

**CITY OF KINSTON**  
**NORTH CAROLINA**



**COMPREHENSIVE**  
**ANNUAL**  
**FINANCIAL REPORT**  
**FISCAL YEAR ENDED**  
**JUNE 30, 2002**

**CITY OF KINSTON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**PREPARED BY  
CITY OF KINSTON FINANCE DEPARTMENT**



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## **INTRODUCTORY SECTION**

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**Letter of Transmittal  
List of Principal Officials  
Organizational Chart  
GFOA Certificate of Achievement for  
Excellence in Financial Reporting**

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# City of Kinston

Post Office Box 339  
Kinston, North Carolina 28502

Johnnie Mosley

Mayor

Ralph A. Clark

City Manager

November 26, 2002

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

The Comprehensive Annual Financial Report of the **CITY OF KINSTON** (the City) for the fiscal year ended June 30, 2002, is hereby submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data enclosed is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of principal officials, the City's organizational chart, and GFOA's Certificate of Achievement for Excellence in Financial Reporting for our 2001 report. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all fund and account groups of the City. The City provides a full range of services including police and fire protection; sanitation services; construction and maintenance of streets and other infrastructure; planning and zoning services; and parks and recreational services. In addition to general governmental activities, the City owns and operates electric, water and wastewater utilities; therefore, these activities are included in the reporting entity. Kinston Leasing Corporation is considered a blended component unit of the City; however, there was no activity during the fiscal year ended June 30, 2002. 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 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 and 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 auditor's reports on the internal control and compliance with applicable laws and regulations, is included in a separate report.

## ECONOMIC CONDITION AND OUTLOOK

Kinston, located 75 miles east of the City of Raleigh (the State Capitol) and 60 miles west of the Atlantic Coast, is the largest municipality in Lenoir County and serves as the County seat.

In what still promises to be the single most significant and dramatic economic development project ever in Eastern North Carolina, the Lenoir County-Kinston Regional Jetport competed with scores of cities and counties across North Carolina in the Spring of 1992 and was chosen as the site of the North Carolina GTP.

Much of the Global TransPark's infrastructure was completed this past fiscal year. The 58,800 square foot North Field Cargo Building, the first of several such buildings projected for the future, was finished in April 2002 and welcomed its first three tenants less than a month after it opened. Two - thirds of the building's available space was leased by the end of May.

The Global TransPark also extended its runway to 11,500 feet, making it the longest non-military runway in North Carolina and one of only 12 non-military runways of its length east of the Mississippi. The runway will officially open December 16, 2002.

The airport's instrument landing system (ILS) also received funding for a major upgrade in May 2002. When the new system is installed, it will make the airport safer and more reliable for all-weather operations.

The Global TransPark also worked with Verizon to design and install fiber optic cabling and associated equipment to service the Global TransPark development area. This project will provide telecommunication services, such as high-speed Internet access, to current and future tenants at a competitive price. The telecommunications project will be complete by the fourth quarter of 2002.

Looking toward the future, a new and sweeping business plan for the Global Transpark was completed this fall and charts the course for the facility in the years ahead. A key tenet of the plan is for the GTP to become financially self-sufficient.

The plan also represents a significant shift in the Global TransPark Authority's focus from that of a state-funded economic development organization to a marketing and real estate development company, leveraging the assets already in place to generate cash flow. Isaac Manning, who was instrumental in the development of the Alliance facility in Texas, guided the development of the business plan.

The Global TransPark's education and Training Center has served more than 30,000 people since its opening in May 2000. The Center also offers an associate degree in Global Logistics Technology in consortium with UNC-Chapel Hill and Lenoir Community College.

Kinston was designated an NC State Development Zone #002, on November 5, 1998 by the NC Department of Commerce. This designation encourages corporations and private taxpayers to contribute toward projects which improve chances for new economic development by providing State tax credits for qualifying businesses as follows:

- \$4,000 per qualified job in addition to the \$3,000 per job under the Enterprise Tier incentives created by the William S. Lee Act
- \$1,000 per employee for worker training
- 7% for machinery & equipment with no minimum

These State incentives along with an aggressive County-wide Economic Development Program supported by the City of Kinston and the Lenoir County Committee of 100 will be helpful in attracting new businesses to the Kinston/Lenoir County area.

Kinston's business district is getting a new lease on life, thanks to an on-going revitalization effort, spearheaded by the Pride of Kinston, Inc. Pride is a non-profit organization, charged with revitalizing the downtown area and sparking renewed interest in supporting Kinston retailers. The City fully supports its purpose, and supplies a majority of the operating budget of for the Pride of Kinston, Inc.

Pride's newest vehicle to accomplish this goal is the Kinston Enterprise Center, located at 327 North Queen Street. The Enterprise Center consists of 30,000 square feet of newly renovated office space, which is available to businessmen and women who would like to do business in Kinston. New business and beautification loans are also available to assist interested businesses.

Pride's efforts have spawned several major private investments, including the Themed Development Plan which is a 10 year revitalization and beautification plan for the downtown area, which includes the recent exterior renovation of the Farmer and Merchants Bank building.

One of the continuing challenges and opportunities facing the City in the next several years resulted from the devastating flooding in the aftermath of Hurricane Floyd in September 1999. The massive flooding surpassed that experienced three years earlier following Hurricane Fran. Nearly 400 homes in southeast Kinston were substantially damaged or destroyed, and the Peachtree Wastewater Treatment Plant was flooded.

## **MAJOR INITIATIVES**

### **For the Year**

Fiscal Year 2001-2002 included the planning and implementation phases of several initiatives as well as the continuation or completion of projects begun during previous fiscal years.

The flood buyout programs, funded by the state and federal government, are designed to acquire property in the flood plain and relocate property owners to other locations within the City. The programs were established in response to extensive damage experienced during 1996 from Hurricanes Bertha and Fran and during 1999 from Hurricane Floyd.

There are four (4) projects involved in the Bertha/Fran program, totaling over \$23.1 million in grants, with over \$19.6 million in expenditures recorded thru fiscal year 2002. The Hurricane Floyd program consists of seventeen (17) projects, with grant awards totaling over \$32.3 million and expenditures of approximately \$12.6 million thru June 30, 2002. To date the City has acquired 230 properties. There have been 244 households relocated and 190 structures have been demolished.

Since the announcement of the \$32,000,000 grant funding last September, the City has worked with the North Carolina Department of Environment and Natural Resources (NCDENR) to obtain approval of our 201 Facilities Plan which recommends expanding our Northside Wastewater Treatment Plant and closing our Peachtree Wastewater Treatment Plant.

The City has retained the engineering services of Black and Veatch, and has responded to comments from environmental agencies and NCDENR, and secured a \$10,000,000 SRF loan for the balance of plant expansion costs. We anticipate construction activity beginning late 2002 and continuing until mid 2005.

### **In the Future**

The flood buyout program will continue relocating residents from a 100-year flood plain whose homes incurred major damage due to Neuse River flooding as a result of Hurricanes Bertha, Fran and Floyd. The City is taking a proactive role in requesting additional funds and locating suitable relocation housing to avoid erosion of the City's tax base.

Due to heavy rains during fiscal year 97/98, the City's wastewater plant could not treat the entire amount of flow it received. This resulted in the release of solids into the wetlands. The City is currently under a Special Order of Consent to make certain improvements to the sewer system by December 31, 2003. The City is pursuing an aggressive schedule to correct the system's problems and has several studies currently underway to identify and prioritize the system's needs. Approved capital projects at this time total \$20,387,700, with funding from a combination of fund balance, grant proceeds, loan proceeds and participation from Lenoir County.

The initial phases of work on the expansion of the Northside Waste Water Treatment Plan will continue with this effort leading to intensive design work over the next 5 to 24 months. The City anticipates construction activities beginning late 2002 and continuing until mid 2005.

There will be continued construction of a 115 KV transmission loop and substation improvements. The transmission loop project will improve service reliability and allow maintenance on the system without power outages.

Starting in fiscal year 2001/2002, the City is taking an aggressive approach to collect past due property tax levies, CDBG loans, special assessments and other delinquent charges. The City has entered into an agreement with outside legal counsel to accomplish this task.

### **FINANCIAL INFORMATION**

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

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

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

**General Government Functions.** The following schedule presents a summary of the revenue and other financing sources for general governmental functions (General Fund, Capital Projects Funds and Special Revenue Funds) for the fiscal year ended June 30, 2002 and the amount and percentage of increase and decrease in relation to prior year.

<u>Revenue and Other Financing Sources</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2001 (Thousands)</u>	<u>Percent of Increase (Decrease)</u>
Ad valorem taxes	\$ 6,964	23.5%	\$ 536	8.3%
Sales and services	4,035	13.6%	231	6.1%
Other taxes	3,174	10.7%	(742)	-19.0%
Intergovernmental:				
Restricted	11,875	40%	(2,073)	-14.9%
Unrestricted	275	.9%	(457)	-62.4%
Other Revenues	1,248	4.2%	787	170.7%
Proceeds from borrowing	801	2.7%	801	- %
Transfers in	1,320	4.4%	301	-2.0%
Total	<u>\$ 29,692</u>	<u>100.0%</u>	<u>\$ (616)</u>	

The overall decrease in revenues and other financing sources for fiscal year 2001-2002 was 2.0 percent. This decrease reflects the impact the withholding of state reimbursements had on the General Fund, as well as the decline in sales and use tax revenue.

Ad valorem taxes continued to be an important source of revenues. Tax collections for the year were 94.7 percent of the current levy.



<u>Expenditures and Other Financing Uses</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2001 (Thousands)</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$ 1,107	3.5%	\$ (33)	-2.9%
Public Safety	7,705	24.5%	(53)	-.7%
Public Works	5,571	17.7%	910	19.5%
Parks & Recreation	2,315	7.3%	52	2.3%
Planning & Community Development	11,603	36.8%	(1,403)	-10.8%
Capital Projects	2,188	6.9%	685	-45.6%
Debt Service				
Principal	527	1.7%	(215)	-29.1%
Interest	132	0.4%	(26)	-16.5%
Transfers Out	365	1.2%	278	319.5%
Total	<u>\$ 31,513</u>	<u>100.0%</u>	<u>\$ 195</u>	

Fiscal year 2001-2002 expenditures and other financing uses increased over the prior year amount by approximately .62 percent. The increase is largely attributed to expenditures related to the construction and acquisition of capital assets. Public works expenditures increased due to acquisition of new vehicles and equipment. Cost increases were seen in transfers out due to funding of the Capital Reserve fund in the amount of \$300,000. Capital project expenditures increased due to the continued renovations to recreation facilities.

**General Fund Balance.** Fund balance in the General Fund at June 30, 2002 was \$4,513,597. This is a decrease of \$1,374,070 or 23.3 percent over June 30, 2001. Fund balance available for appropriation represents 11.0 percent of the General Fund expenditures and is approximately 3.0 percent in excess of the minimum recommended level of available fund balance. The withholding of state reimbursements, as well as a decrease in local government sales and use tax were largely attributable to the decrease in fund balance. Although fund balance experienced a decline for fiscal year 2002, the City has taken proactive steps to mitigate the effects of the losses in revenue. The City decreased the annual operating budgets 5 percent of the unexpended, unencumbered budgets for fiscal year 2002 for the General, Electric, and Water and Sewer funds when it became clear that state reimbursements would be withheld from local governments. In planning the fiscal year 2003 budgets, the City reduced annual operating budgets for the General, Electric, and Water and Sewer funds to 6 percent below the adopted fiscal year 2001 budget. City management and staff continue to seek ways to use personnel and current available resources to carry out City operations with a minimum of disruption in services. Fund balance continues to remain at a level that complements the City's financial position, maintains credit worthiness, and provides a resource for unforeseen emergencies and revenue fluctuations due to recessions or slowdown in the economy.

**Enterprise Funds.** The government's enterprise operations are comprised of two separate and distinct funds: Electric and Water and Sewer. Several of the City's major initiatives directly relate to the Electric and Water and Sewer Funds.

Total fund equity of the combined system at June 30, 2002 was \$45,801,608 or a 5.6 percent increase over the total fund equity at June 30, 2001. The Electric Fund posted a net loss of \$652,093 due to the loss of industrial and commercial customers, as well as a 6 percent increase in wholesale power costs. The Water and Sewer Fund posted a net income for fiscal year 2002 of \$3,080,578 due to changes in accounting for contributed capital.

**Internal Service Fund.** The City maintains one internal service fund to account for the City's entire risk management program. The fund accounts for expenses associated with the City's worker's compensation program, general property and liability insurance, and employee health. The fund equity for the Internal Service Fund at June 30, 2002 was \$264,206.

**Debt Administration.** There are no outstanding general obligation bonds at June 30, 2002. The ratio of net bonded debt to assessed valuation and the amount of gross bonded debt per capital are useful indicators to City management, citizens, and investors of the City's debt position. At June 30, 2002, the legal debt margin of the City was \$90,383,029.

**Cash Management.** During the year, temporarily idle cash was invested in certain U.S. Government Agency securities, certain commercial paper and bankers' acceptance, as well as in the North Carolina Capital Management Trust, an SEC registered mutual fund. The average yield on investments was 2.72 percent.

The City utilizes the pooled concept in its cash and investments program. The goal in selecting investments is to secure the highest return possible taking into consideration the safety and liquidity of the investments and to structure the investments according to the city's overall financial condition, opportunities, and obligations. All deposits of the City are either insured by federal depository insurance or collateralized as required by North Carolina General Statute.

**Risk Management.** The City utilizes commercial insurance carriers to provide coverage for the majority of its insurable risks. However, a limited risk self-insurance program is used for worker's compensation benefits. Resources are paid from other funds to the Internal Service Fund to pay benefit claims and administrative costs of the program. Individual claims in excess of \$250,000 or aggregate claims in excess of \$1.7 million are covered by reinsurance policies with third parties. The risk management program includes an aggressive employee health program and an employee safety program emphasizing accident prevention to minimize losses.

## **OTHER INFORMATION**

**Strategic Planning.** During the past year the City started the development of a Strategic Planning project to provide a comprehensive forecast of the City's needs and available resources for the future. The objectives of this project are as follows:

1. Develop a vision for the City establishing what we want the future of our organization to be.
2. Determine the City's core mission.
3. Achieve the level of staffing and capital investment necessary to support the City's core mission-

### **RIGHTSIZING**

4. Ensure the City's viability given the changing environment within which we operate.

Ultimately, three things will be delivered to the Mayor and City Council for their approval (1) recommendations for organizational and service delivery changes, (2) a Capital Improvements Program ("CIP") identifying all capital expenditures exceeding \$35,000 over the next five years, and (3) a five year financial forecast for the City incorporating the recommended CIP and the financial impact of the recommendations for organizational and service delivery changes.

In order to develop a vision of what we want the future of our organization to be, the City's department and division heads developed a set of 12 Vision Statements. The Vision Statements have provided the context for our work in developing recommendations for changing the way we deliver services and perform activities and how we organize ourselves in carrying out those functions. Each of the recommendations for service delivery and organizational changes submitted to City Council for their consideration is aimed at achieving one or more of the Vision Statements.

The most significant effort that will take place in the strategic planning process is the development of recommendations relating to organizational and service delivery changes. These recommendations will shape and define the core mission of our organization. The overall objective of this process is to find those services and activities consistent with our vision and then find ways to provide them in a more cost effective and efficient manner. At the same time, we want to identify activities and services that we are currently performing not consistent with our vision and de-emphasize or eliminate them.

To date, a draft report has been submitted to City Council providing detailed information on recommended changes to our organizational structure and the way in which we deliver services. The draft report includes 48 recommendations for organizational structure and service delivery changes projected to result in a savings of \$4.7million and the elimination of 49 positions over the next five years. All position reductions will be accomplished through attrition. Significant recommendations include the consolidation Public Works, Public Utilities and Engineering into a Public Services Department, and the consolidation of the administrative and support service functions of the Police and Fire Departments. It is important to note the majority of the recommendations were developed by the City's department heads. The draft recommendations are currently under review by the City Council.

City department heads are formulating their CIP requests which will be submitted to the staff Strategic Planning Committee for review and prioritization. The development of the five year financial forecast will begin after the CIP requests have been prioritized. Ultimately, the CIP and five year financial forecast will be submitted to City Council for their consideration and approval.

**Electric Deregulation.** In 1997, the General Assembly appointed the Study Commission on the Future of Electric Service in North Carolina ("Study Commission") to examine the cost, adequacy, availability and pricing of electric rates in North Carolina, in order to determine whether legislation is necessary to assure an adequate and reliable source of electricity and economical, fair and equitable rates for all consumers in North Carolina.

The Study Commission submitted its report to the 2000 General Assembly on May 16, 2000. The report recommended retail choice for all customers by January 1, 2006. Specific recommendations on Municipal Power Agency debt and stranded costs were deferred. The report stated that nothing in the recommendation was intended to preclude municipalities from being able to sell or retain their distribution systems by making a payment against the municipal power agency debt equal to the

appraised value of the electric system. The Study Commission presented further recommendations to the 2002 General Assembly, and based on events surrounding electric deregulation in California, the Assembly tabled the deregulation issue.

**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, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. 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.

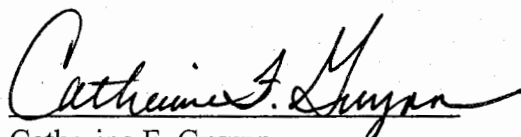
**Independent Audit.** The City is required by the North Carolina General Statutes to have an annual independent audit of its transactions. In addition, the Federal Single Audit Act Amendments of 1996 and the State Single Implementation Act require annual independent audits of the City's compliance with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

The preparation of this comprehensive annual financial report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has 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 McGladrey & Pullen, LLP 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 operation of the City in a responsible and progressive manner.

Respectfully submitted,



Catherine F. Gwynn  
Director of Finance



Ralph A. Clark  
City Manager



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## **CITY OF KINSTON, NORTH CAROLINA**

### **LIST OF PRINCIPAL OFFICERS JUNE 30, 2002**

#### **CITY COUNCIL**

**JOHNNIE MOSLEY**  
Mayor

**ALICE S. TINGLE**  
Mayor Pro Tem

**R. VAN BRAXTON**  
**E. GORDON VERMILLION**

**WAYNE D. MALONE**  
**JOSEPH M. TYSON**

#### **CITY ADMINISTRATION**

**RALPH CLARK**  
City Manager

**SCOTTY HILL**  
Police Chief

**PHILLIP ROBEY**  
Deputy City Manager

**GREG SMITH**  
Fire Chief

**SCOTT STEVENS**  
Director of Public Services

**TOMMY LEE**  
Administrative Services Manager

**BILL ELLIS**  
Director of Parks and Recreation

**KEVIN REED**  
Director of Planning and  
Inspections

**KARL MUNSON**  
Director of Human Resources

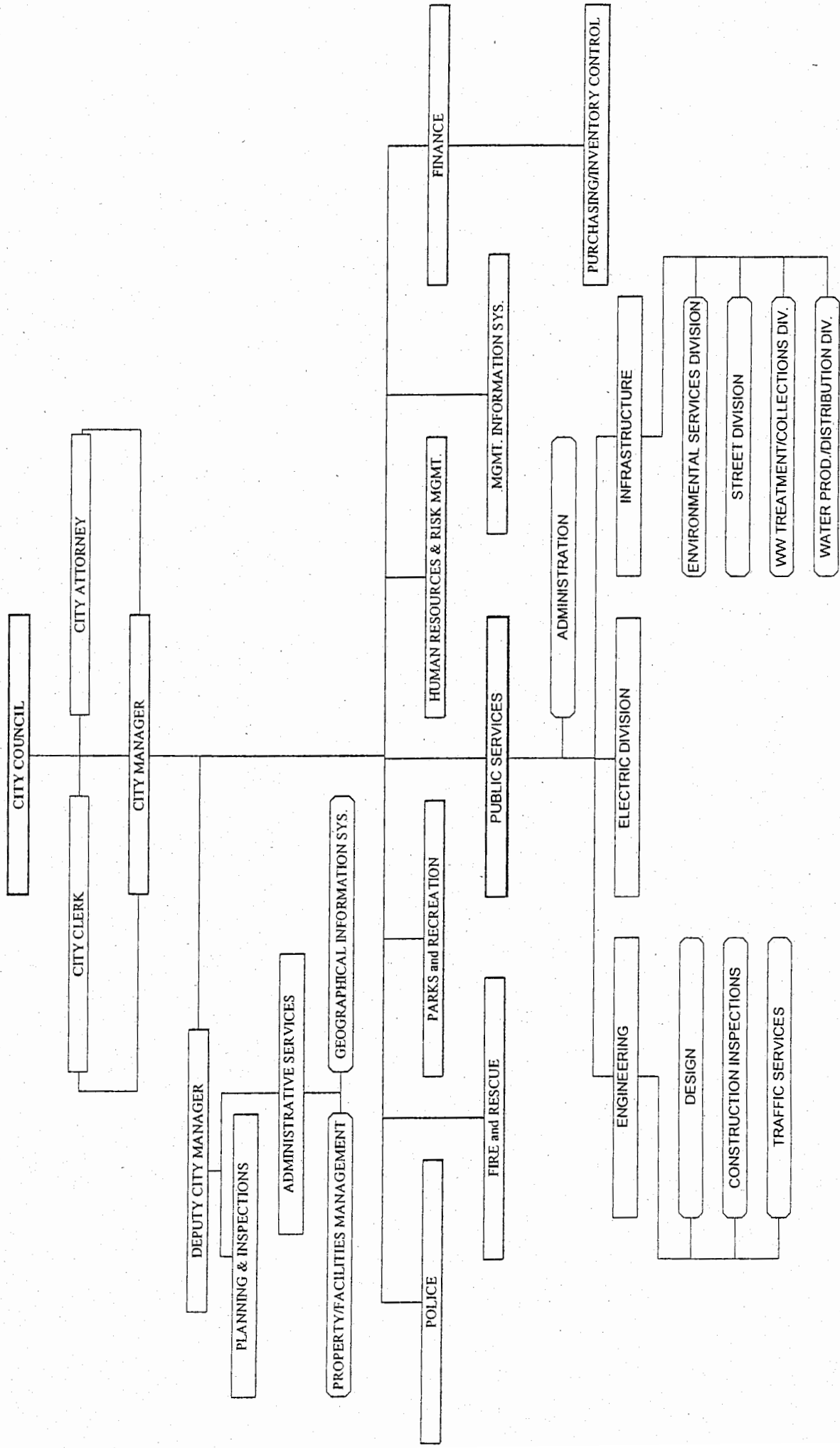
**JAMES T. PRATT**  
Infrastructure Manager

**CATHERINE GWYNN**  
Director of Finance and  
Administration

# CITY OF KINSTON

## APPROVED ORGANIZATIONAL STRUCTURE

FY 2002-2003



# 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, 2001

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



*Timothy A. Crave*  
President

*Jeffrey L. Esser*  
Executive Director





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## **FINANCIAL SECTION**

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**Independent Auditor's Report**

**General Purpose Financial Statements**

**Notes to General Purpose Financial Statements**

**Required Supplemental Financial Data**

**Combining, Individual Fund and Account Group**

**Statements and Schedules**

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## **GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of City of Kinston, North Carolina, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of City of Kinston's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Kinston, North Carolina, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2002 on our consideration of City of Kinston's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

McGladrey & Pullen, LLP  
is an independent member  
firm of RSM International,  
an affiliation of independent  
accounting and consulting firms.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of City of Kinston, North Carolina, taken as a whole. The accompanying statements and schedules listed under the required supplemental financial data and combining, individual fund and account group statements and schedules sections in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of City of Kinston, North Carolina. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The introductory and statistical sections of the Comprehensive Annual Financial Report (CAFR) have not been audited by us and, accordingly, we express no opinion on their contents.

*McGladrey & Pullen, LLP*

New Bern, North Carolina  
October 7, 2002



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**CITY OF KINSTON, NORTH CAROLINA**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**

**June 30, 2002**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>ASSETS AND OTHER DEBIT</b>			
<b>Assets:</b>			
Cash and investments	\$ 3,309,576	\$ 1,941	\$ 40,599
Receivables:			
Due from other funds	1,104,445	457,769	540,335
Due from government agencies	947,848	1,505,439	-
Accounts receivable	396,799	82,072	93,717
Taxes receivable	868,689	-	-
Customer receivables, net	293,257	-	-
Interest receivable	4,643	148	-
Inventories	165,944	-	-
Bond issuance costs	-	-	-
Restricted cash and investments	-	-	-
Fixed assets, net where applicable	-	-	-
<b>Other debit:</b>			
Amount to be provided for retirement of general long-term debt	-	-	-
<b>Total assets and other debit</b>	<b>\$ 7,091,201</b>	<b>\$ 2,047,369</b>	<b>\$ 674,651</b>
<b>LIABILITIES, EQUITY AND OTHER CREDIT</b>			
<b>Liabilities:</b>			
Due to other funds	\$ -	\$ 1,695,650	\$ 1,554,445
Accounts payable and accrued liabilities	812,466	164,588	47,409
Deferred revenue	1,765,138	-	-
Customer deposits	-	-	-
Accrued compensated absences	-	-	-
Police separation allowance	-	-	-
Separation allowance plan	-	-	-
Long-term debt	-	-	-
<b>Total liabilities</b>	<b>2,577,604</b>	<b>1,860,238</b>	<b>1,601,854</b>
<b>Equity and other credit (deficit):</b>			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings	-	-	-
<b>Fund balances (deficit):</b>			
Reserved for Powell Bill	110,575	-	-
Reserved for inventories	165,944	-	-
Reserved by State statute	1,936,824	2,045,428	634,052
Reserved for encumbrances	44,400	-	-
<b>Unreserved:</b>			
Designated for subsequent year's expenditures	400,000	-	-
Undesignated (deficit)	1,855,854	(1,858,297)	(1,561,255)
<b>Total equity and other credit (deficit)</b>	<b>4,513,597</b>	<b>187,131</b>	<b>(927,203)</b>
<b>Total liabilities, equity and other credit</b>	<b>\$ 7,091,201</b>	<b>\$ 2,047,369</b>	<b>\$ 674,651</b>

*See Notes to General Purpose Financial Statements.*

Proprietary Fund Types		Account Groups			Total (Memorandum Only)
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt		
\$ 409,266	\$ 90,866	\$ -	\$ -	\$ -	3,852,248
747,546	400,000	-	-	-	3,250,095
65,688	4,104	-	-	-	2,523,079
507,048	-	-	-	-	1,079,636
-	-	-	-	-	868,689
5,392,759	-	-	-	-	5,686,016
2,423	272	-	-	-	7,486
1,179,784	-	-	-	-	1,345,728
341,793	-	-	-	-	341,793
1,313,021	-	-	-	-	1,313,021
58,763,189	15,572	22,773,704	-	-	81,552,465
-	-	-	3,803,760	-	3,803,760
\$ 68,722,517	\$ 510,814	\$ 22,773,704	\$ 3,803,760	\$ -	105,624,016
\$ -	\$ -	\$ -	\$ -	\$ -	3,250,095
3,975,928	240,151	-	-	-	5,240,542
20,338	-	-	-	-	1,785,476
707,334	-	-	-	-	707,334
236,196	6,457	-	781,439	-	1,024,092
-	-	-	191,126	-	191,126
-	-	-	249,506	-	249,506
17,981,113	-	-	2,581,689	-	20,562,802
22,920,909	246,608	-	3,803,760	-	33,010,973
3,633,619	-	-	-	-	3,633,619
-	-	22,773,704	-	-	22,773,704
42,167,989	264,206	-	-	-	42,432,195
-	-	-	-	-	110,575
-	-	-	-	-	165,944
-	-	-	-	-	4,616,304
-	-	-	-	-	44,400
-	-	-	-	-	400,000
-	-	-	-	-	(1,563,698)
45,801,608	264,206	22,773,704	-	-	72,613,043
\$ 68,722,517	\$ 510,814	\$ 22,773,704	\$ 3,803,760	\$ -	105,624,016



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# CITY OF KINSTON, NORTH CAROLINA

## COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) - ALL GOVERNMENTAL FUND TYPES For the Fiscal Year Ended June 30, 2002

	General Fund	Special Revenue Fund	Capital Projects Fund	Total (Memorandum Only)
<b>Revenue:</b>				
Ad valorem taxes	\$ 6,963,814	\$ -	\$ -	\$ 6,963,814
Sales and services	4,035,122	-	-	4,035,122
Other taxes	3,174,637	-	-	3,174,637
Intergovernmental revenue:				
Unrestricted	274,861	-	-	274,861
Restricted	835,022	10,292,851	746,894	11,874,767
Other	236,192	39,758	972,051	1,248,001
<b>Total revenue</b>	<u>15,519,648</u>	<u>10,332,609</u>	<u>1,718,945</u>	<u>27,571,202</u>
<b>Expenditures:</b>				
Current:				
General government	1,106,747	-	-	1,106,747
Public safety	7,705,335	-	-	7,705,335
Public works	5,570,632	-	-	5,570,632
Parks and recreation	2,315,358	-	-	2,315,358
Planning and community development	928,553	10,674,646	-	11,603,199
Capital outlay	-	-	2,188,162	2,188,162
Debt service				
Principal	526,608	-	-	526,608
Interest	131,890	-	-	131,890
<b>Total expenditures</b>	<u>18,285,123</u>	<u>10,674,646</u>	<u>2,188,162</u>	<u>31,147,931</u>
<b>Revenue under expenditures</b>	<u>(2,765,475)</u>	<u>(342,037)</u>	<u>(469,217)</u>	<u>(3,576,729)</u>
<b>Other financing source (uses):</b>				
Operating transfers in	955,000	64,735	300,000	1,319,735
Operating transfers out	(364,735)	-	-	(364,735)
Proceeds from borrowing	801,140	-	-	801,140
<b>Total other financing sources</b>	<u>1,391,405</u>	<u>64,735</u>	<u>300,000</u>	<u>1,756,140</u>
<b>Revenue and other financing sources under expenditures and other financing uses</b>	<u>(1,374,070)</u>	<u>(277,302)</u>	<u>(169,217)</u>	<u>(1,820,589)</u>
Fund balances (deficit), beginning	5,887,667	464,433	(757,986)	5,594,114
Fund balances (deficit), ending	<u>\$ 4,513,597</u>	<u>\$ 187,131</u>	<u>\$ (927,203)</u>	<u>\$ 3,773,525</u>

*See Notes to General Purpose Financial Statements.*

# CITY OF KINSTON, NORTH CAROLINA

## COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL AND SPECIAL REVENUE FUNDS FOR WHICH ANNUAL BUDGETS HAVE BEEN ADOPTED For the Fiscal Year Ended June 30, 2002

	General Fund			Certain Special Revenue Funds		
	Budget	Actual	Variance, Favorable (Unfavorable)	Budget	Actual	Variance, Favorable (Unfavorable)
Revenue:						
Ad valorem taxes	\$ 7,271,000	\$ 6,963,814	\$ (307,186)	\$ -	\$ -	\$ -
Sales and services	3,789,000	4,035,122	246,122	-	-	-
Other taxes	4,426,000	3,174,637	(1,251,363)	-	-	-
Intergovernmental revenue:						
Unrestricted	709,000	274,861	(434,139)	-	-	-
Restricted	935,000	835,022	(99,978)	-	-	-
Other	308,600	236,192	(72,408)	27,000	65,617	38,617
<b>Total revenue</b>	<b>17,438,600</b>	<b>15,519,648</b>	<b>(1,918,952)</b>	<b>27,000</b>	<b>65,617</b>	<b>38,617</b>
Expenditures:						
Current:						
General government	1,480,058	1,111,951	368,107	-	-	-
Public safety	7,930,122	7,797,079	133,043	-	-	-
Public works	6,084,718	5,738,066	346,652	-	-	-
Parks and recreation	2,788,400	2,706,643	81,757	-	-	-
Planning and community development	1,004,400	931,384	73,016	27,000	26,043	957
<b>Total expenditures</b>	<b>19,287,698</b>	<b>18,285,123</b>	<b>1,002,575</b>	<b>27,000</b>	<b>26,043</b>	<b>957</b>
<b>Revenue over (under ) expenditures</b>	<b>(1,849,098)</b>	<b>(2,765,475)</b>	<b>(916,377)</b>	<b>-</b>	<b>39,574</b>	<b>39,574</b>
Other financing source (uses):						
Appropriated fund balance	789,958	-	(789,958)	-	-	-
Operating transfers in	955,000	955,000	-	-	-	-
Operating transfers out	(697,000)	(364,735)	332,265	-	-	-
Proceeds from borrowing	801,140	801,140	-	-	-	-
<b>Total other financing sources</b>	<b>1,849,098</b>	<b>1,391,405</b>	<b>(457,693)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>(1,374,070)</b>	<b>\$ (1,374,070)</b>	<b>\$ -</b>	<b>39,574</b>	<b>\$ 39,574</b>
Fund balances, beginning		5,887,667			195,716	
Fund balances, ending		<u>\$ 4,513,597</u>			<u>\$ 235,290</u>	

See Notes to General Purpose Financial Statements.

# CITY OF KINSTON, NORTH CAROLINA

## COMBINED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES For the Fiscal Year Ended June 30, 2002

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only)
Operating Revenue:			
Charges for services	\$ 41,876,719	\$ 564,852	\$ 42,441,571
Other	511,033	-	511,033
<b>Total operating revenue</b>	<u>42,387,752</u>	<u>564,852</u>	<u>42,952,604</u>
Operating Expenses:			
Electrical operations	31,544,159	-	31,544,159
Administration	3,879,724	512,965	4,392,689
Depreciation	2,380,939	487	2,381,426
Amortization	22,817	-	22,817
Water and sewer operations	1,392,753	-	1,392,753
Wastewater plant operations	1,589,924	-	1,589,924
Water production	809,933	-	809,933
Claims reimbursements	-	303,990	303,990
<b>Total operating expenses</b>	<u>41,620,249</u>	<u>817,442</u>	<u>42,437,691</u>
<b>Operating income (loss)</b>	<u>767,503</u>	<u>(252,590)</u>	<u>514,913</u>
Nonoperating Revenue (Expenses):			
Interest earned on investments	73,608	7,059	80,667
Interest on long-term debt	(937,732)	-	(937,732)
<b>Total nonoperating revenue (expenses)</b>	<u>(864,124)</u>	<u>7,059</u>	<u>(857,065)</u>
Capital contributions	3,480,106	-	3,480,106
<b>Income (loss) before operating transfers</b>	<u>3,383,485</u>	<u>(245,531)</u>	<u>3,137,954</u>
Operating Transfers:			
Operating transfer in	104,000	-	104,000
Operating transfer out	(1,059,000)	-	(1,059,000)
<b>Total operating transfers</b>	<u>(955,000)</u>	<u>-</u>	<u>(955,000)</u>
<b>Net income (loss)</b>	2,428,485	(245,531)	2,182,954
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	101,593	-	101,593
<b>Increase (decrease) in retained earnings</b>	2,530,078	(245,531)	2,284,547
Retained earnings, beginning	39,637,911	509,737	40,147,648
Retained earnings, ending	<u>\$ 42,167,989</u>	<u>\$ 264,206</u>	<u>\$ 42,432,195</u>

*See Notes to General Purpose Financial Statements.*

**CITY OF KINSTON, NORTH CAROLINA**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
For the Fiscal Year Ended June 30, 2002**

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total (Memorandum Only)</u>
Cash Flows form Operating Activities:			
Operating income (loss)	\$ 767,503	\$ (252,590)	\$ 514,913
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,380,939	487	2,381,426
Amortization	22,817	-	22,817
Change in assets and liabilities:			
Due from other funds	49,304	256,895	306,199
Allowance for uncollectable accounts	45,705	-	45,705
Customer receivables	101,226	-	101,226
Accounts receivable/due from governments	1,281,788	(2,930)	1,278,858
Customer deposits	122,690	-	122,690
Inventories	49,487	-	49,487
Accounts payable	51,938	14,524	66,462
Deferred revenue	(3,518)	-	(3,518)
Accrued compensated absences	(4,004)	(1,716)	(5,720)
<b>Net cash provided by operating activities</b>	<u>4,865,875</u>	<u>14,670</u>	<u>4,880,545</u>
Cash Flows from Noncapital Financing Activities:			
Operating transfers from other funds	104,000	-	104,000
Operating transfers to other funds	(1,059,000)	-	(1,059,000)
<b>Net cash used by noncapital financing activities</b>	<u>(955,000)</u>	<u>-</u>	<u>(955,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(6,487,240)	-	(6,487,240)
Principal paid on general obligation bonds and equipment contracts	(1,513,047)	-	(1,513,047)
Interest paid on general obligation bonds and equipment contracts	(959,090)	-	(959,090)
Contributed capital	3,480,106	-	3,541,517
<b>Net cash used in capital and related financing activities</b>	<u>(5,479,271)</u>	<u>-</u>	<u>(5,479,271)</u>
Cash Flows from Investing Activities:			
Investment in direct financing lease principal received	25,924	-	25,924
Interest and dividends on investments	112,973	9,013	121,986
<b>Net cash provided by investing activities</b>	<u>138,897</u>	<u>9,013</u>	<u>147,910</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(1,533,499)</u>	<u>23,683</u>	<u>(1,509,816)</u>
Cash and cash equivalents, beginning (Including restricted amounts of \$1,679,283)	<u>3,151,786</u>	<u>67,183</u>	<u>3,218,969</u>
Cash and cash equivalents, ending (Including restricted amounts of \$1,313,021)	<u>\$ 1,618,287</u>	<u>\$ 90,866</u>	<u>\$ 1,709,153</u>

*See Notes to General Purpose Financial Statements.*

## **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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**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 GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies

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

The financial statements of the City have been prepared in conformity with 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.

#### 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. The criteria provided in Government Accounting Standards Board Statement No. 14 have been considered and the City has one blended component unit which is described below. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with the data of the primary government.

*Blended Component Unit.* Kinston Leasing Corporation (KLC) is a nonprofit public benefit corporation organized and operated under the laws of the State of North Carolina. KLC was specifically organized for the purpose of assisting the City in carrying out its municipal and governmental functions through the acquisition, construction and operation, sale or lease of real estate and improvements, facilities and equipment. Because of its specific purpose and its fiscal dependency on the City, all KLC transactions are included in the appropriate funds of the City. KLC is governed by a board of three directors. One third of the directors are appointed by the City Council. The remaining directors are elected by the Board of Directors at their annual meeting.

#### Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures (expenses). Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements, into five generic fund types and broad fund categories as follows:

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Governmental Fund Types**

*General Fund* - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has 39 Special Revenue Funds within the Governmental Fund Types: Community Development Administration Fund, Disaster Recovery Fund, FEMA/HMGP Project Fund, SARF/DCA Project Fund, HUD/DRI Project Fund, HUD Acquisition-DRI Project Fund, FEMA-HMGP Fran Phase II Fund, FEMA-HMGP FRAN Phase III Fund, FEMA Demolition Project I Fund, FEMA Demolition Project II Fund, FEMA-HMGP Floyd Phase I Fund, Floyd DCA/CHAF Fund, Floyd Phase IB Fund, Floyd Phase IC Fund, Floyd Phase II Fund, Grainger Place Apartments Fund, FEMA-Demolition Project III Fund, FEMA-Demolition Project IV Fund, Bonnie Disaster Recovery Fund, LLEBG-2000 Fund, GHSP-2000 Fund, COPSMORE-2000 Fund, COPS/KHA Grant Fund, LLEBG-1999 Fund, Salvage Yard Buyout Fund, State Tenant Relocation Assistance Fund, FEMA Floyd IB Demolition Project, FEMA Floyd IC Demolition Project, FEMA Floyd IIA Demolition Project, FEMA Floyd III Demolition Project, CDBG Micro Enterprise Grant Fund, FEMA-HMGP Floyd Phase IV Revisions, Oaks Apartments Project, LLEBG-2001 Fund, GHSP-2001 Fund, GCC Computers on Patrol Grant Fund, Brentwood Subdivision Grant Fund, Carr-Lyles Subdivision Grant Fund and FEMA-HMGP Floyd Phase III.

*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 (other than those financed by proprietary or nonexpendable trust funds). The City has five (5) Capital Project Funds within the Governmental Fund Types: Recreation Improvements, Uplands Park, Kingwood Forest, Grainger Stadium Renovation and Capital Reserve.

##### **Proprietary Fund Types**

*Enterprise Funds* - The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where it is the intent of the City that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenue, expenses and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has two Enterprise Funds: the Electric Fund and the Water and Sewer Fund. For financial reporting purposes, The Water and Sewer Capital Project Funds and the Electric Capital Project Fund have been consolidated with the Water and Sewer Fund and Electric Fund respectively.

*Internal Service Funds* - The Internal Service Fund was established in conjunction with the City's decision to finance workers' compensation insurance coverage internally rather than through a private insurance carrier because of anticipated cost savings. This fund receives premium payments from the City and makes payments of claims to employees.

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Account Groups

The general fixed assets account group is used to account for fixed assets not accounted for in proprietary or trust funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

##### Measurement Focus and Basis of Accounting

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

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due and certain compensated absences and claims and judgments (if any), which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The City recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return.

The City considers revenue as available if it is collected within 60 days after year-end. The revenue susceptible to accrual is sales taxes, franchise taxes, licenses, interest and charges for services. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the 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 motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Lenoir County from March, 2001 through February, 2002 apply to the fiscal year ended June 30, 2002.

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Uncollected taxes which were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. Those taxes for vehicles registered from March 1, 2002 through the fiscal year-end apply to the 2002-2003 fiscal year and are not shown as receivables at June 30, 2002. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenue because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2002 because they are intended to finance the City's operations during the 2002-2003 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Certain other intergovernmental revenues and sales and services, other than utility customer receivables, are not susceptible to accrual. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred. Receivables for unbilled Electric and Water and Sewer Fund utility services are recorded at year end. As permitted by GAAP, the City has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

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

#### Budgets

Budgets are adopted on the legally mandated modified accrual basis of accounting, which is consistent with generally accepted accounting principles for governmental fund types. Annual appropriated budgets are adopted for the general fund, the community development administration special revenue 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 projects funds and appropriations therein lapse at the completion of the project.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized. Encumbrances outstanding at year end are reported as reservations of fund balances in governmental fund types since they do not constitute expenditures or liabilities as the commitments will be honored during the subsequent year.

Also as required by State law, the City's Workers' Compensation Fund, an intragovernmental service fund, operates under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. The financial plan also was entered into the minutes of the governing board. During the year, several changes to the original financial plan were necessary, the effects of which were not material.

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Cash and Investments

Cash and investment resources of the individual funds are combined to form a pool of cash and investments in order to maximize investment opportunities. As part of the City's investment policy, all available cash is invested each night to generate investments earnings. Although this results in a negative cash on deposit per books, the City, per agreement with a financial institution, is alerted to and pays all checks presented for payment the following day. Cash pools have the general characteristic of demand deposit accounts in that the individual funds may deposit additional cash at any time and also effectively withdraw cash at any time without prior notice or penalty. Interest income earned on pooled resources is distributed to the individual funds utilizing a formula based on each fund's proportionate equity in pooled cash and investments. Restricted cash amounts are not pooled.

Deposits permitted under North Carolina General Statutes include amounts in demand deposits as well as time deposits in the form of NOW, SuperNOW, money market accounts and certificates of deposit. By Statute, deposits may be made in any bank or savings association whose principal office is located in North Carolina and whom the City designates as an official depository.

North Carolina General Statutes authorize the City to invest in obligations of the US Treasury; obligations of any agency of the United States of America, provided the payment of interest and principal of such obligations is fully guaranteed by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) money market mutual fund.

Any City investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued based on a computerized matrix system and/or appraisals by a pricing service. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

##### Property Taxes Receivable

Property (other than registered motor vehicles) is assessed for tax purposes as of January 1. The value at that date determines the basis for the tax levy for the fiscal year beginning July 1. Property taxes are not formally levied until the budget adoption (July 1) and are not due until September 1 (lien date). Taxes are past due on the following January 6. By the following June 30, taxes receivable are delinquent and are not considered a resource to finance current year operations and are recorded as deferred revenue until collected.

Registered motor vehicles taxes are described elsewhere in Note 1.

##### Inventories

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

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

out (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.

#### Bond Issuance Costs

Bond issuance costs are deferred and amortized over the terms of the bonds using the interest method. These costs relate to the revenue bonds issued in the Enterprise funds.

#### Restricted Cash and Investments

Certain debt proceeds, as well as certain resources set aside for the repayment of debt, are classified as restricted assets on the combined balance sheet because their use is limited by the applicable legal agreements.

#### Investment in Direct Financing Lease

The City's leasing operations consist of the leasing of peak shaving generators to industrial utility customers. These leases are classified as direct financing leases. Under the direct financing method of accounting for leases, the total net rentals receivable under the lease contracts, initial direct costs (net of fees), and the estimated unguaranteed residual value of the leased equipment, net of unearned income, are recorded as a net investment in direct financing leases, and the unearned income on each lease is recognized each month at a constant periodic rate of return on the unrecovered investment.

#### Fixed Assets

General Fixed Assets are not capitalized in governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Fixed assets acquired by or used in proprietary fund types are capitalized in the proprietary fund type. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City. The City also does not capitalize interest costs as a part of general fixed assets.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of fixed assets in the proprietary fund types is computed using the straight-line method.

It is the City's policy not to provide for depreciation in the first year of service, but to take a full year's depreciation in the year of disposal.

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

In proprietary funds, the following estimated useful lives are used to compute depreciation:

	Estimated Useful Lives
Building and improvements	40 years
Distribution system	25 - 40 years
Equipment	3 - 15 years

#### Compensated Absences

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

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

#### Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations serviced by governmental funds, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. Long-term liabilities expected to be repaid from proprietary fund operations are accounted for in those funds.

#### Equity

Contributed capital was recorded in prior years in proprietary funds that have received capital grants or contributions from developers, customers or other funds.

North Carolina General Statutes restrict appropriation of fund balances to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenue arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

#### **Reserved:**

*Reserved for Powell Bill* - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

*Reserved for inventories* - represents the total amount of inventories in the General Fund.



## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

*Reserved by State statute* - in certain governmental funds, a portion of fund balance is thus designated as these amounts represent the portion of fund balances applicable to various assets not yet realized in cash, which are not available for appropriation as defined by North Carolina General Statute.

*Reserved for encumbrances* - represents the portion of fund balance of the General Fund available for appropriation to pay for commitments related to unperformed contracts.

#### **Unreserved:**

*Designated for subsequent year's expenditures* - represents the amount of fund balance of the General Fund appropriated to the budget for the year ending June 30, 2003.

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

#### Interfund Transactions

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

#### Memorandum Only - Total Columns

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

#### Statement of Cash Flows

For purposes of reporting cash flows, the City considers all of its deposits in the pool (including restricted cash) to be cash equivalents. Proprietary fund highly liquid debt investments outside the pool are considered cash equivalents if purchased with a maturity of three months or less.

#### Note 2. Stewardship, Compliance and Accountability

##### Budget

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

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

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 2. Stewardship, Compliance and Accountability (Continued)

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 City Council. The City Council has the authority to amend the budget as they deem appropriate during the year to reflect the economic circumstances of the City. During the year several amendments to the original general fund budget were necessary, the effects of which were not material.

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.

#### Deficit Balances

The City has fund balance deficits in individual funds as of June 30, 2002 as follows:

##### Capital Project Funds:

Grainger Stadium Renovation	\$ 1,542,262
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##### Special Revenue Fund:

Disaster Recovery Project Fund	290,442
FEMA-HMGP Floyd Phase I	13,860
FEMA-HMGP Floyd Phase IB	19,274
COPSMORE-2000	4,984
CDBG Micro Enterprise Grant Fund	22,961
Governor's Highway Safety Program - 2001	4,348
FEMA-HMGP Floyd Phase III	2,886

These deficits are expected to be funded by grant revenue and other financing sources.

#### Note 3. Cash and Investments

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

Petty cash	\$ 3,750
Cash on deposit	2,356,058
Investments	2,805,461
Cash and investments	<u>\$ 5,165,269</u>

##### Balance sheet reconciliation:

Cash and investments	\$ 3,852,248
Restricted cash and investments	1,313,021
	<u>\$ 5,165,269</u>

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 3. Cash and Investments (Continued)

#### Deposits

At year end, the carrying amount of the City's deposits was \$2,356,058 and the bank balance was \$2,975,637. Under North Carolina General Statutes, depositories must collateralize public deposits in excess of federal depository insurance coverage by using one of two methods. Under the Dedicated Method, a separate escrow account is established by each depository in the name of each local unit, and the responsibility of monitoring collateralization rests with the local unit. Under the Pooling Method, each depository establishes an escrow account in the name of the State Treasurer to secure all its public deposits. This method shifts the monitoring responsibility from the local unit to the State Treasurer. 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 its name. The amount of the pledged collateral is based on an approved averaging method for non-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 under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has deposits in banks using the pooling method. Of the City's bank balances, \$165,000 was covered by federal depository insurance and \$2,810, 637 was covered by collateral held by the State Treasurer under the pooling method on behalf of the City.

#### Investments

At June 30, 2002, the City's investments are limited to participation in the North Carolina Capital Management Trust. All North Carolina Capital Management Trust amounts are exempt from risk categorization because the City does not own any identifiable securities but is a shareholder of a percentage of the Trust. These investments are considered to be cash equivalents since there is no maturity date.

	Reported Value	Fair Value
North Carolina Capital Management Trust (NCCMT)	\$ 1,492,440	\$ 1,492,440
NCCMT, held by trustee	1,313,021	1,313,021
Total investments	<u>\$ 2,805,461</u>	<u>\$ 2,805,461</u>

### Note 4. Interfund Transactions and Balances

The following is a detailed schedule of interfund transfers for the year ended June 30, 2002:

Operating Transfers In	Operating Transfers Out		Total
	General Fund	Electric Fund	
General Fund	\$ -	\$ 955,000	\$ 955,000
Capital Project Funds	300,000	-	300,000
Special Revenue Funds	64,735	-	64,735
Total	<u>\$ 364,735</u>	<u>\$ 955,000</u>	<u>\$ 1,319,735</u>

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 4. Interfund Transactions and Balances (Continued)

Amounts due from/to other funds at June 30, 2002 were as follows:

General Fund	Grainger Stadium Renovation	\$ 1,104,445
Internal Service Fund	Grainger Stadium Renovation	400,000
Enterprise Funds		
Electric Fund	FEMA-HMGP Floyd Phase IB	323,716
Water and Sewer Fund	Floyd DCA/CHAF	423,830
		747,546
Capital Project Funds		
Uplands Park	FEMA - HMGP	63,328
	FEMA - HMGP Fran Phase II	53,430
	FEMA - HMGP Floyd Phase IC	50,300
	FEMA - HMGP Floyd Phase II	550
	FEMA Floyd IB Demolition Project	29,984
	Grainger Stadium Renovation	50,000
		247,592
Capital Reserve	Disaster Recovery Project	291,069
	FEMA Demolition Project IV	1,674
		292,743
		540,335
Special Revenue Funds		
Community Development Administration	State Tenant Relocation Assistance	73,808
	FEMA-HMGP Floyd Phase I	67,031
	Hud Acquisition - DRI Project	8,774
	HUD - DRI	299
	FEMA-HMGP Fran Phase III	19
	FEMA Demolition Project I	4,807
	FEMA-HMGP Floyd Phase II	2,605
	FEMA Floyd IC Demolition Project	4,118
	FEMA Floyd III Demolition Project	2,782
		164,243
SARF - DCA	FMA-HMGP Floyd Phase III	172,731
	Oaks Apartments Project	134
	FEMA-HMGP Floyd Phase IV Rev.	4,467
	FEMA Floyd IIA Demolition Project	5,913
	GHSP -2000	559
	Salvage Yard Buyout	41,600
	Bonnie Disaster Recovery	49,753
		275,157
LLEBG - 2001	COPSMORE 2000	11,630
	GCC Computers on Patrol	2,695
		14,325
LLEBG - 2000	GHSP - 2001	3,007
	LLEBG -1999	1,037
		4,044
		457,769
	Totals	\$ 3,250,095

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 5. Allowance For Uncollectible Accounts

The amounts shown in the combined balance sheet for customer receivables are net of the following allowances for estimated uncollectible accounts:

General Fund	\$ 18,340
Enterprise Funds:	
Electric Fund	262,727
Water and Sewer Fund	56,453
	<u>\$ 337,520</u>

### Note 6. Fixed Assets

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

	Balance at July 1, 2001	Additions and Transfers	Disposals	Balance at June 30, 2002
Land and buildings	\$ 9,323,403	\$ 1,544,422	\$ -	\$ 10,867,825
Equipment and vehicles	10,591,395	1,314,484	-	11,905,879
	<u>\$ 19,914,798</u>	<u>\$ 2,858,906</u>	<u>\$ -</u>	<u>\$ 22,773,704</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 2002.

	Enterprise Funds			Internal Service Fund
	Electric	Water and Sewer	Total	
Land	\$ 202,380	\$ 83,972	\$ 286,352	\$ -
Buildings and improvements	3,671,890	3,534,922	7,206,812	19,468
Distribution system	23,379,603	35,159,486	58,539,089	-
Equipment	1,551,438	2,098,233	3,649,671	-
Construction in progress	6,999,229	12,591,878	19,591,107	-
	<u>35,804,540</u>	<u>53,468,491</u>	<u>89,273,031</u>	<u>19,468</u>
Less accumulated depreciation	13,753,036	16,756,807	30,509,842	3,896
Net fixed assets	<u>\$ 22,051,504</u>	<u>\$ 36,711,684</u>	<u>\$ 58,763,189</u>	<u>\$ 15,572</u>

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 7. Long-Term Debt

#### Changes in Long-term Liabilities

During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general-long term debt account group and the enterprise funds:

#### General Long-Term Debt Account Group:

	Balance at July 1, 2001	Additions	Reductions	Balance at June 30, 2002
Accrued compensated absences	\$ 758,672	\$ 22,767	\$ -	\$ 781,439
Police separation allowance	133,814	57,312	-	191,126
Separation allowance plan	227,213	22,293	-	249,506
Installment contracts	2,307,157	801,140	526,608	2,581,689
Total	<u>\$ 3,426,856</u>	<u>\$ 903,512</u>	<u>\$ 526,608</u>	<u>\$ 3,803,760</u>

#### Enterprise Funds:

	Balance at July 1, 2001	Additions	Reductions	Balance at June 30, 2002
Revenue bonds	\$ 13,565,000	\$ -	\$ 835,000	\$ 12,730,000
Notes payable	4,536,511	-	499,940	4,036,571
Installment contracts	1,392,649	-	178,107	1,214,542
	<u>\$ 19,494,160</u>	<u>\$ -</u>	<u>\$ 1,513,047</u>	<u>\$ 17,981,113</u>

#### Revenue Bonds

Revenue bonds outstanding at June 30, 2002 are as follows:

#### Enterprise Funds:

##### *Water and Sewer Fund:*

\$6,645,000 – Combined Enterprise System Revenue Bonds, 1996 Series, due in Semi-annual installments through April 1, 2021; interest at 3.4% to 5.7%. \$ 4,995,000

##### *Electric Fund:*

\$10,315,000 – Combined Enterprise System Revenue Bonds, 1996 Series, due in Semi-annual installments through April 1, 2021, interest at 3.4% to 5.7%. 7,735,000

Total Revenue Bonds \$ 12,730,000

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 7. Long-Term Debt (Continued)

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 885,000	\$ 700,816	\$ 1,585,816
2004	915,000	656,566	1,571,566
2005	230,000	611,731	841,731
2006	435,000	600,231	1,035,231
2007	455,000	578,046	1,033,046
Thereafter	9,810,000	4,668,195	14,478,195
Total	<u>\$ 12,730,000</u>	<u>\$ 7,815,585</u>	<u>\$ 20,545,585</u>

The Series 1996 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 which 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. The City has complied with these bond covenants for the year ended June 30, 2002.

### Notes Payable

Notes payable include obligations of the City for various water and sewer fund improvements. These unsecured obligations are for varying annual installments with interest ranging from 3.035 percent to 10 percent.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 503,696	\$ 133,166	\$ 636,862
2004	507,829	114,091	621,920
2005	462,374	94,604	556,978
2006	462,374	79,660	542,034
2007	462,374	64,718	527,092
Thereafter	1,637,924	136,863	1,774,787
Total	<u>\$ 4,036,571</u>	<u>\$ 623,102</u>	<u>\$ 4,659,673</u>

### Installment Contracts

The City has entered into a loan agreement for financing various land, building, building improvements and equipment purchases, which principally serves as collateral for these obligations. These obligations are for varying annual installments with interest rates ranging from 3.78 to 8.5 percent.

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 7. Long-Term Debt (Continued)

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

Fiscal Year Ending June 30,	General Long-Term Debt Account Group		Enterprise Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 577,394	\$ 121,519	\$ 129,525	\$ 54,250	\$ 706,919	\$ 175,769
2004	570,422	88,507	135,314	48,460	705,736	136,967
2005	381,309	62,997	141,363	42,411	522,672	105,408
2006	355,903	45,915	147,682	36,093	503,585	82,008
2007	366,661	29,206	154,283	29,491	520,944	58,697
Thereafter	330,000	29,010	506,375	45,848	836,375	74,858
Total	<u>\$ 2,581,689</u>	<u>\$ 377,154</u>	<u>\$ 1,214,542</u>	<u>\$ 256,553</u>	<u>\$ 3,796,231</u>	<u>\$ 633,707</u>

Installment contracts of the general long-term debt account group will be repaid from the General Fund. Of the Enterprise Fund installment contracts, \$1,214,542 will be repaid from the Water and Sewer Fund.

### 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, 2002, the legal debt limit for the City was \$92,964,718 providing a legal debt margin of \$90,383,029.

At June 30, 2002, the City has no authorized bonds remaining to be issued.

### Note 8. Contributed Capital

The City utilizes an option allowed under NCGA Statement 2 for the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Exhibit 4) whereby it closes depreciation expense on assets (acquired or constructed through grants, entitlements, or shared revenues prior to July 1, 2000) to the contributed capital account rather than to retained earnings.

During the year, contributed capital had the following changes:

Source	Electric Fund	Water and Sewer Fund	Total
Contributed capital, July 1, 2001	\$ 363,067	\$ 3,372,145	\$ 3,735,212
Depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction.	(15,128)	(86,465)	(101,593)
Contributed capital, June 30, 2002	<u>\$ 347,939</u>	<u>\$ 3,285,680</u>	<u>\$ 3,633,619</u>

Grants, entitlements, and shared revenues restricted for the acquisition or construction of capital assets were recorded as contributed capital prior to the implementation of GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The City recognizes capital contributions from external sources as revenue rather than as contributed capital.



# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 9. Deferred Revenue

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

	General Fund	Enterprise Fund
Prepaid revenues not yet earned	\$ 86,281	\$ -
Property taxes receivable	752,933	-
Property taxes receivable - automobiles	115,756	-
Paving assessments receivable	195,323	-
Refuse fees receivable	293,257	-
Franchise fees receivable	313,088	-
Other receivables	8,500	-
Repayment agreements	-	20,338
	<u>\$ 1,765,138</u>	<u>\$ 20,338</u>

### Note 10. Segment Information

The City maintains two enterprise funds which provide electric and water and sewer services. Financial segment information as of and for the year ended June 30, 2002, is presented below.

	Electric Fund	Water and Sewer Fund	Total
Operating revenue	\$ 35,446,894	\$ 6,940,858	\$ 42,387,752
Nonoperating revenue (expenses)	(421,776)	(442,348)	(864,124)
Depreciation	988,784	1,392,155	2,380,939
Amortization	19,192	3,625	22,817
Operating income	511,303	256,200	767,503
Operating transfers in	104,000	-	104,000
Operating transfers out	(955,000)	(104,000)	(1,059,000)
Net income (loss)	(652,093)	3,080,578	2,428,485
Contributed capital	109,380	3,370,726	3,480,106
Fixed asset additions	755,710	5,731,530	6,487,240
Working capital	2,927,328	462,699	3,390,027
Total assets	29,219,356	39,503,161	68,722,517
Bonds and other long-term liabilities			
payable from operating revenue	7,735,000	10,246,113	17,981,113
Total fund equity	17,919,244	27,882,364	45,801,608

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 11. Employee Retirement Systems

##### Local Governmental Employees' Retirement System

*Plan Description.* The City of Kinston contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefits pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article of G.S. Chapter assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government Employees' Retirement System 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. The current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.78% 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, 2002, 2001, and 2000 were \$675,328, \$498,755 and \$609,530, respectively. The contributions made by the City equaled the required contributions for each year.

##### Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution 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.

*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, 2002 were \$175,675, which consisted of \$147,467 from the City and \$28,208 from the law enforcement officers.

##### Law Enforcement Officer's 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.

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 11. Employee Retirement Systems (Continued)

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2001, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	75
Total	<u>77</u>

A separate financial report was not issued for the plan.

*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 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, 2001 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.9 to 9.8% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

*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	\$ 73,890
Interest on net pension obligation	9,686
Adjustment to annual required contribution	<u>(7,035)</u>
Annual pension cost	76,541
Contributions made	<u>19,013</u>
Increase (decrease) in net pension obligation	57,528
Net pension obligation beginning of year	<u>133,598</u>
Net pension obligation end of year	<u>\$ 191,126</u>

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2000	\$ 52,509	40.76%	\$ 94,053
06/30/2001	60,948	35.12%	133,598
06/30/2002	76,541	24.84%	191,126

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

#### Note 11. Employee Retirement Systems (Continued)

##### Separation Allowance Plan

*Plan Description.* The City of Kinston administers a public employees retirement system (the "Separation Allowance"), 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. No stand-alone report is issued for this Plan.

Years of Employment	Percentage of Pay
Less than 10	0%
10 but less than 13	30%
15 but less than 20	40%
20 or more	50%

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 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.

At December 31, 2001, the Separation Allowance's membership consisted of:

Retirees receiving benefits	16
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	64
Total	<u>80</u>

A separate financial report was not issued for the plan.

*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 budget. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the June 30, 2002 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increase ranging from 4.4% to 8.6% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

### Note 11. Employee Retirement Systems (Continued)

*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	\$ 116,322
Interest on net pension obligation	16,473
Adjustment to annual required contribution	<u>(46,370)</u>
Annual pension cost	86,425
Contributions made	<u>64,132</u>
Increase (decrease) in net pension obligation	22,293
Net pension obligation beginning of year	227,213
Net pension obligation end of year	<u><u>\$ 249,506</u></u>

#### Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/2000	\$ 101,250	60.80%	\$ 193,466
06/30/2001	103,205	67.30%	227,213
06/30/2002	86,425	74.20%	249,506

### 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. There is a loan provision allowing participants to borrow from their account. Contributions for the year ended June 30, 2002 were \$359,428, which consisted of \$161,624 from the City and \$197,804 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.

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 11. Employee Retirement Systems (Continued)

##### Other Post-Employment Benefits

##### Health Care Benefits

In addition to providing pension benefits, the City of Kinston has elected to provide post-retirement health care benefits to retirees of the City who participate in the North Carolina Local Government Employees' Retirement System (NCLGERS) and have at least twenty (20) years of creditable service under the NCLGERS, provided that 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 \$7.67 per year of creditable service, not to exceed thirty (30) years, for each month of the medical year plan.

Currently, forty-one (41) retirees are eligible for post-retirement health benefits. The cost of post-retirement health benefits is recognized as an expenditure when paid. For 2002 those costs totaled \$76,461. The City obtains healthcare coverage through private insurers.

The City has elected to provide death benefits to employees through the Death Trust Plan for members of the Local Governmental Employee's Retirement System (Death Trust Plan), a multiple-employer state administered cost-sharing plan funded on a one year-term cost basis. 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 his/her death, but the benefit may not exceed \$20,000. All death benefit payments are made for the Death Trust Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State.

Separate rates are set for employees not engaged in law enforcement. Because the benefit payments are made by the Death Trust Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2002, the City made contributions to the state for death benefits of \$17,237. The contributions to the Death Trust Plan represented .12 percent and .14 percent of covered payroll, respectively. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

# CITY OF KINSTON, NORTH CAROLINA

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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### Note 12. Budget to GAAP Reconciliation

For the fiscal year ended June 30, 2002, the following adjustments are needed to reconcile the operating statements of the special revenue funds between combined statements on a GAAP basis and combined statements on a budgetary basis:

	Special Revenue Funds
Expenditures over revenues, budgetary basis	\$ 39,574
To record excess of revenues and other financing services over (under) expenditures and other financing uses for the following funds which have multi-year budgets:	
Special Revenue Fund	
Disaster Recovery Project	(290,442)
FEMA - HMGP Project	(38,216)
SARF-DCA Project	256,484
HUD/DRI Acquisition Project	(58,517)
FEMA Demolition I Project	(2,926)
FEMA - HNGP Floyd Phase I	(13,860)
Floyd - DCA/CHAF Project	(1,591)
Floyd Phase IB Project	(19,274)
Floyd Phase IC Project	(425)
Bonnie Recovery	4,500
LLEBG - 2000	(63,914)
GHSP 2000	(6,449)
COPSMORE Grant	(15,446)
COPS/KHA Grant	7,668
LLEBG - 1999	(61,400)
CDBG Micro Enterprise Grant	(22,961)
LLEBG - 2001	17,127
GHSP - 2001	(4,348)
Floyd Phase III	(2,886)
Revenues under expenditures, GAAP basis	\$ (277,302)

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 13. 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 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 \$250,000 and in aggregate in excess of \$2,000,000. A total of \$303,990 in claims was incurred for benefits during fiscal year 2002.

#### Claims liability

	2002	2001
Unpaid claims, beginning of fiscal year	\$ 130,300	\$ 78,000
Incurred claims (including claims incurred but not reported as of June 30, 2002)	303,990	243,868
Payments and reduction in claims estimates	(202,991)	(191,568)
Unpaid claims, end of fiscal year	<u>\$ 231,299</u>	<u>\$ 130,300</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.



## **CITY OF KINSTON, NORTH CAROLINA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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#### **Note 14. Commitments and Contingencies**

##### **Purchase Commitments**

The City participates in the North Carolina Eastern Municipal Power Agency (Agency). Under the contracts executed by the City with the Agency, the Agency became the "all requirements" power supplier to the City. The City is obligated to pay for this power at rates set by the Agency and to set rates at a level such that sufficient electrical revenue is generated to meet the obligations to the Agency. The Agency furnishes power to the City by purchasing an undivided interest in some of Carolina Power & Light Company's (CP&L) generating capacity and by contracting with CP&L to furnish all of the Agency's requirements. Under the terms of the agreement with the Agency, the City is obligated to pay a proportionate share of the Agency's obligation to CP&L for the purchase of generating capacity whether or not the generator produces power. This is commonly referred to as a "take or pay" contract in the electric industry.

The City had commitments of approximately \$2,415,773 in the Water and Sewer Fund for the construction of various capital projects. These commitments are to be funded by additional loan drawdowns, bond proceeds and operating revenues during the 2002-2003 fiscal year end.

##### **Claims and Judgments**

At June 30, 2002, the City was a defendant in various lawsuits and other claims; however, no provision was made in the financial statements for any contingent liabilities. In the opinion of management and the City attorney, the ultimate outcome of these legal matters will not have a material adverse affect on the City's financial position.

##### **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 refund of grant monies.

##### **Consent Judgment**

On August 18, 1998, the City entered into a consent judgment with the State of North Carolina, Department of Environment and Natural Resources (DENR), the purpose of which is to establish an enforceable schedule of the evaluation, construction and completion of improvements to the City's wastewater treatment facilities such as will bring it in compliance with all applicable water quality laws and regulations as soon as possible. The City currently estimates costs to complete the judgment at approximately \$30,000,000. The City expects to use a combination of revenue sources to complete the judgment including Federal and State grants, debt and operational revenue. The judgment specifies the City shall complete construction on or before December 31, 2003, or on or before twenty-four months after beginning construction, whichever is later.

## **CITY OF KINSTON, NORTH CAROLINA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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#### **Note 15. Commitments and Contingencies (Continued)**

##### **Flood Plain Buyout**

In conjunction with the federal, State and County governments, the City has tentatively entered into agreements to purchase the property of and relocate approximately 1000 citizens from the Neuse River Basin flood plain. As of the balance sheet date, the City had completed approximately 80% of the cases. All revenues used for the buyout are expected to come from various federal and State agencies and the City does not expect to incur any expenditures using local revenues.

##### **Electric Deregulation**

In 1997, the General Assembly appointed the Study Commission on the Future of Electric Service in North Carolina ("Study Commission") to examine the cost, adequacy, availability and pricing of electric rates in North Carolina, in order to determine whether legislation is necessary to assure an adequate and reliable source of electricity and economical, fair and equitable rates for all consumers in North Carolina.

The Study Commission submitted its report to the 2000 General Assembly on May 16, 2000. That report recommended retail choice for all customers by January 1, 2006. Specific recommendations on Municipal Power Agency debt and stranded costs were deferred. The report did state that nothing in the recommendation was intended to preclude municipalities from being able to sell or retain their distribution systems by making a payment against the Municipal Power Agency debt equal to the appraised value of the electric system. In January 2001, the Study Commission decided not to present legislation to the General Assembly in 2001. The Study Commission is continuing to study the issue of electric deregulation.

The City and the Electric Agency are unable to predict the results of the study or the recommendations made by the Study Commission, or whether the recommendations to the General Assembly will be enacted into law.

Although the impact of retail electric competition cannot be measured at this time, if such competition becomes applicable to the City, it may cause significant changes in (i) the number of customers, (ii) the costs to the customers, (iii) revenues, (iv) financing costs, and (v) debt ratings.

#### **Note 16. Jointly Governed Organizations**

##### **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. The City paid membership fees of \$6,800 to the Council during the fiscal year ended June 30, 2002.

## **CITY OF KINSTON, NORTH CAROLINA**

### **NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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#### **Note 16. Jointly Governed Organizations (Continued)**

##### **North Carolina Eastern Municipal Power Agency**

The City, in conjunction with thirty-two other local governments, is a member of the North Carolina Eastern Municipal Power Agency ("Agency"). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The thirty-two members, which receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power from the Agency for the fiscal year ended June 30, 2002 were \$29,267,907.

##### **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, 2002.

##### **Lenoir County Tourism Development Authority**

The City in conjunction with Lenoir County, established the Lenoir County Tourism Development Authority. The participating governments established the Authority to promote tourism in the County area. The City appoints three members of the seven-member board of directors. The City provided no funding for the Authority for the year ended June 30, 2002.

#### **Note 17. Joint Ventures**

##### **Kinston-Lenoir County Library**

The City participates in a joint venture with Lenoir County to operate the Kinston/Lenoir County Library. The City appoints three board members of the six-member board. The City has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2002. During the year ended June 30, 2002, the City provided \$209,625 to the Library. Separate financial statements of the library are available at the library address of 510 North Queen Street, Kinston, North Carolina 28501.

#### **Note 18. Related Organization**

##### **City of Kinston Housing Authority**

The Board of the City of Kinston Housing Authority is appointed by the City of Kinston. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority.

## CITY OF KINSTON, NORTH CAROLINA

### NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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#### Note 19. Pending GASB Statements

At June 30, 2002, the Governmental Accounting Standards Board has issued several statements not yet implemented by City of Kinston. The Statements which might have a significant effect on the City are as follows:

No. 34 as amended by No. 37 "Basic Financial Statements – and Management Discussion and analysis – For State and Local Governments", issued June 1999 and June 2001, respectively, were the culmination of many years of study and deliberation by the GASB. Due to the significance of these statements, an extended disclosure is included below.

For the first time, financial managers will be required to share their insights in a management's discussion and analysis (MD&A) that gives readers an analysis of the government's overall financial position and results of the previous year's operations.

Financial statements will present a government-wide perspective (new) and a fund level perspective. For the first time, the annual report will include government wide financial statements prepared using *full accrual* accounting for *all of the government's activities*—not just those that cover costs by charging a fee for services, as was previously required. Governments will report all capital assets, including infrastructure, in a government-wide *statement of net assets* and will report depreciation expense—the cost of "using up" capital assets—in the statement of activities. Infrastructure assets will be reported, but may not be required to be depreciated under certain circumstances. The net assets of a government will be broken down into three categories—*invested in capital assets, net of related debt; restricted; and unrestricted*. A *statement of activities* will be presented in at least the same level of detail provided in the governmental fund statements—generally, expenses and program revenues by function. Program expenses will include all direct expenses; governments that allocate overhead and other indirect expenses to individual programs will show the allocation in a separate column. *Special and extraordinary* items will be reported separately from other revenues and expenses. This way, users will see if the government's conventional, recurring revenues and expenses balanced.

Statement 34 requires governments to continue to present fund level financial statements with information about funds. The focus of these fund-based statements has been changed, however, by requiring governments to report information about their most important or *major* funds (those whose revenues, expenditures/expenses, assets, or liabilities are at least 10 percent of the total for their fund category or type (governmental or enterprise) and at least 5 percent of the aggregate amount for all governmental and enterprise funds), including a government's "general fund." Fund-based statements for governmental activities (generally, those supported by tax revenues) will continue to report the flow of *current financial resources* (generally, cash and other assets that can easily be converted to cash).

To help users understand and assess the relationship between fund-based and government-wide financial statements, governments will present a summary reconciliation that will show the interplay between the two types of statements.

Governments will continue to provide budgetary comparison information in their annual reports - as required supplementary information. An important change, however, is a requirement to add the government's *original budget* to the current comparison of final budget and actual results.

The requirements of Statements 34 and 37 are effective for City of Kinston beginning with fiscal year ending June 30, 2003.



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## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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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
  - Schedule of Funding Progress for the Separation Allowance Plan
  - Schedule of Employer Contributions for Separation Allowance Plan
-



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

**SCHEDULE OF FUNDING PROGRESS**

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 Percent of Covered Payroll (( b-a )/c )
12/31/1995	-	\$ 417,893	\$ 417,893	0.00%	\$ 2,093,043	19.97%
12/31/1996	-	402,620	402,620	0.00%	2,306,243	17.44%
12/31/1997	-	422,196	422,196	0.00%	2,333,064	18.10%
12/31/1998	-	321,925	321,925	0.00%	2,150,376	14.97%
12/31/1999	-	367,921	367,921	0.00%	2,550,453	14.43%
12/31/2000	-	548,684	548,684	0.00%	2,393,727	22.92%
12/31/2001	-	653,364	653,364	0.00%	2,758,523	23.69%



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

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
1992	\$ 44,744	109.8 %
1993	43,232	100.9
1994	44,188	80.7
1995	49,259	90.2
1996	59,223	75.9
1997	59,186	80.5
1998	59,331	63.8
1999	63,699	55.7
2000	53,672	39.9
2001	62,878	33.7
2002	73,890	25.7

**Notes to the Required Schedule**

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

Valuation date	12/31/2001
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	29 Years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	5.9 - 9.8%
Includes inflation at	3.75%
Cost of living adjustments	N/A

**CITY OF KINSTON, NORTH CAROLINA  
SEPARATION ALLOWANCE PLAN  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS**

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 Percent of Covered Payroll ((( b-a )/c )
7/1/1997	\$ -	\$ 628,797	\$ 628,797	0.00%	\$ 2,555,325	24.6%
7/1/1998	-	749,238	749,238	0.00%	2,373,338	31.6%
7/1/1999	-	533,936	533,936	0.00%	2,418,620	22.1%
7/1/2000	-	566,768	566,768	0.00%	2,585,194	21.9%
7/1/2001	-	519,603	519,603	0.00%	2,281,938	22.8%
7/1/2002	-	448,700	448,700	0.00%	2,328,759	19.3%

Note to Required Schedule:

Information above is presented for those years for which it is available.

**CITY OF KINSTON, NORTH CAROLINA  
SEPARATION ALLOWANCE PLAN  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ended June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
1998	\$ 143,082	64.5%
1999	165,026	56.2%
2000	121,488	50.7%
2001	128,662	50.5%
2002	116,322	55.1%

**Notes to the Required Schedule**

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

Valuation date	June 30, 2002
Actuarial cost method	Projected unit credit cost
Amortization method	Level dollar open basis
Remaining amortization period	6 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.4 - 11.9%
Includes inflation at	3.75%
Cost of living adjustments	N/A

## **GENERAL FUND**

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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**

**COMPARATIVE BALANCE SHEET  
June 30, 2002 and 2001**

ASSETS	2002	2001
Cash and investments	\$ 3,309,576	\$ 5,198,823
Receivables:		
Due from other funds	1,104,445	-
Due from governmental agencies	947,848	1,342,988
Accounts receivable	396,799	443,569
Taxes receivable	868,689	857,282
Customer receivables, net	293,257	295,819
Interest receivable	4,643	35,561
Inventories	165,944	178,680
Total assets	<u>\$ 7,091,201</u>	<u>\$ 8,352,722</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 812,466	\$ 773,332
Deferred revenue	1,765,138	1,691,723
Total liabilities	<u>2,577,604</u>	<u>2,465,055</u>
 Fund Balances:		
Reserved for Powell Bill	110,575	735,979
Reserved for inventories	165,944	178,680
Reserved by State statute	1,936,824	1,207,400
Reserved for encumbrances	44,400	402,200
Unreserved:		
Designated for subsequent year's expenditures	400,000	-
Undesignated	1,855,854	3,363,408
Total fund balances	<u>4,513,597</u>	<u>5,887,667</u>
 Total liabilities and fund balance	<u>\$ 7,091,201</u>	<u>\$ 8,352,722</u>

**CITY OF KINSTON, NORTH CAROLINA  
GENERAL FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 2002**

**With Comparative Totals for the Fiscal Year Ended June 30, 2001**

(Page 1 of 4)

	2002			2001
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
<b>Revenue:</b>				
Ad valorem taxes:				
Taxes	\$ 7,230,500	\$ 6,880,937	\$ (349,563)	\$ 6,374,794
Penalties and interest	40,500	82,877	42,377	53,460
<b>Total ad valorem taxes</b>	<b>7,271,000</b>	<b>6,963,814</b>	<b>(307,186)</b>	<b>6,428,254</b>
Sales and services:				
Garbage collections	2,491,000	2,356,171	(134,829)	2,398,137
Rents, concessions and fees	301,500	321,459	19,959	284,220
Inspection fees	105,000	129,412	24,412	165,761
Cemetery fees	165,500	170,325	4,825	169,823
Cable franchise	150,000	139,706	(10,294)	158,522
Legal Services	100,700	448,012	347,312	228,124
Lenoir County participation:				
Recreation	475,300	470,037	(5,263)	466,125
<b>Total sales and services</b>	<b>3,789,000</b>	<b>4,035,122</b>	<b>246,122</b>	<b>3,870,712</b>
Other taxes and licenses:				
Local government sales tax	2,650,000	2,277,274	(372,726)	2,375,702
Franchise tax	1,325,000	677,902	(647,098)	1,237,055
Intangible taxes	230,000	-	(230,000)	224,300
Occupancy tax	126,000	133,171	7,171	142,410
Gross receipts tax	10,000	13,595	3,595	10,488
Licenses and permits	85,000	72,695	(12,305)	68,703
<b>Total other taxes and licenses</b>	<b>4,426,000</b>	<b>3,174,637</b>	<b>(1,251,363)</b>	<b>4,058,658</b>
Unrestricted intergovernmental revenue:				
Payments in lieu of taxes	584,500	268,642	(315,858)	609,618
Beer and wine	108,000	-	(108,000)	107,727
ABC revenue	16,500	6,219	(10,281)	14,761
<b>Total unrestricted intergovernmental revenue</b>	<b>709,000</b>	<b>274,861</b>	<b>(434,139)</b>	<b>732,106</b>
Restricted intergovernmental revenue:				
Powell Bill allocations	845,000	799,005	(45,995)	836,952
NC Health and Sanitation	-	918	918	521
School Resource Officer	-	885	885	43,604
NC Dept of Transportation	2,000	1,689	(311)	10,556
Victims advocate grant	2,000	2,000	-	-
US Justice Department	71,000	13,971	(57,029)	61,454
Forfeited drug proceeds	15,000	16,554	1,554	63,307
<b>Total restricted intergovernmental intergovernmental revenue</b>	<b>935,000</b>	<b>835,022</b>	<b>(99,978)</b>	<b>1,016,394</b>

**CITY OF KINSTON, NORTH CAROLINA  
GENERAL FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 2002**

**With Comparative Totals for the Fiscal Year Ended June 30, 2001**

(Page 2 of 4)

	2002			2001
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Other revenue:				
Investment income	\$ 200,000	\$ 122,947	\$ (77,053)	\$ 286,697
Sales of surplus materials and assets	75,000	76,027	1,027	65,150
Miscellaneous	33,600	37,218	3,618	32,445
<b>Total other revenue</b>	<b>308,600</b>	<b>236,192</b>	<b>(72,408)</b>	<b>384,292</b>
<b>Total revenue</b>	<b>17,438,600</b>	<b>15,519,648</b>	<b>(1,918,952)</b>	<b>16,490,416</b>
Expenditures:				
General Government:				
Governing body:				
Salaries and benefits		303,600		284,044
Operating		311,262		349,335
<b>Total governing body</b>	<b>645,700</b>	<b>614,862</b>	<b>30,838</b>	<b>633,379</b>
Executive:				
Salaries and benefits		587,476		383,260
Operating		174,164		198,380
Capital outlay		24,393		7,079
<b>Total executive</b>	<b>858,300</b>	<b>786,033</b>	<b>72,267</b>	<b>588,719</b>
Finance:				
Salaries and benefits		446,101		419,137
Operating		215,580		192,684
Capital outlay		5,089		-
<b>Total finance</b>	<b>645,258</b>	<b>666,770</b>	<b>(21,512)</b>	<b>611,821</b>
Human Resources:				
Salaries and benefits		304,977		298,240
Operating		125,672		112,629
<b>Total human resources</b>	<b>498,900</b>	<b>430,649</b>	<b>68,251</b>	<b>410,869</b>
Engineering and public facilities:				
Salaries and benefits		626,407		533,708
Operating		348,324		420,434
Capital outlay		71,706		251,261
<b>Total engineering and public facilities</b>	<b>1,264,700</b>	<b>1,046,437</b>	<b>218,263</b>	<b>1,205,403</b>
Indirect costs reimbursement	(2,432,800)	(2,432,800)	-	(2,300,656)
<b>Total general government</b>	<b>1,480,058</b>	<b>1,111,951</b>	<b>368,107</b>	<b>1,149,535</b>



**CITY OF KINSTON, NORTH CAROLINA  
GENERAL FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 2002**

**With Comparative Totals for the Fiscal Year Ended June 30, 2001**

(Page 3 of 4)

	2002			2001
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Public safety:				
Police:				
Salaries and benefits	\$	\$ 3,835,866	\$	\$ 3,414,151
Operating		543,628		628,356
Capital outlay		234,457		343,659
<b>Total police</b>	<b>4,612,600</b>	<b>4,613,951</b>	<b>(1,351)</b>	<b>4,386,166</b>
Fire:				
Salaries and benefits		2,706,339		2,507,949
Operating		377,013		496,581
Capital outlay		99,776		487,422
<b>Total fire</b>	<b>3,317,522</b>	<b>3,183,128</b>	<b>134,394</b>	<b>3,491,952</b>
<b>Total public safety</b>	<b>7,930,122</b>	<b>7,797,079</b>	<b>133,043</b>	<b>7,878,118</b>
Public works:				
Salaries and benefits		2,755,666		2,650,071
Operating		2,972,285		2,858,387
Capital outlay		836,625		328,942
Less: interdepartment charges		(826,510)		(846,135)
<b>Total public works</b>	<b>6,084,718</b>	<b>5,738,066</b>	<b>346,652</b>	<b>4,991,265</b>
Parks and recreation:				
Salaries and benefits		1,548,468		1,509,202
Operating		1,031,580		1,160,841
Capital outlay		126,595		22,390
<b>Total parks and recreation</b>	<b>2,788,400</b>	<b>2,706,643</b>	<b>81,757</b>	<b>2,692,433</b>
Planning and community development:				
Planning and development:				
Operating salaries		-		195,951
<b>Total planning and development</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195,951</b>
Inspections and code enforcement:				
Salaries and benefits		229,403		252,283
Operating		97,264		113,177
Capital outlay		3,463		-
<b>Total inspections and code enforcement</b>	<b>394,500</b>	<b>330,130</b>	<b>64,370</b>	<b>365,460</b>

**CITY OF KINSTON, NORTH CAROLINA  
GENERAL FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE,  
BUDGET AND ACTUAL**

**For the Fiscal Year Ended June 30, 2002  
With Comparative Totals for the Fiscal Year Ended June 30, 2001**

(Page 4 of 4)

	2002			2001
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Economic development:				
Operating	\$	\$ 601,254	\$	\$ 609,200
<b>Total economic development</b>	<u>609,900</u>	<u>601,254</u>	<u>8,646</u>	<u>609,200</u>
<b>Total planning and community     economic development</b>	<u>1,004,400</u>	<u>931,384</u>	<u>73,016</u>	<u>1,170,611</u>
<b>Total expenditures</b>	<u>19,287,698</u>	<u>18,285,123</u>	<u>1,002,575</u>	<u>17,881,962</u>
<b>Revenue under     expenditures</b>	<u>(1,849,098)</u>	<u>(2,765,475)</u>	<u>(916,377)</u>	<u>(1,391,546)</u>
Other financing sources (uses):				
Appropriated fund balance	789,958	-	(789,958)	-
Operating transfers in	955,000	955,000	-	954,600
Operating transfers out	(697,000)	(364,735)	332,265	(86,717)
Proceeds from borrowing	801,140	801,140	-	-
<b>Total other financing sources</b>	<u>1,849,098</u>	<u>1,391,405</u>	<u>(457,693)</u>	<u>867,883</u>
<b>Revenue and other financing     sources under expenditures</b>	<u>\$ -</u>	<u>(1,374,070)</u>	<u>\$ (1,374,070)</u>	<u>(523,663)</u>
Fund balance, beginning		<u>5,887,667</u>		<u>6,411,330</u>
Fund balance, ending		<u>\$ 4,513,597</u>		<u>\$ 5,887,667</u>



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## SPECIAL REVENUE FUNDS

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

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

***Disaster Recovery Project Fund*** - This fund is used to account for federal grant monies received from Federal Emergency Management Agency for recovery assistance after hurricane Floyd in 1999.

***FEMA - HMGP*** - This fund accounts for the Federal Emergency Management Agency hazard mitigation grant program for the acquisition of property in the flood plain.

***SARF - DCA*** - This fund accounts for proceeds from the State Acquisition and Relocation Fund Project funded by NC Department of Commerce, Division of Community Assistance and awarded to assist the flood recovery program by providing relocation assistance to flood clients.

***HUD - DRI*** - This fund accounts for the Federal Department of Housing and Urban Development's Disaster Recovery Initiative awarded to the City to assist with flood recovery by the relocation of flood clients.

***HUD Acquisition - DRI Project*** - This fund accounts for proceeds from the Federal Department of Housing and Urban Development's Acquisition and Relocation Fund Project to assist the flood recovery program by providing relocation assistance to flood clients.

***FEMA - HMGP Fran Phase II*** - This fund accounts for the Federal Emergency Management Agency's Hazard Mitigation Grant Program Buy-Out Project for the acquisition and demolition of property in the flood plain

***FEMA - HMGP Fran Phase III*** - This fund accounts for the Federal Emergency Management Agency's Hazard Mitigation Grant Program Buy-Out Project funded by FEMA for the acquisition and demolition of property in the flood plain

***FEMA Demolition Project I*** - This fund accounts for the demolition of 36 houses acquired through the Fran-HMGP Buy-Out Project funded by FEMA Public Assistance.

***FEMA Demolition Project II*** - This fund accounts for the demolition of 85 houses acquired through the Fran-HMGP Buy-Out Project funded by FEMA Public Assistance.

***FEMA - HMGP Floyd Phase I*** - This fund accounts for the Federal Emergency Management Agency's Hazard Mitigation Grant Program Buy-Out Project for the acquisition and demolition of 100 properties in the flood plain

***DCA/CHAF - Floyd*** - This fund accounts for assistance with the Floyd Recovery Program through the relocation of approximately 420 household and funded by the N.C. Division of Crime and Public Safety, Division of Emergency Management.

***FEMA-HMGP-Floyd Phase 1B*** - This fund accounts for the Floyd Recovery Program funded by FEMA to acquire approximately 113 flooded housing units.

***FEMA - HMGP - Floyd Phase 1C*** - This fund accounts for the Floyd Recovery Program funded by FEMA to acquire approximately 39 flooded housing units.



## SPECIAL REVENUE FUNDS

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**FEMA – HMGP – Floyd Phase II** – This fund accounts for the Floyd Recovery Program funded by FEMA to acquire approximately 3 flooded housing units.

**Grainger Place Apartments** – This fund is for the conversion of the Old Grainger High School to apartments for the elderly funded by the NC Department of Commerce, Division of Community Assistance, and Community Development Grant Program.

**FEMA-Demolition Project III** – This fund accounts for the Floyd Recovery Program funded by FEMA to demolish approximately 100 flooded housing units.

**FEMA-Demolition Project IV** – This fund accounts for the Floyd Recovery Program funded by FEMA to acquire approximately 320 flooded housing units.

**Bonnie Disaster Recovery** – This fund accounts for the Bonnie Recovery Program funded by HUD and administered by the NC Dept. of Commerce (DCA). The grant was awarded to acquire and relocate approximately 7 flooded housing units.

**Local Law Enforcement Block Grant 2000** - This fund accounts for a Local Law Enforcement Block Grant funded by the US Department of Justice, Bureau of Justice Assistance the purchase equipment for the police department.

**Governor's Highway Safety Program 2000** – This fund accounts for staff and equipment utilized for enforcement of violation located in and around the top ten crash sites targeted by the Crashless in Kinston program. It also partnerships with various organizations to achieve public awareness of underage drinking.

**COPSMORE 2000** – This fund accounts for the staffing of two civilian employees to relieve two officers from administrative and clerical duties and return to their Patrol and Investigative Divisions.

**COPS/KHA Grant Fund** - This fund accounts for a community oriented police services grant funded by the US Department of Justice and passed through the City by the Kinston Housing Authority.

**Local Law Enforcement Block Grant 1999** - This fund accounts for a Local Law Enforcement Block Grant funded by the US Department of Justice, Bureau of Justice Assistance to purchase equipment for the police department.

**Salvage Yard Buyout Grant Fund** – This fund accounts for the North Carolina Department of Environment and Natural Resources program to purchase junkyards damaged by Hurricane Floyd.

**State Tenant Relocation Assistance Grant Fund** - – This fund accounts for assistance with the Floyd Recovery Program through the relocation of rental units and tenants households and is funded by the N.C. Division of Crime and Public Safety, Redevelopment Center.

**FEMA-Floyd 1B Demolition Project** –. This fund accounts for the demolition of houses acquired through the Floyd-HMGP Buy-Out Project funded by FEMA Public Assistance.



## SPECIAL REVENUE FUNDS

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***FEMA-Floyd 1C Demolition Project*** – This fund accounts for the demolition of houses acquired through the Floyd-HMGP Buy-Out Project funded by FEMA Public Assistance.

***FEMA-Floyd IIA Demolition Project*** – This fund accounts for the demolition of houses acquired through the Floyd-HMGP Buy-Out Project funded by FEMA Public Assistance.

***FEMA-Floyd III Demolition Project*** – This fund accounts for the demolition of houses acquired through the Floyd-HMGP Buy-Out Project funded by FEMA Public Assistance.

***CDBG Micro Enterprise Grant Fund*** – This fund accounts for Community Development Block Grant program to create a small business incubator.

***FEMA-HMGP-Floyd Phase IV Revisions*** – This fund accounts for the Floyd Recovery Program funded by FEMA to acquire flooded housing units.

***Oaks Apartments*** – This fund accounts for the Community Development Block Grant funds for the oaks apartments project.

***Local Law Enforcement Block Grant 2001*** - This fund accounts for a Local Law Enforcement Block Grant funded by the US Department of Justice, Bureau of Justice Assistance to purchase equipment for the police department.

***Governor's Highway Safety Program 2001*** – This fund accounts for staff and equipment utilized for enforcement of violation located in and around the top ten crash sites targeted by the Crashless in Kinston program. It also partnerships with various organizations to achieve public awareness of underage drinking.

***GCC Computers on Patrol Grant Fund*** This fund accounts for a grant funded by the US Department of Justice, Bureau of Justice Assistance to purchase computers for the police department.

***Brentwood Subdivision Grant Fund*** – This fund accounts for assistance with the Floyd Recovery Program through the construction of infrastructure for the relocation of households displaced by hurricane Floyd and funded by the Crisis Housing Assistance Fund, N.C. Division of Crime and Public Safety, Division of Emergency Management.

***Carr-Lyles Subdivision Grant Fund*** – This fund accounts for assistance with the Floyd Recovery Program through the construction of infrastructure for the relocation of households displaced by hurricane Floyd and funded by the Crisis Housing Assistance Fund, N.C. Division of Crime and Public Safety, Division of Emergency Management.

***FEMA-HMGP-Floyd Phase III*** – This fund accounts for the Floyd Recovery Program funded by FEMA to acquire flooded housing units.





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

**COMBINING BALANCE SHEETS**

June 30, 2002

With Comparative Totals for June 30, 2001

(Page 1 of 5)

	Community Development Administration	Disaster Recovery Floyd	FEMA- HMGP	SARF- DCA	HUD- DRI	HUD Acquisition DRI Project	FEMA-HMGP Fran II
<b>ASSETS</b>							
Cash and investments	\$ 752	\$ -	\$ -	\$ 472	\$ -	\$ -	\$ -
Due from other funds	164,243	-	-	275,157	-	-	-
Due from government agencies	-	-	63,328	11,432	-	8,750	53,413
Accounts and loans receivable	70,295	627	-	19	299	24	17
Interest receivable	-	-	-	148	-	-	-
<b>Total assets</b>	<b>\$ 235,290</b>	<b>\$ 627</b>	<b>\$ 63,328</b>	<b>\$ 287,228</b>	<b>\$ 299</b>	<b>\$ 8,774</b>	<b>\$ 53,430</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
<b>LIABILITIES:</b>							
Due to other funds	\$ -	\$ 291,069	\$ 63,328	\$ -	\$ 299	\$ 8,774	\$ 53,430
Accounts payable and accrued liabilities	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>291,069</b>	<b>63,328</b>	<b>-</b>	<b>299</b>	<b>8,774</b>	<b>53,430</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved by State statute	234,538	627	63,328	286,756	299	8,774	53,430
Unreserved - undesignated	752	(291,069)	(63,328)	472	(299)	(8,774)	(53,430)
	<u>235,290</u>	<u>(290,442)</u>	<u>-</u>	<u>287,228</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<b>\$ 235,290</b>	<b>\$ 627</b>	<b>\$ 63,328</b>	<b>\$ 287,228</b>	<b>\$ 299</b>	<b>\$ 8,774</b>	<b>\$ 53,430</b>

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

**COMBINING BALANCE SHEETS**

June 30, 2002

With Comparative Totals for June 30, 2001

(Page 2 of 5)

	FEMA-HMGP Fran III	FEMA- Demo Proj I	Floyd Phase I	Floyd CHAF	Floyd Phase IB	Floyd Phase IC	Floyd Phase II
<b>ASSETS</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from government agencies	-	4,807	53,130	433,629	304,814	50,269	3,155
Accounts and loans receivable	19	-	41	-	-	31	-
Interest receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<u>19</u>	<u>4,807</u>	<u>53,171</u>	<u>433,629</u>	<u>304,814</u>	<u>50,300</u>	<u>3,155</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
<b>LIABILITIES:</b>							
Due to other funds	\$ 19	\$ 4,807	\$ 67,031	\$ 423,830	\$ 323,716	\$ 50,300	\$ 3,155
Accounts payable and accrued liabilities	-	-	-	9,799	372	-	-
<b>Total liabilities</b>	<u>19</u>	<u>4,807</u>	<u>67,031</u>	<u>433,629</u>	<u>324,088</u>	<u>50,300</u>	<u>3,155</u>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved by State statute	19	4,807	53,171	433,629	304,814	50,300	3,155
Unreserved - undesignated	(19)	(4,807)	(67,031)	(433,629)	(324,088)	(50,300)	(3,155)
	-	-	(13,860)	-	(19,274)	-	-
<b>Total liabilities and fund balances</b>	<u>19</u>	<u>4,807</u>	<u>53,171</u>	<u>433,629</u>	<u>304,814</u>	<u>50,300</u>	<u>3,155</u>

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

**COMBINING BALANCE SHEETS**

**June 30, 2002**

**With Comparative Totals for June 30, 2001**

(Page 3 of 5)

	FEMA- Demo Proj IV	Bonnie Recovery	2000 LLEBG	2000 GHSP	2000 COPSMORE	1999 LLEBG	Salvage Yard Buyout
<b>ASSETS</b>							
Cash and investments	\$ -	\$ -	\$ 526	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	4,044	-	-	-	-
Due from government agencies	27,871	54,068	-	-	7,870	-	43,100
Accounts and loans receivable	22	185	506	1,372	-	1,037	-
Interest receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 27,893</u>	<u>\$ 54,253</u>	<u>\$ 5,076</u>	<u>\$ 1,372</u>	<u>\$ 7,870</u>	<u>\$ 1,037</u>	<u>\$ 43,100</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>							
<b>LIABILITIES:</b>							
Due to other funds	\$ 1,674	\$ 49,753	\$ -	\$ 559	\$ 11,630	\$ 1,037	\$ 41,600
Accounts payable and accrued liabilities	26,219	-	4,148	-	1,224	-	1,500
<b>Total liabilities</b>	<u>27,893</u>	<u>49,753</u>	<u>4,148</u>	<u>559</u>	<u>12,854</u>	<u>1,037</u>	<u>43,100</u>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved by State statute	27,893	54,253	4,550	1,372	7,870	1,037	43,100
Unreserved - undesignated	(27,893)	(49,753)	(3,622)	(559)	(12,854)	(1,037)	(43,100)
	-	4,500	928	813	(4,984)	-	-
<b>Total liabilities and fund balances</b>	<u>\$ 27,893</u>	<u>\$ 54,253</u>	<u>\$ 5,076</u>	<u>\$ 1,372</u>	<u>\$ 7,870</u>	<u>\$ 1,037</u>	<u>\$ 43,100</u>

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

**COMBINING BALANCE SHEETS**

June 30, 2002

With Comparative Totals for June 30, 2001

(Page 4 of 5)

	State Tenant Relocation Assistance	Floyd IB Demo Proj	Floyd IC Demo Proj	Floyd IIA Demo Proj	Floyd III Demo Proj	CDBG Micro Enterprise	Floyd Phase IV Revisions
<b>ASSETS</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from government agencies	120,097	46,535	11,009	5,914	800	9,074	4,467
Accounts and loans receivable	-	43	44	-	1,982	-	-
Interest receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 120,097</u>	<u>\$ 46,578</u>	<u>\$ 11,053</u>	<u>\$ 5,914</u>	<u>\$ 2,782</u>	<u>\$ 9,074</u>	<u>\$ 4,467</u>

**LIABILITIES AND FUND  
BALANCES (DEFICITS)**

<b>LIABILITIES:</b>							
Due to other funds	\$ 73,809	\$ 29,983	\$ 4,118	\$ 5,914	\$ 2,782	\$ -	\$ 4,467
Accounts payable and accrued liabilities	46,288	16,595	6,935	-	-	32,035	-
<b>Total liabilities</b>	<u>120,097</u>	<u>46,578</u>	<u>11,053</u>	<u>5,914</u>	<u>2,782</u>	<u>32,035</u>	<u>4,467</u>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved by State statute	120,097	46,578	11,053	5,914	2,782	9,074	4,467
Unreserved - undesignated	<u>(120,097)</u>	<u>(46,578)</u>	<u>(11,053)</u>	<u>(5,914)</u>	<u>(2,782)</u>	<u>(32,035)</u>	<u>(4,467)</u>
	-	-	-	-	-	(22,961)	-
<b>Total liabilities and fund balances</b>	<u>\$ 120,097</u>	<u>\$ 46,578</u>	<u>\$ 11,053</u>	<u>\$ 5,914</u>	<u>\$ 2,782</u>	<u>\$ 9,074</u>	<u>\$ 4,467</u>

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

**COMBINING BALANCE SHEETS**

**June 30, 2002**

**With Comparative Totals for June 30, 2001**

(Page 5 of 5)

	Oaks Apartments	2001 LLEBG	2001 GHSP	GCC Computers on Patrol	Floyd Phase III	Totals
					2002	2001
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 191	\$ -	\$ -	\$ -	\$ 184,320
Due from other funds	-	14,325	-	-	-	153,324
Due from government agencies	2,367	-	-	-	185,540	852,206
Accounts receivable	-	2,611	204	2,694	-	1,196,478
Interest receivable	-	-	-	-	-	2,747
<b>Total assets</b>	<u>\$ 2,367</u>	<u>\$ 17,127</u>	<u>\$ 204</u>	<u>\$ 2,694</u>	<u>\$ 185,540</u>	<u>\$ 2,389,075</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
<b>LIABILITIES:</b>						
Due to other funds	\$ 134	\$ -	\$ 3,007	\$ 2,694	\$ 172,731	\$ 810,219
Accounts payable and accrued liabilities	2,233	-	1,545	-	15,695	1,114,423
<b>Total liabilities</b>	<u>2,367</u>	<u>-</u>	<u>4,552</u>	<u>2,694</u>	<u>188,426</u>	<u>1,924,642</u>
<b>FUND BALANCES (DEFICITS)</b>						
Reserved by State statute	2,367	16,936	204	2,694	185,540	1,098,052
Unreserved - undesignated	(2,367)	191	(4,552)	(2,694)	(188,426)	(633,619)
	-	17,127	(4,348)	-	(2,886)	464,433
<b>Total liabilities and fund balances</b>	<u>\$ 2,367</u>	<u>\$ 17,127</u>	<u>\$ 204</u>	<u>\$ 2,694</u>	<u>\$ 185,540</u>	<u>\$ 2,389,075</u>

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

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS)**

For the Fiscal Year Ended June 30, 2002  
With Comparative Totals for the Fiscal Year Ended June 30, 2001

(Page 1 of 6)

	Community Development Administration	Disaster Recovery Floyd	FEMA - HGMP	SARF - DCA	HUD- DRI	HUD Acquisition DRI Project	FEMA-HMGP Fran II
Revenue:							
Restricted:							
Intergovernmental revenue	\$ -	\$ (252,608)	\$ 63,328	\$ 1,085,159	\$ 203,344	\$ 8,750	\$ 272,375
Rent and program income	34,617	-	-	-	-	-	-
Other:							
Sale of assets	31,000	-	-	-	-	-	-
Insurance proceeds	-	6,553	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Total revenue	65,617	(246,055)	63,328	1,085,159	203,344	8,750	272,375
Expenditures:							
Planning and community development							
Administration	-	-	56,128	717	28,837	-	-
Rehabilitation of private properties	-	-	45,416	827,958	174,507	67,267	272,375
Other services	26,043	44,387	-	-	-	-	-
Total expenditures	26,043	44,387	101,544	828,675	203,344	67,267	272,375
Total revenue over (under) expenditures	39,574	(290,442)	(38,216)	256,484	-	(58,517)	-
Other Financing Sources:							
Operating transfers in	-	-	-	-	-	-	-
Total revenue and other sources over (under) expenditures	39,574	(290,442)	(38,216)	256,484	-	(58,517)	-
Fund balances (deficits), beginning	195,716	-	38,216	30,744	-	58,517	-
Fund balances (deficits), ending	\$ 235,290	\$ (290,442)	\$ -	\$ 287,228	\$ -	\$ -	\$ -

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

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS)**

**For the Fiscal Year Ended June 30, 2002**

**With Comparative Totals for the Fiscal Year Ended June 30, 2001**

(Page 2 of 6)

	FEMA-HMGP Fran III	FEMA- Demo Proj I	FEMA- Demo Proj II	Floyd Phase I	Floyd DCA/CHAF	Floyd Phase IB	Floyd Phase IC
Revenue:							
Restricted:							
Intergovernmental revenue	\$ 248,208	\$ 19,173	\$ 14,135	\$ 1,215,459	\$ 1,913,048	\$ 1,976,087	\$ 854,956
Rent and program income	-	-	-	-	-	-	-
Other:							
Sale of assets	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Total revenue	248,208	19,173	14,135	1,215,459	1,913,048	1,976,087	854,956
Expenditures:							
Planning and community development							
Administration	-	-	-	1,353	177,772	-	-
Rehabilitation of private properties	248,208	22,099	14,135	1,227,966	1,736,867	1,995,361	855,381
Other services	-	-	-	-	-	-	-
Total expenditures	248,208	22,099	14,135	1,229,319	1,914,639	1,995,361	855,381
Total revenue over (under) expenditures	-	(2,926)	-	(13,860)	(1,591)	(19,274)	(425)
Other financing sources:							
Operating transfers in	-	-	-	-	-	-	-
Total revenue and other sources over (under) expenditures	-	(2,926)	-	(13,860)	(1,591)	(19,274)	(425)
Fund balances (deficits), beginning	-	2,926	-	-	1,591	-	425
Fund balances (deficits), ending	\$ -	\$ -	\$ -	\$ (13,860)	\$ -	\$ (19,274)	\$ -



CITY OF KINSTON, NORTH CAROLINA  
SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS)

For the Fiscal Year Ended June 30, 2002  
With Comparative Totals for the Fiscal Year Ended June 30, 2001

(Page 3 of 6)

	Floyd Phase II	Grainger Place Apartments	FEMA- Demo Proj III	FEMA- Demo Proj IV	Bonnie Recovery	2000 LLEBG	2000 GHSP
Revenue:							
Restricted:							
Intergovernmental revenue	\$ 97,891	\$ 582	\$ 24,973	\$ 255,529	\$ 322,148	\$ -	\$ 39,822
Rent and program income	-	-	-	-	-	-	-
Other:							
Sale of assets	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	1,594	-
Investment earnings	-	-	-	-	-	-	-
Total revenue	97,891	582	24,973	255,529	322,148	1,594	39,822
Expenditures:							
Planning and community development	-	-	-	-	-	-	-
Administration	97,891	582	24,973	255,529	317,648	-	-
Rehabilitation of private properties	-	-	-	-	-	65,508	49,647
Other services	-	-	-	-	-	-	-
Total expenditures	97,891	582	24,973	255,529	317,648	65,508	49,647
Total revenue over (under) expenditures	-	-	-	-	4,500	(63,914)	(9,825)
Other financing sources:							
Operating transfers in	-	-	-	-	-	-	3,376
Total revenue and other sources over (under) expenditures	-	-	-	-	4,500	(63,914)	(6,449)
Fund balances (deficits), beginning	-	-	-	-	-	64,842	7,262
Fund balances (deficits), ending	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ 928	\$ 813

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

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS)**

**For the Fiscal Year Ended June 30, 2002  
With Comparative Totals for the Fiscal Year Ended June 30, 2001**

(Page 4 of 6)

	2000			1999		Salvage	State Tenant					
	COPSMORE	COPS/KHA		LLEBG		Yard	Relocation					
						Buyout	Assistance	Demo Proj	Demo Proj			
Revenue:												
Restricted:												
Intergovernmental revenue	\$	48,272	\$	64,563	\$	58,700	\$	526,763	\$	82,318	\$	99,795
Rent and program income		-		-		-		-		-		-
Other:												
Sale of assets		-		-		-		-		-		-
Insurance proceeds		-		-		-		-		-		-
Investment earnings		-		-		-		-		-		-
Total revenue		48,272		64,563		58,700		526,763		82,318		99,795
Expenditures:												
Planning and community development												
Administration		-		-		58,700		46,288		16,595		6,935
Rehabilitation of private properties		-		-		-		480,475		65,723		92,860
Other services		63,718		56,895		-		-		-		-
Total expenditures		63,718		56,895		58,700		526,763		82,318		99,795
Total revenue over (under) expenditures		(15,446)		7,668		-		-		-		-
Other financing sources:												
Operating transfers in		-		-		-		-		-		-
Total revenue and other sources over (under) expenditures		(15,446)		7,668		-		-		-		-
Fund balances (deficits), beginning		10,462		(7,668)		-		-		-		-
Fund balances (deficits), ending		\$ (4,984)		\$ -		\$ -		\$ -		\$ -		\$ -

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

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS)**

For the Fiscal Year Ended June 30, 2002  
With Comparative Totals for the Fiscal Year Ended June 30, 2001

(Page 5 of 6)

	Floyd IIA Demo Proj	Floyd III Demo Proj	CDBG Micro Enterprise	Floyd Phase IV Revisions	Oaks Apartments	2001 LLEBG	2001 GHSP
Revenue:							
Restricted:							
Intergovernmental revenue	\$ 9,847	\$ 2,770	\$ 35,178	\$ 42,373	\$ 3,471	\$ 50,710	\$ 19,750
Rent and program income	-	-	-	-	-	-	-
Other:							
Sale of assets	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	412	-
Investment earnings	-	-	-	-	-	-	-
Total revenue	<u>9,847</u>	<u>2,770</u>	<u>35,178</u>	<u>42,373</u>	<u>3,471</u>	<u>51,122</u>	<u>19,750</u>
Expenditures:							
Planning and community development							
Administration	38	-	-	24,172	-	-	-
Rehabilitation of private properties	9,809	2,770	58,139	18,201	3,471	-	-
Other services	-	-	-	-	-	39,629	63,543
Total expenditures	<u>9,847</u>	<u>2,770</u>	<u>58,139</u>	<u>42,373</u>	<u>3,471</u>	<u>39,629</u>	<u>63,543</u>
Total revenue over (under) expenditures	-	-	(22,961)	-	-	11,493	(43,793)
Other financing sources:							
Operating transfers in	-	-	-	-	-	5,634	39,445
Total revenue and other sources over (under) expenditures	-	-	(22,961)	-	-	17,127	(4,348)
Fund balances (deficits), beginning	-	-	-	-	-	-	-
Fund balances (deficits), ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,961)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,127</u>	<u>\$ (4,348)</u>

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

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (DEFICITS)**

For the Fiscal Year Ended June 30, 2002

With Comparative Totals for the Fiscal Year Ended June 30, 2001

(Page 6 of 6)

	GCC					Totals	
	Computers on Patrol	Brentwood Subdivision	Carr-Lyles Subdivision	Floyd Phase III		2002	2001
<b>Revenue:</b>							
Restricted:							
Intergovernmental revenue	\$ 48,840	\$ 495,541	\$ 100,012	\$ 206,972	\$ 10,258,234	\$ 12,802,183	
Rent and program income	-	-	-	-	34,617	68,767	
Other:							
Sale of assets					31,000	-	
Insurance proceeds	-	-	-	-	6,553	149,838	
Investment earnings	-	-	-	-	2,205	8,192	
Total revenue	48,840	495,541	100,012	206,972	10,332,609	13,028,980	
<b>Expenditures:</b>							
Planning and community development							
Administration	-	-	-	45,237	462,772	283,178	
Rehabilitation of private properties	-	495,541	100,012	164,621	9,737,384	8,929,820	
Other services	65,120	-	-	-	474,490	2,633,773	
Total expenditures	65,120	495,541	100,012	209,858	10,674,646	11,846,771	
Total revenue over (under) expenditures	(16,280)	-	-	(2,886)	(342,037)	1,182,209	
<b>Other financing sources:</b>							
Operating transfers in	16,280	-	-	-	64,735	86,717	
Total revenue and other sources over (under) expenditures	-	-	-	(2,886)	(277,302)	1,268,926	
<b>Fund balances (deficits), beginning</b>	-	-	-	-	464,433	(804,493)	
<b>Fund balances (deficit), ending</b>	\$ -	\$ -	\$ -	\$ (2,886)	\$ 187,131	\$ 464,433	

**CITY OF KINSTON, NORTH CAROLINA**  
**GRANT PROJECT FUND – COMMUNITY DEVELOPMENT ADMINISTRATION**

**SCHEDULE OF REVENUE AND EXPENDITURES,**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:			
Rent and program income	\$ 27,000	\$ 34,617	\$ 7,617
Sale of assets	-	31,000	31,000
<b>Total revenue</b>	<u>27,000</u>	<u>65,617</u>	<u>38,617</u>
Expenditures:			
Contract services	<u>27,000</u>	<u>26,043</u>	<u>957</u>
<b>Total expenditures</b>	<u>27,000</u>	<u>26,043</u>	<u>957</u>
<b>Total revenue over expenditures</b>	<u>\$ -</u>	<u>\$ 39,574</u>	<u>\$ 39,574</u>

**CITY OF KINSTON, NORTH CAROLINA**  
**GRANT PROJECT FUND – DISASTER RECOVERY PROJECT FUND**

**SCHEDULE OF REVENUE AND EXPENDITURES,**  
**BUDGET AND ACTUAL**  
**From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue	\$ (252,608)	\$ 3,683,412	\$ 5,936,100
Other - insurance proceeds	6,553	234,569	900,000
<b>Total revenue</b>	<b>(246,055)</b>	<b>3,917,981</b>	<b>6,836,100</b>
Expenditures:			
Salaries and benefits	-	534,699	416,400
Contract services	44,387	3,673,724	6,419,700
<b>Total expenditures</b>	<b>44,387</b>	<b>4,208,423</b>	<b>6,836,100</b>
<b>Total revenue under expenditures</b>	<b>\$ (290,442)</b>	<b>\$ (290,442)</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA HMGP PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>		<u>Project</u>
	<u>Current</u>	<u>Total</u>	<u>Authorization</u>
	<u>Year</u>	<u>to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
Federal Grant Project	<u>\$ 63,328</u>	<u>\$ 10,938,961</u>	<u>\$ 12,342,456</u>
Expenditures:			
Administration	56,128	291,131	510,706
Acquisition, relocation, demolition of private			
properties	<u>45,416</u>	<u>10,647,830</u>	<u>11,831,750</u>
<b>Total expenditures</b>	<u>101,544</u>	<u>10,938,961</u>	<u>12,342,456</u>
 <b>Total revenue under expenditures</b>	 <u><u>\$ (38,216)</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – SARF DCA PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL**

**From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
State grant project	\$ 1,085,159	\$ 1,951,503	\$ 1,664,275
Expenditures:			
Administration	717	4,939	156,069
Acquisition, relocation, demolition of private properties	827,958	1,659,336	1,508,206
<b>Total expenditures</b>	<b>828,675</b>	<b>1,664,275</b>	<b>1,664,275</b>
<b>Total revenue over expenditures</b>	<b>\$ 256,484</b>	<b>\$ 287,228</b>	<b>\$ -</b>



**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – HUD/ DRI PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
State community development grant project	\$ 203,344	\$ 5,060,121	\$ 5,461,466
Expenditures:			
Administration	28,837	109,184	120,942
Acquisition, relocation, demolition of private properties	174,507	4,950,937	5,340,524
<b>Total expenditures</b>	<b>203,344</b>	<b>5,060,121</b>	<b>5,461,466</b>
<b>Total revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA**  
**GRANT PROJECT FUND – HUD ACQUISITION - DRI PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,**  
**BUDGET AND ACTUAL**  
**From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal Grant Project	\$ 8,750	\$ 154,542	\$ 154,542
Expenditures:			
Acquisition, relocation, demolition of private			
properties	67,267	154,542	154,542
<b>Total expenditures</b>	<b>67,267</b>	<b>154,542</b>	<b>154,542</b>
<b>Total revenue over (under) expenditures</b>	<b>\$ (58,517)</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA HMGP FRAN PHASE II**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	\$ 272,375	\$ 2,653,664	\$ 2,659,139
Expenditures:			
Administration	-	-	164,729
Acquisition, relocation, demolition of private properties	272,375	2,653,664	2,494,410
<b>Total expenditures</b>	<u>272,375</u>	<u>2,653,664</u>	<u>2,659,139</u>
<b>Total expenditures over revenue</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA HMGP FRAN PHASE III**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	\$ 248,208	\$ 1,862,548	\$ 2,670,954
Expenditures:			
Administration	-	-	132,988
Acquisition, relocation, demolition of private properties	248,208	1,862,548	2,537,966
<b>Total expenditures</b>	<b>248,208</b>	<b>1,862,548</b>	<b>2,670,954</b>
<b>Total expenditures over revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA DEMOLITION PROJECT I**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- Community development grant project	\$ 19,173	\$ 193,427	\$ 193,427
Expenditures:			
Demolition of private properties	22,099	193,427	193,427
<b>Total expenditures</b>	<b>22,099</b>	<b>193,427</b>	<b>193,427</b>
<b>Total revenue under expenditures</b>	<b>\$ (2,926)</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA DEMOLITION PROJECT II**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	\$ 14,135	\$ 110,360	\$ 414,100
Expenditures:			
Administration	-	-	4,100
Demolition of private properties	14,135	110,360	410,000
<b>Total expenditures</b>	<b>14,135</b>	<b>110,360</b>	<b>414,100</b>
<b>Total expenditures over revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA HMGP FLOYD PHASE I**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue-			
Community development grant project	\$ 1,215,459	\$ 3,322,523	\$ 4,224,446
Expenditures:			
Administration	1,353	-	210,305
Acquisition, relocation, demolition of private properties	1,227,966	3,336,383	4,014,141
<b>Total expenditures</b>	<b>1,229,319</b>	<b>3,336,383</b>	<b>4,224,446</b>
<b>Total expenditures over revenue</b>	<b>\$ (13,860)</b>	<b>\$ (13,860)</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FLOYD DCA/CHAF PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
State grant project	\$ 1,913,048	\$ 3,208,535	\$ 11,354,455
Expenditures:			
Administration	177,772	275,772	420,000
Acquisition, relocation, demolition of private properties	1,736,867	2,932,763	10,934,455
<b>Total expenditures</b>	<b>1,914,639</b>	<b>3,208,535</b>	<b>11,354,455</b>
<b>Total revenue over expenditures</b>	<b>\$ (1,591)</b>	<b>\$ -</b>	<b>\$ -</b>



**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FLOYD PHASE IB PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	\$ 1,976,087	\$ 2,396,702	\$ 3,798,428
Expenditures:			
Administration	-	-	162,815
Acquisition, relocation, demolition of private properties	1,995,361	2,415,976	3,635,613
Total expenditures	1,995,361	2,415,976	3,798,428
Total expenditures over revenue	\$ (19,274)	\$ (19,274)	\$ -

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FLOYD PHASE IC PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	\$ 854,956	\$ 1,002,210	\$ 1,123,243
Expenditures:			
Administration	-	-	53,489
Acquisition, relocation, demolition of private properties	855,381	1,002,210	1,069,754
<b>Total expenditures</b>	<b>855,381</b>	<b>1,002,210</b>	<b>1,123,243</b>
<b>Total revenue over expenditures</b>	<b>\$ (425)</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FLOYD PHASE II PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	<u>\$ 97,891</u>	<u>\$ 100,796</u>	<u>\$ 110,000</u>
Expenditures:			
Administration	-	-	5,500
Acquisition, relocation, demolition of private properties	<u>97,891</u>	<u>100,796</u>	<u>104,500</u>
<b>Total expenditures</b>	<u>97,891</u>	<u>100,796</u>	<u>110,000</u>
<b>Total revenue over expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – GRAINGER PLACE APARTMENTS**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
Community development grant project	<u>\$          582</u>	<u>\$      249,109</u>	<u>\$      250,000</u>
Expenditures:			
Administration	-	-	25,000
Acquisition, relocation, demolition of private properties	<u>582</u>	<u>249,109</u>	<u>225,000</u>
<b>Total expenditures</b>	<u>582</u>	<u>249,109</u>	<u>250,000</u>
<b>Total expenditures over revenue</b>	<u><u>\$          -</u></u>	<u><u>\$          -</u></u>	<u><u>\$          -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA DEMOLITION PROJECT III**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	\$ 24,973	\$ 25,150	\$ 102,088
Expenditures:			
Acquisition, relocation, demolition of private properties	24,973	25,150	102,088
<b>Total expenditures</b>	<b>24,973</b>	<b>25,150</b>	<b>102,088</b>
<b>Total revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FEMA DEMOLITION PROJECT IV**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	<u>\$ 255,529</u>	<u>\$ 295,603</u>	<u>\$ 559,676</u>
Expenditures:			
Administration	-	-	15,991
Acquisition, relocation, demolition of private properties	<u>255,529</u>	<u>295,603</u>	<u>543,685</u>
<b>Total expenditures</b>	<u>255,529</u>	<u>295,603</u>	<u>559,676</u>
<b>Total revenue over expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – BONNIE RECOVERY PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	\$ 322,148	\$ 456,735	\$ 452,235
Expenditures:			
Administration	-	45,000	45,000
Acquisition, relocation, demolition of private properties	317,648	407,235	407,235
<b>Total expenditures</b>	<b>317,648</b>	<b>452,235</b>	<b>452,235</b>
<b>Total revenue over expenditures</b>	<b>\$ 4,500</b>	<b>\$ 4,500</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – LLEBG 2000**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>		
	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenue:			
Restricted intergovernmental revenue-			
State grant project	\$ -	\$ 59,125	\$ 59,125
Investment earnings	1,594	1,594	700
<b>Total revenue</b>	<u>1,594</u>	<u>60,719</u>	<u>59,825</u>
Expenditures:			
Capital outlay	65,508	65,508	65,542
<b>Total expenditures</b>	<u>65,508</u>	<u>65,508</u>	<u>65,542</u>
<b>Total revenue over expenditures</b>	<u>(63,914)</u>	<u>(4,789)</u>	<u>(5,717)</u>
Other financing sources:			
Operating transfers in	-	5,717	5,717
<b>Total other financing sources</b>	<u>-</u>	<u>5,717</u>	<u>5,717</u>
<b>Total revenue and other financing sources         over (under) expenditures</b>	<u>\$ (63,914)</u>	<u>\$ 928</u>	<u>\$ -</u>



**CITY OF KINSTON, NORTH CAROLINA**  
**GRANT PROJECT FUND – GOVERNOR'S HIGHWAY SAFETY PROGRAM - 2000**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL**  
**From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>		
	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	<u>\$ 39,822</u>	<u>\$ 86,108</u>	<u>\$ 88,452</u>
Expenditures:			
Personnel costs	<u>14,998</u>	<u>42,193</u>	<u>46,878</u>
Capital outlay	<u>34,649</u>	<u>103,428</u>	<u>101,900</u>
<b>Total expenditures</b>	<u>49,647</u>	<u>145,621</u>	<u>148,778</u>
<b>Total expenditures over revenue</b>	<u>(9,825)</u>	<u>(59,513)</u>	<u>(60,326)</u>
Other financing sources:			
Operating transfers in	<u>3,376</u>	<u>60,326</u>	<u>60,326</u>
<b>Total other financing sources</b>	<u>3,376</u>	<u>60,326</u>	<u>60,326</u>
<b>Total revenue and other financing sources over expenditures</b>	<u><u>\$ (6,449)</u></u>	<u><u>\$ 813</u></u>	<u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – COPSMORE - 2000**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>		<u>Project Authorization</u>
	<u>Current Year</u>	<u>Total to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
State grant project	<u>\$ 48,272</u>	<u>\$ 48,272</u>	<u>\$ 53,256</u>
Expenditures:			
Personnel Costs	<u>63,718</u>	<u>70,276</u>	<u>70,276</u>
<b>Total expenditures</b>	<u>63,718</u>	<u>70,276</u>	<u>70,276</u>
<b>Total expenditures over revenue</b>	<u>(15,446)</u>	<u>(22,004)</u>	<u>(17,020)</u>
Other financing sources:			
Operating transfers in	<u>-</u>	<u>17,020</u>	<u>17,020</u>
<b>Total other financing sources</b>	<u>-</u>	<u>17,020</u>	<u>17,020</u>
<b>Total revenue and other financing sources         under expenditures</b>	<u><u>\$ (15,446)</u></u>	<u><u>\$ (4,984)</u></u>	<u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – COPS/KHA GRANT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue- State grant project	\$ 64,563	\$ 391,588	\$ 399,256
Expenditures:			
Personnel costs	56,895	330,669	349,256
Capital outlay	-	60,919	50,000
<b>Total expenditures</b>	<b>56,895</b>	<b>391,588</b>	<b>399,256</b>
<b>Total revenue over (under) expenditures</b>	<b>\$ 7,668</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – LLEBG 1999**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue-			
Investment earnings	\$ 199	\$ 199	\$ 199
Federal grant project	-	63,269	63,269
<b>Total revenue</b>	<u>199</u>	<u>63,468</u>	<u>63,468</u>
Expenditures:			
Capital outlay	<u>61,599</u>	<u>70,498</u>	<u>70,498</u>
<b>Total expenditures</b>	<u>61,599</u>	<u>70,498</u>	<u>70,498</u>
<b>Total revenue over (under) expenditures</b>	<u>(61,400)</u>	<u>(7,030)</u>	<u>(7,030)</u>
Other financing sources:			
Operating transfers in	<u>-</u>	<u>7,030</u>	<u>7,030</u>
<b>Total other financing sources</b>	<u>-</u>	<u>7,030</u>	<u>7,030</u>
<b>Total revenue and other financing         sources over (under) expenditures</b>	<u>\$ (61,400)</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – SALVAGE YARD BUYOUT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>		<u>Project</u>
	<u>Current</u>	<u>Total</u>	<u>Authorization</u>
	<u>Year</u>	<u>to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
State grant project	<u>\$ 58,700</u>	<u>\$ 58,700</u>	<u>\$ 3,700,000</u>
Expenditures:			
Administration	58,700	58,700	164,000
Acquisition, relocation, demolition of private			
properties	<u>-</u>	<u>-</u>	<u>3,536,000</u>
<b>Total expenditures</b>	<u>58,700</u>	<u>58,700</u>	<u>3,700,000</u>
<b>Total revenue over expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA**  
**GRANT PROJECT FUND – STATE TENANT RELOCATION ASSISTANCE**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
State grant project	\$ 526,763	\$ 526,763	\$ 2,070,970
Expenditures:			
Administration	46,288	46,288	188,270
Acquisition, relocation, demolition of private properties	480,475	480,475	1,882,700
<b>Total expenditures</b>	<b>526,763</b>	<b>526,763</b>	<b>2,070,970</b>
<b>Total revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FLOYD 1B DEMOLITION PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grants	\$ 82,318	\$ 82,318	\$ 441,000
Expenditures:			
Administration	16,595	16,595	21,000
Acquisition, relocation, demolition of private properties	65,723	65,723	420,000
<b>Total expenditures</b>	<b>82,318</b>	<b>82,318</b>	<b>441,000</b>
<b>Total revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FLOYD 1C DEMOLITION PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>		<u>Project</u>
	<u>Current</u>	<u>Total</u>	<u>Authorization</u>
	<u>Year</u>	<u>to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
Federal grants	\$ 99,795	\$ 99,795	\$ 209,475
Expenditures:			
Administration	6,935	6,935	9,975
Acquisition, relocation, demolition of private properties	92,860	92,860	199,500
<b>Total expenditures</b>	<b>99,795</b>	<b>99,795</b>	<b>209,475</b>
<b>Total revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FLOYD IIA DEMOLITION PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grants	\$ 9,847	\$ 9,847	\$ 16,538
Expenditures:			
Administration	38	38	788
Acquisition, relocation, demolition of private properties	9,809	9,809	15,750
<b>Total expenditures</b>	<b>9,847</b>	<b>9,847</b>	<b>16,538</b>
<b>Total revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FLOYD III DEMOLITION PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>		<u>Project</u>
	<u>Current</u>	<u>Total</u>	<u>Authorization</u>
	<u>Year</u>	<u>to Date</u>	
Revenue:			
Restricted intergovernmental revenue-			
Federal grants	<u>\$ 2,770</u>	<u>\$ 2,770</u>	<u>\$ 286,650</u>
Expenditures:			
Administration			13,650
Acquisition, relocation, demolition of private properties	<u>2,770</u>	<u>2,770</u>	<u>273,000</u>
<b>Total expenditures</b>	<u>2,770</u>	<u>2,770</u>	<u>286,650</u>
<b>Total revenue over expenditures</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – CDBG MICRO ENTERPRISE GRANT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
State grants	\$ 35,178	\$ 35,178	\$ 100,000
Expenditures:			
Administration	-	-	5,000
Acquisition, relocation, demolition of private properties	58,139	58,139	95,000
<b>Total expenditures</b>	<b>58,139</b>	<b>58,139</b>	<b>100,000</b>
<b>Total revenue under expenditures</b>	<b>\$ (22,961)</b>	<b>\$ (22,961)</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FLOYD PHASE IV REVISIONS**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grants	\$ 42,373	\$ 42,373	\$ 653,559
Expenditures:			
Administration	24,172	24,172	58,409
Acquisition, relocation, demolition of private properties	18,201	18,201	595,150
<b>Total expenditures</b>	<b>42,373</b>	<b>42,373</b>	<b>653,559</b>
<b>Total revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – OAKS APARTMENTS PROJECT**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal and State grants	\$ 3,471	\$ 3,471	\$ 144,000
Expenditures:			
Administration	-	-	40,900
Acquisition, relocation, demolition of private properties	3,471	3,471	103,100
<b>Total expenditures</b>	<b>3,471</b>	<b>3,471</b>	<b>144,000</b>
<b>Total revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – LLEBG - 2001**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grants	\$ 50,710	\$ 50,710	\$ 50,710
Investments earnings	412	412	-
	<u>51,122</u>	<u>51,122</u>	<u>50,710</u>
Expenditures:			
Capital outlay	<u>39,629</u>	<u>39,629</u>	<u>56,344</u>
<b>Total expenditures</b>	<u>39,629</u>	<u>39,629</u>	<u>56,344</u>
<b>Total revenue over (under) expenditures</b>	<u>11,493</u>	<u>11,493</u>	<u>(5,634)</u>
Other financing sources:			
Operating transfers in	<u>5,634</u>	<u>5,634</u>	<u>5,634</u>
<b>Total other financing sources</b>	<u>5,634</u>	<u>5,634</u>	<u>5,634</u>
<b>Total revenue and other financing             sources over (under) expenditures</b>	<u>\$ 17,127</u>	<u>\$ 17,127</u>	<u>\$ -</u>

**CITY OF KINSTON, NORTH CAROLINA**  
**GRANT PROJECT FUND – GOVERNOR'S HIGHWAY SAFETY PROGRAM -2001**

**SCHEDULE OF REVENUE AND EXPENDITURES,**  
**BUDGET AND ACTUAL**  
**From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant	\$ 19,750	\$ 19,750	\$ 37,817
Expenditures:			
Personnel costs	60,287	60,287	74,006
Capital outlay	3,256	3,256	3,256
<b>Total expenditures</b>	<b>63,543</b>	<b>63,543</b>	<b>77,262</b>
<b>Total expenditures over revenue</b>	<b>(43,793)</b>	<b>(43,793)</b>	<b>(39,445)</b>
Other financing sources:			
Operating transfers in	39,445	39,445	39,445
<b>Total other financing sources</b>	<b>39,445</b>	<b>39,445</b>	<b>39,445</b>
<b>Total revenue and other financing sources             over expenditures</b>	<b>\$ (4,348)</b>	<b>\$ (4,348)</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA**  
**GRANT PROJECT FUND – GCC COMPUTERS ON PATROL**

**SCHEDULE OF REVENUE AND EXPENDITURES,**  
**BUDGET AND ACTUAL**  
**From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant	\$ 48,840	\$ 48,840	\$ 48,840
Expenditures:			
Personnel costs			
Capital outlay	65,120	65,120	65,120
<b>Total expenditures</b>	<b>65,120</b>	<b>65,120</b>	<b>65,120</b>
<b>Total expenditures over revenue</b>	<b>(16,280)</b>	<b>(16,280)</b>	<b>(16,280)</b>
Other financing sources:			
Operating transfers in	16,280	16,280	16,280
<b>Total other financing sources</b>	<b>16,280</b>	<b>16,280</b>	<b>16,280</b>
<b>Total revenue and other financing sources over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – BRENTWOOD SUBDIVISION**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
State grant project	\$ 495,541	\$ 495,541	\$ 495,541
Expenditures:			
Acquisition, relocation, demolition of private properties	495,541	495,541	495,541
<b>Total expenditures</b>	<b>495,541</b>	<b>495,541</b>	<b>495,541</b>
<b>Total revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – CARR LYLES SUBDIVISION**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
State grant project	\$ 100,012	\$ 100,012	\$ 110,000
Expenditures:			
Acquisition, relocation, demolition of private			
properties	100,012	100,012	110,000
<b>Total expenditures</b>	<b>100,012</b>	<b>100,012</b>	<b>110,000</b>
<b>Total revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF KINSTON, NORTH CAROLINA  
GRANT PROJECT FUND – FLOYD PHASE III**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL  
From Grant Inception and For the Fiscal Year Ended June 30, 2002**

	Actual		Project
	Current Year	Total to Date	Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grants	\$ 206,972	\$ 206,972	\$ 5,263,803
Expenditures:			
Administration	45,237	45,237	299,988
Acquisition, relocation, demolition of private properties	164,621	164,621	4,963,815
<b>Total expenditures</b>	<b>209,858</b>	<b>209,858</b>	<b>5,263,803</b>
<b>Total revenue over expenditures</b>	<b>\$ (2,886)</b>	<b>\$ (2,886)</b>	<b>\$ -</b>

## CAPITAL PROJECTS FUND

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

**Recreation Improvements** – This fund accounts for funds to be used for improvements to various buildings and facilities in the City's recreation department.

**Uplands Park** – This fund accounts for funds to be used to provide infrastructure to housing development for flood Buy-Out properties.

**Kingwood Forest** – This fund accounts for funds to be used for the purchase of land to provide development for flood Buy-Out participants.

**Grainger Stadium Renovation** – This fund accounts for funds to be used for improvements to Grainger Stadium.

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

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**CITY OF KINSTON, NORTH CAROLINA  
CAPITAL PROJECT FUND**

**COMBINING BALANCE SHEETS**

**June 30, 2002**

**With Comparative Totals for June 30, 2001**

	Recreation Improvements	Uplands Park	Kingwood Forest	Grainger Stadium	Capital Reserve	Totals
					2002	2001
<b>ASSETS</b>						
Cash and investments	\$ 6,899	\$ 12,003	\$ 9,559	\$ -	\$ 12,138	\$ 32,304
Due from other funds	-	247,592	-	-	292,743	-
Accounts receivable	1,386	6,027	73,975	12,183	146	6,560
<b>Total assets</b>	<b>\$ 8,285</b>	<b>\$ 265,622</b>	<b>\$ 83,534</b>	<b>\$ 12,183</b>	<b>\$ 305,027</b>	<b>\$ 38,864</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>						
<b>LIABILITIES:</b>						
Due to other funds	\$ -	\$ -	\$ -	\$ 1,554,445	\$ -	\$ 796,850
Accounts payable and accrued liabilities	3,085	44,324	-	-	-	47,409
<b>Total liabilities</b>	<b>3,085</b>	<b>44,324</b>	<b>-</b>	<b>1,554,445</b>	<b>-</b>	<b>796,850</b>
<b>FUND BALANCES (DEFICITS):</b>						
Reserved by state statute	1,386	253,619	73,975	12,183	292,889	6,560
Unreserved - designated for subsequent year's expenditures (deficits)	3,814	(32,321)	9,559	(1,554,445)	12,138	(764,546)
	5,200	221,298	83,534	(1,542,262)	305,027	(757,986)
<b>Total liabilities and fund balances</b>	<b>\$ 8,285</b>	<b>\$ 265,622</b>	<b>\$ 83,534</b>	<b>\$ 12,183</b>	<b>\$ 305,027</b>	<b>\$ 38,864</b>

**CITY OF KINSTON, NORTH CAROLINA  
CAPITAL PROJECT FUNDS**

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES**

**For the Fiscal Year Ended June 30, 2002  
With Comparative Totals for the Fiscal Year Ended June 30, 2001**

	Recreation Improvements	Uplands Park	Kingwood Forest	Grainger Stadium	Capital Reserve	Totals	
						2002	2001
Revenues:							
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-	5,027	5,027	-
State grants	-	672,919	73,975	-	-	746,894	-
Sale of property	-	936,224	30,800	-	-	967,024	-
Total revenue	-	1,609,143	104,775	-	5,027	1,718,945	-
Expenditures:							
Capital outlay	31,407	601,118	13,375	1,542,262	-	2,188,162	1,502,389
Total expenditures	31,407	601,118	13,375	1,542,262	-	2,188,162	1,502,389
Other financing sources:							
Operating transfers in	-	-	-	-	300,000	300,000	-
Total other financing sources	-	-	-	-	300,000	300,000	-
Total revenue and other financing sources under expenditures	(31,407)	1,008,025	91,400	(1,542,262)	305,027	(169,217)	(1,502,389)
Fund balances (deficits), beginning	36,607	(786,727)	(7,866)	-	-	(757,986)	744,403
Fund balances (deficits), ending	\$ 5,200	\$ 221,298	\$ 83,534	\$ (1,542,262)	\$ 305,027	\$ (927,203)	\$ (757,986)

**CITY OF KINSTON, NORTH CAROLINA**  
**CAPITAL PROJECT FUNDS – RECREATION IMPROVEMENTS PROJECT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

**From Inception and For the Year Ended June 30, 2002**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures:				
Capital outlay:				
Construction cost	\$ 1,226,000	\$ 1,189,393	\$ 31,407	\$ 1,220,800
<b>Total expenditures</b>	<u>1,226,000</u>	<u>1,189,393</u>	<u>31,407</u>	<u>1,220,800</u>
Other financing sources:				
Proceeds from borrowing	1,100,000	1,100,000	-	1,100,000
Operating transfers in	<u>126,000</u>	<u>126,000</u>	<u>-</u>	<u>126,000</u>
<b>Total other financing sources</b>	<u>1,226,000</u>	<u>1,226,000</u>	<u>-</u>	<u>1,226,000</u>
<b>Total other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 36,607</u>	<u>\$ (31,407)</u>	<u>\$ 5,200</u>



**CITY OF KINSTON, NORTH CAROLINA  
CAPITAL PROJECT FUNDS – UPLANDS PARK**

**SCHEDULE OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

**From Inception and For the Year Ended June 30, 2002**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenue:				
State grants	\$ 1,251,000	\$ -	\$ 672,919	\$ 672,919
Sale of property	980,000	-	936,224	936,224
<b>Total revenue</b>	<b>2,231,000</b>	<b>-</b>	<b>1,609,143</b>	<b>1,609,143</b>
Expenditures:				
Capital outlay:				
Construction cost	2,831,000	786,727	601,118	1,387,845
<b>Total expenditures</b>	<b>2,831,000</b>	<b>786,727</b>	<b>601,118</b>	<b>1,387,845</b>
<b>Total revenue over (under) expenditures</b>	<b>(600,000)</b>	<b>(786,727)</b>	<b>1,008,025</b>	<b>221,298</b>
Other financing sources:				
Operating transfers in	600,000	-	-	-
<b>Total other financing sources</b>	<b>600,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue &amp; other financing sources under expenditures</b>	<b>\$ -</b>	<b>\$ (786,727)</b>	<b>\$ 1,008,025</b>	<b>\$ 221,298</b>

**CITY OF KINSTON, NORTH CAROLINA  
CAPITAL PROJECT FUNDS – KINGWOOD FOREST**

**SCHEDULE OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

**From Inception and For the Year Ended June 30, 2002**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenue:				
State grants	\$ -	\$ -	\$ 73,975	\$ 73,975
Sale of surplus property	-	-	30,800	30,800
Donations	20,100	20,100	-	20,100
<b>Total revenue</b>	<b>20,100</b>	<b>20,100</b>	<b>104,775</b>	<b>124,875</b>
Expenditures:				
Capital outlay:				
Construction cost	50,000	27,966	13,375	41,341
<b>Total expenditures</b>	<b>50,000</b>	<b>27,966</b>	<b>13,375</b>	<b>41,341</b>
<b>Total revenue over (under) expenditures</b>	<b>(29,900)</b>	<b>(7,866)</b>	<b>91,400</b>	<b>83,534</b>
Other financing sources:				
Operating transfers in	29,900	-	-	-
<b>Total other financing sources</b>	<b>29,900</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue &amp; other financing sources over (under) expenditures</b>	<b>\$ -</b>	<b>\$ (7,866)</b>	<b>\$ 91,400</b>	<b>\$ 83,534</b>

**CITY OF KINSTON, NORTH CAROLINA**  
**CAPITAL PROJECT FUNDS – GRAINGER STADIUM RENOVATION FUND**

**SCHEDULE OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

**From Inception and For the Year Ended June 30, 2002**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures:				
Capital outlay:				
Construction cost	\$ 2,340,000	\$ -	\$ 1,542,262	\$ 1,542,262
<b>Total expenditures</b>	<b>2,340,000</b>	<b>-</b>	<b>1,542,262</b>	<b>1,542,262</b>
Other financing sources:				
Proceeds from borrowing	2,340,000	-	-	-
<b>Total other financing sources</b>	<b>2,340,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other financing sources under expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,542,262)</b>	<b>\$ (1,542,262)</b>

**CITY OF KINSTON, NORTH CAROLINA  
CAPITAL PROJECT FUNDS – CAPITAL RESERVE FUND**

**SCHEDULE OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

**From Inception and For the Year Ended June 30, 2002**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenue:				
Interest income	\$ -	\$ -	\$ 5,027	\$ 5,027
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>5,027</b>	<b>5,027</b>
Other financing sources (uses):				
Operating transfers out	(600,000)	-	-	-
Operating transfers in	600,000	-	300,000	300,000
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>300,000</b>
<b>Total revenue &amp; other financing sources over other financing uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 305,027</b>	<b>\$ 305,027</b>



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## ENTERPRISE FUNDS

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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.

**Electric Fund** - This fund is used to account for the activities associated with the distribution and transmission of electricity by the City to its users.

**Water and Sewer Fund** - This fund is used to account for the activities associated with the production, distribution and transmission of potable water and the activities associated with operating and maintaining the City's sewer and surface drainage systems.

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

**COMBINING BALANCE SHEETS  
June 30, 2002  
With Comparative Totals for June 30, 2001**

	Electric Fund	Water and Sewer Fund	Totals	
			2002	2001
<b>ASSETS</b>				
Cash and investments	\$ 201,199	\$ 208,067	\$ 409,266	\$ 1,472,503
Due from other funds	323,716	423,830	747,546	796,850
Due from government agencies	-	65,688	65,688	1,544,232
Accounts receivable	232,948	274,100	507,048	310,292
Customer receivables, net	4,466,297	926,462	5,392,759	5,539,690
Interest receivable	799	1,624	2,423	41,788
Inventories	956,156	223,628	1,179,784	1,229,271
Bond issuance costs	207,810	133,983	341,793	364,610
Restricted cash and investments	978,926	334,095	1,313,021	1,679,283
Investment in direct financing lease	-	-	-	25,924
Fixed assets:				
Land	202,380	83,972	286,352	286,352
Buildings	3,671,890	3,534,922	7,206,812	7,206,812
Distribution system	23,379,603	35,159,486	58,539,089	57,970,486
Equipment	1,551,438	2,098,233	3,649,671	3,564,453
Accumulated depreciation	(13,753,035)	(16,756,807)	(30,509,842)	(28,128,904)
Construction in progress	6,999,229	12,591,878	19,591,107	13,757,689
<b>Total assets</b>	<b>\$ 29,419,356</b>	<b>\$ 39,303,161</b>	<b>\$ 68,722,517</b>	<b>\$ 67,661,331</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,913,787	\$ 1,062,141	\$ 3,975,928	\$ 3,945,348
Deferred revenue	-	20,338	20,338	23,856
Customer deposits	707,334	-	707,334	584,644
Accrued compensated absences	143,991	92,205	236,196	240,200
Long-term debt	7,735,000	10,246,113	17,981,113	19,494,160
<b>Total liabilities</b>	<b>11,500,112</b>	<b>11,420,797</b>	<b>22,920,909</b>	<b>24,288,208</b>
<b>Fund equity:</b>				
Contributed capital	347,939	3,285,680	3,633,619	3,735,212
Retained earnings	17,571,305	24,596,684	42,167,989	39,637,911
<b>Total fund equity</b>	<b>17,919,244</b>	<b>27,882,364</b>	<b>45,801,608</b>	<b>43,373,123</b>
<b>Total liabilities and fund equity</b>	<b>\$ 29,419,356</b>	<b>\$ 39,303,161</b>	<b>\$ 68,722,517</b>	<b>\$ 67,661,331</b>



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

**COMBINING STATEMENTS OF REVENUE, EXPENSES AND  
CHANGES IN RETAINED EARNINGS**

**For the Fiscal Year Ended June 30, 2002**

**With Comparative Totals for the Fiscal Year Ended June 30, 2001**

	Electric Fund	Water and Sewer Fund	Totals	
			2002	2001
Operating revenue:				
Charges for services	\$ 35,071,467	\$ 6,805,252	\$ 41,876,719	\$ 42,504,325
Other	375,427	135,606	511,033	616,045
<b>Total operating revenue</b>	<b>35,446,894</b>	<b>6,940,858</b>	<b>42,387,752</b>	<b>43,120,370</b>
Operating expenses:				
Administration	2,383,456	1,496,268	3,879,724	3,932,289
Electrical operations	31,544,159	-	31,544,159	32,637,917
Water production	-	809,933	809,933	706,217
Depreciation	988,784	1,392,155	2,380,939	2,049,905
Amortization	19,192	3,625	22,817	34,196
Water and sewer operations	-	1,392,753	1,392,753	1,307,835
Wastewater plant operations	-	1,589,924	1,589,924	1,756,803
<b>Total operating expenses</b>	<b>34,935,591</b>	<b>6,684,658</b>	<b>41,620,249</b>	<b>42,425,162</b>
<b>Operating income</b>	<b>511,303</b>	<b>256,200</b>	<b>767,503</b>	<b>695,208</b>
Nonoperating revenue (expenses):				
Interest earned on investments	28,824	44,784	73,608	357,455
Interest on long-term debt	(450,600)	(487,132)	(937,732)	(926,213)
<b>Total nonoperating expense</b>	<b>(421,776)</b>	<b>(442,348)</b>	<b>(864,124)</b>	<b>(568,758)</b>
Capital contributions	109,380	3,370,726	3,480,106	3,541,517
<b>Income before operating transfers</b>	<b>198,907</b>	<b>3,184,578</b>	<b>3,383,485</b>	<b>3,667,967</b>
Operating transfers:				
Operating transfers in	104,000	-	104,000	-
Operating transfers out	(955,000)	(104,000)	(1,059,000)	(954,600)
<b>Total operating transfers</b>	<b>(851,000)</b>	<b>(104,000)</b>	<b>(955,000)</b>	<b>(954,600)</b>
<b>Net income (loss)</b>	<b>(652,093)</b>	<b>3,080,578</b>	<b>2,428,485</b>	<b>2,713,367</b>
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	15,128	86,465	101,593	101,593
<b>Increase (decrease) in retained retained earnings</b>	<b>(636,965)</b>	<b>3,167,043</b>	<b>2,530,078</b>	<b>2,814,960</b>
Retained Earnings, beginning	18,208,270	21,429,641	39,637,911	36,822,951
Retained Earnings, ending	<u>\$ 17,571,305</u>	<u>\$ 24,596,684</u>	<u>\$ 42,167,989</u>	<u>\$ 39,637,911</u>

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

**COMBINING STATEMENT OF CASH FLOWS**

**For the Fiscal Year Ended June 30, 2002**

**With Comparative Totals for the Fiscal Year Ended June 30, 2001**

	Electric Fund	Water and Sewer Fund	Totals	
			2002	2001
<b>Cash Flows from Operating Activities:</b>				
Operating income	\$ 511,303	\$ 256,200	\$ 767,503	\$ 695,208
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	988,784	1,392,155	2,380,939	2,049,905
Amortization	19,192	3,625	22,817	34,196
Change in assets and liabilities:				
Due from other funds	(323,716)	373,020	49,304	1,262,498
Allowance for uncollectible accounts	41,387	4,318	45,705	48,799
Customer receivables	209,648	(108,422)	101,226	(53,568)
Accounts receivable	(15,158)	1,296,946	1,281,788	(1,369,769)
Customer deposits	122,690	-	122,690	(8,780)
Inventories	42,060	7,427	49,487	113,595
Accounts payable	(61,177)	113,115	51,938	636,188
Deferred revenue	-	(3,518)	(3,518)	(1,095)
Accrued compensated absences	4,015	(8,019)	(4,004)	43,394
<b>Net cash provided by operating activities</b>	<b>1,539,028</b>	<b>3,326,847</b>	<b>4,865,875</b>	<b>3,450,571</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating transfers from other funds	104,000	-	104,000	-
Operating transfers to other funds	(955,000)	(104,000)	(1,059,000)	(954,600)
<b>Net cash used for noncapital financing</b>	<b>(851,000)</b>	<b>(104,000)</b>	<b>(955,000)</b>	<b>(954,600)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(755,710)	(5,731,530)	(6,487,240)	(4,576,382)
Principal paid on general obligation bond maturities and equipment contracts	(749,917)	(763,130)	(1,513,047)	(2,013,132)
Interest paid on bonded indebtedness and equipment contracts	(456,816)	(502,274)	(959,090)	(899,514)
Contributed capital	109,380	3,370,726	3,480,106	3,541,517
<b>Net cash used for capital and related financing activities</b>	<b>(1,853,063)</b>	<b>(3,626,208)</b>	<b>(5,479,271)</b>	<b>(3,947,511)</b>
<b>Cash Flows from Investing Activities:</b>				
Principal received on direct financing leases	25,924	-	25,924	301,892
Interest and dividends on investments	56,729	56,244	112,973	376,346
<b>Net cash provided by investing activities</b>	<b>82,653</b>	<b>56,244</b>	<b>138,897</b>	<b>678,238</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,082,382)</b>	<b>(347,117)</b>	<b>(1,429,499)</b>	<b>(773,302)</b>
Cash and cash equivalents, beginning	2,062,507	1,089,279	3,151,786	3,925,088
Cash and cash equivalents, ending	\$ 980,125	\$ 742,162	\$ 1,722,287	\$ 3,151,786

**CITY OF KINSTON, NORTH CAROLINA  
ELECTRIC FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
BUDGET AND ACTUAL,  
NON-GAAP, MODIFIED ACCRUAL BASIS  
For the Fiscal Year Ended June 30, 2002  
With Comparative Totals for the Fiscal Year Ended June 30, 2001**

(Page 1 of 2)

	2002			2001
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Operating revenue:				
Charges for services, electricity sales	\$ 36,432,800	\$ 35,148,534	\$ (1,284,266)	\$ 36,016,155
Other	357,000	375,427	18,427	472,794
<b>Total operating revenue</b>	<b>36,789,800</b>	<b>35,523,961</b>	<b>(1,265,839)</b>	<b>36,488,949</b>
Non operating revenue:				
Principal received on direct lease financing	26,000	25,924	(76)	301,892
Interest earned on investments	160,000	28,824	(131,176)	250,009
<b>Total nonoperating revenue</b>	<b>186,000</b>	<b>54,748</b>	<b>(131,252)</b>	<b>551,901</b>
<b>Total revenue</b>	<b>36,975,800</b>	<b>35,578,709</b>	<b>(1,397,091)</b>	<b>37,040,850</b>
Expenditures:				
Administration:				
Salaries and benefits		743,532		653,723
Operating		379,662		466,918
Capital outlay		-		7,745
Indirect costs		1,266,900		1,223,200
	<b>2,447,400</b>	<b>2,390,094</b>	<b>57,306</b>	<b>2,351,586</b>
Electrical operations:				
Salaries and benefits		1,424,230		1,143,047
Operating		30,858,828		32,592,474
Capital outlay		481,355		166,267
	<b>34,087,600</b>	<b>32,764,413</b>	<b>1,323,187</b>	<b>33,901,788</b>
<b>Total expenditures</b>	<b>36,535,000</b>	<b>35,154,507</b>	<b>1,380,493</b>	<b>36,253,374</b>
<b>Revenue over (under) expenditures</b>	<b>440,800</b>	<b>424,202</b>	<b>(16,598)</b>	<b>787,476</b>
Other financing sources (uses):				
Appropriated fund balance	410,200	-	410,200	-
Operating transfers in	104,000	104,000	-	-
Operating transfers out - general fund	(955,000)	(955,000)	-	(954,600)
<b>Total other financing uses</b>	<b>(440,800)</b>	<b>(851,000)</b>	<b>(410,200)</b>	<b>(954,600)</b>
<b>Revenue and other sources</b>				
<b>under expenditures</b>				
<b>and other uses</b>	<b>\$ -</b>	<b>\$ (426,798)</b>	<b>\$ (426,798)</b>	<b>\$ (167,124)</b>

**CITY OF KINSTON, NORTH CAROLINA  
ELECTRIC FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
BUDGET AND ACTUAL,  
NON-GAAP, MODIFIED ACCRUAL BASIS  
For the Fiscal Year Ended June 30, 2002  
With Comparative Totals for the Fiscal Year Ended June 30, 2001**

(Page 2 of 2)

	2002			2001
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Reconciliation of modified accrual basis to full accrual basis:				
Revenue and other sources under expenditures and other uses		\$ (426,798)		\$ (167,124)
Transfers in		(104,000)		-
Transfers out		955,000		954,600
Capital outlay		481,355		174,012
Payment of debt principal		549,917		970,587
Depreciation		(988,784)		(976,562)
Amortization of debt fees		(19,192)		(20,791)
Lease purchase principal received		(25,924)		(301,892)
Decrease in accrued unbilled electricity sales		(77,067)		(19,598)
Capital contributions		109,380		479,671
Bad debt expense		(261,196)		(357,881)
Decrease in interest accrual		6,216		12,881
Income before operating transfers, accrual basis		<u>\$ 198,907</u>		<u>\$ 747,903</u>

**CITY OF KINSTON, NORTH CAROLINA  
WATER AND SEWER FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
BUDGET AND ACTUAL,  
NON-GAAP, MODIFIED ACCRUAL BASIS**

**For the Fiscal Year Ended June 30, 2002  
With Comparative Totals for the Fiscal Year Ended June 30, 2001**

(Page 1 of 2)

	2002			2001
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Operating revenue:				
Charges for services:				
Water sales	\$ 3,434,813	\$ 3,268,514	\$ (166,299)	\$ 3,158,040
Sewer charges	3,842,812	3,428,094	(414,718)	3,338,772
Other	114,000	135,606	21,606	143,251
<b>Total operating revenue</b>	<b>7,391,625</b>	<b>6,832,214</b>	<b>(559,411)</b>	<b>6,640,063</b>
Nonoperating revenue:				
Interest earned on investments	52,000	44,784	(7,216)	107,446
<b>Total nonoperating revenue</b>	<b>52,000</b>	<b>44,784</b>	<b>(7,216)</b>	<b>107,446</b>
<b>Total revenue</b>	<b>7,443,625</b>	<b>6,876,998</b>	<b>(566,627)</b>	<b>6,747,509</b>
Expenditures:				
Water and sewer administration:				
Salaries and benefits		86,581		82,781
Operating		170,290		330,922
Capital outlay		4,524		-
Indirect costs		1,165,900		1,167,000
	<u>1,474,100</u>	<u>1,427,295</u>	<u>46,805</u>	<u>1,580,703</u>
Water production:				
Salaries and benefits		252,804		266,818
Operating		559,743		439,399
Capital outlay		14,599		-
	<u>911,900</u>	<u>827,146</u>	<u>84,754</u>	<u>706,217</u>
Water and sewer operations:				
Salaries and benefits		851,821		788,527
Operating		1,816,074		1,981,917
Capital outlay		134,487		379,955
	<u>3,034,400</u>	<u>2,802,382</u>	<u>232,018</u>	<u>3,150,399</u>
Wastewater plant operations:				
Salaries and benefits		713,432		653,737
Operating		1,064,140		1,028,543
Capital outlay		12,636		15,184
	<u>1,789,700</u>	<u>1,790,208</u>	<u>(508)</u>	<u>1,697,464</u>
<b>Total expenditures</b>	<b>7,210,100</b>	<b>6,847,031</b>	<b>363,069</b>	<b>7,134,783</b>
<b>Revenue over (under) expenditures</b>	<b>233,525</b>	<b>29,967</b>	<b>(203,558)</b>	<b>(387,274)</b>
Other financing sources (uses):				
Appropriated fund balance	278,300	-	(278,300)	-
Operating transfers out	(511,825)	(511,825)	-	-
<b>Total other financing sources (uses)</b>	<b>(233,525)</b>	<b>(511,825)</b>	<b>(278,300)</b>	<b>-</b>
<b>Revenue and other sources under expenditures</b>	<b>\$ -</b>	<b>\$ (481,858)</b>	<b>\$ (481,858)</b>	<b>\$ (387,274)</b>

**CITY OF KINSTON, NORTH CAROLINA  
WATER AND SEWER FUND**

**SCHEDULES OF REVENUE, EXPENDITURES AND OTHER FINANCING SOURCES (USES),  
BUDGET AND ACTUAL,  
NON-GAAP, MODIFIED ACCRUAL BASIS  
For the Fiscal Year Ended June 30, 2002  
With Comparative Totals for the Fiscal Year Ended June 30, 2001**

(Page 2 of 2)

	2002			2001
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Reconciliation of modified accrual basis to full accrual basis:				
Revenue and other sources over expenditures		\$ (481,858)		\$ (387,274)
Transfers		511,825		-
Capital outlay		166,246		395,139
Payment of debt principal		963,130		1,042,545
Depreciation		(1,392,155)		(1,073,343)
Amortization of debt fees		(3,625)		(13,405)
Capital contributions		3,370,726		3,061,846
Repairs and maintenance expense from capital project fund		-		(74,523)
Decrease in accrued unbilled water sales		39,844		5,720
Decrease in accrued unbilled sewer sales		68,800		5,236
Bad debt expense		(73,497)		(81,457)
Decrease in interest accrual		15,142		39,580
Income before operating transfers, accrual		<u>\$ 3,184,578</u>		<u>\$ 2,920,064</u>

**CITY OF KINSTON, NORTH CAROLINA  
ELECTRIC CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL, (NON-GAAP)  
For the Fiscal Year Ended June 30, 2002**

	Project Authorization	Prior Years	Actual Current Year	Total To Date
Revenues:				
NC DOT Reimbursement	\$ 668,000	\$ 479,671	\$ 109,380	\$ 589,051
<b>Total revenue</b>	<u>668,000</u>	<u>479,671</u>	<u>109,380</u>	<u>589,051</u>
Expenditures:				
230KV POD/115KV Transmission Loop	5,838,027	5,448,630	268,134	5,716,764
Crescent Road	668,000	589,051	-	589,051
<b>Total expenditures</b>	<u>6,506,027</u>	<u>6,037,681</u>	<u>268,134</u>	<u>6,305,815</u>
<b>Revenue under expenditures</b>	<u>(5,838,027)</u>	<u>(5,558,010)</u>	<u>(158,754)</u>	<u>(5,716,764)</u>
Other financing sources:				
Revenue bond proceeds	5,838,027	5,840,414	-	5,840,414
<b>Total other financing sources</b>	<u>5,838,027</u>	<u>5,840,414</u>	<u>-</u>	<u>5,840,414</u>
<b>Total revenue and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 282,404</u>	<u>\$ (158,754)</u>	<u>\$ 123,650</u>

**CITY OF KINSTON, NORTH CAROLINA  
WATER AND SEWER CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUE AND EXPENDITURES,  
BUDGET AND ACTUAL, (NON-GAAP)  
For the Fiscal Year Ended June 30, 2002**

	Project Authorization	Prior Years	Actual Current Year	Total To Date
Expenditures:				
Northside WWTP Expansion	\$ 51,200,000	\$ -	\$ 1,094,718	\$ 1,094,718
FY 98/99 Capital Projects	6,762,700	4,050,666	2,460,765	6,511,431
FY 99/00 Capital Projects	13,365,000	3,593,878	892,312	4,486,190
FY 02/05 Capital Projects	260,000	-	161,310	161,310
GTP Cargo Facility	536,332	-	413,752	413,752
<b>Total expenditures</b>	<b>72,124,032</b>	<b>7,644,544</b>	<b>5,022,857</b>	<b>12,667,401</b>
Other Financing Sources:				
Federal and/or State grants	43,468,700	3,058,046	3,118,415	6,176,461
Revenue bond proceeds	24,420,000	1,450,000	-	1,450,000
County participation	877,249	495,316	252,310	747,626
Transfers in	3,358,083	1,764,000	260,000	2,024,000
<b>Total other financing sources</b>	<b>72,124,032</b>	<b>6,767,362</b>	<b>3,630,725</b>	<b>10,398,087</b>
<b>Total other financing sources under expenditures</b>	<b>\$ -</b>	<b>\$ (877,182)</b>	<b>\$ (1,392,132)</b>	<b>\$ (2,269,314)</b>





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## **INTERNAL SERVICE FUND**

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

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

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

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS**

**For the Fiscal Year Ended June 30, 2002**

**With Comparative Totals for the Fiscal Year Ended June 30, 2001**

	<u>2002</u>	<u>2001</u>
Operating revenue:		
Contributions from various funds	\$ 564,852	\$ 758,132
Operating expenses:		
Administration	512,965	532,936
Depreciation	487	487
Claims reimbursement	303,990	243,868
<b>Total operating expenses</b>	<u>817,442</u>	<u>777,291</u>
<b>Operating loss</b>	<u>(252,590)</u>	<u>(19,159)</u>
Nonoperating revenue:		
Interest earned on investments	7,059	20,590
<b>Total nonoperating revenue</b>	<u>7,059</u>	<u>20,590</u>
<b>Net income (loss)</b>	(245,531)	1,431
Retained earnings, beginning	<u>509,737</u>	<u>508,306</u>
Retained earnings, ending	<u>\$ 264,206</u>	<u>\$ 509,737</u>

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

**SCHEDULE OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL,  
NON-GAAP, MODIFIED ACCRUAL BASIS  
For the Fiscal Year Ended June 30, 2002**

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenue:			
Contributions from various funds	\$ 556,200	\$ 556,200	\$ -
Restricted intergovernmental	6,000	6,000	-
Insurance proceeds	-	2,652	2,652
	<u>562,200</u>	<u>564,852</u>	<u>2,652</u>
Nonoperating revenue:			
Other	7,000	7,059	59
<b>Total revenue</b>	<u>569,200</u>	<u>571,911</u>	<u>2,711</u>
Expenditures:			
Administration:			
Salaries and benefits		99,465	
Insurance		310,972	
Operating		102,528	
		<u>512,965</u>	
Claim reimbursements, operating		303,990	
<b>Total expenditures</b>	<u>863,200</u>	<u>816,955</u>	<u>46,245</u>
<b>Total revenue under expenditures</b>	<u>(294,000)</u>	<u>(245,044)</u>	<u>48,956</u>
Other financing sources:			
Appropriated retained earnings	294,000	-	(294,000)
<b>Revenue and other sources over expenditures</b>	<u>\$ -</u>	<u>\$ (245,044)</u>	<u>\$ (245,044)</u>
Reconciliation of modified accrual basis to full accrual basis:			
Revenue and other sources under expenditures		(245,044)	
Depreciation		<u>(487)</u>	
<b>Net loss, accrual basis</b>		<u>\$ (245,531)</u>	

## **GENERAL FIXED ASSETS ACCOUNT GROUP**

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**The General Fixed Assets Account Group** is used to account for the cost of fixed assets of the City that are used in the performance of general government functions and that are not accounted for in the Enterprise or Internal Service Funds of the City.

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**CITY OF KINSTON, NORTH CAROLINA**

**SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE**

**June 30, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
General Fixed Assets:		
Land	\$ 2,918,681	\$ 2,916,521
Buildings	7,949,144	6,406,882
Equipment and vehicles	<u>11,905,879</u>	<u>10,591,395</u>
<b>Total general fixed assets</b>	<b><u>\$ 22,773,704</u></b>	<b><u>\$ 19,914,798</u></b>
Investment in General Fixed Assets by Source:		
General Fund	22,292,063	19,433,157
Special Revenue Funds	<u>481,641</u>	<u>481,641</u>
<b>Total investment in general fixed assets</b>	<b><u>\$ 22,773,704</u></b>	<b><u>\$ 19,914,798</u></b>



**CITY OF KINSTON, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY**  
**For the Fiscal Year Ended June 30, 2002**

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Transfers</u> <u>to</u> <u>Deductions</u>	<u>Balance</u> <u>June 30, 2002</u>
<b><u>Function and Activity:</u></b>				
<b>General Government:</b>				
Council	\$ -	\$ -	\$ -	\$ -
Manager	831,067	11,954	685,455	157,566
Clerk	12,258	-	-	12,258
Human resources	10,430	-	5,138	5,292
Finance and administration	118,880	-	76,130	42,750
Management information systems	-	455,016	-	455,016
Other, unclassified	4,822,316	258,885	-	5,081,201
<b>Total general government</b>	<u>5,794,951</u>	<u>725,855</u>	<u>766,723</u>	<u>5,754,083</u>
<b>Public Safety:</b>				
Police	2,117,611	353,059	57,567	2,413,103
Fire	2,811,699	69,281	149,593	2,731,387
Inspection	90,611	-	5,967	84,644
<b>Total public safety</b>	<u>5,019,921</u>	<u>422,340</u>	<u>213,127</u>	<u>5,229,134</u>
<b>Public Works:</b>				
Highways and Streets:				
Engineering	342,416	-	70,557	271,859
Maintenance	1,181,607	411,021	-	1,592,628
<b>Total highways and streets</b>	<u>1,524,023</u>	<u>411,021</u>	<u>70,557</u>	<u>1,864,487</u>
<b>Environmental Services</b>	<u>3,180,983</u>	<u>741,268</u>	<u>-</u>	<u>3,922,251</u>
<b>Parks and Recreation</b>	<u>4,394,920</u>	<u>1,608,829</u>	<u>-</u>	<u>6,003,749</u>
<b>Total general fixed assets</b>	<u>\$ 19,914,798</u>	<u>\$ 3,909,313</u>	<u>\$ 1,050,407</u>	<u>\$ 22,773,704</u>

**CITY OF KINSTON, NORTH CAROLINA**

**SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY**

**June 30, 2002**

	<u>Land</u>	<u>Buildings</u>	<u>Equipment and Vehicles</u>	<u>Total</u>
<b><u>Function and Activity:</u></b>				
<b>General Government:</b>				
Council	\$ -	\$ -	\$ -	\$ -
Manager	-	-	157,566	157,566
Clerk	-	-	12,258	12,258
Human resources	-	-	5,292	5,292
Finance and administration	-	-	42,750	42,750
Management information systems	-	-	455,016	455,016
Other, unclassified	2,336,253	2,744,948	-	5,081,201
<b>Total general government</b>	<u>2,336,253</u>	<u>2,744,948</u>	<u>672,882</u>	<u>5,754,083</u>
<b>Public Safety:</b>				
Police	-	-	2,413,103	2,413,103
Fire	19,365	313,744	2,398,278	2,731,387
Inspection	-	-	84,644	84,644
<b>Total public safety</b>	<u>19,365</u>	<u>313,744</u>	<u>4,896,025</u>	<u>5,229,134</u>
<b>Public Works:</b>				
Highways and Streets:				
Engineering	-	-	271,859	271,859
Maintenance	-	-	1,592,628	1,592,628
<b>Total highways and streets</b>	<u>-</u>	<u>-</u>	<u>1,864,487</u>	<u>1,864,487</u>
Environmental Services	<u>-</u>	<u>-</u>	<u>3,922,251</u>	<u>3,922,251</u>
Parks and Recreation	<u>563,063</u>	<u>4,890,452</u>	<u>550,234</u>	<u>6,003,749</u>
<b>Total general fixed assets</b>	<u>\$ 2,918,681</u>	<u>\$ 7,949,144</u>	<u>\$ 11,905,879</u>	<u>\$ 22,773,704</u>



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## **GENERAL LONG-TERM DEBT ACCOUNT GROUP**

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**The General Long-Term Debt Account Group** is used to account for the City's unmatured long-term indebtedness that is not accounted for as a specific fund liability of the Enterprise or Internal Service Funds of the City.

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**CITY OF KINSTON, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT  
For the Fiscal Year Ended June 30, 2002**

	General Long-Term Debt July 1, 2001	Additions	Deductions	General Long-Term Debt June 30, 2002
<b>By Type of Debt:</b>				
Accrued compensated absences	\$ 758,672	\$ 22,767	\$ -	\$ 781,439
Police separation allowance	133,814	57,312	-	191,126
Separation allowance plan	227,213	22,293	-	249,506
Installment contract obligations	2,307,157	801,140	526,608	2,581,689
	<u>\$ 3,426,856</u>	<u>\$ 903,512</u>	<u>\$ 526,608</u>	<u>\$ 3,803,760</u>
<b>By Purpose:</b>				
General government equipment	\$ -	\$ -	\$ -	\$ -
Public safety, equipment	444,410	-	64,810	379,600
Public works, equipment	338,120	801,140	174,708	964,552
Recreation, equipment	1,524,627	-	287,090	1,237,537
Accrued compensated absences, all departments	758,672	22,767	-	781,439
Separation allowance plan	227,213	22,293	-	249,506
Police separation allowance	133,814	57,312	-	191,126
	<u>\$ 3,426,856</u>	<u>\$ 903,512</u>	<u>\$ 526,608</u>	<u>\$ 3,803,760</u>



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## **OTHER FINANCIAL INFORMATION**

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**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**

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
For the Fiscal Year Ended June 30, 2002**

Fiscal Year	Uncollected Balance July 1, 2001	Current Year Gross Levy	Collections Credits and Adjustments	Uncollected Balance June 30, 2002
2001-2002	\$ -	\$ 6,754,997	\$ 6,395,037	\$ 359,960
2000-2001	285,720	-	192,142	93,578
1999-2000	91,570	-	37,808	53,762
1998-1999	100,835	-	39,398	61,437
1997-1998	59,540	-	19,796	39,744
1996-1997	53,686	-	12,471	41,215
1995-1996	33,326	-	7,519	25,807
1994-1995	23,278	-	3,836	19,442
1993-1994	17,916	-	2,116	15,800
1992-1993	46,803	-	4,615	42,188
1991-1992	30,408	-	30,408	-
	<u>\$ 743,082</u>	<u>\$ 6,754,997</u>	<u>\$ 6,745,146</u>	<u>\$ 752,933</u>
Motor vehicle tags receivable				115,756
Total property tax receivable				<u>\$ 868,689</u>

**RECONCILIATION WITH REVENUE:**

Ad valorem taxes - General Fund	\$ 6,880,937	
Less auto fee	<u>(161,400)</u>	
		\$ 6,719,537
Add credits and adjustments		<u>25,609</u>
		<u>\$ 6,745,146</u>

# CITY OF KINSTON, NORTH CAROLINA

## ANALYSIS OF CURRENT TAX LEVY For the Fiscal Year Ended June 30, 2002

	City Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current	\$ 1,093,313,343	\$ 0.575	\$ 6,286,552	\$ 5,822,329	\$ 464,223
Property taxed at prior	53,386,790	0.595	317,651	-	317,651
Penalties	-		7,041	7,041	-
Total	<u>1,146,700,133</u>		<u>6,611,244</u>	<u>5,829,370</u>	<u>781,874</u>
Municipal Service District			<u>55,583</u>	<u>55,583</u>	<u>-</u>
Discoveries:					
Current year taxes	32,761,726	0.575	188,379	188,379	-
Prior year taxes	166,906	0.595	993	-	993
Total	<u>32,928,632</u>		<u>189,372</u>	<u>188,379</u>	<u>993</u>
Abatements:					
Current year taxes	(16,689,753)	0.575	(95,966)	(95,966)	-
Prior year taxes	(880,036)	0.595	(5,236)	-	(5,236)
	<u>(17,569,789)</u>		<u>(101,202)</u>	<u>(95,966)</u>	<u>(5,236)</u>
Total property valuation	<u>\$ 1,162,058,976</u>				
Net levy			6,754,997	5,977,366	777,631
Uncollected taxes at June 30, 2002			<u>359,960</u>	<u>209,287</u>	<u>150,673</u>
Current year's taxes collected			<u>\$ 6,395,037</u>	<u>\$ 5,768,079</u>	<u>\$ 626,958</u>
Current levy collection percentage			94.70%	96.50%	80.60%

## **STATISTICAL SECTION (Unaudited)**

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

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**CITY OF KINSTON, NORTH CAROLINA**

**GENERAL GOVERNMENTAL (1)  
EXPENDITURES BY FUNCTION**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks &amp; Recreation</u>	<u>Planning &amp; Development</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
1993	1,080,042	5,703,579	4,607,689	2,198,167	1,848,171	29,758	-	15,467,406
1994	1,368,327	6,109,920	4,254,386	2,755,956	2,179,809	28,330	-	16,696,728
1995	1,762,566	6,765,199	4,698,604	2,591,703	2,311,865	26,902	-	18,156,839
1996	1,237,584	6,832,396	4,537,956	2,419,057	3,468,111	-	-	18,495,104
1997	820,590	6,397,245	3,781,419	2,248,223	5,517,284	1,285,671	228,131	20,278,563
1998	80,359	6,677,932	3,483,520	2,296,814	4,519,688	1,324,572	330,564	18,713,449
1999	1,129,435	7,277,306	4,390,167	2,698,258	8,372,446	-	-	23,867,612
2000	1,041,340	7,077,340	4,215,536	2,081,602	12,756,775	753,394	501,697	28,427,684
2001	1,139,790	7,757,768	4,660,841	2,263,251	13,006,858	900,225	1,502,389	31,231,122
2002	1,106,747	7,705,335	5,570,632	2,315,358	11,603,199	658,498	2,188,162	31,147,931

Source: City of Kinston Finance Department

Notes: (1) Includes general, special revenue and capital projects funds

# CITY OF KINSTON, NORTH CAROLINA

## GENERAL GOVERNMENT (1) REVENUE BY SOURCE Last Ten Fiscal Years

Fiscal Year Ended June 30,	Ad Valorem Taxes (2)	Sales and Services	Other Taxes and Licenses	Inter- Governmental Unrestricted	Inter- Governmental Restricted	Other Revenue	Total
1993	4,800,094	3,193,928	1,860,410	1,488,129	1,106,380	217,288	12,666,229
1994	4,966,902	3,048,637	3,085,375	532,090	1,208,362	443,316	13,284,682
1995	5,224,633	3,166,522	3,295,271	524,737	1,253,385	432,649	13,897,197
1996	5,152,163	2,957,803	3,536,519	519,967	1,024,159	449,339	13,639,950
1997	5,201,366	3,118,713	3,748,121	516,784	3,453,455	1,009,342	17,047,781
1998	6,049,670	3,454,623	3,689,204	698,254	2,757,179	586,328	17,235,258
1999	6,331,104	3,638,114	3,907,272	700,488	8,074,639	375,980	23,027,597
2000	6,343,842	3,879,629	4,105,684	718,442	11,538,652	353,422	26,939,671
2001	6,428,254	3,870,712	4,058,658	732,106	13,887,344	542,322	29,519,396
2002	6,963,814	4,035,122	3,174,637	274,861	11,874,767	1,248,001	27,571,202

Source: City of Kinston Finance Department

Notes: (1) includes general, special revenue and capital project funds  
(2) Includes municipal service district

# CITY OF KINSTON, NORTH CAROLINA

## GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE (1) Last Ten Fiscal Years

Fiscal Year Ended June 30	Ad Valorem (2)	Other Taxes and Licenses					Licenses and Permits	Total
		Sales	Intangible	Franchise	Occupancy	Gross Receipts		
1993	4,800,094	1,577,036	235,709	971,877	-	-	47,665	7,632,381
1994	4,966,902	1,809,046	221,979	995,684	-	-	58,666	8,052,277
1995	5,224,633	1,928,391	220,005	1,010,519	72,999	-	63,357	8,519,904
1996	5,152,163	1,953,386	207,542	1,203,606	106,037	-	65,948	8,688,682
1997	5,201,366	2,085,067	209,384	1,254,266	134,226	-	65,178	8,949,487
1998	6,049,670	2,227,640	225,241	1,049,589	122,883	-	63,851	9,738,874
1999	6,331,104	2,436,314	231,319	1,025,225	137,977	-	76,437	10,238,376
2000	6,343,842	2,498,830	216,331	1,174,775	138,857	-	76,891	10,449,526
2001	6,428,254	2,375,702	224,300	1,237,055	142,410	10,488	68,703	10,486,912
2002	6,963,814	2,277,274	-	677,902	133,171	13,595	72,695	10,138,451

Source: City of Kinston Finance Department

Notes: (1) Includes general fund revenue only  
(2) Includes penalties and interest



**CITY OF KINSTON, NORTH CAROLINA**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Total Tax Levy</u>
1993	4,733,536	4,583,443	96.8%	109,224	4,692,667	99.1%
1994	4,909,856	4,728,165	96.3%	97,616	4,825,781	98.3%
1995	5,103,866	4,917,585	96.4%	155,890	5,073,475	99.4%
1996	5,034,263	4,823,149	95.8%	165,830	4,988,979	99.1%
1997	5,119,439	4,870,420	96.3%	182,987	5,053,407	98.7%
1998	5,948,636	5,708,362	96.4%	194,379	5,902,741	99.2%
1999	6,124,500	5,876,450	95.9%	241,935	6,118,385	99.9%
2000	6,229,391	5,926,159	95.1%	214,986	6,141,145	98.6%
2001	6,191,672	5,905,952	95.4%	284,139	6,190,091	98.5%
2002	6,754,997	6,395,037	94.7%	350,109	6,745,146	99.9%

Source: City of Kinston Finance Department

Note: (1) Includes municipal service district

# CITY OF KINSTON, NORTH CAROLINA

## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Assessed Value (2)	Estimated Actual Value	Percentage of Assessed Value Growth
1993	\$ 783,182,081	(1)	2.4%
1994	793,302,730	(1)	1.3%
1995	824,872,433	(1)	4.0%
1996	815,628,820	(1)	-1.1%
1997	828,874,289	(1)	1.6%
1998	991,578,151	(1)	16.4%
1999	1,018,705,392	(1)	2.7%
2000	1,035,974,119	(1)	1.7%
2001	1,029,064,782	(1)	-0.5%
2002	1,162,058,976	(1)	12.9%

Source: City of Kinston Finance Department  
Lenoir County Tax Office

Notes: (1) Estimated values are 100% of the sound cost value replacement  
(2) City-wide values, excluding municipal service district

# CITY OF KINSTON, NORTH CAROLINA

## PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS (PER \$100 OF ASSESSED VALUE) Last Ten Fiscal Years

Fiscal Year Ended June 30	City Millage	Municipal Service District Millage	Total City Millage	Total County Millage	Total School District Millage
1993	0.61	0.27	0.61	0.77	-
1994	0.61	0.27	0.61	0.77	-
1995	0.61	0.27	0.61	0.77	-
1996	0.61	0.27	0.61	0.77	-
1997	0.61	0.27	0.61	0.77	-
1998	0.595	0.27	0.595	0.77	-
1999	0.595	0.27	0.595	0.77	-
2000	0.595	0.27	0.595	0.77	-
2001	0.595	0.27	0.595	0.77	-
2002	0.575	0.27	0.575	0.75	-

Source: City of Kinston Finance Department  
Lenoir County Tax Office

# CITY OF KINSTON, NORTH CAROLINA

## PROPERTY TAX RATES AND LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Rates			Tax Levies		
	City	County	Total	City	County	Total
1993	0.61	0.77	1.38	4,733,536	14,811,689	19,545,225
1994	0.61	0.77	1.38	4,909,856	15,977,305	20,887,161
1995	0.61	0.77	1.38	5,103,586	17,353,862	22,457,448
1996	0.61	0.77	1.38	5,034,262	18,016,619	23,050,881
1997	0.61	0.77	1.38	5,119,439	18,020,366	23,139,805
1998	0.595	0.77	1.37	5,948,636	18,540,785	24,489,421
1999	0.595	0.77	1.37	6,124,500	18,667,338	24,791,838
2000	0.595	0.77	1.37	6,229,391	21,783,836	28,013,227
2001	0.595	0.77	1.37	6,191,672	20,942,511	27,134,183
2002	0.575	0.75	1.33	6,754,997	24,036,411	30,791,408

Source: Lenoir County Tax Office

# CITY OF KINSTON, NORTH CAROLINA

## PRINCIPAL TAXPAYERS

June 30, 2002

<u>Taxpayer</u>	<u>Nature of Property</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Masterbrand Cabinets, Inc.	Manufacturer	20,178,221	1.7%
Kinston Ham Products, Inc.	Meat Processor	16,536,793	1.4%
Carolina Telephone	Utility	12,203,637	1.1%
Hampton Industries	Manufacturer	9,279,047	0.8%
VPM, Inc.	Shopping Mall	8,659,303	0.7%
Barnet Southern Corp	Manufacturer	8,516,277	0.7%
Excel Realty Trust NC	Shopping Mall	7,004,207	0.6%
Beuhler Products, Inc.	Manufacturer	7,000,741	0.6%
Perry's Inc.	Real estate	6,695,657	0.6%
Poole Walter Realty, Inc.	Real estate	6,107,729	0.5%
<b>Total Assessed Valuation of Top Ten Taxpayers</b>		102,181,612	8.7%
<b>Balance of Assessed Valuation</b>		1,059,877,364	91.3%
<b>Total Assessed Valuation</b>		<u>\$ 1,162,058,976</u>	<u>100.0%</u>

Source: Lenoir County Tax Office

**CITY OF KINSTON, NORTH CAROLINA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2002**

Total assessed value		<u>\$ 1,162,058,976</u>
Debt limitation - 8% of total assessed value		\$ 92,964,718
Debt applicable to limitation:		
Total bonded debt	\$ 12,730,000	
Obligation under notes payable	4,036,571	
Obligation under installment contracts	<u>3,796,231</u>	
Gross debt	20,562,802	
Less - statutory deductions:		
Revenue bonds issued and outstanding for electric purposes	7,735,000	
Obligations under notes payable attributable to enterprise funds	4,036,571	
Obligation under installment contracts attributable to enterprise funds	1,214,542	
Revenue bonds issued and outstanding for water purposes	<u>4,995,000</u>	
Total statutory deductions	<u>17,981,113</u>	
Total debt applicable to limitation		<u>2,581,689</u>
Legal debt margin		<u>\$ 90,383,029</u>

**CITY OF KINSTON, NORTH CAROLINA**

**RATIO OF ANNUAL GENERAL DEBT SERVICE EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL  
GOVERNMENTAL EXPENDITURES**

**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total (1)</b>	<b>Total General Governmental Expenditures (2)</b>	<b>Ratio of Debt Service to General Expenditures</b>
1993	360,000	50,228	410,228	15,467,406	2.65
1994	360,000	31,833	391,833	16,696,728	2.35
1995	175,000	13,438	188,438	18,156,839	1.04
1996	150,000	6,000	156,000	18,495,104	0.84
1997	-	-	-	20,278,563	-
1998	-	-	-	18,713,449	-
1999	-	-	-	23,867,612	-
2000	-	-	-	28,427,684	-
2001	-	-	-	31,231,122	-
2002	-	-	-	31,147,931	-

*Notes: (1) Includes debt service for general obligation bonds for Enterprise Fund and General Long-term Debt Account group.*

*(2) Includes General, Special Revenue and Capital Projects Funds.*

# CITY OF KINSTON, NORTH CAROLINA

## COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

June 30, 2002

Name of Governmental Unit	General Obligation Bonds Outstanding (1)	Percentage Applicable to City of Kinston (2)	City of Kinston's Share of Debt (3)
Direct debt - City of Kinston	\$ -	100.00%	\$ -
Lenoir County debt	<u>4,785,000</u>	36.23%	<u>1,733,606</u>
Total overlapping debt	<u>\$ 4,785,000</u>		<u>\$ 1,733,606</u>

- Notes:
- (1) Includes general obligation bonds for Enterprise Fund and General Long-term Debt Account Group.
  - (2) Determined by ratio of assessed valuation of property subject to taxation in Lenoir County (\$2,868,837,138).
  - (3) Amount in debt outstanding column multiplied by percentage applicable.



# CITY OF KINSTON, NORTH CAROLINA

## PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Value (1)		Construction		Bank Deposits (3)
			Units (2)	Value (2)	
1993	783,182,081	(4)	264	47,443,108	493,147,000
1994	811,306,805	(4)	456	28,178,970	471,537,000
1995	842,336,146	(4)	490	31,349,949	507,688,000
1996	832,601,605	(4)	271	31,974,645	527,195,000
1997	846,130,255	(4)	456	28,178,970	471,537,000
1998	1,005,811,456	(4)	207	22,348,955	531,440,000
1999	1,035,578,586	(4)	145	18,165,316	537,398,000
2000	1,054,593,492	(4)	204	48,959,642	572,749,000
2001	1,029,064,782	(4)	129	29,960,815	590,235,000
2002	1,162,058,976	(4)	100	16,666,270	(5)

Source: (1) *Lenoir County Tax Office*  
 (2) *City Inspections Department*  
 (3) *First Citizens Bank & Trust – FDIC Summary of Deposits*

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

**CITY OF KINSTON, NORTH CAROLINA**

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO  
ASSESSED VALUE AND BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Estimated Population (1)	Taxable Property Assessed Value (2)	8% Debt Limit	Gross Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Property Assessed Value		Per Capita Bonded Debt	
								Gross	Net
1993	25,758	783,182,081	62,654,566	685,000	50,000	0.001		27	2
1994	25,863	811,306,805	64,904,544	325,000	25,000	0.00003		13	1
1995	25,730	842,336,146	67,386,892	150,000	-	-		6	-
1996	25,729	832,601,605	66,608,128	-	-	-		-	-
1997	25,729	846,130,255	65,056,024	-	-	-		-	-
1998	25,729	1,005,811,456	80,464,916	-	-	-		-	-
1999	24,974	1,035,578,586	81,496,431	-	-	-		-	-
2000	24,974	1,054,593,492	82,877,930	-	-	-		-	-
2001	23,688	1,029,064,782	82,325,183	-	-	-		-	-
2002	23,688	1,162,058,976	92,964,718	-	-	-		-	-

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

Note: (2) Includes municipal service district

# CITY OF KINSTON, NORTH CAROLINA

## REVENUE BOND COVERAGE COMBINED ENTERPRISE FUNDS Last Ten Fiscal years

Fiscal Year Ended June 30	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			
				Principal	Interest	Total	Coverage
1993	39,906,505	34,910,008	4,996,497	150,000	200,925	350,925	14.24
1994	43,398,900	36,809,185	6,589,715	210,000	201,533	411,533	16.01
1995	43,154,442	37,330,887	5,823,555	225,000	187,801	412,801	14.11
1996	45,432,937	39,669,640	5,763,297	240,000	137,038	377,038	15.29
1997	41,849,213	37,489,507	4,359,706	495,000	853,151	1,348,151	3.23
1998	43,234,423	39,231,141	4,003,282	590,000	870,462	1,460,462	2.74
1999	43,830,191	38,993,599	4,836,592	630,000	844,292	1,474,292	3.28
2000	41,024,124	38,102,716	2,921,408	770,000	816,571	1,586,571	1.84
2001	43,477,825	40,341,061	3,136,764	910,000	781,921	1,691,921	1.85
2002	42,461,360	39,216,493	3,244,867	835,000	740,061	1,575,061	2.06

*Notes:*

- (1) Total revenues including gross interest*
- (2) Total operating expenses exclusive of depreciation*
- (3) Includes principal and interest of revenues bonds only*

# CITY OF KINSTON, NORTH CAROLINA

## DEMOGRAPHIC STATISTICS

Last Ten Fiscal years

Fiscal Year Ended June 30	City Population (1)	County Per Capita Income (2)	County Unemployment Rate (3)	City and County School Enrollment (4)	County Retail Sales (5)	Bank Deposits (6)
1993	25,758	18,290	7.0%	10,713	545,002,712	493,147,000
1994	25,863	18,255	6.5%	10,400	628,638,734	471,537,000
1995	25,730	18,036	6.2%	10,451	595,789,426	507,668,000
1996	25,729	19,889	7.0%	10,470	671,296,492	527,195,000
1997	25,729	20,350	6.5%	10,200	792,179,860	524,052,000
1998	25,729	21,707	6.2%	10,326	795,347,821	531,440,000
1999	24,974	21,212	6.3%	10,062	781,517,297	537,398,000
2000	24,974	16,744	4.8%	10,275	770,936,181	572,749,000
2001	23,688	(7)	7.2%	9,950	779,130,587	590,235,000
2002	23,688	(7)	9.1%	10,260	770,196,021	(7)

Source: (1) NC Office of State Planning  
 (2) NC Bureau of Economic Analysis  
 (3) NC Employment Security Commission  
 (4) Lenoir County Board of Education  
 (5) NC Department of Revenue - Tax Research Division  
 (6) First Citizens Bank & Trust - FDIC Summary of Deposits

Note: (7) Information not presently available

## CITY OF KINSTON, NORTH CAROLINA

### MISCELLANEOUS STATISTICS

June 30, 2002

Population	23,688
Date of incorporation	1762
Form of Government	Council/Manager
Area (Extra-territorial jurisdiction 45.52sq/mi)	17
Miles of paved street (state maintained 43.63)	113.4
Number of street lights	2,061
Employees	412
Fire Protection:	
Number of stations	3
Number of firemen/officers	65
Police Department:	
Number of stations	6
Number of police/officers	75
Electric Department:	
Number of consumers	12,550
Average daily usage	1,215,678 KWH
Miles of distribution lines	375
Water Department:	
Number of consumers	11,165
Average daily consumption	4.46 MGD
Miles of water mains	208.2
Sewers:	
Average daily flow	4.46 MGD
Miles of sewer lines	180.2
Parks/Recreation:	
Number of parks	14
Park acreage	245
Golf courses	1
Swimming pools	3
Tennis courts	17
Museum	2
Baseball Courts (outside)	16
Other recreational facilities:	
Grainger Stadium	4,200 seat baseball stadium
Indoor Batting Facility	1