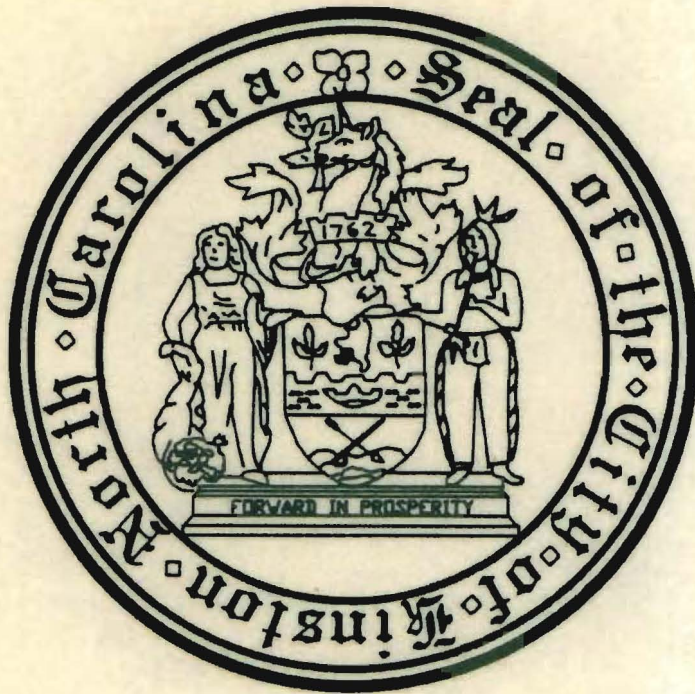


Finance Dept
(Shelf copy)

CITY OF KINSTON

NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 1993

**CITY OF KINSTON, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

**PREPARED BY
CITY OF KINSTON FINANCE DEPARTMENT**

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- Letter of Transmittal
 - List of Principal Officers
 - Organizational Chart
 - GFOA Certificate of Achievement
-



City of Kinston

P. O. Box 339

Kinston, North Carolina 28502

Phone: (919) 559-4202

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October 25, 1993

O. A. RITCH, JR.
Mayor

STEPHEN W. RAPER
City Manager

VERNON H. ROCHELLE
City Attorney

PEGGY D. BOONE
City Clerk

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

The Comprehensive Annual Financial Report of the **CITY OF KINSTON** (the City) for the fiscal year ended June 30, 1993, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

This report includes all funds and account groups of the City. The City provides a full range of services including police and fire protection; sanitation services; construction and maintenance of streets and other infrastructure; planning and zoning services; and parks and recreational services. In addition to general governmental activities, the City owns and operates electrical, water, and wastewater utilities; therefore, these activities are included in the reporting entity. However, the City of Kinston Housing Authority, the Lenoir County-City of Kinston Airport Commission, and the City of Kinston School District do not meet the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments. Information related to this single audit, including the schedule of federal and State financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are included in a separate report.

ECONOMIC CONDITION AND OUTLOOK

Kinston, located 75 miles east of the City of Raleigh (the State Capital) and 60 miles west of the Atlantic Coast, is the largest municipality in Lenoir County and serves as the County seat. In what promises to be the single most significant and dramatic economic development project ever in eastern North Carolina, the Lenoir County-City of Kinston Regional Jetport competed with scores of cities and counties across North Carolina in the spring of 1992 and was chosen as the site of the North Carolina Global Transpark. The development of the massive Global Transpark and business complex will define the future environment for successful global manufacturing and distribution facilities in North Carolina and the nation. The complex will function as an international air cargo airport integrating "Just-In-Time" (JIT) manufacturing systems with air freight and other transport modes.

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

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

MAJOR INITIATIVES

For the Year. Fiscal year 1992-1993 included the planning and/or implementation phases of several new initiatives as well as the continuation or completion of initiatives begun during the previous fiscal year.

Curbside recycling, an effort to reduce solid waste disposal in traditional landfills and thereby increasing the protection of our environment, was implemented in March 1993. As of the end of the fiscal year, customer participation rates were 60 percent and rising. This rate greatly exceeds programs implemented in many communities throughout the United States. In addition, plans were completed for the implementation of curbside trash collection in July 1993. The impact on the residential customers of the recycling and curbside trash collection initiatives was to reduce their monthly billing for these services by 11 percent. Both services are provided by the City of Kinston.

Two major capital improvements to the electrical transmission and distribution systems were completed during the fiscal year. These improvements were the construction of a substation on Hull Road and the conversion of a portion of the electrical distribution system from 4KV to 12KV. These improvements, funded through proceeds received from the sale of revenue bonds, reduce the probability of customer power outages and reduce system operating costs and thus reduce the impact of potential future rate increases needed to meet operating and maintenance needs.

In April 1993, The Wooten Company, consulting engineers, completed a comprehensive study of the total cost of providing water and sewer services to residential, commercial and industrial customers. In addition to determining the total cost of providing these services, the study also determined the cost of service provision by each type of customer in order to develop and recommend rate schedules which would equitably distribute the payment of service provision to each customer type based upon usage. The results of the study were presented to the Mayor and City Council, who, after reviewing the study recommendations, approved implementation of new rates during fiscal year 1993-1994.

Work continued during the year to improve the quality of life within the City's neighborhoods. Such work included the identification and renovation or demolition of substandard housing, increased enforcement of zoning and other code violations that endangered citizens' life and/or property, continued reconstruction and surfacing of dirt streets and resurfacing currently paved streets, specific improvements to the neighborhoods in the New York, Reed and Parker Street areas, and the continuation of programs related to the community oriented policing and community action team systems aimed at eliminating crimes against citizens.

The joint City-County strategic planning group, CROSSROADS, presented specific improvements in the Kinston-Lenoir County area toward the end of the fiscal year. Specific strategies were presented in the areas of infrastructure, agriculture, business and industry, public and community relations, education and housing. The next step in the strategic planning process is the implementation and monitoring phase, which will begin in FY93-94.

In the Future. Improvements to the quality of life for all Kinston citizens continues in the future with emphasis on enhancing public safety.

Enhanced 911 emergency communications service was implemented in late August 1993, and the service continues to improve as residents and those responsible for the system become more familiar with the system's capabilities. In conjunction with E911 implementation, the dispatching of emergency-related service (police, fire, sheriff, etc.) has been streamlined through the establishment of a central, County-wide dispatching system. This implementation includes use of a Computer-Aided Dispatch system that enables public safety personnel to more effectively plan for the efficient and safe resolution of emergency calls through the ability to provide information concerning the potential safety hazards that may be experienced at the emergency service call site. Streamlining these operations will eventually eliminate the need for eight employees within the City of Kinston. In addition to E911 implementation, the fiscal year 1993-1994 budget includes funds for the acquisition of new property in connection with an overall plan to improve the fire protection system within the City.

Just as a cost of services study for the water and wastewater operations was completed in fiscal year 1992-1993, Booth and Associates, a consulting engineering firm, has been retained to provide the Mayor and City Council with a study of the total cost of providing electrical services to the various types of customers served by the City's electrical system. The purpose of this study is to ensure that the costs for service provision are being equitably borne by the various customer types, and that the rates being paid are properly set to cover operating and maintenance costs and projected capital improvements. Also, plans have been made to purchase land and begin design engineering work on the development of a new airport electrical substation to more adequately service those customers in the airport region.

Work plans have been developed and funding provisions made to continue needed street maintenance and improvements, including eliminating dirt streets and resurfacing existing streets, renovation and/or demolition of substandard housing, strict enforcement of zoning and other code violations, and specific neighborhood improvements through community development block grants for the Lewis School, Grainger-Hill, and Asphalt and Brody Street areas.

To improve the ability of City personnel to better serve their customers, a comprehensive review of the City's information management system, including an automation needs assessment, is planned to be completed by the end of fiscal year 1993-1994, with implementation of recommended improvements to begin in fiscal year 1994-1995. It is the intent of this review to recommend improved information management methods that will enable departments to provide customer service at the "point of need" by providing the service personnel with accurate, up-to-date policy and pricing information without necessitating the customer to unduely wait for problem resolutions.

Finally, the revised employee pay plan, completed in late 1991, is projected to be implemented beginning in January 1994. The plan, conducted by Ralph Anderson and Associates, recommended changes in the employee salary structure based upon a comprehensive comparison with salary levels paid by other municipalities, political subdivisions and private industries within the same regional area that the City competes for employees. In general, the study concluded that there were several areas in the City that needed to be upgraded to make them competitive with other employers in the area. The purpose of implementing the plan is to have City employees paid at the average wage paid by other probable area employers. It is anticipated that the implementation will be spread over multi-fiscal years.

Department Focus. Normally in the transmittal letter for the Comprehensive Annual Financial Report a department is highlighted for its efforts and accomplishments. However, this year volunteer work and support by Kinston citizens and enterprises as well as services and support provided by City departments need to be recognized.

On September 15, 1993, the Oneita All Children's Playground at Fairfield Park was dedicated. This playground is unique in that it was developed for the express purpose of enabling all children, physically restricted and able-bodied, to play together on the same apparatus. The playground is also unique because its realization came only with time and effort put forth by a cross section of the community--individuals, companies and public services. The playground exemplifies what accomplishments can come from a true private-public partnership.

The majority of funding for the playground came from private donations made by local businesses, industries, service clubs and individuals. Fund raising was entirely done by the Mayor and a local group of individuals concerned with improving the quality of life for persons with physical disabilities. Construction of the facility was performed by City employees in the Engineering Department (design), the Public Works Department (construction as well as donations from departmental employees), and the Parks and Recreation Department (construction and project management).

Through the generosity of these local public and private contributors, all children, whether able-bodied or physically restricted, now have the opportunity to play side-by-side and develop a better understanding of each other. The project stands as a monument to a community that makes improving the quality of life for its children a priority. The Mayor, City Council and all City employees want to salute all those involved in the project for "a job well done".

FINANCIAL INFORMATION

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

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

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

General Government Functions. The schedule on the following page presents a summary of the revenue and other financing sources for general governmental functions (General Fund and Special Revenue Funds) for the fiscal year ended June 30, 1993 and the amount and percentage of increases and decreases in relation to prior year revenue.

<u>Revenue and Other Financing Sources</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1992 (Thousands)</u>	<u>Percent of Increase (Decrease)</u>
Ad valorem taxes	\$ 4,800	29.6	\$ 157	3.4
Sales and services	3,194	19.7	310	10.7
Other taxes	1,860	11.5	137	8.0
Intergovernmental:				
Unrestricted	1,488	9.2	(16)	(1.1)
Restricted	1,106	6.8	(105)	(8.7)
Other Revenues	217	1.3	(180)	(45.3)
Proceeds from borrowing	1,147	7.0	1,147	1,147.0
Transfers in	<u>2,415</u>	<u>14.9</u>	<u>173</u>	<u>7.7</u>
Total	<u>\$ 16,227</u>	<u>100.0%</u>	<u>\$ 1,623</u>	

Fiscal year 1992-1993 revenues exceeded prior fiscal year revenues primarily as the result of increased ad valorem and sales taxes (\$292,000) and an increase in the amount of funds transferred from the other funds to subsidize general governmental operations (\$173,000).

Ad valorem taxes continue to be the principal source of revenues. However, due to prudent fiscal management, the tax rate has remained \$.61 per \$100 assessed valuation for the last five years. The 3.4 percent increase in ad valorem taxes is primarily attributable to the continuation of an aggressive collection program begun within the past few fiscal years. Collections for the year ended June 30, 1993 were 96.8 percent of the current levy, the twelfth consecutive year the collection rate has exceeded 96 percent.

The increase in sales taxes, as well as other taxes, reflects the continued growth in these elastic sources of revenue within the City, County, State and nation.

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures and other financial uses for the fiscal year ended June 30, 1993, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures and Other Financing Uses</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1992 (Thousands)</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$ 1,080	7.0	\$ (12)	(1.1)
Public Safety	5,703	36.8	189	3.4
Public Works	4,608	29.8	830	22.0
Planning and Community Development	1,848	11.9	62	3.5
Parks and Recreation	2,198	14.3	369	20.2
Debt Service:				
Principal	25	.2		
Interest	<u>5</u>		<u>(1)</u>	<u>(16.7)</u>
Total	<u>\$ 15,467</u>	<u>100.0%</u>	<u>\$ 1,437</u>	

The overall increase in expenditures in FY92-93 principally reflects the impact of capital outlays during the year for a new fire pumper, recycling and curbside trash collections trucks and equipment, and the first-year expenditure of a two-year project to renovate and improve Grainger Stadium.

General Fund Balance. Fund balance in the General Fund at June 30, 1993 was \$ 4,151,920 and continues to remain at a level that complements the City's financial position, maintains credit worthiness, and provides a resource for unforeseen emergencies and revenue fluctuations due to recessions or slowdowns in the economy.

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

Total fund equity of the Electric Fund at June 30, 1993 was \$15,922,553, a 5.8 percent increase over the total fund equity at June 30, 1992. Net income for FY 1993 was \$874,368. Operating revenue for this fiscal year increased 7.1 percent to \$35,484,706. This increase in operating revenue was partially offset by an increase in the cost of electricity purchased for resale. Additional increases in the cost of purchased electricity are anticipated in the next fiscal year. The Electric Fund makes a substantial transfer to the General Fund each year. For FY 1993 this transfer was \$2,214,500 an increase of \$164,500 from the prior year.

Total fund equity of the Water and Sewer Fund at June 30, 1993 was \$15,626,979, a 3.8 percent decrease over the total fund equity at June 30, 1992. Net loss for FY 1993 was \$59,621. This loss is the result of an increase in several operating changes. Operating revenue increased 8.1 percent to \$3,827,093. Operating expenses increased by 29.0 percent. Total fund equity of the Parking Facilities Authority Fund at June 30, 1993 decreased to \$292,452, a .2 percent decrease from the total fund equity at June 30, 1992.

Internal Service Fund. The City maintains one internal service fund to account for the City's limited risk self-insurance worker's compensation program. The fund equity for the Internal Service Fund at June 30, 1993 was \$19,064.

Debt Administration. Outstanding general obligation bonds at June 30, 1993 totaled \$685,000. Of this total, \$635,000 relates to enterprise fund operations and is expected to be repaid from proprietary revenue.

The ratio of net bonded debt to assessed valuation and the amount of gross bonded debt per capita are useful indicators to City management, citizens, and investors of the City's debt position. At June 30, 1993, the ratio of net bonded debt to assessed valuation was .01 percent. The gross bonded debt per capita was \$27.00.

North Carolina General Statutes limit the amount of net debt that local governments in the State can have outstanding. This limit is 8 percent of the appraised value of property subject to taxation. At June 30, 1993, the legal debt margin of the City was \$ 46,782,711.

Cash Management. During the year, temporarily idle cash was invested in certain U.S. Government Agency securities, certain commercial paper and bankers' acceptances, as well as in the North Carolina Cash Management Trust, an SEC registered mutual fund. The average yield on investments was 3.5 percent.

The City utilizes the pooled concept in its cash and investments program. The goal in selecting investments is to secure the highest return possible taking into consideration the safety and liquidity of the investments and the structure the investments according to the City's overall financial condition, opportunities, and obligations.

All deposits of the City are either insured by federal depository insurance or collateralized as required by North Carolina General Statute.

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

As part of its overall risk management program, the City practices various risk control techniques. Included among these is an employee safety program emphasizing accident prevention to minimize losses.

OTHER INFORMATION

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kinston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 1992. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Kinston has received a Certificate of Achievement for the year ended June 30, 1992. I believe our current report continues to conform to the Certificate of Achievement program requirements, and the City will be submitting it to the GFOA.

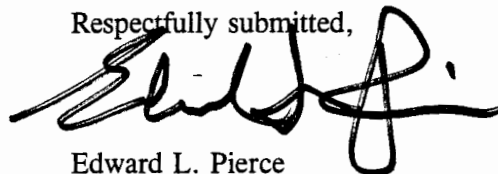
Independent Audit. The City is required by the North Carolina General Statutes to have an annual independent audit of its financial transactions. In addition, the Federal Single Audit Act of 1984 and the State Single Audit Implementation Act require annual independent audits of the City's compliance with the applicable laws and regulations related to certain financial assistance received by the City. The independent auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The independent auditor's reports on the compliance matters are included in a separate report.

The preparation of this comprehensive annual financial report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

I also acknowledge the valuable assistance provided by the accounting firm of McGladrey & Pullen and appreciate their assistance in preparing this report.

In closing, I would like to express my appreciation to the Mayor, City Council and Stephen W. Raper, City Manager, for their leadership, interest, and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Edward L. Pierce
Director of Finance & Administration

CITY OF KINSTON, NORTH CAROLINA

**LIST OF PRINCIPAL OFFICERS
JUNE 30, 1993**

CITY COUNCIL

O. A. RITCH, JR.
Mayor

JAN BARWICK

JOHNNIE MOSLEY

EDDIE L. KORNEGAY
Mayor Pro Tem

CAREY B. WASHBURN

ELIZA WORTHINGTON

CITY ADMINISTRATION

STEPHEN W. RAPER
City Manager

JOHN WOLFORD
Police Chief

TONY KELLY
Fire Chief

RON WICKER
Director of Public Utilities

JAMES T. PRATT
Director of Public Works

JIMMY TYER
Director of Recreation

BOB CLARK
Director of Planning and
Community Development

KARL L. MUNSON
Director of Personnel

CLARENCE LOCKAMY
City Engineer

EDWARD L. PIERCE
Director of Finance and Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kinston,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1992

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



Arnold L. Blahy
President

Jeffrey L. Esser
Executive Director

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

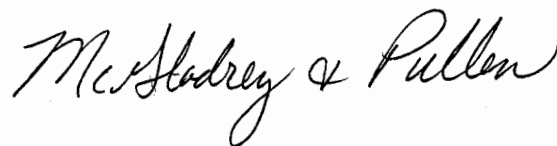
We have audited the accompanying general purpose financial statements of City of Kinston, North Carolina, as of and for the year ended June 30, 1993, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to 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, 1993 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.



Greenville, North Carolina
October 7, 1993

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.

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, 1993**

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Internal Service</u>
ASSETS AND OTHER DEBIT				
Assets:				
Cash and investments	\$ 2,969,429	\$ 56,307	\$ 7,991,427	\$ 23,100
Receivables:				
Due from other funds	-	-	38,826	-
Due from government agencies	-	46,955	-	-
Accounts receivable	1,178,676	-	277,135	746
Taxes receivable	425,392	-	-	-
Customer receivables, net	224,723	-	4,162,903	-
Interest receivable	-	-	13,750	-
Inventories	148,282	-	1,014,193	-
Deferred charges - debt issuance fees	-	-	24,261	-
Restricted cash and investments	651,802	-	992,900	-
Fixed assets	-	-	30,557,440	14,051
Other debit:				
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total assets and other debit	<u>\$ 5,598,304</u>	<u>\$ 103,262</u>	<u>\$ 45,072,835</u>	<u>\$ 37,897</u>
LIABILITIES, EQUITY AND OTHER CREDIT				
Liabilities:				
Due to other fund	\$ -	\$ 38,826	\$ -	\$ -
Accounts payable and accrued liabilities	641,898	2,480	3,346,729	18,833
Deferred revenue	804,486	-	9,870	-
Customer deposits	-	-	443,912	-
Due to North Carolina Eastern Municipal Power Agency	-	-	114,116	-
Accrued compensated absences	-	-	100,259	-
Police separation allowance	-	-	-	-
Long-term debt	-	-	9,215,964	-
Total liabilities	<u>1,446,384</u>	<u>41,306</u>	<u>13,230,850</u>	<u>18,833</u>
Equity and other credit:				
Contributed capital	-	-	2,838,124	-
Investment in general fixed assets	-	-	-	-
Retained earnings	-	-	29,003,861	19,064
Fund balances:				
Reserved for inventories	148,282	-	-	-
Reserved by State statute	402,292	-	-	-
Reserved for encumbrances	445,537	-	-	-
Reserved for Powell Bill	78,821	-	-	-
Unreserved:				
Designated for subsequent year's expenditures	202,000	-	-	-
Undesignated	<u>2,874,988</u>	<u>61,956</u>	<u>-</u>	<u>-</u>
Total equity and other credit	<u>4,151,920</u>	<u>61,956</u>	<u>31,841,985</u>	<u>19,064</u>
Total liabilities, equity, and other credit	<u>\$ 5,598,304</u>	<u>\$ 103,262</u>	<u>\$ 45,072,835</u>	<u>\$ 37,897</u>

See Notes to General Purpose Financial Statements.

Account Groups		
General Fixed Assets	General Long-Term Debt	Total (Memoran- dum Only)
\$ -	\$ -	\$ 11,040,263
-	-	38,826
-	-	46,955
-	-	1,456,557
-	-	425,392
-	-	4,387,626
-	-	13,750
-	-	1,162,475
-	-	24,261
-	-	1,644,702
14,265,738	-	44,837,229
-	<u>1,912,851</u>	<u>1,912,851</u>
<u>\$ 14,265,738</u>	<u>\$ 1,912,851</u>	<u>\$ 66,990,887</u>

\$ -	\$ -	\$ 38,826
-	-	4,009,940
-	-	814,356
-	-	443,912
-	-	114,116
-	620,535	720,794
-	55,513	55,513
-	<u>1,236,803</u>	<u>10,452,767</u>
-	<u>1,912,851</u>	<u>16,650,224</u>
-	-	2,838,124
14,265,738	-	14,265,738
-	-	29,022,925
-	-	148,282
-	-	402,292
-	-	445,537
-	-	78,821
-	-	202,000
-	-	<u>2,936,944</u>
<u>14,265,738</u>	-	<u>50,340,663</u>
<u>\$ 14,265,738</u>	<u>\$ 1,912,851</u>	<u>\$ 66,990,887</u>

CITY OF KINSTON, NORTH CAROLINA

**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1993**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total (Memoran- dum Only)</u>
Revenue:			
Ad valorem taxes	\$ 4,800,094	\$ -	\$ 4,800,094
Sales and services	3,193,928	-	3,193,928
Other taxes	1,860,410	-	1,860,410
Intergovernmental revenue:			
Unrestricted	1,488,129	-	1,488,129
Restricted	900,959	205,421	1,106,380
Other	<u>162,336</u>	<u>54,952</u>	<u>217,288</u>
Total revenue	<u>12,405,856</u>	<u>260,373</u>	<u>12,666,229</u>
Expenditures:			
Current:			
General government	1,080,042	-	1,080,042
Public safety	5,703,579	-	5,703,579
Public works	4,607,689	-	4,607,689
Parks and recreation	2,198,167	-	2,198,167
Planning and community development	1,443,707	404,464	1,848,171
Debt service:			
Principal	25,000	-	25,000
Interest	<u>4,758</u>	<u>-</u>	<u>4,758</u>
Total expenditures	<u>15,062,942</u>	<u>404,464</u>	<u>15,467,406</u>
Revenue under expenditures	<u>(2,657,086)</u>	<u>(144,091)</u>	<u>(2,801,177)</u>
Other financing sources (uses):			
Operating transfers in	2,414,500	61,650	2,476,150
Operating transfers out	(61,650)	-	(61,650)
Proceeds from borrowings	<u>1,147,000</u>	<u>-</u>	<u>1,147,000</u>
Total other financing sources	<u>3,499,850</u>	<u>61,650</u>	<u>3,561,500</u>
Revenue and other financing sources over (under) expenditures	842,764	(82,441)	760,323
Fund balance, beginning	<u>3,309,156</u>	<u>144,397</u>	<u>3,453,553</u>
Fund balance, ending	<u>\$ 4,151,920</u>	<u>\$ 61,956</u>	<u>\$ 4,213,876</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, 1993**

	General Fund		Variance, Favorable (Unfavorable)
	Budget	Actual	
Revenue:			
Ad valorem taxes	\$ 4,806,000	\$ 4,800,094	(5,906)
Sales and services	3,085,100	3,193,928	108,828
Other taxes	1,810,500	1,860,410	49,910
Intergovernmental revenue:			
Unrestricted	1,444,100	1,488,129	44,029
Restricted	855,000	900,959	45,959
Other	<u>224,400</u>	<u>162,336</u>	<u>(62,064)</u>
Total revenue	<u>12,225,100</u>	<u>12,405,856</u>	<u>180,756</u>
Expenditures:			
Current:			
General government	1,195,550	1,080,042	115,508
Public safety	5,809,400	5,703,579	105,821
Public works	5,032,400	4,607,689	424,711
Parks and recreation	2,042,950	2,198,167	(155,217)
Planning and community development	1,543,350	1,443,707	99,643
Debt service:			
Principal	25,000	25,000	-
Interest	<u>4,800</u>	<u>4,758</u>	<u>42</u>
Total expenditures	<u>15,653,450</u>	<u>15,062,942</u>	<u>590,508</u>
Revenue under expenditures	<u>(3,428,350)</u>	<u>(2,657,086)</u>	<u>771,264</u>
Other financing sources (uses):			
Operating transfers in	2,343,000	2,414,500	71,500
Operating transfers out	(61,650)	(61,650)	-
Proceeds from borrowings	<u>1,147,000</u>	<u>1,147,000</u>	<u>-</u>
Total other financing sources	<u>3,428,350</u>	<u>3,499,850</u>	<u>71,500</u>
Revenue and other financing sources over expenditures	<u>\$ -</u>	<u>842,764</u>	<u>\$ 842,764</u>
Fund balance, beginning		<u>3,309,156</u>	
Fund balance, ending		<u>\$ 4,151,920</u>	

See Notes to General Purpose Financial Statements.

<u>Certain Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	Variance, Favorable (Unfavorable)
\$ -	\$ -	-
-	-	-
-	-	-
-	-	-
-	12,881	12,881
<u>41,600</u>	<u>51,533</u>	<u>9,933</u>
<u>41,600</u>	<u>64,414</u>	<u>22,814</u>
-	-	-
-	-	-
-	-	-
103,250	118,779	(15,529)
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>103,250</u>	<u>118,779</u>	<u>(15,529)</u>
<u>(61,650)</u>	<u>(54,365)</u>	<u>7,285</u>
61,650	61,650	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>61,650</u>	<u>61,650</u>	<u>-</u>
<u>\$ -</u>	7,285	<u>\$ 7,285</u>
	<u>54,647</u>	
	<u>\$ 61,932</u>	

CITY OF KINSTON, NORTH CAROLINA

**COMBINED STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 1993**

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total (Memoran- dum Only)</u>
Operating Revenue:			
Charges for services	\$ 38,948,343	\$ -	38,948,343
Contributions from various funds	-	249,000	249,000
Other	<u>363,456</u>	<u>-</u>	<u>363,456</u>
Total operating revenue	<u>39,311,799</u>	<u>249,000</u>	<u>39,560,799</u>
Operating Expenses:			
Electrical operations	30,683,250	-	30,683,250
Administration	2,443,812	88,417	2,532,229
Depreciation	1,220,402	1,727	1,222,129
Amortization	2,427	-	2,427
Water and sewer operations	609,514	-	609,514
Wastewater plant operations	640,529	-	640,529
Water production	530,476	-	530,476
Claims reimbursements	<u>-</u>	<u>212,050</u>	<u>212,050</u>
Total operating expenses	<u>36,130,410</u>	<u>302,194</u>	<u>36,432,604</u>
Operating income (loss)	<u>3,181,389</u>	<u>(53,194)</u>	<u>3,128,195</u>
Nonoperating Revenue (Expenses):			
Interest earned on investments	314,442	-	314,442
½ % local sales tax refund	255,854	-	255,854
Interest on long-term debt	(547,478)	-	(547,478)
Other	<u>24,410</u>	<u>-</u>	<u>24,410</u>
Total nonoperating revenue	<u>47,228</u>	<u>-</u>	<u>47,228</u>
Income (loss) before operating transfers	<u>3,228,617</u>	<u>(53,194)</u>	<u>3,175,423</u>
Operating Transfers:			
Operating transfers out	<u>(2,414,500)</u>	<u>-</u>	<u>(2,414,500)</u>
Net income (loss)	814,117	(53,194)	760,923
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	<u>74,687</u>	<u>-</u>	<u>74,687</u>
Increase (decrease) in retained earnings	888,804	(53,194)	835,610
Retained earnings, beginning	<u>28,115,057</u>	<u>72,258</u>	<u>28,187,315</u>
Retained earnings, ending	<u>\$ 29,003,861</u>	<u>\$ 19,064</u>	<u>\$ 29,022,925</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, 1993
(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)	\$ 3,181,389	\$ (53,194)	\$ 3,128,195
Adjustments to reconcile operating income to net cash provided by operating activities:			
Other income	280,264	-	280,264
Depreciation	1,220,402	1,727	1,222,129
Amortization	2,427	-	2,427
Increase in allowance for uncollectible accounts	46,056	-	46,056
Change in assets and liabilities:			
Due from other funds	31,432	-	31,432
Customer receivables	(635,190)	-	(635,190)
Accounts receivable	2,862	120	2,982
Interest receivable	11,505	-	11,505
Customer deposits	(4,457)	-	(4,457)
Inventories	(120,807)	-	(120,807)
Accounts payable	205,547	851	206,398
Deferred revenue	1,952	-	1,952
Accrued compensated absences	4,974	841	5,815
Net cash provided by (used for) operating activities	<u>4,228,356</u>	<u>(49,655)</u>	<u>4,178,701</u>
Cash Flows from Noncapital Financing Activities:			
Repayments under revolving loan arrangement	(59,695)	-	(59,695)
Operating transfers to other funds	<u>(2,414,500)</u>	<u>-</u>	<u>(2,414,500)</u>
Net cash used for noncapital financing activities	<u>(2,474,195)</u>	<u>-</u>	<u>(2,474,195)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2,891,912)	(2,821)	(2,898,056)
Principal paid on general obligation bonds and equipment contracts	(745,434)	-	(745,434)
Interest paid on general obligation bonds and equipment contracts	(547,478)	-	(547,478)
Proceeds from borrowing	<u>486,187</u>	<u>-</u>	<u>486,187</u>
Net cash used for capital and related financing activities	<u>(3,698,637)</u>	<u>(2,821)</u>	<u>(3,701,458)</u>

CITY OF KINSTON, NORTH CAROLINA
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 1993
(Page 2 of 2)

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total (Memoran- dum Only)</u>
Cash Flows from Investing Activities:			
Interest and dividends on investments	<u>314,442</u>	<u>-</u>	<u>314,442</u>
Net decrease in cash and cash equivalents	(1,630,034)	(52,476)	(1,682,510)
Cash and cash equivalents, beginning	<u>10,614,361</u>	<u>75,576</u>	<u>10,689,937</u>
Cash and cash equivalents, ending	<u>\$ 8,984,327</u>	<u>\$ 23,100</u>	<u>\$ 9,007,427</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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

Included within the reporting entity:

Kinston Leasing Corporation (KLC). 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. -

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Excluded from the reporting entity:

City of Kinston Housing Authority. In accordance with the North Carolina General Statutes, the Mayor appoints members to the governing board and can remove members for cause. The City exercises no other oversight responsibility. The Authority has complete legislative and administrative authority. The City periodically contracts with the Authority to perform specific services, but the Authority's primary revenue are derived from rents and federal government subsidies.

City of Kinston School District. This potential component unit has a separate elected board and provides services to residents, generally within the geographic boundaries of the City. This potential component unit is excluded from the reporting entity because the City does not have the ability to exercise influence over daily operations, approve budgets or provide funding.

Lenoir County-City of Kinston Airport Commission. This potential component unit has a separate governing board. Primary considerations for exclusion are that the City does not contribute a majority of the support and is not able to significantly influence operations. The airport is included as a component unit of Lenoir County.

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:

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 Rental Rehabilitation Fund and the Hotel Kinston Project Fund are all Special Revenue Funds of the City.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Basis of Accounting

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

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Property 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. Fines, permits and parking meter revenue is not susceptible to accrual because generally it is not measurable until received in cash.

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

Budgets

Budgets are adopted on 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 community development rental rehabilitation special revenue funds and all proprietary 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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 Cash 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 cost or amortized cost.

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.

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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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, 1994.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Unreserved (Continued):

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

Interfund Transactions

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

Memorandum Only - Total Columns

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

Statement of Cash Flows

For purposes of 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 budget were necessary.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 2. Stewardship, Compliance and Accountability (Continued)

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	
Parks and Recreation	\$ 155,217
Special Revenue Fund	
Community Development Administration	7,610
Community Development Rental Rehabilitation	7,919
Electric Fund	
Electrical operations	641,608
Water and Sewer Fund	
Water and Sewer operations	515,310
Internal Service Fund	16,388

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	\$ 3,240
Cash on deposit	382,433
Investments	<u>10,654,590</u>
Cash and investments	\$ 11,040,263
Restricted cash	<u>1,644,702</u>
Total cash and investments	<u>\$ 12,684,965</u>

Deposits

At year end, the carrying amount of the City's deposits was \$2,027,135 and the bank balance was \$2,403,988. Under North Carolina General Statute, depositories must collateralize public deposits in excess of federal depository insurance coverage by using one of two options. Under Option 1, 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 Option 2, each depository establishes an escrow account in the name of the State Treasurer to secure all its public deposits. This option shifts the monitoring responsibility from the local unit to the State Treasurer. The City has deposits in Option 2 banks. Of the City's bank balances, \$200,000 was covered by federal depository insurance and \$2,203,988 was covered by collateral held by the State Treasurer under the Option 2 method on behalf of the City.

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 3. Cash, Deposits and Investments (Continued)

Investments

	<u>Category 2</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Federal Farm Credit	\$ 3,520,000	\$ 3,520,000	\$ 3,520,000
Commercial Paper	<u>999,917</u>	<u>999,917</u>	<u>1,010,000</u>
	<u>\$ 4,519,917</u>	\$ 4,519,917	\$ 4,530,000
The North Carolina Cash Management Trust		<u>6,134,673</u>	<u>6,134,673</u>
Total investments		<u>\$ 10,654,590</u>	<u>\$ 10,664,673</u>

The North Carolina Cash 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	<u>\$ 38,826</u>

The following is a detailed schedule of interfund transfers for the year ended June 30, 1993:

<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	
General Fund	\$ -	\$ 2,214,500	\$ 200,000	\$ 2,414,500
Community Development Administration Fund	<u>61,650</u>	<u>-</u>	<u>-</u>	
Total	<u>\$ 61,650</u>	<u>\$ 2,214,500</u>	<u>\$ 200,000</u>	<u>\$ 2,476,150</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	\$ 271,016
Water and Sewer Fund	<u>46,055</u>
	<u>\$ 317,071</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, 1992	Additions and Transfers	Disposals	Balance at June 30, 1993
Land and buildings	\$ 6,240,455	\$ 296,795	\$ 87,500	\$ 6,449,750
Equipment and vehicles	<u>6,821,582</u>	<u>1,158,955</u>	<u>164,549</u>	<u>7,815,988</u>
	<u>\$ 13,062,037</u>	<u>\$ 1,455,750</u>	<u>\$ 252,049</u>	<u>\$ 14,265,738</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 1993:

	Enterprise Funds				Internal Service Fund
	Electric	Water and Sewer	Parking Facilities Authority	Total	
Land	\$ 207,261	\$ 68,972	\$ 291,425	\$ 567,658	\$ -
Buildings	3,599,971	3,534,922	8,406	7,143,299	-
Distribution system	11,393,220	22,341,325	-	33,734,545	-
Equipment	1,547,945	1,345,385	-	2,893,330	18,424
Construction in progress	<u>2,078,005</u>	<u>3,238</u>	<u>-</u>	<u>2,081,243</u>	<u>-</u>
	18,826,402	27,293,842	299,831	46,420,075	18,423
Less accumulated depreciation	<u>(7,347,561)</u>	<u>(8,509,190)</u>	<u>(5,884)</u>	<u>(15,862,635)</u>	<u>(4,373)</u>
Net fixed assets	<u>\$11,478,841</u>	<u>\$18,784,652</u>	<u>\$ 293,947</u>	<u>\$30,557,440</u>	<u>\$ 14,051</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, 1993, the following changes occurred in liabilities reported in the general-long term debt account group and the enterprise funds:

	<u>Balance at July 1, 1992</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 1993</u>
General obligation bonds	\$ 75,000	\$ -	\$ 25,000	\$ 50,000
Compensated absences	522,123	98,412	-	620,535
Police separation allowance	55,933	-	420	55,513
Capital leases	<u>280,059</u>	<u>1,147,000</u>	<u>240,256</u>	<u>1,186,803</u>
	<u>\$ 933,115</u>	<u>\$ 1,245,412</u>	<u>\$ 265,676</u>	<u>\$ 1,912,851</u>

Enterprise Funds:

	<u>Balance at July 1, 1992</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 1993</u>
General obligation bonds	\$ 970,000	\$ -	\$ 335,000	\$ 635,000
Revenue bonds	3,414,000	-	150,000	3,264,000
Compensated absences	95,285	4,974	-	100,259
Notes payable	2,634,805	233,187	15,932	2,852,060
Capital leases	<u>2,456,406</u>	<u>253,000</u>	<u>244,502</u>	<u>2,464,904</u>
	<u>\$ 9,570,496</u>	<u>\$ 491,161</u>	<u>745,434</u>	<u>\$ 9,316,223</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, 1993, are as follows:

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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 5.7% to 5.75% \$ 50,000

Total General Long-term Debt \$ 50,000

Enterprise Funds:

Water and Sewer Fund:

\$1,500,000 - 1968 Sanitary Sewer serial bonds due in principal installments of \$60,000 through June 1, 1994; interest at 4.2% \$ 60,000

\$2,300,000 - 1974 Water and Sewer Improvement serial bonds due in principal installments of \$150,000 through April 1, 1996; interest at 5.3% and 4.0% 450,000

Total \$ 510,000

Electric Fund:

\$1,975,000 - 1971 Electric Light and Power Utility serial bonds due in principal installments of \$125,000 through June 1, 1994; interest at 5.2% \$ 125,000

Total Enterprise Funds Bonds \$ 635,000

Total General Obligation Bonds \$ 685,000

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

Fiscal Year Ending June 30,	General Long-Term Debt Account Group		Enterprise Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1994	25,000	2,863	335,000	28,970	360,000	31,833
1995	25,000	1,438	150,000	12,000	175,000	13,438
1996	-	-	150,000	6,000	150,000	6,000
Total	<u>\$ 50,000</u>	<u>\$ 4,301</u>	<u>\$ 635,000</u>	<u>\$ 46,970</u>	<u>\$ 685,000</u>	<u>\$ 51,271</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 7. Long-term Debt (Continued)

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, 1993 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%

\$ 715,000

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%

\$ 2,535,000

Total Revenue Bonds

\$ 3,264,000

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

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1994	\$ 210,000	\$ 201,533	\$ 411,533
1995	225,000	187,801	412,801
1996	254,000	173,037	427,037
1997	255,000	157,559	412,559
1998	275,000	140,890	415,890
Thereafter	<u>2,045,000</u>	<u>429,738</u>	<u>2,474,738</u>
Total	<u>\$ 3,264,000</u>	<u>\$ 1,290,558</u>	<u>\$ 4,554,558</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 7. Long-term Debt (Continued)

Notes Payable:

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

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

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1994	\$ 186,010	\$ 218,216	\$ 404,226
1995	187,764	117,999	305,763
1996	189,692	108,837	299,529
1997	191,812	101,482	293,294
1998	194,145	92,916	287,061
Thereafter	<u>1,902,637</u>	<u>425,110</u>	<u>2,327,747</u>
Total	<u>\$ 2,852,060</u>	<u>\$ 1,065,560</u>	<u>\$ 3,917,620</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, 1993, the legal debt limit for the City was \$61,134,478 providing a legal debt margin of \$46,782,711.

At June 30, 1993, the City has no authorized bonds remaining to be issued.

Note 8. Capital Leases

The City has entered into a number of lease agreements for financing various land, building and equipment purchases. These lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

In the Enterprise Funds, the charge to income resulting from amortization of assets recorded as capital leases is included in depreciation expense in the accompanying combined financial statements.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 1993:

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 8. Capital Leases (Continued)

Fiscal Year Ending June 30,	<u>Minimum Lease Payments</u>	
	<u>General Long-Term Debt</u>	<u>Enterprise Funds</u>
1994	\$ 316,077	\$ 402,460
1995	282,669	392,994
1996	282,668	363,615
1997	280,842	350,843
1998	152,513	320,456
Thereafter	-	<u>1,592,874</u>
Total minimum lease payments	\$ 1,314,769	\$ 3,423,242
Less amount representing interest	<u>(127,966)</u>	<u>(958,338)</u>
Present value of future minimum lease payments	<u>\$ 1,186,803</u>	<u>\$ 2,464,904</u>

Note 9. Contributed Capital

During the year, contributed capital had the following changes:

<u>Source</u>	<u>Water and Sewer Fund</u>
Contributed capital, July 1, 1992	\$ 2,912,811
Less:	
Add back of depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction	<u>(74,687)</u>
Contributed capital, June 30, 1993	<u>\$ 2,838,124</u>

Note 10. Deferred Revenue

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

	<u>General Fund</u>	<u>Enterprise Fund</u>
Prepaid taxes not yet earned	\$ 3,379	\$
Property taxes received	425,392	
Paving Assessments	131,344	
Privilege licenses	26,412	
Refuse fees receivable	217,959	
Repayment agreements	<u> </u>	<u>9,870</u>
	<u>\$ 804,486</u>	<u>\$ 9,870</u>

Note 11. 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, 1993, is presented below.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 11. Segment Information (Continued)

	Electric Fund	Water and Sewer Fund	Parking Facilities Authority Fund	Total
Operating revenue	\$ 35,484,706	\$ 3,827,093	\$ -	\$ 39,311,799
Nonoperating revenue				
(expenses)	33,969	(242,175)	(420)	(208,626)
½ % Sales tax refund	-	255,854	-	255,854
Depreciation	308,743	911,449	210	1,220,402
Amortization	1,893	534	-	2,427
Operating income (loss)	3,054,899	126,700	(210)	3,181,389
Operating transfers out	(2,214,500)	(200,000)	-	(2,414,500)
Net income (loss)	874,368	(59,621)	(630)	814,117
Decrease in contributed capital	-	(74,687)	-	(74,687)
Fixed assets:				
Additions	1,929,668	962,244	-	2,891,912
Disposals	-	35,625	-	35,625
Working capital	7,756,004	1,403,642	12,505	9,172,151
Total assets	23,480,496	21,285,887	306,452	45,072,835
Bonds and other long- term liabilities payable from operating revenue	4,044,534	4,846,235	14,000	8,904,769
Total fund equity	15,922,553	15,626,980	292,452	31,841,985

Note 12. 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, 1993 was \$9,917,328; the City's total payroll was \$10,217,205.

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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 12. Employee Retirement Systems (Continued)

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, 1993, was \$1,075,818, which consisted of \$594,945 from employees and \$480,873 from the City; the City's required contributions for employees not engaged in law enforcement and for law enforcement officers represents 5.00 percent and 4.24 percent of covered payroll, respectively.

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, 1992, the date of the System's latest available actuarial valuation, was \$3,701,612,000. The System's net assets available for benefits on that date were \$3,986,769,000, leaving net assets in excess of the pension benefit obligation of \$285,157,000. The City's 1993 contribution represented .51 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, 1993 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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 12. Employee Retirement Systems (Continued)

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, 1993, was \$1,972,854. The City's total payroll was \$10,217,205. 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, 1993, 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>80</u>
Total	<u>86</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
- 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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 12. Employment Retirement Systems (Continued)

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, 1992. 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, 1992, the unfunded pension benefit obligation was \$306,196 as follows:

Pension benefit obligation:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 151,799
Current employees:	
Employer - financed - vested	0
Employer - financed - nonvested	<u>154,397</u>
Total pension benefit obligation	\$ 306,196
Net assets available for benefits	<u>0</u>
Unfunded pension benefit obligation	<u><u>\$ 306,196</u></u>

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, 1993 was \$43,232; the amount funded by the City was \$43,652 (2.21 percent of covered payroll). The cumulative difference as of June 30, 1993 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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 12. Employee Retirement Systems (Continued)

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 (1989-1993). For the six years ended June 30, 1993, there were no assets available to fund the pension benefit obligation. Unfunded pension benefit obligation represented 15.52 percent of the annual payroll for employees covered by the System for 1993. 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 six years ended 1988, 1989, 1990, 1991, 1992 and 1993, the City's contributions to the System, all made to fund benefits when due, were 1.07, 1.30, 1.80, 2.08, 2.59 and 2.21 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 \$1,972,854. Total contributions for the year ended June 30, 1993, were \$161,632 which consisted of \$98,647 from the City and \$62,985 from the law enforcement officers. The City's required contributions and the officers' voluntary contributions represented 5.00 percent and 3.19 percent of the covered payroll amount, respectively.

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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Note 13. Budget to GAAP Reconciliation

For the fiscal year ended June 30, 1993, the following adjustments are needed to reconcile the operating statements of the special revenue funds between combined statements on a GAAP basis and combined statements on a budgetary basis:

	Special Revenue Funds
Revenues and other financing sources over expenditures, budgetary basis	\$ 7,285
To record excess of revenues and other sources over (under) expenditures and other uses for the following fund which has multi-year budgets	
Grant Project Fund - Hotel Kinston	<u>(89,726)</u>
Revenues and other sources over (under) expenditures, GAAP basis	<u>\$ (82,441)</u>

Note 14. 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 \$212,050 in claims was incurred for benefits during fiscal year 1993. 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 15. 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, 1993, the total amount due to the Agency was \$114,116, all of which is shown as a long-term liability since the amount to be paid in the ensuing year is considered to be immaterial.

**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, 1993
(Page 1 of 6)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Ad valorem taxes:			
Taxes	\$ 4,775,000	\$ 4,766,413	\$ (8,587)
Penalties and interest	<u>31,000</u>	<u>33,681</u>	<u>2,681</u>
Total ad valorem taxes	<u>4,806,000</u>	<u>4,800,094</u>	<u>(5,906)</u>
Sales and services:			
Garbage collections	1,723,000	1,727,992	4,992
Rents, concessions, and fees	257,550	339,999	82,449
Inspection fees	200,000	215,971	15,971
Cemetery fees	95,000	117,218	22,218
Cable franchise	105,000	103,792	(1,208)
Lenoir County participation:			
Recreation	251,600	269,003	17,403
Building inspection	64,000	54,772	(9,228)
Miscellaneous	<u>388,950</u>	<u>365,181</u>	<u>(23,769)</u>
Total sales and services	<u>3,085,100</u>	<u>3,193,928</u>	<u>108,828</u>
Other taxes and licenses:			
Local government sales tax	1,515,000	1,577,036	62,036
Intangible taxes	240,000	235,709	(4,291)
Licenses and permits	<u>55,500</u>	<u>47,665</u>	<u>(7,835)</u>
Total other taxes and licenses	<u>1,810,500</u>	<u>1,860,410</u>	<u>49,910</u>
Unrestricted intergovernmental revenue:			
Franchise tax	950,000	971,877	21,877
Payments in lieu of taxes	349,000	373,897	24,897
Beer and wine	100,100	100,162	62
ABC revenue	<u>45,000</u>	<u>42,193</u>	<u>(2,807)</u>
Total unrestricted intergovernmental revenue	<u>1,444,100</u>	<u>1,488,129</u>	<u>44,029</u>
Restricted intergovernmental revenue:			
Powell Bill allocations	688,000	687,827	(173)
NC Health and Sanitation	10,000	9,969	(31)
NC Governor's Highway Safety Program - DWI Task Force	80,000	86,836	6,836
Domestic Violence Program - S.A.F.E. of Lenoir County	22,000	24,361	2,361
Police Community Action Team	55,000	62,444	7,444
Forfeited Drug proceeds	<u>-</u>	<u>29,522</u>	<u>29,522</u>
Total restricted intergovernmental revenue	<u>855,000</u>	<u>900,959</u>	<u>45,959</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, 1993
(Page 2 of 6)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other revenue:			
Investment income	\$ 95,000	\$ 100,014	5,014
Sales of surplus materials and assets	25,000	17,297	(7,703)
Miscellaneous	104,400	45,025	(59,375)
Total other revenue	<u>224,400</u>	<u>162,336</u>	<u>(62,064)</u>
Total revenue	<u>12,225,100</u>	<u>12,405,856</u>	<u>180,756</u>
Expenditures:			
General Government:			
Governing body:			
Personal services	-	254,074	-
Operating	-	618,966	-
Capital outlay	-	1,994	-
Total governing body	<u>943,500</u>	<u>875,034</u>	<u>68,466</u>
Executive:			
Personal services	-	175,178	-
Operating	-	34,709	-
Total executive	<u>212,450</u>	<u>209,887</u>	<u>2,563</u>
Finance:			
Business office:			
Personal services	-	492,587	-
Operating	-	165,343	-
Capital outlay	-	8,747	-
	-	666,677	-
Field service:			
Personal services	-	166,636	-
Operating	-	26,546	-
Capital outlay	-	9,993	-
	-	203,175	-
Data processing:			
Personal services	-	44,340	-
Operating	-	74,633	-
Capital outlay	-	1,595	-
	-	120,568	-
Purchasing:			
Personal services	-	143,875	-
Operating	-	32,599	-
	-	176,474	-
Total finance	<u>1,187,950</u>	<u>1,166,894</u>	<u>21,056</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, 1993
(Page 3 of 6)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Personnel:			
Personal services	\$ -	\$ 179,252	\$ -
Operating	-	88,258	-
Capital outlay	-	2,883	-
Total personnel	<u>279,400</u>	<u>270,393</u>	<u>9,007</u>
Public facilities:			
Municipal hall:			
Operating	-	167,606	-
Capital outlay	-	10,828	-
Total public facilities	<u>192,850</u>	<u>178,434</u>	<u>14,416</u>
Indirect costs reimbursement	<u>(1,620,600)</u>	<u>(1,620,600)</u>	<u>-</u>
Total general government	<u>1,195,550</u>	<u>1,080,042</u>	<u>115,508</u>
Public safety:			
Police:			
Personal services	-	2,881,690	-
Operating	-	397,013	-
Capital outlay	-	122,651	-
Total police	<u>3,423,550</u>	<u>3,401,354</u>	<u>22,196</u>
Fire:			
Personal services	-	1,798,297	-
Operating	-	266,270	-
Capital outlay	-	237,658	-
Total fire	<u>2,385,850</u>	<u>2,302,225</u>	<u>83,625</u>
Total public safety	<u>5,809,400</u>	<u>5,703,579</u>	<u>105,821</u>
Public works:			
Administration:			
Personal services	-	118,550	-
Operating	-	35,565	-
Total administration	<u>-</u>	<u>154,115</u>	<u>-</u>
Fleet maintenance:			
Personal services	-	385,304	-
Operating	-	42,162	-
Capital outlay	-	1,850	-
Total fleet maintenance	<u>-</u>	<u>429,316</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, 1993
(Page 4 of 6)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Streets:			
Personal services	\$ -	\$ 514,970	\$ -
Operating	-	684,437	-
Capital outlay	-	23,612	-
Total streets	-	1,223,019	-
Environmental services:			
Personal services	-	1,122,431	-
Operating	-	832,969	-
Capital outlay	-	642,289	-
Total environmental services	-	2,597,689	-
Buildings and grounds:			
Personal services	-	86,511	-
Operating	-	113,659	-
Capital outlay	-	3,380	-
Total building and grounds	-	203,550	-
Total public works	5,032,400	4,607,689	424,711
Parks and Recreation:			
Administration:			
Personal services	-	106,952	-
Operating	-	26,689	-
Capital outlay	-	1,390	-
Total administration	-	135,031	-
Programs:			
Personal services	-	556,068	-
Operating	-	109,895	-
Total programs	-	665,963	-
Parks:			
Personal services	-	392,477	-
Operating	-	230,846	-
Capital outlay	-	193,814	-
Total parks	-	817,137	-
County:			
Personal services	-	151,862	-
Operating	-	91,223	-
Total county	-	243,085	-

**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, 1993
(Page 5 of 6)**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sponsored activities:			
Personal services	\$ -	\$ 14,646	\$ -
Operating	-	89,447	-
Capital outlay	-	4,666	-
Total sponsored activities	-	108,759	-
Municipal stadium:			
Personal services	-	29,489	-
Operating	-	57,757	-
Capital outlay	-	140,946	-
Total municipal stadium	-	228,192	-
Total parks and recreation	2,042,950	2,198,167	(155,217)
Planning and community development:			
Planning and development:			
Personal services	-	166,339	-
Operating	-	27,451	-
Capital outlay	-	18,427	-
Total planning and development	242,550	212,217	30,333
Inspections and code enforcement:			
Personal services	-	250,322	-
Operating	-	129,128	-
Capital outlay	-	20,607	-
Total inspections and code enforcement	447,700	400,057	47,643
Economic development:			
Operating	337,600	334,319	3,281
Engineering:			
Personal services	-	380,931	-
Operating	-	107,961	-
Capital outlay	-	8,222	-
Total engineering	515,500	497,114	18,386
Total planning and community development	1,543,350	1,443,707	99,643

**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, 1993
(Page 6 of 6)**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Debt service:			
Principal	25,000	25,000	-
Interest	<u>4,800</u>	<u>4,758</u>	<u>42</u>
Total debt service	<u>29,800</u>	<u>29,758</u>	<u>42</u>
Total expenditures	<u>15,653,450</u>	<u>15,062,942</u>	<u>590,508</u>
Revenue over (under) expenditures	<u>\$ (3,428,350)</u>	<u>\$ (2,657,086)</u>	<u>\$ 771,264</u>
Other financing sources (uses):			
Operating transfers in	2,343,000	2,414,500	71,500
Operating transfers out	(61,650)	(61,650)	-
Proceeds from borrowings	<u>1,147,000</u>	<u>1,147,000</u>	<u>-</u>
Total other financing sources	<u>3,428,350</u>	<u>3,499,850</u>	<u>71,500</u>
Revenue and other financing sources over expenditures	<u>\$ -</u>	<u>842,764</u>	<u>\$ 842,764</u>
Fund balance, beginning		<u>3,309,156</u>	
Fund balance, ending		<u>\$ 4,151,920</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 Hotel Kinston Fund - This fund is used to account for the federal grant monies received from the Housing and Urban Development Department for Community Block Grants under the Small Cities program and for 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 Rental Rehabilitation 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, 1993**

	Community Development <u>Hotel Kinston</u>	Community Development <u>New York / Reed Street</u>	Community Development <u>Administration</u>	Community Development <u>Rental Rehabilitation</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 2,345	\$ -	\$ 52,999	\$ 963	\$ 56,307
Due from governmental agencies	<u>-</u>	<u>38,826</u>	<u>8,129</u>	<u>-</u>	<u>46,955</u>
Total assets	<u>\$ 2,345</u>	<u>\$ 38,826</u>	<u>\$ 61,128</u>	<u>\$ 963</u>	<u>\$ 103,262</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
Due to other fund	\$ -	\$ 38,826	\$ -	\$ -	\$ 38,826
Accounts payable and accrued liabilities	<u>2,321</u>	<u>-</u>	<u>159</u>	<u>-</u>	<u>2,480</u>
Total liabilities	<u>2,321</u>	<u>38,826</u>	<u>159</u>	<u>-</u>	<u>41,306</u>
FUND EQUITY:					
Unreserved - undesignated	<u>24</u>	<u>-</u>	<u>60,969</u>	<u>963</u>	<u>61,956</u>
Total liabilities and fund equity	<u>\$ 2,345</u>	<u>\$ 38,826</u>	<u>\$ 61,128</u>	<u>\$ 963</u>	<u>\$ 103,262</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, 1993**

	<u>Community Development Hotel Kinston</u>	<u>Community Development New York / Reed Street</u>	<u>Community Development Administration</u>	<u>Community Development Rental Rehabilitation</u>	<u>Total</u>
Revenue:					
Restricted intergovernmental revenue	\$ -	\$ 192,540	\$ 4,962	\$ 7,919	\$ 205,421
Other - rent and program income	-	3,419	51,533	-	54,952
Total revenue	-	195,959	56,495	7,919	260,373
Expenditures:					
Administration	18,932	61,906	20,253	-	101,091
Rehabilitation of private properties	70,794	134,053	-	7,919	212,766
Contract services	-	-	90,607	-	90,607
Total expenditures	89,726	195,959	110,860	7,919	404,464
Total revenue under expenditures	(89,726)	-	(54,365)	-	(144,091)
Other Financing Sources:					
Operating transfers in	-	-	61,650	-	61,650
Total revenue and other sources over (under) expenditures	(89,726)	-	7,285	-	(82,441)
Fund balances, beginning	89,750	-	53,684	963	144,397
Fund balances, ending	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 60,969</u>	<u>\$ 963</u>	<u>\$ 61,956</u>

**CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND - HOTEL KINSTON**

**SCHEDULE OF REVENUE AND EXPENDITURES,
BUDGET AND ACTUAL
FROM GRANT INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 1993**

	<u>Actual</u>		<u>Project</u>
	<u>Current</u>	<u>Total</u>	<u>Authorization</u>
	<u>Year</u>	<u>to Date</u>	
Revenue:			
Restricted intergovernmental revenue -			
Federal Community Development Grant			
Project	\$ -	\$ -	\$ -
Other - rent and program income	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Administration	18,932	18,932	20,340
Rehabilitation of private properties	<u>70,794</u>	<u>94,044</u>	<u>92,660</u>
Total expenditures	<u>89,726</u>	<u>112,976</u>	<u>113,000</u>
Total revenue under			
expenditures	(89,726)	(112,976)	(113,000)
Other Financing Sources:			
Operating transfers in	<u>-</u>	<u>113,000</u>	<u>113,000</u>
Total revenue and other sources			
over (under) expenditures	<u>\$ (89,726)</u>	<u>\$ 24</u>	<u>\$ -</u>

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

**SCHEDULE OF REVENUE AND EXPENDITURES,
 BUDGET AND ACTUAL
 FROM GRANT INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 1993**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
Revenue:			
Restricted intergovernmental revenue -			
Federal Community Development Grant			
Project	\$ 192,540	\$ 522,212	\$ 600,000
Other - rent and program income	<u>3,419</u>	<u>3,419</u>	<u>6,000</u>
Total revenue	<u>195,959</u>	<u>525,631</u>	<u>606,000</u>
Expenditures:			
Administration	61,906	107,983	106,000
Disposition	-	-	1,000
Clearance	-	-	1,000
Rehabilitation of private properties	<u>134,053</u>	<u>417,648</u>	<u>558,000</u>
Total expenditures	<u>195,959</u>	<u>525,631</u>	<u>666,000</u>
Total revenue over (under)			
expenditures	-	-	(60,000)
Other Financing Sources:			
Operating transfers in	<u>-</u>	<u>-</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, 1993**

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenue:			
Restricted intergovernmental revenue	\$ -	\$ 4,962	\$ 4,962
Other - rent and program income	<u>41,600</u>	<u>51,533</u>	<u>9,933</u>
Total revenue	<u>41,600</u>	<u>56,495</u>	<u>14,895</u>
Expenditures:			
Administration	-	20,253	-
Contract services	-	90,607	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>103,250</u>	<u>110,860</u>	<u>(7,610)</u>
Total revenue under expenditures	(61,650)	(54,365)	7,285
Other Financing Sources:			
Operating transfers in	<u>61,650</u>	<u>61,650</u>	<u>-</u>
Total revenue and other sources over expenditures	<u>\$ -</u>	<u>\$ 7,285</u>	<u>\$ 7,285</u>

CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND - COMMUNITY DEVELOPMENT RENTAL REHABILITATION

**SCHEDULE OF REVENUE AND EXPENDITURES,
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993**

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenue:			
Restricted intergovernmental revenue -			
Federal Community Development Grant Project	\$ -	\$ 7,919	\$ 7,919
Expenditures:			
Rehabilitation of private properties	-	7,919	(7,919)
Revenue over expenditures	<u>\$ -</u>	<u>\$ -</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, 1993**

	Electric Fund	Water and Sewer Fund	Parking Facilities Authority Fund	Totals 1993
ASSETS				
Cash and investments	\$ 6,600,418	\$ 1,378,504	\$ 12,505	\$ 7,991,427
Due from other fund	38,826	-	-	38,826
Accounts receivable	92,575	184,560	-	277,135
Customer receivables, net	3,732,109	430,794	-	4,162,903
Interest receivable	11,924	1,826	-	13,750
Inventories	793,561	220,632	-	1,014,193
Deferred charges	18,924	5,337	-	24,261
Restricted cash and investments	713,318	279,582	-	992,900
Fixed assets:				
Land	207,261	68,972	291,425	567,658
Buildings	3,599,971	3,534,922	8,406	7,143,299
Distribution	11,393,220	22,341,325	-	33,734,545
Equipment	1,547,945	1,345,385	-	2,893,330
Accumulated depreciation	(7,347,561)	(8,509,190)	(5,884)	(15,862,635)
Construction in progress	<u>2,078,005</u>	<u>3,238</u>	<u>-</u>	<u>2,081,243</u>
Total fixed assets, net	<u>11,478,841</u>	<u>18,784,652</u>	<u>293,947</u>	<u>30,557,440</u>
Total assets	<u>\$23,480,496</u>	<u>\$21,285,887</u>	<u>\$ 306,452</u>	<u>\$45,072,835</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,100,020	\$ 246,709	\$ -	\$ 3,346,729
Deferred revenue	-	9,870	-	9,870
Customer deposits	443,912	-	-	443,912
Due to North Carolina Eastern Municipal Power Agency	114,116	-	-	114,116
Accrued compensated absences	63,472	36,787	-	100,259
Long-term debt	<u>3,836,423</u>	<u>5,365,541</u>	<u>14,000</u>	<u>9,215,964</u>
Total liabilities	<u>7,557,943</u>	<u>5,658,907</u>	<u>14,000</u>	<u>13,230,850</u>
Fund equity:				
Contributed capital	-	2,838,124	-	2,838,124
Retained earnings	<u>15,922,553</u>	<u>12,788,856</u>	<u>292,452</u>	<u>29,003,861</u>
Total fund equity	<u>15,922,553</u>	<u>15,626,980</u>	<u>292,452</u>	<u>31,841,985</u>
Total liabilities and fund equity	<u>\$23,480,496</u>	<u>\$21,285,887</u>	<u>\$ 306,452</u>	<u>\$45,072,835</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, 1993**

	Electric Fund	Water and Sewer Fund	Parking Facilities Authority Fund	Totals 1993
Operating Revenue:				
Charges for services	\$35,280,227	\$ 3,668,116	\$ -	\$ 38,948,343
Other	<u>204,479</u>	<u>158,977</u>	<u>-</u>	<u>363,456</u>
Total operating revenue	<u>35,484,706</u>	<u>3,827,093</u>	<u>-</u>	<u>39,311,799</u>
Operating Expenses:				
Electrical operations	30,683,250	-	-	30,683,250
Administration	1,435,921	1,007,891	-	2,443,812
Depreciation	308,743	911,449	210	1,220,402
Amortization	1,893	534	-	2,427
Water and sewer operations	-	609,514	-	609,514
Wastewater plant operations	-	640,529	-	640,529
Water production	<u>-</u>	<u>530,476</u>	<u>-</u>	<u>530,476</u>
Total operating expenses	<u>32,429,807</u>	<u>3,700,393</u>	<u>210</u>	<u>36,130,410</u>
Operating income (loss)	<u>3,054,899</u>	<u>126,700</u>	<u>(210)</u>	<u>3,181,389</u>
Nonoperating Revenue (Expenses):				
Interest earned on investments	267,177	47,265	-	314,442
½ % local sales tax refund	-	255,854	-	255,854
Interest on long-term debt	(255,571)	(291,487)	(420)	(547,478)
Other	<u>22,363</u>	<u>2,047</u>	<u>-</u>	<u>24,410</u>
Total nonoperating revenue (expenses)	<u>33,969</u>	<u>13,679</u>	<u>(420)</u>	<u>47,228</u>
Income (loss) before operating transfers	<u>3,088,868</u>	<u>140,379</u>	<u>(630)</u>	<u>3,228,617</u>
Operating Transfers:				
Operating transfers out	<u>(2,214,500)</u>	<u>(200,000)</u>	<u>-</u>	<u>(2,414,500)</u>
Net income (loss)	874,368	(59,621)	(630)	814,117
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	<u>-</u>	<u>74,687</u>	<u>-</u>	<u>74,687</u>
Increase (decrease) in retained earnings	874,368	15,066	(630)	888,804
Retained Earnings, beginning	<u>15,048,185</u>	<u>12,773,790</u>	<u>293,082</u>	<u>28,115,057</u>
Retained Earnings, ending	<u>\$15,922,553</u>	<u>\$12,788,856</u>	<u>\$ 292,452</u>	<u>\$29,003,861</u>

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993**

(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)	\$ 3,054,899	\$ 126,700	\$ (210)	\$ 3,181,389
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Other income	22,363	257,901	-	280,264
Depreciation	308,743	911,449	210	1,220,402
Amortization	1,893	534	-	2,427
Change in assets and liabilities:				
Allowance for uncollectible accounts	28,400	17,656	-	46,056
Due from other funds	31,432	-	-	31,432
Customer receivables	(616,213)	(18,977)	-	(635,190)
Accounts receivable	(699)	3,561	-	2,862
Interest receivable	10,314	1,191	-	11,505
Customer deposits	(4,457)	-	-	(4,457)
Inventories	101,149	(19,658)	-	(120,807)
Accounts payable	340,866	(135,319)	-	205,547
Deferred revenue	-	1,952	-	1,952
Accrued compensated absences	<u>785</u>	<u>4,189</u>	<u>-</u>	<u>4,974</u>
Net cash provided by operating activities	<u>3,077,177</u>	<u>1,151,179</u>	<u>-</u>	<u>4,228,356</u>
Cash Flows from Noncapital Financing Activities:				
Repayments under revolving loan arrangement	(59,695)	-	-	(59,695)
Operating transfers out to other funds	<u>(2,214,500)</u>	<u>(200,000)</u>	<u>-</u>	<u>(2,414,500)</u>
Net cash used for noncapital financing activities	<u>(2,274,195)</u>	<u>(200,000)</u>	<u>-</u>	<u>(2,474,195)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(1,929,668)	(962,244)	-	(2,891,912)
Principal paid on general obligation bond maturities and equipment contracts	(379,038)	(366,396)	-	(745,434)
Interest paid on bonded indebtedness and equipment contracts	(255,571)	(291,487)	(420)	(547,478)
Proceeds from borrowing	<u>125,000</u>	<u>361,187</u>	<u>-</u>	<u>486,187</u>
Net cash used for capital and related financing activities	<u>(2,439,277)</u>	<u>(1,258,940)</u>	<u>(420)</u>	<u>(3,698,637)</u>

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

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993
(Page 2 of 2)**

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Parking Facilities Authority Fund</u>	<u>Totals</u>
Cash Flows from Investing Activities:				
Interest and dividends on investments	<u>267,177</u>	<u>47,625</u>	<u>-</u>	<u>314,442</u>
Net decrease in cash and cash equivalents	(1,369,118)	(260,496)	(420)	(1,630,034)
Cash and cash equivalents, beginning	<u>8,682,854</u>	<u>1,918,582</u>	<u>12,925</u>	<u>10,614,361</u>
Cash and cash equivalents, ending	<u>\$ 7,313,736</u>	<u>\$ 1,658,086</u>	<u>\$ 12,505</u>	<u>\$ 8,984,327</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, 1993
(Page 1 of 2)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenue:			
Charges for services, electricity sales	\$ 35,364,500	\$ 35,005,013	\$ (359,487)
Other	<u>216,700</u>	<u>204,479</u>	<u>(12,221)</u>
Total operating revenue	<u>35,581,200</u>	<u>35,209,492</u>	<u>(371,708)</u>
Nonoperating Revenue:			
Interest earned on investments	215,000	267,177	52,177
Other	<u>10,000</u>	<u>22,363</u>	<u>12,363</u>
Total nonoperating revenue	<u>225,000</u>	<u>289,540</u>	<u>64,540</u>
Total revenue	<u>35,806,200</u>	<u>35,499,032</u>	<u>(307,168)</u>
Expenditures:			
Administration:			
Personal services	-	351,551	-
Operating	-	255,305	-
Capital outlay	-	17,434	-
Indirect costs	<u>-</u>	<u>724,000</u>	<u>-</u>
	<u>1,381,550</u>	<u>1,348,290</u>	<u>33,260</u>
Electrical operations:			
Personal services	-	1,047,213	-
Operating	-	30,267,011	-
Capital outlay	<u>-</u>	<u>1,912,234</u>	<u>-</u>
	<u>32,584,850</u>	<u>33,226,458</u>	<u>(641,608)</u>
Total expenditures	<u>33,966,400</u>	<u>34,574,748</u>	<u>(608,348)</u>
Revenue over expenditures	<u>1,839,800</u>	<u>924,284</u>	<u>(915,516)</u>
Other Financing Sources (Uses):			
Proceeds from borrowing	125,000	125,000	-
Operating transfers out	(2,264,000)	(2,214,500)	49,500
Fund balance appropriated	<u>299,200</u>	<u>-</u>	<u>(299,200)</u>
Total other financing uses	<u>(1,839,800)</u>	<u>(2,089,500)</u>	<u>(249,700)</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, 1993**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue and other sources under expenditures and other uses	\$ <u>-</u>	\$ <u>(1,165,216)</u>	<u>\$(1,165,216)</u>

Reconciliation of modified accrual basis
to full accrual basis:

Revenue and other sources under expenditures and other uses	\$ (1,165,216)
Budgetary appropriations	2,214,500
Capital outlay	1,929,668
Payment of debt principal	379,038
Proceeds from borrowing	(125,000)
Depreciation	(308,743)
Amortization of debt fees	(1,893)
Increase in accrued unbilled electricity sales	275,213
Bad debt expense	(101,386)
Increase in interest accrual	<u>(7,313)</u>
Income before operating transfers, full accrual basis	<u>\$ 3,088,868</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, 1993
(Page 1 of 2)**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Revenue:			
Charges for services:			
Water sales	\$ 1,670,000	\$ 1,742,284	\$ 72,284
Sewer charges	1,835,000	1,889,412	54,412
Other	<u>211,450</u>	<u>158,977</u>	<u>(52,473)</u>
Total operating revenue	<u>3,716,450</u>	<u>3,790,673</u>	<u>74,223</u>
Nonoperating Revenue:			
Interest earned on investments	30,000	47,265	17,265
½ % local sales tax refund	250,000	255,854	5,854
Other	<u>-</u>	<u>2,047</u>	<u>2,047</u>
Total nonoperating revenue	<u>280,000</u>	<u>305,166</u>	<u>25,166</u>
Total revenue	<u>3,996,450</u>	<u>4,095,839</u>	<u>99,389</u>
Expenditures:			
Water and Sewer Administration:			
Personal services	-	79,579	-
Operating	-	31,712	-
Capital outlay	-	2,454	-
Indirect costs	<u>-</u>	<u>896,600</u>	<u>-</u>
	<u>1,012,350</u>	<u>1,010,345</u>	<u>2,005</u>
Water Productions:			
Personal services	-	114,897	-
Operating	-	449,648	-
Capital outlay	<u>-</u>	<u>13,032</u>	<u>-</u>
	<u>596,600</u>	<u>577,577</u>	<u>19,023</u>
Water and sewer operations:			
Personal services	-	499,298	-
Operating	-	616,162	-
Capital outlay	<u>-</u>	<u>925,700</u>	<u>-</u>
	<u>1,525,850</u>	<u>2,041,160</u>	<u>(515,310)</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, 1993
(Page 2 of 2)**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Wastewater plant operations:			
Personal services	-	231,564	-
Operating	-	408,965	-
Capital outlay	-	21,058	-
	<u>718,950</u>	<u>661,587</u>	<u>57,363</u>
 Total expenditures	<u>3,853,750</u>	<u>4,290,669</u>	<u>(436,919)</u>
 Revenue over (under) expenditures	<u>142,700</u>	<u>(194,830)</u>	<u>(337,530)</u>
Other Financing Sources (uses):			
Proceeds from borrowing	128,000	361,187	233,187
Operating transfers out	<u>(270,700)</u>	<u>(200,000)</u>	<u>70,700</u>
 Total other financing sources	<u>(142,700)</u>	<u>161,187</u>	<u>303,887</u>
 Revenue and other sources under expenditures	<u>\$ -</u>	<u>\$ (33,643)</u>	<u>\$ (33,643)</u>

Reconciliation of modified accrual basis
to full accrual basis:

Revenue and other sources under expenditures	\$ (33,643)
 Budgetary appropriations	200,000
Capital outlay	962,244
Proceeds from borrowing	(361,187)
Payment of debt principal	366,396
Depreciation	(911,449)
Amortization of debt fees	(534)
Increase in accrued unbilled water sales	14,594
Increase in accrued unbilled sewer sales	21,825
Bad debt expense	(31,702)
Increase in interest accrual	<u>(86,165)</u>
 Income before operating transfers, full accrual basis	<u>\$ 140,379</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, 1993**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures - Administration	\$ 400	\$ 420	\$ (20)
Other Financing Sources:			
Appropriated fund balance	400	-	(400)
Total other financing sources	400	-	(400)
Revenue and other sources under expenditures	<u>\$ -</u>	<u>\$ (420)</u>	<u>\$ (420)</u>
Reconciliation of modified accrual basis to full accrual basis:			
Revenue and other sources under expenditures		\$ (420)	
Depreciation		(210)	
Loss before operating transfers, full accrual basis		<u>\$ (630)</u>	

INTERNAL SERVICE FUND

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

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

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

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993**

	<u>Actual</u>
Operating Revenue:	
Contribution from various funds	\$ <u>249,000</u>
Operating Expenses:	
Administration	88,417
Depreciation	1,727
Claims reimbursement	<u>212,050</u>
Total operating expenses	<u>302,194</u>
Operating loss	(53,194)
Nonoperating Revenue, Other	<u>-</u>
Net loss	(53,194)
Retained earnings, beginning	<u>72,258</u>
Retained earnings, ending	<u><u>\$ 19,064</u></u>

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

**SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL,
NON-GAAP, MODIFIED ACCRUAL BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Revenue:			
Contributions from various funds	\$ 249,000	\$ 249,000	\$ -
Nonoperating Revenue:			
Other	-	-	-
Total revenue	<u>249,000</u>	<u>249,000</u>	<u>-</u>
Expenditures:			
Administration:			
Personal service	-	52,223	-
Operating	-	36,194	-
Capital outlay	-	2,821	-
	90,000	91,238	(1,238)
Claim reimbursements, operating	<u>196,900</u>	<u>212,050</u>	<u>(15,150)</u>
Total expenditures	<u>286,900</u>	<u>303,288</u>	<u>(16,388)</u>
Other Financing Sources:			
Appropriated fund balance	<u>37,900</u>	-	<u>(37,900)</u>
Revenue and other sources under expenditures	<u>\$ -</u>	<u>\$ (54,288)</u>	<u>\$ (54,288)</u>
Reconciliation of modified accrual basis to full accrual basis:			
Revenue and other sources under expenditures		\$ (54,288)	
Capital outlay		2,821	
Depreciation		<u>(1,727)</u>	
Net loss, full accrual basis		<u>\$ (53,194)</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, 1993**

General Fixed Assets:

Land	\$ 2,775,379
Buildings	3,674,371
Equipment and vehicles	<u>7,815,988</u>
Total general fixed assets	<u>\$ 14,265,738</u>

Investment in General Fixed Assets By Source:

General fund	\$ 13,916,132
Special revenue funds	<u>349,606</u>
Total investment in general fixed assets	<u>\$ 14,265,738</u>

CITY OF KINSTON, NORTH CAROLINA

**SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 1993**

<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	91,451	1,026,717
Clerk	-	-	6,909	6,909
Personnel	-	-	46,081	46,081
Finance and administration	-	-	605,080	605,080
Other, unclassified	<u>2,101,894</u>	<u>900,073</u>	<u>139,749</u>	<u>3,141,716</u>
Total general government	<u>2,274,894</u>	<u>1,662,339</u>	<u>895,209</u>	<u>4,832,442</u>
Public Safety:				
Police	-	-	1,003,999	1,003,999
Fire	28,825	341,720	1,413,185	1,783,730
Inspection	<u>-</u>	<u>-</u>	<u>114,084</u>	<u>114,084</u>
Total public safety	<u>28,825</u>	<u>341,720</u>	<u>2,531,268</u>	<u>2,901,813</u>
Highways and Streets:				
Engineering	-	-	195,771	195,771
Maintenance	<u>-</u>	<u>-</u>	<u>808,207</u>	<u>808,207</u>
Total highways and streets	<u>-</u>	<u>-</u>	<u>1,003,978</u>	<u>1,003,978</u>
Environmental Services	<u>-</u>	<u>-</u>	<u>2,851,492</u>	<u>2,851,492</u>
Parks and Recreation	<u>471,660</u>	<u>1,670,312</u>	<u>534,041</u>	<u>2,676,013</u>
Total general fixed assets	<u>\$ 2,775,379</u>	<u>\$ 3,674,371</u>	<u>\$ 7,815,988</u>	<u>\$ 14,265,738</u>

CITY OF KINSTON, NORTH CAROLINA

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 1993**

<u>Functions and Activity</u>	<u>General Fixed Assets July 1, 1992</u>	<u>Additions</u>	<u>Deductions</u>	<u>General Fixed Assets June 30, 1993</u>
General Government:				
Council	\$ 5,939	\$ -	\$ -	\$ 5,939
Manager	1,026,717	-	-	1,026,717
Clerk	4,915	1,994	-	6,909
Personnel	48,198	2,883	5,000	46,081
Finance and administration	584,745	20,335	-	605,080
Other, unclassified	<u>3,149,731</u>	<u>34,485</u>	<u>42,500</u>	<u>3,141,716</u>
Total general government	<u>4,820,245</u>	<u>59,697</u>	<u>47,500</u>	<u>4,832,442</u>
Public Safety:				
Police	881,348	122,651	-	1,003,999
Fire	1,705,423	237,856	159,549	1,783,730
Inspection	<u>93,477</u>	<u>20,607</u>	<u>-</u>	<u>114,084</u>
Total public safety	<u>2,680,248</u>	<u>381,114</u>	<u>159,549</u>	<u>2,901,813</u>
Highways and Streets:				
Engineering	187,549	8,222	-	195,771
Maintenance	<u>784,595</u>	<u>23,612</u>	<u>-</u>	<u>808,207</u>
Total highways and streets	<u>972,144</u>	<u>31,834</u>	<u>-</u>	<u>1,003,978</u>
Sanitation	<u>2,209,203</u>	<u>642,289</u>	<u>-</u>	<u>2,851,492</u>
Parks and Recreation	<u>2,380,197</u>	<u>340,816</u>	<u>45,000</u>	<u>2,676,013</u>
Total general fixed assets	<u>\$ 13,062,037</u>	<u>\$ 1,455,750</u>	<u>\$ 252,049</u>	<u>\$ 14,265,738</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, 1993**

	General Long-Term Debt July 1, 1992	Additions	Deductions	General Long-Term Debt June 30, 1993
By Type of Debt:				
Bonds payable	\$ 75,000	\$ -	\$ 25,000	\$ 50,000
Accrued compensated absences	522,123	98,412	-	620,535
Police separation allowance	55,933	-	420	55,513
Capitalized lease obligations	<u>280,059</u>	<u>1,147,000</u>	<u>240,256</u>	<u>1,186,803</u>
	<u>\$ 933,115</u>	<u>\$ 1,245,412</u>	<u>\$ 265,676</u>	<u>\$ 1,912,851</u>
 By Purpose:				
General government, equipment	\$ 11,040	\$ -	\$ 11,040	\$ -
Public safety, equipment	15,647	249,000	30,836	233,811
Public works:				
Street improvement	75,000	-	25,000	50,000
Equipment	251,446	898,000	196,958	952,488
Recreation, equipment	1,926	-	1,422	504
Accrued compensated absences, all departments	522,123	98,412	-	620,535
Police separation allowance	<u>55,933</u>	<u>-</u>	<u>420</u>	<u>55,513</u>
	<u>\$ 933,115</u>	<u>\$ 1,245,412</u>	<u>\$ 265,676</u>	<u>\$ 1,912,851</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
JUNE 30, 1993**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 1992</u>	<u>Current Year Gross Levy</u>	<u>Collections Credits and Adjustments</u>	<u>Uncollected Balance June 30, 1993</u>
1992 - 1993	\$ -	\$ 4,733,536	\$ 4,583,443	\$ 150,093
1991 - 1992	145,398	-	62,0411	82,987
1990 - 1991	80,345	-	23,070	57,275
1989 - 1990	36,504	-	11,714	24,790
1988 - 1989	20,030	-	3,670	16,360
1987 - 1988	15,272	-	1,722	13,550
1986 - 1987	12,336	-	1,255	11,081
1985 - 1986	8,970	-	1,028	7,942
1984 - 1985	7,666	-	734	6,932
1983 - 1984	4,535	-	81	4,454
1982 and prior	<u>3,539</u>	<u>-</u>	<u>3,539</u>	<u>-</u>
	<u>\$ 334,595</u>	<u>\$ 4,733,536</u>	<u>\$ 4,692,667</u>	<u>\$ 375,464</u>

RECONCILIATION WITH REVENUE:

Ad valorem taxes - General Fund

\$ 4,766,413

Less auto tax

(146,495)

\$ 4,619,918

Add credits and adjustments

72,749

\$ 4,692,667

CITY OF KINSTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	<u>Total Property Valuation</u>	<u>Tax Rate Per \$100 Valuation</u>	<u>Amount of Tax Levy</u>
Tax Levy:			
City-wide	\$ 764,180,970	0.61	\$ 4,682,233
Municipal service district	<u>19,001,111</u>	0.27	<u>51,303</u>
Total for year	<u>\$ 783,182,081</u>		4,733,536
Less uncollected tax at June 30, 1993			<u>150,093</u>
Current year taxes collected			<u>\$ 4,583,443</u>
Percent current year collected			<u>96.8%</u>

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

ANALYSIS OF FUNDING PROGRESS

<u>Fiscal Year Ended June 30</u>	<u>Net Assets Available for Benefits</u>	<u>Pension Benefit Obligation*</u>	<u>Percentage Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll</u>
1984	\$ -	\$ -	-	\$ -	\$ -	-
1985	-	-	-	-	-	-
1986	-	-	-	-	-	-
1987	-	N/A	-	N/A	N/A	N/A
1988	-	N/A	-	N/A	N/A	N/A
1989	-	451,644	-	451,644	1,384,350	32.6%
1990	-	284,087	-	284,087	1,331,757	21.3%
1991	-	312,210	-	312,210	1,541,377	20.3%
1992	-	344,640	-	344,640	1,734,249	19.9%
1993	-	306,196	-	306,196	1,972,854	15.5%

* 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			
	Employee Contributions	Employer Contributions	Investment Income	Total
1984	\$ -	\$ -	\$ -	\$ -
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

Fiscal Year Ended June 30	Expenses by Type			
	Benefits	Administrative Expenses	Refunds	Total
1984	\$ -	\$ -	\$ -	\$ -
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

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

STATISTICAL SECTION

(Unaudited)

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

CITY OF KINSTON, NORTH CAROLINA

GENERAL GOVERNMENTAL (1)

EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Development</u>	<u>Recreation</u>	<u>Non- Departmental</u>	<u>Debt Service</u>	<u>Other</u>	<u>Total</u>
1984	\$ 1,655,868	\$ 3,517,593	\$ 2,524,838	\$ 530,685	\$ 1,146,254	\$ -	\$ 727,275	\$ 348,619	\$ 10,451,132
1985	1,955,239	3,913,344	2,453,429	820,413	1,193,545	-	712,206	298,427	11,346,603
1986	1,372,971	3,353,239	3,212,121	653,226	1,204,458 (1)	1,076,045 (2)	177,687	-	11,049,747
1987	2,233,689	4,054,023	2,885,717	1,894,996	1,492,481	-	80,688	-	12,641,594
1988	1,334,659	4,205,705	3,384,442	2,365,490	1,550,937	-	102,413	-	12,943,646
1989	861,849	4,397,357	4,105,855	1,776,043	1,518,135	-	97,263	-	12,756,502
1990	1,131,145	4,936,323	3,367,420	2,103,760	1,716,122	-	117,112	-	13,371,882
1991	1,257,882	5,260,246	3,794,562	1,907,452	1,878,150	-	76,052	-	14,174,344
1992	1,091,584	5,513,816	3,777,559	1,831,158	1,829,086	-	31,160	-	14,074,363
1993	1,080,042	5,703,579	4,607,689	1,848,171	2,198,167	-	29,758	-	15,467,406

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 June 30	Ad Valorem Taxes (2)	Sales and Services	Other Taxes	Inter- Governmental		Other Revenue	Total
				Unrestricted	Restricted		
1984	\$ 2,570,858	\$ 2,185,682	\$ 1,444,319	\$ 683,057	\$ 568,828	\$ 722,636	\$ 8,175,380
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

Source: City of Kinston Finance Department

Notes: (1) Includes general and special revenue funds

(2) Includes municipal service district

CITY OF KINSTON, NORTH CAROLINA

GENERAL GOVERNMENTAL

TAX REVENUE BY SOURCE (1)

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Ad Valorem (2)	Other Taxes				Licenses and Permits	Total
		Sales	Intangible	Franchise			
1984	\$ 2,570,858	\$ 616,192	\$ 127,391	\$ 619,563	\$	81,173	\$ 4,015,177
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

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
1984	\$ 2,543,290	\$ 2,491,801	98.0%	\$ 46,457	\$ 2,538,258	99.8%
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%

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>
1984	\$ 479,865,958	(1)	1.7%
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%

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

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

CITY OF KINSTON, NORTH CAROLINA

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

(PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>City Millage</u>	<u>Municipal Service District Millage</u>	<u>Total City Millage</u>	<u>Total County Millage</u>	<u>Total School District Millage</u>
1984	\$ 0.53	\$ (1)	\$ 0.53	\$ 0.54	\$ 6.50
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

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

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

CITY OF KINSTON, NORTH CAROLINA
PROPERTY TAX RATES AND LEVIES -
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Tax Rates			Tax Levies		
	City	County	Total	City	County	Total
1984	\$ 0.53	\$ 0.54	\$ 1.07	\$ 2,543,290	\$ 7,032,289	\$ 9,575,579
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

Source: Lenoir County Tax Office

CITY OF KINSTON, NORTH CAROLINA

PRINCIPAL TAXPAYERS

JUNE 30, 1993

<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	\$ 18,519,433	2.5%
Vernon Investment Associates	Retail	14,286,793	1.9%
Carolina Telephone	Utility	13,463,871	1.8%
Glen Raven Mills	Manufacturer	6,059,871	0.8%
Hampton Industries	Manufacturer	8,972,763	1.2%
Buehler Products	Manufacturer	5,509,228	0.7%
Kinston Ham Prod	Meat Processor	9,169,060	1.2%
Barnet Southern	Manufacturer	4,666,165	0.6%
Norwest Financial	Leasing	5,093,322	0.7%
North Carolina Natural Gas	Utility	<u>4,031,771</u>	<u>0.6%</u>
Total Assessed Valuation of Top 10 Taxpayers		89,772,277	12.0%
Balance of Assessed Valuation		<u>674,408,693</u>	<u>88.0%</u>
Total Assessed Valuation		<u><u>\$ 764,180,970</u></u>	<u><u>100.0%</u></u>

Source: Lenoir County Tax Office

CITY OF KINSTON, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 1993

Total assessed value		<u>\$ 764,180,970</u>
Debt limitation - 8% of total assessed value		\$ 61,134,478
Debt applicable to limitation:		
Total bonded debt	\$ 3,949,000	
Obligation under notes payable	2,852,060	
Obligation under capital leases	<u>3,651,707</u>	
Gross debt	<u>\$ 10,452,767</u>	
Less - statutory deductions:		
General obligation bonds issued and outstanding for water purposes	\$ 510,000	
General obligation bonds issued and outstanding for electric purposes	125,000	
Revenue bonds issued and outstanding for electric purposes	2,535,000	
Revenue bonds issued and outstanding for water purposes	715,000	
Revenue bonds issued and outstanding for parking purposes	<u>14,000</u>	
Total statutory deductions	<u>\$ 3,899,000</u>	
Total debt applicable to limitation		<u>\$ 14,351,767</u>
Legal debt margin		<u>\$ 46,782,711</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>
1984	\$ 480,000	\$ 250,622	\$ 730,622	\$ 10,451,132	6.99
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

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, 1993

<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	\$ 685,000	100.00%	\$ 685,000
Lenoir County debt	<u>14,110,000</u>	42.70%	<u>6,024,970</u>
Total overlapping debt	<u>\$ 14,795,000</u>		<u>\$ 6,709,970</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 (\$1,789,529,523) City of Kinston (\$764,180,970).*
- (3) *Amount in debt outstanding column multiplied by percentage applicable.*

CITY OF KINSTON, NORTH CAROLINA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Property Value(1)	Construction		Bank Deposits(3)
		Units(2)	Value(2)	
1984	\$479,865,958	224	\$ 7,640,312	\$ 389,237,000
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	(5)

Source: (1) *Lenoir County Tax Office*
(2) *City Inspections Department*
(3) *First Citizens Bank and Trust marketing department*

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
1984	25,234	\$ 479,865,958	\$ 38,389,277	\$ 4,645,000	\$ 865,000	0.18	\$ 184	\$ 34
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

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)
1984	25,234	\$ 9,737	9.2	11,464	\$ 441,340,000	\$ 348,845,000
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	(7)	7.0	10,713	545,002,712	(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) Lenoir County Chamber of Commerce
- (6) First Citizens Bank and Trust marketing department

Note:

- (7) Information not presently available

CITY OF KINSTON, NORTH CAROLINA

MISCELLANEOUS STATISTICS

JUNE 30, 1993

Population	25,758
Date of incorporation	1762
Form of government	Council/Manager
Area	16.61
Miles of paved streets	110.0
Number of street lights	2,072
Employees	483
Fire protection:	
Number of stations	4
Number of firemen and officers	71
Police Protection:	
Number of stations	3
Number of policemen and officers	76
Electric department:	
Number of consumers	14,350
Average daily usage	12,644 MWH
Miles of distribution lines	301
Water department:	
Number of consumers	11,120
Average daily consumption	5.1 MGD
Miles of water mains	168.6
Sewers:	
Average daily flow	6.46 MGD
Miles of sewer lines	282.4
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