrative			
	Benefits	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

Fiscal Year Ended <u>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

Fiscal Year Ended <u>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 <u>June 30</u>	Other Taxes					Licenses and Permits	<u>Total</u>
	<u>Ad Valorem (2)</u>	<u>Sales</u>	<u>Intangible</u>	<u>Franchise</u>			
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

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
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

Fiscal Year Ended June 30	Municipal Service District Millage			Total City Millage	Total County Millage	Total School District Millage
	City Millage					
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 <u>June 30</u>	Tax Rates			Tax Levies		
	<u>City</u>	<u>County</u>	<u>Total</u>	<u>City</u>	<u>County</u>	<u>Total</u>
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 <u>June 30</u>	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

Fiscal Year Ended June 30	(City) Population (1)	(County) Per Capita Income (2)	(County) Unemployment Rate (3)	(City and County) School Enrollment (4)	(County) Retail Sale (5)	Bank Deposits (6)
1985	25,234	\$ 10,081	9.2%	11,464	\$ 472,234,389	\$ 489,057,000
1986	26,019	10,813	9.2%	11,813	488,073,498	393,509,000
1987	25,718	11,529	6.6%	11,273	522,000,231	402,995,000
1988	27,400	13,209	5.2%	11,243	513,507,557	421,264,000
1989	27,400	13,343	4.2%	11,097	513,204,047	452,533,000
1990	27,400	15,443	3.8%	11,076	498,572,117	510,124,000
1991	25,295	16,257	7.7%	11,023	504,222,805	520,608,000
1992	25,295	18,325	6.7%	10,654	519,024,495	526,538,000
1993	25,758	18,290	7.0%	10,713	545,002,712	493,147,000
1994	25,863	18,255	6.5%	10,400	628,638,734	(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
				<i># 17,353,861.72</i>		

Source: Lenoir County Tax Office

