CITY OF KINSTON
NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 2001

CITY OF KINSTON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

PREPARED BY
CITY OF KINSTON FINANCE DEPARTMENT

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INTRODUCTORY SECTION

City of Kinston

P.O. Box 339
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Johnnie Mosley
Mayor

Ralph A. Clark
City Manager

September 28, 2001

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, 2001, 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 enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a list of principal officials, the City's organizational chart, and GFOA's Certificate of Achievement for Excellence in Financial Reporting for our 2000 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 electrical, 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, 2001. 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 of 1984 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 federal and state financial assistance, findings and recommendations, and auditor's report on the internal control structure and compliance with applicable laws and regulations, is included in a separate report.

BLUEPRINT FOR THE FUTURE

The City Council on October 5, 1998, adopted the Greater Kinston Area Growth Plan, thus establishing a blueprint for development of the City. The plan further establishes a strategy for encouraging new economic development and revitalization of the City in a way that takes advantage of existing infrastructure, such as streets, utilities, and investments in other public facilities and private real estate.

ECONOMIC CONDITION AND OUTLOOK

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

In what promises to be the single most significant and dramatic economic development project ever in Eastern North Carolina, the Lenoir County-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.

The GTP is on its way to becoming a unique multi-modal business center designed to support manufacturing distribution, agribusiness and transportation-related companies competing in national and international commerce. Fully integrating air, rail, road and nearby sea transportation capabilities will serve the logistics requirements of its tenants and users as well as benefitting the surrounding region and the entire state.

The GTP is a long-range project, that over time will become the centerpiece of the East as it creates tens of thousands of direct and indirect jobs. More than 2,600 people already work within the boundaries of the GTP area. And more than 400 of these jobs have been created since the time Kinston was selected as the GTP site. The key to success for the GTP rests with putting in place the on-site and regional infrastructure enhancements and other resources that are important to attracting business.

Development has accelerated as the project completed the mandatory planning phase and received the environmental permits and funding that have allowed it to begin initial construction work. The construction of a high-speed taxiway and hardstand is complete and the final phase of the runway extension project is underway. The 11,500 foot runway is scheduled to be complete by the end of the year.

Construction is underway on a 58,000 square-foot cargo facility which will be ready for occupancy early in 2002 and will be served by the recently completed taxiway and hardstand. Also, the first phase of the Crescent Road project is open and clearing has begun for the second phase of the project, which, when finished will complete the connection between N.C. 58 and U.S. 258.

The GTP's Education and Training Center (ETC) is serving the region's training and meeting needs. More than 16,000 people have used the ETC since it opened just over a year ago.

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

- $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.

Older sections of the City are not being ignored. The City fully supports the operating budget for Pride of Kinston, Inc., a not-for-profit downtown revitalization organization that has spawned several major private investments. The newly completed Themed Development Plan offers a 10 year timeline of revitalization and beautification projects for downtown Kinston. Pride has received over $1,400,000 in grants and low interest loans for Kinston Enterprise Center and improved office technology. The most visible change to downtown was the renovation to the exterior of the Farmers and Merchants bank building. In the next year the Kinston Enterprise Center will be completed and the bank building will be home to four first class apartments.

One of the continuing challenges and opportunities facing the City in the next several years has resulted from the devastating flooding from the aftermath of Hurricane Floyd's arrival 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 2000-2001 included the planning and /or 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 & Fran and 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 having been administered and recorded thru fiscal year end 2001. The Hurricane Floyd program consists of thirteen (13) projects, with grant awards totaling over $26.9 million and expenditures of approximately $4.3 million thru June 30, 2001. To date the City has acquired 356 properties. There have been 244 household relocated and 235 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, 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 in 2002 and continuing until mid-2005.

A recreation capital improvement project totaling $1,100,000 was essentially completed during the fiscal year 00/01. This project includes the renovation of various city recreation facilities and the purchase of new playground equipment to comply with today's safety standards.

In addition to the buyout programs, the Federal Emergency Management Agency is presently funding over $6 million for clean-up assistance and repairs to city facilities damaged/destroyed by Hurricane Floyd and subsequent flooding. To date, $4.1 million has been expended through June 30, 2001.

In the Future

The flood buyout program will continue relocating residents from a 100-year flood plain who incurred major damage to their property 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 in order 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 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 $16,060,700, with funding coming 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 Plant will continue with this effort leading to intensive design work over the next 6 to 24 months. The City anticipates construction activities beginning in 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 council to accomplish these activities.

FINANCIAL INFORMATION

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

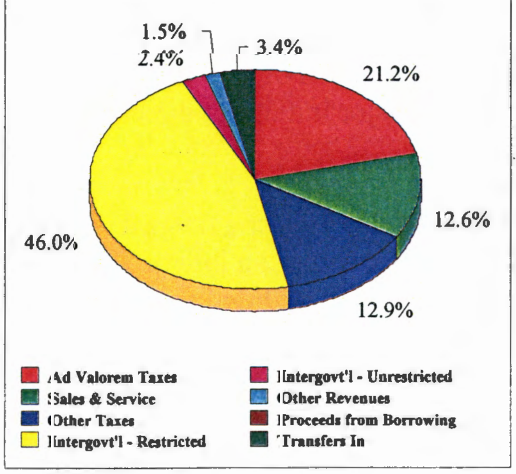
Budgetary Controls. In addition to the internal control system, the City maintains a system of budgetary controls. These budgetary controls are designed to insure compliance with the annual budget ordinance adopted by the City Council as well as compliance with the North Carolina General Statutes as 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, 2001 and the amount and percentage of increase and decrease in relation to prior year.

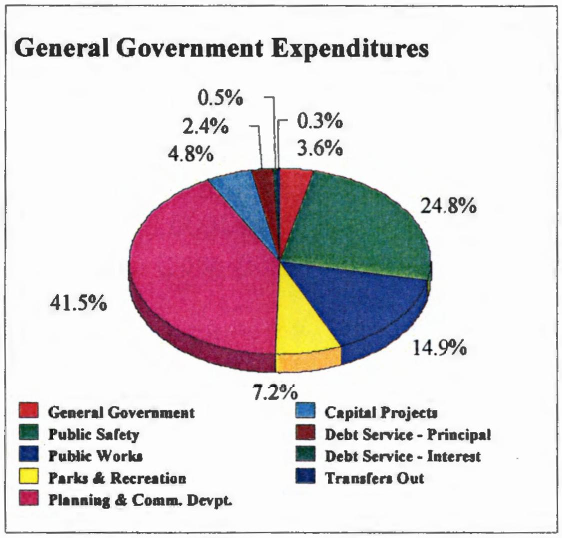
Revenue and Other Financing Sources	Amount (Thousands)	Percent of Total	Increase (Decrease) from 2000 (Thousands)	Percent of Increase (Decrease)
Ad valorem taxes	$ 6,428	21.2%	$ 84	1.3%
Sales and services	3,870	12.6%	(10)	-0.3%
Other taxes	4,059	12.9%	(47)	-1.1%
Intergovernmental:				
Restricted	13,887	46.0%	2,348	20.3%
Unrestricted	732	2.4%	14	1.9%
Other Revenues	542	1.5%	168	44.9%
Proceeds from borrowing	0	.0%	(1,967)	100.0%
Transfers in	1,041	3.4%	50	5.0%
Total	$ 30,559	100.0%	$ 640	

General Government Revenue



The overall increase in revenues and other financing sources for fiscal year 200-2001 was 2.1 percent. This increase reflects the receipt of funds from FEMA and HUD for the flood buyout program.
Ad valorem taxes continued to be an important source of revenues. Tax collections for the year were 95.39 percent of the current levy, The twentieth consecutive year the collection rate has exceeded the 95 percent collection level.

Expenditures and Other Financing Uses	Amount (Thousands)	Percent of Total	Increase (Decrease) from 2000 (Thousands)	Percent of Increase (Decrease)
General Government	$ 1,140	3.6%	99	9.5%
Public Safety	7,758	24.8%	702	9.9%
Public Works	4,661	14.9%	445	10.6%
Parks & Recreation	2,263	7.2%	182	8.7%
Planning & Community Development	13,006	41.5%	248	1.9 %
Capital Projects	1503	4.8%	1,001	199.4%
Debt Service				
Principal	742	2.4%	59	8.6%
Interest	158	0.5%	66	71.7%
Transfers Out	87	0.3%	(69)	(44.2)%
Total	31,318	100.0%	2,733	



Fiscal year 200-2001 expenditures and other financing uses increased over the prior year amount by approximately 9.6 percent. The increase is largely attributed to expenditures related to the construction and acquisition of capital assets. Public safety and public works expenditures increased due to acquisition of new vehicles and equipment. Cost reductions were seen in transfers out. Capital project expenditures increased due to the continued renovations to recreation facilities. Transfers out decreased due to the fact that fewer grant matches were necessary to special revenue funds.

General Fund Balance. Fund balance in the General Fund at June 30, 2001 was $5,887,667. This is an decrease of $523,663 or 8.2 percent over June 30, 2000. Fund balance available for appropriation represents 22.0 percent of the General fund expenditures and is approximately 14.0 percent in excess of the minimum recommended level of available fund balance. It 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 & Sewer. Several of the City's major initiatives directly relate to the Electric and Water & Sewer Funds.

Total fund equity of the combined system at June 30, 2001 was $44,447,826 or a 6.9 percent increase over the total fund equity at June 30, 2001. The Electric Fund posted a loss of $206,697 due to the loss of industrial and commercial customers. The Water & Sewer Fund posted a net income for FY 2001 of $2,920,064 due to changes in accounting for contributed capital. However, the planned revenue sources to cover these increases did not meet expectations.

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, 2001 was $509,737.

Debt Administration. There are no outstanding general obligation bonds at June 30, 2001. 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, 2001, the legal debt margin of the City was $80,018,026.

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, and SEC registered mutual fund. The average yield on investments was 5.08 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 upcoming fiscal year the City will be undertaking a strategic planning effort that will result in a comprehensive forecast of needs and available resources into the future.

Three committees, each consisting of two City Council members, have been appointed and charged with reviewing certain aspects of the City's operations. One committee will be responsible for Organizational Structure & Finance, a second committee will be charged with Public Works & Utilities, and the third committee will deal with Facilities & Equipment. The charge of each committee, which will be supported by a committee composed of City staff members, will be to gather information and develop strategies in an effort to complete a combined long range plan for the City's future.

The plan, which will include a Capital Improvements Plan, would identify building, equipment and infrastructure needs, service delivery modifications, as well as organizational adjustments. Financing sources will be identified for the projects in the CIP, as will potential fee and rate adjustments necessary to pay for the needs that have been identified and to maintain the City's financial health and vitality. Further, the project will include any recommendations that may improve efficiency or lower costs. The goal of the project is to prepare a realistic, but complete, list of all the City's needs and requirements with the supporting revenues and actions to create a roadmap into the future for the City

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. The Study Commission now plans to present further recommendations to the 2001 General assembly addressing these and other issues. 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 (1) the number of customers, (2) the costs to the customers, (3) revenues, (4) financing costs, and (5) debt ratings.

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, 2000. 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 of 1984 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 an conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,

Richard R.. Somerday
Director of Finance

Ralph A. Clark
City Manager

CITY OF KINSTON, NORTH CAROLINA

LIST OF PRINCIPAL OFFICERS
JUNE 30, 2001

CITY COUNCIL

JOHNNIE MOSLEY
Mayor

R. VAN BRAXTON
Mayor Pro Tem

ALICE S. TINGLE
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

RONALD WICKER
Director of Public Utilities

JAMES T. PRATT
Director of Public Works

BILL ELLIS
Director of Recreation

ROBERT CLARK
Director of Planning and
Community Development

KARL MUNSON
Director of Human Resources

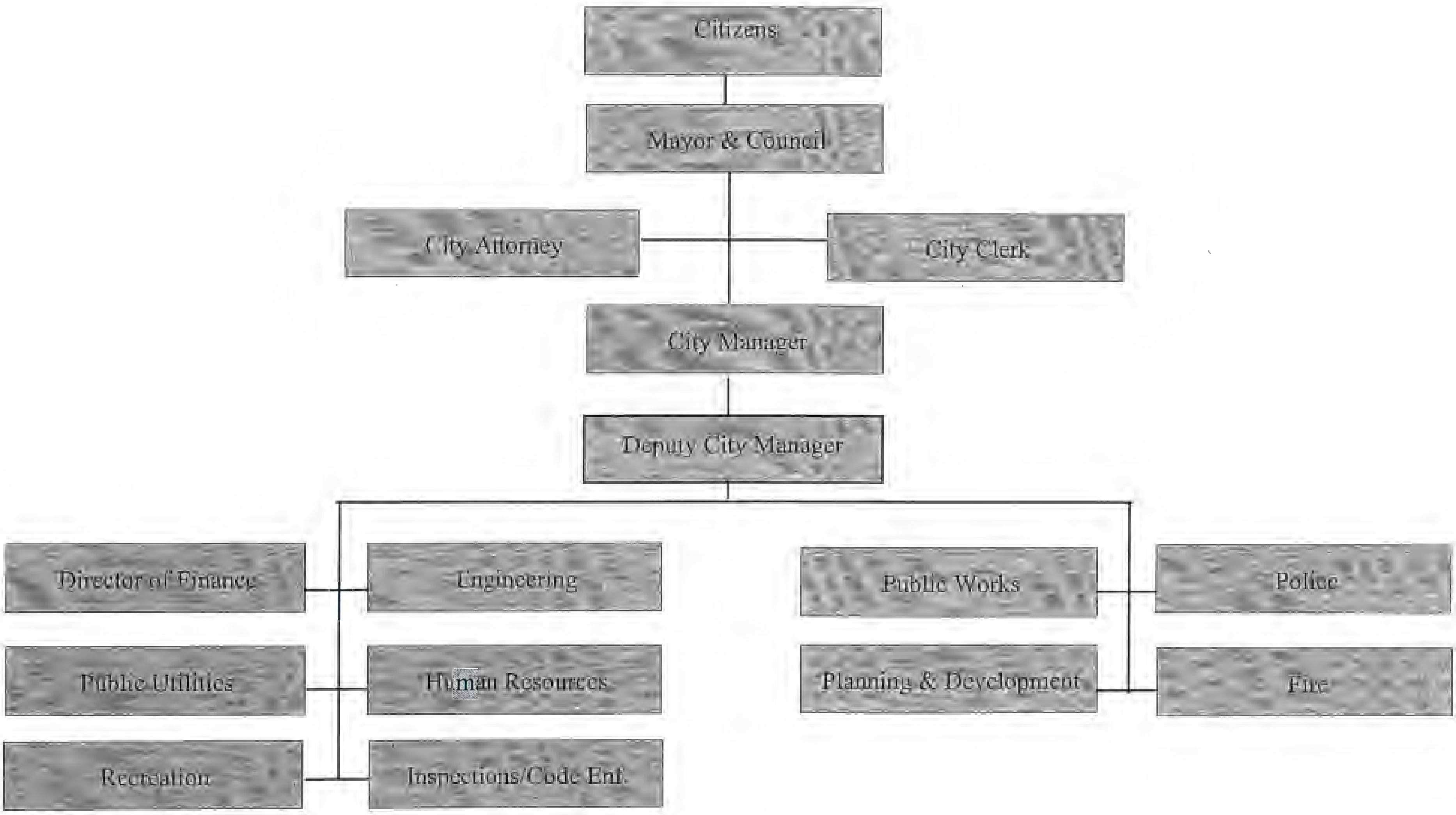
SCOTT STEVENS
City Engineer

RICHARD R. SOMERDAY
Director of Finance and
Administration

TOMMY LEE
Director of Inspections

City of Kinston

Organizational Chart
Fiscal Year 2000/2001



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, 2000

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.

Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

FINANCIAL
SECTION

FINANCIAL SECTION

FINANCIAL SECTION

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

McGLADREY & PULLEN, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of City of Kinston, North Carolina, as of and for the year ended June 30, 2001, 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, 2001, 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 September 19, 2001 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.

As described in Notes 1 and 9 to the financial statements, during 2001 the City changed its method of accounting for capital contributions in its proprietary fund type.

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
September 19, 2001

General Purpose
Financial Statements

General Purpose
Financial Statements

GENERAL PURPOSE FINANCIAL STATEMENTS

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

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CITY OF KINSTON, NORTH CAROLINA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBIT			
Assets:			
Cash and investments	$ 5,198,823	$ 184,320	$ 32,304
Receivables:			
Due from other funds	-	153,324	-
Due from government agencies	1,342,988	852,206	-
Accounts receivable	443,569	1,196,478	6,560
Taxes receivable	857,282	-	-
Customer receivables, net	295,819	-	-
Interest receivable	35,561	2,747	-
Inventories	178,680	-	-
Bond issuance costs	-	-	-
Restricted cash and investments	-	-	-
Investment in direct financing lease	-	-	-
Fixed assets, net where applicable	-	-	-
Other debit:			
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets and other debit	$ 8,352,722	$ 2,389,075	$ 38,864
LIABILITIES, EQUITY AND OTHER CREDIT			
Liabilities:			
Due to other funds	$ -	$ 810,219	$ 796,850
Accounts payable and accrued liabilities	773,332	1,114,423	-
Deferred revenue	1,691,723	-	-
Customer deposits	-	-	-
Accrued compensated absences	-	-	-
Police separation allowance	-	-	-
Separation allowance plan	-	-	-
Long-term debt	-	-	-
Total liabilities	2,465,055	1,924,642	796,850
Equity and other credit:			
Contributed capital	-	-	-
Investment in general fixed assets	-	-	-
Retained earnings	-	-	-
Fund balances:			
Reserved for Powell Bill	735,979	-	-
Reserved for inventories	178,680		-
Reserved by State statute	1,207,400	1,098,052	6,560
Reserved for encumbrances	402,200	-	-
Unreserved:			
Undesignated (deficit)	3,363,408	(633,619)	(764,546)
Total equity and other credit	5,887,667	464,433	(757,986)
Total liabilities, equity and other credit	$ 8,352,722	$ 2,389,075	$ 38,864

See Notes to General Purpose Financial Statements.

Proprietary Fund Types		Account Groups		
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)
$ 1,472,503	$ 67,183	$ -	$ -	$ 6,955,133
796,850	656,895	-	-	1,607,069
1,544,232	1,174	-	-	3,740,600
310,292	-	-	-	1,956,899
-	-	-	-	857,282
5,539,690	-	-	-	5,835,509
41,788	2,226	-	-	82,322
1,229,271	-	-	-	1,407,951
364,610	-	-	-	364,610
1,679,283	-	-	-	1,679,283
25,924	-	-	-	25,924
54,656,888	16,059	19,914,798	-	74,587,745
-	-	-	3,426,856	3,426,856
$ 67,661,331	$ 743,537	$ 19,914,798	$ 3,426,856	$ 102,527,183
$ -	$ -	$ -	$ -	$ 1,607,069
3,945,348	225,627	-	-	6,058,730
23,856	-	-	-	1,715,579
584,644	-	-	-	584,644
240,200	8,173	-	758,672	1,007,045
-	-	-	133,814	133,814
-	-	-	227,213	227,213
19,494,160	-	-	2,307,157	21,801,317
24,288,208	233,800	-	3,426,856	33,135,411
3,735,212	-	-	-	3,735,212
-	-	19,914,798	-	19,914,798
39,637,911	509,737	-	-	40,147,648
-	-	-	-	735,979
-	-	-	-	178,680
-	-	-	-	2,312,012
-	-	-	-	402,200
-	-	-	-	1,965,243
43,373,123	509,737	19,914,798	-	69,391,772
$ 67,661,331	$ 743,537	$ 19,914,798	$ 3,426,856	$ 102,527,183

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CITY OF KINSTON, NORTH CAROLINA

COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2001

	General Fund	Special Revenue Fund	Capital Projects Fund	Total (Memorandum Only)
Revenue:				
Ad valorem taxes	$ 6,428,254	$ -	$ -	$ 6,428,254
Sales and services	3,870,712	-	-	3,870,712
Other taxes	4,058,658	-	-	4,058,658
Intergovernmental revenue:				
Unrestricted	732,106	-	-	732,106
Restricted	1,016,394	12,870,950	-	13,887,344
Other	384,292	158,030	-	542,322
Total revenue	16,490,416	13,028,980	-	29,519,396
Expenditures:				
Current:				
General government	1,139,790	-	-	1,139,790
Public safety	7,757,768	-	-	7,757,768
Public works	4,660,841	-	-	4,660,841
Parks and recreation	2,263,251	-	-	2,263,251
Planning and community development	1,160,087	11,846,771	-	13,006,858
Capital outlay	-	-	1,502,389	1,502,389
Debt service				
Principal	741,994	-	-	741,994
Interest	158,231	-	-	158,231
Total expenditures	17,881,962	11,846,771	1,502,389	31,231,122
Revenue over (under) expenditures	(1,391,546)	1,182,209	(1,502,389)	(1,711,726)
Other financing source (uses):				
Operating transfers in	954,600	86,717	-	1,041,317
Operating transfers out	(86,717)	-	-	(86,717)
Total other financing sources	867,883	86,717	-	954,600
Revenue and other financing sources over (under) expenditures and other financing uses	(523,663)	1,268,926	(1,502,389)	(757,126)
Fund balances, beginning	6,411,330	(804,493)	744,403	6,351,240
Fund balances, ending	$ 5,887,667	$ 464,433	$ (757,986)	$ 5,594,114

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, 2001

	General Fund			Certain Special Revenue Funds		
	Budget	Actual	Variance, Favorable (Unfavorable)	Budget	Actual	Variance, Favorable (Unfavorable)
Revenue:						
Ad valorem taxes	$ 6,577,500	$ 6,428,254	$ (149,246)	$ -	$ -	$ -
Sales and services	4,071,100	3,870,712	(200,388)	-	-	-
Other taxes	4,146,800	4,058,658	(88,142)	-	-	-
Intergovernmental revenue:						
Unrestricted	747,400	732,106	(15,294)	-	-	-
Restricted	913,400	1,016,394	102,994	63,500	68,767	(5,267)
Other	280,000	384,292	104,292	7,500	8,192	(692)
Total revenue	16,736,200	16,490,416	(245,784)	71,000	76,959	(5,959)
Expenditures:						
Current:						
General government	1,656,600	1,149,535	507,065	-	-	-
Public safety	8,148,200	7,878,118	270,082	-	-	-
Public works	5,285,500	4,991,265	294,235	-	-	-
Parks and recreation	2,754,700	2,692,433	62,267	-	-	-
Planning and community development	1,256,500	1,170,611	85,889	95,000	92,858	2,142
Total expenditures	19,101,500	17,881,962	1,219,538	95,000	92,858	2,142
Revenue over (under) expenditures	(2,365,300)	(1,391,546)	973,754	(24,000)	(15,899)	8,101
Other financing source (uses):						
Appropriated fund balance	1,491,100	-	(1,491,100)	-	-	-
Operating transfers in	954,600	954,600	-	24,000	-	(24,000)
Operating transfers out	(80,400)	(86,717)	(6,317)	-	-	-
Total other financing sources	2,365,300	867,883	(1,497,417)	24,000	-	(24,000)
Revenue and other financing sources expenditures	$ -	(523,663)	$ (523,663)	$ -	(15,899)	$ (15,899)
Fund balances, beginning		6,411,330			211,615	
Residual equity transfers		-			-	
Fund balances, ending		$ 5,887,667			$ 195,716	

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, 2001

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only)
Operating Revenue:			
Charges for services	$ 42,504,325	$ 758,132	$ 43,262,457
Other	616,045	-	616,045
Total operating revenue	43,120,370	758,132	43,878,502
Operating Expenses:			
Electrical operations	32,637,917	-	32,637,917
Administration	3,932,289	532,936	4,465,225
Depreciation	2,049,905	487	2,050,392
Amortization	34,196	-	34,196
Water and sewer operations	1,307,835	-	1,307,835
Wastewater plant operations	1,756,803	-	1,756,803
Water production	706,217	-	706,217
Claims reimbursements	-	243,868	243,868
Total operating expenses	42,425,162	777,291	43,202,453
Operating income (loss)	695,208	(19,159)	676,049
Nonoperating Revenue (Expenses):			
Interest earned on investments	357,455	20,590	378,045
Interest on long-term debt	(926,213)	-	(926,213)
Total nonoperating revenue (expenses)	(568,758)	20,590	(548,168)
Capital contributions	3,541,517	-	3,541,517
Income before operating transfers	3,667,967	1,431	3,669,398
Operating Transfers:			
Operating transfer out	(954,600)	-	(954,600)
Total operating transfers	(954,600)	-	(954,600)
Net income	2,713,367	1,431	2,714,798
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	101,593	-	101,593
Increase in retained earnings	2,814,960	1,431	2,816,391
Retained earnings, beginning	36,822,951	508,306	37,331,257
Retained earnings, ending	$ 39,637,911	$ 509,737	$ 40,147,648

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, 2001

	Enterprise Fund	Internal Service Fund	Total (Memorandum Only)
Cash Flows form Operating Activities:			
Operating income (loss)	$ 695,208	$ (19,159)	$ 676,049
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,049,905	487	2,050,392
Amortization	34,196	-	34,196
Change in assets and liabilities:			
Due from other funds	1,262,498	(87,062)	1,175,436
Allowance for uncollectable accounts	48,799	-	48,799
Customer receivables	(53,568)	-	(53,568)
Accounts receivable	(1,369,769)	723	(1,369,046)
Customer deposits	(8,780)	-	(8,780)
Inventories	113,595	-	113,595
Accounts payable	636,188	130,794	766,982
Deferred revenue	(1,095)	-	(1,095)
Accrued compensated absences	43,394	4,254	47,648
Net cash provided by operating activities	3,450,571	30,037	3,480,608
Cash Flows from Noncapital Financing Activities:			
Operating transfers to other funds	(954,600)	-	(954,600)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(4,576,382)	-	(4,576,382)
Principal paid on general obligation bonds and equipment contracts	(2,013,132)	-	(2,013,132)
Interest paid on general obligation bonds and equipment contracts	(899,514)	-	(899,514)
Contributed capital	3,541,517	-	3,541,517
Net cash used in capital and related financing activities	(3,947,511)	-	(3,947,511)
Cash Flows from Investing Activities:			
Investment in direct financing lease principal received	301,892	-	301,892
Interest and dividends on investments	376,346	20,590	396,936
Net cash provided by investing activities	678,238	20,590	698,828
Net increase (decrease) in cash and cash equivalents	(773,302)	50,627	(722,675)
Cash and cash equivalents, beginning (Including restricted amounts of $2,166,378)	$ 3,925,088	$ 16,556	$ 3,941,644
Cash and cash equivalents, ending (Including restricted amounts of $1,679,283)	$ 3,151,786	$ 67,183	$ 3,218,969

See Notes to General Purpose Financial Statements.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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:

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 26 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 I B Fund, Floyd Phase I C Fund, Floyd Phase II Fund, Grainger Place Apartments Fund, Salvage Yard Buy-Out Fund, FEMA-Demolition Project III Fund, FEMA-Demolition Project IV Fund, Bonnie Disaster Recovery Fund, Highway Safety Equipment Fund, LLEBG-2000 Fund, GHSP-2000 Fund, COPSMORE-2000 Fund, COPS/KHA Grant Fund and LLEBG-1999 Fund.

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 three (3) Capital Project Funds within the Governmental Fund Types: Recreation Improvements, Uplands Park, and Kingwood Forest.

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 Fund 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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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. As required for periods beginning after June 15, 2000 by Statement 33 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Nonexchange Transactions*, the City has begun recognizing capital contributions as revenue in the current year, rather than as contributed capital.

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, 2000 through February, 2001 apply to the fiscal year ended June 30, 2001. 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, 2001 through the fiscal year-end apply to the 2001-2002 fiscal year and are not shown as receivables at June 30, 2001. 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, 2001 because they are intended to finance the City's operations during the 2001-2002 fiscal year.

Note 1. Summary of Significant Accounting Policies (Continued)

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 un-billed 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 certain 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 Central Garage 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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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-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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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, 2002.

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.

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, 2001 as follows:

Capital Project Funds:	
Uplands Park	786,727
Kingswood Forest	7,866
Special Revenue Fund:	
COPS/KHA	7,668

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	325,270
Investments	8,305,396
Cash and investments	$ 8,634,416
Balance sheet reconciliation:	
Cash and investments	$ 6,955,133
Restricted cash and investments	1,679,283
	$ 8,634,416

Note 3. Cash and Investments (Continued)

Deposits

At year end, the carrying amount of the City's deposits was $325,270 and the bank balance was $941,296. 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 $776,296 was covered by collateral held by the State Treasurer under the pooling method on behalf of the City.

Investments

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

	Category 2	Reported Value	Fair Value
Commercial Paper	$ 4,787,702	$ 4,787,702	$ 4,794,095
US Government Agencies	1,132,700	1,132,700	1,192,830
	$ 5,920,402	5,920,402	5,986,925
North Carolina Capital Management Trust (NCCMT)		705,711	705,711
NCCMT, held by trustee		1,679,283	1,679,283
Total investments		$ 8,305,396	$ 8,371,919

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 these funds.

Note 4. Interfund Transactions and Balances

The following is a detailed schedule of interfund transfers for the year ended June 30, 2001:

Operating Transfers In	Operating Transfers Out: General Fund	Operating Transfers Out: Electric Fund	Total
General Fund	$ -	$ 954,600	$ 954,600
Special Revenue Funds	86,717	-	86,717
Total	$ 86,717	$ 954,600	$ 1,041,317

Amounts due from/to other funds at June 30, 2001 were as follows:

Water and Sewer Fund	Uplands Park Project	$ 788,984
	Kingwood Forest Project	7,866
		796,850
Internal Service Fund	Disaster Recovery Fund	276,563
	Floyd - DCA / CHAF Project Fund	159,827
	HUD / DRI Project Fund	70,752
	FEMA Demolition II Project Fund	64,456
	FEMA / HMGP Project Fund	48,466
	FEMA Demolition I Project Fund	27,028
	FEMA Demolition IV Project Fund	9,803
		656,895
Special Revenue Funds		
LLEBG - 2000	GHSP 2000 Fund	29,939
	COPS / KHA Grant	27,000
		56,939
LLEBG - 1999	COPS / KHA Grant	40,090
Community Development Administration Fund	Floyd Phase I Project Fund	46,962
	Floyd Phase IB Project Fund	5,625
	Grainger Place Apartments	1,855
	Bonnie Recovery Project Fund	930
	Floyd Phase II Project Fund	550
	FEMA Demolition III Project Fund	177
	Floyd Phase IC Project Fund	125
	Fran Phase II Project Fund	54
	Fran Phase III Project Fund	17
		56,295
		153,324
	Total	$ 1,607,069

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	$ 18,704
Enterprise Funds:	
Electric Fund	223,762
Water and Sewer Fund	52,053
	$ 294,519

Note 6. Investment in Direct Financing Leases

In the Electric Fund, the City has entered into lease agreements as lessor, for financing the sale of peak shaving generators to industrial utility customers. These lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, the City's investment has been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2001.

Fiscal Year Ending June 30,	Enterprise Fund
2002	$ 26,045
Total payments	26,045
Less: Amount representing interest	121
Present value of future minimum lease payments	$ 25,924

Note 7. Fixed Assets

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

	Balance at July 1, 2000	Additions and Transfers	Disposals	Balance at June 30, 2001
Land and buildings	$ 9,082,761	$ 245,690	$ 5,048	$ 9,323,403
Equipment and vehicles	10,350,104	1,234,247	992,956	10,591,395
	$ 19,432,865	$ 1,479,937	$ 998,004	$ 19,914,798

The following is a summary of proprietary fund-type fixed assets at June 30, 2001.

	Enterprise Funds			
	Electric	Water and Sewer	Total	Internal Service Fund
Land	$ 202,380	$ 83,972	$ 286,352	$ -
Buildings and improvements	3,671,890	3,534,922	7,206,812	19,468
Distribution system	22,943,364	35,027,122	57,970,486	-
Equipment	1,500,102	2,064,351	3,564,453	-
Construction in progress	6,731,095	7,026,594	13,757,689	-
	35,048,831	47,736,961	82,785,792	19,468
Less accumulated depreciation	12,764,252	15,364,652	28,128,904	3,409
Net fixed assets	$ 22,284,579	$ 32,372,309	$ 54,656,888	$ 16,059

Note 8. Long-Term Debt

Changes in Long-term Liabilities

During the year ended June 30, 2001, 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, 2000	Additions	Reductions	Balance at June 30, 2001
Accrued compensated absences	$ 683,406	$ 75,266	$ -	$ 758,672
Police separation allowance	94,053	39,761	-	133,814
Separation allowance plan	193,466	33,747	-	227,213
Installment contracts	3,049,151	-	741,994	2,307,157
Total	$ 4,020,076	$ 148,774	$ 741,994	$ 3,426,856

Note 8. Long-Term Debt (Continued)

Enterprise Funds:

	Balance at July 1, 2000	Additions	Reductions	Balance at June 30, 2001
Revenue bonds	$ 14,475,000	$ -	$ 910,000	$ 13,565,000
Notes payable	5,033,036	-	496,525	4,536,511
Installment contracts	1,999,256	-	606,607	1,392,649
	$ 21,507,292	$ -	$ 2,013,132	$ 19,494,160

Revenue Bonds

Revenue bonds outstanding at June 30, 2001 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%.	$ 5,120,000
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%.	8,445,000
Total Revenue Bonds	$ 13,565,000

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	$ 835,000	$ 740,061	$ 1,575,061
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
Thereafter	10,265,000	5,246,241	15,511,241
Total	$ 13,565,000	$ 8,555,646	$ 22,120,646

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, 2001.

Note 8. Long-Term Debt (Continued)

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:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	499,940	154,186	654,126
2003	503,696	135,277	638,973
2004	507,829	115,990	623,819
2005	462,374	96,292	558,666
2006	462,374	81,138	543,512
Thereafter	2,100,298	206,011	2,306,309
Total	$ 4,536,511	$ 788,894	$ 5,325,405

Installment Contracts

The City has entered into a number of loan agreements 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 percent to 8.5 percent.

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

	General Long-Term Debt Account Group		Enterprise Fund		Total	
Fiscal Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2002	522,960	125,858	178,107	60,640	701,067	186,498
2003	448,645	95,104	129,621	54,290	578,266	149,394
2004	400,051	66,475	135,415	48,496	535,466	114,971
2005	221,311	45,412	141,468	42,443	362,779	87,855
2006	189,719	34,516	147,791	36,119	337,510	70,635
Thereafter	524,471	53,243	660,247	75,395	1,184,718	128,638
Total	$ 2,307,157	$ 420,608	$ 1,392,649	$ 317,383	$ 3,699,806	$ 737,991

Installment contracts of the general long-term debt account group will be repaid from the General Fund. Of the Enterprise Fund installment contracts, $1,352,732 will be repaid from the Water and Sewer Fund and $39,917 will be repaid from the Electric Fund.

Note 8. Long-Term Debt (Continued)

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, 2001, the legal debt limit for the City was $82,325,183 providing a legal debt margin of $80,018,026.

At June 30, 2001, the City has no authorized bonds remaining to be issued.

Note 9. 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, 2000	$ 378,195	$ 3,458,610	$ 3,836,805
Depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction.	(15,128)	(86,465)	(101,593)
Contributed capital, June 30, 2001	$ 363,067	$ 3,372,145	$ 3,735,212

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*. Effective July 1, 2000, as required by GASB Statement 33, the City has begun recognizing capital contributions from external sources as revenue in the current year rather than as contributed capital.

Note 10. Deferred Revenue

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

	General Fund	Enterprise Fund
Prepaid revenues not yet earned	$ 98,538	$ -
Property taxes receivable	743,082	-
Property taxes receivable - automobiles	114,200	-
Paving assessments receivable	133,547	-
Refuse fees receivable	298,272	-
Franchise fees receivable	304,084	-
Repayment agreements	-	23,856
	$ 1,691,723	$ 23,856

Note 11. 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, 2001, is presented below.

	Electric Fund	Water and Sewer Fund	Total
Operating revenue	$ 36,469,351	$ 6,651,019	$ 43,120,370
Nonoperating revenue (expenses)	(214,263)	(354,495)	(568,758)
Depreciation	976,562	1,073,343	2,049,905
Amortization	20,791	13,405	34,196
Operating income	482,495	212,713	695,208
Operating transfers out	(954,600)	-	(954,600)
Net income (loss)	(206,697)	2,920,064	2,713,367
Contributed capital	479,671	3,061,846	3,541,517
Fixed asset additions	1,319,400	3,256,982	4,576,382
Working capital	3,562,717	2,808,034	6,370,751
Total assets	30,562,054	37,099,277	67,661,331
Bonds and other long-term liabilities payable from operating revenue	8,284,917	11,209,243	19,494,160
Total fund equity	18,571,337	24,801,786	43,373,123

Note 12. 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 4.93% and 4.63% 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, 2001, 2000, and 1999 were $498,755, $609,530, and $537,580, 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, 2001 were $160,637, which consisted of $135,996 from the City and $24,641 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.

Note 12. Employee Retirement Systems (Continued)

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2000, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	77
Total	80

A separate 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, 2000 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	$ 62,878
Interest on net pension obligation	6,819
Adjustment to annual required contribution	(8,749)
Annual pension cost	60,948
Contributions made	21,187
Increase (decrease) in net pension obligation	39,761
Net pension obligation beginning of year	94,053
Net pension obligation end of year	$ 133,814

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/1999	$ 63,109	56.19%	$ 62,947
06/30/2000	52,509	40.76%	94,053
06/30/2001	60,948	34.76%	133,814

Note 12. 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, 2000, the Separation Allowance's membership consisted of:

Retirees receiving benefits	17
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	66
Total	83

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, 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 increase ranging from 4.4% to 8.5% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

Note 12. 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	$ 128,662
Interest on net pension obligation	14,026
Adjustment to annual required contribution	(39,483)
Annual pension cost	103,205
Contributions made	(69,458)
Increase (decrease) in net pension obligation	33,747
Net pension obligation beginning of year	193,466
Net pension obligation end of year	$ 227,213

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/60/1999	158,334	35.00%	153,804
06/30/2000	101,250	60.80%	193,466
06/30/2001	103,205	67.30%	227,213

Note 12. Employee Retirement Systems (Continued)

Supplemental Retirement Income Plan

The City offers its employees optional participation in the Supplemental Retirement Income Plan of North Carolina, a tax deferred investment program created in accordance with Internal Revenue Code Section 401 (K). The plan, available to all permanent employees not engaged in law enforcement, permits them to defer a portion of their salary until future years. The employees' contributions and investment earnings are 100 percent vested immediately and are not tied to years of service. However, the funds are not available to employees until termination, retirement, death or unforeseeable emergency. There is a loan provision allowing participants to borrow from their account.

The Department of the State Treasurer and the Board of Trustees contracts with a third party to administer the plan and to manage the investments of the participants. The choice of the investment options is made by the participants.

The City does not make any contributions to this defined contribution plan.

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 2001 those costs totaled $49,976. 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, 2001, the City made contributions to the state for death benefits of $16,105. The contributions to the Death Trust Plan represented .13 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.

Note 13. Budget to GAAP Reconciliation

For the fiscal year ended June 30, 2001, 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	$ (15,899)
To record excess of revenues over expenditures for the following funds which have multi-year budgets:	
Special Revenue Fund	
Disaster Recovery Project	561,409
FEMA - HMGP Project	491,540
SARF-DCA Project	129,622
HUD/DRI Acquisition Project	(1,595)
FEMA/HMGP Fran II Project	(8,107)
FEMA Demolition I Project	2,926
Floyd - DCA/CHAF Project	1,591
Floyd Phase IC Project	425
Grainger Place Apartments	(20,400)
Highway Safety Equipment - 1999	5,081
LLEBG - 2000	59,125
GHSP 2000	(49,688)
COPSMORE Grant	(6,558)
COPS/KHA Grant	41,636
LLEBG - 1999	(8,899)
Revenues under expenditures, GAAP basis	$ 1,182,209

Note 14. 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 $243,868 in claims was incurred for benefits during fiscal year 2001.

Claims liability

	2001	2000
Unpaid claims, beginning of fiscal year	$ 78,000	$ 55,200
Incurred claims (including claims incurred but not reported as of June 30, 2001)	243,868	197,567
Payments and reduction in claims estimates	(191,568)	(174,767)
Unpaid claims, end of fiscal year	$ 130,300	$ 78,000

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.

Note 15. Commitments, Contingencies and Subsequent Event

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 $5,751,000 in the Water and Sewer Fund and approximately $1,452,200 in the Electric Fund for the purchase of equipment and construction of various capital projects. These commitments are to be funded by additional loan drawdowns, bond proceeds and operating revenues of the respective funds during the 2001-2002 fiscal year end.

Claims and Judgments

At June 30, 2001, 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 results 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.

Note 15. Commitments, Contingencies and Subsequent Event (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 60% 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

Neuse River Council of Governments

The City, in conjunction with seven counties and twenty-eight other municipalities, established the Neuse River Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of $6,668 to the Council during the fiscal year ended June 30, 2001.

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, 2001 were $29,661,848.

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, 2001.

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, 2001.

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, 2001. During the year ended June 30, 2001, the City provided $212,400 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.

Note 19. Pending GASB Statements

At June 30, 2001, the Governmental Accounting Standards Board has issued several statements not yet implemented by the 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.

Note 19. Pending GASB Statements (Continued)

The requirements of Statements 34 and 37 are effective for the City of Kinston beginning with fiscal years ending after June 15, 2003.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- 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%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30,	Annual Required Contributions	Percentage Contributed
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

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	12/31/2000
Acturarial cost method	Projected unit credit
Amortization method	Level dollar closed basis
Remaining amortization period	30 Years
Asset valuation method	Market Value
Acturarial 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%

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

Fiscal Year Ended June 30,	Annual Required Contributions	Percentage Contributed
1998	$ 143,082	64.5%
1999	165,026	56.2%
2000	121,488	50.7%
2001	128,662	50.5%

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, 2001
Acturarial cost method	Projected unit credit
Amortization method	Level dollar open basis
Remaining amortization period	6 years
Asset valuation method	Market vlaue
Acturarial 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

General Fund

GENERAL FUND

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

CITY OF KINSTON, NORTH CAROLINA
GENERAL FUND

COMPARATIVE BALANCE SHEET
June 30, 2001 and 2000

	2001	2000
ASSETS		
Cash and investments	$ 5,198,823	$ 5,247,978
Receivables:		
Due from governmental agencies	1,342,988	952,552
Accounts receivable	443,569	349,911
Taxes receivable	857,282	855,564
Customer receivables, net	295,819	327,341
Interest receivable	35,561	32,769
Inventories	178,680	204,427
Restricted investments	-	718,438
Total assets	$ 8,352,722	$ 8,688,980
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	$ 773,332	$ 784,342
Deferred revenue	1,691,723	1,493,308
Total liabilities	2,465,055	2,277,650
Fund Balances:		
Reserved for Powell Bill	735,979	1,134,888
Reserved for inventories	178,680	204,427
Reserved by State statute	1,207,400	1,200,175
Reserved for encumbrances	402,200	1,354,100
Unreserved:		
Undesignated	3,363,408	2,517,740
Total fund balances	5,887,667	6,411,330
Total liabilities and fund balance	$ 8,352,722	$ 8,688,980

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

	2001			2000
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Revenue:				
Ad valorem taxes:				
Taxes	$ 6,536,500	$ 6,374,794	$ (161,706)	$ 6,288,017
Penalties and interest	41,000	53,460	12,460	55,825
Total ad valorem taxes	6,577,500	6,428,254	(149,246)	6,343,842
Sales and services:				
Garbage collections	2,469,000	2,398,137	(70,863)	2,391,266
Rents, concessions and fees	388,100	284,220	(103,880)	356,663
Inspection fees	150,000	165,761	15,761	245,284
Cemetery fees	213,000	169,823	(43,177)	249,797
Cable franchise	122,000	158,522	36,522	102,845
Legal Services	262,900	228,124	(34,776)	88,258
Lenoir County participation:				
Recreation	466,100	466,125	25	445,516
Total sales and services	4,071,100	3,870,712	(200,388)	3,879,629
Other taxes and licenses:				
Local government sales tax	2,566,400	2,375,702	(190,698)	2,498,830
Franchise tax	1,110,000	1,237,055	127,055	1,174,775
Intangible taxes	231,500	224,300	(7,200)	216,331
Occupancy tax	139,000	142,410	3,410	138,857
Gross receipts tax	-	10,488	10,488	-
Licenses and permits	99,900	68,703	(31,197)	76,891
Total other taxes and licenses	4,146,800	4,058,658	(88,142)	4,105,684
Unrestricted intergovernmental revenue:				
Payments in lieu of taxes	622,900	609,618	(13,282)	591,668
Beer and wine	108,000	107,727	(273)	107,199
ABC revenue	16,500	14,761	(1,739)	19,575
Total unrestricted intergovernmental revenue	747,400	732,106	(15,294)	718,442
Restricted intergovernmental revenue:				
Powell Bill allocations	828,600	836,952	8,352	812,695
NC Health and Sanitation	6,000	521	(5,479)	-
School Resource Officer	-	43,604	43,604	-
NC Dept of Transportation	-	10,556	10,556	-
Victims advocate grant	-	-	-	90,949
US Justice Department	78,800	61,454	(17,346)	158,035
Forfeited drug proceeds	-	63,307	63,307	28,137
Total restricted intergovernmental intergovernmental revenue	913,400	1,016,394	102,994	1,089,816

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

	2001			2000
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Other revenue:				
Investment income	$ 220,000	$ 286,697	$ 66,697	$ 233,361
Sales of surplus materials and assets	35,000	65,150	30,150	5,823
Miscellaneous	25,000	32,445	7,445	23,107
Total other revenue	280,000	384,292	104,292	262,291
Total revenue	16,736,200	16,490,416	(245,784)	16,399,704
Expenditures:				
General Government:				
Governing body:				
Salaries and benefits		284,044		290,280
Operating		349,335		354,043
Total governing body	694,100	633,379	60,721	644,323
Executive:				
Salaries and benefits		383,260		377,318
Operating		198,380		310,064
Capital outlay		7,079		-
Total executive	626,100	588,719	37,381	687,382
Finance:				
Salaries and benefits		419,137		304,622
Operating		192,684		159,239
Total finance	691,000	611,821	79,179	463,861
Human Resources:				
Salaries and benefits		298,240		290,496
Operating		112,629		79,175
Total human resources	532,100	410,869	121,231	369,671
Engineering and public facilities:				
Salaries and benefits		533,708		486,908
Operating		420,434		421,625
Capital outlay		251,261		43,283
Total engineering and public	1,382,900	1,205,403	177,497	951,816
Indirect costs reimbursement	(2,269,600)	(2,300,656)	31,056	(2,007,476)
Total general government	1,656,600	1,149,535	507,065	1,109,577

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

	2001			2000
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Public safety:				
Police:				
Salaries and benefits	$	$ 3,414,151	$	$ 3,385,379
Operating		628,356		690,850
Capital outlay		343,659		239,035
Total police	4,495,100	4,386,166	108,934	4,315,264
Fire:				
Salaries and benefits		2,507,949		2,381,984
Operating		496,581		381,599
Capital outlay		487,422		67,025
Total fire	3,653,100	3,491,952	161,148	2,830,608
Total public safety	8,148,200	7,878,118	270,082	7,145,872
Public works:				
Salaries and benefits		2,650,071		2,394,122
Operating		2,858,387		2,613,648
Capital outlay		328,942		339,091
Less: interdepartment charges		(846,135)		(803,507)
Total public works	5,285,500	4,991,265	294,235	4,543,354
Parks and recreation:				
Salaries and benefits		1,509,202		1,371,200
Operating		1,160,841		952,415
Capital outlay		22,390		33,683
Total parks and recreation	2,754,700	2,692,433	62,267	2,357,298
Planning and community development:				
Planning and development:				
Operating salaries		195,951		220,042
Total planning and development	197,300	195,951	1,349	220,042
Inspections and code enforcement:				
Salaries and benefits		252,283		239,658
Operating		113,177		87,085
Total inspections and code enforcement	449,800	365,460	84,340	326,743

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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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

	2001			2000
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Economic development:				
Operating	$	$ 609,200	$	$ 604,311
Total economic development	609,400	609,200	200	604,311
Total planning and community development	1,256,500	1,170,611	85,889	1,151,096
Total expenditures	19,101,500	17,881,962	1,219,538	16,307,197
Revenue under expenditures	(2,365,300)	(1,391,546)	973,754	92,507
Other financing sources (uses):				
Appropriated fund balance	1,491,100	-	(1,491,100)	-
Operating transfers in	954,600	954,600	-	835,300
Operating transfers out	(80,400)	(86,717)	(6,317)	(155,845)
Proceeds from borrowing	-	-	-	866,920
Total other financing sources	2,365,300	867,883	(1,497,417)	1,546,375
Revenue and other financing sources under expenditures	$ -	(523,663)	$ (523,663)	1,638,882
Fund balance, beginning		6,411,330		4,742,448
Equity transfers		-		30,000
Fund balance, ending		$ 5,887,667		$ 6,411,330

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Special Revenue
Funds

Special Revenue Funds

SPECIAL REVENUE FUNDS

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

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-HMGP-Salvage yards – This fund accounts for the Floyd Recovery Program funded by FEMA to acquire 6 salvage yard businesses located in the Neuse River 100 Year Flood Plain.

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.

Highway Safety Equipment 1999 – This fund is used for the purchase of traffic enforcement equipment such as in-car video cameras and mobile data computers.

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.

CITY OF KINSTON, NORTH CAROLINA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEETS
June 30, 2001
With Comparative Totals for June 30, 2000

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	Community Development Administration	Disaster Recovery Floyd	FEMA-HMGP	SARF-DCA	HUD-DRI	HUD Acquisition DRI Project	FEMA-HMGP Fran II
ASSETS							
Cash and investments	$ 64,972	$ -	$ -	$ 29,294	$ -	$ 58,517	$ -
Due from other funds	56,295	-	-	-	-	-	-
Due from government agencies	-	261,360	86,310	-	70,723	-	-
Accounts and loans receivable	71,702	15,203	372	1,450	29	-	54
Interest receivable	2,747	-	-	-	-	-	-
Total assets	$ 195,716	$ 276,563	$ 86,682	$ 30,744	$ 70,752	$ 58,517	$ 54
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Due to other funds	$ -	$ 276,563	$ 48,466	$ -	$ 70,752	$ -	$ 54
Accounts payable and accrued liabilities	-	-	-	-	-	-	-
Total liabilities	-	276,563	48,466	-	70,752	-	54
FUND BALANCES (DEFICITS)							
Reserved by State statute	130,744	276,563	86,682	1,450	70,752	-	54
Unreserved - undesignated	64,972	(276,563)	(48,466)	29,294	(70,752)	58,517	(54)
	195,716	-	38,216	30,744	-	58,517	-
Total liabilities and fund balances	$ 195,716	$ 276,563	$ 86,682	$ 30,744	$ 70,752	$ 58,517	$ 54

CITY OF KINSTON, NORTH CAROLINA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEETS
June 30, 2001
With Comparative Totals for June 30, 2000
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	FEMA-HMGP Fran III	FEMA- Demo Proj I	FEMA- Demo Proj II	Floyd Phase I	Floyd DCA/CHAF	Floyd Phase IB	Floyd Phase IC
ASSETS							
Cash and investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due from other funds	-	-	-	-	-	-	-
Due from government agencies	-	29,954	64,456	46,926	161,418	5,625	550
Accounts and loans receivable	17	-	-	36	1,106,703	-	-
Interest receivable	-	-	-	-	-	-	-
Total assets	$ 17	$ 29,954	$ 64,456	$ 46,962	$ 1,268,121	$ 5,625	$ 550
LIABILITIES AND FUND							
LIABILITIES:							
Due to other funds	$ 17	$ 27,028	$ 64,456	$ 46,962	$ 159,827	$ 5,625	$ 125
Accounts payable and accrued liabilities	-	-	-	-	1,106,703	-	-
Total liabilities	17	27,028	64,456	46,962	1,266,530	5,625	125
FUND BALANCES (DEFICITS)							
Reserved by State statute	17	29,954	64,456	46,962	161,418	5,625	550
Unreserved - undesignated	(17)	(27,028)	(64,456)	(46,962)	(159,827)	(5,625)	(125)
	-	2,926	-	-	1,591	-	425
Total liabilities and fund balances	$ 17	$ 29,954	$ 64,456	$ 46,962	$ 1,268,121	$ 5,625	$ 550

CITY OF KINSTON, NORTH CAROLINA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEETS
June 30, 2001
With Comparative Totals for June 30, 2000
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	Floyd Phase II	Grainger Place Apartments	FEMA-Demo Proj III	FEMA-Demo Proj IV	Bonnie Recovery
ASSETS					
Cash and investments	$ -	$ -	$ -	$ -	$ -
Due from other funds	-	-	-	-	-
Due from government agencies	550	1,855	177	9,781	930
Accounts receivable	-	-	-	22	-
Interest receivable	-	-	-	-	-
Total assets	$ 550	$ 1,855	$ 177	$ 9,803	$ 930
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Due to other funds	$ 550	$ 1,855	$ 177	$ 9,803	$ 930
Accounts payable and accrued liabilities	-	-	-	-	-
Total liabilities	550	1,855	177	9,803	930
FUND BALANCES (DEFICITS)					
Reserved by State statute	550	1,855	177	9,803	930
Unreserved - undesignated	(550)	(1,855)	(177)	(9,803)	(930)
	-	-	-	-	-
Total liabilities and fund balances	$ 550	$ 1,855	$ 177	$ 9,803	$ 930

CITY OF KINSTON, NORTH CAROLINA
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEETS
June 30, 2001
With Comparative Totals for June 30, 2000
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	2000 LLEBG	2000 GHSP	2000 COPSMORE	COPS/KHA	1999 LLEBG	Totals 2001	Totals 2000
ASSETS							
Cash and investments	$ 235	$ -	$ 10,462	$ -	$ 20,840	$ 184,320	$ 296,007
Due from other funds	56,939	-	-	-	40,090	153,324	7,810
Due from government agencies	7,668	44,501	-	59,422	-	852,206	1,243,013
Accounts receivable	-	420	-	-	470	1,196,478	102,866
Interest receivable	-	-	-	-	-	2,747	299
Total assets	$ 64,842	$ 44,921	$ 10,462	$ 59,422	$ 61,400	$ 2,389,075	$ 1,649,995
LIABILITIES AND FUND BALANCES (DEFICITS)							
LIABILITIES:							
Due to other funds	$ -	$ 29,939	$ -	$ 67,090	$ -	$ 810,219	$ 2,451,674
Accounts payable and accrued liabilities	-	7,720	-	-	-	1,114,423	2,814
Total liabilities	-	37,659	-	67,090	-	1,924,642	2,454,488
FUND BALANCES (DEFICITS)							
Reserved by State statute	64,607	44,921	-	59,422	40,560	1,098,052	1,353,988
Unreserved - undesignated	235	(37,659)	10,462	(67,090)	20,840	(633,619)	(2,158,481)
	64,842	7,262	10,462	(7,668)	61,400	464,433	(804,493)
Total liabilities and fund balances	$ 64,842	$ 44,921	$ 10,462	$ 59,422	$ 61,400	$ 2,389,075	$ 1,649,995

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000
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	Community Development Administration	Disaster Recovery Floyd	FEMA - HGMP	SARF - DCA	HUD-DRI	HUD Acquisition DRI Project	FEMA-HMGP Fran II
Revenue:							
Restricted:							
Intergovernmental revenue	$ -	$ 1,545,639	$ 2,188,313	$ 360,504	$ 1,151,606	$ -	$ 1,085,089
Rent and program income	68,767	-	-	-	-	-	-
Other:							
Insurance proceeds	-	149,838	-	-	-	-	-
Investment earnings	8,192	-	-	-	-	-	-
Total revenue	76,959	1,695,477	2,188,313	360,504	1,151,606	-	1,085,089
Expenditures:							
Planning and community development							
Administration	-	-	101,938	3,272	34,968	-	-
Rehabilitation of private properties	-	-	1,594,835	227,610	-	1,595	1,093,196
Other services	92,858	1,134,068	-	-	1,116,638	-	-
Total expenditures	92,858	1,134,068	1,696,773	230,882	1,151,606	1,595	1,093,196
Total revenue over (under) expenditures	(15,899)	561,409	491,540	129,622	-	(1,595)	(8,107)
Other Financing Sources:							
Operating transfers in	-	-	-	-	-	-	-
Total revenue and other sources over (under) expenditures	(15,899)	561,409	491,540	129,622	-	(1,595)	(8,107)
Fund balances (deficits), beginning	211,615	(561,409)	(453,324)	(98,878)	-	60,112	8,107
Less equity transfers	-	-	-	-	-	-	-
Fund balances (deficits), ending	$ 195,716	$ -	$ 38,216	$ 30,744	$ -	$ 58,517	$ -

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000
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	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	$ 1,553,150	$ 174,254	$ 96,225	$ 2,105,579	$ 1,295,487	$ 420,615	$ 147,254
Rent and program income	-	-	-	-	-	-	-
Other:							
Insurance proceeds	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Total revenue	1,553,150	174,254	96,225	2,105,579	1,295,487	420,615	147,254
Expenditures:							
Planning and community development							
Administration	-	-	-	-	98,000	-	-
Rehabilitation of private properties	1,553,150	171,328	96,225	2,105,579	1,195,896	420,615	146,829
Other services	-	-	-	-	-	-	-
Total expenditures	1,553,150	171,328	96,225	2,105,579	1,293,896	420,615	146,829
Total revenue over (under) expenditures	-	2,926	-	-	1,591	-	425
Other financing sources:							
Operating transfers in	-	-	-	-	-	-	-
Total revenue and other sources over (under) expenditures	-	2,926	-	-	1,591	-	425
Fund balances (deficits), beginning	-	-	-	-	-	-	-
Less equity transfers	-	-	-	-	-	-	-
Fund balances (deficits), ending	$ -	$ 2,926	$ -	$ -	$ 1,591	$ -	$ 425

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000
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	Floyd Phase II	Grainger Place Apartments	Salvage Yards	FEMA-Demo Proj III	FEMA-Demo Proj IV	Bonnie Recovery	Highway Safety Equipment
Revenue:							
Restricted:							
Intergovernmental revenue	$ 2,905	$ 83,261	$ 86,558	$ 177	$ 40,074	$ 134,587	$ 30,000
Rent and program income	-	-	-	-	-	-	-
Other:							
Insurance proceeds	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Total revenue	2,905	83,261	86,558	177	40,074	134,587	30,000
Expenditures:							
Planning and community development							
Administration	-	-	-	-	-	45,000	-
Rehabilitation of private properties	2,905	103,661	86,558	177	40,074	89,587	-
Other services	-	-	-	-	-	-	24,919
Total expenditures	2,905	103,661	86,558	177	40,074	134,587	24,919
Total revenue over (under) expenditures	-	(20,400)	-	-	-	-	5,081
Other financing sources:							
Operating transfers in	-	-	-	-	-	-	-
Total revenue and other sources over (under) expenditures	-	(20,400)	-	-	-	-	5,081
Fund balances (deficits), beginning	-	20,400	-	-	-	-	(5,081)
Less equity transfers	-	-	-	-	-	-	-
Fund balances (deficits), ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000
(Page 4 of 4)

	2000 LLEBG	2000 GHSP	2000 COPSMORE	COPS/KHA	1999 LLEBG	Totals 2001	Totals 2000
Revenue:							
Restricted:							
Intergovernmental revenue	$ 59,125	$ 46,286	$ -	$ 195,495	$ -	$ 12,802,183	$ 10,370,658
Rent and program income	-	-	-	-	-	68,767	87,984
Other:							
Insurance proceeds	-	-	-	-	-	149,838	78,178
Investment earnings	-	-	-	-	-	8,192	3,147
Total revenue	59,125	46,286	-	195,495	-	13,028,980	10,539,967
Expenditures:							
Planning and community development							
Administration	-	-	-	-	-	283,178	534,699
Rehabilitation of private properties	-	-	-	-	-	8,929,820	6,106,471
Other services	-	95,974	6,558	153,859	8,899	2,633,773	4,977,620
Total expenditures	-	95,974	6,558	153,859	8,899	11,846,771	11,618,790
Total revenue over (under) expenditures	59,125	(49,688)	(6,558)	41,636	(8,899)	1,182,209	(1,078,823)
Other financing sources:							
Operating transfers in	5,717	56,950	17,020	-	7,030	86,717	29,845
Total revenue and other sources over (under) expenditures	64,842	7,262	10,462	41,636	(1,869)	1,268,926	(1,048,978)
Fund balances (deficits), beginning	-	-	-	(49,304)	63,269	(804,493)	274,485
Less equity transfers	-	-	-	-	-	-	(30,000)
Fund balances (deficit), ending	$ 64,842	$ 7,262	$ 10,462	$ (7,668)	$ 61,400	$ 464,433	$ (804,493)

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, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Restricted intergovernmental revenue-			
Rent and program income	$ 63,500	$ 68,767	$ 5,267
Other - interest income & donations	7,500	8,192	692
Total revenue	71,000	76,959	5,959
Expenditures:			
Contract services	95,000	92,858	2,142
Total expenditures	95,000	92,858	2,142
Other financing sources:			
Appropriated fund balance	24,000	-	(24,000)
Total other financing sources	24,000	-	(24,000)
Total expenditures over revenues and other financing sources	$ -	$ (15,899)	$ (15,899)

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue	$ 1,545,639	$ 3,936,020	$ 5,936,100
Other - insurance proceeds	149,838	228,016	900,000
Total revenue	1,695,477	4,164,036	6,836,100
Expenditures:			
Salaries and benefits	-	534,699	416,400
Contract services	1,134,068	3,629,337	6,419,700
Total expenditures	1,134,068	4,164,036	6,836,100
Total revenue over expenditures	$ 561,409	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-Federal Grant Project	$ 2,188,313	$ 10,875,633	$ 12,342,456
Expenditures:			
Administration	101,938	235,003	510,706
Acquisition, relocation, demolition of private properties	1,594,835	10,602,414	11,831,750
Total expenditures	1,696,773	10,837,417	12,342,456
Total revenue over expenditures	$ 491,540	$ 38,216	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- State grant project	$ 360,504	$ 866,344	$ 1,664,275
Expenditures:			
Administration	3,272	4,222	156,069
Acquisition, relocation, demolition of private properties	227,610	831,378	1,508,206
Total expenditures	230,882	835,600	1,664,275
Total revenue over expenditures	$ 129,622	$ 30,744	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- State community development grant project	$ 1,151,606	$ 4,856,777	$ 5,461,466
Expenditures:			
Administration	34,968	80,347	120,942
Acquisition, relocation, demolition of private properties	1,116,638	4,776,430	5,340,524
Total expenditures	1,151,606	4,856,777	5,461,466
Total revenue over expenditures	$ -	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- Federal Grant Project	$ -	$ 145,792	$ 94,062
Expenditures:			
Acquisition, relocation, demolition of private properties	1,595	87,275	94,062
Total expenditures	1,595	87,275	94,062
Total revenue over (under) expenditures	$ (1,595)	$ 58,517	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- Federal grant project	$ 1,085,089	$ 2,381,289	$ 2,659,139
Expenditures:			
Administration	-	-	164,729
Acquisition, relocation, demolition of private properties	1,093,196	2,381,289	2,494,410
Total expenditures	1,093,196	2,381,289	2,659,139
Total expenditures over revenue	$ (8,107)	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- Federal grant project	$ 1,553,150	$ 1,614,340	$ 2,670,954
Expenditures:			
Administration	-	-	132,988
Acquisition, relocation, demolition of private properties	1,553,150	1,614,340	2,537,966
Total expenditures	1,553,150	1,614,340	2,670,954
Total expenditures over revenue	$ -	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Community development grant project	$ 174,254	$ 174,254	$ 188,620
Expenditures:			
Demolition of private properties	171,328	171,328	188,620
Total expenditures	171,328	171,328	188,620
Total revenue over expenditures	$ 2,926	$ 2,926	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	$ 96,225	$ 96,225	$ 414,100
Expenditures:			
Administration	-	-	4,100
Demolition of private properties	96,225	96,225	410,000
Total expenditures	96,225	96,225	414,100
Total expenditures over revenue	$ -	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- Community development grant project	$ 2,105,579	$ 2,107,064	$ 4,473,305
Expenditures:			
Administration	-	-	210,305
Acquisition, relocation, demolition of private properties	2,105,579	2,107,064	4,263,000
Total expenditures	2,105,579	2,107,064	4,473,305
Total expenditures over revenue	$ -	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- State grant project	$ 1,295,487	$ 1,295,487	$ 11,354,455
Expenditures:			
Administration	98,000	98,000	420,000
Acquisition, relocation, demolition of private properties	1,195,896	1,195,896	10,934,455
Total expenditures	1,293,896	1,293,896	11,354,455
Total revenue over expenditures	$ 1,591	$ 1,591	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	$ 420,615	$ 420,615	$ 3,638,186
Expenditures:			
Administration	-	-	91,481
Acquisition, relocation, demolition of private properties	420,615	420,615	3,546,705
Total expenditures	420,615	420,615	3,638,186
Total revenue over expenditures	$ -	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	$ 147,254	$ 147,254	$ 1,123,243
Expenditures:			
Administration	-	-	53,489
Acquisition, relocation, demolition of private properties	146,829	146,829	1,069,754
Total expenditures	146,829	146,829	1,123,243
Total revenue over expenditures	$ 425	$ 425	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- Federal grant project	$ 2,905	$ 2,905	$ 80,337
Expenditures:			
Administration	-	-	3,826
Acquisition, relocation, demolition of private properties	2,905	2,905	76,511
Total expenditures	2,905	2,905	80,337
Total revenue over expenditures	$ -	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Community development grant project	$ 83,261	$ 248,527	$ 250,000
Expenditures:			
Administration	-	-	25,000
Acquisition, relocation, demolition of private properties	103,661	248,527	225,000
Total expenditures	103,661	248,527	250,000
Total expenditures over revenue	$ (20,400)	$ -	$ -

CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND – SALVAGE YARDS PROJECT

SCHEDULE OF REVENUE AND EXPENDITURES, BUDGET AND ACTUAL
From Grant Inception and For the Fiscal Year Ended June 30, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- State grant project	$ 86,558	$ 86,558	$ 100,000
Expenditures:			
Administration	-	-	-
Acquisition, relocation, demolition of private properties	86,558	86,558	100,000
Total expenditures	86,558	86,558	100,000
Total revenue over expenditures	$ -	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	$ 177	$ 177	$ 102,088
Expenditures:			
Administration	-	-	-
Acquisition, relocation, demolition of private properties	177	177	102,088
Total expenditures	177	177	102,088
Total revenue over expenditures	$ -	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- Federal grant project	$ 40,074	$ 40,074	$ 549,016
Expenditures:			
Administration	-	-	15,991
Acquisition, relocation, demolition of private properties	40,074	40,074	533,025
Total expenditures	40,074	40,074	549,016
Total revenue over expenditures	$ -	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	$ 134,587	$ 134,587	$ 452,235
Expenditures:			
Administration	45,000	45,000	45,000
Acquisition, relocation, demolition of private properties	89,587	89,587	407,235
Total expenditures	134,587	134,587	452,235
Total revenue over expenditures	$ -	$ -	$ -

CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND – HIGHWAY SAFETY EQUIPMENT - 1999

SCHEDULE OF REVENUE AND EXPENDITURES, BUDGET AND ACTUAL
From Grant Inception and For the Fiscal Year Ended June 30, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	$ 30,000	$ 30,000	$ 30,000
Expenditures:			
Capital outlay	24,919	40,039	40,039
Total expenditures	24,919	40,039	40,039
Total revenue over expenditures	5,081	(10,039)	(10,039)
Other financing sources:			
Operating transfers in	-	10,039	10,039
Total other financing sources	-	10,039	10,039
Total revenue and other financing sources over expenditures	$ 5,081	$ -	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- State grant project	$ 59,125	$ 59,125	$ 51,457
Expenditures:			
Capital outlay	-	-	57,174
Total expenditures	-	-	57,174
Total revenue over expenditures	59,125	59,125	(5,717)
Other financing sources:			
Operating transfers in	5,717	5,717	5,717
Total other financing sources	5,717	5,717	5,717
Total revenue and other financing sources over expenditures	$ 64,842	$ 64,842	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
Federal grant project	$ 46,286	$ 46,286	$ 88,452
Expenditures:			
Personnel costs	27,195	27,195	63,002
Capital outlay	68,779	68,779	82,400
Total expenditures	95,974	95,974	145,402
Total expenditures over revenue	(49,688)	(49,688)	(56,950)
Other financing sources:			
Operating transfers in	56,950	56,950	56,950
Total other financing sources	56,950	56,950	56,950
Total revenue and other financing sources over expenditures	$ 7,262	$ 7,262	$ -

CITY OF KINSTON, NORTH CAROLINA
GRANT PROJECT FUND — COPSMORE GRANT

SCHEDULE OF REVENUE AND EXPENDITURES, BUDGET AND ACTUAL
From Grant Inception and For the Fiscal Year Ended June 30, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
State grant project	$ -	$ -	$ 51,066
Expenditures:			
Personnel Costs	6,558	6,558	68,086
Total expenditures	6,558	6,558	68,086
Total expenditures over revenue	(6,558)	(6,558)	(17,020)
Other financing sources:			
Operating transfers in	17,020	17,020	17,020
Total other financing sources	17,020	17,020	17,020
Total revenue and other financing sources over expenditures	$ 10,462	$ 10,462	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue-			
State grant project	$ 195,495	$ 327,025	$ 399,256
Expenditures:			
Personnel costs	153,859	273,774	349,256
Capital outlay	-	60,919	50,000
Total expenditures	153,859	334,693	399,256
Total revenue over (under) expenditures	$ 41,636	$ (7,668)	$ -

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, 2001

	Actual		
	Current Year	Total to Date	Project Authorization
Revenue:			
Restricted intergovernmental revenue- Federal grant project	$ -	$ 63,269	$ 63,269
Expenditures:			
Capital outlay	8,899	8,899	70,299
Total expenditures	8,899	8,899	70,299
Total revenue over (under) expenditures	(8,899)	54,370	(7,030)
Other financing sources:			
Operating transfers in	7,030	7,030	7,030
Total other financing sources	7,030	7,030	7,030
Total revenue and other financing sources over (under) expenditures	$ (1,869)	$ 61,400	$ -

Capital Project
Funds

Capital Project Funds

CAPITAL PROJECTS FUND

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.

CITY OF KINSTON, NORTH CAROLINA
CAPITAL PROJECT FUND

COMBINING BALANCE SHEETS
June 30, 2001
With Comparative Totals for June 30, 2000

	Recreation Improvements	Uplands Park	Kingwood Forest	Totals 2001	Totals 2000
ASSETS					
Cash and investments	$ 32,304	$ -	$ -	$ 32,304	$ 20,696
Accounts receivable	4,303	2,257	-	6,560	9,755
Restricted cash and investments	-	-	-	-	900,559
Total assets	$ 36,607	$ 2,257	$ -	$ 38,864	$ 931,010
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Due to other funds	$ -	$ 788,984	$ 7,866	$ 796,850	$ 185,317
Accounts payable and accrued liabilities	-	-	-	-	1,290
Total liabilities	$ -	$ 788,984	$ 7,866	$ 796,850	$ 186,607
FUND BALANCES (DEFICITS):					
Reserved by state statute	4,303	2,257	-	6,560	9,755
Unreserved - designated for subsequent year's expenditures (deficits)	32,304	(788,984)	(7,866)	(764,546)	734,648
	36,607	(786,727)	(7,866)	(757,986)	744,403
Total liabilities and fund balances (deficits)	$ 36,607	$ 2,257	$ -	$ 38,864	$ 931,010

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

	Recreation Improvements	Uplands Park	Kingwood Forest	Totals 2001	Totals 2000
Revenues:					
Donations	$ -	$ -	$ -	$ -	$ 20,100
Sale of property	-	-	-	-	-
Total revenue	-	-	-	-	20,100
Expenditures:					
Capital outlay	894,209	608,180	-	1,502,389	501,697
Total expenditures	894,209	608,180	-	1,502,389	501,697
Other financing sources:					
Proceeds from borrowing	-	-	-	-	1,100,000
Operating transfers in	-	-	-	-	126,000
Total other financing sources	-	-	-	-	1,226,000
Total revenue and other financing sources under expenditures	(894,209)	(608,180)	-	(1,502,389)	744,403
Fund balances (deficits), beginning	930,816	(178,547)	(7,866)	744,403	-
Fund balances (deficits), ending	$ 36,607	$ (786,727)	$ (7,866)	$ (757,986)	$ 744,403

CITY OF KINSTON, NORTH CAROLINA
CAPITAL PROJECT FUNDS – RECREATION IMPROVEMENT PROJECT

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2001

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date
Expenditures:				
Capital outlay:				
Construction cost	$ 1,226,000	$ 295,184	$ 894,209	$ 1,189,393
Total expenditures	1,226,000	295,184	894,209	1,189,393
Other financing sources:				
Proceeds from borrowing	1,100,000	1,100,000	-	1,100,000
Operating transfers in	126,000	126,000	-	126,000
Total other financing sources	1,226,000	1,226,000	-	1,226,000
Total other financing sources over (under) expenditures	$ -	$ 930,816	$ (894,209)	$ 36,607

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

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2001

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date
Revenue:				
Sale of property	$ 980,000	$ -	$ -	$ -
Total revenue	980,000	-	-	-
Expenditures:				
Capital outlay:				
Construction cost	1,580,000	178,547	608,180	786,727
Total expenditures	1,580,000	178,547	608,180	786,727
Other financing sources:				
Operating transfers in	600,000	-	-	-
Total other financing sources	600,000	-	-	-
Total revenue & other financing sources under expenditures	$ -	$ (178,547)	$ (608,180)	$ (786,727)

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

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL
From Inception and For the Year Ended June 30, 2001

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenue:				
Donations	$ 20,100	$ 20,100	$ -	$ 20,100
Total revenue	20,100	20,100	-	20,100
Expenditures:				
Capital outlay:				
Construction cost	50,000	27,966	-	27,966
Total expenditures	50,000	27,966	-	27,966
Other financing sources:				
Operating transfers in	29,900	-	-	-
Total other financing sources	29,900	-	-	-
Total revenue & other financing sources under expenditures	$ -	$ (7,866)	$ -	$ (7,866)

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Enterprise Funds

Enterprise Funds

ENTERPRISE FUNDS

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

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.

CITY OF KINSTON, NORTH CAROLINA
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
June 30, 2001
With Comparative Totals for June 30, 2000

	Electric Fund	Water and Sewer Fund	Totals 2001	Totals 2000
ASSETS				
Cash and investments	$ 797,978	$ 674,525	$ 1,472,503	$ 1,758,710
Due from other funds	-	796,850	796,850	2,059,348
Due from government agencies	38,955	1,505,277	1,544,232	
Accounts receivable	178,835	131,457	310,292	484,755
Customer receivables, net	4,717,332	822,358	5,539,690	5,534,920
Interest receivable	28,704	13,084	41,788	60,679
Inventories	998,216	231,055	1,229,271	1,342,866
Bond issuance costs	227,002	137,608	364,610	398,806
Restricted cash and investments	1,264,529	414,754	1,679,283	2,166,378
Investment in direct financing lease	25,924	-	25,924	327,816
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	22,943,364	35,027,122	57,970,486	57,642,909
Equipment	1,500,102	2,064,351	3,564,453	3,624,884
Accumulated depreciation	(12,764,252)	(15,364,652)	(28,128,904)	(26,373,258)
Construction in progress	6,731,095	7,026,594	13,757,689	9,742,713
Total assets	$ 30,562,054	$ 37,099,277	$ 67,661,331	$ 66,264,690
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable and accrued liabilities	$ 2,981,180	$ 964,168	$ 3,945,348	$ 3,282,461
Deferred revenue	-	23,856	23,856	24,951
Customer deposits	584,644	-	584,644	593,424
Accrued compensated absences	139,976	100,224	240,200	196,806
Long-term debt	8,284,917	11,209,243	19,494,160	21,507,292
Total liabilities	11,990,717	12,297,491	24,288,208	25,604,934
Fund equity:				
Contributed capital	363,067	3,372,145	3,735,212	3,836,805
Retained earnings	18,208,270	21,429,641	39,637,911	36,822,951
Total fund equity	18,571,337	24,801,786	43,373,123	40,659,756
Total liabilities and fund equity	$ 30,562,054	$ 37,099,277	$ 67,661,331	$ 66,264,690

CITY OF KINSTON, NORTH CAROLINA
ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

	Electric Fund	Water and Sewer Fund	Totals 2001	Totals 2000
Operating revenue:				
Charges for services	$ 35,996,557	$ 6,507,768	$ 42,504,325	$ 40,048,510
Other	472,794	143,251	616,045	481,699
Total operating revenue	36,469,351	6,651,019	43,120,370	40,530,209
Operating expenses:				
Administration	2,351,586	1,580,703	3,932,289	3,009,976
Electrical operations	32,637,917	-	32,637,917	31,885,454
Water production	-	706,217	706,217	749,116
Depreciation	976,562	1,073,343	2,049,905	2,045,958
Amortization	20,791	13,405	34,196	37,638
Water and sewer operations	-	1,307,835	1,307,835	1,074,284
Wastewater plant operations	-	1,756,803	1,756,803	1,346,247
Total operating expenses	35,986,856	6,438,306	42,425,162	40,148,673
Operating income	482,495	212,713	695,208	381,536
Nonoperating revenue (expenses):				
Interest earned on investments	250,009	107,446	357,455	493,914
Interest on long-term debt	(464,272)	(461,941)	(926,213)	(717,914)
Total nonoperating revenue (expenses)	(214,263)	(354,495)	(568,758)	(224,000)
Capital contributions	479,671	3,061,846	3,541,517	-
Income before operating transfers	747,903	2,920,064	3,667,967	157,536
Operating transfers:				
Operating transfers out	(954,600)	-	(954,600)	(835,300)
Net income (loss)	(206,697)	2,920,064	2,713,367	(677,764)
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisition and construction	15,128	86,465	101,593	87,327
Increase (decrease) in retained retained earnings	(191,569)	3,006,529	2,814,960	(590,437)
Retained Earnings, beginning	18,399,839	18,423,112	36,822,951	37,413,388
Retained Earnings, ending	$ 18,208,270	$ 21,429,641	$ 39,637,911	$ 36,822,951

CITY OF KINSTON, NORTH CAROLINA
ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

	Electric Fund	Water and Sewer Fund	Totals 2001	Totals 2000
Cash Flows from Operating Activities:				
Operating income	$ 482,495	$ 212,713	$ 695,208	$ 381,536
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	976,562	1,073,343	2,049,905	2,045,958
Amortization	20,791	13,405	34,196	37,638
Change in assets and liabilities:				
Due from other funds	128,225	1,134,273	1,262,498	(1,569,340)
Allowance for uncollectible accounts	39,496	9,303	48,799	(128,973)
Customer receivables	(79,405)	25,837	(53,568)	793,289
Accounts receivable	91,675	(1,461,444)	(1,369,769)	(26,489)
Customer deposits	(8,780)	-	(8,780)	(152,624)
Inventories	95,872	17,723	113,595	88,372
Accounts payable	(39,991)	676,179	636,188	9,067
Deferred revenue	-	(1,095)	(1,095)	1,825
Accrued compensated absences	27,279	16,115	43,394	19,587
Net cash provided by operating activities	1,734,219	1,716,352	3,450,571	1,499,846
Cash Flows from Noncapital Financing Activities:				
Operating transfers to other funds	(954,600)	-	(954,600)	(835,300)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(1,319,400)	(3,256,982)	(4,576,382)	(4,652,573)
Principal paid on general obligation bond maturities and equipment contracts	(970,587)	(1,042,545)	(2,013,132)	(1,888,423)
Interest paid on bonded indebtedness and equipment contracts	(477,153)	(422,361)	(899,514)	(719,872)
Contributed capital	479,671	3,061,846	3,541,517	520,595
Net cash used for capital and related financing activities	(2,287,469)	(1,660,042)	(3,947,511)	(6,740,273)
Cash Flows from Investing Activities:				
Principal received on direct financing leases	301,892	-	301,892	550,150
Interest and dividends on investments	256,469	119,877	376,346	498,404
Net cash provided by investing activities	558,361	119,877	678,238	1,048,554
Net increase (decrease) in cash and cash equivalents	(949,489)	176,187	(773,302)	(5,027,173)
Cash and cash equivalents, beginning	$ 3,011,996	$ 913,092	$ 3,925,088	$ 8,952,261
Cash and cash equivalents, ending	$ 2,062,507	$ 1,089,279	$ 3,151,786	$ 3,925,088

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

	2001			2000
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Operating revenue:				
Charges for services, electricity sales	$ 37,006,500	$ 36,016,155	$ (990,345)	$ 33,245,187
Other	637,500	472,794	(164,706)	390,902
Total operating revenue	37,644,000	36,488,949	(1,155,051)	33,636,089
Non operating revenue:				
Principal received on direct lease financing	312,500	301,892	(10,608)	550,150
Interest earned on investments	280,000	250,009	(29,991)	362,541
Total nonoperating revenue	592,500	551,901	(40,599)	912,691
Total revenue	38,236,500	37,040,850	(1,195,650)	34,548,780
Expenditures:				
Administration:				
Salaries and benefits		653,723		158,525
Operating		466,918		324,166
Capital outlay		7,745		-
Indirect costs		1,223,200		1,106,000
	2,536,100	2,351,586	184,514	1,588,691
Electrical operations:				
Salaries and benefits		1,143,047		1,752,544
Operating		32,592,474		31,331,855
Capital outlay		166,267		538,446
	34,543,900	33,901,788	642,112	33,622,845
Total expenditures	37,080,000	36,253,374	826,626	35,211,536
Revenue over (under) expenditures	1,156,500	787,476	(369,024)	(662,756)
Other financing sources (uses):				
Appropriated fund balance	23,100	-	-	-
Operating transfers out - general fund	(1,179,600)	(954,600)	201,900	(835,300)
Total other financing uses	(1,156,500)	(954,600)	201,900	(835,300)
Revenue and other sources under expenditures and other uses	$ -	$ (167,124)	$ (167,124)	$ (1,498,056)

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

(Page 2 of 2)

	2001			2000
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Reconciliation of modified accrual basis to full accrual basis:				
Revenue and other sources under expenditures and other uses		$ (167,124)		$ (1,498,056)
Transfers		954,600		835,300
Capital outlay		174,012		538,446
Capitalized interest		-		268,758
Payment of debt principal		970,587		898,034
Depreciation		(976,562)		(878,354)
Amortization of debt fees		(20,791)		(22,884)
Lease purchase principal received		(301,892)		(550,150)
Decrease in accrued unbilled electricity sales		(19,598)		709,828
Capital contributions		479,671		-
Bad debt expense		(357,881)		(197,515)
Decrease in interest accrual		12,881		(1,310)
Income before operating transfers, accrual basis		$ 747,903		$ 102,097

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000
(Page 1 of 2)

	2001			2000
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Operating revenue:				
Charges for services:				
Water sales	$ 3,489,000	$ 3,158,040	$ (330,960)	$ 2,925,300
Sewer charges	3,892,100	3,338,772	(553,328)	3,340,925
Other	121,900	143,251	21,351	90,797
Total operating revenue	7,503,000	6,640,063	(862,937)	6,357,022
Nonoperating revenue:				
Interest earned on investments	113,000	107,446	(5,554)	131,373
Total nonoperating revenue	113,000	107,446	(5,554)	131,373
Total revenue	7,616,000	6,747,509	(868,491)	6,488,395
Expenditures:				
Water and sewer administration:				
Salaries and benefits		82,781		80,666
Operating		330,922		349,719
Indirect costs		1,167,000		990,900
	1,668,300	1,580,703	87,597	1,421,285
Water production:				
Salaries and benefits		266,818		229,939
Operating		439,399		519,177
Capital outlay		-		35,703
	795,900	706,217	89,683	784,819
Water and sewer operations:				
Salaries and benefits		788,527		690,480
Operating		1,981,917		1,760,255
Capital outlay		379,955		144,128
	3,476,800	3,150,399	326,401	2,594,863
Wastewater plant operations:				
Salaries and benefits		653,737		620,682
Operating		1,028,543		725,565
Capital outlay		15,184		-
	1,887,000	1,697,464	189,536	1,346,247
Total expenditures	7,828,000	7,134,783	693,217	6,147,214
Revenue over (under) expenditures	(212,000)	(387,274)	175,274	341,181
Other financing sources (uses):				
Appropriated fund balance	212,000	-	212,000	-
Operating transfers out	-	-	-	(364,000)
Total other financing sources (uses)	212,000	-	212,000	(364,000)
Revenue and other sources under expenditures	$ -	$ (387,274)	$ 387,274	$ (22,819)

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, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

(Page 2 of 2)

	2001			2000
	Budget	Actual	Variance, Favorable (Unfavorable)	Actual
Reconciliation of modified accrual basis to full accrual basis:				
Revenue and other sources over expenditures		$ (387,274)		$ (22,819)
Transfers		-		364,000
Capital outlay		395,139		179,831
Payment of debt principal		1,042,545		905,389
Depreciation		(1,073,343)		(1,167,604)
Amortization of debt fees		(13,405)		(14,754)
Capital contributions		3,061,846		-
Repairs and maintenance expense from capital project fund		(74,523)		-
Decrease in accrued unbilled water sales		5,720		(73,043)
Decrease in accrued unbilled sewer sales		5,236		(99,687)
Bad debt expense		(81,457)		(19,142)
Increase in interest accrual		39,580		3,268
Income before operating transfers, accrual basis		$ 2,920,064		$ 55,439

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, 2001

		Actual		
	Project Authorization	Prior Years	Current Year	Total To Date
Revenues:				
NC DOT Reimbursement	$ 668,000	$ -	$ 479,671	$ 479,671
Total revenue	668,000	-	479,671	479,671
Expenditures:				
230KV POD/115KV Transmission Loop	5,838,027	4,838,182	610,448	5,448,630
Crescent Road	668,000	46,366	542,685	589,051
Total expenditures	6,506,027	4,884,548	1,153,133	6,037,681
Revenue under expenditures	(5,838,027)	(4,884,548)	(673,462)	(5,558,010)
Other financing sources:				
Revenue bond proceeds	5,838,027	5,840,414	-	5,840,414
Total other financing sources	5,838,027	5,840,414	-	5,840,414
Total revenue and other financing sources over (under) expenditures	$ -	$ 955,866	$ (673,462)	$ 282,404

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, 2001

		Actual		
	Project Authorization	Prior Years	Current Year	Total To Date
Expenditures:				
Northside WWTP Expansion	$ 51,200,000	$ -	$ -	$ -
FY 98/99 Capital Projects	6,762,700	3,664,678	385,988	4,050,666
FY 99/00 Capital Projects	11,772,000	446,816	3,147,062	3,593,878
Total expenditures	69,734,700	4,111,494	3,533,050	7,644,544
Other Financing Sources:				
Federal and/or State grants	40,433,700	-	3,058,046	3,058,046
Revenue bond proceeds	25,862,000	1,450,000	-	1,450,000
County participation	475,000	491,516	3,800	495,316
Transfers in	2,964,000	1,764,000	-	1,764,000
Total other financing sources	69,734,700	3,705,516	3,061,846	6,767,362
Total other financing sources under expenditures	$ -	$ (405,978)	$ (471,204)	$ (877,182)

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Internal Service Fund

Internal Service Fund

INTERNAL SERVICE FUND

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.

CITY OF KINSTON, NORTH CAROLINA
INTERNAL SERVICE FUND

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Fiscal Year Ended June 30, 2001
With Comparative Totals for the Fiscal Year Ended June 30, 2000

	2001	2000
Operating revenue:		
Contributions from various funds	$ 758,132	$ 634,221
Operating expenses:		
Administration	532,936	446,109
Depreciation	487	8,607
Claims reimbursement	243,868	197,567
Total operating expenses	777,291	652,283
Operating loss	(19,159)	(18,062)
Nonoperating revenue:		
Interest earned on investments	20,590	14,162
Total nonoperating revenue	20,590	14,162
Net income (loss)	1,431	(3,900)
Retained earnings, beginning	508,306	512,206
Retained earnings, ending	$ 509,737	$ 508,306

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, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
Operating revenue:			
Contributions from various funds	$ 712,300	$ 712,300	$
Insurance proceeds		45,832	
	712,300	758,132	
Nonoperating revenue:			
Other	26,000	20,590	
Total revenue	738,300	778,722	40,422
Expenditures:			
Administration:			
Salaries and benefits	-	99,001	
Insurance	-	265,677	
Operating	-	168,258	
Total administration	-	532,936	
Claim reimbursements, operating	-	243,868	
Total expenditures	738,300	776,804	(38,504)
Revenue and other sources over expenditures	$ -	$ 1,918	$ 1,918
Reconciliation of modified accrual basis to full accrual basis:			
Revenue and other sources under expenditures		1,918	
Depreciation		(487)	
Net loss, accrual basis		$ 1,431	

General Fixed Assets
Account Group

General Fixed Assets
Account Group

GENERAL FIXED ASSETS ACCOUNT GROUP

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

CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
June 30, 2001 and 2000

	2001	2000
General Fixed Assets:		
Land	$ 2,916,521	$ 2,914,490
Buildings	6,406,882	6,168,271
Equipment and vehicles	10,591,395	10,350,104
Total general fixed assets	$ 19,914,798	$ 19,432,865
Investment in General Fixed Assets by Source:		
General Fund	19,433,157	18,951,224
Special Revenue Funds	481,641	481,641
Total investment in general fixed assets	$ 19,914,798	$ 19,432,865

CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2001

	Balance July 1, 2000	Additions	Transfers to Deductions	Balance June 30, 2001
Function and Activity:				
General Government:				
Council	$ -	$ -	$ -	$ -
Manager	831,067	-	-	831,067
Clerk	12,258	-	-	12,258
Human resources	10,430	-	-	10,430
Finance and administration	138,152	-	19,272	118,880
Other, unclassified	5,114,563	245,690	537,937	4,822,316
Total general government	6,106,470	245,690	557,209	5,794,951
Public Safety:				
Police	1,941,546	317,113	141,048	2,117,611
Fire	2,315,737	517,468	21,506	2,811,699
Inspection	100,741	-	10,130	90,611
Total public safety	4,358,024	834,581	172,684	5,019,921
Public Works:				
Highways and Streets:				
Engineering	311,795	48,334	17,713	342,416
Maintenance	1,178,794	81,868	79,055	1,181,607
Total highways and streets	1,490,589	130,202	96,768	1,524,023
Environmental Services	3,074,543	247,074	140,634	3,180,983
Parks and Recreation	4,403,239	22,390	30,709	4,394,920
Total general fixed assets	$ 19,432,865	$ 1,479,937	$ 998,004	$ 19,914,798

CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
June 30, 2001

	Land	Buildings	Equipment and Vehicles	Total
Function and Activity:				
General Government:				
Council	$ -	$ -	$ -	$ -
Manager	-	-	298,178	298,178
Clerk	-	-	12,258	12,258
Human resources	-	-	10,430	10,430
Finance and administration	-	-	118,880	118,880
Other, unclassified	2,334,093	2,744,948	276,164	5,355,205
Total general government	2,334,093	2,744,948	715,910	5,794,951
Public Safety:				
Police	-	-	2,117,611	2,117,611
Fire	19,365	313,744	2,478,590	2,811,699
Inspection	-	-	90,611	90,611
Total public safety	19,365	313,744	4,686,812	5,019,921
Public Works:				
Highways and Streets:				
Engineering	-	-	342,416	342,416
Maintenance	-	-	1,181,607	1,181,607
Total highways and streets	-	-	1,524,023	1,524,023
Environmental Services	-	-	3,180,983	3,180,983
Parks and Recreation	563,063	3,348,190	483,667	4,394,920
Total general fixed assets	$ 2,916,521	$ 6,406,882	$ 10,591,395	$ 19,914,798

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General Long-Term
Debt Account Group

General Long-Term
Debt Account Group

GENERAL LONG-TERM DEBT ACCOUNT GROUP

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

CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT
For the Fiscal Year Ended June 30, 2001

	General Long-Term Debt July 1, 2000	Additions	Deductions	General Long-Term Debt June 30, 2001
By Type of Debt:				
Accrued compensated absences	$ 683,406	$ 75,266	$ -	$ 758,672
Police separation allowance	94,053	39,761	-	133,814
Separation allowance plan	193,466	33,747	-	227,213
Installment contract obligations	3,049,151	-	741,994	2,307,157
	$ 4,020,076	$ 148,774	$ 741,994	$ 3,426,856
By Purpose:				
General government equipment	$ -	$ -	$ -	$ -
Public safety, equipment	505,000	-	60,590	444,410
Public works, equipment	750,165	-	412,045	338,120
Recreation, equipment	1,793,986	-	269,359	1,524,627
Accrued compensated absences, all departments	683,406	75,266	-	758,672
Separation allowance plan	193,466	33,747	-	227,213
Police separation allowance	94,053	39,761	-	133,814
	$ 4,020,076	$ 148,774	$ 741,994	$ 3,426,856

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Other Financial Information

Other Financial Information

OTHER FINANCIAL INFORMATION

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

CITY OF KINSTON, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2001

Fiscal Year	Uncollected Balance July 1, 2000	Current Year Gross Levy	Collections Credits and Adjustments	Uncollected Balance June 30, 2001
2000-2001	$ -	$ 6,191,672	$ 5,905,952	$ 285,720
1999-2000	303,232	-	211,662	91,570
1998-1999	120,967	-	20,132	100,835
1997-1998	70,355	-	10,815	59,540
1996-1997	59,553	-	5,867	53,686
1995-1996	36,928	-	3,602	33,326
1994-1995	25,908	-	2,630	23,278
1993-1994	19,593	-	1,677	17,916
1992-1993	47,632	-	829	46,803
1991-1992	31,077	-	669	30,408
1990-1991	26,256	-	26,256	-
	$ 741,501	$ 6,191,672	$ 6,190,091	$ 743,082
Motor vehicle tags receivable				114,200
Total property tax receivable				$ 857,282

RECONCILIATION WITH REVENUE:

Ad valorem taxes - General Fund	$ 6,374,794	
Less auto fee	(166,847)	
		$ 6,207,947
Add credits and adjustments		(17,856)
		$ 6,190,091

CITY OF KINSTON, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2001

	City Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding registered motor vehicles	Registered motor vehicles
Original levy:					
Property taxed at current	$ 1,007,899,712	$ 0.595	$ 5,997,027	$ 5,182,596	$ 814,431
Penalties	-		29,926	29,926	-
Total	1,007,899,712		6,026,953	5,212,522	814,431
Municipal Service District	-		49,432	49,432	-
Discoveries:					
Current year taxes	35,482,381	0.595	211,120	209,962	1,158
Total	35,482,381		211,120	209,962	1,158
Abatements	(14,317,311)	0.595	(85,189)	(83,284)	(1,905)
Penalties	-		(10,644)	(10,644)	-
	(14,317,311)		(95,833)	(93,928)	(1,905)
Total property valuation	$ 1,029,064,782				
Net levy			6,191,672	5,377,988	813,684
Uncollected taxes at June 30, 2001			285,720	143,624	142,096
Current year's taxes collected			$ 5,905,952	$ 5,234,364	$ 671,588
Current levy collection percentage			95.39%	97.33%	82.54%

STATISTICAL SECTION

STATISTICAL SECTION

STATISTICAL SECTION
(Unaudited)

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

CITY OF KINSTON, NORTH CAROLINA

GENERAL GOVERNMENTAL (1)
EXPENDITURES BY FUNCTION
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Government	Public Safety	Public Works	Recreation	Planning & Development	Debt Service	Capital Outlay	Total
1992	1,091,584	5,513,816	3,777,559	1,829,086	1,831,158	31,160	-	14,074,363
1993	1,080,042	5,703,579	4,607,689	2,198,167	1,848,171	29,758	-	15,467,406
1994	1,368,327	6,109,920	4,254,386	2,755,956	2,179,809	28,330	-	16,696,728
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

Source: City of Kinston Finance Department

Notes: (1) Includes general and special revenue 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
1992	4,643,265	2,883,661	1,723,474	1,503,899	1,256,132	397,114	12,407,545
1993	4,800,094	3,193,928	1,860,410	1,488,129	1,106,380	217,288	12,666,229
1994	4,966,902	3,048,637	3,085,375	532,090	1,208,362	443,316	13,284,682
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

Source: City of Kinston Finance Department

Notes: (1) includes general and special revenue funds 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						Total
		Sales	Intangible	Franchise	Occupancy	Gross Receipts	Licenses and Permits	
1992	4,643,265	1,441,880	219,636	933,453	-	-	61,958	7,300,192
1993	4,800,094	1,577,036	235,709	971,877	-	-	47,665	7,632,381
1994	4,966,902	1,809,046	221,979	995,684	-	-	58,666	8,052,277
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

Source: City of Kinston Finance

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

CITY OF KINSTON, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy
1992	4,610,004	4,464,606	96.8%	94,120	4,558,726	98.9%
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%

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
1992	764,925,492	(1)	9.3%
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%

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
1992	0.61	0.27	0.61	0.77	5.25
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	-

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
1992	0.61	0.77	1.38	4,610,004	14,894,106	19,504,110
1993	0.61	0.77	1.38	4,733,536	14,811,689	19,545,225
1994	0.61	0.77	1.38	4,909,856	15,977,305	20,887,161
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

Source: Lenoir County Tax Office

CITY OF KINSTON, NORTH CAROLINA

PRINCIPAL TAXPAYERS
June 30, 2001

Taxpayer	Nature of Property	Assessed Value	Percentage of Total Assessed Value
VPM, Inc.	Shopping Mall	13,765,509	1.3%
Kinston Ham Products, Inc.	Meat Processor	12,543,165	1.2%
Carolina Telephone	Utility	11,618,220	1.1%
Hampton Industries	Manufacturer	9,082,582	0.9%
Barnet Southern Corp	Manufacturer	8,272,573	0.8%
Masterbrand Cabinets, Inc.	Manufacturer	7,860,326	0.8%
Excel Realty	Shopping Mall	6,987,119	0.7%
APAC Carolina, Inc.	Manufacturer	6,664,939	0.6%
Beuhler Products, Inc.	Manufacturer	6,475,938	0.6%
Poole Walter Realty, Inc.	Shopping Mall	5,711,501	0.6%
Total Assessed Valuation of Top Ten Taxpayers		88,981,872	8.6%
Balance of Assessed Valuation		940,082,910	91.4%
Total Assessed Valuation		$ 1,029,064,782	100.0%

Source: Lenoir County Tax Office

CITY OF KINSTON, NORTH CAROLINA

COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2001

Total assessed value		$ 1,029,064,782
Debt limitation - 8% of total assessed value		$ 82,325,183
Debt applicable to limitation:		
Total bonded debt	$ 13,565,000	
Obligation under notes payable	4,536,511	
Obligation under installment contracts	3,699,806	
Gross debt	21,801,317	
Less - statutory deductions:		
Revenue bonds issued and outstanding for electric purposes	8,445,000	
Obligations under notes payable attributable to enterprise funds	4,536,511	
Obligation under installment contracts attributable to enterprise funds	1,392,649	
Revenue bonds issued and outstanding for water purposes	5,120,000	
Total statutory deductions	19,494,160	
Total debt applicable to limitation		2,307,157
Legal debt margin		$ 80,018,026

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

Fiscal Year Ended June 30	Principal	Interest	Total (1)	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Expenditures
1992	375,000	62,086	437,086	14,074,363	3.11
1993	360,000	50,228	410,228	15,467,406	2.65
1994	360,000	31,833	391,833	16,696,728	2.35
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	-

Notes: (1) Includes debt service for general obligation bonds for Enterprise Fund and General Long-term Debt Account group.
(2) Includes Gerneral and Special Revenue Funds.

CITY OF KINSTON, NORTH CAROLINA

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2001

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	6,150,000	36.23%	2,228,145
Total overlapping debt	$ 6,150,000		$ 2,228,145

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 Units (2)	Construction Value (2)	Bank Deposits (3)
1992	764,925,492	(4)	242	16,847,253	526,538,000
1993	783,182,081	(4)	264	47,443,108	493,147,000
1994	811,306,805	(4)	456	28,178,970	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	(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
1992	25,295	764,925,492	61,194,039	1,045,000	75,000	0.001	41	3
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	-	-	-	-	-

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
1992	38,087,934	33,113,106	4,974,828	-	-	-	-
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	44,046,583	40,341,061	3,705,522	910,000	781,921	1,691,921	2.43

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)
1992	25,295	18,325	6.7%	10,654	519,024,495	526,538,000
1993	25,758	18,290	7.0%	10,713	545,002,712	493,147,000
1994	25,863	18,255	6.5%	10,400	628,638,734	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	(7)	4.8%	10,275	770,936,181	572,749,000
2001	23,688	(7)	7.2%	9,950	779,130,587	(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, 2001

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	2,060
Employees	551
Fire Protection:	
Number of stations	3
Number of firemen/officers	65
Police Department:	
Number of stations	6
Number of police/officers	80
Electric Department:	
Number of consumers	12,550
Average daily usage	1,215,678 KWH
Miles of distribution lines	375
Water Department:	
Number of consumers	11,147
Average daily consumption	4.67 MGD
Miles of water mains	207.5
Sewers:	
Average daily flow	5.68 MGD
Miles of sewer lines	178.8
Parks/Recreation:	
Number of parks	12
Park acreage	245
Golf courses	1
Swimming pools	3
Tennis courts	19
Museum	1
Baseball Courts (outside)	7
Other recreational facilities:	
Grainger Stadium	4,200 seat baseball stadium
Indoor Batting Facility	1