

**CITY OF KINSTON
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2013

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Prepared by City of Kinston Finance Department

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GFOA Certificate of Achievement for Excellence in Financial Reporting

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City of Kinston

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Finance Office

B. J. MURPHY
Mayor

TONY SEARS
City Manager

JAMES P. CAULEY III
City Attorney

CHRISTINA ALPHIN
City Clerk

December 16, 2013

To the Honorable Mayor, Members of City Council, and Citizens of the **CITY OF KINSTON**:

The Comprehensive Annual Financial Report of the **CITY OF KINSTON**, North Carolina (the City) for the fiscal year ended June 30, 2013, is hereby submitted. The basic financial statements contained herein have been audited by the independent certified public accounting firm of Martin Starnes & Associates, CPA's, P. A., and their unmodified opinion is included in the financial section.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the data enclosed is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position and, where applicable, the cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Kinston's MD&A can be found immediately following the independent auditor's report.

The City is required to undergo an annual "Single Audit" in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and the auditor's reports on the internal control over financial reporting and compliance with applicable laws, regulations, contracts and grant agreements, is included in a separate reporting package.

PROFILE OF THE GOVERNMENT

The City of Kinston, incorporated in 1762, is located 75 miles east of Raleigh, the State Capitol, and 60 miles west of the Atlantic Ocean, is the largest municipality in Lenoir County and serves as the County seat. The City is empowered to levy a property tax on real property located within its boundaries. The 2010 census population for the City report population as 21,677.

The City is governed by the Council-Manager form of government and has been since the early 1950s. The City Council consists of a mayor and five council members. The mayor and council members are elected-at-large for four year staggered terms. The Mayor and Council make appointments to various boards and commissions. The Council appoints the City Manager, City Attorney and City Clerk. The City Manager serves as Chief Executive Officer and is responsible for enforcement of laws and ordinances, appointment of department heads, delivery of services, planning and budgetary management.

The City provides a full range of services including police and fire protection; construction and maintenance of streets and other infrastructure; traffic control; planning and zoning services; building inspections; licenses and permits; and parks and recreational services. In addition to general governmental activities, the City owns and operates electric, water, wastewater, stormwater utilities, sanitation services and a community center; therefore, these activities are included in the reporting entity. The Kinston-Lenoir County Library, the Lenoir County Development Commission, the Lenoir County Tourism Development Authority and the Kinston Housing Authority do not meet the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report

The Council is required to adopt an initial budget for the fiscal year no later than July 1. This annual budget serves as the foundation for the City of Kinston's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The City is centrally located to several growing communities including New Bern, Jacksonville, Goldsboro, and Greenville, all less than an hour away. The City is easily accessible by US Highways 70 and 258, and NC Highways 11, 55 and 58. Major industries located within the governments boundaries or in close proximity include hospitals and healthcare facilities, manufacturers of food products, housewares, durable goods, chemicals and consumables and retail stores. The community currently has a 9.9 percent unemployment rate compared to a statewide rate of 8.8 percent and a national average of 7.4 percent. Overall, the value of new construction and renovation was \$6.3 million. The construction of residential developments, stores, medical and institutional, is consistent with construction in previous years.

The City is poised for further economic growth as industrial leaders such as Sanderson Farms, Smithfield, West Pharmaceutical and Pactiv continue adding jobs and investment in property, plant and equipment.

Sanderson Farms is the fourth-largest poultry firm in the United States. Sanderson Farms has become Lenoir County's largest employer with 1,530 employees.

Smithfield Foods completed its \$85.5 million expansion of its \$100 million facility located on Highway 70. The expansion is created 330 new jobs in Lenoir County. Smithfield Foods was merged with Shuanghui International in September 2013 as part of the largest takeover of a U.S. company by a Chinese firm. Smithfield will export into new markets with its brands, such as Smithfield, Armour and Farmland. The merger will allow Smithfield to gain more access to Shuanghui's large distribution network serving China's growing demand for pork.

Pactiv, formally Dopaco, announced an expansion in two facilities, Lenoir and Iredell Counties. In Lenoir County the company plans to create at least \$3,250,000 in investments and at least 26 jobs by December 2013. Total investment in both counties will be \$9 million and 77 new jobs.

West Pharmaceutical celebrated its 90th anniversary in 2013. The company has completed a 30,000 square foot clean room facility that establishes the company as a world class site.

Mother Earth Brewing was approved by the Alcohol and Tobacco Tax and Trade Bureau for distilled spirits with plans in the works to produce types of gin, grappa, rum and whiskey under the banner of Mother Earth Spirits. Plans are to roll out their first products no later than Christmas. Mother Earth is the first distillery to be in a LEED-certified building.

The new Veterans home on Hull Road in Kinston opened December 2012. It is a 100 bed 111,000 square-foot facility designed to provide a home-like atmosphere with skilled nursing care. It will provide much needed service to the 110,000 veterans living within a 50-mile radius of Lenoir County.

MAJOR INITIATIVES

Fiscal Year 2012-2013 included the planning and implementation phases of several initiatives as well as the continuation or completion of projects begun during the previous fiscal year.

Management Information Systems

Ellucian Banner Finance/Human Resources system was upgraded to version 8. Laser W2's and payroll checks have been implemented with laser accounts payable checks to follow in the next fiscal year. Servers have been upgraded from version 10 of Novell Open Enterprise Server to version 11 service patches 1. The Police Wireless upgrade was completed with 60 new laptops and modems changed out by MIS. Optical fiber was installed from the City's central MIS data center to the Woodmen Community Center, the two new fire stations and the Fairfield recreation center, as well as to several electric substations, along with network drops to other city facilities.

Land Use Plan

The Planning Department was funded to create a new comprehensive land use plan, which will guide development into the future for Kinston. This document will help legitimize development decisions for Kinston and give guidance on reviewing new permit applications at City Council.

UDO Update

The Planning Department finalized preparation for the unified development ordinance. Final adoption occurred in November 2013. This has been an ongoing effort that has spanned two fiscal years. The ordinance update has streamlined the development review process and added new features to help make Kinston more attractive and promote quality developments.

Arts and Cultural Zoning District

Upon adoption of the Unified Development Ordinance, the City is creating a new arts and cultural zoning district overlay, which will provide for mixed-use developments centered on the arts, music, and culture. The hope is that this area will be a new local tourism economic driver for Kinston.

Urban Redevelopment Area

The City is designating a specific target area, primarily residential in nature to be assigned the NC Urban Redevelopment Area designation. This designation makes a statement to prospective developers that the City is intent on redeveloping the area. We are currently in the process of writing the planning document for this area that will guide the redevelopment over the course of the next ten years.

Grants

The Planning Department has ongoing grant projects with the CDBG Catalyst Program and the Main Street Solutions Fund. We also have submitted applications to the Choice Neighborhoods planning program, which would fund a transformational plan for the Martin Luther King, Jr. Corridor in Kinston.

Public Safety - Fire Stations and Technology

The new stations located at Carey/Rouse Road and at Hill Farm Road are currently operational. The implementation of new technology was made possible through grant funds received for the new fire station construction project. The new iPad technology was used to begin conducting daily, weekly and monthly reporting. Fire/Rescue personnel are using iPads to enter Fire Inspection Reports, Company level training reports and all associated emergency apparatus and equipment checklists. The technology is also being used for mapping response routes as well as managing emergency incidents.

Public Safety – Law Enforcement

In the Law Enforcement Division, grant funds were utilized to purchase a T-3 mobile device powered by electricity. The T-3, somewhat similar to a Segway, utilizes green technology, and allows a single officer to be mobile but highly accessible to the public. It is an excellent tool for downtown patrol and provides quiet response without the audible notification from the sirens used by traditional police cruisers.

Other grant funds have been earmarked, but not yet appropriated, for the purchase of additional in-car video camera systems. These cameras provide audio and video recording capability of in-car and out of the car events during citizen interactions. This technology gives clear recorded evidence of law enforcement encounters which establishes truth and reduces the number of officer complaints.

Other grant funds were utilized in the delivery of gun safety programs in the schools. The funds provided printed literature, program outlines, and lesson plans that were conducted in the Lenoir County School system.

2012-13 Street Resurfacing Project

Project involves the resurfacing of City streets, including all or portions of Random Road, Englewood Road, Fairfax Road, Gordon Street, Towerhill Road and East Street. Total budgeted funds for this work were \$200,000. Work was completed at a cost of \$189,518.

GTP Rail Spur Water and Sewer Utility Relocations (performed by NCDOT)

A rail spur has been constructed by the NCDOT Railway Division to provide rail service to the new Spirit Aerosystems facility. NCDOT is to resolve any utility conflicts along the project. Conflicts in NCDOT street rights-of-way will be handled at City expense. Conflicts at other locations will be corrected at NCDOT expense. NCDOT has informed the City the estimated City expense is \$490,000. It can be repaid over 3 years without interest or over 5 years with interest charged during the last two years. We are budgeting to pay this in 3 years. First payment was made in FY12/13 for \$166,632.

Chestnut Street/Martin Luther King Jr. Boulevard Drainage Project

Kinston has entered into an agreement with NCDOT for construction of Phase III, which will include all work along this system from Orion Street through Dr. Martin Luther King Jr. Boulevard. The estimated cost for Phase III was \$400,000. NCDOT has agreed to provide up to \$250,000 toward this project. Remaining funds would be provided from the Stormwater Fund. Work is expected to be complete in March 2014.

Highway 70 Industrial Park Phase II Sewer Project

This project consists of building a new regional lift station and forcemain for the Highway 70 Industrial Park, and eliminating a small station serving the Smithfield Packing Company. Total estimated cost for this project is \$4.3 million. Kinston has received a \$1 million grant from the North Carolina Rural Center and a \$1.25 million grant from the Golden Leaf Foundation. Another grant for \$500,000 has been requested from the Department of Commerce. Lenoir County and the City of Kinston will be contributing \$775,000 each. The Wooten Company was awarded an engineering contract for the project and has completed the design and permitting for the project. A procurement bid to purchase pump equipment has also been awarded to Clearwater, Inc. in the amount of \$107,059. Construction has been delayed, pending the completion of grant paperwork by the industry and final approval of the grant funds. The construction bid is expected to be awarded in December 2013, with completion of the project in July 2014.

Martin Luther King Jr. Boulevard Corridor Project

This project included construction of a traffic circle at the intersection of King Street and Dr. Martin Luther King Jr. Boulevard, plus sidewalks, crosswalks, fencing and landscaping between King Street and Vernon Avenue along Dr. MLK Jr. Boulevard. Work has been completed at a total cost of \$502,560. The project budget was \$560,000. Project was completed in May, 2013.

Water Reuse Study

The City budgeted \$40,000 for a Water Reuse Feasibility Study in the Fiscal Year 2012-13 budget. The purpose of the study is to determine potential markets and construction costs for a public reuse water system. An agreement has been executed with the Wooten Company to perform the study. A presentation has been made to the Utility Advisory Commission to educate them on reuse water and potential markets for the resource. Surveys have been conducted of potential customers and the Wooten Company is currently working on cost analysis to serve areas of interest. The study should be complete by October 2013.

Falling Creek Water Supply

Growing demand in both residential and industrial areas on the western side of the City's water system has created challenges with meeting customer needs for water volume and pressure. The City of Kinston entered into a contract with the Wooten Company to prepare a water model and evaluate potential improvements to address the concerns. The work was completed in June 2013. Several potential solutions were evaluated. The primary recommendations include increasing the size and pressure gradient at the connection the Neuse Regional Water and Sewer Authority transmission line at Tomlyn Drive, closing a connection between the Highway 70 Industrial Park and the Falling Creek area, possibly reactivating Well #18 on Kelly Road or construction of a booster station on Banks School Road. The study was completed at a cost of \$35,500.

Highway 70 West Industrial Park Substation

The City will complete construction of a new substation in the Highway 70 West Industrial Park. The City borrowed funds to finance this project. Assembly of the substation began in June 2009.

Total budget is \$3,343,000 and total spent to date is \$3,168,046. The substation is on-line, however, communication equipment is not expected to be installed until year-end.

Spirit Aerospace Rail Spur Phase II

The NCDOT is constructing a Rail Spur to benefit Spirit AeroSystems at the Global TransPark and has requested assistance from the City to relocate electric utility lines in conflict with this initiative. This project was completed July 2012 at a cost of \$264,925 which is fully reimbursable by NCDOT.

Highway 58 South Line Relocation

NCDOT has provided a turn lane into Lenoir Community College which prompted the relocation of electric utilities. The City completed relocating eight utility poles and a conductor in September 2012 at a cost of \$103,458.

531 Circuit Upgrade

Identified in the Electric Transmission and Distribution Long Range Plan, the City will upgrade one of the distribution circuits. The 531 Circuit which originates at the Industrial Park - West Substation has reached approximately 84% of its capacity. Time is of the essence for this project as it must be completed in advance of NCDOT's scheduled replacement of the Queen Street bridges. This circuit will be used to carry the additional load as the river crossing will be closed for an extended period during bridge construction. Completed April 2013 with a final cost of \$463,134.

Point of Delivery Substation Upgrades

Identified in the Long Range Plan the City will upgrade the P.O.D substation. This substation receives incoming power from Duke Progress and supplies power to all of the customers on the City's electrical system. This is the only such substation that the City owns and operates. The need has arisen to replace two 115 kv transmission breakers, two main buss breakers and all regulators in the substation. Bids were opened and the replacement parts are on order. The work will begin once all parts are received.

Recreation – Woodmen Community Center

The Woodmen Community Center opened in July 2012. The 57,000 square foot facility includes a fitness center with state of the art fitness equipment, family locker rooms, an elevated walking track, a smoothie/snack bar, a banquet room which seats 300 people, a warming kitchen, a double gymnasium that can also be used as a banquet facility for up to 600 people, an aerobics room, a conference room, a game room and a child care room. A indoor/outdoor 8 lane 25 meter competitive swimming pool and a heated therapy pool, which is covered by an insulated bubble during fall and winter months makes the pools usable year round.

The Kinston/Lenoir County Parks & Recreation Administrative offices are also located upstairs at the Woodmen Community Center and the Woodmen of the World local and state offices are located on the first floor of the community center.

The Lions Water Adventure opened in May 2013 and is designed for visually impaired people to utilize the park alongside sighted individuals. Currently, it is the only visually impaired water park in the state. The park features 3 water slides, a zero entry pool with swimming features for children, a lazy river, outdoor lockers, a snack bar, gift shop and picnic huts. The park is accessible to anyone who is sight impaired by combining a number of techniques throughout the park, including bright lions paws on pavement leading visitors to pools, roaring sounds from lions alerting the swimmers they are getting ready to have water dumped and chirping monkeys before buckets of water are poured onto the heads of swimmers in the lazy river.

The community center and the water park was funded by the City of Kinston (\$700,000), Lenoir County (\$500,000), Golden Leaf Foundation (\$350,000), a PARTF (Parks and Recreation Trust Fund) grant (\$500,000), Parrott Academy (\$325,000), Woodmen Foundation (\$8 million) and local donations (\$2.5 million) for a total project cost of approximately \$13 million dollars. The Facility is owned by Woodmen of the World and operated by the Kinston Lenoir County Parks and Recreation Department.

Southeast Park: Installed three playground sets, relit the basketball courts and installed a wrought iron fence around the perimeter of the park.

Fairfield and Holloway Recreation Centers: Renovated the basketball courts at both centers. Refinished the basketball courts at both centers, replaced a ceiling beam at Holloway Center.

City Entrancesways: Started a beautification project at the intersection of the Hwy. 70 business and by-pass. Cleaned and removed undergrowth and removed overgrown landscaping.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 32 percent of total general fund revenues. This amount is approximately 12 percent above the informal guidelines by the Council for budgetary and planning purposes.

The Council periodically reviews its goals during the year and concentrates efforts during budget season. The Council has set a benchmark of approximately 20 percent fund balance, and each year establishes a list of priorities it wishes to focus on in current and upcoming budget years. It has deemed street construction and reconstruction, replacement of water, sewer and electric infrastructure and employee benefits as its top three in priority. During the budgetary process, staff endeavors to address these goals with the revenues allocated. In terms of long-term planning, staff prepares and updates a Street Condition Survey report that details each City

owned street, its condition and where it falls in the replacement schedule. Staff also prepares a Sidewalk Condition Survey that details City owned sidewalks, condition and ranking in the replacement schedule. The staff updates approximately every two years and the last was completed in 2012. In addition to the goals mentioned, the Council has also expressed its desire to see specific projects such as housing rehabilitation, demolition, design and construction of a Riverwalk and renovations to outdated City facilities.

With regards to the City's enterprise funds, staff maintains a ten-year Capital Improvement Plan (CIP) and delivers periodic updates to Council to assist Council in making good planning decisions with regards to its facilities, equipment and infrastructure. The City's ten year CIP plan is maintained for Electric, Water, Wastewater and Stormwater and are updated approximately every other year.

Staff also maintains a similar planning tool called a Vehicle Replacement Schedule which identifies capital needs for various machinery, equipment and rolling stock. Due to fiscal constraints, machinery, equipment and vehicles will be funded for essential replacements only. Purchase of items postponed due to budget constraints will be addressed as funding becomes available.

To further address long range planning by the City are narratives of upcoming projects.

Management Information Services

The Customer Information System software upgrade is budgeted and will take from 8 to 12 months to complete. Ellucian Banner Finance/Human Resources were updated September 2013. Implementation of a paperless solution for Finance and Human Resources through Ellucian is scheduled for Spring 2014.

Planning

The Planning Department is committed to acquiring new properties around the MLK round about. This will help spark future development in the area.

The Planning Department is also continuing projects for demolition across the City in order to remove as many blighted properties as is possible. Once blighted properties have been removed, we intend to work with local groups to help gain interest in infill development.

The Planning Department is focused on finding new grant programs to fund revitalization efforts across town, being residential or commercial in nature. We are working to create new interest in Kinston, while balancing that with revitalizing the existing built environment for our residents.

Public Safety

An extensive signal pre-emption project was studied and plans finalized during the 2012-2013 Fiscal Year. The implementation phase will begin in the Fiscal Year 2013-2014. The pre-emption project is necessary due to the scheduled replacement of the South Queen Street bridge. The system will allow emergency responders to control traffic signals within the City and the Hwy 70 corridor in order to obtain optimum response times during use of alternate response routes. Additionally, the conversion to all digital radio communications will begin in Fiscal Year 2013-14. This project is budgeted at \$102,000 for the Department of Public Safety. The system is mandated as a result of the Lenoir County Emergency Center conversion that will require all emergency communications users to comply in order to access the 911 system.

Biosolids Disposal Project

During FY12-13, a study was initiated to review options to our current biosolids practices. Kinston currently creates a Class B biosolid, which must be land applied to agricultural fields under a state permit at a cost of \$160,000-\$200,000 per year. We looked at composting, drying and incineration processes as alternatives. Based on the results of the study, it appears the best option for Kinston will be a dryer system, which would create a pelletized, Class A product, which can be sold commercially to any customer, either by contract or walk-up sales. Estimated cost of the project is \$2-3 million. Between the saving in current disposal costs and the revenue generated by the Class A product, it appears the capital cost could be recovered in 10-15 years. Staff will be seeking possible grant funds during the coming year. There is no firm schedule for this project.

College Street Railroad Crossing Project

The City of Kinston has entered into an agreement with Norfolk Southern Corporation, North Carolina Railroad and the North Carolina Department of Transportation to close the College Street Railroad crossing. In return for agreeing to close the crossing, Kinston will receive \$250,000 in funds from these organizations to perform mitigation for the impacts of the closed crossing. The mitigation activities will include widening Herritage Street between Capitola Avenue and Lenoir Avenue, changing South Atlantic Avenue from one-way to two-way traffic from Pollock Street to Nelson Street, resurfacing of streets near the crossing and other related projects. The crossing is expected to be closed by November, 2013. Mitigation projects should be complete by June, 2014. The City will provide in-kind services to complete this project.

Lift Station Bypass Taps

During FY13-14 the City has budgeted \$75,000 to place bypass taps at four major lift stations. The stations to be retrofitted are Forrest St., Briery Run, Pollock St., and Barrus lift stations. The bypass taps will give the City the ability to bypass the lift station in the event maintenance or rehabilitation work needs to be done. This project is expected to bid in February 2014 with completion in July 2014.

Briarwood Drive Reclamation

During FY13-14 the City has budgeted \$64,000 to complete the third phase of the full depth asphalt reclamation in this area. The first two phases were completed in 2009. Briarwood Drive has experienced many sub-grade issues in the road bed causing the asphalt surface to fail. This project includes removal of the existing asphalt that is in poor condition and stabilization of the road bed before placing the new asphalt surface. This project is expected to bid in January 2014 with a completion date in April 2014.

Two-way Radios

Lenoir County is in the process of updating their two-way radio transmitter from analog to digital, to improve coverage and reliability. As a result, Kinston's Department of Public Services will purchase 103 new radios and upgrade 10 current radios to operate on the new digital system. The FY 13-14 budget includes \$295,700 to fund the radio purchase/upgrades and the project is expected to be complete by December 31, 2014.

Customer Service Software

MIS and our Operations Division are working with ABB/Ventyx to upgrade the utility customer service software to 4.3 from our current version of 3.1, which is more than 8 years old. This upgrade will streamline many processes for our customer service staff, give our customers the option to view their account details online and receive e-bills, and tie in our GIS database so that it may be used for service and outage information. The cost of this project is estimated to be around \$302,000 and shall be complete by mid-2014.

Replacement of Airport Rd. Regulators

The need for replacement of the regulator in Airport Rd. substations was identified in the Long Range Plan. This substation supplies electricity to Lenoir Memorial Hospital, Global Trans Park and other customers in the City's service area. Funds were appropriated in the FY 13/14 budget to complete this work.

Disc Golf Course: An additional disc golf course will be developed on Tyndall Park Road (behind the old Sportlane Bowling Alley). The course is being built on flood buy-out land and has been approved by FEMA to start the building of the course. This will be the second disc golf course located in Kinston. The course will be developed by using volunteer labor and the Kinston/Lenoir County Disc Golf Association.

Lenoir County Soccer Complex: The county division plans to proceed with Phase I of the soccer complex which will include moving dirt and preparing the site for future development. This complex will have six (6) youth soccer fields, a concession area, a playground and a picnic pavilion. The complex will be funded by Lenoir County and constructed with Parks & Recreation employees.

African-American Music Trail: Located on South Queen Street, the Parks & Recreation Department is assisting in the development of the African – American Music Trail. This park will honor the famous African-American musicians from Lenoir County. It has been funded through an NCDOT Grant and a National Endowment of the Arts Grant. The funds are being administered by the Community Council of the Arts, the City of Kinston and Lenoir County.

Woodmen Community Center: Continue to manage and expand the Lions Water Adventure due to the extreme volume of people utilizing the facility. Attendance reached 2,500 on weekends and the park's capacity is only 1,500. Numerous customers had to be turned away due to reaching capacity. A Bojangles Picnic Pavilion and a birthday hut will be added to the park this year due to the generous donations of Tands, Inc. and the Debbie Chused family.

Holloway Center: Construct outdoor restrooms and a concession stand. This project will be completed using volunteers.

Southeast Park: Install a "Fit America" fitness circuit with the help of Lenoir Memorial Hospital Foundation. This project will be used as a pilot project to measure youth fitness in Eastern North Carolina.

Lenoir County Skeet Range and Hunter Education Park: The department will work with NC Department of Resources and the Skeet Range Association to develop a state of the art regional skeet range on the old Davis Street Landfill site. The project will be funded with private donations and the State of North Carolina. The Parks & Recreation Department will manage and operate the facility once it is developed by the State Wildlife Association.

OTHER INFORMATION

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kinston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a Government Unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and the City will be submitting it to the GFOA to determine its eligibility for another certificate.

Independent Audit. The City is required by the North Carolina General Statutes to have an annual independent audit of its financial statements. In addition, the Federal Single Audit Act Amendments of 1996 and the State Single Audit Implementation Act require annual independent audits of the City's compliance with the applicable laws and regulations related to certain financial assistance received by the City. The independent auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The independent auditor's reports on the compliance matters are included in a separate reporting package.

The preparation of this comprehensive annual financial report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report and in their continued professional excellence in accounting for the fiscal actions of the City.

We also acknowledge the valuable professional service provided by the accounting firm of Martin Starnes & Associates, CPA's, P. A. and appreciate their assistance in preparing this report.

In closing, we would like to express our appreciation to the Mayor, City Council, Department Heads and all City staff, for their leadership, interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Catherine F. Gwynn, CPA
Finance Director



Tony Sears,
City Manager

CITY OF KINSTON

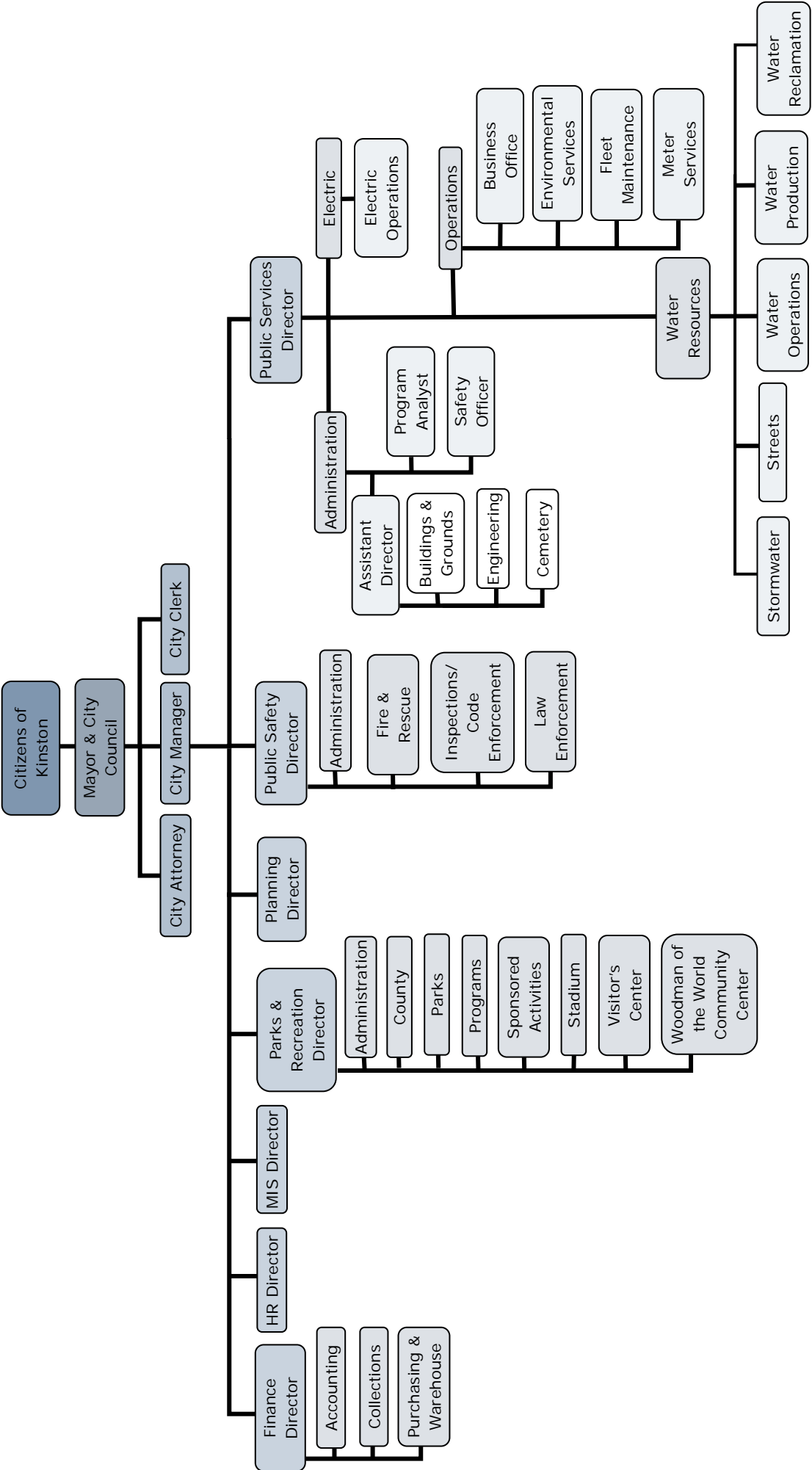
City Council

**For the Year Ended
June 30, 2013**

**B.J. Murphy, Mayor
Joseph M. Tyson, Mayor Pro-Tem
Kelly Jarman
Sammy C. Aiken
Robert Merritt
Robert A. Swinson, IV**

**Tony Sears, City Manager
Christina Alphin, City Clerk
James P. Cauley, III, City Attorney**

City of Kingston
Organizational Structure
FY 2012-2013





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Kinston
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Basic Financial Statements

Required Supplemental Financial Data

Combining, Individual Fund Statements, and Schedules

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

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

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston, North Carolina, as of June 30, 2013, and the respective changes in financial position, and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance and the Other Post-Employment Benefits' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kinston's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements, budgetary schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013 on our consideration of the City of Kinston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kinston's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 16, 2013

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City of Kinston, North Carolina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2013

This section of the City of Kinston's (the "City") annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

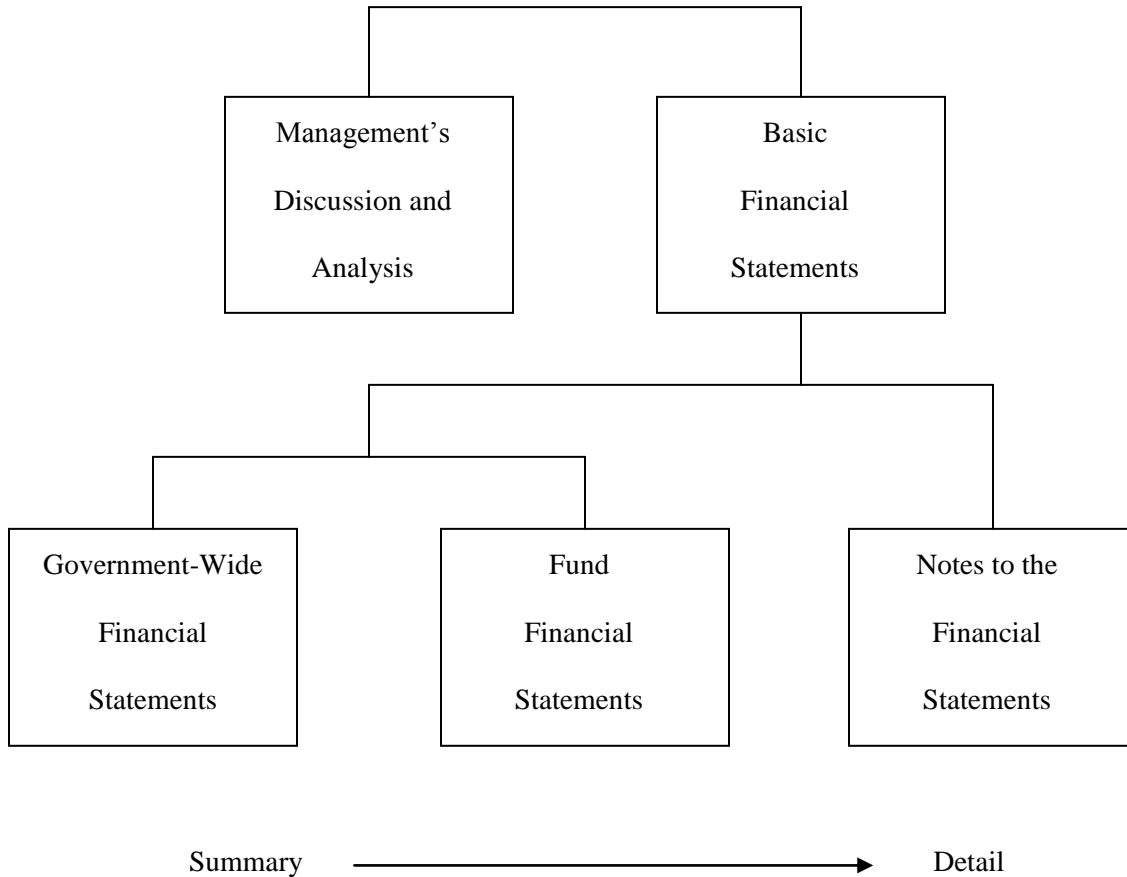
Financial Highlights

- The assets of the City of Kinston exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$111,623,775 (*net position*).
- The government's total net position decreased by \$160,897, primarily due to a decrease in the governmental-type activities net position.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6.8 million, a decrease of \$0.6 million, with a net change of \$0.6 million in fund balance. Approximately 22 percent of this total amount, or \$1.4 million, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5.8 million, or 32 percent of total General Fund expenditures.
- The City's total debt decreased by \$1.2 million during the current fiscal year. This was primarily from repayment of principal. New debt was issued in the fiscal year in the form of an installment contract for the purchase of vehicles and equipment in the amount of \$1.2 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Kinston's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Kinston.

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits C through I) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, other taxes, and Federal and State grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include City's electric, water, wastewater, sanitation, and stormwater systems.

The government-wide financial statements are Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide more detailed information about the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Kinston, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

The City has two kinds of funds:

- **Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Kinston adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

- **Proprietary Funds** – The City of Kinston has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Kinston uses enterprise funds to account for its water and sewer activity, stormwater, environmental services, and for its electric operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Kinston. The City uses internal service funds to account for four activities - its central garage, workers' compensation insurance coverage and risk management, fuel, and management of utility and engineering services. Three of the internal service funds predominantly benefit governmental rather than business-type activities; therefore, they have been included with governmental activities in the government-wide financial statements. The Fleet Maintenance Fund, Employee Health and Insurance Fund, and Warehouse Inventory Fund are included in governmental activities. The Public Services Fund, which functions as a management group for the enterprise funds, is included in the business-type activities.

The fund financial statements are on pages 17-24 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 25 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Kinston's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 66 of this report.

Interdependence with Other Entities

The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

City of Kinston's Net Position
Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 9,508,601	\$ 9,667,602	\$ 21,318,187	\$ 18,827,653	\$ 30,826,788	\$ 28,495,255
Capital assets	19,731,177	20,321,373	100,105,721	102,570,512	119,836,898	122,891,885
Total assets	<u>29,239,778</u>	<u>29,988,975</u>	<u>121,423,908</u>	<u>121,398,165</u>	<u>150,663,686</u>	<u>151,387,140</u>
Long-term liabilities						
outstanding	11,461,812	11,117,983	19,506,944	20,929,841	30,968,756	32,047,824
Other liabilities	1,597,290	1,317,548	6,453,549	6,157,681	8,050,839	7,475,229
Deferred inflows of resources	<u>20,316</u>	<u>79,415</u>	<u>-</u>	<u>-</u>	<u>20,316</u>	<u>79,415</u>
Total liabilities and deferred inflows of resources	<u>13,079,418</u>	<u>12,514,946</u>	<u>25,960,493</u>	<u>27,087,522</u>	<u>39,039,911</u>	<u>39,602,468</u>
Net position:						
Net investment in capital assets	10,389,743	11,213,831	81,307,560	81,954,723	91,697,303	93,168,554
Restricted	1,392,528	1,787,355	-	-	1,392,528	1,787,355
Unrestricted	<u>4,378,089</u>	<u>4,472,843</u>	<u>14,155,855</u>	<u>12,355,920</u>	<u>18,533,944</u>	<u>16,828,763</u>
Total net position	<u>\$ 16,160,360</u>	<u>\$ 17,474,029</u>	<u>\$ 95,463,415</u>	<u>\$ 94,310,643</u>	<u>\$ 111,623,775</u>	<u>\$ 111,784,672</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets of the City of Kinston exceeded liabilities and deferred inflows by \$111 million as of June 30, 2013. The City's net position decreased \$0.2 million for the fiscal year ended June 30, 2013. However, the largest portion (82.15 percent) reflects the City's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City's net position (1.25 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18.5 million or 16.6 percent is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 94.72 percent, which is comparable to the statewide average of 96.91 percent.
- Low cost installment debt issued for the purchase of capital machinery, equipment and vehicles
- Reductions in spending across all governmental and business type funds.

City of Kinston's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,596,739	\$ 2,434,490	\$ 71,630,631	\$ 68,431,602	\$ 73,227,370	\$ 70,866,092
Operating grants/contributions	1,000,944	2,453,140	-	-	1,000,944	2,453,140
Capital grants/contributions	480,472	1,392,125	455,292	2,748,400	935,764	4,140,525
General revenues:					-	-
Property taxes	9,769,405	9,623,407	-	-	9,769,405	9,623,407
Other taxes	4,931,966	5,526,328	-	-	4,931,966	5,526,328
Grants/contributions not restricted to specific programs	-	360,261	-	-	-	360,261
Other	626,423	202,968	34,260	41,388	660,683	244,356
Total revenues	<u>18,405,949</u>	<u>21,992,719</u>	<u>72,120,183</u>	<u>71,221,390</u>	<u>90,526,132</u>	<u>93,214,109</u>
Expenses:						
General government	3,736,119	3,299,355	-	-	3,736,119	3,299,355
Public safety	9,525,247	9,685,081	-	-	9,525,247	9,685,081
Highways and streets	2,162,737	1,736,651	-	-	2,162,737	1,736,651
Economic and physical development	969,363	2,524,198	-	-	969,363	2,524,198
Culture and recreation	4,068,158	3,686,137	-	-	4,068,158	3,686,137
Interest on long-term debt	358,094	322,222	-	-	358,094	322,222
Electric	-	-	52,616,382	52,094,660	52,616,382	52,094,660
Water	-	-	6,681,717	6,983,435	6,681,717	6,983,435
Wastewater	-	-	6,140,791	5,671,974	6,140,791	5,671,974
Non-major fund	-	-	4,428,421	3,721,550	4,428,421	3,721,550
Total expenses	<u>20,819,718</u>	<u>21,253,644</u>	<u>69,867,311</u>	<u>68,471,619</u>	<u>90,687,029</u>	<u>89,725,263</u>
Increase in net position before transfers	(2,413,769)	739,075	2,252,872	2,749,771	(160,897)	3,488,846
Transfers	<u>1,100,100</u>	<u>841,920</u>	<u>(1,100,100)</u>	<u>(841,920)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	(1,313,669)	1,580,995	1,152,772	1,907,851	(160,897)	3,488,846
Net position, July 1	<u>17,474,029</u>	<u>15,893,034</u>	<u>94,310,643</u>	<u>92,402,792</u>	<u>111,784,672</u>	<u>108,295,826</u>
Net position, June 30	<u>\$ 16,160,360</u>	<u>\$ 17,474,029</u>	<u>\$ 95,463,415</u>	<u>\$ 94,310,643</u>	<u>\$ 111,623,775</u>	<u>\$ 111,784,672</u>

Total government-wide revenues of \$90.5 million were primarily derived from charges for services (79.7 percent), property taxes (10.3 percent), and other taxes (5.4 percent). The total expenses of all programs were \$90.7 million. The expenses cover a range of services with the two largest being electric services (58.0 percent) and public safety (fire/EMS, police, and inspections/code enforcement) (10.5 percent).

Governmental Activities

Governmental activities decreased the City's net position by \$1.3 million. Key elements of this decrease are as follows:

- Revenues that do not provide current financial resources are not reported as revenues in the governmental funds and the amount of the change to revenues subject to "availability" decreased net position by \$0.94 million.
- The amount by which proceeds of long-term debt exceeded principal repayments in the governmental funds in the current period reduced net position by \$0.23 million.
- Expenses related to the increase in vacation and sick pay and the increase in the net pension obligations that are not reported as expenditures in the governmental funds and represent a decrease in net position of \$0.1 million.

Business-Type Activities

Business-type activities increased the City's net position by \$1.2 million. Key elements of this increase are as follows:

- Increase in business revenues of \$0.9 million primarily due to increases in charges for services.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrates compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Kinston's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Kinston's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Kinston. At the end of the current fiscal year, available fund balance of the General Fund was \$5.8 million, while total fund balance was \$6.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 32 percent of total General Fund expenditures and transfers out, less long-term debt issued, while total fund balance represents 38 percent of the same amount.

At June 30, 2013, the governmental funds of City of Kinston reported a combined fund balance of \$6.8 million, 9.6 percent increase from last year. The General Fund reported an increase in fund balance of \$0.7 million, primarily due to the issuance of installment debt for vehicles and equipment, while the nonmajor governmental funds reported a combined increase in fund balance of \$0.6 million.

General Fund Budgetary Highlights. During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Overall revenues exceeded budgeted amounts in the other taxes and licenses category and sales and services categories by \$0.7 million. The variances were mainly attributable to an increase in sales and services and the other taxes and licenses categories. Expenditures were held in check to comply with its budgetary requirements.

Proprietary Funds. Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to \$5.5 million in the Electric Fund, \$2.1 million in the Water Fund, \$3 million in the Wastewater Fund, and \$2 million in the Nonmajor funds. The Electric Fund, Water Fund, and the Nonmajor funds experienced growth in net position of \$0.11 million, \$0.73 million and \$0.74 million, respectively. The Wastewater Fund declined \$0.74 million.

Capital Asset and Debt Administration

Capital Assets. At June 30, 2013, the City had \$119.8 million (net of accumulated depreciation) in capital assets consisting primarily of buildings, improvements other than buildings, electric, water, and wastewater operating plant and infrastructure, and construction in process. This amount represents a net decrease of \$3.1 million, or (2.5 percent), over last year. The summary of capital assets at June 30, 2013 and 2012 is presented below:

**City of Kinston's Capital Assets
(Net of depreciation)
Figure 4**

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 3,482,916	\$ 3,482,916	\$ 1,222,643	\$ 1,222,643	\$ 4,705,559	\$ 4,705,559
Infrastructure	1,829,247	1,309,098	32,318	16,324	1,861,565	1,325,422
Buildings and improvements	9,331,819	9,564,787	35,091,730	36,187,123	44,423,549	45,751,910
Equipment and vehicles	1,315,450	1,240,992	746,017	989,704	2,061,467	2,230,696
Operating plant	-	-	61,905,651	53,852,031	61,905,651	53,852,031
Construction in progress	3,771,745	4,723,580	1,107,362	10,302,687	4,879,107	15,026,267
Total	<u>\$ 19,731,177</u>	<u>\$ 20,321,373</u>	<u>\$ 100,105,721</u>	<u>\$ 102,570,512</u>	<u>\$ 119,836,898</u>	<u>\$ 122,891,885</u>

This year's major capital asset additions included:

- Vehicle replacements – Approximately 20 new heavy-duty work trucks at a cost \$552 thousand
- Equipment – IT infrastructure for public safety \$209 thousand and other heavy-duty equipment at a cost of \$201 thousand
- Completed water and sewer projects – \$4.1million
- Completed electric projects – \$6.3 million
- Construction in process – New Fire Station No. 2 and 3 - \$242 thousand
- Construction in process – Various water and sewer projects - \$242 thousand
- Construction in process – Various electric projects - \$341 thousand

More detailed information about the City's capital assets is presented in Note 3 Capital Assets section of the Basic Financial Statements.

Long-Term Debt. At June 30, 2013, the City had \$28.5 million of debt outstanding in revenue bonds, installment purchases, and revolving loans to the State of North Carolina. Details by type of debt are presented in the following table:

City of Kinston's Outstanding Debt
Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Installment contracts	\$ 9,341,434	\$ 9,107,542	\$ 1,525,898	\$ 1,402,214	\$10,867,332	\$10,509,756
Revenue bonds	-	-	11,280,517	12,336,227	11,280,517	12,336,227
Notes payable	-	-	6,389,348	6,877,349	6,389,348	6,877,349
Total	<u>\$ 9,341,434</u>	<u>\$ 9,107,542</u>	<u>\$19,195,763</u>	<u>\$20,615,790</u>	<u>\$28,537,197</u>	<u>\$29,723,332</u>

City of Kinston's Outstanding Debt. The City's total outstanding debt decreased by \$1.2 million (4.0 percent) during the fiscal year, due to \$2.4 million in principal payments made against existing debt. New installment contract debt was issued in the fiscal year for \$1.2 million. All scheduled debt service payments were made timely.

North Carolina General Statutes limit the amount of General Obligation Debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Kinston is \$97,318,674.

More detailed information about the City's long-term obligations is presented in Note 3 of the basic financial statements.

Economic Factors and Next Year's Budget and Rates

The following economic indicators impact the City's budget outlook:

- During fiscal year 2013, 4 residential and 10 non-residential units were constructed with a value of \$6.3 million.
- Retail sales for Lenoir County during 2013 were \$476 million.
- The current unemployment rate was 9.9 percent compared to 8.8 percent for the State and 7.4 percent for the nation.

Budget Highlights for the Fiscal Year Ending June 30, 2014

The following are highlights for the 2014 budgets for the governmental activities:

The most significant factors negatively impacting the 2014 budget is the lack of growth within the City and surrounding area, the escalating costs of doing business, and the overall weaknesses in the national, State, and local economies. However, locally all indications are that economic growth will accelerate as a major employer expands. As current and new employers expand, the City expects this to create a "domino effect" of other new businesses, as suppliers set-up, new homes are built, and retailers expand inventories. Other details on this appear in the introductory section letter of transmittal category of the comprehensive annual financial report.

General Fund revenues are estimated to remain flat while operating costs to maintain the same service levels have increased. To offset some of these increases, the City continues to defer capital outlay spending where possible. The City focused on street repaving and approved \$160 thousand for street resurfacing in 2014.

The City approved a 1.5 percent cost of living increases for employees effective with the first full pay period in July for all full-time employees. There was a 21.5 percent increase in the total cost of employee health insurance cost, but no increase was passed along to the employee for individual coverage. One full-time employee was added City-wide.

The General Fund initial budget for 2012-2013 increased 4.5 percent from \$19.4 million to \$20.3 million. The increase in the new budget is attributable to reimbursements from the Woodmen Foundation and for appropriations of fund balance primarily for purchase order rollovers. The property tax rate remains unchanged from the prior year.

The following are highlights for the 2014 budgets for the business-type activities:

- Water rates: (increased 5 percent) increase in all rate classes and steps, except the "Large Inside Industrial Rate" effective July 1, 2013. "Large Inside Industrial Rate" will increase 44 percent (forty-four percent) effective September 1, 2013.
- Wastewater and wholesale wastewater rates: increased 5 percent for all rate classes and steps effective July 1, 2013.
- Environmental Services rates: remained the same with the exception of a fee for collection of improper refuse based on load size— effective July 1, 2012.

Contacting the City's Financial Management and Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, City of Kinston, P.O. Box 339, Kinston North Carolina 28502, or call (252) 939-3147.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements present a condensed overview of the financial position and results of operations of the City as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

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CITY OF KINSTON, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 8,143,912	\$ 8,219,144	\$ 16,363,056
Receivables:			
Due from governmental agencies	577,149	-	577,149
Accounts receivables	681,896	764,570	1,446,466
Taxes receivable	938,226	-	938,226
Customer receivables, net	-	7,812,567	7,812,567
Internal balance	(1,234,856)	1,234,856	-
Inventories	371,077	1,249,011	1,620,088
Restricted cash and investments	31,197	2,038,039	2,069,236
Capital assets:			
Land and construction in process	7,254,661	2,330,005	9,584,666
Other capital assets, net of depreciation	12,476,516	97,775,716	110,252,232
Total assets	29,239,778	121,423,908	150,663,686
Liabilities:			
Accounts payable and accrued expenses	1,293,212	4,659,504	5,952,716
Accrued interest payable	176,678	140,700	317,378
Advances from grantors	12,151	-	12,151
Prepaid fees	115,249	12,908	128,157
Liabilities payable from restricted assets:			
Customer deposits	-	1,640,437	1,640,437
Long-term liabilities:			
Due within one year	571,466	2,087,825	2,659,291
Due in more than one year	10,890,346	17,419,119	28,309,465
Total liabilities	13,059,102	25,960,493	39,019,595
Deferred Inflows of Resources:			
Prepaid property taxes	20,316	-	20,316
Total deferred inflows of resources:	20,316	-	20,316
Net Position:			
Net investment in capital assets	10,389,743	81,307,560	91,697,303
Restricted for:			
Stabilization by State statute	1,277,409	-	1,277,409
Community development	31,221	-	31,221
Permanently restricted for cemetery perpetual maintenance	75,000	-	75,000
Temporarily restricted for cemetery perpetual maintenance	8,898	-	8,898
Unrestricted	4,378,089	14,155,855	18,533,944
Total net position	\$ 16,160,360	\$ 95,463,415	\$ 111,623,775

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

CITY OF KINSTON, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013

		Program Revenues		
		Charges	Operating	Capital
	Expenses	for Services	Grants and Contributions	Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 3,736,119	\$ 361,568	\$ -	\$ -
Public safety	9,525,247	30,418	234,333	115,644
Public services	2,162,737	-	715,925	-
Community development	969,363	176,202	50,686	288,664
Cultural and recreation	4,068,158	1,028,551	-	76,164
Interest on long-term debt	358,094	-	-	-
Total governmental activities	<u>20,819,718</u>	<u>1,596,739</u>	<u>1,000,944</u>	<u>480,472</u>
Business-Type Activities:				
Electric	52,616,382	53,285,229	-	369,221
Water	6,681,717	7,533,531	-	-
Wastewater	6,140,791	5,409,255	-	86,071
Nonmajor funds:				
Environmental services	2,897,648	3,394,575	-	-
Stormwater	682,257	924,909	-	-
Community Center services	848,516	1,083,132	-	-
Total business-type activities	<u>69,867,311</u>	<u>71,630,631</u>	<u>-</u>	<u>455,292</u>
Total primary government	<u>\$ 90,687,029</u>	<u>\$ 73,227,370</u>	<u>\$ 1,000,944</u>	<u>\$ 935,764</u>

General Revenues:

Taxes:

Ad valorem

Local option sales tax

Franchise tax

Other taxes

Unrestricted intergovernmental

Investment earnings, unrestricted

Miscellaneous, unrestricted

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net Position:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,374,551)	\$ -	\$ (3,374,551)
(9,144,852)	-	(9,144,852)
(1,446,812)	-	(1,446,812)
(453,811)	-	(453,811)
(2,963,443)	-	(2,963,443)
(358,094)	-	(358,094)
<u>(17,741,563)</u>	<u>-</u>	<u>(17,741,563)</u>
-	1,038,068	1,038,068
-	851,814	851,814
-	(645,465)	(645,465)
-	496,927	496,927
-	242,652	242,652
-	234,616	234,616
<u>-</u>	<u>2,218,612</u>	<u>2,218,612</u>
<u>(17,741,563)</u>	<u>2,218,612</u>	<u>(15,522,951)</u>
9,769,405	-	9,769,405
2,925,258	-	2,925,258
1,587,545	-	1,587,545
419,163	-	419,163
400,259	-	400,259
15,240	34,260	49,500
210,924	-	210,924
<u>15,327,794</u>	<u>34,260</u>	<u>15,362,054</u>
<u>1,100,100</u>	<u>(1,100,100)</u>	<u>-</u>
<u>16,427,894</u>	<u>(1,065,840)</u>	<u>15,362,054</u>
(1,313,669)	1,152,772	(160,897)
<u>17,474,029</u>	<u>94,310,643</u>	<u>111,784,672</u>
<u>\$ 16,160,360</u>	<u>\$ 95,463,415</u>	<u>\$ 111,623,775</u>

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

CITY OF KINSTON, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Other Governmental Funds	Total
Assets:			
Cash and investments	\$ 6,912,023	\$ 198,206	\$ 7,110,229
Receivables:			
Due from government agencies	577,149	-	577,149
Accounts receivable	371,680	225,421	597,101
Taxes receivable	938,226	-	938,226
Inventories	89,785	-	89,785
Restricted cash and investments	<u>-</u>	<u>31,197</u>	<u>31,197</u>
 Total assets	 <u>\$ 8,888,863</u>	 <u>\$ 454,824</u>	 <u>\$ 9,343,687</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 764,928	\$ 41,104	\$ 806,032
Due to other funds	-	543,387	543,387
Advances from grantors	12,151	-	12,151
Prepaid privilege licenses	<u>115,249</u>	<u>-</u>	<u>115,249</u>
Total liabilities	<u>892,328</u>	<u>584,491</u>	<u>1,476,819</u>
 Deferred Inflows of Resources:			
Property taxes receivable	938,226	-	938,226
Prepaid property taxes	20,316	-	20,316
Pavement assessment receivables	98,622	-	98,622
GTP fire taxes receivable	<u>59</u>	<u>-</u>	<u>59</u>
Total deferred inflows of resources:	<u>1,057,223</u>	<u>-</u>	<u>1,057,223</u>
 Fund Balances:			
Non-spendable, not in spendable form:			
Inventories	89,785	-	89,785
Perpetual maintenance	-	75,000	75,000
Restricted:			
Stabilization by State statute	1,051,988	225,421	1,277,409
Restricted, all other	-	40,119	40,119
Committed	-	75,527	75,527
Assigned	-	10,633	10,633
Unassigned	<u>5,797,539</u>	<u>(556,367)</u>	<u>5,241,172</u>
Total fund balances	<u>6,939,312</u>	<u>(129,667)</u>	<u>6,809,645</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 8,888,863</u>	 <u>\$ 454,824</u>	

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

CITY OF KINSTON, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. 19,731,177

The assets and liabilities of the Internal Service Fund are included
in governmental activities in the Statement of Net Position. 221,121

Other long-term assets are not available to pay for current expenditures
and, therefore, are deferred inflows of resources in the funds. 1,036,907

Some liabilities, including bonds payable and accrued interest,
are not due and payable in the current period and, therefore,
are not reported in the funds. (11,638,490)

Net position of governmental activities, per Exhibit A \$ 16,160,360

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

CITY OF KINSTON, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Other Governmental Funds	Total
Revenues:			
Ad valorem taxes	\$ 9,678,780	\$ -	\$ 9,678,780
Sales and services	1,955,122	-	1,955,122
Other taxes	4,931,966	-	4,931,966
Unrestricted intergovernmental	400,259	-	400,259
Restricted intergovernmental	824,755	656,661	1,481,416
Investment earnings	13,425	163	13,588
Other	202,059	1,200	203,259
Total revenues	<u>18,006,366</u>	<u>658,024</u>	<u>18,664,390</u>
Expenditures:			
Current:			
General government	1,992,856	-	1,992,856
Public safety	8,916,698	429,542	9,346,240
Public services	1,898,996	-	1,898,996
Parks and recreation	3,933,938	111,898	4,045,836
Community development	1,042,139	268,664	1,310,803
Debt service:			
Principal	387,146	-	387,146
Interest	306,975	-	306,975
Total expenditures	<u>18,478,748</u>	<u>810,104</u>	<u>19,288,852</u>
Revenues over (under) expenditures	<u>(472,382)</u>	<u>(152,080)</u>	<u>(624,462)</u>
Other Financing Sources (Uses):			
Transfers in	800,000	32,287	832,287
Transfers out	(227,287)	-	(227,287)
Long-term debt issued	621,038	-	621,038
Total other financing sources (uses)	<u>1,193,751</u>	<u>32,287</u>	<u>1,226,038</u>
Net change in fund balances	721,369	(119,793)	601,576
Fund Balances:			
Beginning of year - July 1	<u>6,217,943</u>	<u>(9,874)</u>	<u>6,208,069</u>
End of year - June 30	<u>\$ 6,939,312</u>	<u>\$ (129,667)</u>	<u>\$ 6,809,645</u>

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

CITY OF KINSTON, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Amounts reported for governmental activities in the Statement of Activities are different due to the following items:

Net change in fund balances - governmental funds (Exhibit D)	\$ 601,576
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase to capital assets.	1,024,975
Depreciation is recognized as an expense in the Statement of Activities, however, it is not reported in the governmental funds.	(1,055,390)
In the Statement of Activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	(559,781)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment represents the amount of change related to revenues subject to the "availability" criteria.	(938,187)
Internal service funds are used to charge costs to individual funds. The net income of certain activities of the internal service funds are reported with governmental activities.	8,086
The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This is the amount by which proceeds of long-term debt exceeded principal repayments in the governmental funds in the current period.	(233,892)
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(51,119)
Expenses related to the increase in vacation and sick pay and the increase in the net pension obligation in the Statement of Activities that do not pay for current financial obligations are not reported as expenditures in the governmental funds. This adjustment is the amount of net change in these balances in the current year.	<u>(109,937)</u>
Total changes in net position of governmental activities	<u>\$ (1,313,669)</u>

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

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance From
	Original	Final	Actual	Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 9,521,200	\$ 9,528,700	\$ 9,678,780	\$ 150,080
Sales and services	1,670,725	2,069,125	1,955,122	(114,003)
Other taxes and licenses	5,480,691	5,524,690	4,931,966	(592,724)
Unrestricted intergovernmental	354,900	354,900	400,259	45,359
Restricted intergovernmental	840,800	854,400	824,755	(29,645)
Investment earnings	13,784	13,784	13,425	(359)
Other	171,500	264,153	202,059	(62,094)
Total revenues	18,053,600	18,609,752	18,006,366	(603,386)
Expenditures:				
Current:				
General government	2,410,118	2,571,262	1,996,003	575,259
Public safety	9,982,677	10,098,790	9,376,755	722,035
Public services	1,987,568	2,160,658	1,946,233	214,425
Parks and recreation	3,838,700	4,265,133	4,117,618	147,515
Community development	1,175,637	1,170,837	1,042,139	128,698
Total expenditures	19,394,700	20,266,680	18,478,748	1,787,932
Revenues over (under) expenditures	(1,341,100)	(1,656,928)	(472,382)	1,184,546
Other Financing Sources (Uses):				
Transfers in	800,000	800,000	800,000	-
Transfers (out)	(206,000)	(231,000)	(227,287)	3,713
Long-term debt issued	552,100	552,100	621,038	68,938
Appropriated fund balance	195,000	535,828	-	(535,828)
Total other financing sources	1,341,100	1,656,928	1,193,751	(463,177)
Net change in fund balance	\$ -	\$ -	721,369	\$ 721,369
Fund Balance:				
Beginning of year - July 1			6,217,943	
End of year - June 30			\$ 6,939,312	

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

CITY OF KINSTON, NORTH CAROLINA

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Major Enterprise Funds			Nonmajor Enterprise Funds	Total	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund			
Assets:						
Current assets:						
Cash and investments	\$ 1,413,932	\$ 976,818	\$ 2,466,581	\$ 1,769,988	\$ 6,627,319	\$ 2,625,508
Due from other funds	1,241,683	-	-	-	1,241,683	-
Due from government agencies	-	-	-	-	-	-
Accounts receivable	178,210	51,835	3,563	527,212	760,820	88,545
Customer receivables, net	6,142,359	978,211	691,997	-	7,812,567	-
Inventories	957,739	291,272	-	-	1,249,011	281,292
Restricted cash and equivalents	1,640,437	-	-	397,602	2,038,039	-
Total current assets	11,574,360	2,298,136	3,162,141	2,694,802	19,729,439	2,995,345
Non-current assets:						
Capital assets:						
Land	202,380	66,605	953,658	-	1,222,643	-
Buildings	3,671,890	577,040	41,276,198	-	45,525,128	19,468
Distribution system	38,730,140	15,317,573	51,670,183	-	105,717,896	-
Equipment	1,965,538	2,146,274	2,031,016	3,477,830	9,620,658	151,005
Accumulated depreciation	(22,852,227)	(11,517,857)	(25,612,287)	(3,134,415)	(63,116,786)	(131,432)
Construction in progress	748,631	-	358,731	-	1,107,362	-
Total capital assets, net	22,466,352	6,589,635	70,677,499	343,415	100,076,901	39,041
Total assets	34,040,712	8,887,771	73,839,640	3,038,217	119,806,340	3,034,386
Liabilities and Net Position:						
Current liabilities:						
Accounts payable and accrued liabilities	4,358,009	99,424	105,675	186,791	4,749,899	537,485
Due to other funds	-	-	-	-	-	698,296
Prepaid fees	-	12,908	-	-	12,908	-
Current portion of compensated absences	14,771	15,121	9,020	16,107	55,019	32,086
Current portion of long-term debt	725,310	200,254	978,614	105,852	2,010,030	-
Total current liabilities	5,098,090	327,707	1,093,309	308,750	6,827,856	1,267,867
Non-current liabilities:						
Liabilities payable from restricted assets:						
Customer deposits	1,640,437	-	-	-	1,640,437	-
Accrued compensated absences	44,314	45,362	27,061	48,321	165,058	96,256
Long-term debt	5,467,596	1,443,290	9,912,073	362,774	17,185,733	-
Total non-current liabilities	7,152,347	1,488,652	9,939,134	411,095	18,991,228	96,256
Total liabilities	12,250,437	1,816,359	11,032,443	719,845	25,819,084	1,364,123
Net Position:						
Net investment in capital assets	16,273,446	4,946,091	59,786,812	272,391	81,278,740	39,041
Unrestricted	5,516,829	2,125,321	3,020,385	2,045,981	12,708,516	1,631,222
Total net position	\$ 21,790,275	\$ 7,071,412	\$ 62,807,197	\$ 2,318,372	93,987,256	\$ 1,670,263
Adjustment to reflect the consolidation of the Public Services Internal Service Fund related to enterprise funds					1,476,159	
Total					\$ 95,463,415	

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

CITY OF KINSTON, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Enterprise Funds			Nonmajor Enterprise Funds	Total	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund			
Operating Revenues:						
Charges for services	\$ 52,529,425	\$ 7,270,928	\$ 5,365,358	\$ 5,297,114	\$ 70,462,825	\$ 3,773,502
Other	681,119	222,820	6,964	70,164	981,067	22,504
Total operating revenues	53,210,544	7,493,748	5,372,322	5,367,278	71,443,892	3,796,006
Operating Expenses:						
Administration	-	-	-	-	-	1,834,283
Public service operations	-	-	-	-	-	1,121,834
Warehouse operations	-	-	-	-	-	530,604
Electrical operations	51,335,321	-	-	-	51,335,321	-
Environmental services	-	-	-	2,852,997	2,852,997	-
Stormwater services	-	-	-	618,602	618,602	-
Community Center services	-	-	-	848,516	848,516	-
Water production	-	335,932	-	-	335,932	-
Depreciation	1,039,734	435,371	2,331,182	117,811	3,924,098	13,393
Water operations	-	5,826,761	-	-	5,826,761	-
Wastewater plant operations	-	-	3,497,845	-	3,497,845	-
Claims reimbursement	-	-	-	-	-	468,433
Total operating expenses	52,375,055	6,598,064	5,829,027	4,437,926	69,240,072	3,968,547
Operating income (loss)	835,489	895,684	(456,705)	929,352	2,203,820	(172,541)
Non-Operating Revenues (Expenses):						
Interest earned on investments	11,741	2,256	15,365	2,612	31,974	3,938
Loss on disposal of assets	-	-	-	(14,592)	(14,592)	-
Interest on long-term debt	(278,892)	(70,880)	(371,632)	(5,154)	(726,558)	-
Economic development reimbursements	-	(38,283)	(8,204)	-	(46,487)	-
Total non-operating revenues (expenses)	(267,151)	(106,907)	(364,471)	(17,134)	(755,663)	3,938
Income (loss) before capital contributions and transfers	568,338	788,777	(821,176)	912,218	1,448,157	(168,603)
Capital Contributions and Transfers:						
Capital contributions	369,221	-	86,071	26,915	482,207	-
Transfers in	-	28,500	-	-	28,500	934,976
Transfers out	(826,600)	(84,500)	(9,300)	(203,500)	(1,123,900)	(444,576)
Total contributions and transfers	(457,379)	(56,000)	76,771	(176,585)	(613,193)	490,400
Change in net position	110,959	732,777	(744,405)	735,633	834,964	321,797
Net Position:						
Beginning of year - July 1	21,679,316	6,338,635	63,551,602	1,582,739		1,348,466
End of year - June 30	\$ 21,790,275	\$ 7,071,412	\$ 62,807,197	\$ 2,318,372		\$ 1,670,263
Adjustment to reflect the consolidation of the Public Services Internal Service Fund related to enterprise funds					317,808	
Total					\$ 1,152,772	

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

CITY OF KINSTON, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Enterprise Funds			Nonmajor Enterprise Funds	Total	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund			
Cash Flows from Operating Activities:						
Cash received from customers	\$ 53,463,485	\$ 7,473,246	\$ 5,290,462	\$ 5,259,858	\$ 71,487,051	\$ 3,800,058
Cash paid to suppliers for goods and services	(50,095,734)	(4,922,889)	(2,779,690)	(2,686,080)	(60,484,393)	(1,772,903)
Cash paid to employees	(1,062,171)	(1,214,572)	(705,311)	(1,547,708)	(4,529,762)	(2,087,792)
Customer deposits	(67,337)	-	-	-	(67,337)	-
Net cash provided (used) by operating activities	<u>2,238,243</u>	<u>1,335,785</u>	<u>1,805,461</u>	<u>1,026,070</u>	<u>6,405,559</u>	<u>(60,637)</u>
Cash Flows from Non-Capital Financing Activities:						
Transfers from other funds	-	28,500	-	-	28,500	934,976
Transfers to other funds	(826,600)	(84,500)	(9,300)	(203,500)	(1,123,900)	(444,576)
Advances to/from other funds	(213,875)	-	-	-	(213,875)	(46,827)
Net cash provided (used) by non-capital financing activities	<u>(1,040,475)</u>	<u>(56,000)</u>	<u>(9,300)</u>	<u>(203,500)</u>	<u>(1,309,275)</u>	<u>443,573</u>
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(766,801)	(257,248)	(397,093)	(49,844)	(1,470,986)	(15,819)
Proceeds from long-term debt	-	76,540	40,000	447,446	563,986	-
Principal paid on general obligation bond maturities and equipment contracts	(802,859)	(192,463)	(950,773)	(37,918)	(1,984,013)	-
Interest paid on bonded indebtedness and equipment contracts	(278,892)	(70,880)	(371,632)	(5,154)	(726,558)	-
Contributed capital	369,221	-	86,071	26,915	482,207	-
Net cash provided (used) by capital and related financing activities	<u>(1,479,331)</u>	<u>(444,051)</u>	<u>(1,593,427)</u>	<u>381,445</u>	<u>(3,135,364)</u>	<u>(15,819)</u>
Cash Flows from Investing Activities:						
Interest on investments	11,741	2,256	15,365	2,612	31,974	3,938
Net cash provided (used) by investing activities	<u>11,741</u>	<u>2,256</u>	<u>15,365</u>	<u>2,612</u>	<u>31,974</u>	<u>3,938</u>
Net increase (decrease) in cash and cash equivalents/investments	(269,822)	837,990	218,099	1,206,627	1,992,894	371,055
Cash and Cash Equivalents/Investments:						
Beginning of year - July 1	<u>3,324,191</u>	<u>138,828</u>	<u>2,248,482</u>	<u>960,963</u>	<u>6,672,464</u>	<u>2,254,453</u>
End of year - June 30	<u>\$ 3,054,369</u>	<u>\$ 976,818</u>	<u>\$ 2,466,581</u>	<u>\$ 2,167,590</u>	<u>\$ 8,665,358</u>	<u>\$ 2,625,508</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 835,489	\$ 895,684	\$ (456,705)	\$ 929,352	\$ 2,203,820	\$ (172,541)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	1,039,734	435,371	2,331,182	117,811	3,924,098	13,393
Non-operating revenues (expenses)	-	(38,283)	(8,204)	-	(46,487)	-
Change in Assets and Liabilities:						
(Increase) decrease in accounts receivable	252,941	(20,502)	(81,860)	(107,420)	43,159	4,052
Increase (decrease) in customer deposits	(67,337)	-	-	-	(67,337)	-
(Increase) decrease in inventories	(23,356)	47,417	-	-	24,061	(28,659)
Increase (decrease) accounts payable	207,179	18,195	28,808	87,548	341,730	111,865
Increase (decrease) in compensated absences payable	(6,407)	(2,097)	(7,760)	(1,221)	(17,485)	11,253
Net cash provided (used) by operating activities	<u>\$ 2,238,243</u>	<u>\$ 1,335,785</u>	<u>\$ 1,805,461</u>	<u>\$ 1,026,070</u>	<u>\$ 6,405,559</u>	<u>\$ (60,637)</u>
Non-Cash Investing, Capital, and Financing Activities:						
Loss on the disposal of capital asset	\$ -	\$ -	\$ -	\$ (14,592)	\$ (14,592)	\$ -
Total non-cash investing, capital, and financing activities:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,592)</u>	<u>\$ (14,592)</u>	<u>\$ -</u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

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CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Significant Accounting Policies

The City of Kinston (the "City") was incorporated in 1762 and operates under a Council-Manager form of government. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation and recycling, water and sewer, electric, stormwater management, planning and zoning, recreation, and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Kinston is a municipal corporation which is governed by an elected Mayor and a five-member Council.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Basis of Presentation

Government-Wide and Fund Financial Statements

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Fund Financial Statements. The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities, such as investment earnings.

Governmental Funds are used to account for the City's general governmental activities.

The City reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, and State-shared revenue. The primary expenditures are for public safety, public services, parks and recreation, planning and community economic development, and general government services.

The City reports the following nonmajor governmental funds:

Special Revenue Funds. The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The City has 13 special revenue funds; the individual descriptions of which are disclosed in the supplemental nonmajor fund-types section.

Capital Project Funds. Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The City has 12 capital project funds, the individual descriptions of which are disclosed in the supplemental nonmajor fund-types section.

Permanent Fund. The Permanent Fund accounts for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City has one Permanent Fund, the Temple Israel Perpetual Care Fund, which is used to account for unexpendable principal funds, the revenue from which is used to maintain the Temple Israel's cemetery grounds.

Proprietary Funds include the following major funds:

Electric Enterprise Fund. The Electric Enterprise Fund accounts for the electric activities of the City. The primary revenue consists of user charges for services. The primary expenses are for purchase, transmission, and distribution of electrical power to the City's customers. The Electric Capital Project Fund and the Electric Capital Reserve Fund are consolidated with the Electric Enterprise Fund (the operating fund) for financial reporting purposes.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Water Enterprise Fund. The Water Enterprise Fund accounts for the water activities of the City. The primary revenue consists of user charges for services. The primary expenses are for pumping and distribution of water to the City's customers. The Water Capital Reserve Fund is consolidated with the Water Enterprise Fund (the operating fund) for financial reporting purposes.

Wastewater Enterprise Fund. The Wastewater Enterprise Fund accounts for the sewer activities of the City. The primary revenue consists of user charges for services. The primary expenses are for treatment and collection of sewer for the City's customers. The Wastewater Capital Project Fund and the Wastewater Capital Reserve Fund are consolidated with the Wastewater Enterprise Fund (the operating fund) for financial reporting purposes.

The City reports the following nonmajor enterprise funds:

Environmental Services Fund. The Environmental Services Enterprise Fund accounts for the sanitation collection and disposal activities of the City. The primary revenue consists of user charges for services. The primary expenses are for collection and disposal of solid waste for the City's customers.

Stormwater Fund. The Stormwater Fund accounts for activities associated with building, improving, and maintaining the stormwater drainage system.

Woodmen of the Word Community Center Fund. The Woodmen of the Word Community Center Fund accounts for activities associated with managing the Woodmen Community Center and Lions Water Adventure Park.

Additionally, the government reports the following fund types:

Internal Service Funds. The 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. The City of Kinston has four internal service funds: the Employee Health Fund, the Fleet Maintenance Fund, the Warehouse Inventory Fund, and the Public Services Fund. The Employee Health Fund is used to account for the City's decision to finance workers' compensation insurance coverage internally rather than through a private insurance carrier because of anticipated cost savings. The Fleet Maintenance Fund is used to account for the accumulation and allocation of costs associated with the City's central garage. The Warehouse Inventory Fund is used to account for the purchases of fuel and fleet maintenance inventory. The Public Services Fund is used to account for the accumulation and allocation of costs associated with the management of utility and engineering services and also utility billing and customer service. The Employee Health Fund, the Fleet Maintenance Fund, and the Warehouse Inventory Internal Service Fund are accounted for in the governmental activities in the government-wide financial statements and the individual fund data is provided in the Internal Service Fund section of the report. The Public Services Fund is accounted for in the business-type activities in the government-wide financial statements, and the individual fund data is provided in the Internal Service Fund section of the report.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Lenoir County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Kinston. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Lenoir County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual, because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. Annual appropriated budgets are adopted for the General Fund, the Community Development Administration Fund, the Capital Reserve Fund, the Temple Israel Perpetual Care Fund, and all proprietary operating funds. All annual appropriations lapse at fiscal year-end. Project length budgets are adopted for all other special revenue funds and all capital project funds, and appropriations therein lapse at the completion of the project.

Also, as required by State law, the City's Employee Health Fund, Fleet Maintenance Fund, Warehouse Inventory Fund, and Public Services Fund (internal service funds) operate under financial plans that were adopted by the governing board at the time the City's budget ordinance was approved.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level in the General Fund and/or department level for all other annually budgeted funds and at the object total level for all project funds. Any revisions that alter total expenditures of any department must be approved by the City Council. The City Council has the authority to amend the budget as they deem appropriate during the year to reflect the economic circumstances of the City.

On or before March 15 of each year, all departments of the City submit requests for appropriation to the City's Budget Officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

After City Manager review, the City Manager's proposed budget is presented during May to the City Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations.

During the year, several amendments to the original General Fund budget were necessary, the effects of which were not material.

CITY OF KINSTON, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

A budget calendar is included in State law that prescribes the last day on which certain steps of the budget procedures are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30: Each department head will transmit to the Budget Officer the departmental budget requests and revenue estimates for the budget year.

June 1: The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1: The budget ordinance shall be adopted by the governing board.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Deposits and Investments

All deposits of the City are made in Board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City may designate, as an official depository, any bank or savings 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.

State law [G.S. 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 bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The City's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio securities are valued at fair value.

Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Unspent grant proceeds are classified as restricted cash because the use is restricted for community development in various special revenue funds. The unexpended debt proceeds are classified as restricted assets for the Environmental Services Fund and Stormwater Enterprise Fund because their use is completely restricted to the purpose for which the debt was originally issued.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible amounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventory

Inventories in governmental funds are reported at cost, using the first-in/first-out (FIFO) method, which approximates market. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Inventories of enterprise funds are reported at the lower of cost using the FIFO method or market. The inventories consist of various items used in the maintenance of existing utility systems and expansion of new systems. Depending on the eventual use of these inventories, these items may be expensed in the future as maintenance of existing systems or capitalized as a part of the development of new systems.

Capital Assets

Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g. roads, bridges, traffic signals, and other similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 for equipment, vehicles, buildings, and other improvements, and \$100,000 for infrastructure and an estimated useful life in excess of one year. All purchased capital assets are valued at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date of donation. General infrastructure assets acquired prior to July 1, 2003 consist of road networks that were acquired or received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives, are not capitalized. Costs associated with construction in progress are recorded in their respective capital asset category upon approval by the City Council, which approximates the completion date.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

It is the City's policy to take full-year depreciation in the first year of service, but not to provide for depreciation in the year of disposal. Depreciation is charged to operations using the straight-line method based on the estimated useful life of an asset. The following estimated useful lives are used to compute depreciation:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Building and improvements	40 years
Collection and distribution systems	25-40 years
Equipment	3-15 years
Infrastructure	20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City does not have any items that meet this criterion. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has four items that meet the criterion for this category - prepaid taxes, property taxes receivable, GTP fire taxes receivable and pavement assessment receivables.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Compensated Absences

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. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements. The City has assumed a first-in/first-out method of using accumulated compensated time. The portion of the accumulated vacation pay that is estimated to be used within the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an unlimited 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.

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors laws or regulations of other governments, or imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Perpetual Maintenance – cemetery resources that are required to be retained in perpetuity for maintenance of the Temple Israel Cemetery.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State law [G.S. 159-8(a)].

Perpetual Care – cemetery resources that are required to be restricted for maintenance of the Temple Israel Cemetery.

Restricted for Community Development – portion of fund balance that is restricted by unspent grant proceeds solely for the Talent Enhancement and Capacity Building Grant Special Revenue Fund and the 2009 PSN GCC Project 61 Special Revenue Fund.

Restricted fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Restricted, All Other:	
Community development	\$ 31,221
Perpetual care	8,898
Total	<u>\$ 40,119</u>

Committed Fund Balance

This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for General Government – represents the portion of fund balance committed by the governing body for future general government capital related purposes.

Committed for Public Safety – portion of fund balance that is committed by the governing body for law enforcement equipment and operational activities.

Committed for Community Development – portion of fund balance that is committed by the governing body for community development.

Committed for Cultural and Recreation – portion of fund balance that is committed by the governing body for cultural and recreation activities.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Committed fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
General government	\$ 6,842
Public safety	24,313
Community development	36,122
Cultural and recreation	8,250
Total	<u>\$ 75,527</u>

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the City of Kinston intends to use for specific purposes. The City's governing body approves the appropriation; however the budget ordinance authorizes the Manager and Finance Officer to transfer appropriations from one line item within a departmental budget so long as the total departmental appropriations including capital outlay shall not be increased. However no funds may be transferred from the salary and benefits accounts within a department without prior approval of the City Council. Funds cannot be transferred from one department to another without prior approval of the City Council. Revisions that alter the total expenditures of any fund or that change functional appropriations must be approved by the governing board at its next regular meeting.

Assigned for Community Development – portion of fund balance that has been budgeted by Council for community development.

Assigned fund balance at June 30, 2013 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
Community development	\$ 10,633
Total	<u>\$ 10,633</u>

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The City has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, Federal funds, State funds, local non-City funds, and City funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

The City has not officially adopted a fund balance policy.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 6,939,312
Less:	
Inventories	89,785
Stabilization by State statute	<u>1,051,988</u>
Total available fund balance	<u>\$ 5,797,539</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	General Fund	Other Governmental Funds
Encumbrances	<u>\$ 201,840</u>	<u>\$ -</u>

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF KINSTON, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2. Stewardship, Compliance, and Accountability

A. Deficit in Fund Balance or Net Position of Individual Funds

The City has fund balance deficits in individual funds at June 30, 2013 as follows:

Nonmajor Special Revenue Funds:

2009 Cops Hiring Recovery Grant (ARRA)	\$ 58,809
2011 Edward Byrne Memorial JAG Grant	115
2011 PSN GCC Crossing Boundaries Project	343
Hurricane Irene - FEMA - 4019-DR-NC	298,868

Nonmajor Capital Project Funds:

Battlefield Parkway/Soccer Complex	\$ 3,488
CWMTF Flood Buy-Out II	20,680
NEA Our Town Fund	29,583

Internal Service Funds:

Fleet Maintenance	\$ 418,114
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The deficit in the internal service fund is expected to be funded by future analysis of internal fees. The deficits in the nonmajor Special Revenue Funds and Capital Project Funds are the result of revenue timing and will be funded by future grant revenues.

3. Detail Notes On All Funds

A. Assets

Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in the unit's name. Under the Pooling Method, which is 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 unit'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 the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2013, the City's deposits had a carrying amount of \$15,026,716 and a bank balance of \$15,337,609. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2013, the City's petty cash fund totaled \$3,350.

Investments

At June 30, 2013, the City had \$3,402,226 in investments invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The City has no formal policy regarding credit risk of its investments.

Receivables - Allowances for Doubtful Accounts

The receivables shown in the Balance Sheet and the Statement of Net Position at June 30, 2013 are net of the following allowances for doubtful accounts:

Fund	
General Fund:	
Taxes receivable	<u>\$ 141,840</u>
Enterprise Funds:	
Electric Fund	1,417,245
Water Fund	240,108
Wastewater Fund	187,445
Nonmajor enterprise funds	<u>105,718</u>
Total enterprise funds	<u>1,950,516</u>
Total allowances for doubtful accounts	<u><u>\$ 2,092,356</u></u>

Long-Term Loan Receivables

The City has entered into several financing arrangements with unrelated third parties for the renovation and rehab of certain structures within the City limits, which have resulted in long-term loan receivables for the City. These receivables are collateralized by deeds of trust on the underlying property; however, the City has considered the possibility of receiving these funds as remote and, accordingly, has not recorded them as part of the City's financial statements. These notes include a promissory note collateralized by a deed of trust on Grainger Place Apartments in the amount of \$612,000, due on

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

December 31, 2033 at -0-% interest, and a promissory note from Floyd II, LLC, collateralized by a deed of trust for Kinston Oaks Apartments in the amount of \$99,355, with payments due to start on the 31st anniversary of the completion date in the amount of 1/10 of the outstanding principal.

Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2013 was as follows:

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Capital Assets Not Being Depreciated:				
Land	\$ 3,482,916	\$ -	\$ -	\$ 3,482,916
Construction in progress	<u>4,723,580</u>	<u>597,130</u>	<u>(1,548,965)</u>	<u>3,771,745</u>
Total capital assets not being depreciated	<u>8,206,496</u>	<u>597,130</u>	<u>(1,548,965)</u>	<u>7,254,661</u>
Capital Assets Being Depreciated:				
Buildings and improvements	14,667,953	112,632	(8,950)	14,771,635
Equipment	4,393,914	350,350	(199,589)	4,544,675
Vehicles	7,346,690	235,452	(467,158)	7,114,984
Infrastructure	<u>5,325,064</u>	<u>723,517</u>	<u>-</u>	<u>6,048,581</u>
Total capital assets being depreciated	<u>31,733,621</u>	<u>1,421,951</u>	<u>(675,697)</u>	<u>32,479,875</u>
Less Accumulated Depreciation:				
Buildings and improvements	(5,103,166)	(340,678)	4,028	(5,439,816)
Equipment	(4,055,478)	(148,313)	199,589	(4,004,202)
Vehicles	(6,444,134)	(363,031)	467,158	(6,340,007)
Infrastructure	<u>(4,015,966)</u>	<u>(203,368)</u>	<u>-</u>	<u>(4,219,334)</u>
Total accumulated depreciation	<u>(19,618,744)</u>	<u>\$ (1,055,390)</u>	<u>\$ 670,775</u>	<u>(20,003,359)</u>
Total capital assets being depreciated, net	<u>12,114,877</u>			<u>12,476,516</u>
Total	<u>\$ 20,321,373</u>			<u>\$ 19,731,177</u>

Depreciation expense was charged to the functions/programs of the primary government as follows:

General government	\$ 97,320
Public safety	493,131
Public works	265,750
Parks and recreation	162,863
Community development	35,839
Internal service funds	<u>487</u>
Total	<u>\$ 1,055,390</u>

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Business-Type Activities:	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2013</u>
Electric Fund:					
Capital Assets Not Being Depreciated:					
Land	\$ 202,380	\$ -	\$ -	\$ -	\$ 202,380
Construction in progress	<u>6,288,277</u>	<u>766,801</u>	<u>(6,306,447)</u>	<u>-</u>	<u>748,631</u>
Total capital assets not being depreciated	<u>6,490,657</u>	<u>766,801</u>	<u>(6,306,447)</u>	<u>-</u>	<u>951,011</u>
Capital Assets Being Depreciated:					
Buildings and improvements	3,671,890	-	-	-	3,671,890
Equipment	691,041	-	-	-	691,041
Vehicles	1,283,473	-	(8,976)	-	1,274,497
Distribution system	<u>32,423,693</u>	<u>6,306,447</u>	<u>-</u>	<u>-</u>	<u>38,730,140</u>
Total capital assets being depreciated	<u>38,070,097</u>	<u>6,306,447</u>	<u>(8,976)</u>	<u>-</u>	<u>44,367,568</u>
Less Accumulated Depreciation:					
Buildings and improvements	(2,644,257)	(73,053)	-	-	(2,717,310)
Equipment	(642,026)	(24,509)	-	-	(666,535)
Vehicles	(936,556)	(137,362)	8,976	-	(1,064,942)
Distribution system	<u>(17,598,630)</u>	<u>(804,810)</u>	<u>-</u>	<u>-</u>	<u>(18,403,440)</u>
Total accumulated depreciation	<u>(21,821,469)</u>	<u>(1,039,734)</u>	<u>8,976</u>	<u>-</u>	<u>(22,852,227)</u>
Total capital assets being depreciated, net	<u>16,248,628</u>				<u>21,515,341</u>
Electric Fund capital assets, net	<u>22,739,285</u>				<u>22,466,352</u>
Water Fund:					
Capital Assets Not Being Depreciated:					
Land	66,605	-	-	-	66,605
Construction in progress	<u>705,811</u>	<u>-</u>	<u>(705,811)</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>772,416</u>	<u>-</u>	<u>(705,811)</u>	<u>-</u>	<u>66,605</u>
Capital Assets Being Depreciated:					
Buildings and improvements	577,040	-	-	-	577,040
Equipment	940,206	37,524	(156,064)	-	821,666
Vehicles	1,299,753	100,065	(50,904)	(24,306)	1,324,608
Infrastructure	23,320	17,875	-	-	41,195
Distribution system	<u>14,468,783</u>	<u>807,595</u>	<u>-</u>	<u>-</u>	<u>15,276,378</u>
Total capital assets being depreciated	<u>17,309,102</u>	<u>963,059</u>	<u>(206,968)</u>	<u>(24,306)</u>	<u>18,040,887</u>

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2013</u>
Less Accumulated Depreciation:					
Buildings and improvements	(577,040)	-	-	-	(577,040)
Equipment	(769,357)	(57,916)	156,064	-	(671,209)
Vehicles	(1,253,794)	(41,047)	50,904	24,306	(1,219,631)
Infrastructure	(6,996)	(1,881)	-	-	(8,877)
Distribution system	<u>(8,706,573)</u>	<u>(334,527)</u>	<u>-</u>	<u>-</u>	<u>(9,041,100)</u>
Total accumulated depreciation	<u>(11,313,760)</u>	<u>(435,371)</u>	<u>206,968</u>	<u>24,306</u>	<u>(11,517,857)</u>
Total capital assets being depreciated, net	<u>5,995,342</u>				<u>6,523,030</u>
Water Fund capital assets, net	<u>6,767,758</u>				<u>6,589,635</u>
 Wastewater Fund:					
Capital Assets Not Being Depreciated:					
Land	953,658	-	-	-	953,658
Construction in progress	<u>3,308,599</u>	<u>321,929</u>	<u>(3,271,797)</u>	<u>-</u>	<u>358,731</u>
Total capital assets not being depreciated	<u>4,262,257</u>	<u>321,929</u>	<u>(3,271,797)</u>	<u>-</u>	<u>1,312,389</u>
Capital Assets Being Depreciated:					
Buildings and improvements	41,276,198	-	-	-	41,276,198
Equipment	1,774,810	6,942	-	-	1,781,752
Vehicles	221,412	15,172	(11,628)	24,308	249,264
Distribution system	<u>48,345,336</u>	<u>3,324,847</u>	<u>-</u>	<u>-</u>	<u>51,670,183</u>
Total capital assets being depreciated	<u>91,617,756</u>	<u>3,346,961</u>	<u>(11,628)</u>	<u>24,308</u>	<u>94,977,397</u>
Less Accumulated Depreciation:					
Buildings and improvements	(6,116,708)	(1,022,340)	-	-	(7,139,048)
Equipment	(1,692,048)	(68,337)	-	-	(1,760,385)
Vehicles	(221,412)	(3,034)	11,628	(24,308)	(237,126)
Distribution system	<u>(15,238,257)</u>	<u>(1,237,471)</u>	<u>-</u>	<u>-</u>	<u>(16,475,728)</u>
Total accumulated depreciation	<u>(23,268,425)</u>	<u>(2,331,182)</u>	<u>11,628</u>	<u>(24,308)</u>	<u>(25,612,287)</u>
Total capital assets being depreciated, net	<u>68,349,331</u>				<u>69,365,110</u>
Wastewater Fund capital assets, net	<u>72,611,588</u>				<u>70,677,499</u>

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2013</u>
Environmental Services Fund:					
Capital Assets Being Depreciated:					
Equipment	483,022	-	(18,240)	-	464,782
Vehicles	<u>2,408,495</u>	<u>49,844</u>	<u>(33,140)</u>	<u>-</u>	<u>2,425,199</u>
Total capital assets being depreciated	<u>2,891,517</u>	<u>49,844</u>	<u>(51,380)</u>	<u>-</u>	<u>2,889,981</u>
Less Accumulated Depreciation:					
Equipment	(453,839)	(3,648)	3,648	-	(453,839)
Vehicles	<u>(2,369,937)</u>	<u>(48,529)</u>	<u>33,140</u>	<u>-</u>	<u>(2,385,326)</u>
Total accumulated depreciation	<u>(2,823,776)</u>	<u>(52,177)</u>	<u>36,788</u>	<u>-</u>	<u>(2,839,165)</u>
Total capital assets being depreciated, net	<u>67,741</u>				<u>50,816</u>
Environmental services fund capital assets, net	<u>67,741</u>				<u>50,816</u>
 Stormwater Fund:					
Capital Assets Being Depreciated:					
Equipment	62,400	-	-	-	62,400
Vehicles	356,230	-	-	-	356,230
Distribution system	<u>169,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,219</u>
Total capital assets being depreciated	<u>587,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>587,849</u>
Less Accumulated Depreciation:					
Equipment	(33,660)	(12,480)	-	-	(46,140)
Vehicles	<u>(184,416)</u>	<u>(44,693)</u>	<u>-</u>	<u>-</u>	<u>(229,109)</u>
Distribution system	<u>(11,540)</u>	<u>(8,461)</u>	<u>-</u>	<u>-</u>	<u>(20,001)</u>
Total accumulated depreciation	<u>(229,616)</u>	<u>(65,634)</u>	<u>-</u>	<u>-</u>	<u>(295,250)</u>
Total capital assets being depreciated, net	<u>358,233</u>				<u>292,599</u>
Environmental services fund capital assets, net	<u>358,233</u>				<u>292,599</u>
 Public Services Internal Service Fund:					
Capital Assets Being Depreciated:					
Equipment	44,346	15,819	-	-	60,165
Vehicles	<u>90,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,840</u>
Total capital assets being depreciated	<u>135,186</u>	<u>15,819</u>	<u>-</u>	<u>-</u>	<u>151,005</u>
Less Accumulated Depreciation:					
Equipment	(29,152)	(10,228)	-	-	(39,380)
Vehicles	<u>(80,127)</u>	<u>(2,678)</u>	<u>-</u>	<u>-</u>	<u>(82,805)</u>
Total accumulated depreciation	<u>(109,279)</u>	<u>\$ (12,906)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(122,185)</u>
Total capital assets being depreciated, net	<u>25,907</u>				<u>28,820</u>
Public services fund capital assets, net	<u>25,907</u>				<u>28,820</u>
 Business-type activities capital assets, net	<u>\$ 102,570,512</u>				<u>\$ 100,105,721</u>

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

B. Liabilities

Payables

Accounts payable and accrued liabilities at the government-wide level at June 30, 2013 were as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts and vouchers	\$ 759,709	\$ 4,519,603	\$ 5,279,312
Accrued payroll and related liabilities	163,703	139,901	303,604
Employee health unpaid claims	369,800	-	369,800
Total accounts payable and accrued liabilities	<u>\$ 1,293,212</u>	<u>\$ 4,659,504</u>	<u>\$ 5,952,716</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The City of Kinston contributes to the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The LGERS is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Kinston are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$924,099, \$967,629, and \$914,597 respectively. The contributions made by the City equaled the required contributions for each year.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Law Enforcement Officers' Special Separation Allowance

Plan Description. The City of Kinston administers a public employees' retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>77</u>
Total	<u>85</u>

A separate financial report was not issued for the plan.

Summary of Significant Accounting Policies

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The amortization period at December 31, 2011 was 19 years.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 207,514
Interest on net pension obligation	56,513
Adjustment to annual required contribution	<u>(70,337)</u>
Annual pension cost	193,690
Contributions made	<u>127,637</u>
Increase in net pension obligation	66,053
Net pension obligation:	
Beginning of year - July 1	<u>1,130,258</u>
End of year - June 30	<u>\$ 1,196,311</u>

Three-Year Trend Information

Year Ended	Annual Pension	Percentage of APC	Net Pension
June 30	Cost (APC)	Contributed	Obligation
2011	\$ 197,087	43.48%	\$ 1,066,038
2012	175,156	63.34%	1,130,258
2013	193,690	65.90%	1,196,311

Funded Status and Funding Progress

As December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$1,935,700. The covered payroll (annual payroll of active employees covered by the plan) was \$3,452,899, and the ratio of the UAAL to the covered payroll was 56.06%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2013 were \$214,500, which consisted of \$168,574 from the City and \$45,926 from the law enforcement officers.

Separation Allowance Plan

Plan Description. The City of Kinston administers a public employees' retirement system (the "Separation Allowance - Employees"), a single-employer closed defined benefit pension plan that provides retirement benefits to the City employees hired before May 21, 1984. The monthly plan benefits are a percentage (from the table below) of pay at retirement less the sum of monthly benefits received from Social Security, the North Carolina Local Governmental Employees' Retirement System, and the North Carolina Law Enforcement Officers' Separation Allowance Plan.

<u>Years of Employment</u>	<u>Percentage of Pay</u>
Less than 10	0.00%
10, but less than 15	30.00%
15, but less than 20	40.00%
20 or more	50.00%

To receive the above separation allowance, a person must retire under the North Carolina Local Governmental Employees' Retirement System and not have rejected their benefits under this plan. This generally means that the employee has either completed 30 or more years of creditable service, or attained age 60 and completed 5 years of creditable service (age 55 in the case of firemen and law enforcement officers).

The benefits are payable for life under the plan. However, as a practical matter, the allowances are paid to age 62 when Social Security is available. The offset to Social Security benefits generally causes the plan benefits to be non-existent after age 62. As benefits are increased under Social Security or under the basic retirement plan, the benefits payable under this plan are reduced.

CITY OF KINSTON, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

At June 30, 2013, the Separation Allowance - Employees' membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>6</u>
Total	<u><u>7</u></u>

A separate financial report was not issued for the plan.

Basis of Accounting. The City has chosen to fund the Separation Allowance - Employees on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions. The City is required to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the July 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increase ranging from 4.25% to 8.55% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized on a level dollar open basis. The amortization period at July 1, 2012 was 6 years.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 6,150
Interest on net pension obligation	2,555
Adjustment to annual required contribution	<u>(9,590)</u>
Annual pension cost	(885)
Contributions made	<u>10,978</u>
Increase (decrease) in net pension obligation	(11,863)
Net pension obligation:	
Beginning of year - July 1	<u>51,108</u>
End of year - June 30	<u><u>\$ 39,245</u></u>

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Three-Year Trend Information

Year Ended	Annual Pension	Percentage of APC	Net Pension
June 30	Cost (APC)	Contributed	Obligation
2011	\$ 23	69000.00%	\$ 64,344
2012	761	1839.30%	51,108
2013	(885)	-1240.45%	39,245

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$10,652. The covered payroll (annual payroll of active employees covered by the plan) was \$243,696, and the ratio of the UAAL to the covered payroll was 4.4 percent. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing, over time, relative to the actuarial accrued liability for benefits.

Supplemental Retirement Income Plan

The City offers its employees optional participation in the Supplemental Retirement Income Plan of North Carolina, a tax deferred investment program created in accordance with Internal Revenue Code Section 401(k). The plan, available to all permanent employees not engaged in law enforcement, permits them to defer a portion of their salary until future years. The City also contributes an amount equal to 1.5 percent of the employees' compensation and all contributions and investment earnings are 100 percent vested immediately and are not tied to years of service. However, the funds are not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan has a loan provision that allows participants to borrow from their account. Contributions for the year ended June 30, 2013 were \$330,750, which consisted of \$147,132 from the City and \$183,618 from the employees.

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.

Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Kinston, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firemen's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

Other Post-Employment Benefit

Healthcare Benefits

Plan Description. In addition to providing pension benefits, the City of Kinston has elected to provide post-retirement healthcare benefits to retirees of the City who participate in the North Carolina Local Governmental Employees' Retirement System (NCLGERS), a single-employer defined benefit plan, and have at least twenty (20) years of creditable service under the NCLGERS, provided that the last ten years of continuous service were with the City. Each retired participant receives an annual retirement medical allowance, until he reaches age sixty-five (65), of \$12.37 per year of creditable service, not to exceed thirty (30) years, for each month of the medical plan year. The City obtains healthcare coverage through private insurers. A separate report was not issued for the Plan.

Membership of the Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	54
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>213</u>
Total	<u><u>267</u></u>

Funding Policy. No member contributions are required. The full cost of the medical allowances is paid by the employer. The City has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 2.76% of annual covered payroll. For the current year, the City contributed \$203,804, or 2.17%, of the annual covered payroll. The City purchases insurance from a private carrier for healthcare coverage. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers, represented 2.76% and 2.76% of covered payroll, respectively. There were no contributions made by employees. The City's obligation to contribute to the Plan is established and may be amended by the City Council.

Summary of Significant Accounting Policies

Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. The City has chosen to fund the healthcare benefits on a pay-as-you-go basis.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Annual OPEB Cost and Net Obligation

The City's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 259,761
Interest on net OPEB obligation	4,327
Adjustments to annual required contribution	<u>(3,733)</u>
Annual OPEB cost (expense)	260,355
Contributions made	<u>(203,804)</u>
Increase (decrease) in net OPEB obligation	56,551
Net OPEB obligation:	
Beginning of year - July 1	<u>108,184</u>
End of year - June 30	<u>\$ 164,735</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2013 were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 234,922	95.69%	\$ 41,502
2012	260,045	78.25%	108,184
2013	260,355	78.28%	164,735

Fund Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,032,160. The covered payroll (annual payroll of active employees covered by the Plan) was \$9,399,146, and the ratio of the UAAL to the covered payroll was 32.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment,

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the Plan at the valuation date. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2011 was 25 years.

As of June 30, 2013, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the City Council.

Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The City has also elected to provide additional group term life insurance benefits up to 1.5 times the employee's base salary not to exceed \$200,000. This coverage is provided at no extra cost to the employee. If the combined life insurance coverage exceeds the \$50,000 limit, the excess amount is multiplied by a premium cost factor per \$1,000 based on the employee's age at December 31 provided by the IRS. This amount is then added to the employee's taxable wages on a calendar year basis. For the fiscal year ended June 30, 2013, the City made contributions of \$45,706 for this additional group term life insurance.

Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end is comprised of the following:

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
General Fund:		
Property taxes receivable	\$ 938,226	\$ -
Prepaid property taxes	-	20,316
Pavement assessment receivables	98,622	-
GTP fire taxes receivable	59	-
Total	<u>\$ 1,036,907</u>	<u>\$ 20,316</u>

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City's Employee Health Internal Service Fund was established to account for a limited risk, self-insurance program to provide workers' compensation benefits to City employees. Premiums are paid in to the Internal Service Fund by all other funds and are available to pay claims and administrative costs of the program. The interfund premiums are based upon the claims experience of the insured funds. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. An excess coverage insurance policy provides for individual claims in excess of \$350,000 and in aggregate in excess of \$2,000,000. A total of \$468,433 in claims was incurred for benefits during fiscal year 2013.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Claims Liability

	Year Ended June 30	
	2013	2012
Unpaid claims, beginning of fiscal year	\$ 304,000	\$ 263,000
Incurring claims (including claims incurred, but not reported as of fiscal year-end)	468,433	405,985
Payments and reduction in claims estimates	(402,633)	(364,985)
Unpaid claims, end of fiscal year	<u>\$ 369,800</u>	<u>\$ 304,000</u>

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The City carries flood insurance through the National Flood Insurance Plan (NFIP). Because a portion of the City's Wastewater Reclamation Facility is in an area of the State that has been mapped and designated as an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the City is eligible to purchase coverage of \$500,000 through NFIP. The City is also eligible for, and has purchased, commercial flood insurance for another \$300,000 of coverage for the contents of the facility.

In accordance with G.S. 159-29, the City's employees who have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$100,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

Claims, Judgments, and Contingent Liabilities

At June 30, 2013, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

Purchase Commitments

The City, with seven other entities, participates in the Neuse Regional Water and Sewer Authority (Authority), a jointly governed entity created under Article 5 of North Carolina General Statutes Section 162A. The Authority was created to supply potable water to its members. As part of the binding interlocal agreement which originally created the Authority, the City is obligated to pay for this water at rates set by the Agency and to set rates to its customers at a level such that sufficient water revenue is generated to meet the City's obligations to the Authority. Additionally under this agreement, the City is obligated to pay a proportional share of the Authority's costs whether or not the Authority produces any treated water.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 to its customers at a level such that sufficient electrical revenue is generated to meet the City's obligations to the Agency. The Agency furnishes power to the City by purchasing an undivided interest in some of Progress Energy's (formerly Carolina Power and Light Company) generating capacity and by contracting with Progress Energy 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 Progress Energy 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.

Long-Term Obligations

Installment Contracts

*** Effective					
<u>Year of Loan</u>	<u>Purpose and Collateral</u>	<u>Interest Rates</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Balance June 30, 2013</u>
<u>Governmental Activities:</u>					
2002	Grainger Stadium Renovations	5.65%		2017	\$ 620,690
2008	Various Vehicles and Equipment	2.59%		2013	-
2009	New Main Fire Station	4.75%		2049	3,043,313
2009	City Hall Renovations	4.38%		2039	1,747,882
2010	Various Vehicles and Equipment	3.38%	2.20%	2015	171,153
2011	Fire Trucks	4.00%		2030	799,858
2012	Various Vehicles and Equipment	1.39%		2018	621,038
2012	Fire Station	3.50%			<u>2,337,500</u>
Total governmental activities					\$ 9,341,434

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

		*** Effective			
Year of Loan	Purpose and Collateral	Interest Rates	Interest Rates	Maturity	Balance June 30, 2013
<u>Business-Type Activities:</u>					
Water					
2010	Various Vehicles and Equipment	3.38%	2.20%	2015	\$ 74,800
2012	Various Vehicles and Equipment	1.39%		2018	76,540
					<u>151,340</u>
Wastewater					
2010	Expansion of Sanitary Sewer System	5.07%	3.30%	2020	585,263
2012	Various Vehicles and Equipment	1.39%		2018	40,000
					<u>625,263</u>
Electric					
2006	Improvements to Distribution System	4.05%		2013	93,271
2008	Supervisory Control & Data Acquisition System	2.59%		2013	-
					<u>280,669</u>
Environmental Services					
2008	Various Vehicles and Equipment	2.59%		2013	-
					<u>259,780</u>
Stormwater					
2010	Equipment	3.38%	2.20%	2015	21,180
2012	Various Vehicles and Equipment	1.39%		2018	187,666
					<u>208,846</u>
Total Business-Type Activities					\$ 1,525,898

***The effective interest rate reflects a 35% federal interest subsidy/rebate in the form of direct payment Build America Bond under the American Recovery and Reinvestment Act (ARRA) provisions.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

Year Ending	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Installment Contracts</u>		<u>Installment Contracts</u>			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 463,453	\$ 383,533	\$ 427,708	\$ 45,242	\$ 891,161	\$ 428,775
2015	467,950	364,243	338,113	32,278	806,063	396,521
2016	437,484	347,782	200,288	28,852	637,772	376,634
2017	444,037	331,618	204,351	18,627	648,388	350,245
2018	313,230	314,744	166,809	13,194	480,039	327,938
2019-2023	990,978	1,446,902	188,629	12,104	1,179,607	1,459,006
2024-2028	1,214,029	1,223,851	-	-	1,214,029	1,223,851
2029-2033	1,355,874	953,564	-	-	1,355,874	953,564
2034-2038	1,449,826	671,614	-	-	1,449,826	671,614
2039-2043	1,294,312	345,232	-	-	1,294,312	345,232
2044-2048	741,338	149,002	-	-	741,338	149,002
2049-2053	168,923	8,019	-	-	168,923	8,019
Total	\$ 9,341,434	\$ 6,540,104	\$ 1,525,898	\$ 150,297	\$ 10,867,332	\$ 6,690,401

Installment contracts of the government activities will be repaid from the General Fund. Of the Enterprise Fund installment contracts, \$625,263 will be repaid from the Wastewater Fund, \$280,669 from the Electric Fund, \$151,340 from the Water Fund, \$259,780 from the Environmental Services Fund, and \$208,846 from the Storm Water Fund.

Notes Payable

Notes payable include obligations of the City for various Sewer Fund improvements are as follows:

Business-Type Activities:

<u>Year of Loan</u>	<u>Purpose and Collateral</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Balance June 30, 2013</u>
2003	Expansion to Sanitary Sewer System	2.66%	2023	\$ 819,786
2003	Expansion to Sanitary Sewer System	2.66%	2024	420,750
2007	Expansion to Sanitary Sewer System	2.27%	2027	<u>5,148,812</u>
Total business-type activities				<u>\$ 6,389,348</u>

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 488,001	\$ 149,619	\$ 637,620
2015	488,001	138,091	626,092
2016	488,001	126,563	614,564
2017	488,001	115,034	603,035
2018	488,001	103,506	591,507
2019-2023	2,440,004	344,610	2,784,614
2024-2027	<u>1,509,339</u>	<u>84,318</u>	<u>1,593,657</u>
Total	<u>\$ 6,389,348</u>	<u>\$ 1,061,741</u>	<u>\$ 7,451,089</u>

CITY OF KINSTON, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Revenue Bonds

Revenue bonds outstanding at June 30, 2013 are as follows:

Water Fund:

\$1,392,161 - Combined Enterprise System Revenue Bonds, Series 2004, due in semi-annual installments through April 1, 2021; interest at 4.25%	\$ 1,348,769
--	--------------

\$1,211,360 - Combined Enterprise Revenue Refunding Bonds, Series 2005, due in semi-annual installments through April 1, 2014; interest at 3.39%	143,434
Total	1,492,203

Wastewater Fund:

\$882,612 - Combined Enterprise System Revenue Bonds, Series 2004, due in semi-annual installments through April 1, 2021; interest at 4.25%	855,102
--	---------

\$767,987 - Combined Enterprise Revenue Refunding Bonds, Series 2005, due in semi-annual installments through April 1, 2014; interest at 3.39%	90,936
---	--------

\$2,536,000 - Combined Enterprise System Revenue Bonds, 2004 Series, due in semi-annual installments through June 15, 2019; interest at 4.25%	1,208,954
--	-----------

\$2,350,000 - Combined Enterprise System Revenue Bonds, 2008 Series, due in semi-annual installments through October 15, 2023; interest at 3.72%	1,721,085
Total	3,876,077

Electric Fund:

\$3,500,227 - Combined Enterprise System Revenue Bonds, Series 2004, due in semi-annual installments through April 1, 2021; interest at 4.25%	3,391,129
--	-----------

\$3,045,653 - Combined Enterprise Revenue Refunding Bonds, Series 2005, due in semi-annual installments through April 1, 2014; interest at 3.39%	360,630
---	---------

\$2,950,000 - Combined Enterprise System Revenue Bonds, Series 2008, due in semi-annual installments through October 15, 2023; interest at 3.72%	2,160,478
Total	5,912,237

Total Revenue Bonds	\$ 11,280,517
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CITY OF KINSTON, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 1,094,321	\$ 449,003	\$ 1,543,324
2015	1,133,671	409,058	1,542,729
2016	1,268,704	363,199	1,631,903
2017	1,324,704	309,865	1,634,569
2018	1,381,453	255,328	1,636,781
2019-2023	4,856,802	485,759	5,342,561
2024-2028	220,862	4,119	224,981
Total	<u>\$ 11,280,517</u>	<u>\$ 2,276,331</u>	<u>\$ 13,556,848</u>

Revenue Bond Covenants

The Series 2004, 2005, and 2008 revenue bonds are special obligations of the City, secured solely by the pledge of net revenue of the City's enterprise funds. Pursuant to the bond and related agreements, the City has made certain covenants that provide for rates to be set at levels to provide annually to maintain a debt service coverage ratio of 1.25 for parity indebtedness and 1.00 for parity and subordinated indebtedness. In addition, rates must be set at levels to provide for the payment of current expenses and to provide deposits to meet certain trust fund requirements associated with the bond agreements. Principal and interest payments for the fiscal year ended June 30, 2013 were \$1,792,828 and \$690,238, respectively. Total customer revenue for the City's enterprise funds totaled \$66,105,976 for the year ended June 30, 2013.

The debt service coverage ratio calculation for the year ended June 30, 2012 is as follows:

Operating revenues	\$ 66,105,976
Operating expenses*	<u>60,995,859</u>
Income available for debt service	<u>5,110,117</u>
 Debt service, principal and interest	
interest paid (parity debt)	<u>\$ 2,483,066</u>
 Debt service coverage ratio for parity debt	 <u>2.06</u>

*Per rate covenants; this does not include the depreciation expense of \$3,924,098.

At June 30, 2013, the City was in compliance with the bond covenants described above.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Other Long-Term Debt Disclosures

North Carolina General Statutes limit certain 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, 2013, the legal debt limit for the City was \$114,575,354 providing a legal debt margin of \$97,318,674.

At June 30, 2013, the City has no authorized bonds remaining to be issued.

Changes in Long-Term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2013 is as follows:

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>	<u>Current Portion of Balance</u>
Accrued compensated absences	\$ 720,891	\$ 377,186	\$ 377,990	\$ 720,087	\$ 108,013
Police separation allowance	1,130,258	66,053	-	1,196,311	-
Separation allowance plan	51,108	-	11,863	39,245	-
Installment contracts	9,107,542	621,038	387,146	9,341,434	463,453
OPEB liability	108,184	56,551	-	164,735	-
Total	<u>\$ 11,117,983</u>	<u>\$ 1,120,828</u>	<u>\$ 776,999</u>	<u>\$ 11,461,812</u>	<u>\$ 571,466</u>

For governmental activities, compensated absences, OPEB, and net pension obligations are generally liquidated by the General Fund.

Long-term liability activity for business-type activities for the year ended June 30, 2013 is as follows:

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>	<u>Current Portion of Balance</u>
Accrued compensated absences	\$ 314,051	\$ 71,751	\$ 74,621	\$ 311,181	\$ 77,795
Notes payable	6,877,349	-	488,001	6,389,348	488,001
Installment contracts	1,402,214	563,986	440,302	1,525,898	427,708
Revenue bonds	12,336,227	-	1,055,710	11,280,517	1,094,321
Total	<u>\$ 20,929,841</u>	<u>\$ 635,737</u>	<u>\$ 2,058,634</u>	<u>\$ 19,506,944</u>	<u>\$ 2,087,825</u>

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2013 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 19,731,177	\$ 100,105,721
Long-term debt	9,341,434	19,195,763
Less: Unspent debt proceeds	-	(397,602)
Net capital debt	<u>9,341,434</u>	<u>18,798,161</u>
 Net investment in capital assets	 <u><u>\$ 10,389,743</u></u>	 <u><u>\$ 81,307,560</u></u>

Interfund Balances and Activity

Due To/From Other Funds

The composition of interfund balances as of June 30, 2013 are as follows:

	Payable Fund		
		Internal Service Fund	
<u>Receivable Fund</u>	<u>Nonmajor Governmental</u>	<u>Fund</u>	<u>Total</u>
Electric Fund	\$ 543,387	\$ 698,296	\$ 1,241,683

Amounts due to Electric Fund from other funds represent advances to cover various expenses.

CITY OF KINSTON, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Interfund Transfers

The following is a detailed schedule of interfund transfers for the year ended June 30, 2013:

	Transfers Out						Total
	Major General Fund	Major Electric Fund	Major Water Fund	Major Wastewater Fund	Nonmajor Enterprise Fund	Internal Service Fund	
Transfers In							
Major General Fund	\$ -	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ 800,000
Major Water Fund	-	-	-	-	28,500	-	28,500
Nonmajor governmental funds	32,287	-	-	-	-	-	32,287
Internal service funds	195,000	26,600	84,500	9,300	175,000	444,576	934,976
Total	<u>\$ 227,287</u>	<u>\$ 826,600</u>	<u>\$ 84,500</u>	<u>\$ 9,300</u>	<u>\$ 203,500</u>	<u>\$ 444,576</u>	<u>\$ 1,795,763</u>

Transfers out from the General Fund to the nonmajor governmental funds were to fund the match portion of the 2012 Federal Bullet-Proof Vest Partnership and City's matching funds for the CDBG Catalyst Grant Kinston Slum and Blight Initiative. Transfers from all funds to the internal service funds were for shortfalls in Internal Service Fund charges for services. Transfers out from the Electric Fund to the General Fund were made to pay non-allocable administrative expenditures in the receiving fund related to the management of the transferring fund. Transfer from Stormwater to Water Fund was to reimburse Water Fund for use of pipe cleaning and pipeline televising services. Transfer from the Wastewater Fund to the Water Fund represents project assets that have been allocated to service the Water Fund.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2013, the City of Kinston has recognized on-behalf payments for pension contributions made by the State as a revenue and an expenditure of \$1,360 for the 18 employed firemen who perform firefighting duties for the City's fire department. The employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple-employer public-employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

Also, the City has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$19,800 for the salary supplement and stipend benefits paid to eligible firemen by the local board of Trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2013. Under State law the local Board of Trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

4. Jointly Governed Organizations

North Carolina Eastern Municipal Power Agency

The City, in conjunction with thirty-one other local governments, is a member of the North Carolina Eastern Municipal Power Agency (Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The thirty-two members, who receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for fiscal year ended June 30, 2013 were \$45,456,079.

Eastern Carolina Council of Governments

The City, in conjunction with seven counties and twenty-eight other municipalities, established the Eastern Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board.

Lenoir County Development Commission

The City, in conjunction with Lenoir County, established the Lenoir County Development Commission. The participating governments established the Commission to coordinate economic development activities within the County. The City appoints five members of the fourteen-member Board of Directors. The City provided no funding to the Commission during the year ended June 30, 2013.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Neuse Regional Water and Sewer Authority

The City, with seven other entities, participates in the Neuse Regional Water and Sewer Authority (Authority), a development stage enterprise. The Authority was formed to enable its members to finance construction, own, operate, and maintain regional water treatment and transmission facilities. The City appoints three of the fourteen-member governing board of the Authority. The Authority started operations in fiscal year 2008. The eight members are committed to monthly purchases of treated water in an amount equivalent to 75% of their calendar year 2002 monthly water requirements by volume. Except for the water sales purchase requirements, no participant has any obligation, entitlement, or residual interest. The City began purchasing treated water in September 2009.

Lenoir County Tourism Development Authority

The City, in conjunction with Lenoir County, established the Lenoir County Tourism Development Authority. The participating governments established the Authority to promote tourism in the County area. The City appoints three members of the seven-member Board of Directors. The City provided \$160,371 of funding for the Authority for the year ended June 30, 2013.

Kinston-Lenoir County Library

The City participates in a joint venture with Lenoir County to operate the Kinston-Lenoir County Library. The City appoints three Board members of the six-member Board. The City has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2013. During the year ended June 30, 2013, the City provided \$190,000 to the Library. Separate financial statements of the Library are available at the Library address of 510 North Queen Street, Kinston, North Carolina 28501.

City of Kinston Housing Authority

The Board of the City of Kinston Housing Authority is appointed by the City of Kinston. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Kinston is also disclosed as a related organization in the notes of the financial statements for the City of Kinston Housing Authority.

5. Federal and State-Assisted Programs

The City has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the possible refund of grant monies.

CITY OF KINSTON, NORTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

6. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
 - Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
 - Separation Allowance Plan
 - Other Post-Employment Benefits – Retiree Health Plan
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CITY OF KINSTON, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2007	\$ -	\$ 1,355,060	\$ 1,355,060	0.00%	\$ 3,393,664	39.93%
2008	-	1,526,173	1,526,173	0.00%	3,714,193	41.09%
2009	-	1,828,803	1,828,803	0.00%	3,799,983	48.13%
2010	-	1,754,219	1,754,219	0.00%	3,472,141	50.52%
2011	-	1,996,069	1,996,069	0.00%	3,646,237	54.74%
2012	-	1,935,700	1,935,700	0.00%	3,452,899	56.06%

CITY OF KINSTON, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2013**

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2008	\$ 141,308	34.05%
2009	155,141	36.38%
2010	170,012	33.95%
2011	200,463	42.74%
2012	185,449	59.82%
2013	207,514	61.51%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	19 years
Asset valuation method	Market value

Actuarial Assumptions:

Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
Cost of living adjustments	None

* Includes inflation at 3.00%

CITY OF KINSTON, NORTH CAROLINA

SEPARATION ALLOWANCE PLAN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2008	\$ -	\$ 143,512	\$ 143,512	0.00%	\$ 832,512	17.2%
2009	-	104,970	104,970	0.00%	832,512	12.6%
2010	-	57,206	57,206	0.00%	708,111	8.1%
2011	-	48,450	48,450	0.00%	514,985	9.4%
2012	-	31,542	31,542	0.00%	498,551	6.3%
2013	-	10,652	10,652	0.00%	243,696	4.4%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2009	\$ 28,990	\$ 36,536	126.03%
2010	21,179	18,792	88.73%
2011	11,060	15,870	143.49%
2012	9,617	13,997	145.54%
2013	6,150	10,978	178.50%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

Additional information as of the latest actuarial valuation follows.

Valuation date	7/1/2012
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open
Remaining amortization period	6 years
Asset valuation method	Market value
Actuarial Assumptions:	
Investment rate of return*	5.00%
Medical cost trend rate	4.25% to 8.55%
Year of ultimate trend rate	N/A

* Includes inflation at 3.00%

CITY OF KINSTON, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS -
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 2,839,772	\$ 2,839,772	0.00%	\$ 10,327,213	27.5%
12/31/2008	-	2,673,181	2,673,181	0.00%	10,058,691	26.6%
12/31/2009	-	2,721,329	2,721,329	0.00%	10,433,324	26.1%
12/31/2011	-	3,032,160	3,032,160	0.00%	9,399,146	32.3%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2009	\$ 245,575	\$ 218,494	88.97%
2010	234,694	220,273	93.86%
2011	234,694	224,791	95.78%
2012	259,761	203,494	78.34%
2013	259,761	203,804	78.46%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	25 years
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	N/A
Ultimate trend rate	N/A
Year of ultimate trend rate	N/A

* Includes inflation at 3.00%

MAJOR FUNDS

- General Fund
 - Electric Fund
 - Water Fund
 - Wastewater Fund
-

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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.

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CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND
BALANCE SHEET

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	<u>2013</u>	<u>2012</u>
Assets:		
Cash and investments	\$ 6,912,023	\$ 5,668,245
Receivables:		
Due from governmental agencies	577,149	867,180
Accounts receivable	371,680	1,491,887
Taxes receivable	938,226	847,601
Inventories	<u>89,785</u>	<u>87,020</u>
Total assets	<u>\$ 8,888,863</u>	<u>\$ 8,961,933</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 764,928	\$ 699,008
Advances from grantors	12,151	20,429
Prepaid privilege licenses	<u>115,249</u>	<u>1,019,315</u>
Total liabilities	<u>892,328</u>	<u>1,738,752</u>
Deferred Inflows of Resources:		
Property taxes receivable	938,226	847,601
Prepaid property taxes	20,316	58,986
Pavement assessment receivables	98,622	98,622
GTP fire taxes receivable	<u>59</u>	<u>29</u>
Total deferred inflows of resources:	<u>1,057,223</u>	<u>1,005,238</u>
Fund Balances:		
Non-spendable, not in spendable form:		
Inventories	89,785	87,020
Restricted:		
Stabilization by State statute	1,051,988	1,498,228
Unassigned	<u>5,797,539</u>	<u>4,632,695</u>
Total fund balances	<u>6,939,312</u>	<u>6,217,943</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,888,863</u>	<u>\$ 8,961,933</u>

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 9,448,700	\$ 9,586,396	\$ 137,696	\$ 9,516,019
Penalties and interest	80,000	92,384	12,384	91,591
Total	9,528,700	9,678,780	150,080	9,607,610
Sales and Services:				
Rents, concessions, and fees	325,465	281,268	(44,197)	237,787
Inspection fees	145,000	176,202	31,202	283,327
Cemetery fees	185,000	206,640	21,640	187,115
Cable franchise	182,860	147,549	(35,311)	180,266
Lenoir County Participation: Recreation	832,400	829,000	(3,400)	820,100
Woodmen Foundation Reimbursement:				
Recreation	398,400	314,463	(83,937)	29,725
Total	2,069,125	1,955,122	(114,003)	1,738,320
Other Taxes and Licenses:				
Local government sales tax	3,177,827	2,925,258	(252,569)	3,270,969
Franchise tax	1,937,363	1,587,545	(349,818)	1,838,155
Occupancy tax	224,000	187,437	(36,563)	224,309
Gross receipts tax	32,000	38,761	6,761	45,379
Licenses and permits	84,500	106,336	21,836	75,564
GTP fire protection taxes	69,000	86,629	17,629	71,952
Total	5,524,690	4,931,966	(592,724)	5,526,328
Unrestricted Intergovernmental:				
Payment in lieu of taxes	254,400	261,340	6,940	264,724
Beer and wine tax	100,000	87,116	(12,884)	93,916
ABC revenue	500	51,803	51,303	1,621
Total	354,900	400,259	45,359	360,261
Restricted Intergovernmental:				
Powell Bill allocations	616,400	625,891	9,491	614,365
School resource officer	79,000	81,704	2,704	78,937
N.C. Department of Transportation	134,400	90,034	(44,366)	118,337
Federal grants, miscellaneous	5,000	-	(5,000)	-
Federal drug forfeiture	4,600	17,878	13,278	-
State grants, miscellaneous	-	-	-	12,538
Court allocation	700	698	(2)	210
Forfeited drug proceeds	14,300	8,550	(5,750)	15,454
Total	854,400	824,755	(29,645)	839,841

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Other Revenue:				
Investment income	13,784	13,425	(359)	16,767
Sales of surplus materials and assets	105,875	97,899	(7,976)	27,935
Miscellaneous	158,278	104,160	(54,118)	152,848
Total	277,937	215,484	(62,453)	197,550
 Total revenues	 18,609,752	 18,006,366	 (603,386)	 18,269,910
Expenditures:				
General Government:				
Governing Body:				
Salaries and benefits	120,579	115,722	4,857	113,622
Operating	84,604	78,513	6,091	139,652
Total	205,183	194,235	10,948	253,274
 Executive:				
Salaries and benefits	497,200	504,225	(7,025)	580,095
Operating	430,398	363,453	66,945	425,736
Capital outlay	80,746	72,595	8,151	99,506
Total	1,008,344	940,273	68,071	1,105,337
 Finance:				
Salaries and benefits	671,100	649,065	22,035	629,254
Operating	375,000	342,745	32,255	354,864
Capital outlay	-	-	-	749
Total	1,046,100	991,810	54,290	984,867
 Human Resources:				
Salaries and benefits	228,235	211,983	16,252	197,086
Operating	315,500	305,288	10,212	219,964
Capital outlay	2,700	2,511	189	-
Total	546,435	519,782	26,653	417,050
 Engineering and Public Facilities:				
Salaries and benefits	604,800	574,573	30,227	607,618
Operating	406,900	330,467	76,433	351,120
Capital outlay	403,700	123,453	280,247	267,009
Less: interdepartmental charges	(495,600)	(495,600)	-	(314,700)
Total	919,800	532,893	386,907	911,047
 Indirect costs reimbursement	 (1,154,600)	 (1,182,990)	 28,390	 (1,455,769)
 Total general government	 2,571,262	 1,996,003	 575,259	 2,215,806

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Public Safety:				
Police and Fire Administration:				
Salaries and benefits	713,700	634,503	79,197	700,771
Operating	259,700	226,358	33,342	237,461
Total	973,400	860,861	112,539	938,232
Police:				
Salaries and benefits	4,448,270	4,139,920	308,350	4,245,235
Operating	856,584	909,225	(52,641)	885,412
Capital outlay	368,686	216,067	152,619	183,269
Total	5,673,540	5,265,212	408,328	5,313,916
Fire:				
Salaries and benefits	2,600,300	2,586,795	13,505	2,574,053
Operating	579,100	476,532	102,568	465,943
Capital outlay	-	-	-	65,407
Total	3,179,400	3,063,327	116,073	3,105,403
Inspections and Code Enforcement:				
Salaries and benefits	226,800	166,547	60,253	175,159
Operating	45,650	20,808	24,842	87,516
Capital outlay	-	-	-	2,252
Total	272,450	187,355	85,095	264,927
Total public safety	10,098,790	9,376,755	722,035	9,622,478
Public Services:				
Salaries and benefits	664,468	595,341	69,127	632,562
Operating	1,145,190	1,016,580	128,610	950,366
Capital outlay	351,000	334,312	16,688	-
Total	2,160,658	1,946,233	214,425	1,582,928
Parks and Recreation:				
Salaries and benefits	2,368,700	2,275,927	92,773	2,334,987
Operating	1,608,350	1,563,968	44,382	1,229,199
Capital outlay	88,083	77,723	10,360	78,028
Woodmen of the World contribution	200,000	200,000	-	-
Total	4,265,133	4,117,618	147,515	3,642,214

CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Community Development:				
Planning:				
Salaries and benefits	118,500	94,677	23,823	127,120
Operating	111,880	81,644	30,236	28,891
Capital outlay	800	699	101	-
Total	231,180	177,020	54,160	156,011
Economic Development:				
Operating	939,657	865,119	74,538	648,378
Total	939,657	865,119	74,538	648,378
Total community development	1,170,837	1,042,139	128,698	804,389
Total expenditures	20,266,680	18,478,748	1,787,932	17,867,815
Revenues over (under) expenditures	(1,656,928)	(472,382)	1,184,546	402,095
Other Financing Sources (Uses):				
Appropriated fund balance	535,828	-	(535,828)	-
Transfers in	800,000	800,000	-	800,800
Transfers out	(231,000)	(227,287)	3,713	(611,766)
Long-term debt issued	552,100	621,038	68,938	-
Total other financing sources (uses):	1,656,928	1,193,751	(463,177)	189,034
Net change in fund balance	\$ -	721,369	\$ 721,369	591,129
Fund Balance:				
Beginning of year - July 1		6,217,943		5,626,814
End of year - June 30		\$ 6,939,312		\$ 6,217,943

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NONMAJOR FUND TYPES

Nonmajor Special Revenue Funds – Descriptions for individual nonmajor special revenue funds are provided on the title pages located at the front of the section for nonmajor special revenue funds.

Nonmajor Capital Project Funds – Descriptions for individual nonmajor capital project funds are provided on the title pages located at the front of the section for nonmajor capital project funds.

Permanent Fund – The City has one Permanent Fund, Temple Israel Perpetual Care Fund, which is used to account for the unexpended principal funds, the revenue from which is used to maintain the Temple Israel's cemetery grounds.

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CITY OF KINSTON, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2013

	Governmental Fund Types			
	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund Temple Israel Perpetual Care Fund	Total
Assets:				
Cash and investments	\$ 56,268	\$ 58,040	\$ 83,898	\$ 198,206
Receivables	78,947	146,474	-	225,421
Restricted cash and investments	31,197	-	-	31,197
Total assets	<u>\$ 166,412</u>	<u>\$ 204,514</u>	<u>\$ 83,898</u>	<u>\$ 454,824</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 10,665	\$ 30,439	\$ -	\$ 41,104
Due to other funds	393,176	150,211	-	543,387
Total liabilities	<u>403,841</u>	<u>180,650</u>	<u>-</u>	<u>584,491</u>
Fund Balances:				
Non-spendable, not in spendable form:				
Perpetual maintenance	-	-	75,000	75,000
Restricted:				
Stabilization by State statute	78,947	146,474	-	225,421
Restricted, all other	31,197	24	8,898	40,119
Committed	36,874	38,653	-	75,527
Assigned	10,633	-	-	10,633
Unassigned	(395,080)	(161,287)	-	(556,367)
Total fund balances	<u>(237,429)</u>	<u>23,864</u>	<u>83,898</u>	<u>(129,667)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 166,412</u>	<u>\$ 204,514</u>	<u>\$ 83,898</u>	<u>\$ 454,824</u>

CITY OF KINSTON, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	Governmental Fund Types			Total
	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Permanent Fund Temple Israel Perpetual Care Fund	
Revenues:				
Intergovernmental revenue	\$ 176,189	\$ 480,472	\$ -	\$ 656,661
Miscellaneous income	1,200	-	-	1,200
Interest	16	11	136	163
Total revenues	<u>177,405</u>	<u>480,483</u>	<u>136</u>	<u>658,024</u>
Expenditures:				
Current:				
Public safety	139,841	289,701	-	429,542
Community development	131,346	137,318	-	268,664
Cultural and recreation	-	111,898	-	111,898
Total expenditures	<u>271,187</u>	<u>538,917</u>	<u>-</u>	<u>810,104</u>
Revenues over (under) expenditures	<u>(93,782)</u>	<u>(58,434)</u>	<u>136</u>	<u>(152,080)</u>
Other Financing Sources (Uses):				
Transfers in	32,287	-	-	32,287
Total other financing sources (uses)	<u>32,287</u>	<u>-</u>	<u>-</u>	<u>32,287</u>
Net change in fund balances	(61,495)	(58,434)	136	(119,793)
Fund Balances:				
Beginning of year - July 1	<u>(175,934)</u>	<u>82,298</u>	<u>83,762</u>	<u>(9,874)</u>
End of year - June 30	<u>\$ (237,429)</u>	<u>\$ 23,864</u>	<u>\$ 83,898</u>	<u>\$ (129,667)</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

2009 Governor's Crime Commission Grant – This fund accounts for federal monies awarded to allow for a comprehensive approach to dealing with gang related activities.

2009 COPS Hiring Recovery Program Grant (ARRA) – This fund accounts for federal monies from the U.S. Department of Justice Office of Community Oriented Policing Services (COPS). The grant is part of the 2009 American Reinvestment and Recovery Act (ARRA), for the hiring of two full time law enforcement officers for a three year period.

2010 Bulletproof Vest Partnership Grant (BVP) – This fund accounts for monies from the U.S. Department of Justice Bureau of Justice Assistance towards the purchase of law enforcement equipment and vests.

2010 JAG Recovery Act Relief Project – This fund accounts for monies from the U.S. Department of Justice Bureau of Justice Assistance, for the purchase of Law Enforcement supplies that will enhance the ability to better serve the citizens and protect officers. The City of Kinston and the Lenoir County Sheriff's Department share in the grant funding. The City administers the spending of funds.

2011 Edward Byrne Memorial JAG Grant – This fund accounts for monies from the U.S. Department of Justice Office of Justice Programs for the purchase of equipment and technology that will improve the safety and security of Law Enforcement officers and citizens.

2012 Edward Byrne Memorial JAG Grant – This fund accounts for monies from the U.S. Department of Justice Office of Justice Programs for the purchase of equipment and technology that will improve the safety and security of Law Enforcement officers and citizens.

2011 PSN GCC Crossing Boundaries Grant – This fund accounts for monies from the N. C. Governor's Crime Commission to provide behavioral and other community services to divert criminal gang and illegal gun activity in the local community.

2009 PSN GCC Project 61 Grant – This fund accounts for monies used for personnel expenditures relating to the development and execution of a city-wide comprehensive strategy to combat gun and gang related crime through enforcement, community outreach, and public awareness.

2011-2012 Bullet Proof Vest Grant – This fund accounts for monies from the U.S. Department of Justice Bureau of Justice Assistance towards the purchase of law enforcement ballistic vests.

Talent Enhancement and Capacity Building Grant – This fund accounts for monies used for expenditures relating to administrative, personnel, travel, and tuition expenses to attend classes for grant writing at East Carolina University.

Hurricane Irene – FEMA-4019-DR-NC Grant – This fund accounts for monies from the Federal Emergency Management Agency for emergency expenditures and ongoing repair and recovery of City infrastructure and assets damaged by Hurricane Irene in August, 2011.

Kinston Slum and Blight Initiative Capacity Grant – This fund accounts for monies used for expenditures relating to demolition of blighted properties along the Martin Luther King, Jr. Corridor.

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CITY OF KINSTON, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

	Community Development Administration	2009 Governor's Crime Commission Grant	2009 Cops Hiring Recovery Program Grant (ARRA)	2010 Bulletproof Vest Partnership Grant (BVP)	2010 JAG Recover Act Relief Project	2011 Edward Byrne Memorial JAG Grant
Assets:						
Cash and investments	\$ 10,633	\$ 8,815	\$ -	\$ 225	\$ 767	\$ -
Accounts receivable	39,997	-	16,186	83	-	-
Restricted cash and investments	-	-	-	-	-	-
Total assets	\$ 50,630	\$ 8,815	\$ 16,186	\$ 308	\$ 767	\$ -
Liabilities and Fund Balances:						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ 73,091	\$ -	\$ -	\$ 115
Accounts payable and accrued liabilities	-	-	1,904	-	-	-
Total liabilities	-	-	74,995	-	-	115
Fund Balances:						
Restricted:						
Stabilization by State Statute	39,997	-	16,186	83	-	-
Restricted, all other	-	-	-	-	-	-
Committed	-	8,815	-	225	767	-
Assigned	10,633	-	-	-	-	-
Unassigned	-	-	(74,995)	-	-	(115)
Total fund balances (deficit)	50,630	8,815	(58,809)	308	767	(115)
Total liabilities, deferred inflows of resources, and fund balances	\$ 50,630	\$ 8,815	\$ 16,186	\$ 308	\$ 767	\$ -

2012 Edward Byrne Memorial JAG Grant	2011 PSN GCC Crossing Boundaries Project	2009 PSN GCC Project 61	2011 Bulletproof Vest Partnership Grant (BVP)	Talent Enhancement & Capacity Building Grant	Hurricane Irene - FEMA - 4019-DR-NC	CDBG Catalyst Grant-Kinston Slum and Blight Elimination Initiative Fund	Total
\$ -	\$ -	\$ -	\$ 10,828	\$ -	\$ -	\$ 25,000	\$ 56,268
19,621	61	-	1,013	-	1,986	-	78,947
-	-	28,100	-	3,097	-	-	31,197
<u>\$ 19,621</u>	<u>\$ 61</u>	<u>\$ 28,100</u>	<u>\$ 11,841</u>	<u>\$ 3,097</u>	<u>\$ 1,986</u>	<u>\$ 25,000</u>	<u>\$ 166,412</u>
\$ 18,712	\$ 404	\$ -	\$ -	\$ -	\$ 300,854	\$ -	\$ 393,176
-	-	-	8,761	-	-	-	10,665
<u>18,712</u>	<u>404</u>	<u>-</u>	<u>8,761</u>	<u>-</u>	<u>300,854</u>	<u>-</u>	<u>403,841</u>
19,621	61	-	1,013	-	1,986	-	78,947
-	-	28,100	-	3,097	-	-	31,197
-	-	-	2,067	-	-	25,000	36,874
-	-	-	-	-	-	-	10,633
(18,712)	(404)	-	-	-	(300,854)	-	(395,080)
<u>909</u>	<u>(343)</u>	<u>28,100</u>	<u>3,080</u>	<u>3,097</u>	<u>(298,868)</u>	<u>25,000</u>	<u>(237,429)</u>
<u>\$ 19,621</u>	<u>\$ 61</u>	<u>\$ 28,100</u>	<u>\$ 11,841</u>	<u>\$ 3,097</u>	<u>\$ 1,986</u>	<u>\$ 25,000</u>	<u>\$ 166,412</u>

CITY OF KINSTON, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	<u>Community Development Administration</u>	<u>2009 Governor's Crime Commission Grant</u>	<u>2009 Cops Hiring Recovery Program Grant (ARRA)</u>	<u>2010 Bulletproof Vest Partnership Grant (BVP)</u>	<u>2010 JAG Recovery Act Relief Project</u>	<u>2011 Edward Byrne Memorial JAG Grant</u>
Revenues:						
Restricted:						
Intergovernmental revenue	\$ -	\$ -	\$ 65,926	\$ 2,802	\$ 20,796	\$ -
Other:						
Miscellaneous revenue	1,200	-	-	-	-	-
Investment earnings	16	-	-	-	-	-
Total revenues	<u>1,216</u>	<u>-</u>	<u>65,926</u>	<u>2,802</u>	<u>20,796</u>	<u>-</u>
Expenditures:						
Community development	-	-	-	-	-	-
Public Safety	-	-	88,627	1,269	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>88,627</u>	<u>1,269</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>1,216</u>	<u>-</u>	<u>(22,701)</u>	<u>1,533</u>	<u>20,796</u>	<u>-</u>
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,216	-	(22,701)	1,533	20,796	-
Fund Balances:						
Beginning of year - July 1	<u>49,414</u>	<u>8,815</u>	<u>(36,108)</u>	<u>(1,225)</u>	<u>(20,029)</u>	<u>(115)</u>
End of year - June 30	<u>\$ 50,630</u>	<u>\$ 8,815</u>	<u>\$ (58,809)</u>	<u>\$ 308</u>	<u>\$ 767</u>	<u>\$ (115)</u>

2012 Edward Byrne Memorial JAG Grant	2011 PSN GCC Crossing Boundaries Project	2009 PSN GCC Project 61	2011 Bulletproof Vest Partnership Grant (BVP)	Talent Enhancement & Capacity Building Grant	Hurricane Irene - FEMA - 4019-DR-NC	CDBG Catalyst Grant-Kinston Slum and Blight Elimination Initiative Fund	Total
\$ 35,776	\$ 2,979	\$ 12,640	\$ 203	\$ 2,579	\$ 32,488	\$ -	\$ 176,189
-	-	-	-	-	-	-	1,200
-	-	-	-	-	-	-	16
<u>35,776</u>	<u>2,979</u>	<u>12,640</u>	<u>203</u>	<u>2,579</u>	<u>32,488</u>	<u>-</u>	<u>177,405</u>
-	1,906	-	-	117	129,323	-	131,346
<u>34,867</u>	<u>-</u>	<u>-</u>	<u>15,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,841</u>
<u>34,867</u>	<u>1,906</u>	<u>-</u>	<u>15,078</u>	<u>117</u>	<u>129,323</u>	<u>-</u>	<u>271,187</u>
<u>909</u>	<u>1,073</u>	<u>12,640</u>	<u>(14,875)</u>	<u>2,462</u>	<u>(96,835)</u>	<u>-</u>	<u>(93,782)</u>
-	-	-	7,287	-	-	25,000	32,287
-	-	-	7,287	-	-	25,000	32,287
909	1,073	12,640	(7,588)	2,462	(96,835)	25,000	(61,495)
-	(1,416)	15,460	10,668	635	(202,033)	-	(175,934)
<u>\$ 909</u>	<u>\$ (343)</u>	<u>\$ 28,100</u>	<u>\$ 3,080</u>	<u>\$ 3,097</u>	<u>\$ (298,868)</u>	<u>\$ 25,000</u>	<u>\$ (237,429)</u>

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - COMMUNITY DEVELOPMENT ADMINISTRATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Other revenue	\$ -	\$ 1,200	\$ 1,200	\$ 900
Investment earnings	-	16	16	19
Total revenues	-	1,216	1,216	919
Net change in fund balance	<u>\$ -</u>	<u>1,216</u>	<u>\$ 1,216</u>	919
Fund Balance:				
Beginning of year - July 1		<u>49,414</u>		<u>48,495</u>
End of year - June 30		<u>\$ 50,630</u>		<u>\$ 49,414</u>

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - 2009 GOVERNOR'S CRIME COMMISSION GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental					
revenue, State Grant	\$ 100,381	\$ 92,546	\$ -	\$ 92,546	\$ (7,835)
Total revenues	<u>100,381</u>	<u>92,546</u>	<u>-</u>	<u>92,546</u>	<u>(7,835)</u>
Expenditures:					
Public Safety:					
Personnel costs	107,017	102,876	-	102,876	4,141
Administration	<u>26,824</u>	<u>14,311</u>	<u>-</u>	<u>14,311</u>	<u>12,513</u>
Total expenditures	<u>133,841</u>	<u>117,187</u>	<u>-</u>	<u>117,187</u>	<u>16,654</u>
Revenues over (under) expenditures	<u>(33,460)</u>	<u>(24,641)</u>	<u>-</u>	<u>(24,641)</u>	<u>8,819</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>33,460</u>	<u>33,456</u>	<u>-</u>	<u>33,456</u>	<u>(4)</u>
Total other financing sources (uses)	<u>33,460</u>	<u>33,456</u>	<u>-</u>	<u>33,456</u>	<u>(4)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,815</u>	<u>-</u>	<u>\$ 8,815</u>	<u>\$ 8,815</u>
Fund Balance:					
Beginning of year - July 1			<u>8,815</u>		
End of year - June 30			<u>\$ 8,815</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - 2009 COPS HIRING RECOVERY PROGRAM GRANT (ARRA)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental					
revenue, Federal grant	\$ 252,588	\$ 152,930	\$ 65,926	\$ 218,856	\$ (33,732)
Total revenues	<u>252,588</u>	<u>152,930</u>	<u>65,926</u>	<u>218,856</u>	<u>(33,732)</u>
Expenditures:					
Public Safety:					
Personnel costs	252,588	189,038	88,627	277,665	(25,077)
Total expenditures	<u>252,588</u>	<u>189,038</u>	<u>88,627</u>	<u>277,665</u>	<u>(25,077)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (36,108)</u>	(22,701)	<u>\$ (58,809)</u>	<u>\$ (58,809)</u>
Fund Balance:					
Beginning of year - July 1			(36,108)		
End of year - June 30			<u>\$ (58,809)</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - 2010 BULLET PROOF VEST PARTNERSHIP GRANT (BVP)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental revenue, Federal grant	\$ 11,878	\$ 9,077	\$ 2,802	\$ 11,879	\$ 1
Total revenues	<u>11,878</u>	<u>9,077</u>	<u>2,802</u>	<u>11,879</u>	<u>1</u>
Expenditures:					
Public Safety:					
Law enforcement supplies	23,756	22,180	1,269	23,449	307
Total expenditures	<u>23,756</u>	<u>22,180</u>	<u>1,269</u>	<u>23,449</u>	<u>307</u>
Revenues over (under) expenditures	<u>(11,878)</u>	<u>(13,103)</u>	<u>1,533</u>	<u>(11,570)</u>	<u>308</u>
Other Financing Sources (Uses):					
Transfers in (out)	11,878	11,878	-	11,878	-
Total other financing sources (uses)	<u>11,878</u>	<u>11,878</u>	<u>-</u>	<u>11,878</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,225)</u>	<u>1,533</u>	<u>\$ 308</u>	<u>\$ 308</u>
Fund Balance:					
Beginning of year - July 1			<u>(1,225)</u>		
End of year - June 30			<u>\$ 308</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - 2010 JAG RECOVERY ACT RELIEF PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental					
revenue, Federal grant	\$ 51,973	\$ 28,434	\$ 20,796	\$ 49,230	\$ (2,743)
Total revenues	<u>51,973</u>	<u>28,434</u>	<u>20,796</u>	<u>49,230</u>	<u>(2,743)</u>
Expenditures:					
Public Safety:					
Law enforcement supplies	51,973	48,463	-	48,463	3,510
Total expenditures	<u>51,973</u>	<u>48,463</u>	<u>-</u>	<u>48,463</u>	<u>3,510</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (20,029)</u>	20,796	<u>\$ 767</u>	<u>\$ 767</u>
Fund Balance:					
Beginning of year - July 1			(20,029)		
End of year - June 30			<u>\$ 767</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - 2011 EDWARD-BYRNE MEMORIAL JAG GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted intergovernmental revenue, Federal Grant	\$ 46,478	\$ 46,477	\$ -	\$ 46,477	\$ (1)
Total revenues	<u>46,478</u>	<u>46,477</u>	<u>-</u>	<u>46,477</u>	<u>(1)</u>
Expenditures:					
Public Safety:					
Law enforcement supplies	46,478	46,592	-	46,592	(114)
Total expenditures	<u>46,478</u>	<u>46,592</u>	<u>-</u>	<u>46,592</u>	<u>(114)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (115)</u>	<u>-</u>	<u>\$ (115)</u>	<u>\$ (115)</u>
Fund Balance:					
Beginning of year - July 1			<u>(115)</u>		
End of year - June 30			<u>\$ (115)</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - 2012 EDWARD-BYRNE MEMORIAL JAG GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		<u>Actual</u>			
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Over/Under</u>
Revenues:					
Restricted intergovernmental revenue, Federal grant	\$ 35,775	\$ -	\$ 35,776	\$ 35,776	\$ 1
Total revenues	<u>35,775</u>	<u>-</u>	<u>35,776</u>	<u>35,776</u>	<u>1</u>
Expenditures:					
Public Safety:					
Law enforcement supplies	<u>35,775</u>	<u>-</u>	<u>34,867</u>	<u>34,867</u>	<u>908</u>
Total expenditures	<u>35,775</u>	<u>-</u>	<u>34,867</u>	<u>34,867</u>	<u>908</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>909</u>	<u>\$ 909</u>	<u>\$ 909</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 909</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - 2011 PSN GCC CROSSING BOUNDARIES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Over/Under
		Years	Year	Date	
Revenues:					
Restricted intergovernmental revenue, State grants	\$ 10,000	\$ 732	\$ 2,979	\$ 3,711	\$ (6,289)
Total revenues	<u>10,000</u>	<u>732</u>	<u>2,979</u>	<u>3,711</u>	<u>(6,289)</u>
Expenditures:					
Community Development					
Grant expenses	<u>10,000</u>	<u>2,148</u>	<u>1,906</u>	<u>4,054</u>	<u>5,946</u>
Total expenditures	<u>10,000</u>	<u>2,148</u>	<u>1,906</u>	<u>4,054</u>	<u>5,946</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,416)</u>	1,073	<u>\$ (343)</u>	<u>\$ (343)</u>
Fund Balance:					
Beginning of year - July 1			<u>(1,416)</u>		
End of year - June 30			<u>\$ (343)</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS -2009 PSN GCC PROJECT 61
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental					
revenue, State grants	\$ 28,100	\$ 15,460	\$ 12,640	\$ 28,100	\$ -
Total revenues	<u>28,100</u>	<u>15,460</u>	<u>12,640</u>	<u>28,100</u>	<u>-</u>
Expenditures:					
Community Development:					
Grant expenses	28,100	-	-	-	28,100
Total expenditures	<u>28,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,100</u>
Net change in fund balance	\$ -	\$ 15,460	12,640	\$ 28,100	\$ 28,100
Fund Balance:					
Beginning of year - July 1			<u>15,460</u>		
End of year - June 30			<u>\$ 28,100</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - 2011 BULLET PROOF VEST GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental					
revenue, State grants	\$ 17,955	\$ -	\$ 203	\$ 203	\$ (17,752)
Total revenues	<u>17,955</u>	<u>-</u>	<u>203</u>	<u>203</u>	<u>(17,752)</u>
Expenditures:					
Public Safety:					
Law enforcement supplies	<u>35,908</u>	<u>-</u>	<u>15,078</u>	<u>15,078</u>	<u>20,830</u>
Total expenditures	<u>35,908</u>	<u>-</u>	<u>15,078</u>	<u>15,078</u>	<u>20,830</u>
Revenues over (under) expenditures	<u>(17,953)</u>	<u>-</u>	<u>(14,875)</u>	<u>(14,875)</u>	<u>3,078</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>17,953</u>	<u>10,668</u>	<u>7,287</u>	<u>17,955</u>	<u>2</u>
Total other financing sources (uses)	<u>17,953</u>	<u>10,668</u>	<u>7,287</u>	<u>17,955</u>	<u>2</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,668</u>	<u>(7,588)</u>	<u>\$ 3,080</u>	<u>\$ 3,080</u>
Fund Balance:					
Beginning of year - July 1			<u>10,668</u>		
End of year - June 30			<u>\$ 3,080</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - TALENT ENHANCEMENT AND CAPACITY BUILDING GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental					
revenue, CDBG Grant	\$ 50,000	\$ 30,561	\$ 2,579	\$ 33,140	\$ (16,860)
Total revenues	<u>50,000</u>	<u>30,561</u>	<u>2,579</u>	<u>33,140</u>	<u>(16,860)</u>
Expenditures:					
Community Development:					
Reimbursement to General Fund:					
Administration	10,000	2,902	100	3,002	6,998
Personnel	20,000	20,000	-	20,000	-
Meeting and travel	5,000	3,495	-	3,495	1,505
Tuition and education reimbursement	<u>15,000</u>	<u>3,529</u>	<u>17</u>	<u>3,546</u>	<u>11,454</u>
Total expenditures	<u>50,000</u>	<u>29,926</u>	<u>117</u>	<u>30,043</u>	<u>19,957</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 635</u>	2,462	<u>\$ 3,097</u>	<u>\$ 3,097</u>
Fund Balance:					
Beginning of year - July 1			<u>635</u>		
End of year - June 30			<u>\$ 3,097</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - HURRICANE IRENE - FEMA-4019-DR-NC
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental revenue,					
FEMA Grant	\$ 1,930,463	\$ 1,448,119	\$ 32,488	\$ 1,480,607	\$ (449,856)
Total revenues	<u>1,930,463</u>	<u>1,448,119</u>	<u>32,488</u>	<u>1,480,607</u>	<u>(449,856)</u>
Expenditures:					
Community Development:					
City-wide emergency protective measures	57,021	47,128	-	47,128	9,893
Traffic signals	90	15	-	15	75
Sidewalks, curbs, and gutters	35,553	31,208	18,936	50,144	(14,591)
Pistol range facilities	1,388	1,388	-	1,388	-
Barnett Park buildings and lighting	5,691	5,429	-	5,429	262
Water production sites	36,346	3,227	22,579	25,806	10,540
Lovitt Hines Center	1,611	1,461	-	1,461	150
Garbage and recycle carts	1,200	60	1,140	1,200	-
Grainger Stadium	3,615	3,525	-	3,525	90
Bill Fay Park Facilities	13,446	13,001	-	13,001	445
Harvey Gardens gazebo and lights	3,850	3,675	-	3,675	175
Kinston Regional Water Reclamation Facility	29,143	22,604	13,024	35,628	(6,485)
Fairfield Center Facilities	3,346	3,346	-	3,346	-
Mock Gym, Freeman Center, and Parks Admin Building	1,996	1,996	-	1,996	-
Georgia Battle Center and Emma Webb Park	1,580	1,580	-	1,580	-
Holloway Gym and Shelter	3,129	301	2,828	3,129	-
Emergency protective measures	137,297	136,046	4,401	140,447	(3,150)
Street signs	2,316	894	1,831	2,725	(409)
Power system	1,072,231	1,038,914	30,752	1,069,666	2,565
Hillcrest Subdivision sewage systems	1,221	1,155	525	1,680	(459)
Fire Station #3, quarters and engine bay	11,900	11,900	-	11,900	-
Public safety building, City Hall	1,342	713	629	1,342	-
Water operations	6,504	4,160	-	4,160	2,344
Maplewood Cemetery	2,482	2,482	-	2,482	-
Southeast Elementary School	8,056	7,656	7,597	15,253	(7,197)
Drainage ditch - flood control works:					
Adkins Branch Blue Line - PW 1655	21,000	-	-	-	21,000
Adkins Branch Blue Line - PW 1656	4,500	-	-	-	4,500
Adkins Branch Blue Line - PW 1661	6,500	-	-	-	6,500
Adkins Branch Blue Line - PW 1662	16,000	-	-	-	16,000
Adkins Branch Blue Line - PW 1663	6,000	-	-	-	6,000
Adkins Branch Blue Line - PW 1664	28,000	-	-	-	28,000
Adkins Branch Blue Line - PW 1665	12,465	-	-	-	12,465
City-wide debris removal	<u>393,644</u>	<u>306,288</u>	<u>25,081</u>	<u>331,369</u>	<u>62,275</u>
Total expenditures	<u>1,930,463</u>	<u>1,650,152</u>	<u>129,323</u>	<u>1,779,475</u>	<u>150,988</u>
Net change in fund balance	\$ -	\$ (202,033)	(96,835)	\$ (298,868)	\$ (298,868)
Fund Balance:					
Beginning of year - July 1			(202,033)		
End of year - June 30			<u>\$ (298,868)</u>		

CITY OF KINSTON, NORTH CAROLINA

SPECIAL REVENUE FUNDS - CDBG CATALYST GRANT -KINSTON SLUM AND BLIGHT ELIMINATION INITIATIVE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>Over/Under</u>
Revenues:					
Federal grants	\$ 100,000	\$ -	\$ -	\$ -	\$ (100,000)
Total revenues	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Expenditures:					
Community Development					
Demolition	112,500	-	-	-	112,500
Planning	2,500	-	-	-	2,500
Administration	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total expenditures	<u>125,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>
Revenues over (under) expenditures	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Other Financing Sources (Uses):					
Transfers in	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total other financing sources (uses)	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>25,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 25,000</u>		

NONMAJOR CAPITAL PROJECT FUNDS

Capital projects funds are used to account for the acquisition or construction of major capital facilities other than those financed by Proprietary Fund.

Retro-Green Capital Project Fund – This fund accounts for funds to be used for utilization and management of properties acquired as a result of floods caused by hurricanes which will be restored for recreation and conservation uses.

New Fire Station # 2 – This fund accounts for funds used to construct a new fire station at the intersection of Carey Road and Rouse Road to replace the current fire station located near the intersection of Plaza Blvd and Queen Street.

Train Depot Project – This fund accounts for funds to realign the railroad tracks, demolish and remove the old train depot and execute other safety and aesthetic improvements at the site.

Battlefield Parkway/Soccer Complex – This fund accounts for funds for the engineering and design of the Battlefield Parkway/Soccer Complex.

Capital Reserve Fund – This fund accounts for funds to be used for future capital improvements.

New Fire Station # 3 Fund– This fund accounts for funds used to construct a new fire station on Hill Farm Road.

Martin Luther King Jr. Blvd Enhancement Fund – This fund accounts for funds for work to enhance the Martin Luther King Jr. Blvd Corridor.

Heritage Street Improvements Fund – This fund accounts for funds for work to enhance Heritage Street.

CWMTF Flood Buy-Out Project II Fund – This fund accounts for funds to reallocate funds to properly close out and meet all requirements stated in the original Clean Water Management Trust Fund Flood Buyout Fund Project.

Energy Efficiency Building Improvement Fund – This fund accounts for funds to add energy efficient occupancy sensors and LED exit signs at multiple city buildings and upgrade the HVAC at the Public Services Complex.

Main Street Solutions Grant – This fund accounts for funds to be used in the renovation of the Miller Furniture building downtown.

National Endowment for the Arts (NEA) Our Town Grant – This fund accounts for monies used for expenditures relating to the planning and design for the music park at Sugar Hill, a focal point of the African American Music Trail. The project will help increase connectivity between existing cultural points related to the African American Music Trail and create a link to the SmART District.

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CITY OF KINSTON, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2013

	<u>Retro- Green</u>	<u>New Fire Station #2</u>	<u>Train Depot</u>	<u>Battlefield Parkway/ Soccer Complex</u>	<u>Capital Reserve Fund</u>
Assets:					
Cash and investments	\$ 8,250	\$ 11,227	\$ 24	\$ -	\$ 6,842
Accounts receivable	-	4,225	27	-	-
	<u>-</u>	<u>4,225</u>	<u>27</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 8,250</u>	<u>\$ 15,452</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 6,842</u>
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 3,488	\$ -
Accounts payable	-	8,607	-	-	-
	<u>-</u>	<u>8,607</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>8,607</u>	<u>-</u>	<u>3,488</u>	<u>-</u>
Fund Balance:					
Restricted:					
Stabilization by State statute	-	4,225	27	-	-
Restricted, all other	-	-	24	-	-
Committed	8,250	2,620	-	-	6,842
Unassigned	-	-	-	(3,488)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,488)</u>	<u>-</u>
Total fund balances	<u>8,250</u>	<u>6,845</u>	<u>51</u>	<u>(3,488)</u>	<u>6,842</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,250</u>	<u>\$ 15,452</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 6,842</u>

Schedule 20

New Fire Station #3	Martin Luther King Jr. Blvd. Enhancement	Heritage St. Improvements	CWMTF Flood Buy-Out II	NEA Our Town Fund	Total
\$ 20,575	\$ -	\$ 11,122	\$ -	\$ -	\$ 58,040
<u>2,857</u>	<u>85,303</u>	<u>-</u>	<u>-</u>	<u>54,062</u>	<u>146,474</u>
<u>\$ 23,432</u>	<u>\$ 85,303</u>	<u>\$ 11,122</u>	<u>\$ -</u>	<u>\$ 54,062</u>	<u>\$ 204,514</u>
\$ -	\$ 53,474	\$ -	\$ 20,680	\$ 72,569	\$ 150,211
<u>10,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,076</u>	<u>30,439</u>
<u>10,756</u>	<u>53,474</u>	<u>-</u>	<u>20,680</u>	<u>83,645</u>	<u>180,650</u>
2,857	85,303	-	-	54,062	146,474
-	-	-	-	-	24
9,819	-	11,122	-	-	38,653
<u>-</u>	<u>(53,474)</u>	<u>-</u>	<u>(20,680)</u>	<u>(83,645)</u>	<u>(161,287)</u>
<u>12,676</u>	<u>31,829</u>	<u>11,122</u>	<u>(20,680)</u>	<u>(29,583)</u>	<u>23,864</u>
<u>\$ 23,432</u>	<u>\$ 85,303</u>	<u>\$ 11,122</u>	<u>\$ -</u>	<u>\$ 54,062</u>	<u>\$ 204,514</u>

CITY OF KINSTON, NORTH CAROLINA

NONMAJOR CAPITAL PROJECT FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2013

	Retro- Green	New Fire Station #2	Train Depot	Battlefield Parkway/ Soccer Complex	Capital Reserve Fund
Revenues:					
Interest income	\$ -	\$ -	\$ -	\$ -	\$ 11
Federal and state grants	-	152,602	-	12,995	-
Total revenues	-	152,602	-	12,995	11
Expenditures:					
Cultural and recreation	-	-	-	13,390	-
Public safety	-	163,572	-	-	-
Community development	-	-	15,407	-	-
Total expenditures	-	163,572	15,407	13,390	-
Net change in fund balances	-	(10,970)	(15,407)	(395)	11
Fund Balances:					
Beginning of year - July 1	8,250	17,815	15,458	(3,093)	6,831
End of year - June 30	<u>\$ 8,250</u>	<u>\$ 6,845</u>	<u>\$ 51</u>	<u>\$ (3,488)</u>	<u>\$ 6,842</u>

New Fire Station #3	Martin Luther King Jr. Blvd. Enhancement	Heritage St. Improvements	CWMTF Flood Buy-Out II	Energy Efficiency Building Improvements	NEA Our Town Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11
120,595	126,388	-	14,286	688	52,918	480,472
120,595	126,388	-	14,286	688	52,918	480,483
-	-	-	16,007	-	82,501	111,898
126,129	-	-	-	-	-	289,701
-	121,911	-	-	-	-	137,318
126,129	121,911	-	16,007	-	82,501	538,917
(5,534)	4,477	-	(1,721)	688	(29,583)	(58,434)
18,210	27,352	11,122	(18,959)	(688)	-	82,298
\$ 12,676	\$ 31,829	\$ 11,122	\$ (20,680)	\$ -	\$ (29,583)	\$ 23,864

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - RETRO-GREEN CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Miscellaneous grants	\$ 25,000	\$ -	\$ -	\$ -	\$ (25,000)
Miscellaneous revenue	<u>20,000</u>	<u>8,450</u>	<u>-</u>	<u>8,450</u>	<u>(11,550)</u>
Total revenues	<u>45,000</u>	<u>8,450</u>	<u>-</u>	<u>8,450</u>	<u>(36,550)</u>
Expenditures:					
Cultural and recreation:					
Capital outlay	<u>45,000</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>44,800</u>
Total expenditures	<u>45,000</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>44,800</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,250</u>	<u>-</u>	<u>\$ 8,250</u>	<u>\$ 8,250</u>
Fund Balance:					
Beginning of year - July 1			<u>8,250</u>		
End of year - June 30			<u>\$ 8,250</u>		

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - NEW FIRE STATION #2
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal grants	\$ 225,000	\$ 72,398	\$ 152,602	\$ 225,000	\$ -
Investment earnings	550	586	-	586	36
Total revenues	<u>225,550</u>	<u>72,984</u>	<u>152,602</u>	<u>225,586</u>	<u>36</u>
Expenditures:					
Public Safety:					
Capital outlay	<u>1,500,550</u>	<u>1,330,169</u>	<u>163,572</u>	<u>1,493,741</u>	<u>6,809</u>
Total expenditures	<u>1,500,550</u>	<u>1,330,169</u>	<u>163,572</u>	<u>1,493,741</u>	<u>6,809</u>
Revenues over (under) expenditures	<u>(1,275,000)</u>	<u>(1,257,185)</u>	<u>(10,970)</u>	<u>(1,268,155)</u>	<u>6,845</u>
Other Financing Sources (Uses):					
Debt issued	<u>1,275,000</u>	<u>1,275,000</u>	-	<u>1,275,000</u>	-
Total other financing sources (uses)	<u>1,275,000</u>	<u>1,275,000</u>	-	<u>1,275,000</u>	-
Revenues and other financing sources:					
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,815</u>	<u>(10,970)</u>	<u>\$ 6,845</u>	<u>\$ 6,845</u>
Fund Balance:					
Beginning of year - July 1			<u>17,815</u>		
End of year - June 30			<u>\$ 6,845</u>		

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - TRAIN DEPOT PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
State grants	\$ 315,000	\$ 315,000	\$ -	\$ 315,000	\$ -
Total revenues	<u>315,000</u>	<u>315,000</u>	<u>-</u>	<u>315,000</u>	<u>-</u>
Expenditures:					
Community Development:					
Capital outlay	<u>315,000</u>	<u>299,542</u>	<u>15,407</u>	<u>314,949</u>	<u>51</u>
Total expenditures	<u>315,000</u>	<u>299,542</u>	<u>15,407</u>	<u>314,949</u>	<u>51</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15,458</u>	<u>(15,407)</u>	<u>\$ 51</u>	<u>\$ 51</u>
Fund Balance:					
Beginning of year - July 1			<u>15,458</u>		
End of year - June 30			<u>\$ 51</u>		

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - BATTLEFIELD PARKWAY/SOCCER COMPLEX
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 143,000	\$ 124,701	\$ 12,995	\$ 137,696	\$ (5,304)
Miscellaneous revenue	571	-	-	-	(571)
Total revenues	143,571	124,701	12,995	137,696	(5,875)
Expenditures:					
Cultural and recreation:					
Capital outlay	150,000	134,223	13,390	147,613	2,387
Total expenditures	150,000	134,223	13,390	147,613	2,387
Revenues over (under) expenditures	(6,429)	(9,522)	(395)	(9,917)	(3,488)
Other Financing Sources (Uses):					
Transfers in	6,429	6,429	-	6,429	-
Total other financing sources (uses)	6,429	6,429	-	6,429	-
Net change in fund balance	\$ -	\$ (3,093)	(395)	\$ (3,488)	\$ (3,488)
Fund Balance:					
Beginning of year - July 1			(3,093)		
End of year - June 30			\$ (3,488)		

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 11	\$ 11
Total revenues	-	11	11
Net change in fund balance	\$ -	11	\$ 11
Fund Balance:			
Beginning of year - July 1		<u>6,831</u>	
End of year - June 30		<u>\$ 6,842</u>	

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - NEW FIRE STATION #3
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 187,500	\$ 66,905	\$ 120,595	\$ 187,500	\$ -
Investment earnings	600	523	-	523	(77)
Total revenues	188,100	67,428	120,595	188,023	(77)
Expenditures:					
Public Safety:					
Construction costs	1,481,918	1,343,036	126,129	1,469,165	12,753
Total expenditures	1,481,918	1,343,036	126,129	1,469,165	12,753
Revenues over (under) expenditures	(1,293,818)	(1,275,608)	(5,534)	(1,281,142)	12,676
Other Financing Sources (Uses):					
Debt issued	1,062,500	1,062,500	-	1,062,500	-
Transfer from General Fund	231,318	231,318	-	231,318	-
Total other financing sources (uses)	1,293,818	1,293,818	-	1,293,818	-
Net change in fund balance	\$ -	\$ 18,210	(5,534)	\$ 12,676	\$ 12,676
Fund Balance:					
Beginning of year - July 1			18,210		
End of year - June 30			\$ 12,676		

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - MARTIN LUTHER KING JR. BLVD. ENHANCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 475,000	\$ 338,000	\$ 126,388	\$ 464,388	\$ (10,612)
Total revenues	<u>475,000</u>	<u>338,000</u>	<u>126,388</u>	<u>464,388</u>	<u>(10,612)</u>
Expenditures:					
Community Development:					
Construction costs	545,000	380,648	121,911	502,559	42,441
Total expenditures	<u>545,000</u>	<u>380,648</u>	<u>121,911</u>	<u>502,559</u>	<u>42,441</u>
Revenues over (under) expenditures	<u>(70,000)</u>	<u>(42,648)</u>	<u>4,477</u>	<u>(38,171)</u>	<u>31,829</u>
Other Financing Sources (Uses):					
Transfer from General Fund	20,000	20,000	-	20,000	-
Transfer from Electric Fund	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total other financing sources (uses)	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 27,352</u>	<u>4,477</u>	<u>\$ 31,829</u>	<u>\$ 31,829</u>
Fund Balance:					
Beginning of year - July 1			<u>27,352</u>		
End of year - June 30			<u>\$ 31,829</u>		

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - HERITAGE STREET IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 200,000	\$ 197,079	\$ -	\$ 197,079	\$ (2,921)
Miscellaneous revenue	500	-	-	-	(500)
Total revenues	<u>200,500</u>	<u>197,079</u>	<u>-</u>	<u>197,079</u>	<u>(3,421)</u>
Expenditures:					
Community Development:					
Construction costs	235,500	220,957	-	220,957	14,543
Total expenditures	<u>235,500</u>	<u>220,957</u>	<u>-</u>	<u>220,957</u>	<u>14,543</u>
Revenues over (under) expenditures	<u>(35,000)</u>	<u>(23,878)</u>	<u>-</u>	<u>(23,878)</u>	<u>11,122</u>
Other Financing Sources (Uses):					
Transfer from General Fund	35,000	35,000	-	35,000	-
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,122</u>	<u>-</u>	<u>\$ 11,122</u>	<u>\$ 11,122</u>
Fund Balance:					
Beginning of year - July 1			<u>11,122</u>		
End of year - June 30			<u>\$ 11,122</u>		

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - CWMTF FLOOD BUY-OUT II CAPITAL PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 125,343	\$ 22,263	\$ 14,286	\$ 36,549	\$ (88,794)
Total revenues	<u>125,343</u>	<u>22,263</u>	<u>14,286</u>	<u>36,549</u>	<u>(88,794)</u>
Expenditures:					
Cultural and recreation:					
Professional services	<u>186,434</u>	<u>67,640</u>	<u>16,007</u>	<u>83,647</u>	<u>102,787</u>
Total expenditures	<u>186,434</u>	<u>67,640</u>	<u>16,007</u>	<u>83,647</u>	<u>102,787</u>
Revenues over (under) expenditures	<u>(61,091)</u>	<u>(45,377)</u>	<u>(1,721)</u>	<u>(47,098)</u>	<u>13,993</u>
Other Financing Sources (Uses):					
Transfers in	<u>61,091</u>	<u>26,418</u>	<u>-</u>	<u>26,418</u>	<u>(34,673)</u>
Total other financing sources (uses)	<u>61,091</u>	<u>26,418</u>	<u>-</u>	<u>26,418</u>	<u>(34,673)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (18,959)</u>	<u>(1,721)</u>	<u>\$ (20,680)</u>	<u>\$ (20,680)</u>
Fund Balance:					
Beginning of year - July 1			<u>(18,959)</u>		
End of year - June 30			<u>\$ (20,680)</u>		

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - ENERGY EFFICIENCY BUILDING IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
State grants	\$ 88,626	\$ 66,549	\$ 688	\$ 67,237	\$ (21,389)
Total revenues	<u>88,626</u>	<u>66,549</u>	<u>688</u>	<u>67,237</u>	<u>(21,389)</u>
Expenditures:					
Community Development:					
Construction - building improvements	<u>88,626</u>	<u>67,237</u>	<u>-</u>	<u>67,237</u>	<u>21,389</u>
Total expenditures	<u>88,626</u>	<u>67,237</u>	<u>-</u>	<u>67,237</u>	<u>21,389</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>(688)</u>	688	\$ <u>-</u>	\$ <u>-</u>
Fund Balance:					
Beginning of year - July 1			<u>(688)</u>		
End of year - June 30			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - MAIN STREET SOLUTIONS GRANT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
State grants	\$ 200,000	\$ -	\$ -	\$ -	\$ (200,000)
Total revenues	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Expenditures:					
Community Development:					
Capital outlay- water and sewer lines	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total expenditures	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA

CAPITAL PROJECT FUND - NEA OUR TOWN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Federal and State grants	\$ 235,000	\$ -	\$ 52,918	\$ 52,918	\$ (182,082)
Total revenues	<u>235,000</u>	<u>-</u>	<u>52,918</u>	<u>52,918</u>	<u>(182,082)</u>
Expenditures:					
Cultural and recreation:					
African American Music Trail Project:					
Design and planning	40,000	-	-	-	40,000
Capital outlay	<u>195,000</u>	<u>-</u>	<u>82,501</u>	<u>82,501</u>	<u>112,499</u>
Total expenditures	<u>235,000</u>	<u>-</u>	<u>82,501</u>	<u>82,501</u>	<u>152,499</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(29,583)</u>	<u>\$ (29,583)</u>	<u>\$ (29,583)</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ (29,583)</u>		

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PERMANENT FUND

This fund is used to account for the activities associated with the upkeep of the Temple Israel Cemetery.

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CITY OF KINSTON, NORTH CAROLINA

PERMANENT FUND - TEMPLE ISRAEL PERPETUAL CARE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ -	\$ 136	\$ 136
Contributions	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total revenues	<u>75,000</u>	<u>136</u>	<u>(74,864)</u>
 Revenues over (under) expenditures	 <u>75,000</u>	 <u>136</u>	 <u>74,864</u>
Other Financing Sources (Uses):			
Transfers out	<u>(75,000)</u>	<u>-</u>	<u>75,000</u>
Total other financing sources (uses)	<u>(75,000)</u>	<u>-</u>	<u>75,000</u>
 Net change in fund balance	 <u><u>\$ -</u></u>	 <u>136</u>	 <u><u>\$ 136</u></u>
Fund Balance:			
Beginning of year - July 1		<u>83,762</u>	
 End of year - June 30		 <u><u>\$ 83,898</u></u>	

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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.

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CITY OF KINSTON, NORTH CAROLINA

ENTERPRISE FUNDS - ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services, electricity sales	\$ 53,100,900	\$ 52,641,331	\$ (459,569)	\$ 51,680,867
Other	484,076	681,119	197,043	534,742
Total operating revenues	53,584,976	53,322,450	(262,526)	52,215,609
Non-Operating Revenues:				
Grant funds	-	837	837	-
Interest earned on investments	8,000	10,009	2,009	12,968
Total non-operating revenues	8,000	10,846	2,846	12,968
Total revenues	53,592,976	53,333,296	(259,680)	52,228,577
Expenditures:				
Electric Operations:				
Salaries and benefits	1,317,800	1,055,764	262,036	1,018,149
Operating	2,189,359	1,739,183	450,176	1,770,396
Purchased power	46,341,300	46,398,005	(56,705)	45,570,221
Indirect costs	1,550,500	1,550,500	-	1,495,600
Capital outlay	318,376	3,165	315,211	315,431
Total	51,717,335	50,746,617	970,718	50,169,797
Debt Service:				
Principal retirement	802,900	802,859	41	795,649
Interest and other charges	274,600	274,202	398	303,818
Total debt service	1,077,500	1,077,061	439	1,099,467
Non-Operating Expenditure:				
Economic development reimbursements	-	-	-	95,000
Total expenditures	52,794,835	51,823,678	971,157	51,364,264
Revenues over (under) expenditures	798,141	1,509,618	711,477	864,313

CITY OF KINSTON, NORTH CAROLINA

ENTERPRISE FUNDS - ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Appropriated fund balance	107,459	-	(107,459)	-
Transfers in - Capital Reserve Fund	94,000	94,000	-	120,000
Transfers out - Capital Reserve Fund	(131,800)	(131,800)	-	(556,000)
Transfers out	(867,800)	(826,600)	41,200	(823,400)
Total other financing sources (uses)	(798,141)	(864,400)	(66,259)	(1,259,400)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 645,218</u>	<u>\$ 645,218</u>	<u>\$ (395,087)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 645,218		\$ (395,087)
Transfers in - Capital Project Fund		171,125		-
Transfers out - Capital Reserve Fund		(265,125)		(120,000)
Transfers in - Capital Reserve Fund		131,800		556,000
Capital outlay		-		294,301
Payment of debt principal		802,859		795,649
Depreciation		(1,039,734)		(914,113)
Non-capitalized expenditures from capital project funds		(595,111)		(43,403)
Bad debt expense		(111,906)		(7,241)
Capital contributions		368,384		1,253,693
Investment earnings from capital project funds		1,732		2,814
Change in accrued compensated absences		6,407		8,750
Loss on the disposal of capital asset		-		(856,601)
Change in accrued interest payable		(4,690)		7,255
Change in net position		<u>\$ 110,959</u>		<u>\$ 582,017</u>

CITY OF KINSTON, NORTH CAROLINA

ELECTRIC CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted Intergovernmental:					
Federal and State grants	\$ 5,410,162	\$ 4,262,938	\$ 368,384	\$ 4,631,322	\$ (778,840)
Dopaco project contribution	500,000	336,246	-	336,246	(163,754)
Interest earned on investments	14,500	18,767	-	18,767	4,267
Miscellaneous revenue	-	68,366	-	68,366	68,366
Total revenues	<u>5,924,662</u>	<u>4,686,317</u>	<u>368,384</u>	<u>5,054,701</u>	<u>(869,961)</u>
Expenditures:					
Caswell Center upgrades	5,259,095	2,857,434	-	2,857,434	2,401,661
West Industrial Park Substation Project	3,345,035	2,667,146	-	2,667,146	677,889
Lenox China generator Project	466,500	405,397	-	405,397	61,103
Felix Harvey Parkway Extension Project	205,800	80,605	-	80,605	125,195
Spirit Aerosystem Rail Spur Project	379,163	141,013	58,654	199,667	179,496
EEBGP Transportation Grant	499,500	503,084	-	503,084	(3,584)
Dopaco Inc. Generator Project	1,000,000	856,601	-	856,601	143,399
West Pharmaceutical Generator Project	962,500	-	962,500	962,500	-
Highway 58 Widening Project	168,130	103,459	-	103,459	64,671
531 Circuit Rebuild	<u>511,125</u>	<u>2,476</u>	<u>340,758</u>	<u>343,234</u>	<u>167,891</u>
Total	<u>12,796,848</u>	<u>7,617,215</u>	<u>1,361,912</u>	<u>8,979,127</u>	<u>3,817,721</u>
Debt Service:					
Principal retirement	311,000	310,951	-	310,951	49
Interest and other charges	<u>190,000</u>	<u>189,949</u>	<u>-</u>	<u>189,949</u>	<u>51</u>
Total debt service	<u>501,000</u>	<u>500,900</u>	<u>-</u>	<u>500,900</u>	<u>100</u>
Total expenditures	<u>13,297,848</u>	<u>8,118,115</u>	<u>1,361,912</u>	<u>9,480,027</u>	<u>3,817,821</u>
Revenue over (under) expenditures	<u>(7,373,186)</u>	<u>(3,431,798)</u>	<u>(993,528)</u>	<u>(4,425,326)</u>	<u>2,947,860</u>
Other Financing Sources (Uses):					
Debt issued	5,480,526	2,950,000	-	2,950,000	(2,530,526)
Transfers in	<u>1,892,660</u>	<u>1,721,535</u>	<u>171,125</u>	<u>1,892,660</u>	<u>-</u>
Total other financing sources (uses)	<u>7,373,186</u>	<u>4,671,535</u>	<u>171,125</u>	<u>4,842,660</u>	<u>(2,530,526)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,239,737</u>	<u>\$ (822,403)</u>	<u>\$ 417,334</u>	<u>\$ 417,334</u>

CITY OF KINSTON, NORTH CAROLINA

ELECTRIC CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Restricted Intergovernmental:					
Interest earned on investments	\$ -	\$ 3,532	\$ 1,732	\$ 5,264	\$ 5,264
Total revenues	-	3,532	1,732	5,264	5,264
Other Financing Sources (Uses):					
Transfers in	131,800	3,054,303	131,800	3,186,103	3,054,303
Transfers out	(131,800)	(1,883,110)	(265,125)	(2,148,235)	(2,016,435)
Total other financing sources (uses)	-	1,171,193	(133,325)	1,037,868	1,037,868
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,174,725	\$ (131,593)	\$ 1,043,132	\$ 1,043,132

WATER FUND

This fund is used to account for the activities associated with the production, distribution and transmission of potable water by the City to its users.

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CITY OF KINSTON, NORTH CAROLINA

**ENTERPRISE FUNDS - WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services:				
Water sales	\$ 7,260,700	\$ 7,270,928	\$ 10,228	\$ 6,769,975
Other	177,400	222,820	45,420	175,829
Total operating revenues	7,438,100	7,493,748	55,648	6,945,804
Non-Operating Revenues:				
Interest earned on investments	1,300	1,882	582	2,080
Total non-operating revenues	1,300	1,882	582	2,080
Total revenues	7,439,400	7,495,630	56,230	6,947,884
Expenditures:				
Water Production:				
Salaries and benefits	299,200	268,323	30,877	330,036
Operating	512,400	433,927	78,473	373,250
Repairs and maintenance	80,000	38,582	41,418	65,403
Capital outlay	25,900	25,722	178	-
Indirect costs	(183,650)	(183,650)	-	122,150
Total water production	733,850	582,904	150,946	890,839
Water Operations:				
Salaries and benefits	1,046,800	944,152	102,648	967,088
Operating	702,400	627,727	74,673	462,842
Repairs and maintenance	116,232	91,669	24,563	110,338
Capital outlay	354,298	297,663	56,635	96,980
Indirect costs	122,150	122,150	-	122,150
Total water operations	2,341,880	2,083,361	258,519	1,759,398
Water Operations:				
Purchased water	3,743,600	3,743,400	200	3,743,400
Debt Service:				
Principal retirement	192,600	192,463	137	241,920
Interest and other charges	72,700	71,694	1,006	79,488
Total debt service	265,300	264,157	1,143	321,408

CITY OF KINSTON, NORTH CAROLINA

**ENTERPRISE FUNDS - WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Non-Operating Expenditures:				
Economic development reimbursements	43,200	38,283	4,917	71,980
Total non-operating expenditure	43,200	38,283	4,917	71,980
 Total expenditures	 7,127,830	 6,712,105	 415,725	 6,787,025
 Revenues over (under) expenditures	 311,570	 783,525	 471,955	 160,859
 Other Financing Sources (Uses):				
Long-term debt issued	-	76,540	76,540	-
Appropriated fund balance	119,130	-	(119,130)	-
Transfers from:				
Other funds	28,500	28,500	-	28,500
Transfers to:				
Other funds	(459,200)	(84,500)	374,700	(81,351)
Total other financing sources (uses)	(311,570)	20,540	332,110	(52,851)
 Revenues and other financing sources over (under) expenditures and other financing uses	 \$ -	 \$ 804,065	 \$ 804,065	 \$ 108,008
 Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 804,065		\$ 108,008
 Transfers - Capital Reserve Fund		-		200,080
Transfer in		-		5,730
Capital outlay		257,248		92,172
Capital contributions		-		15,000
Interest from Capital Reserve Fund		374		209
Payment of debt principal		192,463		241,920
Debt issued		(76,540)		-
Depreciation		(435,371)		(467,760)
Bad debt expense		(12,373)		(38,744)
Change in accrued compensated absences		2,097		8,999
Change in accrued interest payable		814		1,917
Change in long-term payable - DOT reimbursement		-		71,060
 Change in net position		 \$ 732,777		 \$ 238,591

CITY OF KINSTON, NORTH CAROLINA

WATER CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Other:					
Contribution from Lenoir County	\$ -	\$ 76,054	\$ -	\$ 76,054	\$ 76,054
Investment earnings	-	209	374	583	583
Total revenues	-	76,263	374	76,637	76,637
Revenue over (under) expenditures	-	76,263	374	76,637	76,637
Other Financing Sources (Uses):					
Transfers in	-	4,765,214	-	4,765,214	4,765,214
Transfers out	-	(4,611,179)	-	(4,611,179)	(4,611,179)
Total other financing sources (uses)	-	154,035	-	154,035	154,035
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 230,298	\$ 374	\$ 230,672	\$ 230,672

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WASTEWATER FUND

This fund is used to account for the activities associated with the collection, operation, and treatment of the City's sewer systems.

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CITY OF KINSTON, NORTH CAROLINA

ENTERPRISE FUNDS - WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services:				
Sewer sales	\$ 5,252,200	\$ 5,365,358	\$ 113,158	\$ 4,997,607
Other	30,000	6,964	(23,036)	8,505
Total operating revenues	5,282,200	5,372,322	90,122	5,006,112
Non-Operating Revenues:				
Interest earned on investments	16,200	14,951	(1,249)	17,662
Grant funds	-	13,071	13,071	-
Other non-operating revenue	-	-	-	500,000
Total non-operating revenues	16,200	28,022	11,822	517,662
Total revenues	5,298,400	5,400,344	101,944	5,523,774
Expenditures:				
Wastewater Plant Operations:				
Salaries and benefits	767,900	697,551	70,349	766,304
Operating	733,950	587,946	146,004	532,480
Repairs and maintenance	63,500	57,913	5,587	5,576
Indirect costs	2,129,000	2,129,000	-	1,667,900
Capital outlay	106,900	98,103	8,797	28,335
Total wastewater plant operations	3,801,250	3,570,513	230,737	3,000,595
Debt Service:				
Principal retirement	970,236	950,773	19,463	1,226,200
Interest and other charges	381,145	365,745	15,400	404,126
Total debt service	1,351,381	1,316,518	34,863	1,630,326
Non-Operating Expenditures:				
Economic development reimbursements	9,300	8,204	1,096	95,000
Total expenditures	5,161,931	4,895,235	266,696	4,725,921
Revenues over (under) expenditures	136,469	505,109	(164,752)	797,853

CITY OF KINSTON, NORTH CAROLINA

**ENTERPRISE FUNDS - WASTEWATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Appropriated fund balance	129,650	-	-	-
Long-term debt issued	23,000	40,000	-	-
Transfers out - capital projects	-	-	-	(420,750)
Transfers in - capital projects	-	18,817	18,817	35,051
Transfers out - other funds	(289,119)	(9,300)	279,819	(8,200)
Total other financing sources (uses)	(136,469)	49,517	298,636	(393,899)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 554,626	\$ 554,626	\$ 403,954
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 554,626		\$ 403,954
Capital outlay		75,164		26,360
Debt issued		(40,000)		-
Payment of debt principal		950,773		1,226,200
Depreciation		(2,331,182)		(2,256,019)
Capital contributions		73,000		908,647
Transfer to/from projects		(18,817)		420,750
Interest from Capital Project Fund		414		207
Transfer-out of capital asset		-		(5,730)
Change in accrued compensated absences		7,760		(1,785)
Change in accrued interest payable		(5,887)		5,500
Bad debt expense		(10,256)		(23,401)
Change in net position		\$ (744,405)		\$ 704,683

CITY OF KINSTON, NORTH CAROLINA

WASTEWATER CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted Intergovernmental:					
Federal and State grants	\$ 5,946,140	\$ 2,738,157	\$ 73,000	\$ 2,811,157	\$ (3,134,983)
Local funds	-	32,462	-	32,462	32,462
Investment earnings	-	131,308	-	131,308	131,308
Other revenue	574,000	576,800	-	576,800	2,800
Total revenues	6,520,140	3,478,727	73,000	3,551,727	(2,968,413)
Expenditures:					
Spirit Aero Utilities Project	736,569	683,830	-	683,830	52,739
Sanderson Farms Utilities Project	1,094,150	1,062,863	-	1,062,863	31,287
College Street Sewer Rehabilitation Project	1,645,200	1,498,150	79,998	1,578,148	67,052
Highway 70 Industrial Park Sewer Project	40,000	40,000	-	40,000	-
Pollock Street Sewer Rehabilitation Project	604,247	604,247	-	604,247	-
Neuse Outfall Sewer Evaluation	50,750	50,750	-	50,750	-
Smithfield Plant Expansion Project	3,817,000	76,800	241,931	318,731	3,498,269
Total expenditures	7,987,916	4,016,640	321,929	4,338,569	3,649,347
Revenue over (under) expenditures	(1,467,776)	(537,913)	(248,929)	(786,842)	680,934
Other Financing Sources (Uses):					
Debt issued	1,280,028	205,028	-	205,028	(1,075,000)
Transfers in	454,790	703,339	-	703,339	248,549
Transfers out	(267,042)	(205,028)	(18,817)	(223,845)	43,197
Total other financing sources (uses)	1,467,776	703,339	(18,817)	684,522	(783,254)
Revenues and other financing sources over (under) expenditures and other financing sources	\$ -	\$ 165,426	\$ (267,746)	\$ (102,320)	\$ (102,320)

CITY OF KINSTON, NORTH CAROLINA

WASTEWATER CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ 207	\$ 414	\$ 621	\$ 621
Total revenues	-	207	414	621	621
Revenue over (under) expenditures	-	207	414	621	621
Other Financing Sources (Uses):					
Transfers in	87,825	342,825	-	342,825	255,000
Transfers out	(87,825)	(87,825)	-	(87,825)	-
Total other financing sources (uses)	-	255,000	-	255,000	255,000
Revenues and other financing sources over (under) expenditures and other financing sources	\$ -	\$ 255,207	\$ 414	\$ 255,621	\$ 255,621

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government's Board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or the government's Board has decided that periodic determination of net income is appropriate for accountability purposes.

Environmental Services Fund – This fund is used to account for the activities associated with the collection and disposal of garbage by the City for its users.

Stormwater Fund – This fund is used to account for the activities associated with improving and maintaining the City's stormwater system.

Woodmen of the World Community Center -This fund is used to account for the operation of the Woodmen Community Center and Lions Water Park located on West Vernon Avenue. The facility provides recreational and community activities.

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CITY OF KINSTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENT OF FUND NET POSITION
 JUNE 30, 2013

	Environmental Services Fund	Stormwater Fund	Woodmen of the World Community Center	Total
Assets:				
Current assets:				
Cash and investments	\$ 763,338	\$ 692,670	\$ 313,980	\$ 1,769,988
Accounts receivable	408,593	107,864	10,755	527,212
Restricted cash and cash equivalents	209,936	187,666	-	397,602
Total current assets	<u>1,381,867</u>	<u>988,200</u>	<u>324,735</u>	<u>2,694,802</u>
Non-current assets:				
Capital assets:				
Equipment	2,889,981	587,849	-	3,477,830
Accumulated depreciation	(2,839,165)	(295,250)	-	(3,134,415)
Total non-current assets	<u>50,816</u>	<u>292,599</u>	<u>-</u>	<u>343,415</u>
Total assets	<u>1,432,683</u>	<u>1,280,799</u>	<u>324,735</u>	<u>3,038,217</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	84,050	13,116	89,625	186,791
Current portion of installment notes	57,729	48,123	-	105,852
Current portion of compensated absences	13,199	2,804	104	16,107
Total current liabilities	<u>154,978</u>	<u>64,043</u>	<u>89,729</u>	<u>308,750</u>
Non-current liabilities:				
Non-current portion of installment notes	202,051	160,723	-	362,774
Non-current portion of compensated absences	39,598	8,410	313	48,321
Total non-current liabilities	<u>241,649</u>	<u>169,133</u>	<u>313</u>	<u>411,095</u>
Total liabilities	<u>396,627</u>	<u>233,176</u>	<u>90,042</u>	<u>719,845</u>
Net Position:				
Net investment in capital assets	972	271,419	-	272,391
Unrestricted	<u>1,035,084</u>	<u>776,204</u>	<u>234,693</u>	<u>2,045,981</u>
Total net position	<u>\$ 1,036,056</u>	<u>\$ 1,047,623</u>	<u>\$ 234,693</u>	<u>\$ 2,318,372</u>

CITY OF KINSTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Environmental Services Fund	Stormwater Fund	Woodmen of the World Community Center	Total
Operating Revenues:				
Charges for services	\$ 3,314,297	\$ 899,685	\$ 1,083,132	\$ 5,297,114
Other operating income	50,488	19,676	-	70,164
Total operating revenues	<u>3,364,785</u>	<u>919,361</u>	<u>1,083,132</u>	<u>5,367,278</u>
Operating Expenses:				
Operations	2,852,997	618,602	848,516	4,320,115
Depreciation	52,177	65,634	-	117,811
Total operating expenses	<u>2,905,174</u>	<u>684,236</u>	<u>848,516</u>	<u>4,437,926</u>
Operating income (loss)	<u>459,611</u>	<u>235,125</u>	<u>234,616</u>	<u>929,352</u>
Non-Operating Revenues (Expenses):				
Interest earned on investments	1,149	1,386	77	2,612
Loss on the disposal of capital asset	(14,592)	-	-	(14,592)
Interest on long-term debt	(2,541)	(2,613)	-	(5,154)
Total non-operating revenues (expenses)	<u>(15,984)</u>	<u>(1,227)</u>	<u>77</u>	<u>(17,134)</u>
Income (loss) before capital contributions and transfers	443,627	233,898	234,693	912,218
Capital Contributions and Transfers:				
Capital contributions	5,315	21,600	-	26,915
Transfers out	(151,700)	(51,800)	-	(203,500)
Total other financing sources (uses)	<u>(146,385)</u>	<u>(30,200)</u>	<u>-</u>	<u>(176,585)</u>
Change in net position	297,242	203,698	234,693	735,633
Net Position:				
Beginning of year - July 1	<u>738,814</u>	<u>843,925</u>	<u>-</u>	<u>1,582,739</u>
End of year - June 30	<u>\$ 1,036,056</u>	<u>\$ 1,047,623</u>	<u>\$ 234,693</u>	<u>\$ 2,318,372</u>

CITY OF KINSTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	Environmental Services Fund	Stormwater Fund	Woodmen of the World Community Center	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 3,258,216	\$ 929,265	\$ 1,072,377	\$ 5,259,858
Cash paid to suppliers for goods and services	(1,919,924)	(347,984)	(418,172)	(2,686,080)
Cash paid to or on behalf of employees for services	(944,369)	(263,037)	(340,302)	(1,547,708)
Net cash provided (used) by operating activities	<u>393,923</u>	<u>318,244</u>	<u>313,903</u>	<u>1,026,070</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers to other funds	(151,700)	(51,800)	-	(203,500)
Net cash provided (used) by non-capital financing activities	<u>(151,700)</u>	<u>(51,800)</u>	<u>-</u>	<u>(203,500)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(49,844)	-	-	(49,844)
Proceeds from long-term debt	259,780	187,666	-	447,446
Principal paid on general obligation bond maturities and equipment contracts	(27,328)	(10,590)	-	(37,918)
Interest paid on bonded indebtedness and equipment contracts	(2,541)	(2,613)	-	(5,154)
Contributed capital	<u>5,315</u>	<u>21,600</u>	<u>-</u>	<u>26,915</u>
Net cash provided (used) by capital and related financing activities	<u>185,382</u>	<u>196,063</u>	<u>-</u>	<u>381,445</u>
Cash Flows from Investing Activities:				
Interest on investments	<u>1,149</u>	<u>1,386</u>	<u>77</u>	<u>2,612</u>
Net cash provided (used) in investing activities	<u>1,149</u>	<u>1,386</u>	<u>77</u>	<u>2,612</u>
Net increase (decrease) in cash and cash equivalents/investments	428,754	463,893	313,980	1,206,627
Cash and Cash Equivalents/Investments:				
Beginning of year - July 1	<u>544,520</u>	<u>416,443</u>	<u>-</u>	<u>960,963</u>
End of year - June 30	<u>\$ 973,274</u>	<u>\$ 880,336</u>	<u>\$ 313,980</u>	<u>\$ 2,167,590</u>

CITY OF KINSTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	Environmental Services Fund	Stormwater Fund	Woodmen of the World Community Center	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 459,611	\$ 235,125	\$ 234,616	\$ 929,352
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	52,177	65,634	-	117,811
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(106,569)	9,904	(10,755)	(107,420)
Increase (decrease) in accounts payable	(10,824)	8,747	89,625	87,548
Increase (decrease) in compensated absences	(472)	(1,166)	417	(1,221)
Total adjustments	(65,688)	83,119	79,287	96,718
Net cash provided (used) by operating activities	<u>\$ 393,923</u>	<u>\$ 318,244</u>	<u>\$ 313,903</u>	<u>\$ 1,026,070</u>
Non-Cash Investing, Capital, and Financing Activities:				
Loss on the disposal of capital asset	<u>\$ (14,592)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,592)</u>
Total non-cash investing, capital, and financing activities:	<u>\$ (14,592)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,592)</u>

CITY OF KINSTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS - ENVIRONMENTAL SERVICES
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 3,143,900	\$ 3,314,297	\$ 170,397	\$ 3,156,291
Other	34,200	50,488	16,288	27,041
Total operating revenues	3,178,100	3,364,785	186,685	3,183,332
Non-Operating Revenues:				
State Grant	2,600	5,315	2,715	6,825
Interest earned on investments	400	1,149	749	1,121
Total non-operating revenues	3,000	6,464	3,464	7,946
Total revenues	3,181,100	3,371,249	190,149	3,191,278
Expenditures:				
Bulk Leaf Collection:				
Salaries and benefits	9,400	9,273	127	13,128
Operating	51,700	43,241	8,459	17,931
Capital outlay	20,100	20,097	3	36,480
Total leaf collection	81,200	72,611	8,589	67,539
Vector Control:				
Salaries and benefits	23,200	25,252	(2,052)	21,671
Operating	10,300	6,605	3,695	11,354
Capital outlay	32,900	31,266	1,634	-
Total vector control	66,400	63,123	3,277	33,025
Commercial Solid Waste:				
Salaries and benefits	249,100	243,536	5,564	243,403
Operating	554,467	525,688	28,779	524,341
Indirect costs	276,150	276,150	-	256,650
Total commercial solid waste	1,079,717	1,045,374	34,343	1,024,394
Residential Solid Waste:				
Salaries and benefits	701,900	652,948	48,952	681,685
Operating	764,300	749,349	14,951	681,597
Capital outlay	486,700	2,233	484,467	-
Indirect costs	276,150	276,150	-	256,650
Total residential solid waste	2,229,050	1,680,680	548,370	1,619,932
Recycling:				
Salaries and benefits	37,900	38,140	(240)	37,021
Operating	2,200	1,589	611	17,248
Total recycling	40,100	39,729	371	54,269

CITY OF KINSTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS - ENVIRONMENTAL SERVICES
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Debt Service:				
Principal retirement	27,400	27,328	72	138,690
Interest and other charges	400	362	38	3,801
Total debt service	27,800	27,690	110	142,491
 Total expenditures	3,524,267	2,929,207	595,060	2,941,650
 Revenues over (under) expenditures	(343,167)	442,042	785,209	249,628
 Other Financing Sources (Uses):				
Appropriated fund balance	271,567	-	(271,567)	-
Transfers out	(151,700)	(151,700)	-	(139,500)
Long-term debt issued	223,300	259,780	36,480	-
Total other financing sources (uses)	343,167	108,080	(235,087)	(139,500)
 Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 550,122	\$ 550,122	\$ 110,128
 Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 550,122		\$ 110,128
 Capital outlay		49,844		36,480
Debt issued		(259,780)		-
Payment of debt principal		27,328		138,690
Depreciation		(52,177)		(97,710)
Loss on the disposal of capital asset		(14,592)		-
Change in accrued compensated absences		472		3,583
Change in accrued interest payable		(2,179)		1,101
Bad debt expense		(1,796)		(80,794)
 Change in net position		\$ 297,242		\$ 111,478

CITY OF KINSTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS - STORMWATER
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 900,000	\$ 899,685	\$ (315)	\$ 903,670
Other	166,300	19,676	(146,624)	15,277
Total operating revenues	1,066,300	919,361	(146,939)	918,947
Non-Operating Revenues:				
State Grant	-	21,600	21,600	-
Interest earned on investments	1,400	1,386	(14)	1,772
Total non-operating revenues	1,400	22,986	21,586	1,772
Total revenues	1,067,700	942,347	(125,353)	920,719
Expenditures:				
Stormwater Operations:				
Salaries and benefits	294,200	261,871	32,329	276,533
Operating	157,001	127,142	29,859	223,866
Capital outlay	434,500	33,755	400,745	314,108
Indirect costs	197,000	197,000	-	188,500
Total stormwater operations	1,082,701	619,768	462,933	1,003,007
Debt Service:				
Principal retirement	10,600	10,590	10	43,810
Interest and other charges	1,000	984	16	2,173
Total debt service	11,600	11,574	26	45,983
Total expenditures	1,094,301	631,342	462,959	1,048,990
Revenues over (under) expenditures	(26,601)	311,005	337,606	(128,271)
Other Financing Sources (Uses):				
Appropriated fund balance	78,401	-	(78,401)	-
Transfers out	(51,800)	(51,800)	-	(49,000)
Long-term debt issued	-	187,666	187,666	-
Total other financing sources (uses)	26,601	135,866	109,265	(49,000)

CITY OF KINSTON, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUNDS - STORMWATER
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 446,871</u>	<u>\$ 446,871</u>	<u>\$ (177,271)</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 446,871		\$ (177,271)
Debt issued		(187,666)		-
Payment of debt principal		10,590		43,810
Depreciation		(65,634)		(98,825)
Change in accrued compensated absences		1,166		(389)
Decrease in accrued interest payable		(1,629)		353
Capital outlay		<u>-</u>		<u>305,769</u>
Change in net position		<u>\$ 203,698</u>		<u>\$ 73,447</u>

CITY OF KINSTON, NORTH CAROLINA

NONMAJOR ENTERPRISE FUNDS - WOODMEN OF THE WORLD COMMUNITY CENTER

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 1,033,747	\$ 1,083,132	\$ 49,385	\$ -
Total operating revenues	<u>1,033,747</u>	<u>1,083,132</u>	<u>49,385</u>	<u>-</u>
Non-Operating Revenues:				
Interest earned on investments	-	77	77	-
Total non-operating revenues	<u>-</u>	<u>77</u>	<u>77</u>	<u>-</u>
Total revenues	<u>1,033,747</u>	<u>1,083,209</u>	<u>49,462</u>	<u>-</u>
Expenditures:				
Operations:				
Salaries and benefits	226,200	340,719	(114,519)	-
Operating	<u>807,547</u>	<u>507,380</u>	<u>300,167</u>	<u>-</u>
Total expenditures	<u>1,033,747</u>	<u>848,099</u>	<u>185,648</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 235,110</u>	<u>\$ 235,110</u>	<u>\$ -</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 235,110		\$ -
Change in accrued compensated absences		<u>(417)</u>		<u>-</u>
Change in net position		<u>\$ 234,693</u>		<u>\$ -</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department for agencies of the City on a cost reimbursement basis.

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

Fleet Maintenance Internal Service Fund – This fund is used to finance and account for the City's garage operations.

Warehouse Internal Service Fund – This fund is used to finance and account for the City's purchases of inventory for fleet and fuel.

Public Services Administration Internal Service Fund – This fund is used to finance and account for the salaries and operating costs associated with the public utility and engineering functions of the City.

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CITY OF KINSTON, NORTH CAROLINA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF FUND NET POSITION

JUNE 30, 2013

	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Assets:					
Cash and investments	\$ 989,333	\$ -	\$ 44,350	\$ 1,591,825	\$ 2,625,508
Accounts receivable	1,084	40,527	43,184	3,750	88,545
Inventory	-	281,292	-	-	281,292
Capital assets:					
Buildings	19,468	-	-	-	19,468
Equipment	-	-	-	151,005	151,005
Accumulated depreciation	(9,247)	-	-	(122,185)	(131,432)
Total assets	<u>1,000,638</u>	<u>321,819</u>	<u>87,534</u>	<u>1,624,395</u>	<u>3,034,386</u>
Liabilities:					
Due to other funds	-	698,296	-	-	698,296
Accounts payable and accrued liabilities	384,979	14,667	87,534	50,305	537,485
Current portion of compensated absences	2,567	6,743	-	22,776	32,086
Non-current portion of compensated absences	<u>7,701</u>	<u>20,227</u>	<u>-</u>	<u>68,328</u>	<u>96,256</u>
Total liabilities	<u>395,247</u>	<u>739,933</u>	<u>87,534</u>	<u>141,409</u>	<u>1,364,123</u>
Net Position:					
Net investment in capital assets	10,221	-	-	28,820	39,041
Unrestricted	<u>595,170</u>	<u>(418,114)</u>	<u>-</u>	<u>1,454,166</u>	<u>1,631,222</u>
Total net position	<u>\$ 605,391</u>	<u>\$ (418,114)</u>	<u>\$ -</u>	<u>\$ 1,482,986</u>	<u>\$ 1,670,263</u>

CITY OF KINSTON, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Operating Revenues:					
Contributions from various funds	\$ 610,500	\$ 198,935	\$ 530,167	\$ 2,433,900	\$ 3,773,502
Other income	857	6,719	89	14,839	22,504
Total operating revenues	<u>611,357</u>	<u>205,654</u>	<u>530,256</u>	<u>2,448,739</u>	<u>3,796,006</u>
Operating Expenses:					
Administration	230,714	605,695	-	997,874	1,834,283
Operations	-	-	530,604	1,121,834	1,652,438
Depreciation	487	-	-	12,906	13,393
Claims reimbursement	468,433	-	-	-	468,433
Total operating expenses	<u>699,634</u>	<u>605,695</u>	<u>530,604</u>	<u>2,132,614</u>	<u>3,968,547</u>
Operating income (loss)	<u>(88,277)</u>	<u>(400,041)</u>	<u>(348)</u>	<u>316,125</u>	<u>(172,541)</u>
Non-Operating Revenues (Expenses):					
Interest earned on investments	1,652	-	-	2,286	3,938
Total non-operating revenues (expenses)	<u>1,652</u>	<u>-</u>	<u>-</u>	<u>2,286</u>	<u>3,938</u>
Income (loss) before transfers	<u>(86,625)</u>	<u>(400,041)</u>	<u>(348)</u>	<u>318,411</u>	<u>(168,603)</u>
Capital Contributions and Transfers:					
Transfers in	-	495,100	439,876	-	934,976
Transfers out	-	(439,876)	-	(4,700)	(444,576)
Total capital contributions and transfers	<u>-</u>	<u>55,224</u>	<u>439,876</u>	<u>(4,700)</u>	<u>490,400</u>
Change in net position	(86,625)	(344,817)	439,528	313,711	321,797
Net Position:					
Beginning of year - July 1	<u>692,016</u>	<u>(73,297)</u>	<u>(439,528)</u>	<u>1,169,275</u>	<u>1,348,466</u>
End of year - June 30	<u>\$ 605,391</u>	<u>\$ (418,114)</u>	<u>\$ -</u>	<u>\$ 1,482,986</u>	<u>\$ 1,670,263</u>

CITY OF KINSTON, NORTH CAROLINA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Cash Flows from Operating Activities:					
Cash received from customers	\$ 612,129	\$ 165,753	\$ 574,881	\$ 2,447,295	\$ 3,800,058
Cash paid to suppliers for goods and services	(515,712)	(180,367)	(520,527)	(556,297)	(1,772,903)
Cash paid to or on behalf of employees for services	(116,806)	(443,663)	-	(1,527,323)	(2,087,792)
Net cash provided (used) by operating activities	(20,389)	(458,277)	54,354	363,675	(60,637)
Cash Flows from Non-Capital Financing Activities:					
Transfers from other funds	-	495,100	439,876	-	934,976
Transfers to other funds	-	(439,876)	-	(4,700)	(444,576)
Advances to/from other funds	-	403,053	(449,880)	-	(46,827)
Net cash provided (used) by non-capital financing activities	-	458,277	(10,004)	(4,700)	443,573
Cash Flows from Capital and Related Financing Activities:					
Acquisition of capital assets	-	-	-	(15,819)	(15,819)
Net cash provided (used) by capital and related financing activities	-	-	-	(15,819)	(15,819)
Cash Flows from Investing Activities:					
Interest on investments	1,652	-	-	2,286	3,938
Net cash provided (used) by investing activities	1,652	-	-	2,286	3,938
Net increase (decrease) in cash and cash equivalents/investments	(18,737)	-	44,350	345,442	371,055
Cash and Cash Equivalents/Investments:					
Beginning of year - July 1	1,008,070	-	-	1,246,383	2,254,453
End of year - June 30	\$ 989,333	\$ -	\$ 44,350	\$ 1,591,825	\$ 2,625,508
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (88,277)	\$ (400,041)	\$ (348)	\$ 316,125	\$ (172,541)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	487	-	-	12,906	13,393
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	772	(39,901)	44,625	(1,444)	4,052
(Increase) decrease in inventories	-	(28,659)	-	-	(28,659)
Increase (decrease) in accounts payable	72,310	8,005	10,077	21,473	111,865
Increase (decrease) in accrued compensated absences	(5,681)	2,319	-	14,615	11,253
Total adjustments	67,888	(58,236)	54,702	47,550	111,904
Net cash provided (used) by operating activities	\$ (20,389)	\$ (458,277)	\$ 54,354	\$ 363,675	\$ (60,637)

CITY OF KINSTON, NORTH CAROLINA

**INTERNAL SERVICE FUND - EMPLOYEE HEALTH
SCHEDULE OF REVENUES AND EXPENDITURES -
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 610,500	\$ 610,500	\$ -	\$ 503,700
Other	-	857	857	32
Total operating revenues	610,500	611,357	857	503,732
Non-Operating Revenues:				
Investment earnings	-	1,652	1,652	2,576
Total non-operating revenues	-	1,652	1,652	2,576
Total revenues	610,500	613,009	2,509	506,308
Operating Expenditures:				
Administration:				
Salaries and benefits	126,600	111,125	15,475	148,168
Operating	143,600	125,270	18,330	101,771
Claims reimbursements, operating	465,300	468,433	(3,133)	405,985
Total operating expenditures	735,500	704,828	30,672	655,924
Revenues over (under) expenditures	(125,000)	(91,819)	33,181	(149,616)
Other Financing Sources (Uses):				
Appropriated fund balance	125,000	-	(125,000)	-
Total other financing sources (uses)	125,000	-	(125,000)	-
Revenue and other financing sources over (under) expenditures and other financing uses	\$ -	(91,819)	\$ (91,819)	(149,616)
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Reconciling items:				
Change in accrued vacation pay		5,681		9
Depreciation		(487)		(486)
Change in net position		\$ (86,625)		\$ (150,093)

CITY OF KINSTON, NORTH CAROLINA

INTERNAL SERVICE FUND - FLEET MAINTENANCE
SCHEDULE OF REVENUES AND EXPENDITURES-
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 109,002	\$ 198,935	\$ 89,933	\$ 20,912
Other	37,666	6,719	(30,947)	666
Total revenues	<u>146,668</u>	<u>205,654</u>	<u>58,986</u>	<u>21,578</u>
Operating Expenditures:				
Administration:				
Salaries and benefits	411,834	445,982	(34,148)	323,026
Operating	38,800	28,090	10,710	29,221
Capital outlay	5,300	5,184	116	603
Fleet maintenance inventory	<u>122,666</u>	<u>124,120</u>	<u>(1,454)</u>	<u>-</u>
Total expenditures	<u>578,600</u>	<u>603,376</u>	<u>(24,776)</u>	<u>352,850</u>
Revenues over (under) expenditures	<u>(431,932)</u>	<u>(397,722)</u>	<u>34,210</u>	<u>(331,272)</u>
Other Financing Sources (Uses):				
Appropriated fund balance	439,876	-	(439,876)	-
Transfers in	495,100	495,100	-	411,700
Transfers out	<u>(503,044)</u>	<u>(439,876)</u>	<u>63,168</u>	<u>(800)</u>
Total other financing sources (uses)	<u>431,932</u>	<u>55,224</u>	<u>(376,708)</u>	<u>410,900</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(342,498)</u>	<u>\$ (342,498)</u>	<u>79,628</u>
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Reconciling items:				
Change in accrued vacation pay		(2,319)		(1,671)
Depreciation		<u>-</u>		<u>(5,329)</u>
Change in net position		<u>\$ (344,817)</u>		<u>\$ 72,628</u>

CITY OF KINSTON, NORTH CAROLINA

INTERNAL SERVICE FUND - WAREHOUSE
SCHEDULE OF REVENUES AND EXPENDITURES-
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions from other funds	\$ 850,000	\$ 530,167	\$ (319,833)	\$ 599,716
Other	-	89	89	385
Total revenues	<u>850,000</u>	<u>530,256</u>	<u>(319,744)</u>	<u>600,101</u>
Operating Expenditures:				
Fuel purchased	850,000	530,604	319,396	599,716
Fleet maintenance inventory	-	-	-	36
Total expenditures	<u>850,000</u>	<u>530,604</u>	<u>319,396</u>	<u>599,752</u>
Operating income (loss)	-	(348)	(348)	349
Other Financing Sources (Uses):				
Transfers in	439,876	439,876	-	-
Transfers out	(439,876)	-	439,876	-
Total other financing sources (uses)	<u>-</u>	<u>439,876</u>	<u>439,876</u>	<u>-</u>
Revenue and other financing sources over (under) expenses and other financing uses	<u>\$ -</u>	<u>439,528</u>	<u>\$ 439,528</u>	<u>349</u>
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Change in net position		<u>\$ 439,528</u>		<u>\$ 349</u>

CITY OF KINSTON, NORTH CAROLINA

**INTERNAL SERVICE FUND - PUBLIC SERVICES ADMINISTRATION
SCHEDULE OF REVENUES AND EXPENDITURES -
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 2,433,900	\$ 2,433,900	\$ -	\$ 2,091,900
Other	-	14,839	14,839	38
Total operating revenues	<u>2,433,900</u>	<u>2,448,739</u>	<u>14,839</u>	<u>2,091,938</u>
Non-Operating Revenues:				
Investment earnings	-	2,286	2,286	2,555
Total non-operating revenues	<u>-</u>	<u>2,286</u>	<u>2,286</u>	<u>2,555</u>
Total revenues	<u>2,433,900</u>	<u>2,451,025</u>	<u>17,125</u>	<u>2,094,493</u>
Operating Expenditures:				
Administration:				
Salaries and benefits	673,500	599,836	73,664	519,293
Operating	90,600	50,218	40,382	48,809
Capital outlay	6,300	5,905	395	-
Indirect charges	<u>327,300</u>	<u>327,300</u>	<u>-</u>	<u>242,000</u>
Total administration	<u>1,097,700</u>	<u>983,259</u>	<u>114,441</u>	<u>810,102</u>
Operations:				
Salaries and benefits	992,200	942,102	50,098	883,299
Operating	182,400	161,096	21,304	138,480
Capital outlay	<u>181,900</u>	<u>34,455</u>	<u>147,445</u>	<u>23,200</u>
Total operations	<u>1,356,500</u>	<u>1,137,653</u>	<u>218,847</u>	<u>1,044,979</u>
Total operating expenditures	<u>2,454,200</u>	<u>2,120,912</u>	<u>333,288</u>	<u>1,855,081</u>
Revenues over (under) expenditures	<u>(20,300)</u>	<u>330,113</u>	<u>350,413</u>	<u>239,412</u>

CITY OF KINSTON, NORTH CAROLINA

**INTERNAL SERVICE FUND - PUBLIC SERVICES ADMINISTRATION
SCHEDULE OF REVENUES AND EXPENDITURES -
FINANCIAL PLAN AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Financial Plan	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Appropriated fund balance	25,000	-	(25,000)	-
Transfers out	(4,700)	(4,700)	-	(4,100)
Total other financing sources (uses)	<u>20,300</u>	<u>(4,700)</u>	<u>(25,000)</u>	<u>(4,100)</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	325,413	<u>\$ 325,413</u>	<u>\$ 235,312</u>
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Reconciling items:				
Change in accrued vacation pay		(14,615)		(1,062)
Capital outlay		15,819		13,391
Depreciation		<u>(12,906)</u>		<u>(11,816)</u>
Change in net position		<u>\$ 313,711</u>		<u>\$ 235,825</u>

OTHER FINANCIAL INFORMATION

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

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CITY OF KINSTON, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2013

Fiscal Year	Uncollected Balance July 1, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 9,533,752	\$ 9,030,111	\$ 503,641
2011-2012	445,895	63	300,239	145,719
2010-2011	119,098	24,356	56,651	86,803
2009-2010	81,278	574	23,149	58,703
2008-2009	68,606	190	9,308	59,488
2007-2008	31,536	6	7,313	24,229
2006-2007	32,468	-	4,257	28,211
2005-2006	23,453	-	4,803	18,650
2004-2005	23,829	-	3,305	20,524
2003-2004	23,547	-	2,665	20,882
2002-2003	19,490	-	19,490	-
Total	\$ 869,200	\$ 9,558,941	\$ 9,461,291	966,850
Motor vehicle tags receivable				113,216
Less allowance for uncollectible ad valorem taxes receivable:				
General Fund				(141,840)
Ad valorem taxes receivable, net				
General Fund				<u>\$ 938,226</u>
Reconciliation With Revenues:				
Ad valorem taxes - General Fund				\$ 9,586,396
Less auto fee				(143,004)
Penalties and interest collected				92,384
Add credits and adjustments				<u>(74,485)</u>
Total collections and credits				<u>\$ 9,461,291</u>

CITY OF KINSTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - CITY-WIDE LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$ 1,393,167,974	\$ 0.66	\$ 9,194,909	\$ 8,407,148	\$ 787,761
Penalties	-		23,354	23,354	-
Total	1,393,167,974		9,218,263	8,430,502	787,761
Municipal Service:					
District			57,931	57,931	-
Discoveries	43,955,236	0.66	290,105	290,105	-
Abatements	(4,931,282)		(32,547)	(31,521)	(1,026)
Total property valuation	\$ 1,432,191,928				
Net Levy			9,533,752	8,747,017	786,735
Uncollected taxes at June 30, 2013			503,641	325,166	178,475
Current Year's Taxes Collected			\$ 9,030,111	\$ 8,421,851	\$ 608,260
Current Levy Collection Percentage			94.72%	96.28%	77.31%

STATISTICAL SECTION

(Unaudited)

This part of the City of Kinston's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the finance statements, note disclosures, and required supplementary information says about the government's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	141
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the Electric charges.	150
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	154
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	158
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	160

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City of Kingston, North Carolina

Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets	\$ 7,642,027	\$ 6,747,204	\$ 8,022,946	\$ 10,469,056	\$ 8,832,457	\$ 10,632,852	\$ 10,172,960	\$ 10,135,164	\$ 11,213,831	\$ 10,389,743
Restricted	440,884	590,711	619,832	696,026	524,143	501,969	83,390	3,456,960	1,787,355	1,392,528
Unrestricted	4,134,942	4,517,268	3,962,060	3,310,120	4,655,523	4,419,431	4,864,981	2,300,910	4,472,843	4,378,089
Total governmental activities										
net position	\$ 12,217,853	\$ 11,855,183	\$ 12,604,838	\$ 14,475,202	\$ 14,012,123	\$ 15,554,252	\$ 15,121,331	\$ 15,893,034	\$ 17,474,029	\$ 16,160,360
Business-type activities:										
Net investment in capital assets	\$ 45,059,829	\$ 53,715,106	\$ 73,141,568	\$ 76,322,354	\$ 71,514,802	\$ 78,153,107	\$ 81,162,571	\$ 80,602,330	\$ 81,954,723	\$ 81,307,560
Unrestricted	5,824,985	9,857,561	10,637,908	12,109,100	17,249,298	10,604,869	10,672,618	11,800,462	12,355,920	14,155,855
Total business-type activities										
net position	\$ 50,884,814	\$ 63,572,667	\$ 83,779,476	\$ 88,431,454	\$ 88,764,100	\$ 88,757,976	\$ 91,835,189	\$ 92,402,792	\$ 94,310,643	\$ 95,463,415
Primary government:										
Net investment in capital assets	\$ 52,701,856	\$ 60,462,310	\$ 81,164,514	\$ 86,791,410	\$ 80,347,259	\$ 88,785,959	\$ 91,335,531	\$ 90,737,494	\$ 93,168,554	\$ 91,697,303
Restricted	440,884	590,711	619,832	696,026	524,143	501,969	83,390	3,456,960	1,787,355	1,392,528
Unrestricted	9,959,927	14,374,829	14,599,968	15,419,220	21,904,821	15,024,300	15,537,599	14,101,372	16,828,763	18,533,944
Total primary government										
net position	\$ 63,102,667	\$ 75,427,850	\$ 96,384,314	\$ 102,906,656	\$ 102,776,223	\$ 104,312,228	\$ 106,956,520	\$ 108,295,826	\$ 111,784,672	\$ 111,623,775

GASB Statement No. 34 Implemented in Fiscal Year 2003

City of Kingston, North Carolina

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
General government										
Public safety	\$ 1,917,328	\$ 2,351,252	\$ 1,402,585	\$ 1,983,777	\$ 2,980,089	\$ 2,594,129	\$ 2,873,676	\$ 3,128,980	\$ 3,299,355	\$ 3,736,119
Sanitation (Public services)	8,890,704	8,675,761	8,607,793	8,887,330	9,160,026	9,218,831	9,864,668	9,328,164	9,685,081	9,525,247
Culture and recreation	1,858,283	1,847,141	1,880,438	2,365,762	1,740,530	1,606,515	1,936,357	1,629,722	1,736,651	2,162,737
Community development	2,594,715	2,551,858	2,012,994	1,342,519	1,369,772	730,734	780,818	821,061	2,524,198	4,295,122
Interest on long-term debt	2,890,594	2,256,483	2,665,090	2,851,379	3,628,908	3,552,374	3,533,204	3,754,041	3,686,137	742,399
Interest on long-term debt	185,904	168,857	177,873	226,828	319,271	119,472	315,202	350,729	322,222	358,094
Total governmental activities expenses	18,337,528	17,851,352	16,746,753	17,657,595	19,198,596	17,922,055	19,303,925	19,012,697	21,253,644	20,919,718
Business-type activities:										
Electric	38,338,927	40,016,886	44,074,061	47,429,959	47,230,530	51,602,697	53,041,348	53,797,494	52,094,660	52,616,382
Water	3,206,893	3,771,820	3,671,141	3,350,291	3,199,827	7,516,489	7,378,161	7,355,873	6,983,435	6,881,717
Wastewater	4,391,983	4,536,399	4,654,361	4,271,411	5,295,824	5,296,885	5,296,980	5,886,216	5,671,974	6,140,791
Nonmajor funds	2,576,785	2,673,680	2,664,596	2,836,185	4,083,288	3,362,902	3,417,407	3,395,374	3,721,550	4,428,421
Total business-type activities expenses	48,514,588	50,998,765	55,064,159	57,887,846	59,809,469	67,778,973	69,133,896	70,434,956	68,471,618	69,867,311
Total primary government expenses	66,852,116	68,850,117	71,810,912	75,545,441	79,008,065	85,601,028	88,437,821	89,447,653	89,726,262	90,887,029
Program revenue:										
Governmental activities:										
Charges for services:										
General government										
Public safety	245,335	354,781	442,506	409,650	791,491	521,641	392,192	398,143	372,215	361,568
Public services	-	24,472	42,046	15,277	54,916	24,170	14,147	2,352	19,821	30,418
Culture and recreation	115,606	15,272	15,277	15,277	15,277	15,277	-	-	-	-
Community development	287,007	775,499	268,442	111,400	145,400	1,388,400	1,497,694	1,851,955	1,759,127	1,028,551
Community development	100,804	104,942	997,313	866,211	946,615	79,757	228,591	116,422	283,327	176,202
Operating grants and contributions:										
General government	-	-	4,320	-	114,215	14,202	-	-	12,538	-
Public safety	810,392	154,281	167,583	358,551	213,950	187,368	512,067	254,779	213,028	234,333
Public services	659,146	756,882	735,128	703,967	839,612	801,860	764,370	705,617	732,702	715,925
Culture and recreation	498,070	-	1,167,482	10,274	29,083	-	-	-	-	-
Community development	1,461,269	1,189,565	58,763	-	-	19,525	-	181,981	1,494,872	50,686
Capital grants and contributions, Community development										
Public safety	-	-	-	-	-	-	-	476,000	139,393	115,644
Public services	-	-	-	-	-	-	-	-	886,601	-
Culture and recreation	-	-	-	450,960	99,827	462,297	39,407	-	107,557	76,164
Community development	-	-	-	-	-	-	-	-	288,664	288,664
Total governmental activities program revenue	4,177,629	3,375,694	3,867,000	2,968,336	3,250,386	3,499,220	3,448,468	3,987,249	6,279,755	3,076,155
Business-type activities:										
Charges for services:										
Electric	39,259,547	39,727,807	44,686,861	46,817,025	48,105,623	53,174,103	55,029,445	55,232,090	52,266,966	53,285,229
Water	3,426,666	4,104,468	4,659,004	4,977,377	4,867,268	4,890,404	5,453,278	6,263,894	6,984,404	7,533,531
Wastewater	4,189,404	4,705,513	4,622,074	4,618,345	4,349,650	4,133,136	4,518,939	4,881,058	5,042,058	5,409,255
Nonmajor funds	2,578,277	2,584,199	2,589,512	2,693,291	3,273,556	3,881,863	4,108,466	4,002,603	4,138,173	5,402,616
Capital grants and contributions:										
Electric	-	-	-	-	616,961	1,305,801	1,311,358	150,000	1,253,693	369,221
Water	3,954,803	8,400	300,000	29,738	15,000	15,000	16,025	15,029	86,060	-
Wastewater	-	13,446,075	19,123,503	4,237,474	153,653	1,299,839	2,723,933	1,415,881	1,408,647	86,071
Nonmajor funds	6,353	24,704	-	-	-	132,765	-	-	-	-
Total business-type activities program revenues	53,415,050	64,601,166	75,980,954	63,373,250	61,381,911	68,922,911	73,161,444	71,970,555	71,180,001	72,885,923
Total primary government program revenues	57,592,679	67,976,860	79,847,954	66,341,586	64,632,297	72,327,131	76,609,912	75,957,804	77,459,756	75,164,078
Net (expense) revenue:										
Governmental activities	(14,159,899)	(14,475,658)	(12,879,753)	(14,689,259)	(15,948,210)	(14,322,835)	(15,855,457)	(15,025,448)	(14,973,889)	(17,741,563)
Business-type activities	4,900,462	13,602,401	20,916,795	5,485,404	1,572,442	1,043,938	4,027,548	1,535,599	2,708,383	2,216,612
Total primary government net expense	(9,259,437)	(873,257)	8,037,042	(9,203,855)	(14,375,768)	(13,278,897)	(11,827,909)	(13,489,850)	(12,265,506)	(15,522,951)

(Continued)

City of Kingston, North Carolina

Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	6,961,891	7,574,054	7,428,644	7,455,353	8,213,392	8,670,590	9,093,393	8,947,351	9,623,407	9,769,405
Sales taxes	3,033,439	3,042,893	2,991,928	3,169,463	2,949,288	2,861,603	2,920,585	3,026,606	3,270,969	2,925,258
Other taxes	1,221,479	1,950,381	1,737,049	1,916,403	1,895,726	2,139,890	1,982,714	2,219,513	2,255,359	2,006,708
Unrestricted intergovernmental	159,286	426,652	360,586	341,662	341,054	357,346	281,404	349,123	360,261	400,259
Investment earnings	26,576	63,365	94,385	200,033	288,941	88,357	174,443	20,107	20,202	15,240
Miscellaneous	93,195	63,353	26,264	146,222	286,867	279,008	174,443	223,451	182,766	210,924
Transfers	779,964	992,290	990,552	1,329,736	1,509,863	1,024,672	961,627	1,011,000	841,920	1,100,100
Capital contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities	12,275,830	14,112,988	13,629,408	14,558,872	15,485,131	15,421,466	15,422,536	15,797,151	16,554,884	16,427,894
Business-type activities:										
Investment earnings	16,415	77,742	280,566	496,310	270,067	125,330	11,292	43,004	41,388	34,260
Transfers	(779,964)	(992,290)	(990,552)	(1,329,736)	(1,509,863)	(1,024,672)	(961,627)	(1,011,000)	(841,920)	(1,100,100)
Total business-type activities	(763,549)	(914,548)	(709,986)	(833,426)	(1,239,796)	(899,342)	(950,335)	(967,996)	(800,532)	(1,065,840)
Total primary government	11,512,281	13,198,440	12,919,422	13,725,446	14,245,335	14,522,124	14,472,201	14,829,155	15,754,352	15,362,054
Changes in net position:										
Governmental activities	(1,884,069)	(362,670)	749,655	(130,387)	(463,079)	1,098,631	(432,921)	771,703	1,580,995	(1,313,669)
Business-type activities	4,136,913	12,687,853	20,206,809	4,651,978	332,646	144,596	3,077,213	567,603	1,907,851	1,152,772
Total primary government	\$ 2,252,844	\$ 12,325,183	\$ 20,956,464	\$ 4,521,591	\$ (130,433)	\$ 1,243,227	\$ 2,644,292	\$ 1,339,305	\$ 3,488,846	\$ (160,897)

City of Kingston, North Carolina

Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Function / Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government										
Public safety	\$ (1,671,993)	\$ (1,996,471)	\$ (955,739)	\$ (1,574,157)	\$ (2,074,383)	\$ (2,058,286)	\$ (2,481,484)	\$ (2,730,837)	\$ (2,914,602)	\$ (3,374,551)
Streets and Cemetery (Public services)	(8,080,312)	(8,497,008)	(8,420,024)	(8,486,733)	(8,891,160)	(9,007,293)	(9,338,454)	(8,595,033)	(9,312,929)	(9,144,852)
Culture and recreation	(1,083,531)	(1,074,987)	(1,130,033)	(1,646,518)	(885,641)	(804,655)	(1,171,987)	(924,105)	(147,348)	(1,446,812)
Community development	(1,809,638)	(1,776,359)	(587,070)	(1,220,845)	(2,553,383)	(1,701,677)	(1,996,103)	(1,902,086)	(1,819,453)	(3,190,407)
Interest on long-term debt	(1,328,521)	(961,976)	(1,605,014)	(1,534,208)	(1,224,372)	(631,452)	(552,227)	(522,658)	(457,335)	(226,847)
	(185,904)	(168,857)	(177,873)	(226,828)	(319,271)	(119,472)	(315,202)	(350,729)	(322,222)	(358,094)
Total governmental activities	(14,159,899)	(14,475,658)	(12,879,753)	(14,689,289)	(15,948,210)	(14,322,835)	(15,855,457)	(15,025,448)	(14,973,889)	(17,741,563)
Business-type activities:										
Electric	920,620	(289,079)	612,800	(612,934)	1,492,054	2,877,207	3,299,456	1,584,596	1,425,999	1,038,068
Water	219,773	341,048	1,287,863	1,656,824	1,682,441	(2,621,086)	(1,908,859)	(1,076,950)	87,030	851,814
Wastewater	3,752,224	13,615,189	19,091,216	4,584,408	(792,321)	136,090	1,945,893	420,724	778,732	(645,465)
Nonmajor funds	7,845	(64,757)	(75,084)	(142,894)	(809,732)	651,726	691,059	607,230	416,623	974,195
Total business-type activities	4,900,462	13,602,401	20,916,795	5,485,404	1,572,442	1,043,937	4,027,549	1,535,600	2,708,384	2,218,612
Total government	\$ (9,259,437)	\$ (873,257)	\$ 8,037,042	\$ (9,203,885)	\$ (14,375,768)	\$ (13,278,898)	\$ (11,827,908)	\$ (13,489,848)	\$ (12,265,505)	\$ (15,522,951)

GASB Statement No. 34 Implemented in fiscal year 2003

Source: City records.

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ 1,778,943	\$ 3,016,132	\$ 2,250,430	\$ 2,595,053	\$ 2,208,633	\$ 1,978,932	\$ 1,461,673	\$ -	\$ -	\$ -
Unreserved:	2,164,023	1,795,829	2,187,832	1,576,019	1,950,108	2,788,823	3,603,720	-	-	-
Non-spendable	-	-	-	-	-	-	-	89,373	87,020	89,785
Restricted	-	-	-	-	-	-	-	1,503,278	1,498,228	1,051,988
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	4,034,163	4,632,695	5,797,539
Total General Fund	\$ 3,942,966	\$ 4,811,961	\$ 4,438,262	\$ 4,171,072	\$ 4,158,741	\$ 4,767,755	\$ 5,065,393	\$ 5,626,814	\$ 6,217,943	\$ 6,939,312
All Other Governmental Funds:										
Reserved	\$ 244,764	\$ 182,905	\$ 313,363	\$ 4,168,822	\$ 42,652	\$ 42,112	\$ 41,572	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	520,709	142,252	(83,522)	102,534	39,795	5,682	22,734	-	-	-
Major capital projects funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	91,317	(176,826)	(665,281)	1,002,639	33,197	(40,971)	-	-	-
Permanent fund	-	76,824	78,464	80,584	81,694	83,268	83,390	-	-	-
Non-spendable in permanent fund	-	-	-	-	-	-	-	75,000	75,000	75,000
Restricted in capital project	-	-	-	-	-	-	-	2,028,365	214,127	265,540
Committed in capital project	-	-	-	-	-	-	-	99,058	73,038	74,760
Assigned in special revenue fund	-	-	-	-	-	-	-	7,418	8,877	10,633
Unassigned in capital project	-	-	-	-	-	-	-	(104,459)	(380,916)	(555,600)
Total all other government funds	\$ 765,473	\$ 493,298	\$ 131,469	\$ 3,686,659	\$ 1,166,780	\$ 164,259	\$ 106,725	\$ 2,105,382	\$ (9,874)	\$ (129,667)

Changes In Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 7,115,953	\$ 7,295,551	\$ 7,453,311	\$ 7,479,685	\$ 7,896,095	\$ 8,608,531	\$ 9,094,918	\$ 8,937,400	\$ 9,607,610	\$ 9,678,780
Other taxes	4,568,842	4,993,274	4,728,976	5,085,866	4,845,014	5,001,493	4,903,299	5,246,119	5,526,328	4,931,966
Intergovernmental	3,109,756	2,520,999	2,490,910	1,653,077	1,858,669	1,842,598	1,597,248	1,967,500	3,348,925	1,881,675
Charges for services	1,547,926	1,274,566	1,458,756	1,444,584	1,511,054	1,652,192	1,677,717	1,613,184	1,738,320	1,955,122
Other	205,906	179,280	434,937	546,582	532,669	349,453	178,769	231,138	199,309	216,847
Total revenues	16,548,383	16,263,670	16,566,890	16,209,794	16,643,501	17,454,267	17,451,951	17,995,341	20,420,492	18,664,390
Expenditures:										
General government	1,884,437	1,820,443	1,888,204	1,960,260	1,649,345	1,888,916	2,170,499	2,170,354	2,210,601	1,992,856
Public safety	8,190,475	8,331,314	8,920,980	9,886,828	11,511,179	9,992,813	9,557,209	10,131,381	11,416,806	9,346,240
Public services	1,621,290	1,836,529	1,834,359	2,134,327	1,915,880	1,347,391	1,636,134	1,350,374	1,492,119	1,898,996
Culture and recreation	2,340,430	2,425,258	2,811,762	3,425,570	3,342,593	3,364,074	3,267,172	3,421,337	3,557,481	4,272,800
Community development	2,787,031	2,179,013	1,968,797	1,263,181	1,333,933	953,254	765,103	1,327,385	2,845,447	1,083,839
Capital outlay	890,775	600	72,114	-	-	-	-	-	-	-
Debt service:										
Principal	550,208	565,944	775,232	870,910	848,396	5869,365	704,045	529,865	525,739	387,146
Interest	230,348	171,595	177,916	158,906	324,931	126,173	321,661	312,867	327,446	306,975
Total expenditures	18,494,994	17,330,996	18,449,364	19,699,982	20,926,257	23,541,986	18,421,823	19,243,563	22,375,639	19,288,852
Excess of revenues (under) expenditures	(1,946,611)	(1,067,326)	(1,882,474)	(3,490,188)	(4,282,756)	(6,087,719)	(969,872)	(1,248,222)	(1,955,147)	(624,462)
Other financing sources (uses):										
Transfers in	988,796	1,196,251	1,284,760	1,307,879	1,536,332	1,026,781	958,941	976,448	1,042,786	832,287
Transfers out	(529,147)	(547,705)	(524,658)	(197,576)	(249,187)	(318,569)	(176,850)	(365,648)	(611,766)	(227,287)
Issuance of long-term debt	905,114	1,015,000	314,730	5,667,885	463,401	4,986,000	427,885	3,197,500	-	621,038
Total other financing sources	1,364,763	1,663,546	1,074,832	6,778,188	1,750,546	5,694,212	1,209,976	3,808,300	431,020	1,226,038
Net changes in fund balance	\$ (581,848)	\$ 596,220	\$ (807,642)	\$ 3,288,000	\$ (2,532,210)	\$ (993,507)	\$ 240,104	\$ 2,560,078	\$ (1,524,127)	\$ 601,576
Debt service as a percentage of noncapital expenditures	4.2%	4.3%	5.2%	5.2%	5.6%	25.5%	5.6%	4.4%	3.8%	3.6%

City of Kingston, North Carolina

The Electric System
Electricity Purchased, Consumed and Unbilled
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	KWH Purchased	KWH Residential Usage	KWH Commercial/Industrial Usage	KWH Other Usage	KWH Total Usage	KWH Unbilled	KWH Unbilled %	Purchased Electric Rate (.00/KWH)
2004	464,469,048	136,959,635	288,458,227	16,388,724	441,806,586	22,662,463	5%	0.0690
2005	475,439,130	136,413,157	288,003,273	30,195,605	454,612,035	20,827,095	5%	0.0710
2006	484,523,623	139,408,959	295,020,542	28,633,767	463,063,268	21,460,355	5%	0.0731
2007	492,063,385	126,593,785	301,904,545	28,149,694	456,648,024	32,415,361	7%	0.0781
2008	501,150,574	128,931,657	319,701,583	28,664,564	477,297,804	23,852,773	5%	0.0810
2009	470,222,174	141,893,893	286,858,132	16,200,053	444,952,078	25,270,096	5%	0.0970
2010	465,525,523	141,091,458	280,977,669	14,943,169	437,012,296	28,513,227	6%	0.1000
2011	472,033,856	137,055,472	287,502,532	25,452,746	450,010,750	22,023,106	5%	0.1000
2012	438,140,246	120,692,572	276,287,764	23,680,224	420,660,560	17,479,686	4%	0.1020
2013	452,880,005	124,767,842	291,933,252	20,736,647	437,437,741	15,442,264	3%	0.1039

Source: City of Kingston Annual Financial Forecast provided by Booth & Associates, Inc.

Note:

City of Kingston, North Carolina

Electric Rates Last Ten Fiscal Years

Electric Rates	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011		
Residential	10.8	11.0	12.0	12.7	12.7	14.1	14.6	14.7		
Small General Service	9.4	9.3	10.1	12.5	12.4	14.1	14.6	14.6		
Medium General Service	0.0	0.0	10.3	10.4	10.3	11.8	12.2	12.3		
Public Housing	9.4	9.4	10.1	11.7	12.6	13.9	14.4	14.3		
Church & School	13.1	13.2	14.2	14.9	14.9	16.3	16.9	17.1		
Municipal Service	6.0	6.0	6.7	4.0	4	5.1	6	6		
Masterbrand	5.3	5.3	5.3	5.3	5.3*	0	0	0		
Large General Service	7.2	7.2	7.9	8.6	8.7	10.7	11	10.8		
CDC Rate	5.0	5.0	5.5	5.9	6	7	7.6	8.2		
Area Lights	20.7	20.9	22.2	21.5	22	22	22.8	23.4		

Source: City of Kingston Annual Financial Forecast provided by Booth & Associates, Inc.

Notes: *Masterbrand rate was retired on 10/01/2007

City of Kinston, North Carolina

Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Lenoir County</u>	<u>City of Kinston</u>	<u>Municipal Service District</u>	<u>Total Tax</u>
2004	0.78	0.60	0.27	1.65
2005	0.78	0.60	0.27	1.65
2006	0.79	0.60	0.27	1.66
2007	0.84	0.60	0.27	1.71
2008	0.84	0.60	0.27	1.71
2009	0.84	0.66	0.27	1.77
2010	0.80	0.66	0.27	1.73
2011	0.80	0.66	0.27	1.73
2012	0.80	0.66	0.27	1.73
2013	0.80	0.66	0.27	1.73

Note: (1) Real property was revalued on January 1, 2009.

City of Kinston, North Carolina

Principal Taxpayers
Current Year and Nine Years Ago
As of 6/30/2013

2013					2004								
Name of Taxpayer			Nature of Property	Assessed Value	Rank	Percentage of Total Assessed Value	Name of Taxpayer			Nature of Property	Assessed Value	Rank	Percentage of Total Assessed Value
Sanderson Farms, Inc Smithfield Packing Carolina Telephone Masterbrand Cabinets, Inc Poole Walter Realty, Inc. BRE Retail Residual NC Owner LP Piedmont Natural Gas Lowe's Home Centers Vernon Park Mall Holding Corp. Perry's, Inc.	Poultry Processor	\$	117,470,311	1	8.20%	Masterbrand Cabinets Inc. Carolina Telephone Smithfield Packing Poole Walter Realty, Inc. Excel Realty Trust NC Barnet Southern Corp Dwight C. and Patricia Howard NC Natural Gas Perry, Inc. Smith Investment Properties	Manufacturer	\$	28,869,170	1	2.50%		
	Meat Processor		69,086,307	2	4.82%		Utility		22,655,340	2	2.00%		
	Utility		25,908,686	3	1.81%		Meat Processor		18,495,911	3	1.60%		
	Manufacturer		18,965,719	4	1.32%		Real Estate		15,878,529	4	1.40%		
	Real Estate		16,351,793	5	1.14%		Shopping Mall		10,730,931	5	0.90%		
	Shopping Center		12,571,268	6	0.88%		Manufacturer		9,406,417	6	0.80%		
	Utility		11,831,005	7	0.83%		Utility		7,840,093	7	0.70%		
	Shopping		10,222,714	8	0.71%		Real Estate		7,595,925	8	0.70%		
	Shopping Mall		8,003,517	9	0.56%		Shopping Mall		6,797,657	9	0.60%		
	Real Estate		7,978,613	10	0.56%				6,082,611	10	0.50%		
Total Assessed Valuation of Top Ten Taxpayers				298,389,933		20.83%	Total Assessed Valuation of Top Ten Taxpayers				134,352,584		11.70%
Balance of Assessed Valuation				1,133,801,996		79.17%	Balance of Assessed Valuation				1,019,393,945		88.30%
Total Assessed Valuation				\$ 1,432,191,929		100.00%	Total Assessed Valuation				\$ 1,153,746,529		100.00%

Source: Lenoir County Tax Office

City of Kinston, North Carolina

Property Tax Levies And Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2003	6,980,033	6,586,934	0.9437	369,552	6,956,486	0.9966
2005	2004	7,088,728	6,677,323	0.9420	387,576	7,064,899	0.9966
2006	2005	7,180,425	6,783,645	0.9447	364,312	7,147,957	0.9955
2007	2006	7,268,251	6,889,924	0.9479	345,859	7,235,783	0.9955
2008	2007	7,701,960	7,334,167	0.9522	336,257	7,670,424	0.9959
2009	2008	8,480,980	8,029,872	0.9468	382,502	8,412,374	0.9919
2010	2009	8,888,479	8,473,336	0.9533	333,865	8,807,201	0.9909
2011	2010	8,764,337	8,363,449	0.9543	281,790	8,645,239	0.9864
2012	2011	9,429,114	8,983,219	0.9527	85,424	9,068,643	0.9618
2013	2012	9,533,752	9,035,552	0.9477	40,754	9,076,306	0.9520

Source: City of Kinston CAFR Schedule of Ad Valorem Taxes Receivable for tax years 2003-2012

Note:

There is no personal property tax (on cars or jewelry); only real property is taxed.
A tax levy provides taxes remitted in the following year.
For tax year 2012 collections are as of 07/30/2013.

City of Kinston, North Carolina

Ratios of Net General Bonded Debt Outstanding by Type

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Total Debt Per Capita	
	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt		Percentage of Actual Property Value	Debt Per Capita	Installment Contracts	Notes and Installments	General Obligation Bonds				Revenue Bonds
			Bonded Debt	Debt					Bonds	Obligation			
2004	\$ -	\$ -	\$ -	\$ -	3,857,418	\$ 6,714,017	\$ -	\$ -	13,466,000	\$ 24,037,435	\$ 1,034		
2005	-	-	-	-	4,306,574	6,445,581	-	-	16,367,067	27,119,222	1,183		
2006	-	-	-	-	3,846,072	5,721,263	-	-	15,777,811	25,345,146	1,109		
2007	-	-	-	-	8,643,047	12,503,265	-	-	15,168,004	36,314,316	1,581		
2008	-	-	-	-	8,258,051	12,668,221	-	-	19,832,648	40,758,920	1,775		
2009	-	-	-	-	7,241,806	11,113,257	-	-	15,293,513	33,648,576	1,465		
2010	-	-	-	-	6,965,646	11,160,112	-	-	14,339,473	32,465,231	1,472		
2011	-	-	-	-	9,633,282	9,708,187	-	-	13,353,874	32,695,343	1,508		
2012	-	-	-	-	9,107,542	8,279,562	-	-	12,336,227	29,723,331	1,375		
2013	-	-	-	-	9,341,434	7,915,246	-	-	11,280,517	28,537,197	1,320		

City of Kinston, North Carolina

Direct and Overlapping Governmental Activities Debt For the Year Ended June 30, 2013 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Lenoir County Debt	\$ 75,970,100	35.92%	\$ 27,288,282
Subtotal, overlapping debt	75,970,100		27,288,282
City Direct Debt	-		-
Total direct and overlapping debt	<u>\$ 75,970,100</u>		<u>\$ 27,288,282</u>

Sources:

Notes:

- (1) Includes general obligation bonds for Enterprise Fund and General Long-Term Debt Account Group.
- (2) Determined by ratio of assessed valuation of property subject to taxation in Lenoir County (\$3,987,197,338).
- (3) Amount in debt outstanding column multiplied by percentage applicable.

City of Kingston, North Carolina

Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Debt limit	\$ 92,299,722	\$ 93,609,501	\$ 95,001,119	\$ 96,127,414	\$ 101,946,732	\$ 111,203,551	\$ 106,982,646	\$ 105,523,959	\$ 113,508,985	
Total net debt applicable to limit	3,857,418	4,306,574	3,846,072	8,643,047	20,926,273	18,393,410	18,125,758	19,341,469	17,387,104	
Legal debt margin	\$ 88,442,304	\$ 89,302,927	\$ 91,155,047	\$ 87,484,367	\$ 81,020,459	\$ 92,810,141	\$ 88,856,888	\$ 86,182,490	\$ 96,121,881	
Total net debt applicable to the limit as a percentage of debt limit	4.36%	4.82%	4.22%	9.88%	25.83%	19.82%	20.40%	22.44%	18.09%	

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed valuation	\$ 1,432,191,928
8%	114,575,354
Less applicable debt	(17,256,680) A
Debt margin	<u>\$ 97,318,674</u>

A= Total government wide debt	\$ 30,968,756
Less revenue bonds	(11,280,517)
Less compensated absences	(1,031,268)
Less law enforcement separation allowance	(1,196,311)
Less separation allowance	(39,245)
Less other post employment benefits	(164,735)
	<u>\$ 17,256,680</u>

Notes:
Debt includes installment contracts and notes payable

Calculation only includes debt guaranteed by the unit's taxing authority, so revenue bonds are excluded.

City of Kingston, North Carolina

Pledged-Revenue Coverage (Parity Debt)

Last Ten Fiscal Years

(dollars in thousands)

(Unaudited)

Fiscal Year	Combined Enterprise Revenue Bonds					Special Assessment Bonds			Sales Tax Increment Bonds		
	Gross Revenues	Less Operating Expenses	Net Available Revenue	Parity		Special Assessment Collections	Debt Service		Sales Tax Increment	Debt Service	
				Principal	Interest		Principal	Interest		Principal	Interest
2004	\$ 49,470,309	\$ 45,850,694	\$ 3,619,615	\$ 353,933	\$ 1,217,633	2 \$	- \$	- \$	- \$	- \$	- \$
2005	51,199,729	47,457,736	3,741,993	589,256	585,435	3	-	-	-	-	-
2006	56,838,017	54,526,650	2,311,367	589,256	501,167	2	-	-	-	-	-
2007	56,909,055	51,857,666	5,051,381	1,192,410	704,022	3	-	-	-	-	-
2008	57,592,808	52,842,641	4,750,167	1,217,959	699,457	2	-	-	-	-	-
2009	62,189,411	59,945,018	2,244,393	1,363,251	754,475	1	-	-	-	-	-
2010	64,894,490	61,103,976	3,790,514	1,368,156	667,936	2	-	-	-	-	-
2011	66,310,137	61,739,024	4,571,113	1,395,715	621,036	2	-	-	-	-	-
2012	64,196,224	59,240,760	4,955,464	1,431,762	573,795	2	-	-	-	-	-
2013	66,105,976	60,995,659	5,110,117	1,792,828	690,238	2	-	-	-	-	-

City of Kinston, North Carolina

Demographic and Economic Statistics

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Population (1)	Per Capita Income (2)	School Enrollment (3)	County Unemployment Rate (4)
2004	23238	(5)	10,099	6.1%
2005	22917	(5)	9,876	6.7%
2006	22851	(5)	9,797	5.7%
2007	22962	16526	9,549	4.9%
2008	22649	(5)	9,546	7.2%
2009	22056	14476	9,258	12.4%
2010	21677	(5)	9,039	10.6%
2011	21642	(5)	9,075	11.2%
2012	21622	(5)	9,097	10.7%
2013	21625	(5)	8,994	9.9%

Sources:

- (1) US Census Bureau
- (2) US Census Bureau - Information available at City level only for years census conducted.
- (3) Lenoir County School Board
- (4) NC Employment Security Commission
- (5) Information is not presently available

Note: The demographic statistic is being added to the report.

City of Kinston, North Carolina

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2013			Employer	2004		
	Employees	Rank	Percentage of Total County Employment		Employees	Rank	Percentage of Total County Employment
Sanderson Farms	1,530	1	5.78%	Caswell Center	1,710	1	6.69%
Caswell Center	1,447	2	5.46%	Lenoir County Public Schools	1,380	2	5.40%
Lenoir County Public Schools	1,161	3	4.38%	Lenoir Memorial Hospital	1,110	3	4.34%
Lenoir Memorial Hospital	1,078	4	4.07%	Electrolux Home Products (Frigidaire Co.)	650	4	2.54%
Electrolux Home Products	540	5	2.04%	Dupont	650	5	2.54%
Associated Materials, Inc	486	6	1.83%	Smithfield Packing Co.	588	6	2.30%
Lenoir Community College	476	7	1.80%	Lenoir Community College	500	7	1.96%
Masterbrand	369	8	1.39%	Lenoir County	490	8	1.92%
Lenoir County	315	9	1.19%	City of Kinston	450	9	1.76%
City of Kinston	300	10	1.13%	Masterbrand	378	10	1.48%
	<u>7,702</u>		<u>29.07%</u>		<u>7,906</u>		<u>30.94%</u>

Sources:

Lenoir County Economic Development
Employment Security Commission
Various HR Managers

City of Kinston, North Carolina

Full-Time Equivalent City Government Employees By Functions/Programs
Last Ten Fiscal Years
(Unaudited)

Functions/Program	Full-Time Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government:										
Legislative	6	6	6	6	6	6	6	6	6	6
City Management	3	3	3	2	3	3	3	4	2	2
City Clerk	1	1	1	1	1	1	-	1	1	1
Personnel	4	4	4	3.5	3.5	3.5	1.5	2.5	2.5	2.5
Finance	12	11	11	11	12	12	11	12	12	13
Computer Services	3	3	3	3	3	3	4	3	3	3
Legal	2	2	2	2	2	2	2	2	2	4
Building Safety	2	2	2	2	3	3	2	2	2	2
Planning	3	3	3	3	3	3	1	2	2	2
Facility Mgmt	5	5	5	5	5	5	4	4	4	3
Community Development										
Parks and Recreation:										
General & Administrative	6	6	6	6	6	6	5	5	4	5
SOAR										
Recreation	24	25	28	28	26	25	24	25	25	27
Pool(s)	1	1	1	1	1	1	1	1	1	1
Golf Course(s)	1	1	1	1	1	1	1	1	1	1
Police:										
Officers	74	74	74	75	75	77	73	73	73	79
Civilians (a)	10	10	10	10	9	9	8	8	8	8
Fire:										
Firefighters and Officers	56	56	55	55	54	54	50	49	49	47
Civilians	2	2	2	2	2	2	2	2	2	2
Public Works:										
Administration	1	1	1	1	1	1	1	1	1	1
Street Maintenance	16	17	18	15	16	12	12	12	12	12
Street Sweeping	1	1	1	1	1	1	1	1	1	1
Refuse Collection	30	31	30	26	26	26	25.5	26.5	26.5	26.5
Weed Control	1	1	1	1	1	1	0.5	0.5	0.5	0.5
Central Garage	10	11	10	10	9	10	9	10	10	10
Street Lighting	1	1	1	1	1	1	1	1	1	1
Traffic Control	2	2	2	2	2	2	2	2	2	2
Electric:										
Distribution	23	23	20	21	21	23	23	23	23	20
Billing & Administration	21	21	19	20	23	23	22	22	22	22
Meter Reading	8	8	7	6	6	6	7	7	7	9
Water:										
Administration	3	3	3	3	3	3	3	3	3	3
Transmission	18	18	20	24	25	25	25	25	25	24
Purification	2	2	2	3	3	3	3	3	3	3
Lake Bloomington Park										
Sewer Maintenance	15	15	13	14	13	13	13	13	13	14
Stormwater					1	6	6	6	7	7
Other Programs/Functions:										
Engineering	9	9	10	10	8	7	7	7	7	10
Risk Management	3	3	3	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Parking										
Cultural District										
Total	378	381	375	375	375	379	360	366	364	375

Source: Prior year CAFR's
Various HR and budget records

City of Kingston, North Carolina

Operating Indicators By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Calls for service	29,803	30,610	31,192	35,156	32,213	32,686	33,101	29,767	30,753	28,944
Adult arrest	3,169	2,847	2,945	4,910	3,008	2,755	3,553	2,896	3,240	2,823
Juvenile arrest	186	146	172	171	161	122	89	97	117	130
Speeding citations only	600	1,240	656	863	1,280	392	837	771	572	488
Traffic citations	2,782	3,453	2,506	5,823	5,677	3,567	4,374	3,584	4,081	3,870
Fire:										
Total fire runs	826	704	664	216	870	843	185	764	908	898
Total rescue runs	699	410	143	145	121	151	117	82	80	96
Property loss	\$ 773,719	\$ 433,537	\$ 380,311	\$ 761,793	\$ 642,430	\$ 791,822	\$ 472,680	\$ 2,124,175	\$ 1,194,425	\$ 11,441,115
Building safety:										
Total building permits	135	122	121	124	115	98	83	102	104	109
Total value all permits	\$ 14,540,108	\$ 16,423,622	\$ 58,292,255	\$ 35,183,618	\$ 20,778,089	\$ 9,735,748	\$ 59,871,760	\$ 15,617,899	\$ 15,065,906	\$ 13,159,552
Library, volumes in collection	113,465	115,695	116,474	14,026	99,905	235,108	233,466	245,837	237,195	244,343
Public service:										
Garbage collected (ton)	22,816	22,977	22,685	20,521	19,937	21,254	19,108	17,272	16,744	21,017
Recycle collected (ton)	730	695	632	574	836.48	563.21	637.56	655.1	657.53	628
Parks and Recreation:										
Recreation program attendance:										
Athletics	155,000	160,000	158,500	163,000	172,000	175,000	202,000	204,500	208,300	205,100
Centers & Parks	421,000	419,000	419,500	421,500	520,000	518,000	520,000	522,000	552,000	547,000
Other Programs	108,000	111,000	114,000	113,000	116,000	122,000	118,000	116,300	118,000	123,000
Golf Rounds Played	7,500	7,500	7,800	7,950	8,200	9,300	9,100	9,000	8,000	8,650

Source: Various City records

Note: ** Indicator not available

City of Kingston, North Carolina

Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Stations	4	4	4	4	4	3	3	3	5	2
Fire & Rescue										1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Refuse Collection:										
Collection Trucks	25	25	25	25	25	25	25	25	25	25
Other Public Works										
Streets (Miles)	114.7	115.4	113.9	114.91	114.91	114.91	114.91	114.91	114.83	117.1
Streets Lights	2062	2064	2064	2123	2106	2106	2106	2106	2106	2065
Traffic Signals	N/A	N/A	15	15	15	15	15	15	15	15
Parks & Recreation:										
Acreage	245	245	245	300	300	300	300	332	349	332
Parks	14	14	14	15	15	15	15	15	15	15
Golf Course	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Diamonds	16	17	17	17	26	26	26	26	26	26
Soccer/Football Fields	2	2	2	2	13	13	13	13	13	13
Basketball Courts	6	6	6	6	4	4	4	4	6	6
Tennis Courts	14	16	16	16	17	17	17	17	17	17
Swimming Pools	3	2	2	2	2	2	2	2	2	4
Parks with Playground Equipment	8	8	8	8	8	8	8	8	8	8
Picnic Shelters	5	6	8	8	8	8	8	8	8	8
Community Centers	5	5	5	5	5	5	5	7	7	7
Museums	2	2	2	2	2	2	2	2	2	2
Stadium	4200 seat	4200 seat	4200 Seat	4200 seat	4200 seat	4200 seat	4200 seat	4200 seat	4200 seat	4200 seat
Airport Theater	0	0	0	0	0	0	0	0	0	0
Indoor Batting Facility	1	1	1	1	1	1	1	1	1	1
Natural Sites	4	4	4	4	5	5	5	5	5	5
Gymnasium	4	4	4	4	4	4	4	4	6	6
Spray Ground	0	0	0	1	1	1	1	1	1	1
Dog Park	0	0	0	0	1	1	1	1	1	1
Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	113,465	115,695	116,474	14,026	99,905	235,108	233,466	245,837	237,195	244,343
Water:										
Storage Capacity (MGPD)	4.25 MGD	4.25 MGD	4.25 MGD	4.25 MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD
Average Daily Consumption (MGPD)	3.49 MGD	3.71 MGD	3.80 MGD	3.63 MGD	3.49MGD	2.94MGD	2.85MGD	3.41MGD	4.14MGD	4.4MGD
Peak Consumption (MGPD)	5.24 MGD	5.57 MGD	5.70 MGD	5.45 MGD	5.24MGD	5.12MGD	5.07MGD	5.11MGD	8.19MGD	10.4MGD
Miles of Water Mains	211.7	212.3	212.7	214	214.4	214.7	214.7	216.76	216.76	216.76
Wastewater:										
Sanitary Sewers (miles)	208.3	209.2	209.4	211.2	211.4	211.4	211.4	212.98	213.24	213.24
Storm Sewers (miles)	N/A	N/A	62.3	62.3	62.4	62.4	62.4	55.39	55.39	55.39
Average Daily Flow	3.5 MGD	5.24 MGD	5.12 MGD	5.29 MGD	4.64MGD	4.29MGD	5.03MGD	5.14MGD	4.24MGD	4.69MGD
Electric:										
Average Daily Usage	1,226,817 KWH	1,258,457 KWH	1,317,090 KWH	1,373,711 KWH	1,373,015 KWH	1,219,047 KWH	1,197,294 KWH	1,232,906 KWH	1,152,495 KWH	1,198,459KWH
Mile of Distribution Lines	425	425	430	430	430	430	430	430	430	430

Source: Various City records