

City of Kinston

North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 1990**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of
Kinston, North Carolina
Fiscal Year Ended June 30, 1990



Prepared by
City of Kinston Finance Department

CITY OF KINSTON, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1990

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City of Kinston

P. O. Drawer 339

North Carolina

28501

O. A. RITCH, JR.
MAYOR

STEPHEN W. RAPER
CITY MANAGER

VERNON H. ROCHELLE
CITY ATTORNEY

PEGGY D. BOONE
CITY CLERK

November 12, 1990

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, 1990, 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 four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organization 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 auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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

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; parks and recreational services. In addition to general governmental activities, the City owns and operates electrical and water and sewer utilities; therefore, these activities are included in the reporting entity. However, the City of Kinston Housing Authority 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.

ECONOMIC CONDITION AND OUTLOOK

The City is the largest municipality in Lenoir County and serves as the County seat. Located in the eastern part of the State, the City is approximately 75 miles east of the City of Raleigh (the State Capital) and the Research Triangle Park and approximately 60 miles from the Atlantic Coast. The overall economic condition of the City is good and the outlook continues to be promising. The population of the City and surrounding area is stable. Retail sales continue a pattern of steady growth and the unemployment rate has decreased steadily since 1986. The City has benefited from several hundred million dollars of investment in industrial facilities since 1986-87. Crown Controls Corporation, Lenox China, White Consolidated Industries, Alside Window Company, and Austin Carolina Tobacco have invested in plant development in the Kinston area. The increase in industrial activity has resulted in a more diversified local economy. The City now enjoys a healthy mix of industrial, commercial, agricultural, and service-related jobs. This should lessen the impact on the City of any future slowdowns in particular segments of the economy. The City serves as the governmental center for the County and surrounding area which adds to the overall economic stability of the City. The City also owns and operates the seventh largest municipal electric utility in North Carolina. The number of "Kilowatt hours sold" has increased 3.5% per year over the past five years.

MAJOR INITIATIVES

For the Year. In preparing the FY 90 budget, the City identified several major programs needed to meet citizens' needs for services. These programs included electric system capital improvements, design and construction of sanitary sewer and water lines to service newly annexed areas, and development of a standardized program cycle for the purchase of new and replacement vehicles and equipment.

During the year, the City began a series of capital projects to improve the electric system including the reconductoring of four 3-phase lines to avoid damage to existing lines and to provide switching capability between main feeders. In FY 90, the electric division of Public Utilities purchased 2 acres of land as the site for a new substation in order to relieve other substations of overloaded conditions and to better serve the Industrial Park complex.

A recent annexation added approximately 4.5 square miles of land area to the City, an increase in size of over 40%. Once annexed, water and sewer lines had to be provided to these areas. In FY 89 and 90, the Engineering Department designed and constructed more than 40,000 feet of sanitary sewer and 11,000 feet of water lines.

Also in FY 90, the City began a comprehensive, standardized purchasing program for new and replacement vehicles and equipment. Among vehicles and equipment acquired were a garbage paker, two derrick line trucks, eight police cars, a backhoe and trailer, a dump truck, and a tractor and bush hog.

The City's operating departments also continued to meet the growing and changing needs of its citizens. For example, the Police Department added one full-time D.A.R.E. officer to expand the program in the schools to educate children on the dangers related to the use of drugs and four patrol officers to augment regular police patrols. The Public Utilities Department began a load management program designed to reduce electric costs for both the City and its electric customers known as "Shed and Save." Load management is a technique used to reduce the peak demand for electricity by reducing the operation of appliances at any one time. The City's Public Works Department has the responsibility of maintaining over ninety miles of paved streets and nearly eight miles of unpaved streets. In FY 90, the City spent approximately \$550,000 paving dirt streets and rebuilding, paving and maintaining existing streets. Also, during FY 90, the City Manager appointed a CIP team to initiate a Five Year Capital Improvement Program (CIP) and a Five Year Financial Forecast. The CIP and Financial Forecast are valuable tools allowing for improved planning, a better understanding of objectives, and ultimately, the ability to provide more efficient and effective services to the citizens of Kinston.

In the Future. Priority projects identified during the Five Year CIP process to be implemented during FY 91 include a communications study, traffic signals upgrade, street construction/reconstruction, recreation center renovations, Grainger Stadium improvements, a multi-year contribution to the new Arts Center Construction Project, a combined tree planting/sidewalk replacement program, continuation of the Load Management program, and a phosphorous removal and sludge management program at the City's two wastewater treatment plants.

The proposed communications study would document current communications system configurations, analyze future communication system requirements, and develop a comprehensive plan for meeting the City's communication needs in the 1990's. Currently, the City maintains numerous nonintegrated and noncompatible communications systems for Police, Fire, Public Works, and Public Utilities, and other departments.

The Traffic Signals Upgrade project will replace twenty-two single face traffic signals with the required two signal faces per approach as required by the Federal Highway Administration and the North Carolina Department of Transportation.

The street construction/reconstruction project continues the City's ongoing program to pave the eight miles of dirt streets within the City limits. The Municipal Services Division is also pursuing an aggressive crack filling program that is the cornerstone of the City's preventive maintenance program while maintaining the ongoing project of routine resurfacing of Kinston's 90 miles of paved streets.

The Recreation Department will be renovating six recreation centers over a five year period to ensure the safety and continued high participation by citizens. Also on the Recreation agenda is a systematic improvement schedule for general facility improvements to the Grainger Stadium Complex, including increased acreage and an expanded parking lot. The City is the home of the Kinston Indians, a prestigious Class "A" minor league farm club of the Cleveland Indians. These continuing improvements will provide an excellent facility for the ballclub and keep baseball a popular tradition in Kinston.

The City has committed \$300,000 over the next twelve years to the Community Council for the Arts for the renovation of an existing building to provide a home for the new arts center. The arts center will be a major anchor to the downtown area and should be a step forward in the City's downtown revitalization/economic development efforts.

In FY 91, the City will continue with Phase II of the downtown tree planting project. Its purpose is to beautify the area and attract investment to the downtown area.

The Water and Wastewater division of the Public Utilities Department will begin the process of acquiring a chemical feed system with a sludge holding tank in adherence to the U.S. Environmental Protection Agency and North Carolina Division of Environmental Management laws regulating phosphorous removal.

The City will begin to develop a Community Facilities Plan (CFP) which will serve as a general guide for growth and development of governmental, public, or quasi-public facilities, effecting municipal service delivery in the City over the next twenty years. The primary benefit of a CFP is the establishment of a needs assessment and plan for the replacement, expansion, and development of all the various governmental and quasi-governmental entities in the Kinston area. The result will be improved coordination among local agencies and a reduction in service duplication.

Department Focus. Each year the City selects a department to highlight for its efforts and accomplishments. In 1990, the City's Occupational Health Program has been selected for review.

The Occupational Health Program was originally developed to combat the ever-increasing costs associated with Workers' Compensation and to aid employees in staying healthy year-round. The first step in the program was the employment of a Registered and Certified Occupational Health Nurse. By hiring a medical professional and equipping an Employee Health Clinic, the City reduced the costs of Workers' Compensation by providing treatment on site for minor inquiries and illnesses. The Employee Health Nurse conducts periodic examinations such as hearing testing and blood work to monitor employees' exposure to and the affects of loud and prolonged noise as well as chemicals in the workplace. Employees in safety sensitive and hazardous duty positions such as Fire, Police, and Electric receive annual evaluations. Prompt referral for proper treatment benefits both employees and the City by saving on future health care costs and keeping employees on the job.

Employees with medical problems benefit by having access to an Employee Health Nurse. The Nurse can make referrals to the appropriate physician, explain diagnosis and treatment, and make modifications or changes to the employee's job duties until rehabilitation can be effected. The City's Employee Assistance Program is coordinated by the health nurse to help employees identify personal problems that may impact job performance. Early recognition and treatment of problems such as alcoholism and substance abuse can help employees regain control of their lives and prevent deterioration of job performance.

The implementation of the Occupational Health Program has significantly improved employee health, decreased medical costs, improved employee morale, increased productivity, and decreased absenteeism.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that 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 that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal and state financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 1990 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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 control for local governments. Activities of the general fund, certain special revenue funds, and all enterprise funds are included in the annual adopted budget. Project length financial plans are adopted for certain special revenue funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the

appropriated amount) is established at the department level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances outstanding at year end are reported as reservations of fund balances as these commitments will be honored during the subsequent year.

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

General Government Functions. The following schedule presents a summary of the revenues and other financing sources for general governmental functions (General Fund and Certain Special Revenue Funds) for the fiscal year ended June 30, 1990 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues and Other Financing Sources</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1989</u>	<u>Percent of Increase (Decrease)</u>
Property Taxes	\$ 3,995,839	30.3%	\$749,980	23.1%
Sales and Services	2,356,366	17.9	19,644	.8
Other Taxes	1,892,395	14.4	163,784	9.5
Intergovernmental, Unrestricted	1,546,851	11.8	128,366	9.1
Intergovernmental, Restricted	801,165	6.1	(79,607)	9.0
Other	485,166	3.7	(102,215)	(17.4)
Transfers In	2,082,000	15.8	(491,000)	(19.1)
Proceeds from borrowings and capital leases	<u>0</u>	<u>0</u>	<u>(425,721)</u>	<u>(100.0)</u>
Total	<u>\$13,159,782</u>	<u>100.0%</u>	<u>\$(36,769)</u>	<u>(.3)%</u>

The most significant increase in actual continued revenue sources was derived from property taxes. The 23.1% increase was the result of a county-wide re-evaluation of the appraised values conducted in 1989. The City has maintained the same tax rate (\$.61/\$100) over the last three years. Property tax collections continue to reflect the effective tax collection program utilized by the City. Collections for the year ended June 30, 1990 were 97.9% of the current levy, the ninth consecutive year the collection rate has exceeded 97%.

The category of "Other Taxes" includes local government sales taxes, intangible taxes and licenses and permits. The 9.5% increase resulted from the FY 89 annexation which increased the base upon which the locally levied 2 1/2% sales tax is apportioned. The annexation also accounts for the increase in "Intergovernmental Taxes-Unrestricted". Gasoline taxes are apportioned on a formula that includes a per capita factor and a street mileage factor both of which the additional population and street mileage resulting from the annexation impacted favorably.

The decrease in "Other Revenues" was a combination of two factors: a larger amount of surplus property sold at auction in the prior year and a change in revenue account classification.

The most significant decrease in revenues occurred in the 18.0% reduction in "Transfers In". This decrease reflects the general fund's increasing independence and nonreliance on the Electric Fund as a revenue source, a pattern which will continue in the coming years.

The following schedule presents a summary of general fund and certain special revenue funds expenditures and other financing uses for the fiscal year ended June 30, 1990, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1989</u>	<u>Percent of Increase (Decrease)</u>
Current:				
General Government	\$ 1,131,145	8.8%	\$ 269,296	31.2%
Public Safety	4,936,323	38.4	538,966	12.3
Public Works	3,367,420	26.2	(712,460)	(17.5)
Development	1,509,232	11.8	24,827	1.7
Recreation	1,716,122	13.4	197,987	13.0
Debt Service:				
Principal	100,000	.8	0	0
Interest	17,112	.1	(6,126)	(26.4)
Transfers out	63,750	.5	(56,336)	(46.9)
Total	<u>\$12,841,104</u>	<u>100.00%</u>	<u>\$256,154</u>	2.0

During FY 1990 the City began a long-range fiscal program to reduce the General Fund's reliance on the Electric Fund as a source of operating revenue. The above schedule of general fund expenditures reflects that financial decision. The 17.5% decrease in Public Works expenditures is the result of the elimination of several positions as they became vacant without serious detriment to the provision of services. Only the police department within the Public Safety category had any increase in staffing levels. Five new police officer positions were added: one full-time D.A.R.E. officer and four patrolmen. The increase in expenditures in General Government and Public Safety categories also include increased F.I.C.A. contributions and a 6% increase in health insurance premiums.

General Fund Balance. - Fund balance in the General Fund increased to \$3,318,994 during fiscal year 1989-90 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 activities: water and sewer operations, provision of electric power and the Parking Facilities Authority. Several of the City's major initiatives directly relate to the Electric Fund. As mentioned earlier, improvements in progress should provide the City's customers with increased quality services.

Total fund equity of the Electric Fund at June 30, 1990 was \$12,478,207, a 19.8% increase over the total fund equity at June 30, 1989. Net income for fiscal year 1989-90 was \$2,067,011, an increase of \$1,136,621 over the prior year. Operating revenues for this fiscal year increased 12.9% to \$30,073,920.

This increase in operating revenues was offset by an increase in the cost of electricity purchased for resale, a portion of which was absorbed by the City. Additional increases in the cost of purchased electricity are anticipated over the next four or five years. The Electric Fund makes a substantial transfer to the General Fund each year which is being systematically reduced as part of the City's long range plans to increase the self-sufficiency of the General Fund. For FY 1990 this transfer was \$2,040,000, a decrease of \$509,515 from the prior year.

Total fund equity of the Water and Sewer Fund at June 30, 1990 was \$14,669,628, a .5% increase over the total fund equity at June 30, 1989. Net income for fiscal year 1989-90 was \$58,846, a 90.5% decrease from the prior year's amount of \$619,135. This decrease is the net result of a decrease in operating revenues, an increase in operating expenditures and a decrease in the interest earned on investments. Operating revenues decreased by 4.2% from the prior year due to the drought conditions in Lenoir County in the Spring of 1990. Operating expenses increased by 12.3% due to the additional customers serviced in the newly annexed 4.5 miles of previously unincorporated portions of the County.

Total fund equity of the Parking Facilities Authority Fund at June 30, 1990 increased to \$288,342, a .82% increase over the total fund equity at June 30, 1989.

Internal Service Fund. The City maintains one internal service fund to account for the City's limited risk self-insurance workers' compensation program. The fund equity for the Internal Service Fund at June 30, 1990 was \$48,577.

Debt Administration. Outstanding general obligation bonds at June 30, 1990 totalled \$1,849,000. Of this total, \$1,684,000 relates to enterprise fund operations and is expected to be repaid from proprietary revenues.

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, 1990, the ratio of net bonded debt to assessed valuation was .02%. The gross bonded debt per capita was \$67.

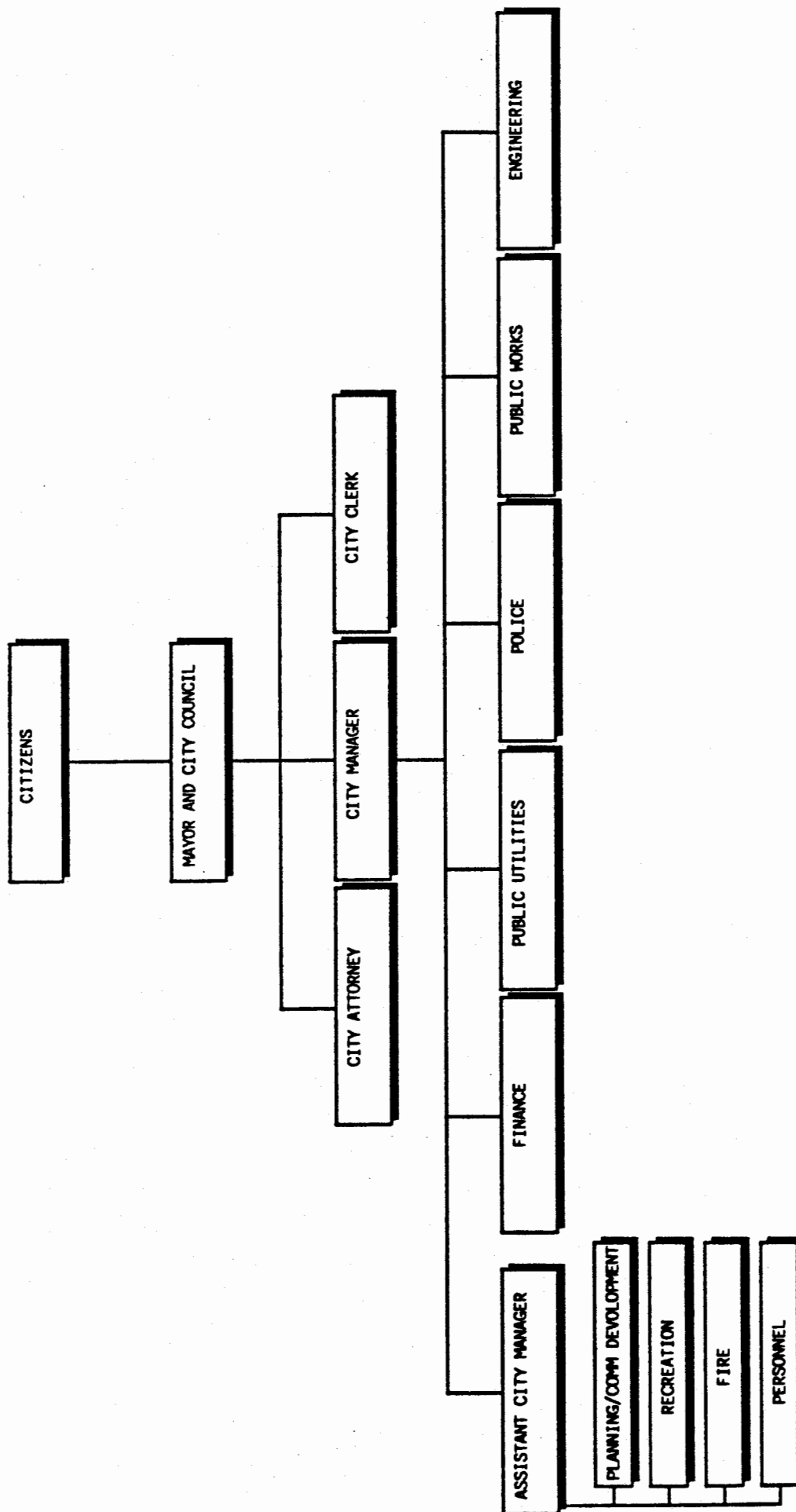
North Carolina General Statutes limit the amount of net debt that local governments in the State can have outstanding. This limit is 8 percent of the appraised value of property subject to taxation. At June 30, 1990, the legal debt margin of the City was \$48,549,013.

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 7.6%.

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 of 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 State Statute.

CITY OF KINSTON, NORTH CAROLINA ORGANIZATION CHART





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of Kinston, North Carolina as of June 30, 1990, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Kinston, North Carolina 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Kinston, North Carolina, as of June 30, 1990, 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 and account group 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 the City of Kinston, North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Deloitte & Touche

September 21, 1990

CITY OF KINSTON, NORTH CAROLINA

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1990

ASSETS	Governmental Fund Types		Proprietary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	
CURRENT ASSETS:							
Cash and Investments (Note 3)	\$ 2,775,154	\$ 22,335	\$ 6,003,583	\$ 39,907	\$	\$	\$ 8,840,979
Due from other fund (Note 4)			15,296				15,296
Due from government agencies		48,726					48,726
Accounts receivable	956,953		264,235				1,221,188
Taxes receivable (Note 5)	197,870						197,870
Customer receivables, net (Note 5)	227,024		3,457,845				3,684,869
Inventories	116,087		946,178				1,062,265
TOTAL CURRENT ASSETS	4,273,088	71,061	10,687,137	39,907			15,071,193
RESTRICTED CASH AND INVESTMENTS (Note 3)	42,838		747,263				790,101
FIXED ASSETS (Notes 6 and 8)			24,607,114	11,045	12,833,524		37,451,683
AMOUNT AVAILABLE FOR RETIREMENT OF GENERAL LONG-TERM DEBT						42,838	42,838
AMOUNT TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM DEBT						1,663,841	1,663,841
TOTAL ASSETS	\$ 4,315,926	\$ 71,061	\$ 36,041,514	\$ 50,952	\$ 12,833,524	\$ 1,706,679	\$ 55,019,656

The accompanying notes are an integral part of the general purpose financial statements.

CITY OF KINSTON, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total (Memorandum Only)</u>
REVENUES:			
Ad valorem taxes	\$ 3,995,839	\$	\$ 3,995,839
Sales and services	2,356,366		2,356,366
Other taxes	1,892,395		1,892,395
Intergovernmental revenues:			
Unrestricted	1,546,851		1,546,851
Restricted	579,964	758,925	1,338,889
Other	441,456	70,536	511,992
TOTAL REVENUES	<u>10,812,871</u>	<u>829,461</u>	<u>11,642,332</u>
EXPENDITURES:			
Current:			
General government	1,131,145		1,131,145
Public safety	4,936,323		4,936,323
Public works	3,367,420		3,367,420
Development	1,204,277	899,483	2,103,760
Recreation	1,716,122		1,716,122
Debt Service:			
Principal	100,000		100,000
Interest	17,112		17,112
TOTAL EXPENDITURES	<u>12,472,399</u>	<u>899,483</u>	<u>13,371,882</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(1,659,528)</u>	<u>(70,022)</u>	<u>(1,729,550)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in (Note 4)	2,040,000	67,000	2,107,000
Operating transfers out (Note 4)	(63,750)		(63,750)
TOTAL OTHER FINANCING SOURCES	<u>1,976,250</u>	<u>67,000</u>	<u>2,043,250</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>316,722</u>	<u>(3,022)</u>	<u>313,700</u>
FUND BALANCES - July 1, 1989	<u>3,002,272</u>	<u>31,431</u>	<u>3,033,703</u>
FUND BALANCES - June 30, 1990	<u>\$ 3,318,994</u>	<u>\$ 28,409</u>	<u>\$ 3,347,403</u>

The accompanying notes are an integral part of the general purpose financial statements.



CITY OF KINSTON, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS -
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
OPERATING REVENUES:			
Charges for services	\$ 32,364,776	\$	\$ 32,364,776
Contributions from various funds		180,200	180,200
Other	<u>349,698</u>		<u>349,698</u>
TOTAL OPERATING REVENUES	<u>32,714,474</u>	<u>180,200</u>	<u>32,894,674</u>
OPERATING EXPENSES:			
Electrical operations	24,982,903		24,982,903
Administration	1,849,595	76,802	1,926,397
Depreciation	982,385	593	982,978
Water and sewer operations	602,884		602,884
Wastewater plant operations	463,377		463,377
Water production	403,549		403,549
Claims reimbursements		<u>74,252</u> ✓	<u>74,252</u>
TOTAL OPERATING EXPENSES	<u>29,284,693</u>	<u>151,647</u>	<u>29,436,340</u>
OPERATING INCOME	3,429,781	28,553	3,458,334
NONOPERATING REVENUES (EXPENSES):			
Interest earned on investments	667,237		667,237
1/2% local sales tax refund	326,357		326,357
Interest on long-term debt	(282,400)		(282,400)
Other	<u>30,502</u>	<u>5,967</u>	<u>36,469</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>741,696</u>	<u>5,967</u>	<u>747,663</u>
INCOME BEFORE OPERATING TRANSFERS	4,171,477	34,520	4,205,997

The accompanying notes are an integral part of the general purpose financial statements.

CITY OF KINSTON, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

(Continued)

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
OPERATING TRANSFERS:			
Operating transfers in (Note 4)	\$ 3,000	\$	\$ 3,000
Operating transfers out (Note 4)	<u>(2,046,250)</u>	<u> </u>	<u>(2,046,250)</u>
TOTAL OPERATING TRANSFERS	<u>(2,043,250)</u>	<u> </u>	<u>(2,043,250)</u>
NET INCOME	2,128,227	34,520	2,162,747
RETAINED EARNINGS - July 1, 1989 AS PREVIOUSLY STATED	21,231,496	14,057	21,245,553
Prior Period Restatement (Note 14)	<u>1,124,994</u>	<u> </u>	<u>1,124,994</u>
RETAINED EARNINGS - July 1, 1989 RESTATED	<u>22,356,490</u>	<u>14,057</u>	<u>22,370,547</u>
RETAINED EARNINGS - June 30, 1990	<u>\$ 24,484,717</u>	<u>\$ 48,577</u>	<u>\$ 24,533,294</u>

The accompanying notes are an integral part of the general purpose financial statements.

CITY OF KINSTON, NORTH CAROLINA
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income	\$ 3,429,781	\$ 28,553	\$ 3,458,334
Adjustments to reconcile operating income to net cash provided by operating activities:			
Other income	356,859	5,967	362,826
Gain (loss) on disposal of fixed assets	47,922		47,922
Depreciation	982,385	593	982,978
Provision for uncollectible accounts	86,214		86,214
Change in assets and liabilities:			
Decrease (increase) in receivables	(224,860)	687	(224,173)
Increase in customer deposits	2,366		2,366
Increase in inventories	(252,436)		(252,436)
(Decrease) increase in accounts payable	(509,827)	845	(508,982)
Decrease in deferred revenues	(751,054)		(751,054)
Increase in accrued compensated absences	19,969		19,969
Total adjustments	<u>(242,462)</u>	<u>8,092</u>	<u>(234,370)</u>
Net cash provided by operating activities	3,187,319	36,645	3,223,964
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Net repayments under revolving loan arrangement	(43,976)		(43,976)
Operating transfers to other funds	<u>(2,043,250)</u>		<u>(2,043,250)</u>
Net cash used for noncapital financing activities	(2,087,226)		(2,087,226)

The accompanying notes are an integral part of the general purpose financial statements.

CITY OF KINSTON, NORTH CAROLINA
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

(Continued)

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	\$ (3,083,389)	\$ (5,777)	\$ (3,089,166)
Principal paid on general obligation bonds and equipment contracts	(902,983)		(902,983)
Interest paid on general obligation bonds and equipment contracts	(282,400)		(282,400)
Capital contributed	<u>699,936</u>		<u>699,936</u>
Net cash used for capital and related financing activities	(3,568,836)	(5,777)	(3,574,613)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends on investments	<u>667,237</u>		<u>667,237</u>
Net cash provided by investing activities	<u>667,237</u>		<u>667,237</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,801,506)	30,868	(1,770,638)
CASH AND CASH EQUIVALENTS, JULY 1, 1989	<u>8,552,352</u>	<u>9,039</u>	<u>8,561,391</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 1990	<u>\$ 6,750,846</u>	<u>\$ 39,907</u>	<u>\$ 6,790,753</u>

Supplemental Schedule of Noncash Capital Financing Activities -

A capital lease obligation of \$34,350 was incurred by the Water and Sewer Fund when the City entered into a lease for new equipment.

The accompanying notes are an integral part of the general purpose financial statements.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues 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.

D. Budgets

Budgets are adopted on a legally mandated modified accrual basis of accounting which recognizes revenues expected to be received in cash and expenditures and accruals for goods and services received which is not consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, certain 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.

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 because the commitments will be honored during the subsequent year.

E. Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash in order to maximize investment opportunities. 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.

CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (Continued)

North Carolina General Statute 159-30 authorizes 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.

F. 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 fund" or "due to other fund" on the combined balance sheet.

G. Inventories

Inventories are valued at the lower of cost or market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The amount is recorded as an asset, offset by a reservation of fund balance in an equal amount.

H. Prepaid Items

Inventories of the Enterprise Funds consist of various items used in the maintenance of existing utility systems and expansion of new systems. Depending on the eventual use of these inventories, these items may be expensed in the future as maintenance of existing systems or capitalized as a part of the development of new systems.

CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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 January 6. By the following June 30, taxes receivable are delinquent and are not considered a resource to finance current year operations, and, accordingly, are recorded as deferred revenues until collected.

J. 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.

K. 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 purchase 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.

CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fixed Assets (Continued)

It is the City's policy not to provide depreciation on construction in process, whether funded through capital grants or charges for services, until the project is completed and capitalized. It is also 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:

Buildings	40 Years
Improvements	40 Years
Equipment	3-15 Years

L. Compensated Absences

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

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

M. 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.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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 Statute 159-13(b)(16) restricts 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 revenues 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 future debt service - represents the total amount of restricted cash and investments in the General Fund reserved for future debt service.

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 the General Statutes of North Carolina.

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, 1991.

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

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

0. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

P. 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.

Q. Statements of Cash Flows

In 1990, the City implemented Statement No. 9 of the Governmental Accounting Standards Board and, accordingly, has presented statements of cash flows for 1990 for the proprietary funds. For purposes of the statements of cash flows, the City considers highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

2. LEGAL COMPLIANCE - BUDGETS

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.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

2. LEGAL COMPLIANCE - BUDGETS (CONTINUED)

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 certain special revenue funds. The City Manager is authorized to transfer appropriations within a department within a fund; however, any revisions that alter total expenditures of any fund must be approved by City Council. During the year, several amendments to the original budget were necessary.

3. DEPOSITS AND INVESTMENTS

Deposits

All deposits of the City are made in board-designated official depositories and are collateralized as required by North Carolina General Statute 159-31. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

All of the City's deposits are either insured or collateralized by using one of two options. Under Option 1, all deposits over the federal depository insurance coverage are collateralized with securities held by the City's agency in the City's name. Under Option 2, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using Option 2 report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under Option 2, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each Option 2 depository.

CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

3. DEPOSITS AND INVESTMENTS (CONTINUED)

At year-end, the City's deposits had a carrying amount of \$1,015,019 and a bank balance of \$1,529,908. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,429,908 was covered by collateral held by the State Treasurer under the Option 2 method on behalf of the City.

Investments

North Carolina General Statute 159-30(c) authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest 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 non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Cash Management Trust, an SEC registered mutual fund. Investments are stated at cost or amortized cost.

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

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

Cash and investments	\$8,840,979
Restricted cash and investments	<u>790,101</u>
Total cash and investments (including deposits)	<u>\$9,631,080</u>

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CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1990

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Federal Home Loan Bank discount notes	\$1,000,000	\$1,000,000	\$1,000,000
Federal National Mortgage Association discount notes	1,000,321	1,000,321	1,010,000
Federal Farm Credit Bank discount notes	1,000,000	1,000,000	1,039,087
Commercial Paper	3,226,812	3,226,812	3,226,812
Bankers Acceptances	<u>993,556</u>	<u>993,556</u>	<u>1,000,000</u>
	<u>\$7,220,689</u>	7,220,689	7,275,899
 The North Carolina Cash Management Trust		<u>605,271</u>	<u>605,271</u>
 Total investments		<u>\$7,825,960</u>	<u>\$7,881,170</u>

The North Carolina Cash Management Trust is exempt from categorization because a third-party custodian takes delivery of investment securities on its behalf.

4. INTERFUND TRANSACTIONS

Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric	Community Development Harvey Street	\$ 3,449
	Community Development Thompson Street	<u>11,847</u>
Total		<u>\$ 15,296</u>

CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

4. INTERFUND TRANSACTIONS (CONTINUED)

The following is a detailed schedule of interfund transfers for the year ended June 30, 1990:

<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>			
	<u>General Fund</u>	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
General Fund	\$	\$2,040,000	\$	\$2,040,000
Community Development Harvey Street Fund	18,750		6,250	25,000
UMTA Elderly/Handicapped Transportation Fund	42,000			42,000
Parking Facilities Authority Fund	3,000			3,000
Total	<u>\$63,750</u>	<u>\$2,040,000</u>	<u>\$ 6,250</u>	<u>\$2,110,000</u>

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 revenues 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	\$618,787
Water and Sewer Fund	<u>79,162</u>
	<u>\$697,949</u>

CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1990

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, 1989	Additions and Transfers	Disposals	Balance at June 30, 1990
Land and buildings	\$ 6,336,077	\$ 228,995	\$ 450,011	\$ 6,115,061
Equipment and vehicles	<u>6,266,785</u>	<u>728,188</u>	<u>276,510</u>	<u>6,718,463</u>
	<u>\$ 12,602,862</u>	<u>\$ 957,183</u>	<u>\$ 726,521</u>	<u>\$ 12,833,524</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 1990:

	Enterprise Funds				Internal Service Fund
	Electric	Water and Sewer	Parking Facilities Authority	Total	
Land	\$ 174,261	\$ 68,972	\$ 291,425	\$ 534,658	\$
Buildings	3,599,971	3,534,922	8,406	7,143,299	
Distribution systems	8,347,152	15,358,264		23,705,416	
Equipment	1,060,482	1,134,644		2,195,126	11,708
Construction in progress	<u>637,428</u>	<u>2,951,460</u>		<u>3,588,888</u>	
	13,819,294	23,048,262	299,831	37,167,387	11,708
Less:					
accumulated depreciation	<u>(5,893,574)</u>	<u>(6,661,445)</u>	<u>(5,254)</u>	<u>(12,560,273)</u>	<u>(663)</u>
Net Fixed Assets	<u>\$ 7,925,720</u>	<u>\$ 16,386,817</u>	<u>\$ 294,577</u>	<u>\$ 24,607,114</u>	<u>\$ 11,045</u>

CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

7. LONG-TERM DEBT

Changes in Long-Term Liabilities:

During the year ended June 30, 1990, the following changes occurred in long-term debt reported in the general long-term debt account group and the enterprise funds:

General Long-Term Debt Account Group

	<u>Balance at July 1, 1989</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 1990</u>
General obligation bonds	\$ 265,000	\$	\$ 100,000	\$ 165,000
Compensated absences	388,121	82,661		470,782
Police separation allowance	96,938		40,131	56,807
Notes payable	115,604		70,500	45,104
Capital leases	<u>1,432,728</u>		<u>463,742</u>	<u>968,986</u>
	<u>\$ 2,298,391</u>	<u>\$ 82,661</u>	<u>\$ 674,373</u>	<u>\$ 1,706,679</u>

Enterprise Funds

	<u>Balance at July 1, 1989</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 1990</u>
General obligation bonds	\$ 2,034,000	\$	\$ 350,000	\$ 1,684,000
Compensated absences	76,139	19,969		96,108
Notes payable	380,304		11,970	368,334
Capital leases	<u>3,744,513</u>	<u>34,350</u>	<u>541,013</u>	<u>3,237,850</u>
	<u>\$ 6,234,956</u>	<u>\$ 54,319</u>	<u>\$ 902,983</u>	<u>\$ 5,386,292</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 revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at June 30, 1990 are as follows:

CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

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%	\$ 125,000
---	------------

\$315,000 - 1982 Public Works Facilities Improvement serial bonds due in principal installment of \$40,000 on June 1, 1991; interest at 7.5%	<u>40,000</u>
--	---------------

Total	<u>\$ 165,000</u>
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Enterprise Funds (General obligation bonds):

Water and Sewer Fund:

\$700,000 - 1968 Water Utility serial bonds due in principal installments of \$50,000 through on June 1, 1992; interest at 4.2%	100,000
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\$1,500,000 - 1968 Sanitary Sewer serial bonds due in principal installments of \$75,000 through June 1, 1992 and in principal installments of \$60,000 through June 1, 1994; interest at 4.2%	270,000
--	---------

\$2,300,000 - 1974 Water and Sewer Improvement serial bonds due in principal installments of \$100,000 through April 1, 1992 and in principal installments of \$150,000 through April 1, 1996; interest at 5.3% and 4.0%	<u>800,000</u>
--	----------------

Total	1,170,000
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CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

7. LONG-TERM DEBT (CONTINUED)

General Long-Term Debt (Continued):

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% 500,000

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

Total Enterprise Funds Bonds at June 30, 1990 \$1,684,000

Total General Obligation Bonds \$1,849,000

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
1991	\$ 65,000	\$ 10,088	\$ 350,000	\$ 80,460	\$ 415,000	\$ 90,548
1992	25,000	5,688	350,000	62,990	375,000	68,678
1993	25,000	4,288	335,000	45,940	360,000	50,228
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			164,000	6,000	164,000	6,000
Total	<u>\$ 165,000</u>	<u>\$ 24,365</u>	<u>\$1,684,000</u>	<u>\$236,360</u>	<u>\$1,849,000</u>	<u>\$260,725</u>

Notes Payable:

Notes payable include obligations of the City for various land and
building purchases. These obligations are for varying annual installments
with interest ranging from 8.75% to 11%.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

7. LONG-TERM DEBT (CONTINUED)

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

Fiscal Year Ending June 30,	General Long-Term Debt Account Group		Enterprise Funds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1991	\$ 22,552	\$ 3,946	\$ 13,167	\$ 36,833	\$ 35,719	\$ 40,779
1992	22,552	1,974	14,483	35,517	37,035	37,491
1993			15,932	34,068	15,932	34,068
1994			17,525	32,475	17,525	32,475
1995			19,277	30,723	19,277	30,723
Thereafter			287,950	162,049	287,950	162,049
Total	<u>\$ 45,104</u>	<u>\$ 5,920</u>	<u>\$ 368,334</u>	<u>\$331,665</u>	<u>\$ 413,438</u>	<u>\$337,585</u>

The City has never issued revenue bonds.

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, 1990, the legal debt limit for the City was \$53,334,287 providing a legal debt margin of \$48,549,013.

At June 30, 1990, the City had no authorized bonds remaining to be issued.

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 payment as of the date of their inception. Included is a lease purchase for a building and land of \$1,500,000, which is collateralized by a deed of trust on the building and land.

In the Proprietary 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.

CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

8. CAPITAL LEASES (CONTINUED)

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 1990:

Fiscal Year Ending June 30,	Minimum Lease Payments	
	General Long-Term Debt	Proprietary Fund Types
1991	\$ 478,386	\$ 760,656
1992	404,313	535,560
1993	165,375	364,517
1994	33,415	309,790
1995		300,401
Thereafter		<u>2,461,693</u>
Total minimum lease payments	1,081,489	4,732,617
Less: amount representing interest	<u>(112,503)</u>	<u>(1,494,767)</u>
Present value of future minimum lease payments	<u>\$ 968,986</u>	<u>\$ 3,237,850</u>

9. CONTRIBUTED CAPITAL

During the year, contributed capital increased by the following amounts:

Source	Electric Fund	Water and Sewer Fund	Total Enterprise Fund
Contributed capital, July 1, 1989 as previously stated	\$1,124,994	\$2,251,524	\$3,376,518
Prior Period Restatement (See Note 14)	<u>(1,124,994)</u>		<u>(1,124,994)</u>
Contributed capital, July 1, 1989 restated	0	2,251,524	2,251,524
Contribution from Capital Grant	<u>0</u>	<u>699,936</u>	<u>699,936</u>
Contributed capital, June 30	<u>\$ 0</u>	<u>\$2,951,460</u>	<u>\$2,951,460</u>

*Need to
Adjust books
to properly
reflect this
change.
29 Jim*

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

10. SEGMENT INFORMATION

The City maintains three enterprise funds which provide electric, water and sewer and parking services. Financial segment information as of and for the year ended June 30, 1990, is presented below.

	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Parking Facilities Authority Fund</u>	<u>Total</u>
Operating revenues	\$30,073,920	\$2,640,554	\$	\$32,714,474
Nonoperating revenues	403,818	338,298	(420)	741,696
Depreciation expense	440,394	541,781	210	982,385
Operating income (loss)	3,703,193	(273,202)	(210)	3,429,781
Operating transfers in (out)	(2,040,000)	(6,250)	3,000	(2,043,250)
Net income	2,067,011	58,846	2,370	2,128,227
Additions to contributed capital		699,936		699,936
Fixed Assets:				
Additions	1,259,454	1,858,286		3,117,740
Disposals	52,500	2,745		55,245
Working capital	6,224,271	982,568	7,765	7,214,604
Total assets	17,688,027	18,051,145	302,342	36,041,514
Bonds and other long-term liabilities - payable				
from operating revenues	2,489,155	3,166,255	14,000	5,669,410
Total fund equity	12,478,207	14,669,628	288,342	27,436,177

11. EMPLOYEE RETIREMENT SYSTEMS

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

A. North Carolina Local Government Employee's Retirement System

All permanent full-time City of Kinston employees participate in the state-wide. North Carolina Local Governmental Employees' Retirement System (System), a multiple-employer, cost-sharing, 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, 1990 was \$8,407,087; the City's total payroll was \$8,807,145.

CITY OF KINSTON, NORTH CAROLINA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

11. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. North Carolina Local Government Employee's Retirement System
(Continued)

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

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

Law enforcement officers may retire with unreduced retirement benefits after completing 30 years of creditable service or after reaching age 55 and completing 5 years of creditable service.

Employees retiring under any of these conditions are entitled to annual retirement benefits equal to 1.63% of their average final compensation times their years of creditable service. Average final compensation is the average of an employee's salary during the 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

Also, the System provides death and disability benefits to its participants. After five years of creditable service, employees qualify for a vested deferred benefit.

Covered employees are required by state statute to contribute 6% 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, 1990, was \$902,159, which consisted of \$397,733 from the City and \$504,426 from employees; the City's required contributions for employees not engaged in law enforcement and for law enforcement officers represents .69% and 4.04% of covered payroll, respectively.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

11. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. North Carolina Local Government Employee's Retirement System
(Continued)

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation for the System as a whole at December 31, 1989, the date of the System's latest available actuarial valuation, was \$2,641,918,000. The System's net assets available for benefits on that date (at cost) were \$2,849,018,000 (market value \$3,159,315,000), leaving net assets in excess of the pension benefit obligation of \$207,100,000. The City's 1990 contribution represented .40% of total contributions required of all participating entities.

Ten year historical trend information showing the System's revenues by source and expenses by type will be presented in the State of North Carolina's June 30, 1990 Comprehensive Annual Financial Report (CAFR). The State's CAFR will also present prospective trend information showing the System's progress in accumulating sufficient assets to pay benefits when due.

B. 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 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, 1990, was \$1,615,823. The City's total payroll was \$8,807,145. The City funds benefit payments when due and records these payments as General Fund expenditures.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

11. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. Law Enforcement Officers' Special Separation Allowance (Continued)

All full-time City law enforcement officers are covered by the System. At June 30, 1990, the System's membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	5
Current employees:	
Vested	0
Nonvested	<u>68</u>
Total	<u>73</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% 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 re-employment by any State department, agency or institution.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

11. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. Law Enforcement Officers' Special Separation Allowance (Continued)

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

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

The pension benefit obligation was computed as part of an actuarial valuation performed as of December 31, 1989. Significant actuarial assumptions used in the valuation include (a) an annual rate of return on the investment of present and future assets of 7 1/2% compounded annually, (b) projected annual salary increases of 5% compounded annually, attributable to inflation, and (c) additional projected annual salary increases of 1.7% to 5.5% attributable to merit or seniority.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

11. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. Law Enforcement Officers' Special Separation Allowance (Continued)

assets available to fund the pension benefit obligation. Unfunded pension benefit obligation represented 21.3% of the annual payroll for employees covered by the System for 1990. Showing unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three years ended 1988, 1989 and 1990, the City's contributions to the System, all made to fund benefits when due, were 1.07%, 1.3% and 1.8%, respectively of annual covered payroll.

C. 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% 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 \$1,615,823. Total contributions for the year ended June 30, 1990, were \$94,372 which consisted of \$80,791 from the City and \$13,581 from the law enforcement officers. The City's required contributions and the officers' voluntary contributions represented 5% and 1% of the covered payroll amount, respectively.

D. Supplement 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% 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.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

11. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

D. Supplement Retirement Income Plan (Continued)

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.

12. 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 \$74,252 in claims was incurred for benefits during fiscal year 1990.

13. 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 revenues are 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.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1990

13. COMMITMENTS (CONTINUED)

As a result of a decision by the Federal Energy Regulatory Commission (FERC), the City has been ordered to reimburse the 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, 1990, the total amount due to the Agency was \$283,118, 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.

14. PRIOR PERIOD RESTATEMENT

In previous years, funds transferred to the Electric Fund from the General Fund and the Water and Sewer Fund for reimbursement of their share of the expenditures for the public service complex were recorded as contributed capital. These transfers should have been recorded as a reduction of Electric Fund expenses. Therefore, the July 1, 1989 contributed capital balance was adjusted to increase retained earnings and decrease contributed capital in the Electric Fund by \$1,124,994.

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL AND BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Ad valorem taxes:			
Taxes	\$ 3,970,296	\$ 3,963,000 ✓	\$ 7,296
Penalties and interest	25,543	20,800 ✓	4,743
Total ad valorem taxes	<u>3,995,839</u>	<u>3,983,800</u>	<u>12,039</u>
Sales and services:			
Garbage collections	1,345,909	1,350,100 ✓	(4,191)
Rents, concessions and fees	313,883	312,950 ✓	933
Inspection fees	171,041	165,000 ✓	6,041
Cemetery fees	72,575	69,000 ✓	3,575
Cable franchise	50,974	49,000 ✓	1,974
Lenoir County participation:			
Fire protection	15,800	15,800 ✓	
Recreation	240,000 ✓	240,000 ✓	
Building inspection	77,218	85,800 ✓	(8,582)
Miscellaneous	68,966	68,500 ✓	466
Total sales and services	<u>2,356,366</u>	<u>2,356,150</u>	<u>216</u>
Other taxes:			
Local government sales taxes *	1,559,192	1,551,000 ✓	8,192
Intangible taxes *	282,655	250,500 ✓	32,155
Licenses and permits	50,548	51,450 ✓	(902)
Total other taxes	<u>1,892,395</u>	<u>1,852,950</u>	<u>39,445</u>
Intergovernmental revenues - unrestricted:			
Franchise tax	921,486	901,000 ✓	20,486
Payments in lieu of taxes	403,396	410,900 ✓	(7,504)
Beer and wine	112,491	112,500 ✓	(9)
ABC revenue	45,655	50,000 ✓	(4,345)
Tax refunds	63,823	54,000 ✓	9,823
Total intergovernmental revenues - unrestricted	<u>1,546,851</u>	<u>1,528,400</u>	<u>18,451</u>

GENERAL FUND

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

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

(Continued)

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES (Continued):			
Intergovernmental revenues - restricted:			
"State Street-Aid" allocations	\$ 561,697	\$ 561,700 ✓	\$ (3)
Community Development Block Grant reserve funds	6,770	5,500 ✓	1,270
Department of Administration - LRM			
North Carolina Health and Sanitation	9,014	9,000 ✓	14
Emergency Shelter Grant	<u>2,483</u>	<u>2,500 ✓</u>	<u>(17)</u>
Total intergovernmental revenues - restricted	<u>579,964</u>	<u>578,700</u>	<u>1,264</u>
Other:			
Investment income	232,093	226,000 ✓	6,093
Sales of surplus materials and assets	57,746	57,700 ✓	46
Miscellaneous	<u>151,617</u>	<u>113,400 ✓</u>	<u>38,217</u>
Total other	<u>441,456</u>	<u>397,100</u>	<u>44,356</u>
TOTAL REVENUES	<u>10,812,871</u>	<u>10,697,100</u>	<u>115,771</u>

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

(Continued)

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
EXPENDITURES:			
General Government:			
Governing body:			
Personal services	\$ 216,315	\$ 216,700	\$ 385
Operating	410,708	430,400	19,692
Capital outlay	3,619	3,650	31
Total governing body	630,642	650,750	20,108
Executive:			
Personal services	145,410	146,500	1,090
Operating	45,239	46,850	1,611
Capital outlay	944	1,000	56
Total executive	191,593	194,350	2,757
Finance:			
Business office:			
Personal services	422,466	431,300	8,834
Operating	136,935	156,000	19,065
Capital outlay	375	400	25
	559,776	587,700	27,924
Field service:			
Personal services	152,063	151,600	(463)
Operating	27,840	25,850	(1,990)
Capital outlay	29,596	30,450	854
	209,499	207,900	(1,599)
Data processing:			
Personal services	43,734	43,750	16
Operating	149,499	151,950	2,451
Capital outlay	25,004	27,300	2,296
	218,237	223,000	4,763



CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL AND BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

(Continued)

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
General Government (Continued):			
Finance (Continued):			
Purchasing:			
Personal services	\$ 135,194	\$ 138,450	\$ 3,256
Operating	38,108	39,050	942
Capital outlay	<u>2,988</u>	<u>3,100</u>	<u>112</u>
	<u>176,290</u>	<u>180,600</u>	<u>4,310</u>
Total finance	1,163,802	1,199,200	35,398
Personnel:			
Personal services	145,628	147,700	2,072
Operating	67,983	82,000	14,017
Capital outlay	<u>1,322</u>	<u>1,200</u>	<u>(122)</u>
Total personnel	214,933	230,900	15,967
Public facilities:			
Municipal hall:			
Operating	126,715	153,900	27,185
Capital outlay	<u>140,460</u>	<u>142,000</u>	<u>1,540</u>
Total public facilities	267,175	295,900	28,725
Indirect costs reimbursement	<u>(1,337,000)</u>	<u>(1,337,000)</u>	<u>0</u>
Total general government	<u>1,131,145</u>	<u>1,234,100</u>	<u>102,955</u>
Public Safety:			
Police:			
Personal services	2,292,471	2,338,300	45,829
Operating	348,144	378,400	30,256
Capital outlay	<u>167,497</u>	<u>164,300</u>	<u>(3,197)</u>
Total police	2,808,112	2,881,000	72,888

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

(Continued)

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Public Safety (Continued):			
Fire:			
Personal services	\$ 1,540,190	\$ 1,540,200	\$ 10
Operating	385,738	391,950	6,212
Capital outlay	<u>202,283</u>	<u>200,600</u>	<u>(1,683)</u>
Total fire	<u>2,128,211</u>	<u>2,132,750</u>	<u>4,539</u>
Total public safety	<u>4,936,323</u>	<u>5,013,750</u>	<u>77,427</u>
Public Works:			
Administration:			
Personal services	102,853	103,850	997
Operating	123,664	131,287	7,623
Capital outlay	<u>3,719</u>	<u>3,950</u>	<u>231</u>
Total administration	<u>230,236</u>	<u>239,087</u>	<u>8,851</u>
Fleet maintenance:			
Personal services	299,562	297,900	(1,662)
Operating	48,091	57,150	9,059
Capital outlay	<u>35,274</u>	<u>39,850</u>	<u>4,576</u>
Total fleet maintenance	<u>382,927</u>	<u>394,900</u>	<u>11,973</u>
Streets:			
Personal services	443,782	442,600	(1,182)
Operating	584,276	768,501	184,225
Capital outlay	<u>40,642</u>	<u>40,000</u>	<u>(642)</u>
Total streets	<u>1,068,700</u>	<u>1,251,101</u>	<u>182,401</u>
Sanitation:			
Personal services	963,958	971,900	7,942
Operating	423,903	455,850	31,947
Capital outlay	<u>112,438</u>	<u>109,750</u>	<u>(2,688)</u>
Total sanitation	<u>1,500,299</u>	<u>1,537,500</u>	<u>37,201</u>

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL AND BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

(Continued)

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Recreation:			
Administration:			
Personal services	\$ 95,315	\$ 96,250	\$ 935
Operating	28,363	64,950	36,587
Capital outlay	32,046	3,700	(28,346)
Total administration	<u>155,724</u>	<u>164,900</u>	<u>9,176</u>
Programs:			
Personal services	426,201	429,000	2,799
Operating	92,733	91,300	(1,433)
Capital outlay	8,853	8,150	(703)
Total programs	<u>527,787</u>	<u>528,450</u>	<u>663</u>
Parks:			
Personal services	320,738	317,400	(3,338)
Operating	234,813	241,700	6,887
Capital outlay	36,367	38,800	2,433
Total parks	<u>591,918</u>	<u>597,900</u>	<u>5,982</u>
County:			
Personal services	127,315	125,700	(1,615)
Operating	91,945	96,100	4,155
Capital outlay	350	400	50
Total county	<u>219,610</u>	<u>222,200</u>	<u>2,590</u>
Sponsored Activities:			
Personal services	17,528	15,000	(2,528)
Operating	75,486	69,450	(6,036)
Capital outlay	400	1,500	1,100
Total sponsored activities	<u>93,414</u>	<u>85,950</u>	<u>(7,464)</u>
Battle Center:			
Personal services	21,292	21,250	(42)
Operating	10,072	12,100	2,028
Total Battle Center	<u>31,364</u>	<u>33,350</u>	<u>1,986</u>

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

(Continued)

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
EXPENDITURES (CONTINUED):			
Recreation (Continued):			
Municipal stadium:			
Personal services	\$ 22,371	\$ 21,950	\$ (421)
Operating	54,856	54,450	(406)
Capital outlay	<u>19,078</u>	<u>30,650</u>	<u>11,572</u>
Total municipal stadium	<u>96,305</u>	<u>107,050</u>	<u>10,745</u>
Total recreation	<u>1,716,122</u>	<u>1,739,800</u>	<u>23,678</u>
Debt service:			
Principal	100,000	100,000	\$
Interest	<u>17,112</u>	<u>17,112</u>	
Total debt service	<u>117,112</u>	<u>117,112</u>	
TOTAL EXPENDITURES	<u>12,472,399</u>	<u>13,007,800</u>	<u>535,401</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(1,659,528)</u>	<u>(2,310,700)</u>	<u>651,172</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	2,040,000	2,040,000	
Operating transfers out	(63,750)	(63,750)	
Appropriated fund balance		<u>334,450</u>	<u>(334,450)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,976,250</u>	<u>2,310,700</u>	<u>(344,450)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	316,722	<u>\$ 0</u>	<u>\$ 316,722</u>
FUND BALANCE - July 1, 1989	<u>3,002,272</u>		
FUND BALANCE - June 30, 1990	<u>\$ 3,318,994</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 Harvey 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 Thompson 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 Tiffany 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.

UMTA Elderly/Handicapped Transportation Fund - This fund is used to account for the federal grant monies received from the Department of Transportation to provide transportation facilities for the elderly and handicapped.

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 Development Block Grants for residential rehabilitation.

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1990

ASSETS	Community Development Harvey Street	Community Development Thompson Street	Community Development Tiffany Street	UNTA Elderly/ Handicapped Transportation	Community Development Rental Rehabilitation	Total
Cash and investments	\$ 28,804	\$ 19,853	\$ 1,417	\$ 3,418	\$ 17,500	\$ 22,335
Due from governmental agencies				69		48,726
TOTAL ASSETS	\$ 28,804	\$ 19,853	\$ 1,417	\$ 3,487	\$ 17,500	\$ 71,061

LIABILITIES AND FUND EQUITY

LIABILITIES:						
Due to other fund	\$ 3,449	\$ 11,847	\$	\$	\$	\$ 15,296
Accounts payable and accrued liabilities	18,274			582	8,500	27,356
TOTAL LIABILITIES	21,723	11,847		582	8,500	42,652
FUND EQUITY:						
Reserved by state statute	7,081	8,006	1,417	2,836	9,000	28,340
Unreserved - undesignated				69		69
TOTAL FUND EQUITY	7,081	8,006	1,417	2,905	9,000	28,409
TOTAL LIABILITIES AND FUND EQUITY	\$ 28,804	\$ 19,853	\$ 1,417	\$ 3,487	\$ 17,500	\$ 71,061

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	Community Development Harvey Street	Community Development Thompson Street	Community Development Tiffany Street	UMTA Elderly/ Handicapped Transportation	Community Development Rental Rehabilitation	Total
REVENUES:						
Restricted intergovernmental revenues	\$ 356,484	\$ 181,240	\$	\$ 3,653	\$ 217,548	\$ 758,925
Other - rent and program income		26,797	29	43,710		70,536
TOTAL REVENUES	356,484	208,037	29	47,363	217,548	829,461
EXPENDITURES:						
Administration	53,102	4,950		4,600		62,652
Disposition		2,300				2,300
Rehabilitation of private properties	184,738	163,206	11,480		213,248	572,672
Relocation assistance	1,475		20			1,495
Capital outlay	133,862	39,395				173,257
Contract services				87,107		87,107
TOTAL EXPENDITURES	373,177	209,851	11,500	91,707	213,248	899,483
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(16,693)	(1,814)	(11,471)	(44,344)	4,300	(70,022)
OTHER FINANCING SOURCES - Operating transfers in	25,000			42,000		67,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	8,307	(1,814)	(11,471)	(2,344)	4,300	(3,022)
FUND BALANCES - July 1, 1989	(1,226)	9,820	12,888	5,249	4,700	31,431
FUND BALANCES - June 30, 1990	\$ 7,081	\$ 8,006	\$ 1,417	\$ 2,905	\$ 9,000	\$ 28,409

CITY OF KINSTON, NORTH CAROLINA

GRANT PROJECT FUND - COMMUNITY DEVELOPMENT HARVEY STREET -

SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET

FROM GRANT INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>		<u>Project</u>
	<u>Current Year</u>	<u>Total to Date</u>	<u>Authorization</u>
REVENUES:			
Restricted intergovernmental			
revenues -			
Federal Community			
Development Grant Project	\$ 356,484	\$ 356,484	\$ 600,000
Other - rent and program income			12,000
TOTAL REVENUES	<u>356,484</u>	<u>356,484</u>	<u>612,000</u>
EXPENDITURES:			
Administration	53,102	54,328	83,000
Disposition			1,200
Rehabilitation of private			
properties	184,738	184,738	400,500
Relocation assistance	1,475	1,475	26,000
Capital outlay	<u>133,862</u>	<u>133,862</u>	<u>151,300</u>
TOTAL EXPENDITURES	<u>373,177</u>	<u>374,403</u>	<u>662,000</u>
DEFICIENCY OF REVENUES OVER			
EXPENDITURES	(16,693)	(17,919)	(50,000)
OTHER FINANCING SOURCES -			
Operating Transfers In	<u>25,000</u>	<u>25,000</u>	<u>50,000</u>
EXCESS OF REVENUES AND OTHER			
SOURCES OVER EXPENDITURES	<u>\$ 8,307</u>	<u>\$ 7,081</u>	<u>\$ 0</u>

CITY OF KINSTON, NORTH CAROLINA

GRANT PROJECT FUND - COMMUNITY DEVELOPMENT THOMPSON STREET -

SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET

FROM GRANT INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>		<u>Project</u>
	<u>Current Year</u>	<u>Total to Date</u>	<u>Authorization</u>
REVENUES:			
Restricted intergovernmental revenues -			
Federal Community Development Grant Project	\$ 181,240	\$ 529,853	\$ 596,150
Other - rent and program income	<u>26,797</u>	<u>34,739</u>	<u>4,000</u>
TOTAL REVENUES	<u>208,037</u>	<u>564,592</u>	<u>600,150</u>
EXPENDITURES:			
Administration	4,950	78,598	83,000
Disposition	2,300	4,250	
Rehabilitation of private properties	163,206	375,936	462,200
Relocation assistance		13,500	6,500
Capital outlay	<u>39,395</u>	<u>124,302</u>	<u>88,450</u>
TOTAL EXPENDITURES	<u>209,851</u>	<u>596,586</u>	<u>640,150</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,814)	(31,994)	(40,000)
OTHER FINANCING SOURCES -			
Operating transfer in		<u>40,000</u>	<u>40,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>\$ (1,814)</u>	<u>\$ 8,006</u>	<u>\$ 0</u>

CITY OF KINSTON, NORTH CAROLINA

GRANT PROJECT FUND - COMMUNITY DEVELOPMENT TIFFANY STREET -

SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET

FROM GRANT INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>		<u>Project</u>
	<u>Current Year</u>	<u>Total to Date</u>	<u>Authorization</u>
REVENUES:			
Restricted intergovernmental revenues -			
Federal Community Development Grant Project	\$	\$ 596,682	\$ 600,000
Other - rent and program income	<u>29</u>	<u>22,239</u>	<u>9,000</u>
TOTAL REVENUES	<u>29</u>	<u>618,921</u>	<u>609,000</u>
EXPENDITURES:			
Administration		52,983	65,716
Rehabilitation of private properties	11,480	516,376	495,191
Relocation assistance	20	1,034	1,034
Capital outlay	<u></u>	<u>72,697</u>	<u>88,059</u>
TOTAL EXPENDITURES	<u>11,500</u>	<u>643,090</u>	<u>650,000</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(11,471)	(24,169)	(41,000)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In		41,000	41,000
Operating Transfers Out	<u></u>	<u>(15,414)</u>	<u></u>
TOTAL OTHER SOURCES (USES)	<u></u>	<u>25,586</u>	<u>41,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (11,471)</u>	<u>\$ 1,417</u>	<u>\$ 0</u>

CITY OF KINSTON, NORTH CAROLINA

GRANT PROJECT FUND - UMTA ELDERLY/HANDICAPPED TRANSPORTATION -

SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Restricted intergovernmental revenues	\$ 3,653	\$ 3,650	\$ 3
Other - rent and program income	<u>43,710</u>	<u>44,500</u>	<u>(790)</u>
TOTAL REVENUES	<u>47,363</u>	<u>48,150</u>	<u>(787)</u>
EXPENDITURES:			
Administration	4,600	4,600	
Contract services	<u>87,107</u>	<u>84,950</u>	<u>(2,157)</u>
TOTAL EXPENDITURES	<u>91,707</u>	<u>89,550</u>	<u>(2,157)</u>
EXCESS OF EXPENDITURES OVER REVENUES	(44,344)	(41,400)	(2,944)
OTHER FINANCING SOURCES (USES):			
Operating transfer in	42,000	42,000	
Appropriation to fund balance	<u> </u>	<u>(600)</u>	<u>600</u>
TOTAL OTHER SOURCES (USES)	<u>42,000</u>	<u>41,400</u>	<u>600</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ (2,344)</u>	<u>\$</u>	<u>\$ (2,344)</u>



CITY OF KINSTON, NORTH CAROLINA

GRANT PROJECT FUND - COMMUNITY DEVELOPMENT RENTAL REHABILITATION -

SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL AND BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES -			
Restricted intergovernmental revenues -			
Federal Community Development Grant Project	\$ 217,548	\$ 210,000	\$ 7,548
EXPENDITURES -			
Rehabilitation of private properties	<u>213,248</u>	<u>210,000</u>	<u>(3,248)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 4,300</u>	<u>\$ 0</u>	<u>\$ 4,300</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 council 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 council 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.

CITY OF KINSTON, NORTH CAROLINA

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1990

ASSETS	Electric Fund	Water and Sewer Fund	Parking Facilities Authority Fund	Totals
CURRENT ASSETS:				
Cash and investments	\$ 5,126,022	\$ 869,796	\$ 7,765	\$ 6,003,583
Due from other fund	15,296			15,296
Accounts receivable	128,497	135,738		264,235
Customer receivables, net	3,117,640	340,205		3,457,845
Inventories	731,712	214,466		946,178
TOTAL CURRENT ASSETS	9,119,167	1,560,205	7,765	10,687,137
RESTRICTED CASH AND INVESTMENTS	643,140	104,123		747,263
FIXED ASSETS	7,925,720	16,386,817	294,577	24,607,114
TOTAL ASSETS	\$ 17,688,027	\$ 18,051,145	\$ 302,342	\$ 36,041,514
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 2,353,332	\$ 179,224	\$	\$ 2,532,556
Deferred revenues		36,038		36,038
Current portion of long-term debt	541,564	362,375		903,939
TOTAL CURRENT LIABILITIES	2,894,896	577,637		3,472,533
CUSTOMER DEPOSITS	367,333			367,333
DUE TO NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY	283,118			283,118
ACCRUED COMPENSATED ABSENCES	60,305	35,803		96,108
LONG-TERM DEBT	1,604,168	2,768,077	14,000	4,386,245
TOTAL LIABILITIES	5,209,820	3,381,517	14,000	8,605,337
FUND EQUITY:				
Contributed capital - Capital grants		2,951,460		2,951,460
Retained earnings	12,478,207	11,718,168	288,342	24,484,717
TOTAL FUND EQUITY	12,478,207	14,669,628	288,342	27,436,177
TOTAL LIABILITIES AND FUND EQUITY	\$ 17,688,027	\$ 18,051,145	\$ 302,342	\$ 36,041,514

$$\begin{array}{rcl} \text{Water Production} = & \text{TOTAL Exp} & 549,012 \\ & \text{Cap out} & < 31,332 > \\ & \text{Interest} & < 36,833 > \\ & & \hline & & 480,847 \end{array}$$

CITY OF KINSTON, NORTH CAROLINA

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	Electric Fund	Water and Sewer Fund	Parking Facilities Authority Fund	Totals
OPERATING REVENUES:				
Charges for services	\$ 29,829,400	\$ 2,535,376	\$	\$ 32,364,776
Other	244,520	105,178		349,698
TOTAL OPERATING REVENUES	30,073,920	2,640,554		32,714,474
OPERATING EXPENSES:				
Electrical operations	24,982,903			24,982,903
Administration	947,430	902,165		1,849,595
Depreciation	440,394	541,781	210	982,385
Water and sewer operations		602,884		602,884
Wastewater plant operations		463,377		463,377
Water production		403,549		403,549
TOTAL OPERATING EXPENSES	26,370,727	2,913,756	210	29,284,693
OPERATING INCOME (LOSS)	3,703,193	(273,202)	(210)	3,429,781
NONOPERATING REVENUES (EXPENSES):				
Interest earned on investments	543,750	123,487		667,237
1/2% local sales tax refund		326,357		326,357
Interest on long-term debt	(140,990)	(140,990)	(420)	(282,400)
Other	1,058	29,444		30,502
TOTAL NONOPERATING REVENUES (EXPENSES)	403,818	338,298	(420)	741,696
INCOME (LOSS) BEFORE OPERATING TRANSFERS	4,107,011	65,096	(630)	4,171,477
OPERATING TRANSFERS:				
Operating transfers in			3,000	3,000
Operating transfers out	(2,040,000)	(6,250)		(2,046,250)
TOTAL OPERATING TRANSFERS	(2,040,000)	(6,250)	3,000	(2,043,250)
NET INCOME	2,067,011	58,846	2,370	2,128,227
RETAINED EARNINGS - July 1, 1989 AS PREVIOUSLY STATED	9,286,202	11,659,322	285,972	21,231,496
Prior Period Restatement	1,124,994			1,124,994
RETAINED EARNINGS - July 1, 1989 RESTATE	10,411,196	11,659,322	285,972	22,356,490
RETAINED EARNINGS - June 30, 1990	\$ 12,478,207	\$ 11,718,168	\$ 288,342	\$ 24,484,717

Add depreciation on fixed Assets acquired by grants
externally restricted for Capital Acquisition and
Construction

Increase in Retained earnings

CITY OF KINSTON, NORTH CAROLINA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

SB 2 (2,650,000)
DIFF

	Electric Fund	Water and Sewer Fund	Parking Facilities Authority Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ 3,703,193	\$ (273,202)	\$ (210)	\$ 3,429,781
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Other income	1,058	355,801		356,859
Gain (loss) on disposal of fixed assets	48,850	(928)		47,922
Depreciation	440,394	541,781	210	982,385
Provision for uncollectible accounts	86,816	(602)		86,214
Change in assets and liabilities:				
Decrease (increase) in accounts receivable	(242,812)	17,952		(224,860)
Increase in customer deposits	2,366			2,366
Increase in inventories	(198,664)	(53,772)		(252,436)
(Decrease) increase in accounts payable	123,723	(633,550)		(509,827)
Decrease in deferred revenues		(751,054)		(751,054)
Increase in accrued compensated absences	12,598	7,371		19,969
Total Adjustments	274,329	(517,001)	210	(242,462)
Net cash provided by (used for) operating activities	3,977,522	(790,203)		3,187,319
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net repayments under revolving loan arrangement (Necempa)	(43,976)			(43,976)
Operating transfers in (out) to other funds	(2,040,000)	(6,250)	3,000	(2,043,250)
Net cash provided by (used for) noncapital financing activities	(2,083,976)	(6,250)	3,000	(2,087,226)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(1,259,454)	(1,823,935)		(3,083,389)
Principal paid on general obligation bond maturities and equipment contracts	(537,288)	(365,695)		(902,983)
Interest paid on general obligation bonds and equipment contracts	(140,990)	(140,990)	(420)	(282,400)
Capital contributed		699,936		699,936
Net cash used for capital and related financing activities	(1,937,732)	(1,630,684)	(420)	(3,568,836)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends on investments	543,750	123,487		667,237
Net cash provided by investing activities	543,750	123,487		667,237
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	499,564	(2,303,650)	2,580	(1,801,506)
CASH AND CASH EQUIVALENTS, July 1, 1989	5,269,598	3,277,569	5,185	8,552,352
CASH AND CASH EQUIVALENTS, June 30, 1990	\$ 5,769,162	\$ 973,919	\$ 7,765	\$ 6,750,846

local option
other

Proceeds from borrowings
109100
ADLECO

What is this
36040

Supplemental Schedule of Noncash Capital Financing Activities -

A capital lease obligation of \$34,350 was incurred by the Water and Sewer Fund when the City entered into a lease for new equipment.

Total Adds for w/s + w/s CP
- Disposals in w/s CP -
Adjust - 34,350 for Cap
Lease

523-4939

CITY OF KINSTON, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES, EXPENDITURES AND BUDGETARY APPROPRIATIONS -

ACTUAL AND BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
OPERATING REVENUES:			
Charges for services - electricity sales	\$ 30,085,989	\$ 29,542,700 [@]	\$ 543,289
Other	<u>244,520</u>	<u>187,350[@]</u>	<u>57,170</u>
TOTAL OPERATING REVENUES	<u>30,330,509</u>	<u>29,730,050</u>	<u>600,459</u>
NONOPERATING REVENUES:			
Interest earned on investments	543,750	513,000 [@]	30,750
Other	<u>1,058</u>	<u>171,650</u>	<u>(170,592)</u>
TOTAL NONOPERATING REVENUES	<u>544,808</u>	<u>684,650</u>	<u>(139,842)</u>
TOTAL REVENUES	<u>30,875,317</u>	<u>30,414,700</u>	<u>460,617</u>
EXPENDITURES:			
Administration:			
Personal services	105,856	105,900	44
Operating	225,758	247,700	21,942
Capital outlay	3,808	4,400	592
Indirect costs	<u>529,000</u>	<u>529,000</u>	
	<u>864,422</u>	<u>887,000</u>	<u>22,578</u>
Electrical operations:			
Personal services	781,620	961,750	180,130
Operating	24,885,048	25,853,900	968,852
Capital outlay	<u>730,598</u>	<u>1,365,000</u>	<u>634,402</u>
	<u>26,397,266</u>	<u>28,180,650</u>	<u>1,783,384</u>
TOTAL EXPENDITURES	<u>27,261,688</u>	<u>29,067,650</u>	<u>1,805,962</u>

CITY OF KINSTON, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES, EXPENDITURES AND BUDGETARY APPROPRIATIONS -

ACTUAL AND BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

(Continued)

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 3,613,629	\$ 1,347,050	\$ 2,266,579
BUDGETARY APPROPRIATIONS:			
Operating transfers out	(2,040,000)	(2,040,000)	
Appropriated fund balance		692,950	(692,950)
TOTAL BUDGETARY APPROPRIATIONS	<u>(2,040,000)</u>	<u>(1,347,050)</u>	<u>(692,950)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND BUDGETARY APPROPRIATIONS	<u>\$ 1,573,629</u>	<u>\$</u>	<u>\$ 1,573,629</u>

CITY OF KINSTON, NORTH CAROLINA

ELECTRIC FUND

RECONCILIATION OF MODIFIED ACCRUAL TO FULL ACCRUAL BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

EXCESS OF REVENUES OVER EXPENDITURES AND BUDGETARY
APPROPRIATIONS

\$ 1,573,629

ADJUSTMENTS TO FULL ACCRUAL BASIS:

Budgetary appropriations

2,040,000

Capital outlay

- 734,406 ✓

Payment of debt principal

- 537,288 ✓

Depreciation

+ (440,394) ✓

Decrease in accrued unbilled electricity sales

(256,589) ✓

Bad debt expense

(86,816) ✓

Decrease in interest accrual

5,487 ✓

INCOME BEFORE OPERATING TRANSFERS

\$ 4,107,011

CITY OF KINSTON, NORTH CAROLINA

WATER AND SEWER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

BUDGETARY APPROPRIATIONS - ACTUAL AND BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
OPERATING REVENUES:			
Charges for services:			
Water sales	\$ 1,419,507	\$ 1,395,400	\$ 24,107
Sewer charges	1,125,343	1,110,300	15,043
Other	105,178	152,400	(47,222)
TOTAL OPERATING REVENUES	2,650,028	2,658,100	(8,072)
NONOPERATING REVENUES:			
Interest earned on investments	123,487	150,900	(27,413)
1/2% local sales tax refund	326,357	325,000	1,357
Restricted intergovernmental revenue	721,147	808,300	(87,153)
Other	42,583	44,850	(2,267)
	<i>763,730</i>		
TOTAL NONOPERATING REVENUES	1,213,574	1,329,050	(115,476)
TOTAL REVENUES	3,863,602	3,987,150	(123,548)
EXPENDITURES:			
Water and sewer administration:			
Personal service	55,904	54,450	(1,454)
Operating	38,863	47,500	8,637
Capital outlay	1,380	1,400	20
Indirect costs	808,000	808,000	
	904,147	911,350	7,203
Water production:			
Personal services	78,218	85,800	7,582
Operating	337,301	374,300	36,999
Capital outlay	21,166	20,900	(266)
	436,685	481,000	44,315

CITY OF KINSTON, NORTH CAROLINA

WATER AND SEWER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

BUDGETARY APPROPRIATIONS - ACTUAL AND BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

(Continued)

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
EXPENDITURES (Continued):			
Water and sewer operations:			
Personal services	\$ 350,056	\$ 455,250	\$ 105,194
Operating	750,331	810,950	60,619
Capital outlay	1,525,641	1,520,150	(5,491)
	2,626,028	2,786,350	160,322
Wastewater plant operations:			
Personal services	184,642	185,250	608
Operating	278,735	319,600	40,865
Capital outlay	376	7,000	6,624
	463,753	511,850	48,097
TOTAL EXPENDITURES	4,430,613	4,690,550	259,937
DEFICIENCY OF REVENUES OVER EXPENDITURES	(567,011)	(703,400)	136,389
BUDGETARY APPROPRIATIONS:			
Transfers out	(6,250)	(6,250)	
Appropriated fund balance		709,650	(709,650)
TOTAL BUDGETARY APPROPRIATIONS	(6,250)	703,400	(709,650)
DEFICIENCY OF REVENUES OVER EXPENDITURES AND BUDGETARY APPROPRIATIONS	\$ (573,261)	\$	\$ (573,261)

Expenditures from DG Summaries = 31,405,362 (41,62,63)
Expenditures from DBASE = 30,599,108

Add back Capital Outlay

Add back Interdept Trans

Transfer Out

Debt

806,754
1,375,793
2,182,547
270,000 ✓
2,452,547
2,000,000
452,547 (NLT 556907 = 104115)

Water

Expenditures from DG Sum - 3,217,573 (40,61)
Expenditures from DBASE 3,398,949

Add back Cap Out

Transfer Out

Debt

<181,376>
549,901
368,525
6250
362,275

CITY OF KINSTON, NORTH CAROLINA

WATER AND SEWER FUND

RECONCILIATION OF MODIFIED ACCRUAL TO FULL ACCRUAL BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

EXCESS OF REVENUES OVER EXPENDITURES AND BUDGETARY APPROPRIATIONS	\$ (573,261)
ADJUSTMENTS TO FULL ACCRUAL BASIS:	
Capital outlay	1,548,565 *
Restricted intergovernmental revenues transferred to contributed capital	(699,936)
Increase in debt	(34,350)
Depreciation	(541,781)
Payment of debt principal	365,694 *
Budgetary appropriations	6,250 *
Decrease in interest accrual	2,787
Decrease in accrued unbilled water sales	(387)*
Recovery of bad debt expense	602
Decrease in accrued unbilled sewer charges	<u>(9,087)</u>
INCOME BEFORE OPERATING TRANSFERS	<u>\$ 65,096</u>

CITY OF KINSTON, NORTH CAROLINA
PARKING FACILITIES AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
BUDGETARY APPROPRIATIONS - ACTUAL AND BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
EXPENDITURES - Administration	\$ 420	\$ 450	\$ 30
BUDGETARY APPROPRIATIONS:			
Operating transfer in	3,000	3,000	
Appropriated fund balance	<u> </u>	<u>(2,550)</u>	<u>2,550</u>
TOTAL BUDGETARY APPROPRIATIONS	<u>3,000</u>	<u>450</u>	<u>2,550</u>
EXCESS OF BUDGETARY APPROPRIATIONS OVER EXPENDITURES	<u>\$ 2,580</u>	<u>\$</u>	<u>\$ 2,580</u>

CITY OF KINSTON, NORTH CAROLINA

PARKING FACILITIES AUTHORITY FUND

RECONCILIATION OF MODIFIED ACCRUAL TO FULL ACCRUAL BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

EXCESS OF BUDGETARY APPROPRIATIONS OVER EXPENDITURES	\$ 2,580
ADJUSTMENTS TO FULL ACCRUAL BASIS:	
Budgetary appropriations	(3,000)
Depreciation	<u>(210)</u>
LOSS BEFORE OPERATING TRANSFERS	<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 REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>
OPERATING REVENUES:	
Contributions from various funds	<u>\$ 180,200</u>
Operating expenses:	
Administration	76,802
Depreciation	593
Claims reimbursement	<u>74,252</u>
TOTAL OPERATING EXPENSES	<u>151,647</u>
OPERATING INCOME	28,553
NONOPERATING REVENUES - OTHER	<u>5,967</u>
NET INCOME	34,520
RETAINED EARNINGS - July 1, 1989	<u>14,057</u>
RETAINED EARNINGS - June 30, 1990	<u>\$ 48,577</u>

CITY OF KINSTON, NORTH CAROLINA

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

BUDGETARY APPROPRIATIONS - ACTUAL AND BUDGET

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
OPERATING REVENUES -			
Contributions from various funds	\$ 180,200	\$ 180,200	\$
NONOPERATING REVENUES -			
Other	<u>5,967</u>	<u>1,000</u>	<u>4,967</u>
TOTAL REVENUES	<u>186,167</u>	<u>181,200</u>	<u>4,967</u>
EXPENDITURES:			
Administration:			
Personal service	31,721 ✓	31,950	229
Operating	45,081	42,250	(2,831)
Capital outlay	<u>5,777</u>	<u>6,000</u>	<u>223</u>
	82,579	80,200	(2,379)
	<u>5,777</u>		
	76,502		
Claims Reimbursements -			
Operating	<u>74,252 ✓</u>	<u>101,700</u>	<u>27,448</u>
TOTAL EXPENDITURES	<u>156,831</u>	<u>181,900</u>	<u>25,069</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 29,336	\$ (700)	\$ 30,036
BUDGETARY APPROPRIATIONS -			
Appropriated fund balance		<u>700</u>	<u>(700)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND BUDGETARY APPROPRIATIONS	<u>\$ 29,336</u>	<u>\$</u>	<u>\$ 29,336</u>

CITY OF KINSTON, NORTH CAROLINA

INTERNAL SERVICE FUND

RECONCILIATION OF MODIFIED ACCRUAL TO FULL ACCRUAL BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

EXCESS OF REVENUES OVER EXPENDITURES AND BUDGETARY APPROPRIATIONS	\$ 29,336
ADJUSTMENTS TO FULL ACCRUAL BASIS:	
Capital outlay	5,777
Depreciation	<u>(593)</u>
INCOME BEFORE OPERATING TRANSFERS	<u>\$ 34,520</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, 1990

GENERAL FIXED ASSETS:

Land	\$ 2,785,384
Buildings	3,329,677
Machinery and equipment	<u>6,718,463</u>

TOTAL GENERAL FIXED ASSETS	<u>\$12,833,524</u>
----------------------------	---------------------

INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE:

General fund	\$12,522,549
Special revenue funds	<u>310,975</u>

TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$12,833,524</u>
--	---------------------

CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

JUNE 30, 1990

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
GENERAL GOVERNMENT:				
Council	\$	\$	\$ 5,939	\$ 5,939
Manager	173,000	762,266	94,590	1,029,856
Clerk			4,814	4,814
Personnel			43,286	43,286
Finance and Administration			702,934	702,934
Other - Unclassified	2,212,735	813,731	141,724	3,168,190
TOTAL GENERAL GOVERNMENT	2,385,735	1,575,997	993,287	4,955,019
PUBLIC SAFETY:				
POLICE			723,495	723,495
FIRE	28,825	330,380	1,385,448	1,744,653
INSPECTION			81,775	81,775
TOTAL PUBLIC SAFETY	28,825	330,380	2,190,718	2,549,923
HIGHWAYS AND STREETS:				
Engineering			182,137	182,137
Maintenance			752,298	752,298
TOTAL HIGHWAYS AND STREETS			934,435	934,435
SANITATION			2,077,099	2,077,099
CULTURE AND RECREATION	370,824	1,423,300	522,924	2,317,048
TOTAL GENERAL FIXED ASSETS	\$2,785,384	\$3,329,677	\$6,718,463	\$12,833,524

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 CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

<u>Function and Activity</u>	<u>General Fixed Assets July 1, 1989</u>	<u>Additions</u>	<u>Deductions</u>	<u>General Fixed Assets June 30, 1990</u>
GENERAL GOVERNMENT:				
Council	\$ 429	\$ 5,510	\$	\$ 5,939
Manager	893,584	136,272		1,029,856
Clerk	1,195	3,619		4,814
Personnel	41,963	1,323		43,286
Finance and Administration	559,882	57,584	14,532	702,934
Other - Unclassified	3,101,238	93,463	26,511	3,168,190
TOTAL GENERAL GOVERNMENT	4,698,291	292,771	41,043	4,955,019
PUBLIC SAFETY:				
POLICE	617,601	167,497	61,603	723,495
FIRE	1,544,816	202,285	2,448	1,744,653
INSPECTION	67,951	13,824		81,775
TOTAL PUBLIC SAFETY	2,230,368	383,606	64,051	2,549,923
HIGHWAYS AND STREETS:				
Engineering	169,922	32,186	19,971	182,137
Maintenance	729,687	40,642	18,031	752,298
TOTAL HIGHWAYS AND STREETS	899,609	72,828	38,002	934,435
SANITATION	2,538,631	111,183	572,715	2,077,099
CULTURE AND RECREATION	2,235,963	91,795	10,710	2,317,048
TOTAL GENERAL FIXED ASSETS	\$12,602,862	\$ 957,183	\$ 726,521	\$12,833,524



CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>General Long-Term Debt July 1, 1989</u>	<u>Additions</u>	<u>Retirements</u>	<u>General Long-Term Debt June 30, 1990</u>
BY TYPE OF DEBT:				
Bonds payable	\$ 265,000	\$	\$ 100,000	\$ 165,000
Accrued compensated absences	388,121	82,661		470,782
Police separation allowance	96,938		40,131	56,807
Notes payable	115,604		70,500	45,104
Capitalized lease obligations	<u>1,432,728</u>		<u>463,742</u>	<u>968,986</u>
	<u>\$ 2,298,391</u>	<u>\$ 82,661</u>	<u>\$ 674,373</u>	<u>\$ 1,706,679</u>
BY PURPOSE:				
General government -				
Equipment	\$ 244,741	\$	\$ 101,389	\$ 143,352
Public safety -				
Equipment	389,716		150,561	239,155
Public works:				
Facility	115,000		75,000	40,000
Street improvement	150,000		25,000	125,000
Storm sewer				
Equipment	762,299		189,117	573,182
Development:				
Land and buildings	107,604		62,500	45,104
Equipment	19,770		10,693	9,077
Recreation:				
Equipment	16,202		11,982	4,220
Land	8,000		8,000	
Accrued compensated absences - all departments	388,121	82,661		470,782
Police separation allowance	<u>96,938</u>		<u>40,131</u>	<u>56,807</u>
	<u>\$ 2,298,391</u>	<u>\$ 82,661</u>	<u>\$ 674,373</u>	<u>\$ 1,706,679</u>

CITY OF KINSTON, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 1990

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 1989</u>	<u>Current Year Gross Levy</u>	<u>Collections, Credits and Adjustments</u>	<u>Uncollected Balance June 30, 1990</u>
1989-1990	\$	\$ 4,003,070	\$ 3,917,432	\$ 85,638
1988-1989	81,918		43,647	38,271
1987-1988	35,584		14,408	21,176
1986-1987	19,346		4,012	15,334
1985-1986	12,424		2,206	10,218
1984-1985	9,624		1,143	8,481
1983-1984	5,636		604	5,032
1982-1983	4,114		226	3,888
1981-1982	3,470		38	3,432
1980-1981	6,518		118	6,400
1979 and prior	<u>13,364</u>	<u></u>	<u>13,364</u>	<u></u>
	<u>\$ 191,998</u>	<u>\$ 4,003,070</u>	<u>\$ 3,997,198</u>	<u>\$ 197,870</u>

RECONCILIATION WITH REVENUES:

Ad valorem taxes - General Fund	\$ 3,995,839
Add credits and adjustments	<u>1,359</u>
	<u>\$ 3,997,198</u>

CITY OF KINSTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY

FOR THE FISCAL YEAR ENDED JUNE 30, 1990

	<u>Total Property Valuation</u>	<u>Tax Rate Per \$100 Valuation</u>	<u>Amount of Tax Levy</u>
TAX LEVY:			
City-wide	\$647,952,295	\$.61	\$3,952,509
Municipal service district	<u>18,726,296</u>	.27	<u>50,561</u>
Total for year	<u>\$666,678,591</u>		4,003,070
LESS UNCOLLECTED TAX AT JUNE 30, 1990			<u>85,638</u>
CURRENT YEAR TAXES COLLECTED			<u>\$3,917,432</u>
PERCENT CURRENT YEAR COLLECTED			<u>97.9%</u>

CITY OF KINSTON, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE -

REQUIRED SUPPLEMENTARY INFORMATION -

ANALYSIS OF FUNDING PROGRESS

<u>Fiscal Year</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>
1989	\$ -	\$ 451,644	\$ - %	\$ 451,644	\$1,384,350	32.6%
1990	-	284,087	-	284,087	1,331,757	21.3%

*Information presented as of December 31 actuarial valuation date.

Note: The above schedule includes as many years as the pension benefit obligation is available.

OK

CITY OF KINSTON, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE -

REQUIRED SUPPLEMENTARY INFORMATION -

REVENUES BY SOURCE AND EXPENDITURES BY TYPE

<u>Fiscal Year</u>	<u>Revenues by Source</u>			<u>Total</u>
	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Investment Income</u>	
1987	\$ 0	\$ 5,047	\$ 0	\$ 5,047
1988		15,350		15,350
1989		18,430		18,430
1990		29,887		29,887

<u>Fiscal Year</u>	<u>Expenditures by Type</u>			<u>Total</u>
	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Refunds</u>	
1987	\$ 5,047	\$ 0	\$ 0	\$ 5,047
1988	15,350			15,350
1989	18,430			18,430
1990	29,887			29,887

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

OK

CITY OF KINSTON, NORTH CAROLINA

GENERAL GOVERNMENTAL (1)

EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Government	Public Safety	Public Works	Development	Recreation	Non- Departmental	Debt Service	Other	Total
1981	\$1,945,762	\$2,583,130	\$2,584,268	\$ 634,837	\$ 835,169	\$	\$767,046	\$ 447,310	\$ 9,797,522
1982	2,072,462	3,013,860	2,079,869	484,307	899,341		759,472	185,894	9,495,205
1983	2,440,571	3,086,828	2,328,767	382,113	976,750		749,968	323,224	10,288,221
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

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 GOVERNMENTAL (1)

REVENUES BY SOURCE

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Ad Valorem Taxes</u>	<u>Sales and Services</u>	<u>Other Taxes</u>	<u>Inter- Governmental Unrestricted</u>	<u>Inter- Governmental Restricted</u>	<u>Other Revenues</u>	<u>Total</u>
1981	\$1,744,743	\$2,548,485	\$1,009,893	\$ 576,628	\$1,252,606	\$185,358	\$ 7,317,713
1982	1,986,811	1,848,835	1,111,812	587,708	813,476	180,355	6,528,997
1983	2,232,734	2,208,774	1,190,828	666,745	883,752	196,033	7,378,866
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

Source: City of Kinston Finance Department

Note: (1) Includes general and special revenue funds.

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CITY OF KINSTON, NORTH CAROLINA

GENERAL GOVERNMENTAL

TAX REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Ad Valorem (2)	Other Taxes				Licenses & Permits	Total
		Sales	Intangible	Franchise			
1981	\$1,744,753	\$ 426,118	\$ 76,726	\$ 441,425		\$65,624	\$2,754,646
1982	1,986,811	471,481	88,782	493,102		58,448	3,098,624
1983	2,232,734	516,512	102,476	514,757		57,082	3,423,561
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

Source: City of Kinston Finance Department

Notes: (1) Includes general fund revenues only.

(2) Includes penalties and interest.

CITY OF KINSTON, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
1981	\$1,754,898	\$1,699,166	96.8%	\$49,331	\$1,748,497	99.6%
1982	1,978,703	1,925,482	97.3	49,789	1,975,271	99.8
1983	2,217,008	2,153,036	97.1	60,083	2,213,119	99.8
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	2,809,867	97.8	52,336	2,862,203	99.6
1987	3,071,452	3,003,206	97.8	52,912	3,056,118	99.5
1988	3,379,868	3,307,489	97.9	51,203	3,358,692	99.4
1989	3,260,872	3,178,954	97.5	43,647	3,222,601	98.8
1990	4,003,070	3,917,432	97.9	79,766	3,997,198	99.9

Source: City of Kinston Finance Department

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>
1981	\$236,784,494	(1)	3.1%
1982	421,000,651	(1)	77.8
1983	471,703,823	(1)	12.0
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

Source: City of Kinston Finance Department
 Lenoir County Tax Collector

Notes: (1) Estimated Values are 100% of the Sound Cost
 Value Replacement
 (2) Includes Municipal Service District Levy

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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 Mileage</u>	<u>Municipal Service District Mileage</u>	<u>Total City Mileage</u>	<u>Total County Mileage</u>	<u>Total School District Mileage</u>
1981	\$0.47	\$(1)	\$0.47	\$0.52	\$6.50
1982	0.47	(1)	0.47	0.52	6.50
1983	0.53	(1)	0.53	0.52	6.50
1984	0.53	(1)	0.53	0.54	6.50
1985	0.55	0.30	0.85	0.58	6.50
1986	0.58	0.30	0.88	0.62	6.50
1987	0.58	0.30	0.88	0.62	6.50
1988	0.61	0.29	0.90	0.62	6.50
1989	0.61	0.27	0.88	0.72	6.50
1990	0.61	0.27	0.88	0.72	6.50
1991	0.61	0.27	0.88	0.72	5.25

Source: City of Kinston Finance Department
Lenoir County Tax Office
(1) 1985 was Initial Year of Municipal Service District Levy

\$ 13,167,382.14

Value - 1,710,049,628
x .77

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

Fiscal Year Ended June 30	Tax Rates			Tax Levies		
	City	County	Total	City	County	Total
1981	\$0.47	\$0.52	\$0.99	\$1,754,898	\$ 6,438,041	\$ 8,192,939
1982	0.47	0.52	0.99	1,978,703	6,686,106	8,664,809
1983	0.53	0.52	1.05	2,217,008	6,903,214	9,120,222
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

Source: Lenoir County Tax Office

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CITY OF KINSTON, NORTH CAROLINA

PRINCIPAL TAYPAYERS

JUNE 30, 1990

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Vernon Investment Associates	Retail	\$ 15,211,700	2.2%
Carolina Telephone	Utility	15,438,997	2.3
Smithfield Packing	Manufacturer	4,647,733	0.7
Barnet Southern	Manufacturer	3,783,847	0.6
Will-O-Wisp Associates, Inc.	Rental	3,465,347	0.5
Capital Hotels	Hotel	3,432,500	0.5
Perry, Warren & Agent for Plaza	Retail	3,427,300	0.5
Glen Raven	Manufacturer	3,235,611	0.5
Capital Realty Management Inc.	Real Estate	3,036,800	0.5
Austin Carolina	Tobacco Processor	<u>3,025,841</u>	<u>0.5</u>
TOTAL ASSESSED VALUATION OF TOP 10 TAXPAYERS		58,705,676	8.8
BALANCE OF ASSESSED VALUATION		<u>607,972,915</u>	<u>91.2</u>
TOTAL ASSESSED VALUATION		<u>\$666,678,591</u>	<u>100.0%</u>

Source: Lenoir County Tax Office

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CITY OF KINSTON, NORTH CAROLINA

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 1990

Total Assessed Value		<u>\$666,678,591</u>
Debt limitation - 8% of total assessed value		\$ 53,334,287
Debt applicable to limitation:		
General bonded debt	\$1,849,000	
Obligation under notes payable	413,438	
Obligation under capital leases	<u>4,206,836</u>	
Gross Debt	<u>6,469,274</u>	
Less - Statutory Deductions:		
Bonds issued and outstanding for water purposes	1,170,000	
Bonds issued and outstanding for electric purposes	500,000	
Bonds issued and outstanding for parking purposes	<u>14,000</u>	
Total statutory deductions	<u>1,684,000</u>	
Total debt applicable to limitation		<u>4,785,274</u>
Legal debt margin		<u>\$ 48,549,013</u>

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		Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Property Assessed Value		Per Capita Bonded Debt	
				Bonded Debt	Bonded Debt		Bonded Debt	Property Assessed Value	Gross	Net
1981	25,234	\$236,784,494	\$18,942,760	\$ 6,060,000	\$ 6,060,000	\$ 1,210,000	0.51%		\$ 240	\$ 48
1982	25,234	421,000,651	33,680,052	5,590,000	5,590,000	1,100,000	0.26		222	44
1983	25,234	471,703,823	37,736,306	5,125,000	5,125,000	995,000	0.21		203	39
1984	25,234	479,865,958	38,389,277	4,645,000	4,645,000	865,000	0.18		184	34
1985	26,268	510,141,619	40,811,330	4,160,000	4,160,000	730,000	0.14		158	28
1986	26,019	532,652,436	42,612,195	3,693,000	3,693,000	595,000	0.11		142	23
1987	25,718	539,896,267	43,191,701	3,214,000	3,214,000	475,000	0.09		125	18
1988	27,400	592,392,161	47,391,373	2,749,000	2,749,000	365,000	0.06		100	13
1989	27,400	542,622,725	43,409,818	2,299,000	2,299,000	265,000	0.05		84	10
1990	27,400	666,678,591	53,334,287	1,849,000	1,849,000	165,000	0.02		67	6
1991	25,295	699,827,335	55,986,187	1,434,000	1,434,000	100,000	.01		52	4

NOTE: (1) Provided by North Carolina Department of Commerce

Done

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>
1981	\$480,000	\$290,014	\$ 770,014	\$ 9,797,522	7.86%
1982	470,000	291,998	761,998	9,495,205	8.03
1983	780,000	274,416	1,054,416	10,288,221	10.25
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	12,943,646	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

- 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 DEBT
JUNE 30, 1990

<u>Name of Governmental Unit</u>	<u>Debt 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	\$ 1,849,000	100.00%	\$ 1,849,000
Lenoir County Debt	<u>17,015,000</u>	48.90	<u>8,320,335</u>
Total Overlapping Debt	<u>\$18,864,000</u>		<u>\$10,169,335</u>

- (1) Include 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 (\$1,363,283,143) to valuation of property subject to taxation in City of Kinston (\$666,678,591).
- (3) Amount in debt outstanding column multiplied by percentage applicable.

CITY OF KINSTON, NORTH CAROLINA

PROPERTY VALUE AND BANK DEPOSITS

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Property Value (1)</u>	<u>Bank Deposits (2)</u>
1981	\$236,784,494	\$285,038,000
1982	421,000,651	306,292,000
1983	471,703,823	348,845,000
1984	479,865,958	389,237,000
1985	510,141,619	489,057,000
1986	532,652,436	393,509,000
1987	539,896,267	402,995,000
1988	592,392,161	421,264,000
1989	542,622,725	452,533,000
1990	666,678,591	(3)

Source: (1) Lenoir County Tax Office
(2) Banks Deposits Provided by First Citizens Bank
and Trust Marketing Department
(3) Information not presently available

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 & County) School Enrollment (4)	(County) Retail Sale (5)	Bank Deposits (6)
1981	25,234	\$ 7,991	5.6%	11,917	\$349,870,000	\$285,038,000
1982	25,234	8,562	7.0	12,163	368,552,000	306,292,000
1983	25,234	8,783	7.3	11,464	389,581,000	348,845,000
1984	25,234	9,737	9.2	11,464	441,340,000	389,237,000
1985	26,268	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	(7)	5.2	11,243	513,507,557	421,264,000
1989	27,400	13,264	4.2	11,097	513,204,047	452,533,000
1990	27,400	(7)	3.8%	11,076	498,592,117	(7) 510,124,000
1991	25,295		7.7	11,023	504,222,805	520,608,000

- Source:
- (1) Population Data Provided by N.C. Department of Commerce
 - (2) N.C. Department of Administration
 - (3) N.C. Department of Commerce
 - (4) N.C. Employment Security Commission
 - (5) Lenoir County Public School System
 - (6) N.C. Department of Revenue, Sales and Use Tax Division, Tax Research Division
 - (7) Provided by First Citizens Bank and Trust Marketing Department
 - (7) Information not presently available

CITY OF KINSTON, NORTH CAROLINA

MISCELLANEOUS STATISTICS

JUNE 30, 1990

Population:	25295 <u>27,400</u>
Date of Incorporation:	1762
Form of Government:	Council/Manager
Area:	14.65
Miles of Paved Streets:	98.34
Number of Street Lights:	N/A 1,950
Employees:	525
Fire Protection:	
Number of Stations:	4
Number of Firemen and Officers:	73
Police Protection:	
Number of Stations:	1
Number of Policemen and Officers:	68
Electric Department:	
Number of Consumers:	12,800 14,000
Average Daily Usage:	81 KWH N/A
Miles of Distribution Lines:	320
Water Department:	
Number of Consumers:	10,000
Average Daily Consumption:	4.5 MGD
Miles of Water Mains:	150
Sewers:	
Miles of Sewerlines:	275
Average Daily Flow:	4.8 MGD
Culture & Recreation:	
Number of Parks:	9
Park Acreage:	111
Golf Courses:	1
Swimming Pools:	3
Tennis Courts:	20
Museum:	1
Other Recreational Facilities:	
Grainger Stadium:	4,100 Seat Baseball Stadium

Note: N/A - Information not presently available.



REPORT ON SUPPLEMENTAL INFORMATION -

SCHEDULE OF FINANCIAL ASSISTANCE

INDEPENDENT AUDITORS' REPORT

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

We have audited the general purpose financial statements of the City of Kinston, North Carolina, for the year ended June 30, 1990, and have issued our report thereon dated September 21, 1990. These general purpose financial statements are the responsibility of the City of Kinston, North Carolina, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the City of Kinston, North Carolina, taken as a whole. The accompanying schedule of financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule 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.

Deloitte + Touche

September 21, 1990

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CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 1990

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Revenues		Expenditures	
				Grantor Recognized	Grantee Contributions	Grantor Funding	Grantee Funding
<u>U.S. Department of Housing and Urban Development</u>							
Passed Through State Department of Economic and Community Development: Community Development Block Grant Program: Small Cities Program: Tiffany Street Project Thompson Street Project Harvey Street Project	14.219 14.219 14.219	86-C-7220 87-C-7537 88-C-7720	\$ 600,000 \$ 596,150 600,000	181,240 356,484	\$ 29 26,797 25,000	\$ 11,500 209,851 373,177	
Passed Through North Carolina Housing Finance Agency: Rental Rehabilitation Grant - State of North Carolina	14.230		210,000	217,548		213,248	
Total U.S. Department of Housing and Urban Development			2,006,150	755,272	51,826	796,276	
<u>U.S. Department of Transportation</u>							
Passed Through N.C. Department of Transportation: UMTA Elderly/Handicapped Transportation	20.507		3,650	3,653	85,710	3,653	
<u>N.C. Office of State Budget and Management</u>							
State clean water grant appropriation Flouridation Grant			2,150,000 30,000	699,936 21,211		699,936 8,759	
Total N.C. Office of State Budget and Management			2,180,000	721,147		708,685	
<u>N.C. Department of Human Resources, Division of Health Services</u>							
State aid for mosquito control			9,000	9,014		9,014	
<u>N.C. Department of Transportation</u>							
Powell Bill Fund			561,700	561,697	151,785	561,697	
<u>N.C. Department of Economic and Community Development</u>							
Emergency Shelter Grant			2,500	2,483		2,483	
<u>N.C. Department of Administration</u>							
Land records management			5,500	6,770		6,770	
TOTAL FINANCIAL ASSISTANCE			\$ 4,768,500	\$ 2,060,036	\$ 289,321	\$ 2,088,578	
						\$ 251,340	



REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of the City of Kinston, North Carolina as of and for the year ended June 30, 1990, and have issued our report thereon dated September 21, 1990.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of the City of Kinston, North Carolina, for the year ended June 30, 1990, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the City of Kinston, North Carolina, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Revenues/receipts/investments
Purchases/payables/disbursements
Payroll
Accruals
Value changes
General ledger

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Currently, several employees in the Finance Department have access to the computer personnel master files. Access to certain data (rate of pay) in the personnel master file should be restricted to the Personnel Department. The City does not cancel invoices and supporting documents when they are paid. All paid invoices and supporting documents should be marked or perforated as paid to prevent duplicate payment.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

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

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the City of Kinston, North Carolina in a separate letter dated September 21, 1990.

This report is intended for the information of management, the cognizant audit agency, other federal and State agencies and the Mayor and City Council. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Deloitte + Touche

September 21, 1990



COMPLIANCE REPORT BASED ON AN AUDIT OF THE GENERAL
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of the City of Kinston, North Carolina (the "City") as of and for the year ended June 30, 1990, and have issued our report thereon dated September 21, 1990.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Kinston, North Carolina, is the responsibility of the City's, management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the City of Kinston, North Carolina, complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City had not complied, in all material respects, with those provisions.

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

This report is intended for the information of management, the cognizant audit agency, other federal and State agencies and the Mayor and City Council. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Deloitte + Touche

September 21, 1990



REPORT ON INTERNAL CONTROLS (ACCOUNTING AND ADMINISTRATIVE) -
BASED ON A STUDY AND EVALUATION MADE AS A PART OF AN AUDIT
OF THE GENERAL PURPOSE FINANCIAL STATEMENTS AND THE ADDITIONAL
TESTS REQUIRED BY THE SINGLE AUDIT ACT

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

We have audited the general purpose financial statements of the City of Kinston, North Carolina (the "City") for the year ended June 30, 1990, and have issued our report thereon dated September 21, 1990. As part of our audit, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering financial assistance programs, to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act of 1984; the provisions of OMB Circular A-128, Audits of State and Local Governments; and the State Single Audit Implementation Act. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering financial assistance programs in the following categories:

- Revenues/receipts/investments
- Purchases/payables/disbursements
- Payroll
- Accruals
- Value changes
- General ledger
- Political activity
- Davis-Bacon Act
- Civil rights
- Financial reports
- Types of services
- Matching
- Reporting
- Cost allocation
- Special requirements

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

The City's management is responsible for establishing and maintaining internal control systems used in administering financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to financial assistance programs, resource use is consistent with laws, regulations and policies; resources are safeguarded against waste, loss and misuse; and reliable data are obtained, maintained and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed above except that we did not evaluate the accounting controls over accruals and value changes because we deemed it more expedient to test this area through year-end substantive tests. During the year ended June 30, 1990, the City expended 73% of its total Federal financial assistance under major Federal financial assistance programs. With respect to internal control systems used in administering major financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used solely in administering the nonmajor financial assistance programs of the City, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Our study and evaluation of the internal control systems used solely in administering the nonmajor financial assistance programs of the City, did not extend beyond this preliminary review phase.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the financial assistance programs of the City. Accordingly, we do not express an opinion on the internal control systems used in administering the financial assistance programs of the City of Kinston, North Carolina. Further, we do not express an opinion on the internal control systems used in administering the major financial assistance programs of the City of Kinston, North Carolina.

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

Also, our audit, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor financial assistance programs.

However, our study and evaluation and our audit disclosed no condition that we believe to be a material weakness in relation to a financial assistance program of the City of Kinston, North Carolina. We did note certain items that are not material weaknesses which we have brought to the attention of management in a separate letter of recommendations.

This report is intended for the information of management, the cognizant audit agency, other federal and State agencies and the Mayor and City Council. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Deloitte + Touche

September 21, 1990



SINGLE AUDIT REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have applied procedures to test the City of Kinston, North Carolina (the "City"), compliance with the following requirements applicable to each of its major federal assistance programs, which are identified in the schedule of financial assistance, for the year ended June 30, 1990: political activity, Davis-Bacon Act, civil rights and federal financial reports.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's, compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City, had not complied, in all material respects, with those requirements.

This report is intended for the information of management, the cognizant audit agency, other federal and State agencies and the Mayor and City Council. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Deloitte & Touche

September 21, 1990



SINGLE AUDIT OPINION REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO MAJOR FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the City of Kinston, North Carolina (the "City"), compliance with the requirements governing types of services allowed or unallowed; reporting, and special tests and provisions as outlined in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments (Revised April 1985) and the State Compliance Supplements published by the North Carolina Local Government Commission; claims for advances and reimbursements that are applicable to each of its major financial assistance programs, which are identified in the accompanying schedule of financial assistance, for the year ended June 30, 1990. The management of the City of Kinston, North Carolina, is responsible for the City's, compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards Government Auditing Standards, issued by the Comptroller General of the United States, Office of Management and Budget Circular A-128, "Audits of State and Local Governments," and the State Single Audit Implementation Act. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City of Kinston, North Carolina, compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

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

In our opinion, the City of Kinston, North Carolina complied, in all material respects, with the requirements governing types of services allowed or unallowed; reporting and special tests and provisions as outlined in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments (Revised April 1985) and the State Compliance Supplements published by the North Carolina Local Government Commission; and claims for advances and reimbursement that are applicable to each of its major financial assistance programs for the year ended June 30, 1990.

This report is intended for the information of management, the cognizant audit agency, other federal and State agencies and the Mayor and City Council. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Deloitte + Touche

September 21, 1990

