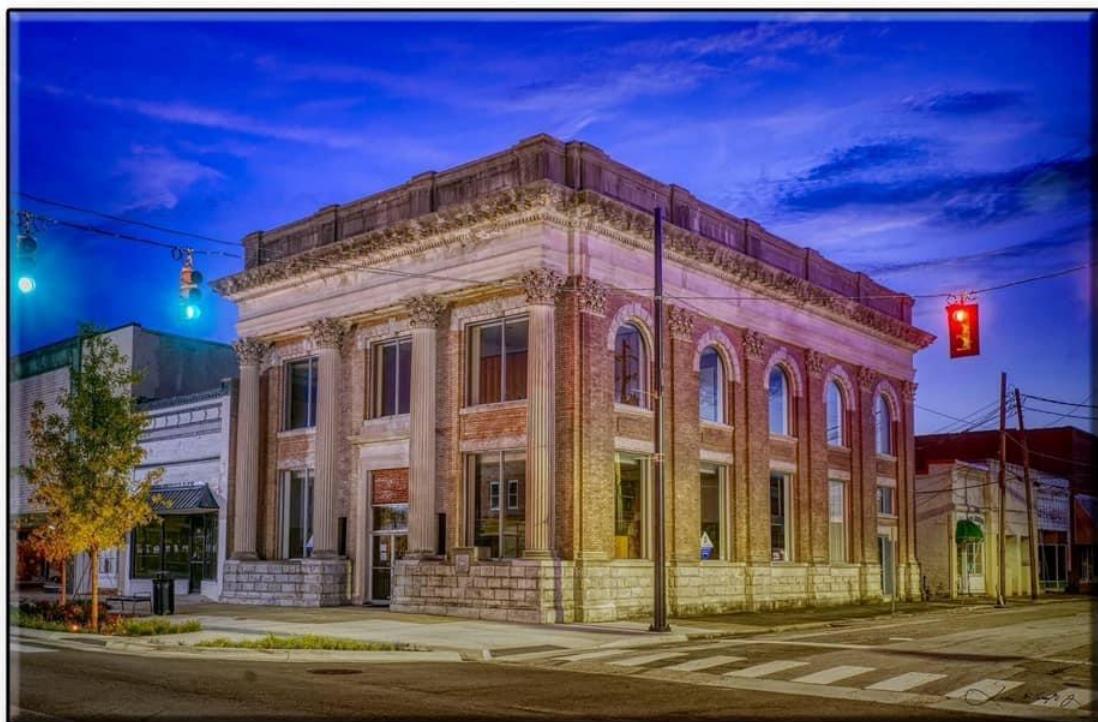




CITY OF KINSTON NORTH CAROLINA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020**

**PICTURED ON THE COVER OF THE COMPREHENSIVE ANNUAL
FINANCIAL REPORT FOR THE CITY OF KINSTON**

136 North Queen Street
National Bank of Kinston - 1908 (circa 1925)

Located at the southwest corner of the Queen-Gordon Streets Historic District in Kinston, North Carolina, this two-story, Neoclassical Revival-style bank is located in the heart of the City's central downtown business section. The focus of this district, which is largely commercial in character, is the important intersection of North Queen and Gordon Streets. In the early 20th century, this intersection was the sight of three banks and a major commercial enterprise which became the center of Lenoir County's booming agricultural economy. The district is in close proximity to the railroad which was so important to Kinston's development.

The National Bank of Kinston is a portrait of tradition in eastern North Carolina. Its story mirrors Kinston's historic rise, and current rebirth, as a hub of commerce and culture. It's grand and imposing style helped usher in Kinston's transition from a rural farming community to a bustling city at the turn of the century. The National Bank of Kinston stands ready to once again become part of the center of activity and small business for the Kinston community.

**CITY OF KINSTON,
NORTH CAROLINA**

Financial Statements and
Supplementary Information

For The Year Ended June 30, 2020

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CITY OF KINSTON, NORTH CAROLINA

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INTRODUCTORY SECTION

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List of Principal Officials

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GFOA Certificate of Achievement for Excellence in Financial Reporting

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TONY SEARS
City Manager

JAMES P. CAULEY
City Attorney

DEBRA THOMPSON
City Clerk

City of Kinston



Mayor DON HARDY
Mayor Pro Tem FELICIA SOLOMON

Councilmembers:
ROBERT SWINSON
SAMMY AIKEN
ANTONIO HARDY
KRISTAL SUGGS

February 19, 2021

To the Honorable Mayor, Members of City Council, and Citizens of the City of Kinston:

The Comprehensive Annual Financial Report of the City of Kinston, North Carolina (the City) for the fiscal year ended June 30, 2020, is hereby submitted. The basic financial statements contained herein have been audited by the independent certified public accounting firm of RH CPAs, PLLC, and their unmodified opinion is included in the financial section.

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

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

The City is required by the North Carolina General Statutes to have an annual independent audit of its financial statements. In addition, the City is required to undergo an annual "Single Audit" in conformity with the audit requirements of Title 2 U. S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. The independent auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and recommendations, and the auditor's reports on the internal control over financial reporting and compliance with applicable laws, regulations, contracts and grant agreements, is included in the Compliance Section.

PROFILE OF THE GOVERNMENT

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

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

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

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

LOCAL ECONOMIC CONDITION AND OUTLOOK

The City is centrally located to several growing communities including New Bern, Jacksonville, Goldsboro, and Greenville, all less than an hour away. The City is easily accessible by US Highways 70 and 258, and NC Highways 11, 55 and 58. Major industries located within the governments boundaries or in close proximity include hospitals and healthcare facilities, agriculture, manufacturers of aerospace, pharmaceutical, textile, food products, housewares, machining, durable goods, chemicals and consumables, and retail stores. The community currently has a 6.2 percent unemployment rate compared to a statewide rate of 7.7 percent and a national average of 11.2 percent. Overall, the value of new construction, repair and renovation (as defined by building permit project values) was \$27.2 million. The construction of residential developments, stores, medical and institutional, is consistent with construction in previous years.

Many significant development projects were completed in this fiscal year. Additive America, a 3-D printing service, Starbucks, Smithfield Chicken & BBQ, and a Marriott Hotel were all opened or began construction in Kinston during this time. In December, Governor Cooper announced 475 jobs and \$99.7 million dollars of investment was coming to Kinston through the relocation of Aircraft Solutions USA to the Global Transpark; alongside this new development was an agreement with Lenoir Community College to train future employees of Aircraft Solutions through training, apprenticeships, and degree programs. Sanderson Farms and Smithfield Foods were both approved for expansion projects that further solidified their commitment to Kinston.

However, the COVID-19 pandemic drastically affected everyone's normalcy beginning in March 2020. Social and cultural events that have come to define Kinston as a food and beverage destination were cancelled, including the Kinston Summerfest concert series, BBQ Fest, the Kinston Christmas Parade, and countless other pub crawls, art shows, and weekend events that served as tourism development and economic stimulation for downtown. Lenox China, which had operated in Kinston for over 30 years and made the Presidential China, closed permanently.

Downtown Kinston also experienced the closing of 3 downtown businesses (The Red Room, The Boiler Room, and Parrott's General Store) and the temporary closure of the Chef and the Farmer restaurant. Yet even during the pandemic we had new businesses open (Ironclad Axe Throwing Co., The Office, Evelyn's Boutique, a Christmas store, Jay's Sushi and Burgers). We also saw the expansion of Middle Grounds Coffee and an artisanal chocolatier join Upstairs at the Market. Also, a block of buildings sold together are currently undergoing renovations and another is under contract. Investors continue to inquire about downtown properties, and astute retailers have found creative ways to survive. The pandemic has been a traumatic and challenging time for many, and the City of Kinston will continue to look for ways to support its residents and businesses through the transition through continued social distancing and into vaccinations.

MAJOR INITIATIVES

Fiscal Year 2019-2020 comprised of the planning and implementation phases of several initiatives as well as the continuance or completion of projects begun during the previous year.

PLANNING DEPARTMENT

Growing Relationships

The planning department develops internal relationships with our internal departments, elected officials, and other local organizations. We endeavor to continue this relationship to help implement development environment for our community. Together, we are striving to unify to help remove blight, streamline the development process, and create an inviting atmosphere for developers here in town. The Planning Department is bolstered by the addition of the Community Development Planner, Sarah Arney. The position was filled through a partnership with Lead for North Carolina.

Grants

The planning department continues to manage several grants in this fiscal year. We have managed and started the closeout process for the brownfields cleanup grant and we have submitted for another round of assessment funding. This round of EPA funding would be focused on downtown Kinston, targeting potential redevelopment properties. We continue also to manage our single-family rehab and disaster recovery grants, which continue to fund rehabilitation of homes here in Kinston.

Certifications

The planning director received his Building Level 1 Standard Certificate and will continue to pursue certifications in other trades in an effort to build local capacity and knowledge of the code. The planning director continued to hold his AICP certification, CFM, and CZO certification in good standing as well.

UNC School of Government

The Planning Department continues its relationship with the UNC School of Government, partnering and contracting special projects to help improve and spur development in Kinston. Planning staff coordinates with the SOG on various projects, including our ongoing arts projects, affordable housing, and downtown development.

KINSTON POLICE DEPARTMENT

FY 2019 Bulletproof Vest Partnership (BVP) Grant

The BVP Grant Program helps protect the lives of law enforcement officers by assisting local governments to equip their officers with armor vest. The program pays up to 50% of the cost of the vest purchased by jurisdictions with approved applications. Our agency was awarded funding giving us the

ability to purchase 17 ballistic vests, which is what was needed this year. Kinston Police Department was awarded the amount of \$11,317.42. The grant consists of \$5,658.71 in federal funds and of \$5,658.71 in local funds.

2019 Governor's Crime Commission Grant (Juvenile Justice Disproportionate Minority Contact)

The City of Kinston Police Department will partner with Lenoir County Schools, Lenoir County Courts, Sheriff, JCPC and others in addressing over-representation of minority youth in the juvenile justice system. The goals outlined in the grant are to continue collecting DMC data, implementing best practices, and to continue racial equity training for school resource officers and develop Parent/Youth Advocacy training to improve communication between students, parents, school administrators, law enforcement, and the community.

The City of Kinston Police Department was notified that the total award amount is \$216,920.80. The state grant amount awarded is \$170,490.60 with an in-kind match of \$46,430.20 for project staff salary of Project Director, Community Engagement Coordinator, Finance Director and Administrative Manager.

Community Policing

KPD has continued to discover numerous ways to engage our community members with such activities as speeches to middle school students concerning cyberbullying, sponsoring Coffee with a Cop events, and intentional involvement with youth to build positive relationships.

Equipment and Vehicles

KPD has begun the process of upgrading their patrol vehicles; 11 new marked patrol vehicles were released in 2020.

Additional ECW and body cameras replaced old and/or damaged equipment. We will continue to seek additional ECWs and body cameras each year.

KPD is continuing the process to upgrade our MDTs with new tablets that cost much less but serve the same function. We have replaced 6 for this year with additional tablets tabled for the next year's budget.

KPD has updated the entire fleet of firearms (handguns) for our officers. We switched from the Sig Saur to the Glock. We have also replaced rain gear, ballistic shields and tasers.

KINSTON DEPARTMENT OF FIRE & RESCUE

The Department provides fire and rescue emergency response to the City and our customers through Pride, Proficiency, & Integrity. The Department also responds to life threatening medical emergencies as part of Lenoir County's first responder program.

The Department responded to 3,532 alarms with property values totaling \$7,336,571.00. Property value saved was \$6,463,158.00 or 88.10%. The Department responded to 2,402 medical emergencies relating to life-threatening situations including cardiac arrests and major trauma. Community education was,

and continues to be, an important part in the operation of the Department. Personnel conducted numerous home fire safety checks and participated in many community events.

This past year kicked off the start of our smoke alarm program (Sound the Alarm). This was a joint venture with the American Red Cross held three times during the course of the year. Areas were selected and all crews walked the neighborhoods installing smoke alarms and educating the community on fire safety in the home. The events along with actual smoke detector installs completed by request totaled 587. An additional program was added in 2019 for car seat installations with a total of 25 for the year. School programs relating to fire & life safety education along with station visits were conducted with a concentration during the month of October.

The Department successfully reached 2,268 adults and 2,256 children with our Fire & Life Safety educations efforts. The Department completed over 1,294 fire inspections and completed 3,820 hours of fire & rescue training during the year.

PUBLIC SERVICES

Biosolids Dryer Project

Kinston currently creates a Class B biosolid, which must be land applied to agricultural fields under a state permit at a cost of over \$200,000 per year. The City of Kinston is installing a biosolids dryer, which would create a pelletized, Class A product, which can be sold commercially to any customer, either by contract or walk-up sales. CWSRF approved the bidding of this project as a design-build project. Proposals were received on December 1, 2015 and the project was awarded to Utility Service Company. The project is funded with a CWSRF Loan of \$2,590,911.75, with terms of zero percent interest for 20 years. The project was 95% complete in January 2019. Work on the gas service continued into Fiscal Year 2019-2020. The dryer was commissioned in November 2019 and permanent gas and testing was completed in 2020.

Briery Run Sewer Rehabilitation – Phase IV

The City of Kinston received a Clean Water State Revolving Fund loan in the amount of \$2,054,696 in February, 2016 for this project. The scope of work includes raising all manholes between Airport Road and Wallace Family Road above the 100 year flood elevation and lining approximately 3,600 linear feet of 30" pipe. The loan includes principal forgiveness of \$500,000 and zero percent interest on the remainder of the loan. Project designs have been approved for construction and bids were advertised in June. The construction contract was awarded to Spiniello, Inc. in January 2019, and work began in the spring. The Spiniello bid was over the original loan amount and the loan was amended to perform the project. The project was completed during FY 19-20.

FY 2019-20 Street Resurfacing

The City Council appropriated \$300,000 for street resurfacing in FY19/20. The streets selected to be included in the project included portions of Surry St., Shine St. Harvey St., Holman St. Howard St. Heritage St., Rosanne Dr. and Peyton Ave. Additional funds were identified and portions of the following streets were included in the bid by Council: Vance St., Daniels, and Brookhaven Dr. The work was awarded to Barnhill Contracting Company in August 2019 for the total award of \$501,326.84.

Doctor's Drive Extension

The City plans the construction of approximately 2,800 feet of road, drainage and water line improvements from the current end of Doctor's Drive to Airport Road. The project is estimated to cost \$834,000. The City was awarded a grant from Golden Leaf in the amount of \$599,720. The remaining funds will be provided by a combination of developer cash contribution and City in-kind services of approximately \$74,000. Engineering work for this project was awarded to Municipal Engineering Services Company. Design and right-of-way acquisition had been delayed due to the presence of wetlands within the original road corridor. The re-design of the road is on-going.

Smartgrid Meter System

Kinston Public Services is embarking on a project to install advanced electric and water meters. These meters and management system are capable of providing continuous usage data to both the city and the customer and offer many advantages to our current metering, billing and utility systems. Potential advantages include remote meter reading, leak detection, tamper detection, electric load data for transformers/circuits/substations remote connect/disconnect of electric meters, system-wide wi-fi communications for work orders, and more. Full deployment is estimated to save the City at least \$700,000 per year in operating expenses. A project budget of \$6,500,000 has been established. Funding has been provided from the Electric Fund Capital Reserve, with repayment from the Water Fund to the Electric Fund for the water system improvement costs upon completion of the project. All meters, communication antennae, and system software is being purchased from Nexgrid, who was selected based on RFQs issued by Electricities. Water meter installations and load switch installations will be by a contractor. All other equipment will be installed by city staff. Deployment began September 2018 and will take approximately two years to complete. Installation of water and electric meters continued through FY19-20.

Electric POD #2

The City of Kinston is currently in the very vulnerable position of having only one point of delivery with Duke Energy for our power supply. Should there be an interruption to power at this connection, all of our electric system would be without power until repairs were made. This could take days or weeks depending on the failure. A second point of delivery would provide redundancy in the event of a failure. The second POD will be located west of Kinston and will also eliminate another significant risk, which is having a single-source feed to the Falling Creek Substation. All of Kinston's other substations are connected in a loop and can be fed from two directions. Booth & Associates is performing project engineering. The breaker station was completed in January 2019. The bid award to purchase transmission poles was approved by Council in March, 2020. The bid award for the labor to construct

the transmission line was approved by Council in April, 2020. Easement acquisition continued to delay the project during the fiscal year. The final easement was not secured until September, 2020.

Hardee Road Reconstruction

In January, 2017, Kinston experienced a winter storm bringing several inches of snow and ice, along with over 5 consecutive days of sub-freezing temperatures. The precipitation coupled with the prolonged cold snap caused extensive damage to the asphalt on Hardee Road. The road was kept open, but portions were placed under 15 mile per hour advisory speeds due to the asphalt conditions. The road infrastructure largely consists of 2" of asphalt on a clay/sand soil. Initial estimates to perform a full road reconstruction in the deteriorated areas were at a cost of \$1.9 million. That level of funding was not available so a smaller scope project to install a better road cross section in the most damaged blocks was assembled. This included removing 4" of asphalt and soil and installing 2.5" of base asphalt and 1.5" of surface asphalt. A purchase order was issued in May, 2018 for \$70,000 to Tripp Brothers to complete Phase I. Funding of \$50,000 was appropriated for Phase II in FY18-19 which resurfaced Hardee from Essex to Oxford. In FY19-20 funding of \$50,000 was appropriated for Phase III. Additional funds were identified as part of the 2020 Road Improvements Project mentioned previously. The City's bid award to Barnhill Contracting Company in August 2019 included resurfacing Hardee Road from Oxford Rd. to Elizabeth Dr.

Vernon Avenue Electric Distribution Replacement

The Electric budget for FY17/18 included \$1,548,360 to rebuild 3.4 miles of distribution line along Vernon Avenue. This is not a complete circuit rebuild but portions of several circuits that connect to poles on Vernon. The project is driven by the need for pole replacements. Since we will replace the poles it is efficient to also rebuild the lines at the same time. A project budget was established. In September 2018 Volt Power, LLC was awarded the contact. Work continued through FY 19-20.

Water Asset Management Plan Grant

In September 2017, the City passed a Resolution stating our intention to apply for the State funding cycles for a Water Asset Management Plan Grant. Each entity is eligible to receive up to \$150,000 for an asset management grant for water and sewer systems every 3 years. The City has received a grant to complete a wastewater asset assessment and is now pursuing a water asset assessment grant. Through a request for proposal process the City has selected Municipal Engineering Services as the engineering firm to evaluate our system. The DWI grant was awarded in February 2018. Work to create the water system model began in January 2019. Project should take about 18 months to complete. Work is ongoing. Project is expected to be completed in Spring 2021.

Extend Circuit 510 and Rebuild Circuit 521

This project will extend electric Circuit 510 1.0 miles and rebuild 1.0 miles of Circuit 521. Estimated project cost \$1,056,000. Funding was approved in FY18-19 Electric Fund budget. Engineering services began in January 2019. Volt Power, LLC was awarded the contract in July 2019.

PARKS AND RECREATION

Fiscal Year 2019-2020 comprised of the planning and implementation phases of several initiatives as well as the continuance or completion of projects begun during the previous year.

Mock Athletic Skills Facility

New windows were installed on the front side of Mock Gym
Repaired/refinished the basketball gym floor
Replaced all HVAC units in the gym and the building
Replaced the flat roof at Mock Gym
Replaced most of the weight equipment in the gym
Landscaped the front and back entrances to the gym

Grainger Stadium

Renovation has been ongoing with the visitors' locker room including roof repair. The existing Wood Duck's visitors' locker room, bathroom, and manager's office have all been painted and flooring replaced. Improvements to the scoreboard have been made including an updated computer system and repaired video panels.

Riverwalk Project (Loch Neuse Dragon Park)

Electrical panel outlets were installed throughout the park for special events and recreational use. Handicapped parking was completed at the Loch Neuse Dragon Park and extended fencing along the Riverwalk was added.

Bill Fay Park

New metal roofs were installed on the picnic shelter at the entrance to the park, concession stand, and bathroom facility. We have also installed a new picnic shelter beside the tennis courts. All scores buildings have been equipped with metal roofs and have been painted. The Par 3 Golf Course was landscaped and new signage was installed in the park.

Joel Smith Memorial Disc Golf Course is underway and will inhabit the wooded space behind the playground structure at Bill Fay Park. We hope to have this completed before the fall of 2020.

Holloway Recreation Center

New HVAC systems will be installed throughout the entire facility. Through a grant, renovations to Holloway pool and pool house will be done. We have also installed new padding in the gym area for greater safety and aesthetics.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Unrestricted fund balance (committed, assigned, and unassigned components of fund balance) in the general fund at year-end was 25 percent of total general fund revenues. This amount is approximately 5 percent above the informal guidelines utilized by the Council for budgetary and planning purposes.

The Council periodically reviews its goals during the year and concentrates efforts during budget season. The Council has set a benchmark of approximately 20 percent fund balance, and each year establishes a list of priorities it wishes to focus on in current and upcoming budget years. It has deemed street construction and reconstruction, support of resilient and well prepared police and fire departments, replacement of water, sewer and electric infrastructure, and redevelopment of downtown Kinston properties to encourage investment in the community as its top priorities. During the budgetary process, staff endeavors to address these goals with the revenues allocated. In terms of long-term planning, staff prepares and updates a Street Condition Survey report that details each City owned street, its condition and where it falls in the replacement schedule. In addition to the goals mentioned, the Council has also expressed its desire to maintain a consistent level of essential services provided to the residents and business of the City with a focus on fiscally responsible spending of resources.

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

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

To further address long range planning by the City, the following narratives of upcoming projects are provided to assist the reader.

PLANNING AND INSPECTIONS DEPARTMENT

In the next fiscal year we hope to implement some wholesale zoning changes to match current land use of properties. We are also looking to update the Unified Development Ordinance to match long term planning needs. Planning is also looking for more opportunities to invest in downtown, following our successful investment on Queen Street and other areas of downtown. The Planning Department will continue to partner with the UNC School of Government utilizing their help on special projects and helping find new opportunities to assist the planning and inspections department. We plan to continue to fund demolition and ongoing housing rehab grants to achieve our ultimate goal of blight removal and renovation of housing units in Kinston. We are working with the Public Services Department to develop a BUILD grant application to bolster the public transportation system with particular focus on the impacts to the City with the aspiration of having one or more dedicated routes to help City residents access critical facilities, job centers, and commercial areas. The department will continue to improve relations with the development community and will provide the greatest level of service possible.

KINSTON POLICE DEPARTMENT

Kinston Police Department will continue to be an active member in organized Regional Task Forces focusing on reducing violent crime in our community. Kinston Police Department will work towards maintaining an adequate police cruiser fleet for the Support Services and Investigation's Division.

The Department will continue replacing and upgrading technology equipment, such as; Mobile Data Computers, Surveillance Cameras, Other Recording Devices used for Covert Operations.

The Department is in the process of becoming National Incident-Based Report System compliant by converting Uniform Crime Reports to NIBRS reports that provides more useful statistics to promote constructive discussion, measured planning, and informed policing.

The Kinston City Police is committed to positively changing the department in order to:

- Continue a proactive hiring process seeking qualified individuals and develop a workforce reflective of the community
- Implement data-driven approaches to crime and traffic safety and continue to focus on community oriented police strategies to reduce crime
- Foster an organizational structure of accountability and transparency

2020 Coronavirus Emergency Supplemental Funding Grnat

On May 28, 2020, the Office of Justice Programs at the Department of Justice approved and awarded our application for funding under the BJA FY20 Coronavirus Emergency Supplemental Funding Grant in the amount of \$79,924 for the City of Kinston.

The Kinston Police Department will purchase equipment and PPE supplies for agency personnel for personal protection equipment. The Kinston Police Department is not currently equipped with such gear. By purchasing this type of equipment and PPE supplies, officers and nonsworn staff of the Kinston Police Department will be better prepared to combat the spread of diseases such as the Coronavirus. This equipment (and PPE supplies) helps to resolve and prevent situations from occurring from current diseases as well as possible bioterrorism attacks.

KINSTON DEPARTMENT OF FIRE & RESCUE

The Department will expand delivery capabilities through implementation of new fire and rescue technologies. The training center will assist with developing and maintaining a high level skill set for all fire personnel with a concentration on live burns, rapid intervention training, extrication, search drills, forcible entry, and many other areas needed for an all hazards approach after further development. The Department will continue the smoke alarm and car seat program, with plans to incorporate a new program with a concentration on a senior population (Remembering When). The Department is wishing to incorporate an internship program specific to Kinston High students, to provide opportunities for future employment.

PUBLIC SERVICES

Lawrence Heights Water Line Replacement

The project will involve the replacement of 8,800 linear feet of old cast iron and galvanized waterlines. We currently experience numerous leaks and color/taste/odor complaints from residents in the neighborhood. The estimated contract cost for the work is \$920,025. The City was approved for a Clean Water State Revolving Fund 0% interest loan with 50% forgiveness, for the full amount of the project in June 2018. The project was on hold until the sewer funds are available. Plans and specifications have been submitted to funding agency for approval prior to bidding. Construction should begin in 2021.

Lawrence Heights Sewer Line Replacement

The Lawrence Heights Sewer Line Replacement project is the #5 project on the Wastewater Capital Improvement Plan. It involves the replacement of all gravity sewer lines on the subdivision, located between Old Snow Hill Road and Highland Avenue. The estimated cost of the work is \$3.3 million. In September, 2017, the City applied for funding to both the Community Development Block Grant – Infrastructure Program and to the Clean Water State Revolving Fund/Wastewater Reserve Program. Kinston could receive up to \$2.5 million in grant funds from these sources. Any work not covered by grant funds would be eligible for a zero percent interest SRF loan. We received approval for SRF funds of \$3.3 million with \$500,000 forgiveness, but were not chosen for the CDBG funds. City worked with local groups to complete additional income surveys and reapplied for CDBG funding in September 2018. City was awarded a \$2 million CDBG grant in January, 2019, which will reduce the SRF loan amount. Plans and specifications have been submitted to funding agency for approval prior to bidding. Construction should begin in 2021. City plans to bid water and sewer work as one project.

Briery Run Sewer Rehabilitation – Phase V

Phase V of the work on the Briery Run Sewer Outfall will involve the replacement of all manholes between Wallace Family Road and Highway 11. Much of this project is in low, wet areas adjacent to the Briery Run stream. Staff has discovered significant inflow and infiltration through the manholes. Some of the manholes have become completely submerged due to heavy rain events and others have severe leaks through joints in the manholes and at the pipe connections in and out of the manholes. Estimated cost of the project is \$1,332,700. The City applied for funding from the Clean Water State Revolving Fund/Wastewater Reserve in September, 2016. The city received a 20-year zero percent interest loan in the amount of \$1,332,700. No principal forgiveness was provided. The Engineering Report was submitted in July 2017. Responses are being provided to NCDWQ and US Army Corps of Engineers. Permit approval is pending as of 2019. Project was bid in February 2019. Lowest bid was nearly double the project funds. City rejected bids and declined the loan. Project funding will be requested again in the future. City re-applied for funding in September, 2019. We received an award for 100% loan funding in February, 2020.

Queen Street Bridge Lighting

NCDOT has agreed to provide funding to install lights on the newly constructed Queen Street Bridge. Agreements have been executed but the installation has been delayed until the design team for the bridge has completed their work. NCDOT has delayed their design work on the entranceways indefinitely. Toward the end of FY19-20 the City decided to move forward on the bridge lighting. Expect work to begin in fall of 2020.

Greenmead Water Line Replacement Project

This project will replace 19,500 feet of cast iron and galvanized water lines that are over 50 years old in the Greenmead Subdivision. City received a Drinking Water State Revolving Fund loan of \$1,299,887. The City will provide cash of \$26,000. The estimated project cost is \$1,325,887. City Council accepted the loan offer in September, 2019. Staff has prepared full construction plans and specifications to submit to the funding agency for their approval prior to bidding. Construction expected to begin in 2021.

Smithfield Way West Gravity Sewer Extension Project

This project will extend 18" gravity sewer line approximately 2,100 feet along Smithfield Way from Parrott-Dickerson Road to Enterprise Boulevard. This project will allow the City to serve future development at the Falling Creek Farm property, Lenoir County Shell Building and Parrott properties in the Industrial Park. Lenoir County Economic Development Committee applied for a Department of Commerce grant which has been awarded. Engineering work began in early 2019. The estimated project cost is \$789,500. WithersRavenel has been hired by Lenoir County to provide engineering services on this project and design plans are 90% complete. Construction permit applications have been submitted. Required easements have been obtained from two property owners. Lenoir County is handling all contracts/financial administration. City is functioning as technical advisor and will accept project infrastructure upon completion of the project.

PARKS AND RECREATION

Emma Webb Pool

Due to multiple cracks and structural problems, the pool at Emma Webb cannot be repaired. We are working to secure grant funding to renovate the park including the pool area, walking track, and playground space. Also, it is recommended that the existing bathhouse be remodeled.

Skateboard/Bicycle Park

A skateboard/bicycle park is currently being discussed to be added in one of the parks. The Caswell Ram Neuse Park site, Emma Webb Park or the Rotary Dog Park have been suggested as possible locations for the park.

Pearson Park

New restrooms are currently being discussed to be added at the park between the Farmer's Market and the Loch Neuse Dragon playground area.

OTHER INFORMATION

Relevant Financial Policies

The City of Kinston has adopted a comprehensive set of financial policies. During the current year, one of these policies was particularly relevant. The City of Kinston has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). As a result of the economic downturn, however, estimated revenues were less than appropriations for the General Fund (\$24,447,496 versus \$24,878,992). In such cases, the policy allows for the appropriation of fund balance to close the gap. The amount necessary for this purpose in the original budget was \$431,496, which increased to \$1,306,707 in the final amended budget. However, thanks to measures taken during the year to control expenditures, the City of Kinston ultimately had to spend only \$150,085 of General Fund appropriated fund balance to close the operating deficit for the year.

Awards and Acknowledgements

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, 2019. In order to be awarded a Certificate of Achievement, a Government Unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and the City will be submitting it to the GFOA to determine its eligibility for another certificate.

The City of Kinston also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2019. To qualify for the Distinguished Budget Presentation Award, the City of Kinston's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications devise.

The preparation of this report could not be accomplished without the skill, effort, efficient and dedicated services of the entire staff of the Finance Department. We also acknowledge the valuable professional service provided by the accounting firm of RH CPAs, PLLC, and appreciate their assistance in preparing this report. Credit is also due to the Mayor, City Council, Department Heads, and all City staff, for their unfailing support for maintaining the highest standards of professionalism in the management of The City of Kinston's finances.

Respectfully submitted,

Donna H. Goodson

Donna H. Goodson, CPA
Finance Director

Tony Sears

Tony Sears,
City Manager

City of Kinston
City Council
Administrative and Financial Staff
For the Year Ended
06/30/2020

City Council Members and Staff
Don Hardy, Mayor
Felicia Solomon, Mayor Pro-Tem
Sammy C. Aiken
Antonio Hardy
Robert A. Swinson, IV
Kristal Suggs

Debra Thompson, City Clerk
James P. Cauley, III, City Attorney

Administrative and Financial Staff
Tony Sears, City Manager
Donna Goodson, Finance Director

State and Local Government Finance Division
North Carolina Department of State Treasurer

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**City of Kinston
Organizational Structure
FY 2019-2020**



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Government Finance Officers Association

**Certificate of
Achievement
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Reporting**

Presented to

**City of Kinston
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Monell

Executive Director/CEO

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FINANCIAL SECTION

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Basic Financial Statements

Required Supplemental Financial Data

Combining, Individual Fund Statements, and Schedules

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 82, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability (Asset) and Contributions on pages 83 and 84, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 78 and 79, and the Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 80 and 81 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Kinston, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2, U.S. Cost of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Implementation Act*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated February 19, 2021 on our consideration of the City of Kinston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kinston's internal control over financial reporting and compliance.

RH CPAs, PLLC

Greensboro, North Carolina
February 19, 2021

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City of Kinston, North Carolina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

As management of the City of Kinston (the “City”), we offer readers of the City of Kinston’s financial statements this narrative overview and analysis of the financial activities of the City of Kinston for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here, in conjunction with additional information that we have furnished in the City’s financial statements, which follow this narrative.

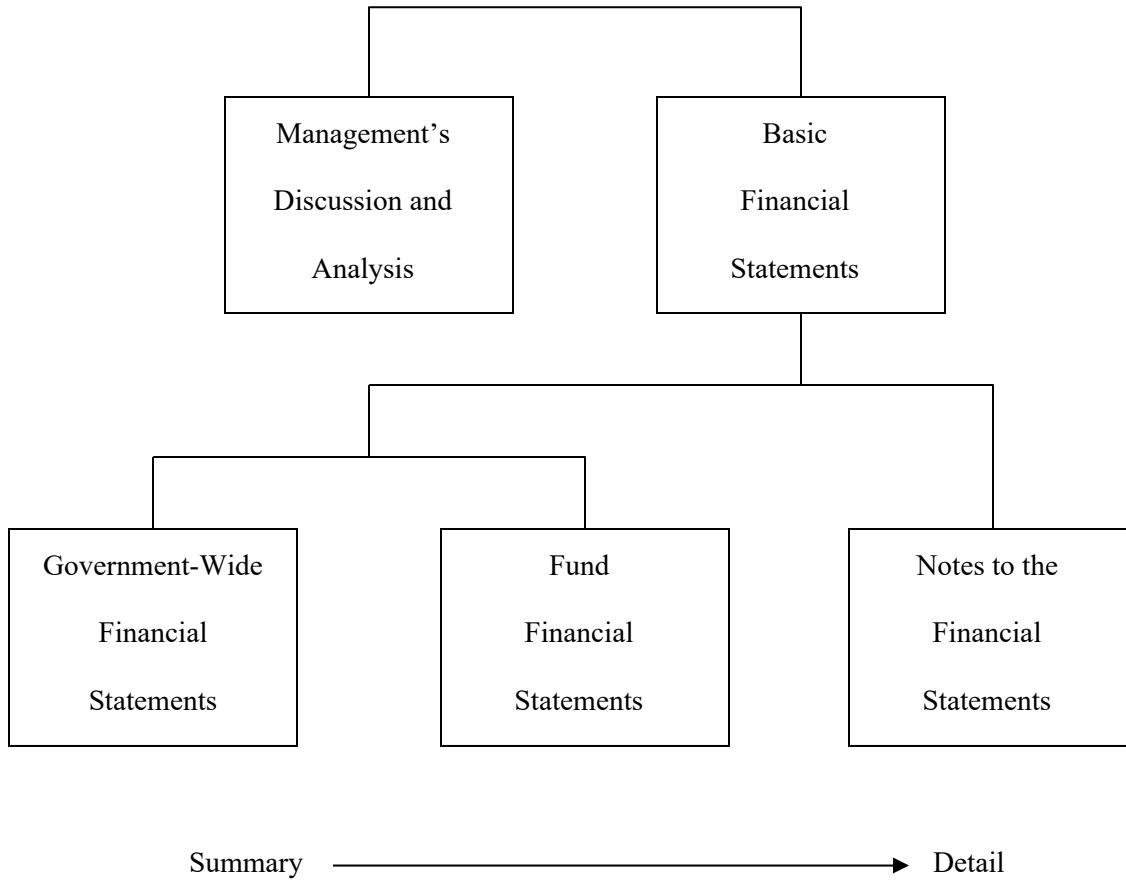
Financial Highlights

- The assets and deferred outflows of resources of the City of Kinston exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$164,071,618 (*net position*).
- The government’s total net position increased by \$11,639,218, which consists of an increase in the governmental-type activities net position and business-type activities.
- As of the close of the current fiscal year, the City of Kinston’s governmental funds reported combined ending fund balances of \$16,809,209 with an increase of \$1,884,651 in fund balance. Approximately 64% of this total amount, or \$10,791,515, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,544,941, or 21.46%, of total General Fund expenditures and transfers out for this fiscal year.
- The City of Kinston’s total debt increased by \$2,762,644 (7.02%) during the current fiscal year. The key factors in this increase were the issuance of general obligation bonds of \$3,726,312 for the expansion to the sanitary sewer system; an increase of \$3,399,672 in installment contracts relating to purchases of vehicles and equipment, and an increase of \$426,629 in the net pension liability for the Local Government Employees Retirement System (LGERS). Increases were offset by planned debt service principal payments of \$3,501,281 and \$1,000,000 of principal forgiveness from the NC Infrastructure Finance Section Revolving Fund of the Department of Environmental Quality.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

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

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

The City of Kinston adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of

accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

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

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Kinston's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 78 of this report.

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

Government-Wide Financial Analysis

City of Kinston's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$23,006,898	\$21,839,264	\$ 51,906,624	\$ 45,974,545	\$ 74,913,522	\$ 67,813,809
Capital assets	26,278,162	25,232,361	110,601,390	107,853,672	136,879,552	133,086,033
Deferred outflows of resources	2,546,600	2,745,659	1,141,611	1,467,909	3,688,211	4,213,568
Total assets and deferred outflows of resources	51,831,660	49,817,284	163,649,625	155,296,126	215,481,285	205,113,410
Long-term liabilities outstanding	23,325,258	21,874,158	14,594,089	13,823,382	37,919,347	35,697,540
Other liabilities	4,193,494	4,899,577	8,490,205	11,589,020	12,683,699	16,488,597
Deferred inflows of resources	779,372	471,208	27,249	23,665	806,621	494,873
Total liabilities and deferred inflows of resources	28,298,124	27,244,943	23,111,543	25,436,067	51,409,667	52,681,010
Net position:						
Net investment in capital assets	14,074,186	14,693,708	95,279,046	93,488,343	109,353,232	108,182,051
Restricted	11,285,710	10,437,314	-	-	11,285,710	10,437,314
Unrestricted	(1,826,360)	(2,558,681)	45,259,036	36,371,716	43,432,676	33,813,035
Total net position	\$23,533,536	\$22,572,341	\$140,538,082	\$126,407,080	\$164,071,618	\$152,432,400

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Kinston exceeded liabilities and deferred inflows by \$164,071,618 as of June 30, 2020. The City's net position increased \$11,639,218 for the fiscal year ended June 30, 2020. However, the largest portion (70.97%) reflects the City's net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). The City of Kinston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Kinston's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Kinston's net position, \$11,285,710, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$43,432,676 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.58%. The State-wide average in fiscal year 2019 was 98.78%.
- Property tax rate increase of \$.03 per \$100 valuation
- Received reimbursements from FEMA and insurance for damages sustained during Hurricanes Matthew, Florence, and Dorian in excess of \$1.5 million.
- Installment Debt issued in excess of \$2.4 million for new ladder truck and other vehicles purchased in prior years.
- \$1,000,000 of principal forgiveness from the NC Infrastructure Finance Section Revolving Fund of the Department of Environmental Quality.
- Actual spending was less than the original appropriated expenditure bearing positive increases to the governmental and business-type funds net position.

City of Kinston's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 3,640,871	\$ 1,716,064	\$ 67,951,582	\$ 72,268,165	\$ 71,592,453	\$ 73,984,229
Operating grants and contributions	829,991	865,853	-	-	829,991	865,853
Capital grants and contributions	-	-	26,299	6,937	26,299	6,937
General revenues:						
Property taxes	10,025,472	9,930,882	-	-	10,025,472	9,930,882
Other taxes	6,560,641	6,584,360	-	-	6,560,641	6,584,360
Grants and contributions not restricted to specific programs	2,889,155	2,399,830	2,250,050	2,250,247	5,139,205	4,650,077
Other	3,231,650	852,916	1,711,689	185,292	4,943,339	1,038,208
Total revenues	27,177,780	22,349,905	71,939,620	74,710,641	99,117,400	97,060,546
Expenses:						
General government	7,109,297	3,293,480	-	-	7,109,297	3,293,480
Public safety	12,070,545	10,379,634	-	-	12,070,545	10,379,634
Public services	3,335,583	5,689,563	-	-	3,335,583	5,689,563
Community development	359,283	1,162,463	-	-	359,283	1,162,463
Culture and recreation	3,966,588	4,031,531	-	-	3,966,588	4,031,531
Interest on long-term debt	422,143	328,206	-	-	422,143	328,206
Electric	-	-	38,231,100	41,931,685	38,231,100	41,931,685
Water	-	-	9,032,211	8,899,572	9,032,211	8,899,572
Wastewater			7,021,821	6,961,763	7,021,821	6,961,763
Nonmajor fund	-	-	6,076,136	6,071,391	6,076,136	6,071,391
Total expenses	27,263,439	24,884,877	60,361,268	63,864,411	87,624,707	88,749,288
Change in net position before transfers	(85,659)	(2,534,972)	11,578,352	10,846,230	11,492,693	8,311,258
Transfers	957,250	7,393,251	(957,250)	(7,393,251)	-	-
Increase in net position	871,591	4,858,279	10,621,102	3,452,979	11,492,693	8,311,258
Beginning net position	22,572,341	17,714,062	129,860,059	126,407,080	152,432,400	148,979,421
Net position, beginning, restated	22,661,945	17,714,062	129,916,980	126,407,080	152,578,925	144,121,142
Net position, June 30	\$ 23,533,536	\$ 22,572,341	\$ 140,538,082	\$ 129,860,059	\$ 164,071,618	\$ 152,432,400

Total government-wide revenues of \$99.1 million were primarily derived from charges for services (72%) and property taxes and other taxes (17%). The total expenses of all programs were \$87.6 million. The expenses cover a range of services with the two largest being electric services (44%), and public safety (fire/EMS, police, and inspections/code enforcement) (14%).

Governmental Activities

Governmental activities increased the City's net position by \$871,591, thereby accounting for 8% of the total growth in the net position of the City of Kinston. The increase in net position was the result of increased revenue generation from a property tax rate increase as well as continued efforts to control costs and manage expenditures to conserve resources. City management continued to reduce non-essential programs to a minimum and implemented cost-saving strategies across City departments. The City's decision to switch to a self-insured health insurance plan continues to minimize the increase in costs of providing health benefits to eligible employees. Certain non-recurring expenses were either postponed or renegotiated in an attempt to maintain a healthy net position. Management believes healthy investment in the City will result in additional revenues, adding to the City's net position by investing in capital assets which were largely funded by cultural, recreational and economic development grant revenues. Contributing to a favorable net position are continued diligent efforts to maximize tax collections. Due to the conservative nature of the budgeting process, tax revenues did not appreciably decline in the current year. City management acknowledges that 2020 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health. As part of the long-term strategy, three items in particular stand out for management that will need to be addressed in the upcoming budgets that being 1) the tax revaluation effective in fiscal year 2017-2018 with a corresponding tax rate increase closer to the revenue neutral rate from the prior years; 2) the continued monitoring of health benefits costs to minimize increases in rates while providing excellent health benefits; and 3) employee retainage by providing competitive salaries and benefits to minimize personnel turnover and corresponding training expenses.

Key elements of this increase are as follows:

- Property tax rate increase of \$.03 per \$100 valuation
- Received reimbursements from FEMA and insurance for damages sustained during Hurricanes Matthew, Florence, and Dorian in excess of \$1.5 million.
- Installment Debt issued in excess of \$1.9 million for new ladder truck and other vehicles purchased in prior years.

Business-Type Activities

Business-type activities increased the City's net position by \$10,621,102, thereby accounting for 92% of the total growth in the net position of the City of Kinston. A key element of this increase was due to significant decreases in purchased power costs within the Electrical Fund

Key elements of this increase are as follows:

- Installment Debt issued for \$500,000 for vehicles purchased in prior years.
- \$1,000,000 of principal forgiveness from the NC Infrastructure Finance Section Revolving Fund of the Department of Environmental Quality.
- Reduction in transfers to governmental funds to cover costs of damage sustained by hurricanes
- Continued streamlining of expenses primarily in the reduction of purchased power costs of \$3.6 million.

Financial Analysis of the City's Funds

As noted earlier, the City of Kinston uses fund accounting to ensure and demonstrates compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Kinston's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Kinston's financing requirements.

The General Fund is the chief operating fund of the City of Kinston. At the end of the current fiscal year, available fund balance of the General Fund was \$4.9 million, while total fund balance was \$7.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 24% of total General Fund expenditures and transfers out, less long-term debt issued, while total fund balance represents 35% of the same amount.

At June 30, 2020, the governmental funds of the City of Kinston reported a combined fund balance of \$16.8 million, a 13% increase from last year. The General Fund reported decrease in fund balance of \$150,000, while the nonmajor governmental funds reported a combined increase in fund balance of \$2,034,736 primarily due to loan proceeds received for a new fire ladder truck that were expended in prior years and FEMA reimbursements associated with costs expended in prior years from Hurricanes Matthew and Florence.

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

There were several reasons the City revised its budget throughout the year. The most significant relates to the annual appropriation to pay for prior year purchases. Another reason relates to the funding of expenditures related to the repairing the electronic score board at Grainger Stadium for the upcoming Down East Wood Ducks baseball season, funded entirely by a transfer from general fund. An additional reason relates to the establishment of a special revenue fund to cover costs associated with the Jetstream Fire Protection Line to provide adequate water flow to supply pumps for a fire sprinkler system for a \$10.5 million investment being constructed at the North Carolina Global Transpark, funded entirely by a transfer from general fund. A final reason relates to the establishment of a capital project fund to establish a 2020 Road Improvements Project, funded entirely with unspent appropriations in the Street Maintenance division of the General Fund.

Proprietary Funds. Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$31.3 million in the Electric Fund, \$10.5 million in the Water Fund, \$(2.0) million in the Wastewater Fund, and \$3.0 million in the nonmajor enterprise funds. The Electric Fund, Water Fund, Wastewater Fund and combined non-major enterprise funds experienced growth in net position of \$8.9 million, \$1.2 million, \$239 thousand, and \$184 thousand, respectively.

Capital Asset and Debt Administration

Capital Assets. The City of Kinston's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$136.9 million (net of accumulated depreciation). These assets include buildings, improvements other than buildings, equipment and vehicles, electric, water, and wastewater operating plant and infrastructure, and construction in process. This amount represents a net increase of \$3.8 million, or 2.85%, over last year.

Major capital asset transactions during the year include the following:

- Window and roof replacements to several recreation buildings at a cost of \$89 thousand.
- Street construction at a cost of \$219 thousand.
- Eleven police vehicles and one fire vehicle purchased and equipped at a cost of \$401 thousand
- Construction in progress in the General Fund consists primarily of improvements to Queen Street Redesign in the amount of \$1.4 million
- Water fund SCADA upgrade in the water ops and water production departments at a combined cost of \$136 thousand
- Wastewater Services fund purchased of a New Vector Jet/Vac truck at a cost of \$416 thousand
- Wastewater Services fund construction of KRWRF Biosolids Dryer Project and Briery Run Phase IV project at costs of \$1.3 million and \$2.5 million, respectively
- Electric fund purchased a Bucket Truck at a cost of \$247 thousand
- Continuing electric distribution system improvements at a cost of \$326 thousand
- Continuing electric infrastructure improvements at Second POD, SmartGrid system and circuit rebuild projects at a combined cost of \$2.1 million
- Environmental Services fund purchased a commercial front loader at a cost of \$262 thousand.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,801,831	\$ 3,801,770	\$ 1,222,643	\$ 1,222,643	\$ 5,024,474	\$ 5,024,413
Infrastructure	1,859,726	1,844,028	863,787	790,701	2,723,513	2,634,729
Buildings and improvements	10,145,187	10,639,638	28,352,371	29,402,406	38,497,558	40,042,044
Equipment and vehicles	1,199,900	1,216,485	2,198,744	2,277,104	3,398,644	3,493,589
Distribution system	-	-	48,810,569	50,945,778	48,810,569	50,945,778
Construction in progress	9,271,518	7,730,440	29,153,276	23,215,040	38,424,794	30,945,480
Total	\$26,278,162	\$25,232,361	\$ 110,601,390	\$ 107,853,672	\$ 136,879,552	\$ 133,086,033

Additional information on the City's capital assets can be found in Note 3.A.5 of the Basic Financial Statements.

Long-Term Debt. At June 30, 2020, the City of Kinston had total bonded debt outstanding of \$13,853,002. Of this, \$11,577,002 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured by specified revenue sources (e.g. revenue bonds).

City of Kinston's Outstanding Debt
Figure 5

	Governmental		Business-type		Total	
	Activities	2020	Activities	2019	2020	2019
Installment debt		\$ 12,203,976	\$ 10,536,288	\$ 1,469,342	\$ 1,082,868	\$ 13,673,318 \$ 11,619,156
General obligation bonds		-	-	11,577,002	9,757,463	11,577,002 9,757,463
Revenue bonds		-	-	2,276,000	3,525,000	2,276,000 3,525,000
OPEB		4,320,200	4,743,598	-	-	4,320,200 4,743,598
Pension related debt (LGERS)		3,685,997	3,246,055	1,875,526	1,889,116	5,561,523 5,135,171
Pension related debt (LEOSSA)		3,618,572	3,559,172	-	-	3,618,572 3,559,172
Pension related debt (SSA)		-	1,962	-	-	- 1,962
Compensated absences		758,013	687,996	341,812	334,278	1,099,825 1,022,274
Total		\$ 24,586,758	\$ 22,775,071	\$ 17,539,682	\$ 16,588,725	\$ 42,126,440 \$ 39,363,796

City of Kinston's Outstanding Debt.

The City's total outstanding debt increased by \$2,762,644 (7.02%) during the past fiscal year, primarily due to 3,400,000 notes payable issued for vehicle purchases for current year and 2 prior years; \$611,841 general obligation loans issued for Queen Street sewer improvements including a \$500,000 principal forgiveness; \$635,831 general obligation loans issued for KRWRF Biosolids Dryer Project; and \$2,478,6740 general obligation loans issued for Briery Run Sewer Rehab Phase IV Project including a \$500,000 Principal forgiveness. All scheduled debt service payments were made timely.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Kinston is \$83,357,943.

More detailed information about the City's long-term obligations is presented in Note 3.B.5 of this report.

Economic Factors and Next Year's Budget and Rates

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

- During fiscal year 2020, six residential and five non-residential units were constructed with a value of \$2.8 million. There were 166 repairs and renovations permits issued with a total value of \$24.4 million.
- Retail sales for Lenoir County during 2020 were \$600.7 million.
- The current unemployment rate was 5.6 percent, compared to 7.6 percent for the State and 11.1 percent for the nation.
- Projections of State-Collected Local Government Tax Revenue are projecting downward due to the anticipated economic impacts of the COVID-19 pandemic

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The property tax base for the 2021 fiscal year is projected to be \$1,336,000,000 or \$32,000,000 (2.34%) less than the budgeted tax base for the prior year. A proposed tax rate of .73 per \$100 of assessed valuation and a collection rate of 97.16% and 100% for motor vehicles equates to a projected decrease of \$234 thousand in the current year property tax revenues. Sales tax revenues are expected decline by approximately \$221 thousand due to the anticipated decline in retail sales due to the COVID-19 pandemic. Revenue from debt proceeds is \$0 for the 2020 fiscal year which is a decrease in revenue of 1.06 million which was used to reimburse the General Fund for prior year vehicle purchases. Other general fund revenues are estimated to decline as well due to the anticipated economic downturn and business closings while operating costs to maintain the same service levels have increased. To offset some of these increases, the City continues to defer capital outlay spending where possible. The General Fund fund balance appropriation necessary to fund the adopted general fund budget is \$1.5 million which is a 248% increase from the prior year. The City focused on street repaving and approved \$200 thousand for street resurfacing in 2020, bringing the total spent in the last six years on street repaving to \$1.6 million (from fiscal year 2014 through fiscal year 2019).

There is no COLA increase for employees for the 2021 fiscal year. One position was eliminated in the General Fund and the full-time positions decreased to 379 FTE's. There was an 8.3 percent increase in the cost of the City's portion of employee health insurance. The creation of the Health Self Insurance Fund has allowed the City to avoid a potential 20% rate increase from BCBS during the same time frame. There was also a 1.2% increase in the City's retirement contribution to the NC LGERS retirement system. The General Fund initial budget for 2020-2021 decreased .92 percent from \$24.9 million to \$24.7 million. The decrease in the new budget is mostly attributable to decreases in capital expenditures.

Business-type Activities: The Sewer Fund is the one business-type fund that has implemented a 10% rate fee increase for the 2021 fiscal year. Personnel expenses will increase due to the 8.3 percent increase in the City's portion of health insurance and the 1.2% increase in the City's portion of the NC LGERS retirement system. All other operating expenses will increase 4.85 % as a result of electrical fund capital additions.

Contacting the City's Financial Management and Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional financial information should be directed to the Director of Finance, City of Kinston, P.O. Box 339, Kinston, North Carolina, 28502, or call (252) 939-3281. One can also visit our website www.ci.kinston.nc.us or send an email via our email page on our website for more information.

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BASIC FINANCIAL STATEMENTS

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

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MAJOR FUNDS

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

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CITY OF KINSTON, NORTH CAROLINA
Statement of Net Position
June 30, 2020

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 19,438,400	\$ 39,759,874	\$ 59,198,274
Taxes receivables - net	586,257	-	586,257
Accounts receivable - net	275,917	403,884	679,801
Due from government agencies	2,182,908	142,309	2,325,217
Customer receivables - net	-	8,497,133	8,497,133
Notes receivable	180,715	-	180,715
Inventories	324,984	1,373,904	1,698,888
Prepaid expenses	17,717	-	17,717
Restricted cash and investments	-	1,729,520	1,729,520
Total current assets	<u>23,006,898</u>	<u>51,906,624</u>	<u>74,913,522</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	13,073,349	30,375,919	43,449,268
Other capital assets, net of depreciation	13,204,813	80,225,471	93,430,284
Total capital assets	<u>26,278,162</u>	<u>110,601,390</u>	<u>136,879,552</u>
Total assets	<u>49,285,060</u>	<u>162,508,014</u>	<u>211,793,074</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	69,131	-	69,131
Pension deferrals	2,477,469	1,141,611	3,619,080
Total deferred outflows of resources	<u>2,546,600</u>	<u>1,141,611</u>	<u>3,688,211</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	2,302,213	3,815,092	6,117,305
Prepaid fees	34,330	-	34,330
Unavailable revenues	595,451	-	595,451
Customer deposits	-	1,729,520	1,729,520
Current portion of long-term liabilities	1,261,500	2,945,593	4,207,093
Total current liabilities	<u>4,193,494</u>	<u>8,490,205</u>	<u>12,683,699</u>
Long-term liabilities:			
Net pension liability (LGERS)	3,685,997	1,875,526	5,561,523
Total pension liability (LEOSSA)	3,618,572	-	3,618,572
OPEB liability	4,320,200	-	4,320,200
Due in more than one year	11,700,489	12,718,563	24,419,052
Total long-term liabilities	<u>23,325,258</u>	<u>14,594,089</u>	<u>37,919,347</u>
Total liabilities	<u>27,518,752</u>	<u>23,084,294</u>	<u>50,603,046</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	11,675	-	11,675
Other	127,328	-	127,328
OPEB deferrals	462,912	-	462,912
Pension deferrals	177,457	27,249	204,706
Total deferred inflows of resources	<u>779,372</u>	<u>27,249</u>	<u>806,621</u>
NET POSITION			
Net investment in capital assets	14,074,186	95,279,046	109,353,232
Restricted for:			
Stabilization by State Statue	2,500,691	-	2,500,691
Subsequent year's expenditures	431,240	-	431,240
Permanently restricted for cemetery perpetual maintenance	75,000	-	75,000
Temporarily restricted	8,278,779	-	8,278,779
Unrestricted	<u>(1,826,360)</u>	<u>45,259,036</u>	<u>43,432,676</u>
Total net position	<u>\$ 23,533,536</u>	<u>\$ 140,538,082</u>	<u>\$ 164,071,618</u>

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

Exhibit 2

CITY OF KINSTON, NORTH CAROLINA
Statement of Activities
For the year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Primary government:						
Governmental activities:						
General government	\$ 7,109,297	\$ 1,720,321	\$ 89,741	\$ (5,388,976)	\$ (11,830,586)	\$ (5,388,976)
Public safety	12,070,545	150,218	740,250		(1,755,001)	(11,830,586)
Public services	3,335,383	840,332			(359,283)	(1,755,001)
Community development	359,283	-				(359,283)
Cultural and recreation	3,966,588	930,000				(3,036,588)
Interest on long-term debt	422,143	-				(422,143)
Total governmental activities	<u>27,263,439</u>	<u>3,640,871</u>	<u>829,991</u>	<u>(22,792,577)</u>	<u>-</u>	<u>(22,792,577)</u>
Business-type activities:						
Electric	38,231,100	45,879,245	-	-	7,648,145	7,648,145
Water	9,032,211	9,844,974	-	-	839,062	839,062
Wastewater	7,021,821	6,188,798	-	-	(833,023)	(833,023)
Nonmajor funds:						
Environmental services	3,862,783	4,124,079	-	-	261,296	261,296
Stormwater	860,300	1,024,665	-	-	164,385	164,385
Community center services	1,353,053	889,801	-	-	(463,252)	(463,252)
Total business-type activities	<u>60,361,268</u>	<u>67,951,582</u>	<u>-</u>	<u>26,299</u>	<u>-</u>	<u>7,616,613</u>
Total primary government	<u>\$ 87,624,707</u>	<u>\$ 71,592,453</u>	<u>\$ 829,991</u>	<u>\$ 26,299</u>	<u>(22,792,577)</u>	<u>7,616,613</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose				10,025,472	-	10,025,472
Other taxes				6,560,641	-	6,560,641
Grants and contributions not restricted to specific programs				2,889,155	2,250,050	5,139,205
Unrestricted investment earnings				83,160	195,947	279,107
Miscellaneous				3,148,490	1,515,742	4,664,232
Transfers				957,250	(957,250)	-
Total general revenues and transfers				<u>23,664,168</u>	<u>3,004,489</u>	<u>26,668,657</u>
Change in net position				871,591	10,621,102	11,492,693
Net position, previously reported				22,572,341	129,860,059	152,432,400
Net position, beginning as restated				22,661,945	129,916,980	152,578,925
Net position, ending				<u>\$ 23,533,536</u>	<u>\$ 140,538,082</u>	<u>\$ 164,071,618</u>

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

CITY OF KINSTON, NORTH CAROLINA
Exhibit 3
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major Fund</u>	<u>Total</u>	
	<u>General</u>	<u>Total Non-Major Funds</u>	<u>Governmental Funds</u>
ASSETS			
Cash and investments	\$ 6,433,800	\$ 9,525,814	\$ 15,959,614
Due from government agencies	1,528,871	654,037	2,182,908
Accounts receivable	179,005	37,557	216,562
Taxes receivable	586,257	-	586,257
Notes receivable	-	180,715	180,715
Inventories	82,014	-	82,014
Prepaid expenses	17,717	-	17,717
Total assets	<u>\$ 8,827,664</u>	<u>\$ 10,398,123</u>	<u>\$ 19,225,787</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,017,850	\$ 629,944	\$ 1,647,794
Prepaid privilege licenses	34,330	-	34,330
Total liabilities	<u>1,052,180</u>	<u>629,944</u>	<u>1,682,124</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	586,257	-	586,257
Prepaid property taxes	11,675	-	11,675
Pavement assessment receivables	9,048	-	9,048
GTP fire taxes receivables	146	-	146
Prepaid loan proceeds	127,328	-	127,328
Total deferred inflows of resources	<u>734,454</u>	<u>-</u>	<u>734,454</u>
FUND BALANCES			
Non-spendable, not in spendable form:			
Inventories	82,014	-	82,014
Prepaid expenses	17,717	-	17,717
Perpetual maintenance	-	75,000	75,000
Restricted:			
Stabilization by State Statute	2,047,515	290,490	2,338,005
Other	-	8,278,779	8,278,779
Committed	-	1,064,262	1,064,262
Assigned	348,833	82,407	431,240
Unassigned	4,544,951	(22,759)	4,522,192
Total fund balances	<u>7,041,030</u>	<u>9,768,179</u>	<u>16,809,209</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,827,664</u>	<u>\$ 10,398,123</u>	<u>\$ 19,225,787</u>

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

CITY OF KINSTON, NORTH CAROLINA
Balance Sheet (Continued)
Governmental Funds
June 30, 2020

Exhibit 3

Amounts reported for governmental activities in the statement of net position (exhibit 1) are different because:

Total fund balance, governmental funds	\$ 16,809,209
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	\$ 53,138,076
Accumulated depreciation	<u>(26,876,158)</u>
	26,261,918
A portion of the assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.	3,047,182
Net pension liability	(3,539,428)
Total pension liability	(3,618,572)
OPEB liability	(4,320,200)
Pension related deferrals	(175,329)
OPEB related deferrals	(462,912)
Deferred outflows of resources related to pensions are not reported in the funds	2,388,254
Deferred outflows of resources related to OPEB are not reported in the funds	69,131
Long-term liabilities, compensated absences, and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(12,925,717)</u>
Net position of governmental activities	<u>\$ 23,533,536</u>

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

CITY OF KINSTON, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4

	Major Fund	Total Non-	Total
	General Fund	Major Funds	Governmental
REVENUES			
Ad valorem taxes	\$ 10,025,472	\$ -	\$ 10,025,472
Sales and services	1,715,007	-	1,715,007
Other taxes and licenses	6,560,641	-	6,560,641
Unrestricted intergovernmental	522,763	2,366,392	2,889,155
Restricted intergovernmental	683,344	146,647	829,991
Investment earnings	69,441	3,813	73,254
Other	281,168	120,750	401,918
Total revenues	<u>19,857,836</u>	<u>2,637,602</u>	<u>22,495,438</u>
EXPENDITURES			
Current:			
General government	2,522,884	-	2,522,884
Public safety	9,846,173	101,367	9,947,540
Public services	2,610,193	-	2,610,193
Parks and recreation	3,633,297	-	3,633,297
Community development	-	1,179,099	1,179,099
Debt service:			
Principal	811,444	-	811,444
Interest	422,143	-	422,143
Capital outlay	<u>1,331,331</u>	<u>1,591,460</u>	<u>2,922,791</u>
Total expenditures	<u>21,177,465</u>	<u>2,871,926</u>	<u>24,049,391</u>
Excess (deficiency) of revenues over expenditures	<u>(1,319,629)</u>	<u>(234,324)</u>	<u>(1,553,953)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	103,654	853,994	957,648
Transfers to other funds	-	(300)	(300)
Proceeds from loan	<u>1,065,890</u>	<u>1,415,366</u>	<u>2,481,256</u>
Total other financing sources (uses)	<u>1,169,544</u>	<u>2,269,060</u>	<u>3,438,604</u>
Net change in fund balance	(150,085)	2,034,736	1,884,651
Fund balances, beginning	<u>7,191,115</u>	<u>7,733,443</u>	<u>14,924,558</u>
Fund balances, ending	<u>\$ 7,041,030</u>	<u>\$ 9,768,179</u>	<u>\$ 16,809,209</u>

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

CITY OF KINSTON, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances- total governmental funds	\$ 1,884,651
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 2,482,019
Depreciation expense for governmental assets	(1,411,176)
Loss on disposal of surplus property	<u>(33,986)</u>
	1,036,857

Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the statement of net position.	280,082
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Change in deferred outflows - pension	(199,059)
Change in deferred inflows - pension	179,431
Change in pension liability	<u>(167,820)</u>

Internal service funds are used to charge costs to individual funds. The net income of certain activities of the internal service funds are reported with governmental activities.	334,701
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issues	(2,481,256)
Principal payments on long-term debt	<u>811,444</u>
	(1,669,812)

Expenses related to compensated absences, OPEB, and Law Enforcement Officers' Separation Allowance reported in the statement of activities that do not pay for current financial obligations are not reported as expenditures in the governmental funds. This adjustment is the amount of net change in these balances in the current year.

(807,440)

Total changes in net position of governmental activities	\$ 871,591
	\$ 871,591

CITY OF KINSTON, NORTH CAROLINA

Exhibit 5

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	General Fund			Variance with Final Budget - Positive (Negative)	
	Budget		Actual Amounts		
	Original	Final			
Revenues:					
Ad valorem taxes	\$ 10,348,004	\$ 10,348,004	\$ 10,025,472	\$ (322,532)	
Sales and services	1,883,503	1,883,503	1,715,007	(168,496)	
Other taxes and licenses	6,846,965	6,846,965	6,560,641	(286,324)	
Unrestricted intergovernmental	477,678	477,678	522,763	45,085	
Restricted intergovernmental	724,288	724,288	683,344	(40,944)	
Investment earnings	51,000	51,000	69,441	18,441	
Other	244,616	291,391	281,168	(10,223)	
Total revenues	20,576,054	20,622,829	19,857,836	(764,993)	
Expenditures:					
Current:					
General government	2,770,725	2,864,768	2,522,884	341,884	
Public safety	9,949,400	9,949,400	9,846,173	103,227	
Public services	3,344,215	3,105,163	2,610,193	494,970	
Parks and recreation	4,075,613	4,165,613	3,633,297	532,316	
Community development	-	-	-	-	
Debt service:					
Principal	906,324	893,324	811,444	81,880	
Interest	431,807	431,307	422,143	9,164	
Capital outlay	1,444,967	1,838,816	1,331,331	507,485	
Total expenditures	22,923,051	23,248,391	21,177,465	2,070,926	
Revenues over (under) expenditures	(2,346,997)	(2,625,562)	(1,319,629)	1,305,933	
Other financing sources (uses):					
Transfers from (to) other funds	849,321	152,675	103,654	(49,021)	
Long-term debt issued	1,066,180	1,166,180	1,065,890	(100,290)	
Fund balance appropriated	431,496	1,306,707	-	(1,306,707)	
Total other financing sources (uses)	2,346,997	2,625,562	1,169,544	(1,456,018)	
Net change in fund balance	\$ -	\$ -	(150,085)	\$ (150,085)	
Fund balance, beginning			7,191,115		
Fund balance, ending			\$ 7,041,030		

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

CITY OF KINSTON, NORTH CAROLINA
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit 6

	Major Enterprise Funds			Non-Major	Total	Internal
	Electric Fund	Water Fund	Wastewater Fund	Enterprise Funds		
ASSETS						
Current assets:						
Cash and investments	\$ 24,521,956	\$ 9,459,818	\$ -	\$ 2,950,523	\$ 36,932,297	\$ 6,306,363
Due from government agencies	56,753	50,345	35,211	-	142,309	-
Accounts receivable - net	277,197	1,687	102,404	19,170	400,458	62,781
Customer receivables- net	5,754,450	1,167,540	885,106	690,037	8,497,133	-
Inventories	1,106,835	267,069	-	-	1,373,904	242,970
Restricted cash and cash equivalents	1,729,520	-	-	-	1,729,520	-
Total current assets	<u>33,446,711</u>	<u>10,946,459</u>	<u>1,022,721</u>	<u>3,659,730</u>	<u>49,075,621</u>	<u>6,612,114</u>
Noncurrent assets:						
Capital assets:						
Land	202,380	66,605	953,658	-	1,222,643	-
Buildings	3,671,890	648,631	41,276,198	-	45,596,719	19,468
Distribution system	40,942,530	15,723,351	53,421,287	-	110,087,168	12,655
Equipment and vehicles	2,681,260	2,959,622	3,027,667	6,188,822	14,857,371	870,683
Accumulated depreciation	(30,038,460)	(14,267,415)	(41,676,749)	(4,376,580)	(90,359,204)	(843,145)
Construction in progress	11,754,105	1,326,144	15,783,056	268,187	29,131,492	21,784
Total capital assets	<u>29,213,705</u>	<u>6,456,938</u>	<u>72,785,117</u>	<u>2,080,429</u>	<u>110,536,189</u>	<u>81,445</u>
Total noncurrent assets	<u>29,213,705</u>	<u>6,456,938</u>	<u>72,785,117</u>	<u>2,080,429</u>	<u>110,536,189</u>	<u>81,445</u>
Total assets	<u>62,660,416</u>	<u>17,403,397</u>	<u>73,807,838</u>	<u>5,740,159</u>	<u>159,611,810</u>	<u>6,693,559</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals	288,217	220,704	124,181	243,267	876,369	354,457
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	147,482	220,836	2,905,024	462,979	3,736,321	733,283
Customer deposits	1,729,520	-	-	-	1,729,520	-
Compensated absences, current	22,424	17,476	8,531	16,194	64,625	29,897
Current portion of long-term debt	672,040	260,771	1,525,402	401,927	2,860,140	-
Total current liabilities	<u>2,571,466</u>	<u>499,083</u>	<u>4,438,957</u>	<u>881,100</u>	<u>8,390,606</u>	<u>763,180</u>
Non-current liabilities:						
Net pension liability	473,505	362,589	204,014	399,658	1,439,766	582,329
Accrued compensated absences	67,272	52,429	25,588	48,578	193,867	89,695
Non-current portion of long-term debt	534,240	141,120	11,237,223	549,621	12,462,204	-
Total noncurrent liabilities	<u>1,075,017</u>	<u>556,138</u>	<u>11,466,825</u>	<u>997,857</u>	<u>14,095,837</u>	<u>672,024</u>
Total liabilities	<u>3,646,483</u>	<u>1,055,221</u>	<u>15,905,782</u>	<u>1,878,957</u>	<u>22,486,443</u>	<u>1,435,204</u>
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	6,880	5,268	2,964	5,806	20,918	8,459
NET POSITION						
Net investment in capital assets	28,007,425	6,055,047	60,022,492	1,128,881	95,213,845	81,445
Restricted for Stabilization by State Statute	-	-	-	-	-	162,686
Unrestricted	31,287,845	10,508,565	(1,999,219)	2,969,782	42,766,973	5,360,222
Total net position	<u>\$ 59,295,270</u>	<u>\$ 16,563,612</u>	<u>\$ 58,023,273</u>	<u>\$ 4,098,663</u>	<u>137,980,818</u>	<u>\$ 5,604,353</u>
Adjustment to reflect the consolidation of the Public Services Administration Internal Service Fund related to enterprise funds					<u>2,557,264</u>	
Total					<u>\$ 140,538,082</u>	

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

CITY OF KINSTON, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit 7

	Major Enterprise Funds				Non-Major Enterprise Funds	Total	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund	 			
OPERATING REVENUES							
Charges for services	\$ 45,879,245	\$ 9,871,273	\$ 6,188,798	\$ 6,038,565	\$ 67,977,881	\$ 4,175,914	
Other	138,627	240,047	1,071,835	65,007	1,515,516	2,783,696	
Total operating revenues	46,017,872	10,111,320	7,260,633	6,103,572	69,493,397	6,959,610	
OPERATING EXPENSES							
Administration	-	-	-	-	-	-	2,268,968
Public service operations	-	-	-	-	-	-	349,243
Fleet maintenance operations	-	-	-	-	-	-	164,061
Warehouse operations	-	-	-	-	-	-	391,481
Employee health operations	-	-	-	-	-	-	125,845
Electrical operations	34,874,873	-	-	-	34,874,873	-	
Environmental services	-	-	-	3,496,097	3,496,097	-	
Stormwater services	-	-	-	756,367	756,367	-	
Community center services	-	-	-	1,322,288	1,322,288	-	
Water production	-	1,322,826	-	-	1,322,826	-	
Depreciation	1,204,505	509,682	2,419,073	473,188	4,606,448	89,639	
Water operations	-	7,190,288	-	-	7,190,288	-	
Wastewater plant operations	-	-	4,436,559	-	4,436,559	-	
Claims reimbursement	-	-	-	-	-	3,118,999	
Total operating expenses	36,079,378	9,022,796	6,855,632	6,047,940	58,005,746	6,508,236	
Operating income	9,938,494	1,088,524	405,001	55,632	11,487,651	451,374	
NONOPERATING REVENUES (EXPENSES)							
Interest earned on investments	121,711	42,201	1,778	13,701	179,391	26,462	
Interest on long-term debt	(26,900)	(9,121)	(121,894)	(25,013)	(182,928)	-	
Loan issuance costs	(1,113)	(294)	(44,295)	(3,183)	(48,885)	-	
Total nonoperating revenues (expenses)	93,698	32,786	(164,411)	(14,495)	(52,422)	26,462	
Income before transfers	10,032,192	1,121,310	240,590	41,137	11,435,229	477,836	
Capital contributions	-	-	-	-	-	-	
Transfer from other funds	8,412,625	1,067,300	-	328,000	9,807,925	-	
Transfer to other funds	(9,592,625)	(976,450)	(1,700)	(185,100)	(10,755,875)	(9,400)	
Change in net position	8,852,192	1,212,160	238,890	184,037	10,487,279	468,436	
Total net position, previously reported	50,400,790	15,305,010	57,740,330	3,891,548		5,264,083	
Beginning net position, restated	50,443,078	15,351,452	57,784,383	3,914,626		5,135,917	
Total net position, ending	\$ 59,295,270	\$ 16,563,612	\$ 58,023,273	\$ 4,098,663		\$ 5,604,353	
Adjustment to reflect the consolidation of the Public Services Administration Internal Service Fund related to enterprise funds					133,823		
Change in net position - business-type activities					\$ 10,621,102		

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

CITY OF KINSTON, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit 8

	Major Enterprise Funds			Total Non-Major Funds	Total	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund			
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 46,474,611	\$ 10,152,656	\$ 7,122,593	\$ 6,076,204	\$ 69,826,064	\$ 4,071,377
Cash paid for goods and services	(36,212,631)	(7,292,292)	(3,553,075)	(3,772,818)	(50,830,816)	(4,165,684)
Cash paid to employees	(1,604,004)	(1,252,638)	(867,539)	(1,782,887)	(5,507,068)	(2,163,264)
Other operating revenues	-	-	-	-	-	2,883,184
Customer deposits	114,090	-	-	-	114,090	-
Net cash provided (used) by operating activities	8,772,066	1,607,726	2,701,979	520,499	13,602,270	625,613
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer (to) from other funds	(1,180,000)	90,850	(1,700)	142,900	(947,950)	(9,400)
Total cash flow used by noncapital financing activities	(1,180,000)	90,850	(1,700)	142,900	(947,950)	(9,400)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(2,700,129)	(213,865)	(4,245,977)	(280,988)	(7,440,959)	(11,789)
Proceeds from long-term debt	-	-	4,144,887	499,841	4,644,728	-
Principal paid on general obligation bond maturities and equipment contract	(670,253)	(268,730)	(2,434,778)	(308,011)	(3,681,772)	(8,067)
Interest paid on bonded indebtedness and equipment contracts	(28,013)	(9,415)	(166,189)	(25,013)	(228,630)	-
Contributed capital	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(3,398,395)	(492,010)	(2,702,057)	(114,171)	(6,706,633)	(19,856)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	121,711	42,201	1,778	13,701	179,391	26,462
Net cash provided (used) by investing activities	121,711	42,201	1,778	13,701	179,391	26,462
Net increase (decrease) in cash and cash equivalents	4,315,382	1,248,767	-	562,929	6,127,078	622,819
Balances, beginning	21,936,094	8,211,051	-	2,387,594	32,534,739	5,683,544
Balances, ending	\$ 26,251,476	\$ 9,459,818	\$ -	\$ 2,950,523	\$ 38,661,817	\$ 6,306,363
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 9,938,494	\$ 1,088,524	\$ 405,001	\$ 52,449	\$ 11,484,468	\$ 451,374
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	1,204,505	509,682	2,419,073	473,188	4,606,448	89,640
Non-operating revenues	-	-	-	-	-	-
Changes in assets and liabilities:	-	-	-	-	-	-
Decrease (increase) in due from government agencies:	52,887	(4,900)	(4,889)	-	43,098	-
Decrease (increase) in accounts receivable	87,780	(687)	(87,949)	(27,368)	(28,224)	(5,049)
Decrease (increase) in customer deposits	316,072	46,923	(45,202)	-	317,793	-
Decrease (increase) in inventories	11,892	35,049	-	-	46,941	(15,987)
Increase (decrease) in accounts payable and accrued liabilities	(3,075,801)	(137,053)	(25,841)	(51,139)	(3,289,834)	(828)
Increase (decrease) in customer deposits	114,090	-	-	-	114,090	-
Increase in net pension liability	133,112	22,594	27,101	29,689	212,496	38,079
(Increase) decrease in deferred outflows of resources for pensions	(23,720)	43,484	13,286	44,211	77,261	68,445
Decrease (increase) in deferred inflows of resources - pension:	2,616	1,009	748	1,172	5,545	1,642
Increase (decrease) in compensated absences payable	10,139	3,101	651	(1,703)	12,188	(1,703)
Total adjustments	(1,166,428)	519,202	2,296,978	468,050	2,117,802	174,239
Net cash provided (used) by operating activities	\$ 8,772,066	\$ 1,607,726	\$ 2,701,979	\$ 520,499	\$ 13,602,270	\$ 625,613

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

The City of Kinston is a municipal corporation that is governed by an elected mayor and a five-member Council. As required by generally accepted accounting principles, these financial statements include all funds that are controlled by, or financially dependent, on the City.

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 the relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Basis of Presentation

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

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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

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

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

The City reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and various other taxes and licenses. The primary expenditures are for public safety, street maintenance, sanitation, parks and recreation and general government services.

The City reports the following non-major governmental funds:

Special Revenue Fund. The Special Revenue Fund accounts for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has 16 special revenue funds; the individual descriptions of which are disclosed in the supplemental nonmajor fund-types section.

Capital Projects Fund. The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The City has 11 capital project funds; the individual descriptions of which are disclosed in the supplemental nonmajor fund-types section.

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

The City reports the following major enterprise funds:

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following nonmajor enterprise funds:

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

Stormwater Fund. The Stormwater Fund accounts for activities associated with building, improving, and maintaining the stormwater drainage system. The Stormwater Capital Project Fund is consolidated with the Stormwater Enterprise Fund (the operating fund) for financial reporting purposes.

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

Additionally, the City reports the following fund types:

Internal Service Funds. The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis. The City of Kinston has five internal service funds: the Employee Health Self-Insurance Fund, the Employee Health Fund, the Fleet Maintenance Fund, the Warehouse Fund, and the Public Services Administration Fund. The Employee Health Self-Insurance Fund is used to account for the City's decision to finance health insurance coverage internally rather than through a private insurance carrier because of anticipated cost savings. The Employee Health Fund is used to account for the City's decision to finance workers' compensation insurance coverage internally rather than through a private insurance carrier because of anticipated cost savings. The Fleet Maintenance Fund is used to account for the accumulation and allocation of costs associated with the City's central garage. The Warehouse Fund is used to account for the purchases of fuel and fleet maintenance inventory. The Public Services Administration Fund is used to account for the accumulation and allocation of costs associated with the management of utility and engineering services and also utility billing and customer service. The Employee Health Self-Insurance Fund, the Employee Health Fund, the Fleet Maintenance Fund, the Warehouse Fund and the

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

Public Services Administration Fund are accounted for in the governmental activities in the government-wide financial statements, and the individual fund data is provided in the Internal Service Fund section of the report. The Public Services Administration Fund is accounted for in the business-type activities in the government-wide financial statements, and the individual fund data is provided in the Internal Service Fund section of the report.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable for the fiscal year in which they are received. Uncollected taxes that were billed during this period prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Kinston because the tax is levied by Lenoir County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Licenses, fines, permits, and other revenue are not susceptible to accrual because they are generally not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

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

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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 on time.

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

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

1. Deposits and Investments

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The City's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT – Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the City before any services that are supplied are restricted to the service for which the deposit was collected. Certain unexpended grant revenues are classified as restricted assets since their use is restricted for the purpose of the grant.

Restricted cash at June 30, 2020, consists of the following:

Business-Type Activities:	
Electric Fund - customer deposits	\$ 1,729,520
Total business-type activites restricted cash	<u>\$ 1,729,520</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019.

5. Allowances for Doubtful Accounts

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

6. Inventory

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

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

Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 for equipment, vehicles, buildings, and other improvements, and \$100,000 for infrastructure and an estimated useful life in excess of one year. All purchased capital assets are valued at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend assets' lives, are not capitalized. Costs associated with construction in progress are recorded in their respective capital asset category upon approval by the City Council, which approximates the completion date.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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

The following estimated useful lives are used to compute depreciation:

<u>Assets</u>	<u>Estimated</u> <u>Useful Lives</u>
Buildings and improvements	40 years
Collection and distribution systems	25 – 40 years
Infrastructure	20 years
Equipment	3 – 15 years
Vehicles	5 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, contributions made to the pension plan in the 2020 fiscal year and pension deferrals. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that met this criterion for this category – prepaid property taxes, property taxes receivable, GTP fire taxes receivable, pavement assessment receivables, and pension and OPEB deferrals.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund-types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

10. Compensated Absences

The vacation policy of the City provides for the accumulation of up to 30 hours earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. A liability for these amounts is reported in governmental funds only if they have matured using accumulated compensate time. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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

Restricted for Stabilization by State statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety expenditures.

Restricted for Community Development – portion of fund balance that is restricted by revenue source for community development expenditures.

Restricted all other fund balance at June 30, 2020 is as follows:

Purpose	General Fund	Other Governmental Funds	Total Governmental Activities
Restricted, all other:			
Community development	\$ -	\$ 8,228,624	\$ 8,228,624
Perpetual care	-	751	751
Public safety	-	49,404	49,404
Total	\$ -	\$ 8,278,779	\$ 8,278,779

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

Committed for General Fund – Small Projects – portion of fund balance that is committed by the governing body for small projects fund.

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

Committed fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	Other Governmental Funds
General government	\$ 19,365
Public safety	164,578
Community development	607,942
Parks and recreation	272,377
Total	\$ 1,064,262

Assigned Fund Balance – Assigned fund balance is the portion of fund balance that the City of Kinston intends to use for specific purposes. The City’s governing body approves the appropriation; however, the budget ordinance authorizes the Manager and the Finance Officer to transfer appropriations from one line item within a departmental budget so long as the total departmental appropriations including capital outlay shall not be increased. However, no funds may be transferred from the salary and benefits accounts within a department without prior approval of the City Council. Funds cannot be transferred from one department to another without prior approval of the City Council. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Director to make certain modifications without requiring Board approval.

Assigned fund balance at June 30, 2020 is as follows:

Purpose	Other	
	General	Governmental
Fund	Funds	
Subsequent year's expenditures	\$ 348,833	\$ 82,407
Total	\$ 348,833	\$ 82,407

Unassigned Fund Balance – Unassigned fund balance represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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

The City has not officially adopted a fund balance policy.

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

Total fund balance - General Fund	\$ 7,041,030
Less:	
Inventories	82,014
Prepaid expenses	17,717
Stabilization by State statute	2,047,515
Total available fund balance	<u>\$ 4,893,784</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Policies (Continued)

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

	General Fund	Other Governmental Funds
Encumbrances	<u>\$ 348,833</u>	<u>\$ 82,407</u>

12. Defined Benefit Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Kinston's employer contributions are recognized when due and the City of Kinston has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

13. Use of Estimates

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

14. Reclassification

Certain amounts, for the year ended June 30, 2019, have been reclassified in these financial statements. These reclassifications had no effect on the net position for that year.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in the City's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using 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. 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 no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the City's deposits had a carrying amount of \$36,749,597 and a bank balance of \$37,048,069. Of the bank balance, \$448,103 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2020, the City's petty cash fund totaled \$6,900.

2. Investments

As of June 30, 2020, the City had \$20,473,898 in investments invested with the North Carolina Capital Management Trust's Governmental Portfolio, which carried a credit rating of AAA by Standard and Poor's. The City had no policy regarding credit risk.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

3. Receivables - Allowances for Doubtful Accounts

The receivables shown in the balance sheet and the statement of net position for the year ended June 30, 2020 is net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 172,648</u>
Enterprise Funds:	
Electric Fund	2,581,659
Water Fund	586,448
Wastewater Fund	462,952
Nonmajor enterprise funds	<u>292,416</u>
Total enterprise funds	<u>3,923,475</u>
Total allowance for doubtful accounts	<u>\$ 4,096,123</u>

Due from other governments that is owed to the City consists of the following:

<u>Governmental Activities</u>	
Due from other governments:	
Local option sales tax and other	
State shared revenues	\$ 211,627
State and local sales tax	1,343,079
Grant receivable	<u>628,202</u>
Total	<u>\$ 2,182,908</u>

4. Long-Term Loan Receivables

The City issued a note receivable on February 27, 2014 in the amount of \$225,000 from Abby Gardens, LLC in the Community Development Administration Fund for various water and sewer improvements to the Abby Gardens 48 unit apartment complex for seniors of low to middle income, payable over 20 years. Interest is calculated at 0%. Principal is due annually through April 2034. The amount outstanding at June 30, 2020 is \$180,715.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

5. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
General Fund:				
Capital assets not being depreciated:				
Land	\$ 3,801,770	\$ 61	\$ -	\$ 3,801,831
Construction in progress	7,730,440	1,547,002	5,924	9,271,518
Total capital assets not being depreciated	<u>11,532,210</u>	<u>1,547,063</u>	<u>5,924</u>	<u>13,073,349</u>
Capital assets being depreciated:				
Buildings and improvements	18,895,922	111,621	29,061	18,978,482
Equipment	6,195,778	152,651	-	6,348,429
Vehicles	7,429,281	400,972	684,056	7,146,197
Infrastructure	7,315,984	275,635	-	7,591,619
Total assets being depreciated	<u>39,836,965</u>	<u>940,879</u>	<u>713,117</u>	<u>40,064,727</u>
Less accumulated depreciation:				
Buildings and improvements	8,263,584	576,524	-	8,840,108
Equipment	5,525,462	266,861	29,061	5,763,262
Vehicles	6,883,112	307,853	650,070	6,540,895
Infrastructure	5,471,956	259,937	-	5,731,893
Total accumulated depreciation	<u>26,144,114</u>	<u>1,411,175</u>	<u>679,131</u>	<u>26,876,158</u>
Total capital assets being depreciated, net	<u>13,692,851</u>			<u>13,188,569</u>
Total General Fund capital assets, net	<u>\$ 25,225,061</u>			<u>\$ 26,261,918</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Employee Health Fund				
Internal Service Fund:				
Capital assets being depreciated:				
Buildings and improvements	\$ 19,468	\$ -	\$ -	\$ 19,468
Less accumulated depreciation:				
Buildings and improvements	12,168	487	-	12,655
Total accumulated depreciation	12,168	487	-	12,655
Total capital assets being depreciated, net	<u>7,300</u>			<u>6,813</u>
Total Employee Health Fund capital assets, net	<u>\$ 7,300</u>			<u>\$ 6,813</u>
Fleet Maintenance Fund				
Internal Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 129,121	\$ 11,789	\$ -	\$ 140,910
Vehicles	66,879	-	-	66,879
Total capital assets being depreciated	<u>196,000</u>	<u>11,789</u>	<u>-</u>	<u>207,789</u>
Less accumulated depreciation:				
Equipment	129,121	2,358	-	131,479
Vehicles	66,879	-	-	66,879
Total accumulated depreciation	<u>196,000</u>	<u>2,358</u>	<u>-</u>	<u>198,358</u>
Total capital assets being depreciated, net	<u>-</u>			<u>9,431</u>
Total Fleet Maintenance Fund capital assets, net	<u>\$ -</u>			<u>\$ 9,431</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Total Governmental Funds:				
Capital assets not being depreciated:				
Land	\$ 3,801,770	\$ 61	\$ -	\$ 3,801,831
Construction in progress	<u>7,730,440</u>	<u>1,547,002</u>	<u>5,924</u>	<u>9,271,518</u>
Total capital assets not being depreciated	<u>11,532,210</u>	<u>1,547,063</u>	<u>5,924</u>	<u>13,073,349</u>
Capital assets being depreciated:				
Buildings and improvements	18,915,390	111,621	29,061	18,997,950
Equipment	6,324,899	164,440	-	6,489,339
Vehicles	7,496,160	400,972	684,056	7,213,076
Infrastructure	<u>7,315,984</u>	<u>275,635</u>	<u>-</u>	<u>7,591,619</u>
Total assets being depreciated	<u>40,052,433</u>	<u>952,668</u>	<u>713,117</u>	<u>40,291,984</u>
Less accumulated depreciation:				
Buildings and improvements	8,275,752	577,011	-	8,852,763
Equipment	5,654,583	269,219	29,061	5,894,741
Vehicles	6,949,991	307,853	650,070	6,607,774
Infrastructure	<u>5,471,956</u>	<u>259,937</u>	<u>-</u>	<u>5,731,893</u>
Total accumulated depreciation	<u>26,352,282</u>	<u>1,414,020</u>	<u>679,131</u>	<u>27,087,171</u>
Total capital assets being depreciated, net	<u>13,700,151</u>			<u>13,204,813</u>
Governmental activities capital assets, net	<u>\$ 25,232,361</u>			<u>\$ 26,278,162</u>

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

General government	\$ 181,457
Public safety	566,688
Public services	281,823
Community development	35,839
Cultural and recreation	328,689
Internal services funds	19,524
Total	<u>\$ 1,414,020</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Business-type activities:				
Electric Fund:				
Capital assets not being depreciated:				
Land	\$ 202,380	\$ -	\$ -	\$ 202,380
Construction in progress	<u>9,637,081</u>	<u>2,190,338</u>	<u>73,314</u>	<u>11,754,105</u>
Total capital assets not being depreciated	<u>9,839,461</u>	<u>2,190,338</u>	<u>73,314</u>	<u>11,956,485</u>
Capital assets being depreciated:				
Buildings and improvements	3,671,890	-	-	3,671,890
Equipment	1,031,533	9,585	-	1,041,118
Vehicles	1,480,986	247,274	88,118	1,640,142
Distribution system	<u>40,616,284</u>	<u>326,246</u>	<u>-</u>	<u>40,942,530</u>
Total assets being depreciated	<u>46,800,693</u>	<u>583,105</u>	<u>88,118</u>	<u>47,295,680</u>
Less accumulated depreciation:				
Buildings and improvements	3,136,609	63,542	-	3,200,151
Equipment	815,392	13,872	-	829,264
Vehicles	1,251,962	144,178	88,118	1,308,022
Distribution system	<u>23,718,110</u>	<u>982,913</u>	<u>-</u>	<u>24,701,023</u>
Total accumulated depreciation	<u>28,922,073</u>	<u>1,204,505</u>	<u>88,118</u>	<u>30,038,460</u>
Total capital assets being depreciated, net	<u>17,878,620</u>			<u>17,257,220</u>
Electric Fund capital assets, net	<u>\$ 27,718,081</u>			<u>\$ 29,213,705</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 66,605	\$ -	\$ -	\$ 66,605
Construction in progress	<u>1,308,658</u>	<u>17,486</u>	<u>-</u>	<u>1,326,144</u>
Total capital assets not being depreciated	<u>1,375,263</u>	<u>17,486</u>	<u>-</u>	<u>1,392,749</u>
Capital assets being depreciated:				
Buildings and improvements	630,381	18,250	-	648,631
Equipment	1,483,920	41,844	75,290	1,450,474
Vehicles	1,537,640	-	28,492	1,509,148
Infrastructure	41,195	136,285	-	177,480
Distribution system	<u>15,545,871</u>	<u>-</u>	<u>-</u>	<u>15,545,871</u>
Total assets being depreciated	<u>19,239,007</u>	<u>196,379</u>	<u>103,782</u>	<u>19,331,604</u>
Less accumulated depreciation:				
Buildings and improvements	591,941	7,711	-	599,652
Equipment	1,186,019	120,110	75,290	1,230,839
Vehicles	1,235,367	105,181	28,494	1,312,054
Infrastructure	20,163	8,695	-	28,858
Distribution system	<u>10,828,027</u>	<u>267,985</u>	<u>-</u>	<u>11,096,012</u>
Total accumulated depreciation	<u>13,861,517</u>	<u>509,682</u>	<u>103,784</u>	<u>14,267,415</u>
Total capital assets being depreciated, net	<u>5,377,490</u>			<u>5,064,189</u>
Water Fund capital assets, net	<u>\$ 6,752,753</u>			<u>\$ 6,456,938</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Wastewater Fund:				
Capital assets not being depreciated:				
Land	\$ 953,658	\$ -	\$ -	\$ 953,658
Construction in progress	11,985,779	3,797,277	-	15,783,056
Total capital assets not being depreciated	<u>12,939,437</u>	<u>3,797,277</u>	<u>-</u>	<u>16,736,714</u>
Capital assets being depreciated:				
Buildings and improvements	41,276,198	-	-	41,276,198
Equipment	1,975,566	32,633	-	2,008,199
Vehicles	614,901	416,067	11,500	1,019,468
Infrastructure	397,697	-	-	397,697
Distribution system	53,023,590	-	-	53,023,590
Total assets being depreciated	<u>97,287,952</u>	<u>448,700</u>	<u>11,500</u>	<u>97,725,152</u>
Less accumulated depreciation:				
Buildings and improvements	13,053,004	978,323	-	14,031,327
Equipment	1,937,652	36,037	-	1,973,689
Vehicles	439,644	174,269	11,500	602,413
Infrastructure	145,048	19,885	-	164,933
Distribution system	23,693,828	1,210,559	-	24,904,387
Total accumulated depreciation	<u>39,269,176</u>	<u>2,419,073</u>	<u>11,500</u>	<u>41,676,749</u>
Total capital assets being depreciated, net	<u>58,018,776</u>			<u>56,048,403</u>
Wastewater Fund capital assets, net	<u>\$ 70,958,213</u>			<u>\$ 72,785,117</u>
 Environmental Services Fund:				
Capital assets being depreciated:				
Equipment	\$ 547,193	\$ -	\$ -	\$ 547,193
Vehicles	3,580,807	261,659	272,326	3,570,140
Total assets being depreciated	<u>4,128,000</u>	<u>261,659</u>	<u>272,326</u>	<u>4,117,333</u>
Less accumulated depreciation:				
Equipment	544,845	2,348	-	547,193
Vehicles	2,863,457	337,394	272,326	2,928,525
Total accumulated depreciation	<u>3,408,302</u>	<u>339,742</u>	<u>272,326</u>	<u>3,475,718</u>
Total capital assets being depreciated, net	<u>719,698</u>			<u>641,615</u>
Environmental Services Fund capital assets, net	<u>\$ 719,698</u>			<u>\$ 641,615</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Stormwater Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ 261,737	\$ 6,450	\$ -	\$ 268,187
Total capital assets not being depreciated	<u>261,737</u>	<u>6,450</u>	<u>-</u>	<u>268,187</u>
Capital assets being depreciated:				
Equipment	206,374	12,879	-	219,253
Vehicles	476,390	-	-	476,390
Infrastructure	692,432	-	-	692,432
Total assets being depreciated	<u>1,375,196</u>	<u>12,879</u>	<u>-</u>	<u>1,388,075</u>
Less accumulated depreciation:				
Equipment	118,344	24,583	-	142,927
Vehicles	432,913	43,476	-	476,389
Infrastructure	175,409	34,622	-	210,031
Total accumulated depreciation	<u>726,666</u>	<u>102,681</u>	<u>-</u>	<u>829,347</u>
Total capital assets being depreciated, net	<u>648,530</u>			<u>558,728</u>
Stormwater Fund capital assets, net	<u>\$ 910,267</u>			<u>\$ 826,915</u>
 Kinston Community Center Fund:				
Capital assets being depreciated:				
Buildings and improvements	\$ 630,901	\$ -	\$ -	\$ 630,901
Equipment	52,513	-	-	52,513
Total assets being depreciated	<u>683,414</u>	<u>-</u>	<u>-</u>	<u>683,414</u>
Less accumulated depreciation:				
Buildings and improvements	25,413	18,706	-	44,119
Equipment	15,337	12,059	-	27,396
Total accumulated depreciation	<u>40,750</u>	<u>30,765</u>	<u>-</u>	<u>71,515</u>
Total capital assets being depreciated, net	<u>642,664</u>			<u>611,899</u>
Kinston Community Center Fund capital assets, net	<u>\$ 642,664</u>			<u>\$ 611,899</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2019	Increases	Decreases	June 30, 2020
Public Services Administration Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ 21,784	\$ -	\$ -	\$ 21,784
Total capital assets not being depreciated	<u>21,784</u>	<u>-</u>	<u>-</u>	<u>21,784</u>
Capital assets being depreciated:				
Equipment	505,607	-	-	505,607
Vehicles	<u>169,942</u>	<u>-</u>	<u>-</u>	<u>169,942</u>
Total assets being depreciated	<u>675,549</u>	<u>-</u>	<u>-</u>	<u>675,549</u>
Less accumulated depreciation:				
Equipment	420,324	68,844	-	489,168
Vehicles	<u>125,013</u>	<u>17,951</u>	<u>-</u>	<u>142,964</u>
Total accumulated depreciation	<u>545,337</u>	<u>86,795</u>	<u>-</u>	<u>632,132</u>
Total capital assets being depreciated, net	<u>130,212</u>			<u>43,417</u>
Public Services Administration Fund capital assets, net				
	<u>\$ 151,996</u>			<u>\$ 65,201</u>
Total business-type activities capital assets, net				
	<u>\$ 107,853,672</u>			<u>\$ 110,601,390</u>

B. Liabilities

1. Payables

Accounts payable and accrued liabilities at the government-wide level at June 30, 2020 were as follows:

	Governmental Activities	Business Type Activities	Total
Accounts and vouchers	\$ 2,146,988	\$ 3,762,723	\$ 5,909,711
Accrued interest payable	-	52,369	52,369
Accrued payroll and related liabilities	155,225	-	155,225
Total accounts payable and accrued liabilities	<u>\$ 2,302,213</u>	<u>\$ 3,815,092</u>	<u>\$ 6,117,305</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

B. Liabilities

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The City of Kinston employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Kinston's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Kinston were \$1,387,184 for the year ended June 30, 2020.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the City reported a liability of \$5,561,523 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the City's proportion was 0.20365%, which was a decrease of 0.01281% from its proportion measured as of June 30, 2018.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

For the year ended June 30, 2020, the City recognized pension expense of \$2,435,072. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 952,274	\$ -
Changes of assumptions	906,436	-
Net difference between projected and actual earnings on pension plan investments	135,653	-
Changes in proportion and differences between City contributions and proportionate share of contributions	3,600	80,802
City contributions subsequent to the measurement date	1,387,184	-
Total	\$ 3,385,147	\$ 80,802

\$1,387,184 was reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 971,621
2021	281,480
2022	523,743
2023	140,317
2024	-
Thereafter	-
	\$ 1,917,161

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

The information is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 12,720,219	\$ 5,561,523	\$ (388,805)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

b. Law Enforcement Officers' Special Separation Allowance (LEOSSA)

Plan Description. The City 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the based rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increase in salary or retirement allowance 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. A separate report was not issued for the Plan.

A full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	14
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>68</u>
Total	<u>82</u>

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay-as-you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The separation allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB 73.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

DEATHS AFTER RETIREMENT (HEALTHY): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

DEATHS BEFORE RETIREMENT: RP-2014 Employee base rates projected to 2015 using MP 2015, projected forward generationally from 2015 using MP-2015.

DEATHS AFTER RETIREMENT (BENEFICIARY): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

DEATHS AFTER RETIREMENT (DISABLED): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the employees. The City's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are finance through investment earnings. The City paid \$245,628 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the City reported a liability of \$3,618,572. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the city recognized pension expense of \$280,082.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 75,651	\$ 25,118
Changes of assumptions	158,282	98,786
Total	\$ 233,933	\$ 123,904

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

\$233,933 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2021	\$	41,604
2022		46,571
2023		8,332
2024		13,257
2025		265
Thereafter		-
	\$	110,029

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.26%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total Pension Liability	\$ 3,892,100	\$ 3,618,572	\$ 3,367,728

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance

	2020
Beginning balance	\$ 3,559,172
Service cost	113,395
Interest on the total pension liability	125,083
Difference between expected and actual experience in the measurement of the total pension liability	(31,366)
Changes of assumptions or other inputs	97,916
Benefit payments	(245,628)
Ending balance of the total pension liability	\$ 3,618,572

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension expense	\$ 2,435,072	\$ 280,082	\$ 2,715,154
Pension liability	5,561,523	3,618,572	9,180,095
Proportionate share of the net pension liability	0.20365%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	952,274	75,651	1,027,925
Changes of assumptions	906,436	158,282	1,064,718
Net difference between projected and actual earnings on plan investments	135,653	-	135,653
Changes in proportion and differences between contributions and proportionate share of contributions	3,600	-	3,600
Benefit payments and administrative costs paid subsequent to the measurement date	1,387,184	-	1,387,184
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	25,118	25,118
Changes of assumptions	-	98,786	98,786
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	80,802	-	80,802

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2020 were \$207,320, which consisted of \$165,811 from the City and \$41,509 from the law enforcement officers. No amounts were forfeited.

d. Supplemental Retirement Income Plan

The City offers its employees optional participation in the Supplemental Retirement Income Plan of North Carolina, a tax deferred investment program created in accordance with Internal Revenue Code Section 401(k). The plan, available to all permanent employees not engaged in law enforcement, permits them to defer a portion of their salary until future years. The City also contributes an amount equal to 1.5% of the employees' compensation and all contributions and investment earnings are 100% vested immediately and are not tied to years of service. However, the funds are not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan has a loan provision that allows participants to borrow from their account. Contributions for the year ended June 30, 2020 were \$331,560, which consisted of \$170,470 from the City and \$161,090 from the employees. No amounts were forfeited.

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.

e. Other Post-Employment Benefits

Healthcare Benefits

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

At June 30, 2019, the membership consisted of:

Retirees and dependents receiving benefits	78
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	94
Total	<u>172</u>

Total OPEB Liability

The City's total OPEB liability of \$4,320,200 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Real wage growth	1.0 percent
Wage inflation	3.5 percent
Salary increases, including wage inflation	
General Employees	3.5 - 7.75 percent
Firefighters	3.5 - 7.75 percent
Law Enforcement Officers	3.5 - 7.35 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.89 percent
Measurement Date	3.50 percent
Health Care Cost Trends	
Pre-Medicare	7 percent for 2019 decreasing to an ultimate rate of 4.5 percent by 2026

The City selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published weekly by The Bond Buyer, and the discount rate used to measure the TOL is the Municipal Bond Index Rate as of the measurement date.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Changes in Total OPEB Liability

	2020
Beginning balance - July 1, 2019	\$ 4,743,598
Service cost	88,051
Interest on the total pension liability and cash flows	177,696
Difference between expected and actual experience	(436,041)
Changes of assumptions of other inputs	101,435
Net benefit payments	(354,539)
Ending balance of the total pension liability - June 30, 2020	<u>\$ 4,320,200</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50% due to a change in the Municipal Bond Rate.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate. The following presents the City's total OPEB liability, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Current Discount		
	1% Decrease	Rate	1% Increase
Total OPEB Liability	\$ 4,602,912	\$ 4,320,200	\$ 4,059,779

Sensitivity of the City's Total OPEB Liability to Changes in the healthcare cost trend rates. The following presents the City's total OPEB liability, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Current Discount		
	1% Decrease	Rate	1% Increase
Total OPEB Liability	\$ 4,203,160	\$ 4,320,200	\$ 4,451,872

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the City recognized OPEB expense of \$49,439. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 367,825
Benefit Payments made subsequent to the measurement date	- -	-
Changes of assumptions	69,131	95,087
Total	\$ 69,131	\$ 462,912

\$69,131 reported as deferred outflows of resources related to pensions from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ (218,722)
2021	(160,142)
2022	(14,917)
2023	- -
2024	- -
Thereafter	- -
	<u>\$ (393,781)</u>

f. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because, all death

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. 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 and for law enforcement officers. The City considers these contributions to be immaterial.

The City has also elected to provide additional group term life insurance benefits up to 1.5 times the employee's base salary, not to exceed \$200,000. This coverage is provided at no extra cost to the employee. If the combined life insurance coverage exceeds the \$50,000 limit, the excess amount is multiplied by a premium cost factor per \$1,000 based on the employee's age at December 31 provided by the IRS. This amount is then added to the employee's taxable wages on a calendar year basis. For the fiscal year ended June 30, 2020, the City made contributions of \$46,341 for this additional group term life insurance.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year (LGERS)	\$ 1,387,184
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	233,933
Difference between projected expected and actual experience (LGERS)	952,274
Changes in proportion and differences between City contributions and proportionate share of contributions (LGERS)	3,600
Changes of assumptions (LGERS)	906,436
Net difference between projected and actual earnings on pension plan investments (LGERS)	135,653
Changes of assumptions (OPEB)	69,131
Total	\$ 3,688,211

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

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

Source	Amount
Prepaid property taxes	\$ 11,675
Prepaid loan proceeds	127,328
Differences between expected and actual experience (LEOSSA)	25,118
Changes of assumptions (LEOSSA)	98,786
Changes in proportion and differences between City's contributions and proportionate share of contributions (LGERS)	80,802
Differences between expected and actual experience (OPEB)	367,825
Changes of assumptions (OPEB)	95,087
Total	<u>\$ 806,621</u>

4. 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 participates in the Inter-Local Risk Financing Fund (IRFFNC) for its general liability, property and auto liability coverage. This is one of three self-funded risk-financing pools administered by the North Carolina League of Municipalities. The City obtains general liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy and auto coverage up to \$1 million per occurrence. Additionally, through IRFFNC, the City obtains a \$5 million umbrella general liability policy for the Woodmen of the World Community Center. All other risks are covered through the purchase of commercial coverage at \$3 million per occurrence for Law Enforcement Liability, Public Officials Liability and Employment Practices Liability. The City is self-insured to a deductible of \$400,000 for workers' compensation. Safety National is the excess provider of workers' compensation coverage for claims resulting in excess of the City's retention. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request. A total of \$337,145 in claims was incurred for benefits during fiscal year 2020.

The City is also self-insured to provide health care benefits to its participants through a contract with Blue Cross Blue Shield of North Carolina. A total of \$2,781,854 in benefits were paid during the fiscal year 2020.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Claims Liability

	Year Ended June 30	
	2020	2019
Unpaid claims, beginning of fiscal year	\$ 524,662	\$ 380,000
Incurred claims (including claims incurred, but not report as of fiscal year-end)	3,200,728	485,530
Payments and reduction in claim estimates	(3,119,000)	(340,868)
Unpaid claims, end of fiscal year	<u><u>\$ 606,390</u></u>	<u><u>\$ 524,662</u></u>

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

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

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

Claims, Judgements, and Contingent Liabilities

As of June 30, 2020, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters are unknown. The possible outcome of open lawsuits may result in an adverse effect to the City's financial position. No liability has been accrued at this time due to the uncertainty of the cases.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Purchase Commitments

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

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

(Continued on next page)

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

5. Long-Term Obligations

a. Installment Contracts

Installment Contracts outstanding at June 30, 2020 are as follows:

Governmental Activities:

General Fund:

\$3,135,000 – USDA Loan – Fire Station, principal and interest of 4.75% due annually through March 2049	\$ 2,772,536
\$1,851,000 – USDA Loan – City Hall, principal and interest of 4.375% due annually through March 2039	\$ 1,448,918
\$860,000 – USDA Loan – Fire Trucks, principal and interest of 4.00% due annually through July 2030	\$ 552,692
\$2,337,500 – USDA Loan – Fire Station, principal and interest of 3.50% due annually through October 2042	\$ 2,066,743
\$2,500,000 – Bank Loan – Grainger Stadium Improvements, principal and interest of 4.60% due annually through August 2033	\$ 2,334,000
\$172,433 – Bank Loan – Equipment, principal and interest of 3.60% due annually through October 2022	\$ 105,758
\$2,675,000 – Bank Loan – Equipment, principal and interest of 1.46% due semi-annually through March 2021	\$ 299,620
\$1,083,000 – Bank Loan – Equipment, principal and interest of 1.84% due semi-annually through February 2022	\$ 142,453
\$3,527,000 – Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034	<u>\$ 2,481,256</u>
 Total governmental activities	 <u>\$ 12,203,976</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Business-Type Activities:

Water Fund:

\$2,675,000– Bank Loan – Equipment, principal and interest of 1.46% due semi-annually through March 2021 \$ 83,251

Wastewater Fund:

\$2,675,000– Bank Loan – Equipment, principal and interest of 1.46% due semi-annually through March 2021 \$ 15,968

\$3,527,000– Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034 \$ 418,575

Environmental Services Fund:

\$2,675,000– Bank Loan – Equipment, principal and interest of 1.46% due annually through March 2021 \$ 98,436

\$1,083,000– Bank Loan – Equipment, principal and interest of 1.84% due annually through February 2022 \$ 301,546

\$3,527,000– Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034 \$ 499,841

Stormwater Fund:

\$2,675,000– Bank Loan – Equipment, principal and interest of 1.46% due semi-annually through March 2021 \$ 51,725

Total enterprise funds \$ 1,469,342

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

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

Year Ending <u>June 30</u>	Governmental Activities		Business-Type Activities		Total	
	Installment Contracts		Installment Contracts		Principal	Interest
	Principal	Interest	Principal	Interest		
2021	\$ 1,071,997	\$ 457,680	\$ 581,774	\$ 39,768	\$ 1,653,771	\$ 497,448
2022	786,339	431,468	336,993	31,388	1,123,332	462,856
2023	731,706	405,065	189,380	23,973	921,086	429,038
2024	712,244	380,245	194,274	19,244	906,518	399,489
2025	729,441	355,438	166,921	12,880	896,362	368,318
2026-2030	2,621,935	1,491,122	-	-	2,621,935	1,491,122
2031-2035	2,440,661	953,917	-	-	2,440,661	953,917
2036-2040	1,459,124	547,511	-	-	1,459,124	547,511
2041-2045	1,016,442	245,348	-	-	1,016,442	245,348
2046-2049	634,087	76,960	-	-	634,087	76,960
Total	<u>\$ 12,203,976</u>	<u>\$ 5,344,754</u>	<u>\$ 1,469,342</u>	<u>\$ 127,253</u>	<u>\$ 13,673,318</u>	<u>\$ 5,472,007</u>

\$1,071,997 of the governmental activities current portion will be repaid from the General Fund. Of the business-type activities current portion, \$96,596 will be paid from the Wastewater Fund, \$83,251 from the Water Fund, \$350,202 from the Environmental Services Fund, and \$51,725 from the Stormwater Fund.

b. Notes Payable

Notes payable direct borrowings include obligations of the City for various Wastewater Fund improvements are as follows:

Year of <u>Loan</u>	Purpose and Collateral	Interest		Balance	
		<u>Rates</u>	<u>Maturity</u>	<u>June 30, 2020</u>	
2003	Expansion to Sanitary Sewer System	2.66%	2023	\$ 245,936	
2003	Expansion to Sanitary Sewer System	2.66%	2024	153,000	
2007	Expansion to Sanitary Sewer System	2.27%	2027	2,574,406	
2015	Expansion to Sanitary Sewer System	2.00%	2035	552,101	
2017	Queen Street Sewer Phase I	0.00%	2037	2,853,333	
2019	Queen Street Sewer Phase II	0.00%	2038	1,606,281	
2018	KWRWF Biosolids Dryer Project	0.00%	2038	1,613,305	
2020	Briery Run Sewer Rehab Phase IV	0.00%	2040	1,978,640	
Total business-type activities				<u>\$ 11,577,002</u>	

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

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

Year Ending	Principal	Interest	Total
2021	\$ 1,010,366	\$ 79,964	\$ 1,090,330
2022	1,010,366	67,700	1,078,066
2023	1,010,366	55,435	1,065,801
2024	928,388	43,171	971,559
2025	890,138	33,088	923,226
2026-2030	3,347,371	54,436	3,401,807
2031-2035	2,281,947	11,042	2,292,989
2036-2040	1,098,060	-	1,098,060
Total	<u>\$ 11,577,002</u>	<u>\$ 344,836</u>	<u>\$11,921,838</u>

c. Revenue Bonds

Revenue bonds outstanding at June 30, 2020 are as follows:

Water Fund:

\$1,280,580 - Combined Enterprise System Refunding revenue bonds, Series 2015, due in semi-annual installments through October 1, 2023; interest at 1.75% \$ 318,640

Wastewater Fund:

\$3,018,510 - Combined Enterprise System Refunding revenue bonds, Series 2015, due in semi-annual installments through October 1, 2023; interest at 1.75% 751,080

Electric Fund:

\$4,847,910 - Combined Enterprise System Refunding revenue bonds, Series 2015, due in semi-annual installments through October 1, 2023; interest at 1.75% 1,206,280

Total revenue bonds \$ 2,276,000

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

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

Year Ending			
June 30	Principal	Interest	Total
2021	\$ 1,268,000	\$ 34,283	\$ 1,302,283
2022	404,000	15,873	419,873
2023	411,000	8,776	419,776
2024	193,000	1,689	194,689
Total	<u>\$ 2,276,000</u>	<u>\$ 60,621</u>	<u>\$ 2,336,621</u>

\$177,520 of the current portion will be paid from the Water Fund, \$418,440 from the Wastewater Fund, and \$672,040 from the Electric Fund.

Revenue Bond Covenants

The Series 2015 revenue bonds are special obligations of the City, secured solely by the pledge of net revenue of the City's enterprise funds. The bonds are payable from the Water, Wastewater, and Electric funds' customer net revenues and are payable through 2024. Pursuant to the bond and related agreements, the City has made certain covenants that provide for rates to be set at levels to provide annually to maintain a debt service coverage ratio of 1.25 for parity indebtedness and 1.00 for parity and subordinated indebtedness. In addition, rates must be set at levels to provide for the payment of current expenses and to provide deposits to meet certain trust fund requirements associated with the bond agreements.

Principal and interest payments for the fiscal year ended June 30, 2020 were \$2,373,760 and \$155,003, respectively. Total customer revenue for the City's enterprise funds totaled \$63,144,703 for the year ended June 30, 2020.

Operating revenues	\$ 63,389,825
Operating expenses*	47,824,546
Income available for debt service	<u>\$ 15,565,279</u>
Debt service, principal, and interest paid (parity debt)	\$ 2,528,763
Debt service coverage ratio	6.16

*Per rate covenants; this does not include the depreciation expense of \$4,133,260.

At June 30, 2020, the City was in compliance with the bond covenants described above.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

d. Other Long-Term Debt Disclosures

North Carolina General Statutes limit certain indebtedness of the City to an amount not greater than 8% of the appraised value of property subject to taxation by the City. At June 30, 2020, the legal debt limit for the City was \$108,608,263, providing a legal debt margin of \$83,357,943.

At June 30, 2020, the City has no authorized bonds remaining to be issued.

(Continued on next page)

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2020 is as follows:

	July 1, 2019 (Restated)	Increases	Decreases	June 30, 2020	Current Portion of Balance
Governmental Funds:					
Accrued compensated absences	\$ 654,680	\$ 67,061	\$ -	\$ 721,741	\$ 180,435
Total pension liability (LEOSSA)	3,559,172	59,400	-	3,618,572	-
Total pension liability (SSA)	1,962	-	1,962	-	-
Installment contracts	10,534,163	2,481,256	811,443	12,203,976	1,071,997
OPEB liability	4,743,598	367,182	790,580	4,320,200	-
Net pension liability (LGERS)	<u>3,363,652</u>	<u>175,776</u>	<u>-</u>	<u>3,539,428</u>	<u>-</u>
Total	<u>\$ 22,857,227</u>	<u>\$ 3,150,675</u>	<u>\$ 1,603,985</u>	<u>\$ 24,403,917</u>	<u>\$ 1,252,432</u>
Employee Health Fund:					
Accrued compensated absences	\$ 5,549	\$ 525	\$ -	\$ 6,074	\$ 1,519
Net pension liability (LGERS)	<u>19,518</u>	<u>2,283</u>	<u>-</u>	<u>21,801</u>	<u>-</u>
Total	<u>\$ 25,067</u>	<u>\$ 2,808</u>	<u>\$ -</u>	<u>\$ 27,875</u>	<u>\$ 1,519</u>
Fleet Maintenance Fund:					
Accrued compensated absences	\$ 27,767	\$ 2,431	\$ -	\$ 30,198	\$ 7,550
Installment contracts	2,125	-	2,125	-	-
Net pension liability (LGERS)	<u>104,687</u>	<u>20,081</u>	<u>-</u>	<u>124,768</u>	<u>-</u>
Total	<u>\$ 134,579</u>	<u>\$ 22,512</u>	<u>\$ 2,125</u>	<u>\$ 154,966</u>	<u>\$ 7,550</u>
Total Governmental Activities:					
Accrued compensated absences	\$ 687,996	\$ 70,017	\$ -	\$ 758,013	\$ 189,503
Total pension liability (LEOSSA)	3,559,172	59,400	-	3,618,572	-
Total pension liability (SSA)	1,962	-	1,962	-	-
Installment contracts	10,536,288	2,481,256	813,568	12,203,976	1,071,997
OPEB liability	4,743,598	367,182	790,580	4,320,200	-
Net pension liability (LGERS)	<u>3,487,857</u>	<u>198,140</u>	<u>-</u>	<u>3,685,997</u>	<u>-</u>
Total	<u>\$ 23,016,873</u>	<u>\$ 3,175,995</u>	<u>\$ 1,606,110</u>	<u>\$ 24,586,758</u>	<u>\$ 1,261,500</u>

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2020 is as follows:

	July 1, 2019 (Restated)	Increases	Decreases	June 30, 2020	Current Portion of Balance
Major Enterprise Funds:					
Water Fund:					
Accrued compensated absences	\$ 66,804	\$ 3,101	\$ -	\$ 69,905	\$ 17,476
Installment contracts	177,121	-	93,870	83,251	83,251
Revenue bonds	493,500	-	174,860	318,640	177,520
Net pension liability (LGERS)	<u>339,995</u>	<u>22,594</u>	<u>-</u>	<u>362,589</u>	<u>-</u>
Total	<u>\$ 1,077,420</u>	<u>\$ 25,695</u>	<u>\$ 268,730</u>	<u>\$ 834,385</u>	<u>\$ 278,247</u>
Wastewater Fund:					
Accrued compensated absences	\$ 33,466	\$ 653	\$ -	\$ 34,119	\$ 8,531
Notes payable	9,757,463	3,726,312	1,906,773	11,577,002	1,010,366
Installment contracts	131,803	418,575	115,835	434,543	96,596
Revenue bonds	1,163,250	-	412,170	751,080	418,440
Net pension liability (LGERS)	<u>176,913</u>	<u>27,101</u>	<u>-</u>	<u>204,014</u>	<u>-</u>
Total	<u>\$ 11,262,895</u>	<u>\$ 4,172,641</u>	<u>\$ 2,434,778</u>	<u>\$ 13,000,758</u>	<u>\$ 1,533,933</u>
Electric Fund:					
Accrued compensated absences	\$ 79,556	\$ 10,140	\$ -	\$ 89,696	\$ 22,424
Installment contracts	8,283	-	8,283	-	-
Revenue bonds	1,868,250	-	661,970	1,206,280	672,040
Net pension liability (LGERS)	<u>340,392</u>	<u>133,113</u>	<u>-</u>	<u>473,505</u>	<u>-</u>
Total	<u>\$ 2,296,481</u>	<u>\$ 143,253</u>	<u>\$ 670,253</u>	<u>\$ 1,769,481</u>	<u>\$ 694,464</u>
Nonmajor Enterprise Funds:					
Environmental Services Funds					
Accrued compensated absences	\$ 41,118	\$ 5,460	\$ -	\$ 46,578	\$ 11,645
Installment contracts	653,740	499,841	253,758	899,823	350,202
Net pension liability (LGERS)	<u>248,344</u>	<u>28,580</u>	<u>-</u>	<u>276,924</u>	<u>-</u>
Total	<u>\$ 943,202</u>	<u>\$ 533,881</u>	<u>\$ 253,758</u>	<u>\$ 1,223,325</u>	<u>\$ 361,847</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2020 is as follows:

	July 1, 2019 (Restated)	Increases	Decreases	June 30, 2020	Current Portion of Balance
Stormwater Fund:					
Accrued compensated absences	\$ 17,965	\$ -	\$ 3,374	\$ 14,591	\$ 3,648
Installment contracts	105,978	-	54,253	51,725	51,725
Net pension liability (LGERS)	85,923	1,386	-	87,309	-
Total	<u>\$ 209,866</u>	<u>\$ 1,386</u>	<u>\$ 57,627</u>	<u>\$ 153,625</u>	<u>\$ 55,373</u>
Kinston Community Center Fund:					
Accrued compensated absences	\$ 7,390	\$ -	\$ 3,787	\$ 3,603	\$ 901
Net pension liability (LGERS)	35,702	-	277	35,425	-
Total	<u>\$ 43,092</u>	<u>\$ -</u>	<u>\$ 4,064</u>	<u>\$ 39,028</u>	<u>\$ 901</u>
Public Services Administration Fund:					
Accrued compensated absences	\$ 87,979	\$ -	\$ 4,659	\$ 83,320	\$ 20,828
Installment contracts	5,942	-	5,942	-	-
Net pension liability (LGERS)	420,045	15,715	-	435,760	-
Total	<u>\$ 513,966</u>	<u>\$ 15,715</u>	<u>\$ 10,601</u>	<u>\$ 519,080</u>	<u>\$ 20,828</u>
Total Business-Type Activities:					
Accrued compensated absences	\$ 334,278	\$ 19,354	\$ 11,820	\$ 341,812	\$ 85,453
Notes payable	9,757,463	3,726,312	1,906,773	11,577,002	1,010,366
Installment contracts	1,082,867	918,416	531,941	1,469,342	581,774
Revenue bonds	3,525,000	-	1,249,000	2,276,000	1,268,000
Net pension liability (LGERS)	1,647,314	228,489	277	1,875,526	-
Total	<u>\$ 16,346,922</u>	<u>\$ 4,892,571</u>	<u>\$ 3,699,811</u>	<u>\$ 17,539,682</u>	<u>\$ 2,945,593</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

2. Detail Notes on All Funds (Continued)

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020, consist of the following:

From the General Fund to the Jetstream Fire Protection Line Water Capital Project to fund costs associated with the capital project	\$ 93,650
From the Electric Fund to the General Fund as a rate of return on the investment of the City of Kinston in the electric system	800,000
From the Electric Fund to the General Fund for Payment in Lieu of Taxes	332,001
From the Electric Fund to the Hurricane Dorian Special Revenue Fund for costs associated with Hurricane Dorian	130,000
From the Electric Fund to the General Fund for remaining electrical costs of the Queen Street Redesign and Construction Project	100,000
From the Water Fund to the Hurricane Dorian Special Revenue Fund for costs associated with Hurricane Dorian	2,800
From the Wastewater Fund to the Hurricane Dorian Special Revenue Fund for costs associated with Hurricane Dorian	1,700
From the Environmental Services Fund to the Hurricane Dorian Special Revenue Fund for costs associated with Hurricane Dorian	3,000
From the Stormwater Fund to the Hurricane Dorian Special Revenue Fund for costs associated with Hurricane Dorian	3,600
From the Kinston Community Center Fund to the Hurricane Dorian Special Revenue Fund for costs associated with Hurricane Dorian	500
From the Public Services Fund to the Hurricane Dorian Special Revenue Fund for costs associated with Hurricane Dorian	9,300
Total transfers	<u>\$ 1,476,551</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2020 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 26,278,162	\$ 110,601,390
Less: long-term debt	(12,203,976)	(15,322,343)
Plus: unspent debt proceeds	-	-
Net investment in capital assets	<u>\$ 14,074,186</u>	<u>\$ 95,279,047</u>

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2020

3. Joint Ventures

The City has the basic responsibility for providing funding for the Pride of Kinston, Inc., a non-profit corporation established to promote and participate in the revitalization of the central area of Kinston, North Carolina. The business and property of the corporation shall be managed and controlled by a Board of Directors consisting of 18-22 members, three members of which shall serve by virtue of their official associations: City of Kinston Senior Administration or designee, Elected Member of the City of Kinston City Council or designee, and Kinston City Planner. The City contributed \$43,000 to the corporation during the fiscal year ended June 30, 2020.

4. Jointly Governed Organizations

North Carolina Eastern Municipal Power Agency

The City, in conjunction with 31 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 32 members, who receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for fiscal year ended June 30, 2020 were \$27,752,528.

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 14-member Board of Directors. The City provided no funding to the Commission during the year ended June 30, 2020.

Neuse Regional Water and Sewer Authority

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

Lenoir County Tourism Development Authority

The City, in conjunction with Lenoir County, established the Lenoir County Tourism Development Authority. The participating governments established the Authority to promote tourism in the County area. The City appoints three members of the seven-member Board of Directors. The City provided \$177,538 of funding for the Authority for the year ended June 30, 2020.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

4. Jointly Governed Organizations (Continued)

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, 2020. During the year ended June 30, 2020, the City provided \$205,000 to the Library. Separate financial statements of the Library are available at the Library address of 510 North Queen Street, Kinston, North Carolina 28501.

City of Kinston Housing Authority

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

5. Federal and State Assisted Programs

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

6. Significant Effects of Subsequent Events

Subsequent events have been evaluated through February 19, 2021, the date which the financial statements were available to be issued. There were no recognized events meriting disclosures.

7. Restatements

Prior Period Adjustment

During the fiscal year ended June 30, 2020, the City determined that certain pension liabilities that were subject to accrual in the General Fund, Enterprise Funds, and Internal Services Funds as of June 30, 2019, on a modified accrual basis of accounting, had been omitted. Therefore, an adjustment has been recorded to account for those accruals in the government-wide financial statements.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Funding Progress and Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress, Schedule of Employer Contributions, and Notes to Required Schedules for the Special Separation Allowance
- Schedule of Changes in Total Liability and Related Ratios, and Notes to Required Schedules for the Other Post-Employment Benefits – Retiree Health Plan
- Proportionate Share of Net Pension Liability (Asset) for the Local Governmental Employees' Retirement System (LGERS)
- Contributions for the Local Governmental Employees' Retirement System (LGERS)

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CITY OF KINSTON, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2020

Law Enforcement Officers' Special Separation Allowance	2020	2019	2018	2017
Beginning balance	\$ 3,559,172	\$ 3,607,151	\$ 3,298,685	\$ 3,328,063
Service cost	113,395	123,979	109,374	117,300
Interest on the total pension liability	125,083	110,510	123,405	115,481
Differences between expected and actual	(31,366)	66,577	-	-
Changes of assumptions or other inputs	97,916	(129,061)	279,012	(75,547)
Benefit payments	(245,628)	(219,984)	(203,325)	(186,612)
Ending balance of the total pension liability	\$ 3,618,572	\$ 3,559,172	\$ 3,607,151	\$ 3,298,685

The amounts presented for each fiscal year were determined as of the prior December 31.

CITY OF KINSTON, NORTH CAROLINA
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2020

Law Enforcement Officers' Special Separation Allowance	2020	2019	2018	2017
Total pension liability	\$ 3,618,572	\$ 3,559,172	\$ 3,607,151	\$ 3,298,685
Covered payroll	3,508,365	3,431,854	3,422,259	3,527,718
Total pension liability as a percentage of covered payroll	103.14%	103.71%	105.40%	93.51%

Notes to the Schedules:

The City of Kinston has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

CITY OF KINSTON, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Special Separation Allowance
For the Year Ended June 30, 2020

Special Separation Allowance	2020	2019	2018	2017
Beginning balance	\$ 1,962	\$ 3,848	\$ 5,110	\$ 5,562
Service cost	-	-	176	567
Interest on the total pension liability	-	89	124	174
Differences between expected and actual experience in the measurement of the total pension liability.	-	-	-	968
Changes of assumptions or other inputs	-	21	434	(165)
Benefit payments	<u>(1,962)</u>	<u>(1,996)</u>	<u>(1,996)</u>	<u>(1,996)</u>
Ending balance of the total pension liability	<u><u>\$ -</u></u>	<u><u>\$ 1,962</u></u>	<u><u>\$ 3,848</u></u>	<u><u>\$ 5,110</u></u>

The amounts presented for the fiscal year were determined as of the prior June 30.

CITY OF KINSTON, NORTH CAROLINA
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Special Separation Allowance
For the Year Ended June 30, 2020

Special Separation Allowance	2020	2019	2018	2017
Total pension liability	\$ -	\$ 1,962	\$ 3,848	\$ 5,110
Covered payroll	- N/A	- N/A	- N/A	- N/A
Total pension liability as a percentage of covered payroll	8.44%			

Notes to the Schedules:

The City of Kinston has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

CITY OF KINSTON, NORTH CAROLINA
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost at end of year	\$ 88,051	\$ 91,225	\$ 98,942
Interest on the total pension liability and cash flows	177,696	172,360	153,904
Differences between expected and actual experience			
in the measurement of the total pension liability	(436,041)	(123,287)	(42,701)
Changes of assumptions or other inputs	101,435	(103,125)	(187,797)
Benefit payments and implicit subsidy credit	(354,539)	(267,958)	(319,740)
Net change in Total OPEB Liability	(423,398)	(230,785)	(297,392)
Total OPEB Liability - beginning	4,743,598	4,974,383	5,271,775
Total OPEB Liability - ending	\$ 4,320,200	\$ 4,743,598	\$ 4,974,383
 Covered payroll			
Total OPEB Liability as a percentage of covered payroll	\$ 4,663,667	\$ 6,261,400	\$ 6,261,400
	92.64%	75.76%	79.45%

Notes to the Schedules:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2020	3.50%
2019	3.89%
2018	3.56%

Schedule A-6

CITY OF KINSTON, NORTH CAROLINA
 City of Kinston's Proportionate Share of Net Pension Liability (Asset)
 Required Supplementary Information
 Last Seven Fiscal Years *

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) (%)	0.20365%	0.21646%	0.22173%	0.23272%	0.23019%	0.23510%	0.24660%
City's proportion of the net pension liability (asset) (\$)	\$ 5,561,523	\$ 5,135,171	\$ 3,387,420	\$ 4,939,099	\$ 1,033,081	\$ (1,386,493)	\$ 2,972,477
City's covered payroll	\$ 14,922,561	\$ 14,514,025	\$ 14,344,151	\$ 14,231,744	\$ 13,800,783	\$ 13,662,808	\$ 12,873,209
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.27%	35.38%	23.62%	34.70%	7.49%	-10.15%	23.09%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

CITY OF KINSTON, NORTH CAROLINA
 City of Kinston's Contributions
 Required Supplementary Information
 Last Seven Fiscal Years

Schedule A-7

Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,387,184	\$ 1,121,685	\$ 1,136,057	\$ 1,069,901	\$ 977,146	\$ 986,930
Contributions in relation to the contractually required contribution	<u>1,387,184</u>	<u>1,121,685</u>	<u>1,136,057</u>	<u>1,069,901</u>	<u>977,146</u>	<u>986,930</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of Kinston's covered payroll	\$ 14,514,025	\$ 14,344,151	\$ 14,231,744	\$ 14,247,572	\$ 14,231,744	\$ 13,800,783
Contribution as a percentage of covered payroll	9.56%	7.82%	7.98%	7.51%	6.87%	7.15%
						7.12%

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OTHER FINANCIAL INFORMATION

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

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GENERAL FUND

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

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CITY OF KINSTON, NORTH CAROLINA
Schedule 1
General Fund
Balance Sheet
June 30, 2020
With comparative totals for June 30, 2019

	2020	2019
Assets:		
Cash and investments	\$ 6,433,800	\$ 6,594,231
Receivables:		
Due from governmental agencies	1,528,871	1,503,594
Accounts receivable	179,005	133,252
Taxes receivable	586,257	602,808
Inventories	82,014	81,568
Prepaid expenses	17,717	-
Total assets	<u><u>\$ 8,827,664</u></u>	<u><u>\$ 8,915,453</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,017,850	\$ 1,077,222
Prepaid privilege licenses	34,330	34,038
Total liabilities	<u><u>1,052,180</u></u>	<u><u>1,111,260</u></u>
Deferred Inflows of Resources:		
Property taxes receivable	586,257	602,808
Prepaid property taxes	11,675	1,180
Pavement assessment receivables	9,048	9,048
GTP fire taxes receivable	146	42
Prepaid loan proceeds	127,328	-
Total deferred inflows of resources	<u><u>734,454</u></u>	<u><u>613,078</u></u>
Fund Balance:		
Non-spendable, not in spendable form:		
Inventories	82,014	81,568
Prepaid expenses	17,717	
Restricted:		
Stabilization by State statute	2,047,515	1,627,756
Assigned	348,833	477,070
Unassigned	4,544,951	5,004,721
Total fund balance	<u><u>7,041,030</u></u>	<u><u>7,191,115</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 8,827,664</u></u>	<u><u>\$ 8,915,453</u></u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 2

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020
With Comparative Actual for June 30, 2019

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 10,280,104	\$ 9,971,956	\$ (308,148)	\$ 9,868,672
Interest and penalties	67,900	53,516	(14,384)	62,210
Total	<u>10,348,004</u>	<u>10,025,472</u>	<u>(322,532)</u>	<u>9,930,882</u>
Other taxes and licenses:				
Local government sales tax	4,339,000	4,307,319	(31,681)	4,173,314
Franchise tax	2,210,465	2,037,265	(173,200)	2,135,878
Occupancy tax	256,000	186,883	(69,117)	235,563
Gross receipts tax	40,000	27,774	(12,226)	37,911
Licenses and permits	1,500	1,400	(100)	1,694
Total	<u>6,846,965</u>	<u>6,560,641</u>	<u>(286,324)</u>	<u>6,584,360</u>
Unrestricted intergovernmental:				
Payment in lieu of taxes	339,501	332,551	(6,950)	343,677
Beer and wine tax	95,330	86,813	(8,517)	88,115
ABC revenue	42,847	103,399	60,552	83,467
Total	<u>477,678</u>	<u>522,763</u>	<u>45,085</u>	<u>515,259</u>
Restricted intergovernmental:				
Powell Bill allocations	583,931	574,555	(9,376)	583,884
School resource officer	105,000	86,074	(18,926)	100,299
State grants, miscellaneous	20,357	19,048	(1,309)	-
Rural Center Grant	-	-	-	50,000
Forfeited drug proceeds	15,000	3,667	(11,333)	13,989
Total	<u>724,288</u>	<u>683,344</u>	<u>(40,944)</u>	<u>748,172</u>
Sales and services:				
Rents, concessions, and fees	415,801	367,783	(48,018)	354,844
Inspection fees	155,000	150,218	(4,782)	112,920
Cemetery fees	181,470	132,495	(48,975)	160,570
Cable franchise	146,532	134,511	(12,021)	139,812
Lenoir County participation:				
Recreation	984,700	930,000	(54,700)	953,068
Total	<u>1,883,503</u>	<u>1,715,007</u>	<u>(168,496)</u>	<u>1,721,214</u>
Other revenue:				
Investment income	51,000	69,441	18,441	66,082
Sale of surplus materials and assets	80,000	57,652	(22,348)	24,077
Miscellaneous	211,391	223,516	12,125	235,582
Total	<u>342,391</u>	<u>350,609</u>	<u>8,218</u>	<u>325,741</u>
Total revenues	<u>20,622,829</u>	<u>19,857,836</u>	<u>(764,993)</u>	<u>19,825,628</u>

CITY OF KINSTON, NORTH CAROLINA
General Fund

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2020
With Comparative Actual for June 30, 2019
(Continued)

	2020		Variance Positive (Negative)	2019	
	Budget	Actual			
				Actual	
Expenditures:					
General government	\$ 2,864,768	\$ 2,522,884	\$ 341,884	\$ 3,441,142	
Public safety	10,807,784	10,620,646	187,138	9,582,311	
Public services	3,237,263	2,735,668	501,595	3,107,996	
Parks and recreation	4,499,760	3,966,936	532,824	3,713,365	
Community development	1,838,816	1,331,331	507,485	1,207,608	
Total	<u>23,248,391</u>	<u>21,177,465</u>	<u>2,070,926</u>	<u>21,052,422</u>	
Total expenditures	<u>23,248,391</u>	<u>21,177,465</u>	<u>2,070,926</u>	<u>21,052,422</u>	
Revenues over (under) expenditures	<u>(2,625,562)</u>	<u>(1,319,629)</u>	<u>1,305,933</u>	<u>(1,226,794)</u>	
Other financing sources (uses):					
Appropriated fund balance	1,306,707	-	(1,306,707)	-	
Transfers from other funds	152,675	103,654	(49,021)	(2,301,080)	
Long-term debt issued	1,166,180	1,065,890	(100,290)	172,443	
Total	<u>2,625,562</u>	<u>1,169,544</u>	<u>(1,456,018)</u>	<u>(2,128,637)</u>	
Net change in fund balance	<u>\$ -</u>	<u>(150,085)</u>	<u>\$ (150,085)</u>	<u>(3,355,431)</u>	
Fund balance, beginning		<u>7,191,115</u>			<u>10,546,546</u>
Fund balance, ending		<u>\$ 7,041,030</u>			<u>\$ 7,191,115</u>

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NONMAJOR FUND TYPES

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

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

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

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CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

Schedule 3

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Temple Israel Perpetual Care Fund	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,372,760	\$ 1,077,303	\$ 75,751	\$ 9,525,814	
Due from governmental agencies	493,598	160,439	-	654,037	
Accounts receivables	37,557	-	-	37,557	
Notes receivable	180,715	-	-	180,715	
 Total assets	 <u>\$ 9,084,630</u>	 <u>\$ 1,237,742</u>	 <u>\$ 75,751</u>	 <u>\$ 10,398,123</u>	
LIABILITIES					
Accounts payable and accrued liabilities	\$ 483,297	\$ 146,647	\$ -	\$ 629,944	
Total liabilities	<u>483,297</u>	<u>146,647</u>	<u>-</u>	<u>629,944</u>	
FUND BALANCES					
Nonspendable, not in spendable form:					
Perpetual maintenance	-	-	75,000	75,000	
Restricted:					
Stabilization by State statute	276,698	13,792	-	290,490	
Restricted, all other	8,278,028	-	751	8,278,779	
Committed	-	1,064,262	-	1,064,262	
Assigned	46,607	35,800	-	82,407	
Unassigned	-	(22,759)	-	(22,759)	
Total fund balances	<u>8,601,333</u>	<u>1,091,095</u>	<u>75,751</u>	<u>9,768,179</u>	
 Total liabilities and fund balances	 <u>\$ 9,084,630</u>	 <u>\$ 1,237,742</u>	 <u>\$ 75,751</u>	 <u>\$ 10,398,123</u>	

CITY OF KINSTON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

Schedule 4

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Permanent Fund Temple Israel Perpetual Care Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 2,366,392	\$ -	\$ -	\$ 2,366,392
Federal and state grants	-	146,647	-	146,647
Investment earnings	3,429	-	384	3,813
Miscellaneous	107,262	13,488	-	120,750
Total revenues	<u>2,477,083</u>	<u>160,135</u>	<u>384</u>	<u>2,637,602</u>
EXPENDITURES				
Cultural and recreation	-	5,411	-	5,411
Community development	1,179,099	1,546,720	-	2,725,819
Public safety	101,367	39,329	-	140,696
Total expenditures	<u>1,280,466</u>	<u>1,591,460</u>	<u>-</u>	<u>2,871,926</u>
Excess (deficiency) of revenues over expenditures	<u>1,196,617</u>	<u>(1,431,325)</u>	<u>384</u>	<u>(234,324)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	1,415,366	-	1,415,366
Transfers out	-	-	(300)	(300)
Transfers in	324,994	529,000	-	853,994
Total other financing sources (uses)	<u>324,994</u>	<u>1,944,366</u>	<u>(300)</u>	<u>2,269,060</u>
Net changes in fund balances	1,521,611	513,041	84	2,034,736
Fund balances, beginning	<u>7,079,722</u>	<u>578,054</u>	<u>75,667</u>	<u>7,733,443</u>
Fund balances, ending	<u><u>\$ 8,601,333</u></u>	<u><u>\$ 1,091,095</u></u>	<u><u>\$ 75,751</u></u>	<u><u>\$ 9,768,179</u></u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

2015 Edward-Byrne Memorial JAG Grant – This fund accounts for monies from the U.S. Department of Justice Office of Justice Programs for the purchase of equipment and technology that will improve the safety and security of Law Enforcement officers and citizens.

2016 Edward-Byrne Memorial JAG Grant – This fund accounts for monies from the U.S. Department of Justice Office of Justice Programs for the purchase of equipment and technology that will improve the safety and security of Law Enforcement officers and citizens.

Seizure and Restitution Fund – This fund accounts for monies collected and disbursed from federal and state drug forfeitures, special court allocations, storage fees and related revenue sources.

NCHFA 2016 Essential SFR Loan Pool– This fund accounts for grant monies used for performing repairs on homes that were damaged in Hurricane Matthew.

NCHFA 2017 Essential SFR Loan Pool– This fund accounts for grant monies used for performing repairs on homes that were damaged in Hurricane Matthew and Tropical Storms Julia or Hermine.

Hurricane Matthew– FEMA-4285-DR-NC Grant – This fund accounts for monies from the Federal Emergency Management Agency for emergency expenditures and ongoing repair and recovery of City infrastructure and assets damaged by Hurricane Matthew.

Hurricane Florence– FEMA-4393-DR-NC Grant – This fund accounts for monies from the Federal Emergency Management Agency for emergency expenditures and ongoing repair and recovery of City infrastructure and assets damaged by Hurricane Florence.

Downtown Kinston Mural Project – This fund accounts for grant monies from the National Endowment for the Arts (NEA) for the initiation of a public mural project for downtown Kinston to build upon the ongoing arts and cultural work in and around our downtown and link projects such as the African American Music Trail Park to the Arts and Cultural District and the Queen Street Streetscape Project

2017 Edward-Byrne Memorial JAG Grant – This fund accounts for monies from the U.S. Department of Justice Office of Justice Programs for the purchase of equipment and technology that will improve the safety and security of Law Enforcement officers and citizens.

GCC 2018 Juvenile Justice DMC Grant – This fund accounts for monies from the North Carolina Department of Public Safety, Division of the Governor's Crime Commission to be used to learn new strategies to identify and prevent Disproportionate Minority Contact from occurring through training and technical assistance.

EPA Brownfields Assessment and Cleanup - This fund accounts for monies used to conduct community-wide assessments at Brownfields sites potentially contaminated with hazardous substances on potential development sites in Kinston with a primary focus on redevelopment along the Dr. Martin Luther King, Jr. Corridor.

NCHFA 2019 Essential SFR Loan Pool - This fund accounts for grant monies used to provide interest free, deferred-forgiven loans to Program-eligible homeowners to pay for certain rehabilitation costs of a homeowner's house.

GCC 2019 Juvenile Justice DMC Grant – This fund accounts for monies from the North Carolina Department of Public Safety, Division of the Governor's Crime Commission to be used to learn new strategies to identify and prevent Disproportionate Minority Contact from occurring through training and technical assistance.

Hurricane Dorian – FEMA-4465-DR-NC Grant – This fund accounts for monies from the Federal Emergency Management Agency for emergency expenditures and ongoing repair and recovery of City infrastructure and assets damaged by Hurricane Dorian.

CITY OF KINSTON, NORTH CAROLINA

Combining Balance Sheet

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

	2015				2016				2017				2018				2019				
	Community Development Administration	Bulletproof Vest Partnership	Edward-Burne Memorial	JAG Grant	Community Development Administration	Bulletproof Vest Partnership	Edward-Burne Memorial	JAG Grant	Community Development Administration	Bulletproof Vest Partnership	Edward-Burne Memorial	JAG Grant	Community Development Administration	Bulletproof Vest Partnership	Edward-Burne Memorial	JAG Grant	Community Development Administration	Bulletproof Vest Partnership	Edward-Burne Memorial	JAG Grant	
ASSETS																					
Cash and investments	\$ 682,337	\$ 5,188	\$ 497	\$ 342	\$ 43,376	\$ 342	\$ 1,183	\$ -	\$ 2,584,71	\$ 4,753,399	\$ -	\$ 151	\$ 81,045	\$ -	\$ -	\$ 321,450	\$ 321,450	\$ 321,450	\$ 321,450		
Due from government agencies	-	544	-	-	-	-	-	-	377,331	-	7,824	5,000	-	-	-	-	2,268	2,268	2,268	2,268	
Accounts receivable	37,557	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	495,598	495,598	37,557	37,557	
Notes receivable	180,715	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	180,715	
Total assets	\$ 900,609	\$ 5,732	\$ 497	\$ 342	\$ 44,559	\$ -	\$ 1,183	\$ -	\$ 377,331	\$ 2,584,71	\$ 4,743,223	\$ 5,000	\$ 151	\$ 81,045	\$ -	\$ 384	\$ 323,718	\$ 323,718	\$ 323,718	\$ 9,084,630	
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accounts payable and accrued liabilities	-	-	-	-	-	-	-	-	377,331	-	-	1,518	5,000	151	81,045	-	384	17,868	-	483,297	
Grant receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total liabilities	-	-	-	-	-	-	-	-	377,331	-	-	1,518	5,000	151	81,045	-	384	17,868	-	483,297	
FUND BALANCES	\$ 218,273	543	497	342	1,183	43,376	-	-	-	2,584,71	4,731	-	-	-	-	-	8,768	8,768	8,768	8,768	
Restricted	68,336	5,189	-	-	-	-	-	-	-	-	4,653,667	-	-	-	-	-	308,450	308,450	308,450	308,450	
Stabilization by State statute	-	-	-	-	-	-	-	-	-	-	40,107	-	-	-	-	-	-	-	-	-	
Restricted, all other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,500	6,500	6,500	6,500	
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total fund balances	\$ 900,609	\$ 5,732	\$ 497	\$ 342	\$ 44,559	\$ -	\$ 1,183	43,376	-	\$ 377,331	\$ 2,584,71	\$ 4,743,223	\$ 5,000	\$ 151	\$ 81,045	\$ -	\$ 384	\$ 323,718	\$ 323,718	\$ 323,718	\$ 9,084,630
Total liabilities and fund balances	\$ 900,609	\$ 5,732	\$ 497	\$ 342	\$ 44,559	\$ -	\$ 1,183	43,376	-	\$ 377,331	\$ 2,584,71	\$ 4,743,223	\$ 5,000	\$ 151	\$ 81,045	\$ -	\$ 384	\$ 323,718	\$ 323,718	\$ 323,718	\$ 9,084,630

Schedule 6

CITY OF KINSTON, NORTH CAROLINA Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds For the Fiscal Year Ended June 30, 2020

	Community Development Administration	2015 Bulletproof Vest Partnership	2016 Edward Byrne Memorial JAG Grant	2016 Hurricane Florence - FEMA-439 - DR- NC	2017 Hurricane Matthew - FEMA-4285 - DR- NC	2017 Hurricane Kinston - JAG Grant	2018 EPA Brownfields Assessment and Cleaning Grant	2019 Essential Single-Family Rehabilitation	2019 Juvenile Justice DMC Grant	2019 Hurricane Dorian - FEMA-4465 - DR- NC	Total
REVENUES											
Intergovernmental revenue	\$ 3,429	\$ 6,208	\$ -	\$ 14,681	\$ 99,731	\$ 477,896	\$ 5,000	\$ 28,464	\$ 80,972	\$ 13,626	\$ 2,366,392
Investment earnings	540	-	-	15,289	-	-	-	-	-	-	3,429
Miscellaneous	-	-	-	-	-	-	-	-	-	-	107,262
Total revenues	3,969	6,208	-	14,681	99,731	477,896	\$88,955	5,000	28,464	80,972	13,626
EXPENDITURES											
Community development	-	-	-	98,458	340,161	-	-	857	17,896	13,626	79,415
Public safety	8,047	-	1,833	26,854	-	-	-	45,908	-	17,896	1,179,099
Total expenditures	8,047	-	1,833	26,854	98,458	340,161	-	857	17,896	13,626	1,280,466
Excess (deficiency) of revenues over expenditures	(1,839)	-	(1,833)	3,116	1,273	137,735	\$75,291	229,412	5,000	27,607	177,104
OTHER FINANCING SOURCES (USES)											
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Transfers in	5,994	-	-	-	-	-	-	-	-	-	319,000
Total other financing sources (uses)	5,994	-	-	-	-	-	-	-	-	-	324,994
Net change in fund balance	3,969	4,155	-	(1,833)	3,116	1,273	137,735	\$75,291	229,412	5,000	27,607
Fund balances, beginning	896,640	1,577	497	2,175	41,443	(1,273)	(137,735)	2,008,880	4,512,293	(5,000)	(27,607)
Fund balances, ending	\$ 900,609	\$ 5,732	\$ 407	\$ 342	\$ 44,559	\$ -	\$ -	\$ 2,384,171	\$ 4,741,705	\$ -	\$ 323,718
											\$ 8,601,333

CITY OF KINSTON, NORTH CAROLINA

Schedule 7

Nonmajor Special Revenue Funds - Community Development Administration

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2020 With Comparative Actual Amounts for year ended June 30, 2019

	2020		Variance	2019	
	Budget	Actual		Actual	
					Actual
Revenues:					
Loan repayments	\$ 6,798	\$ -	\$ (6,798)	\$ 612,000	
Other revenue	-	540	540	271	
Investment earnings	100	3,429	3,329	3,157	
Total revenues	<u>6,898</u>	<u>3,969</u>	<u>(2,929)</u>	<u>615,428</u>	
Expenditures:					
Community development: administration	-	-	-	-	
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Revenues over (under) expenditures	<u>6,898</u>	<u>3,969</u>	<u>(2,929)</u>	<u>615,428</u>	
Other Financing Sources (Uses)					
Transfer out	(6,898)	-	6,898	-	
Total other financing sources (uses)	<u>(6,898)</u>	<u>-</u>	<u>6,898</u>	<u>-</u>	
Net change in fund balance	<u>\$ -</u>	<u>3,969</u>	<u>\$ 3,969</u>	<u>\$ 615,428</u>	
Fund balance, beginning			<u>896,640</u>		
Fund balance, ending			<u><u>\$ 900,609</u></u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 8

Nonmajor Special Revenue Funds - Bullet Proof Vest Partnership Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual		Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	
Revenues:				
Restricted intergovernmental revenue, state grants	\$ 54,539	\$ 46,969	\$ 6,208	\$ 53,177
Total revenues	<u>54,539</u>	<u>46,969</u>	<u>6,208</u>	<u>53,177</u>
Expenditures:				
Law enforcement supplies	109,078	93,937	8,047	101,984
Total expenditures	<u>109,078</u>	<u>93,937</u>	<u>8,047</u>	<u>101,984</u>
Other Financing Sources (Uses):				
Transfers in (out)	54,539	48,545	5,994	54,539
Total other financing sources (uses)	<u>54,539</u>	<u>48,545</u>	<u>5,994</u>	<u>54,539</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,577</u>	<u>4,155</u>	<u>\$ 5,732</u>
Fund balance, beginning			<u>1,577</u>	
Fund balance, ending			<u>\$ 5,732</u>	

CITY OF KINSTON, NORTH CAROLINA

Schedule 9

Nonmajor Special Revenue Funds - 2015 Edward-Byrne Memorial JAG Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual		Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	
Revenues:				
Restricted intergovernmental revenue, federal grant	\$ 23,904	\$ 23,904	\$ 23,904	\$ -
Total revenues	<u>23,904</u>	<u>23,904</u>	<u>23,904</u>	<u>-</u>
Expenditures:				
Law enforcement supplies	23,904	23,407	23,407	497
Total expenditures	<u>23,904</u>	<u>23,407</u>	<u>23,407</u>	<u>497</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 497</u>	<u>-</u>	<u>\$ 497</u>
Fund balance, beginning			<u>497</u>	
Fund balance, ending			<u>\$ 497</u>	

CITY OF KINSTON, NORTH CAROLINA

Schedule 10

Nonmajor Special Revenue Funds - 2016 Edward-Byrne Memorial JAG Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date		
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 30,251	\$ 30,250	- \$ 30,250	\$ (1)	
Total revenues	<u>30,251</u>	<u>30,250</u>	<u>-</u>	<u>30,250</u>	<u>(1)</u>
Expenditures:					
Law enforcement supplies	30,251	28,075	1,833	29,908	343
Total expenditures	<u>30,251</u>	<u>28,075</u>	<u>1,833</u>	<u>29,908</u>	<u>343</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,175</u>	<u>(1,833)</u>	<u>\$ 342</u>	<u>\$ 342</u>
Fund balance, beginning			<u>2,175</u>		
Fund balance, ending			<u>\$ 342</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 11

Nonmajor Special Revenue Funds - Seizure and Restitution Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal grants	\$ 120,685	\$ 138,871	\$ 14,681	\$ 153,552	\$ 32,867
Donations	3,000	3,250	15,289	18,539	15,539
Total revenues	<u>123,685</u>	<u>142,121</u>	<u>29,970</u>	<u>172,091</u>	<u>48,406</u>
Expenditures:					
Federal forfeiture expenditures	87,460	80,430	49	80,479	6,981
Drug forfeiture expenditures	820	693	-	693	127
State forfeiture expenditures	20,700	9,899	10,112	20,011	689
Special court allocation expenditures	5,530	5,202	-	5,202	328
ABC board KPD expenditures	6,175	4,454	1,140	5,594	581
Miscellaneous KPD expenditures	3,000	-	15,553	15,553	(12,553)
Total expenditures	<u>123,685</u>	<u>100,678</u>	<u>26,854</u>	<u>127,532</u>	<u>(3,847)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 41,443</u>	<u>3,116</u>	<u>\$ 44,559</u>	<u>\$ 44,559</u>
Fund balance, beginning			<u>41,443</u>		
Fund balance, ending			<u>\$ 44,559</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 12

Nonmajor Special Revenue Funds - NCHFA 2016 Essential Single - Family Rehabilitation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>			
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>		<u>Variance Over/Under</u>
Revenues:					
Federal grants	\$ 315,000	\$ 175,559	\$ 99,731	\$ 275,290	\$ (39,710)
Total revenues	<u>315,000</u>	<u>175,559</u>	<u>99,731</u>	<u>275,290</u>	<u>(39,710)</u>
Expenditures:					
NCFHA loan pool funds	315,000	176,832	98,458	275,290	39,710
Total expenditures	<u>315,000</u>	<u>176,832</u>	<u>98,458</u>	<u>275,290</u>	<u>39,710</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,273)</u>	1,273	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(1,273)</u>		
Fund balance, ending			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 13

**Nonmajor Special Revenue Funds - NCHFA 2017 Essential Single-Family Rehabilitation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
State grants	\$ 1,050,000	\$ 119,150	\$ 477,896	\$ 597,046	\$ (452,954)
Total revenues	<u>1,050,000</u>	<u>119,150</u>	<u>477,896</u>	<u>597,046</u>	<u>(452,954)</u>
Expenditures:					
NCFHA loan pool funds	1,050,000	256,885	340,161	597,046	452,954
Total expenditures	<u>1,050,000</u>	<u>256,885</u>	<u>340,161</u>	<u>597,046</u>	<u>452,954</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (137,735)</u>	<u>137,735</u>	<u>\$ -</u>	<u>\$ -</u>
			<u>(137,735)</u>	<u>\$ -</u>	

CITY OF KINSTON, NORTH CAROLINA

Schedule 14

Nonmajor Special Revenue Funds - Hurricane Matthew - FEMA - 4285 - DR - NC
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal grants	\$ -	\$ 1,639,158	\$ 306,177	\$ 1,945,335	\$ 1,945,335
State grants	-	30,871	269,114	299,985	299,985
Sale of surplus property	-	1,133	-	1,133	1,133
Insurance proceeds	-	30,557	-	30,557	30,557
Total revenues	-	<u>1,701,719</u>	<u>575,291</u>	<u>2,277,010</u>	<u>2,277,010</u>
Expenditures:					
Salaries and benefits	-	6,827	-	6,827	(6,827)
Construction work - sewer	<u>2,776,002</u>	<u>2,462,014</u>	<u>-</u>	<u>2,462,014</u>	<u>313,988</u>
Total expenditures	<u>2,776,002</u>	<u>2,468,841</u>	<u>-</u>	<u>2,468,841</u>	<u>307,161</u>
Other Financing Sources (Uses):					
Transfers in	<u>2,776,002</u>	<u>2,776,002</u>	<u>-</u>	<u>2,776,002</u>	<u>-</u>
Total other financing sources	<u>2,776,002</u>	<u>2,776,002</u>	<u>-</u>	<u>2,776,002</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,008,880</u>	<u>575,291</u>	<u>\$ 2,584,171</u>	<u>\$ 2,584,171</u>
Fund balance, beginning			<u>2,008,880</u>		
Fund balance, ending			<u><u>\$ 2,584,171</u></u>		

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Special Revenue Funds - Hurricane Florence - FEMA - 4393 - DR - NC
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal grants	\$ -	\$ 1,006,191	\$ 851,655	\$ 1,857,846	\$ 1,857,846
Insurance proceeds	<u>-</u>	<u>464,907</u>	<u>7,300</u>	<u>472,207</u>	<u>472,207</u>
Total revenues	<u>-</u>	<u>1,471,098</u>	<u>858,955</u>	<u>2,330,053</u>	<u>2,330,053</u>
Expenditures:					
Salaries	-	394,698	1,395	396,093	(396,093)
Construction work	<u>6,283,000</u>	<u>2,847,107</u>	<u>628,148</u>	<u>3,475,255</u>	<u>2,807,745</u>
Total expenditures	<u>6,283,000</u>	<u>3,241,805</u>	<u>629,543</u>	<u>3,871,348</u>	<u>2,411,652</u>
Other Financing Sources (Uses):					
Transfers in	<u>6,283,000</u>	<u>6,283,000</u>	<u>-</u>	<u>6,283,000</u>	<u>-</u>
Total other financing sources	<u>6,283,000</u>	<u>6,283,000</u>	<u>-</u>	<u>6,283,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,512,293</u>	<u>229,412</u>	<u>\$ 4,741,705</u>	<u>\$ 4,741,705</u>
Fund balance, beginning			<u>4,512,293</u>		
Fund balance, ending			<u><u>\$ 4,741,705</u></u>		

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Special Revenue Funds - Downtown Kinston Mural Project
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal grants	\$ 100,000	\$ -	\$ 5,000	\$ 5,000	\$ (95,000)
Total revenues	<u>100,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>(95,000)</u>
Expenditures:					
Mural costs	<u>100,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>95,000</u>
Total expenditures	<u>100,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>95,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>5,000</u>	<u>\$ (5,000)</u>	<u>\$ -</u>
Fund balance, beginning			<u>(5,000)</u>		
Fund balance, ending		<u>\$ -</u>			

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Special Revenue Funds - 2017 Edward-Byrne Memorial JAG Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 30,347	\$ -	\$ 28,464	\$ 28,464	\$ (1,883)
Total revenues	<u>30,347</u>	<u>-</u>	<u>28,464</u>	<u>28,464</u>	<u>(1,883)</u>
Expenditures:					
Law enforcement supplies	<u>30,347</u>	<u>27,607</u>	<u>857</u>	<u>28,464</u>	<u>1,883</u>
Total expenditures	<u>30,347</u>	<u>27,607</u>	<u>857</u>	<u>28,464</u>	<u>1,883</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (27,607)</u>	<u>27,607</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning				<u>(27,607)</u>	
Fund balance, ending				<u>\$ -</u>	

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Special Revenue Funds - GCC 2018 Juvenile Justice Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental revenue, state grant	\$ 99,983	\$ -	\$ 80,972	\$ 80,972	\$ (19,011)
Total revenues	<u>99,983</u>	<u>-</u>	<u>80,972</u>	<u>80,972</u>	<u>(19,011)</u>
Expenditures:					
Grant expenses	<u>99,983</u>	<u>35,064</u>	<u>45,908</u>	<u>80,972</u>	<u>19,011</u>
Total expenditures	<u>99,983</u>	<u>35,064</u>	<u>45,908</u>	<u>80,972</u>	<u>19,011</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (35,064)</u>	<u>35,064</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(35,064)</u>		
Fund balance, ending			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Special Revenue Funds - EPA Brownsfields Assessment and Cleanup Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>		
Revenues:					
Restricted intergovernmental revenue, federal	\$ 195,000	\$ -	\$ 195,000	\$ 195,000	\$ -
Total revenues	<u>195,000</u>	<u>-</u>	<u>195,000</u>	<u>195,000</u>	<u>-</u>
Expenditures:					
Cleanup expenses	195,000	177,104	17,896	195,000	-
Total expenditures	<u>195,000</u>	<u>177,104</u>	<u>17,896</u>	<u>195,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (177,104)</u>	177,104	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>(177,104)</u>		
Fund balance, ending			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 20

**Nonmajor Special Revenue Funds - NCHFA 2019 Essential Single-Family Rehabilitation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
State grants	\$ 190,000	\$ -	\$ 13,626	\$ 13,626	\$ (176,374)
Total revenues	<u>190,000</u>	<u>-</u>	<u>13,626</u>	<u>13,626</u>	<u>(176,374)</u>
Expenditures:					
NCFHA loan pool funds	190,000	-	13,626	13,626	176,374
Total expenditures	<u>190,000</u>	<u>-</u>	<u>13,626</u>	<u>13,626</u>	<u>176,374</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Special Revenue Funds - GCC 2019 Juvenile Justice Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental revenue, state grant	\$ 170,491	\$ -	\$ 17,868	\$ 17,868	\$ (152,623)
Total revenues	<u>170,491</u>	<u>-</u>	<u>17,868</u>	<u>17,868</u>	<u>(152,623)</u>
Expenditures:					
Grant expenses	170,491	-	17,868	17,868	152,623
Total expenditures	<u>170,491</u>	<u>-</u>	<u>17,868</u>	<u>17,868</u>	<u>152,623</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning				<u>-</u>	
Fund balance, ending				<u>\$ -</u>	

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Special Revenue Funds - Hurricane Dorian - FEMA - 4565 - DR - NC
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance proceeds	<u>-</u>	<u>-</u>	<u>84,133</u>	<u>84,133</u>	<u>84,133</u>
Total revenues	<u>-</u>	<u>-</u>	<u>84,133</u>	<u>84,133</u>	<u>84,133</u>
Expenditures:					
Salaries	-	-	38,667	38,667	(38,667)
Construction work	<u>319,000</u>	<u>-</u>	<u>40,748</u>	<u>40,748</u>	<u>278,252</u>
Total expenditures	<u>319,000</u>	<u>-</u>	<u>79,415</u>	<u>79,415</u>	<u>239,585</u>
Other Financing Sources (Uses):					
Transfers in	<u>319,000</u>	<u>-</u>	<u>319,000</u>	<u>319,000</u>	<u>-</u>
Total other financing sources	<u>319,000</u>	<u>-</u>	<u>319,000</u>	<u>319,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>323,718</u>	<u>\$ 323,718</u>	<u>\$ 323,718</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 323,718</u>		

NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

College Street Railroad Crossing Project – This fund accounts for funds received from the NC Department of Transportation, NC Railroad Company and Norfolk Southern Railway for various mitigation projects in the College Street and surrounding downtown area due to the closing of the College Street Railroad Crossing.

General Fund Small Projects – This fund accounts for various small construction projects in the General Fund that extend beyond a fiscal year to be completed between FY2015 and FY2020. Currently small projects include the Dragon Park at Pearson Park and the Joel Smith Disc Golf Course.

Fire Pumper Truck – This fund accounts for monies used for manufacturing/build of a new Pierce Enforcer fire pumper truck to replace the 1989 Pierce fire pumper truck.

Grainger Stadium Improvements Project – This fund accounts for funds to be used to administer construction and renovations for Grainger Stadium in preparation of the new minor league baseball team. The renovations will be done in stages and will provide a safe and entertaining place for fans and the community.

Neighborhood Revitalization and Recreation Improvements – This fund accounts for funds to be used to administer construction and renovations for housing rehabilitation and improvements to the Holloway Recreation Center to provide improved and additional community programs. The City was awarded a grant from the Rural Economic Division of the Community Development Block Grant Program for the purpose of the revitalization.

Doctors Drive Road and Utility Extension Project – This fund accounts for a Golden Leaf Foundation grant to extend Doctors Drive to Airport Road. The monies will be used to extend the road and the water line to provide for fire protection and water supply needs and to minimize future flooding risks to the area residential properties.

Queen Street Redesign and Construction – This fund accounts for funds to be used to administer construction and aesthetic improvements to the streetscape of Queen Street located in downtown Kinston prior to repaving of Queen Street by the North Carolina Department of Transportation to encourage the economic growth, development and investment in the community and surrounding areas.

Fire and Rescue Ladder Truck – This fund accounts for monies used for manufacturing/build of a new Aerial Platform fire ladder truck to replace the 1987 E-One Aerial Ladder truck and to comply with federal requirements to maintain certain standards of equipment.

2020 Road Improvements – This fund accounts for monies set aside to improve and maintain the roads throughout the City of Kinston to provide safe and attractive transportation routes based upon current road conditions and recommendations from City Council.

CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Capital Project Funds
For the Fiscal Year Ended June 30, 2020

Schedule 23

	Battlefield Parkway/ Soccer Complex	College Street Railroad Crossing Project	General Fund Small Projects	Fire Pumper Truck Project	Grainger Stadium Improvements Project	Neighborhood Revitalization and Recreation Improvements Project	Doctors Drive Road and Utility Extension	Queen Street Redesign and Construction	Fire and Rescue Ladder Truck	2020 Road Improvements	Total
ASSETS											
Cash and investments											
Due from governmental agencies											
Total assets	\$ 8,250	\$ -	\$ 1,924	\$ 19,365	\$ 34,434	\$ 264,127	\$ 13,041	\$ 77,018	\$ 130,144	\$ 529,000	\$ 1,077,303
LIABILITIES											
Accounts payable and accrued liabilities											
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,647
FUND BALANCES											
Restricted:											
Stabilization by State statute											
Committed											
Assigned											
Unassigned											
Total fund balances	\$ 8,250	\$ -	\$ 1,924	\$ 19,365	\$ 34,434	\$ 264,127	\$ -	\$ (22,759)	\$ 13,041	\$ 88,754	\$ (22,759)
Total liabilities and fund balances	\$ 8,250	\$ -	\$ 1,924	\$ 19,365	\$ 34,434	\$ 264,127	\$ 146,647	\$ 13,041	\$ 88,754	\$ 132,200	\$ 529,000
											\$ 1,237,742

Schedule 24

CITY OF KINSTON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Fiscal Year Ended June 30, 2020

	Battlefield Parkway/ Soccer Complex	College Street Railroad Crossing Project	General Fund Small Projects	Fire Pumper Truck Projects	Grainger Stadium Improvements Project	Neighborhood Revitalization and Recreation Improvements	Doctors Drive Road and Utility Extension	Queen Street Redesign and Construction	Fire and Rescue Ladder Truck	2020 Road Improvements	Total
REVENUES											
Federal and state grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,647
Miscellaneous	-	3,488	-	10,000	-	-	-	-	-	-	13,488
Total revenues	-	3,488	-	10,000	-	-	146,647	-	-	-	160,135
EXPENDITURES											
Cultural and recreation	-	-	-	-	-	5,411	-	-	-	39,329	5,411
Public safety	-	-	-	-	-	-	44,500	1,356,533	-	-	39,329
Community development	-	-	-	-	-	145,687	-	-	-	-	1,546,720
Total expenditures	-	-	-	-	5,411	145,687	44,500	1,356,533	39,329	-	1,591,460
Excess (deficiency) of revenues over expenditures	-	3,488	-	10,000	-	(5,411)	960	(44,500)	(1,356,533)	(39,329)	(1,431,325)
OTHER FINANCING SOURCES (USES)											
Debt issued	-	-	-	-	-	-	-	-	1,415,366	-	1,415,366
Transfers in	-	-	-	-	-	-	-	-	-	529,000	529,000
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,415,366	529,000	1,944,366
Net change in fund balance	-	3,488	-	10,000	-	(5,411)	960	(44,500)	(1,356,533)	529,000	513,041
Fund balances, beginning	8,250	(3,488)	1,924	9,365	34,434	269,538	(960)	57,541	1,445,287	(1,243,837)	578,054
Fund balances, ending	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ 1,924</u>	<u>\$ 19,365</u>	<u>\$ 34,434</u>	<u>\$ 264,127</u>	<u>\$ -</u>	<u>\$ 13,041</u>	<u>\$ 88,754</u>	<u>\$ 132,200</u>	<u>\$ 529,000</u>
											<u>\$ 1,091,095</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 25

Nonmajor Capital Project Funds - Retro-Green Capital Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual		Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	
Revenues:				
Miscellaneous grants	\$ 25,000	\$ -	\$ -	\$ (25,000)
Miscellaneous revenues	<u>20,000</u>	<u>8,450</u>	<u>-</u>	<u>8,450</u>
Total revenues	<u>45,000</u>	<u>8,450</u>	<u>-</u>	<u>8,450</u>
Expenditures:				
Capital outlay	<u>45,000</u>	<u>200</u>	<u>-</u>	<u>200</u>
Total expenditures	<u>45,000</u>	<u>200</u>	<u>-</u>	<u>200</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ 8,250</u></u>	<u><u>-</u></u>	<u><u>\$ 8,250</u></u>
Fund balance, beginning			<u>8,250</u>	
Fund balance, ending			<u><u>\$ 8,250</u></u>	

CITY OF KINSTON, NORTH CAROLINA

Schedule 26

Nonmajor Capital Project Funds - Battlefield Parkway/Soccer Complex
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State grants	\$ 143,000	\$ 137,696	\$ -	\$ 137,696	\$ (5,304)
Miscellaneous revenues	571	-	3,488	3,488	2,917
Total revenues	<u>143,571</u>	<u>137,696</u>	<u>3,488</u>	<u>141,184</u>	<u>(2,387)</u>
Expenditures:					
Engineering and professional services	150,000	147,613	-	147,613	2,387
Total expenditures	<u>150,000</u>	<u>147,613</u>	<u>-</u>	<u>147,613</u>	<u>2,387</u>
Other Financing Sources (Uses)					
Transfers in	6,429	6,429	-	6,429	-
Total other financing sources (uses)	<u>6,429</u>	<u>6,429</u>	<u>-</u>	<u>6,429</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (3,488)</u>	<u>3,488</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning				<u>(3,488)</u>	
Fund balance, ending			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 27

Nonmajor Capital Project Funds - College Street Railroad Crossing Project
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Actual Variance</u>	<u>Variance Over/Under</u>
Revenues:						
NCDOT State Grants	\$ 88,000	\$ 88,000	\$ -	\$ 88,000	\$ -	-
Contribution from NC Railroad Company	125,000	125,000	-	125,000	-	-
Contribution from Norfolk Southern Corporation	37,000	37,000	-	37,000	-	-
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Expenditures:						
Heritage Street Widening Project	190,500	190,500	-	190,500	-	-
Other mitigation activities	139,500	137,576	-	137,576	1,924	1,924
Total expenditures	<u>330,000</u>	<u>328,076</u>	<u>-</u>	<u>328,076</u>	<u>1,924</u>	<u>1,924</u>
Other Financing Sources (Uses)						
Transfers in	80,000	80,000	-	80,000	-	-
Total other financing sources (uses)	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,924</u>	<u>-</u>	<u>\$ 1,924</u>	<u>\$ 1,924</u>	<u>\$ 1,924</u>
Fund balance, beginning				<u>1,924</u>		
Fund balance, ending				<u>\$ 1,924</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 28

Nonmajor Capital Project Funds - General Fund Small Projects

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 175,000	\$ 167,681	\$ -	\$ 167,681	\$ (7,319)
Miscellaneous revenues	8,140	8,440	10,000	18,440	10,300
Total revenues	<u>183,140</u>	<u>176,121</u>	<u>10,000</u>	<u>186,121</u>	<u>2,981</u>
Expenditures:					
Dragon Park Project	4,700	-	-	-	4,700
Neuse River Greenway Project	350,000	341,756	-	341,756	8,244
Emma Webb Pool Project	1,000	-	-	-	1,000
Downtown Kinston Mural	2,440	-	-	-	2,440
Total expenditures	<u>358,140</u>	<u>341,756</u>	<u>-</u>	<u>341,756</u>	<u>16,384</u>
Other Financing Sources (Uses):					
Transfers in	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>-</u>
Total other financing sources (uses)	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,365</u>	<u>10,000</u>	<u>\$ 19,365</u>	<u>\$ 19,365</u>
Fund balance, beginning			<u>9,365</u>		
Fund balance, ending			<u>\$ 19,365</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 29

Nonmajor Capital Project Funds - Fire Pumper Truck Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Capital outlay	\$ 600,000	\$ 565,566	\$ -	\$ 565,566	\$ 34,434
Total expenditures	<u>600,000</u>	<u>565,566</u>	<u>-</u>	<u>565,566</u>	<u>34,434</u>
Other Financing Sources (Uses):					
Transfers in	100,000	100,000	-	100,000	-
Debt issued	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Total other financing sources (uses)	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 34,434</u>	<u>-</u>	<u>\$ 34,434</u>	<u>\$ 34,434</u>
Fund balance, beginning			<u>34,434</u>		
Fund balance, ending			<u><u>\$ 34,434</u></u>		

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Capital Project Funds - Grainger Stadium Improvements Project
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2020

Schedule 30

	<u>Project Authorization</u>	<u>Actual</u>			
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>	
Expenditures:					
Stadium Improvements Phase I	\$ 2,389,042	\$ 2,375,908	\$ 5,411	\$ 2,381,319	\$ 7,723
Loan closing costs	<u>30,000</u>	<u>73,596</u>	<u>-</u>	<u>73,596</u>	<u>(43,596)</u>
Total expenditures	<u>2,419,042</u>	<u>2,449,504</u>	<u>5,411</u>	<u>2,454,915</u>	<u>(35,873)</u>
Other Financing Sources (Uses):					
Debt issued	2,200,000	2,500,000	-	2,500,000	300,000
Transfers in	<u>219,042</u>	<u>219,042</u>	<u>-</u>	<u>219,042</u>	<u>-</u>
Total other financing sources (uses)	<u>2,419,042</u>	<u>2,719,042</u>	<u>-</u>	<u>2,719,042</u>	<u>300,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 269,538</u>	<u>(5,411)</u>	<u>\$ 264,127</u>	<u>\$ 264,127</u>
Fund balance, beginning			<u>269,538</u>		
Fund balance, ending			<u><u>\$ 264,127</u></u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 31

Nonmajor Capital Project Funds - Neighborhood Revitalization and Recreation Improvements

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
CDBG Grant Revenue	\$ 750,000	\$ -	\$ 146,647	\$ 146,647	\$ (603,353)
Total revenues	<u>750,000</u>	<u>-</u>	<u>146,647</u>	<u>146,647</u>	<u>(603,353)</u>
Expenditures:					
Capital outlay	<u>750,000</u>	<u>960</u>	<u>145,687</u>	<u>146,647</u>	<u>603,353</u>
Total expenditures	<u>750,000</u>	<u>960</u>	<u>145,687</u>	<u>146,647</u>	<u>603,353</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (960)</u>	<u>960</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning				<u>(960)</u>	
Fund balance, ending				<u>\$ -</u>	

CITY OF KINSTON, NORTH CAROLINA

Schedule 32

Nonmajor Capital Project Funds - Doctors Drive Road and Utility Extension Project
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual			
		Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Golden Leaf Foundation Grant	\$ 599,720	\$ -	\$ -	\$ -	\$ (599,720)
Total revenues	<u>599,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(599,720)</u>
Expenditures:					
Doctors Drive Road and Utility Extension	759,720	102,459	44,500	146,959	612,761
Total expenditures	<u>759,720</u>	<u>102,459</u>	<u>44,500</u>	<u>146,959</u>	<u>612,761</u>
Other Financing Sources (Uses):					
Transfers in	160,000	160,000	-	160,000	-
Total other financing sources (uses)	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>160,000</u>	<u>-</u>
Fund balance, beginning	\$ -	<u>\$ 57,541</u>	(44,500)	<u>\$ 13,041</u>	<u>\$ 13,041</u>
Fund balance, ending			<u>57,541</u>	<u>\$ 13,041</u>	

CITY OF KINSTON, NORTH CAROLINA

Schedule 33

Nonmajor Capital Project Funds - Queen Street Redesign and Construction
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Queen Street Redesign and Construction	\$ 3,200,000	\$ 1,754,713	\$ 1,356,533	\$ 3,111,246	\$ 88,754
Total expenditures	<u>3,200,000</u>	<u>1,754,713</u>	<u>1,356,533</u>	<u>3,111,246</u>	<u>88,754</u>
Other Financing Sources (Uses):					
Transfers in	3,200,000	3,200,000	-	3,200,000	-
Total other financing sources (uses)	<u>3,200,000</u>	<u>3,200,000</u>	<u>-</u>	<u>3,200,000</u>	<u>-</u>
Fund balance, beginning	<u>\$ -</u>	<u>\$ 1,445,287</u>	<u>(1,356,533)</u>	<u>\$ 88,754</u>	<u>\$ 88,754</u>
Fund balance, ending			<u>1,445,287</u>		<u>\$ 88,754</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 34

Nonmajor Capital Project Funds - Fire and Rescue Ladder Truck

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the year ended June 30, 2020

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Expenditures:					
Public safety	\$ 1,409,624	\$ 1,376,037	\$ 30,830	\$ 1,406,867	\$ 2,757
Loan closing costs	-	-	8,499	8,499	(8,499)
Total expenditures	<u>1,409,624</u>	<u>1,376,037</u>	<u>39,329</u>	<u>1,415,366</u>	<u>(5,742)</u>
Other Financing Sources (Uses):					
Debt issued	1,277,424	-	1,415,366	1,415,366	137,942
Transfers in	132,200	132,200	-	132,200	-
Total other financing sources (uses)	<u>1,409,624</u>	<u>132,200</u>	<u>1,415,366</u>	<u>1,547,566</u>	<u>137,942</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,243,837)</u>	<u>1,376,037</u>	<u>\$ 132,200</u>	<u>\$ 132,200</u>
Fund balance, beginning			<u>(1,243,837)</u>		
Fund balance, ending			<u>\$ 132,200</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 35

Nonmajor Capital Project Funds - 2020 Road Improvements

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2020

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Street resurfacing	\$ 529,000	\$ -	\$ -	\$ -	\$ 529,000
Total expenditures	<u>529,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>529,000</u>
Other Financing Sources (Uses):					
Transfers in	529,000	-	529,000	529,000	-
Total other financing sources (uses)	<u>529,000</u>	<u>-</u>	<u>529,000</u>	<u>529,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>529,000</u>	<u>\$ 529,000</u>	<u>\$ 529,000</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 529,000</u>		

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PERMANENT FUND

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

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CITY OF KINSTON, NORTH CAROLINA**Schedule 36****Permanent Fund - Temple Israel Perpetual Care Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
			<u>Over/Under</u>
Revenues:			
Investment earnings	\$ 300	\$ 384	\$ 84
Total revenues	<u>300</u>	<u>384</u>	<u>84</u>
Other Financing Sources (Uses)			
Appropriated fund balance	-	-	-
Transfers out	<u>(300)</u>	<u>(300)</u>	<u>-</u>
Total other financing sources (uses)	<u>(300)</u>	<u>(300)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>84</u>	<u>\$ 84</u>
Fund balance, beginning		<u>75,667</u>	
Fund balance, ending		<u>\$ 75,751</u>	

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ELECTRIC FUND

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

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CITY OF KINSTON, NORTH CAROLINA
Major Enterprise Funds - Electric Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		Variance	2019	
	Budget	Actual	Over/Under		Actual
Operating Revenues:					
Charges for services, electricity sales	\$ 49,720,300	\$ 46,098,459	\$ (3,621,841)	\$ 48,421,424	
Other	97,400	133,627	36,227		109,091
Total operating revenues	49,817,700	46,232,086	(3,585,614)		48,530,515
Non-Operating Revenues:					
Grant funds	-	5,000	5,000	-	
Interest earned on investments	5,000	90,707	85,707	115,670	
Miscellaneous	-	-	-	100	
Total non-operating revenues	5,000	95,707	90,707		115,770
Total revenues	49,822,700	46,327,793	(3,494,907)		48,646,285
Expenditures:					
Electric Operations:					
Salaries and benefits	1,951,132	1,716,012	235,120	1,255,164	
Operating	1,659,416	1,260,151	399,265	2,073,972	
Purchased power	35,434,799	30,213,173	5,221,626	33,853,406	
Indirect costs	1,508,178	1,508,178	-	1,461,646	
Capital outlay	1,009,588	575,801	433,787	5,425,299	
Total electric operations expenditures	41,563,113	35,273,315	6,289,798		44,069,487
Debt Service:					
Principal retirement	670,253	670,253	-	773,073	
Interest and other charges	30,996	30,909	87	40,497	
Total debt service	701,249	701,162	87		813,570
Total expenditures	42,264,362	35,974,477	6,289,885		44,883,057
Other Financing Sources (Uses):					
Appropriated fund balance	(1,604,373)	-	1,604,373	-	
Transfers in	1,839,330	1,839,330	-	-	
Transfers out - Capital Reserve Fund	(2,065,000)	(2,065,000)	-	(2,376,000)	
Transfers out	(5,728,295)	(5,688,295)	40,000	(1,309,000)	
Total other financing sources (uses)	(7,558,338)	(5,913,965)	1,644,373		(3,685,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,439,351	\$ (8,140,419)		\$ 78,228

CITY OF KINSTON, NORTH CAROLINA
Major Enterprise Funds - Electric Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019
(Continued)

	<u>2020</u>	<u>2019</u>
Reconciliation from Budgetary Basis		
(Modified Accrual) to Full Accrual Basis:		
Revenues and other financing sources over expenditures and other financing uses	\$ 4,439,351	\$ 78,228
Transfers in - Capital Project Fund	4,733,965	2,376,000
Transfers out - Capital Project Fund	(1,839,330)	(2,376,000)
Bad debt expense	(219,205)	-
Capital outlay	2,700,128	5,425,299
Payment of debt principal	670,253	773,073
Depreciation	(1,204,505)	(1,151,958)
Capital distribution	(340,216)	-
Investment earnings from capital project funds	31,004	115,670
Change in accrued compensated absences	(10,139)	15,021
Pension expense	-	(205,549)
Change in deferred outflows of resources - pension	23,720	(143,187)
Change in deferred inflows of resources - pension	(2,616)	(8,555)
Change in net pension liability	(133,113)	184,981
Change in accrued interest payable	<u>2,896</u>	<u>(6,643)</u>
Change in net position	<u><u>\$ 8,852,193</u></u>	<u><u>\$ 5,076,380</u></u>

CITY OF KINSTON, NORTH CAROLINA
Major Enterprise Funds - Electric Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the year ended June 30, 2020

	Actual				
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal and state grants	\$ 5,405,048	\$ 5,350,767	\$ -	\$ 5,350,767	\$ (54,281)
Dopaco project contribution	25,000	25,000	-	25,000	-
Heelstone Energy contribution	500,000	355,000	-	355,000	(145,000)
Solar Farm Electric Project	196,600	196,516	-	196,516	(84)
Interest earned on investments	14,882	14,882	-	14,882	-
Miscellaneous revenue	69,380	69,380	-	69,380	-
Total revenues	6,210,910	6,011,545	-	6,011,545	(199,365)
Expenditures:					
Caswell Center upgrades	2,857,434	2,857,434	(2)	2,857,432	2
West Industrial Park Substation Project	2,667,147	2,667,146	1	2,667,147	-
Lenox China Generator Project	466,500	405,397	-	405,397	61,103
Felix Harvey Parkway Extension Project	80,605	80,605	-	80,605	-
Spirit Aerosystem Rail Spur Project	199,669	199,667	2	199,669	-
Dapaco Inc. Generator Project	1,000,000	855,001	(1)	855,000	145,000
West Pharmaceutical Generator Project	962,500	962,500	-	962,500	-
531 Circuit Rebuild	508,048	508,048	-	508,048	-
Queen Street Bridge Electric Line Relocation Project	810,220	780,823	-	780,823	29,397
Solar Farm Electric Improvements Project	196,600	98,659	-	98,659	97,941
Falling Creek Substation Transformer Project	1,291,949	1,262,124	-	1,262,124	29,825
Second Point of Delivery	5,483,514	1,401,912	348,002	1,749,914	3,733,600
SmartGrid System Elec&Wtr	6,500,000	4,268,061	1,077,579	5,345,640	1,154,360
Electric Vehicle Charging Stations	25,000	25,000	-	25,000	-
Harvey Parkway Extension Electric Facilities Relocation	139,412	85,170	-	85,170	54,242
Queen Street Utility Pole Relocation	215,625	91,034	-	91,034	124,591
Vernon Avenue 3.4 Mile Electric Distribution Circuit Rebuild	1,548,360	651,773	418,667	1,070,440	477,920
516, 521, 510 Circuit Rebuild	2,376,000	86,025	335,298	421,323	1,954,677
Total	27,328,583	17,286,379	2,179,546	19,465,925	7,862,658
Debt service:					
Principal retirement	310,560	310,951	(391)	310,560	-
Interest and other charges	190,340	189,949	391	190,340	-
Total debt service	500,900	500,900	-	500,900	-
Total expenditures	27,829,483	17,787,279	2,179,546	19,966,825	7,862,658
Other Financing Sources (Uses):					
Debt issued	2,950,000	2,950,000	-	2,950,000	-
Transfers in	18,808,964	16,969,634	1,839,330	18,808,964	-
Transfers out	(140,391)	(140,391)	-	(140,391)	-
Total other financing sources (uses)	21,618,573	19,779,243	1,839,330	21,618,573	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 8,003,509	\$ (340,216)	\$ 7,663,293	\$ 7,663,293

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WATER FUND

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

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CITY OF KINSTON, NORTH CAROLINA
Major Enterprise Funds - Water Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		Variance Over/Under	2019
	Budget	Actual		
Operating Revenues:				
Water sales	\$ 10,126,990	\$ 9,923,841	\$ (203,149)	\$ 10,264,803
Other	198,500	213,748	15,248	167,129
Total operating revenues	<u>10,325,490</u>	<u>10,137,589</u>	<u>(187,901)</u>	<u>10,431,932</u>
Non-Operating Revenues:				
Interest earned on investments	13,000	34,870	21,870	37,947
Total non-operating revenues	<u>13,000</u>	<u>34,870</u>	<u>21,870</u>	<u>37,947</u>
Total revenues	<u>10,338,490</u>	<u>10,172,459</u>	<u>(166,031)</u>	<u>10,469,879</u>
Expenditures:				
Water Production:				
Salaries and benefits	360,959	348,762	12,197	328,946
Operating	361,532	206,377	155,155	234,020
Repairs and maintenance	379,300	305,622	73,678	189,279
Capital outlay	202,893	103,142	99,751	131,913
Indirect costs	1,082,747	1,082,747	-	1,102,652
Total water production	<u>2,387,431</u>	<u>2,046,650</u>	<u>340,781</u>	<u>1,986,810</u>
Water Operations:				
Salaries and benefits	998,684	971,743	26,941	957,406
Operating	653,100	577,416	75,684	700,900
Repairs and maintenance	210,500	173,973	36,527	123,085
Capital outlay	193,143	101,591	91,552	353,864
Indirect costs	206,765	206,765	-	143,972
Purchased water	4,483,200	4,483,200	-	4,483,200
Total water operations	<u>6,745,392</u>	<u>6,514,688</u>	<u>230,704</u>	<u>6,762,427</u>
Debt service:				
Principal retirement	268,730	268,730	-	294,677
Interest and other charges	10,586	10,580	6	13,901
Total debt service	<u>279,316</u>	<u>279,310</u>	<u>6</u>	<u>308,578</u>
Non-Operating Expenditures:				
Economic development reimbursements	42,000	41,966	34	44,071
Total non-operating expenditures	<u>42,000</u>	<u>41,966</u>	<u>34</u>	<u>44,071</u>
Total expenditures	<u>9,454,139</u>	<u>8,882,614</u>	<u>571,525</u>	<u>9,101,886</u>
Revenues over (under) expenditures	<u>884,351</u>	<u>1,289,845</u>	<u>405,494</u>	<u>1,367,993</u>

CITY OF KINSTON, NORTH CAROLINA
Major Enterprise Funds - Water Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019
(Continued)

	2020		Variance Over/Under	2019	
	Budget	Actual		Actual	
Other Financing Sources (Uses):					
Appropriated fund balance	\$ 92,099	\$ -	\$ 92,099	\$ -	
Transfers from other funds	-	-	-		218,419
Transfers to Capital Reserve	(490,000)	(490,000)	-		(225,419)
Transfers to other funds	<u>(486,450)</u>	<u>(486,450)</u>	-		-
Total other financing sources (uses)	<u>(884,351)</u>	<u>(976,450)</u>	92,099		(7,000)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 313,395</u>	<u>\$ 313,395</u>	<u>\$ 1,360,993</u>	
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:					
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 313,395			\$ 1,360,993	
Transfers - Capital Project Funds	550,109			7,000	
Transfers - Capital Reserve Fund	490,000			218,419	
Transfer in	-			(218,419)	
Bad debt expense	(52,566)			-	
Capital outlay	213,866			380,601	
Interest from Capital Reserve Fund	7,331			37,947	
Payment of debt principal	268,730			294,677	
Depreciation	(509,682)			(527,395)	
Change in accrued compensated absences	(3,101)			(7,579)	
Pension expense	-			24,654	
Change in deferred outflows of resources - pension	(43,484)			(141,098)	
Change in deferred inflows of resources - pension	(1,009)			(10,388)	
Change in net pension liability	(22,594)			146,482	
Change in accrued interest payable	<u>1,165</u>			<u>(2,587)</u>	
Change in net position	<u>\$ 1,212,160</u>			<u>\$ 1,563,307</u>	

CITY OF KINSTON, NORTH CAROLINA
Major Enterprise Funds - Water Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the year ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Federal and State grants	\$ 150,000	\$ -	\$ 26,299	\$ 26,299	\$ (123,701)
Total revenues	<u>150,000</u>	<u>-</u>	<u>26,299</u>	<u>26,299</u>	<u>(123,701)</u>
Expenditures:					
Water line projects	1,993,050	992,824	53,490	1,046,314	946,736
Total expenditures	<u>1,993,050</u>	<u>992,824</u>	<u>53,490</u>	<u>1,046,314</u>	<u>946,736</u>
Other Financing Sources (Uses):					
Transfers in	1,843,050	1,265,750	577,300	1,843,050	-
Total other financing sources (uses)	<u>1,843,050</u>	<u>1,265,750</u>	<u>577,300</u>	<u>1,843,050</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 272,926</u>	<u>\$ 550,109</u>	<u>\$ 823,035</u>	<u>\$ 823,035</u>

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WASTEWATER FUND

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

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CITY OF KINSTON, NORTH CAROLINA
Major Enterprise Funds - Wastewater Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		Variance Over/Under	2019	
	Budget	Actual		Actual	
Operating Revenues:					
Sewer sales	\$ 6,233,000	\$ 6,240,235	\$ 7,235	\$ 6,128,093	
Other	15,500	71,835	56,335	13,520	
Total operating revenues	<u>6,248,500</u>	<u>6,312,070</u>	<u>63,570</u>	<u>6,141,613</u>	
Non-Operating Revenues:					
Interest earned on investments	4,000	1,747	(2,253)	1,779	
Total non-operating revenues	<u>4,000</u>	<u>1,747</u>	<u>(2,253)</u>	<u>1,779</u>	
Total revenues	<u>6,252,500</u>	<u>6,313,817</u>	<u>61,317</u>	<u>6,143,392</u>	
Expenditures:					
Wastewater Plant Operations:					
Salaries and benefits	823,988	825,366	(1,378)	749,006	
Operating	566,600	495,130	71,470	485,608	
Repairs and maintenance	684,157	678,532	5,625	657,123	
Indirect costs	2,386,752	2,386,752	-	2,561,783	
Capital outlay	651,000	448,701	202,299	563,316	
Total wastewater plant operations	<u>5,112,497</u>	<u>4,834,481</u>	<u>278,016</u>	<u>5,016,836</u>	
Debt Service:					
Principal retirement	1,446,200	1,434,777	11,423	1,497,961	
Interest and other charges	136,435	118,122	18,313	136,303	
Total debt service	<u>1,582,635</u>	<u>1,552,899</u>	<u>29,736</u>	<u>1,634,264</u>	
Non-Operating Expenditures:					
Economic development reimbursements	9,000	8,993	7	9,444	
Total non-operating expenditures	<u>9,000</u>	<u>8,993</u>	<u>7</u>	<u>9,444</u>	
Total expenditures	<u>6,704,132</u>	<u>6,396,373</u>	<u>307,759</u>	<u>6,660,544</u>	
Revenues over (under) expenditures	<u>(451,632)</u>	<u>(82,556)</u>	<u>(246,442)</u>	<u>(517,152)</u>	

CITY OF KINSTON, NORTH CAROLINA
Major Enterprise Funds - Wastewater Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		Variance Over/Under	2019	
	Budget	Actual		Actual	
Other Financing Sources (Uses):					
Appropriated fund balance	\$ 38,332	\$ -	\$ 38,332	\$ -	
Long-term debt issued	415,000	418,575	(3,575)	3,470,628	
Transfers out - capital projects	-	-	-	-	
Transfers in - capital projects	-	-	-	26,654	
Transfers out - other funds	(1,700)	(1,700)	-	(3,633,654)	
Total other financing sources (uses)	<u>451,632</u>	<u>416,875</u>	<u>34,757</u>	<u>(136,372)</u>	
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 334,319</u>	<u>\$ (211,685)</u>	<u>\$ (653,524)</u>	
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:					
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 334,319			\$ (653,524)	
Transfers - Capital projects	(112,060)			-	
Interest from Capital Reserve	31			-	
Capital outlay	4,245,979			579,200	
Debt issued	(4,144,887)			(3,470,628)	
Payment of debt principal	2,434,777			1,497,961	
Depreciation	(2,419,073)			(2,348,120)	
Contributions	-			(6,937)	
Change in accrued compensated absences	(654)			4,837	
Change in accrued interest payable	(6,973)			(9,158)	
Pension expense	-			(35,279)	
Change in deferred inflows of resources - pension	(748)			(5,989)	
Change in deferred outflows of resources - pension	(13,286)			(100,231)	
Change in net pension liability	(27,102)			129,487	
Bad debt expense	<u>(51,433)</u>			<u>-</u>	
Change in net position	<u>\$ 238,890</u>			<u>\$ (4,418,381)</u>	

CITY OF KINSTON, NORTH CAROLINA
Major Enterprise Funds - Wastewater Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the year ended June 30, 2020

	Project Authorization	Actual			
	Prior Years	Current Year	Total to Date	Variance Over/Under	
Revenues:					
Federal and state grants	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000	\$ -	\$ -
Local funds	775,000	766,000	766,000	-	(9,000)
Total revenues	<u>3,175,000</u>	<u>3,166,000</u>	<u>3,166,000</u>	<u>-</u>	<u>(9,000)</u>
Expenditures:					
Smithfield Plant Expansion Project	3,857,000	3,705,989	3,705,989	-	151,011
Queen Street Sewer Rehabilitation Project	7,238,200	5,180,302	5,180,302	-	2,057,898
KRWRF Biosolids Dryer Project	2,680,380	603,069	1,308,760	1,911,829	768,551
Brierty Run Phase IV Rehabilitation Project	2,666,796	4,533	2,529,612	2,534,145	132,651
Wastewater Asset Management Grant	159,750	157,451	-	157,451	2,299
Brierty Run Phase V Rehabilitation Project	1,359,354	351	-	351	1,359,003
Total expenditures	<u>17,961,480</u>	<u>9,651,695</u>	<u>3,838,372</u>	<u>13,490,067</u>	<u>4,471,413</u>
Other Financing Sources (Uses):					
Debt issued	13,760,958	8,002,478	3,726,312	11,728,790	(2,032,168)
Transfers in	1,025,522	434,704	-	434,704	(590,818)
Total other financing sources (uses)	<u>14,786,480</u>	<u>8,437,182</u>	<u>3,726,312</u>	<u>12,163,494</u>	<u>(2,622,986)</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,951,487</u>	<u>\$ (112,060)</u>	<u>\$ 1,839,427</u>	<u>\$ 1,839,427</u>

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2020

Schedule 43

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Assets:				
Current assets:				
Cash and investments	\$ 1,630,421	\$ 1,309,102	\$ 11,000	\$ 2,950,523
Accounts receivable	542,525	155,205	11,477	709,207
Total current assets	<u>2,172,946</u>	<u>1,464,307</u>	<u>22,477</u>	<u>3,659,730</u>
Non-current assets:				
Construction in progress	-	268,187	-	268,187
Depreciable capital assets	4,117,333	1,388,075	683,414	6,188,822
Accumulated depreciation	(3,475,718)	(829,347)	(71,515)	(4,376,580)
Total non-current assets	<u>641,615</u>	<u>826,915</u>	<u>611,899</u>	<u>2,080,429</u>
Total assets	<u>2,814,561</u>	<u>2,291,222</u>	<u>634,376</u>	<u>5,740,159</u>
Deferred Outflows of Resources:				
Pension related deferrals	<u>168,560</u>	<u>53,144</u>	<u>21,563</u>	<u>243,267</u>
Liabilities:				
Current liabilities				
Accounts payable and accrued liabilities	149,083	22,090	291,806	462,979
Current portion of installment notes	350,202	51,725	-	401,927
Current portion of compensated absences	11,645	3,648	901	16,194
Total current liabilities	<u>510,930</u>	<u>77,463</u>	<u>292,707</u>	<u>881,100</u>
Non-current liabilities				
Net pension liability	276,923	87,310	35,425	399,658
Non-current portion of installment notes	549,621	-	-	549,621
Non-current portion of compensated absences	34,933	10,943	2,702	48,578
Total non-current liabilities	<u>861,477</u>	<u>98,253</u>	<u>38,127</u>	<u>997,857</u>
Total liabilities	<u>1,372,407</u>	<u>175,716</u>	<u>330,834</u>	<u>1,878,957</u>
Deferred Inflows of Resources:				
Pension deferrals	<u>4,024</u>	<u>1,268</u>	<u>514</u>	<u>5,806</u>
Net Position:				
Net investment in capital assets	(258,208)	775,190	611,899	1,128,881
Unrestricted	<u>1,864,898</u>	<u>1,392,192</u>	<u>(287,308)</u>	<u>2,969,782</u>
Total net position	<u>\$ 1,606,690</u>	<u>\$ 2,167,382</u>	<u>\$ 324,591</u>	<u>\$ 4,098,663</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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CITY OF KINSTON, NORTH CAROLINA

Schedule 44

Nonmajor Enterprise Funds

**Combining Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2020**

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Operating Revenues:				
Charges for services	\$ 4,124,079	\$ 1,024,685	\$ 889,801	\$ 6,038,565
Other operating income	<u>23,892</u>	<u>12</u>	<u>41,103</u>	<u>65,007</u>
Total operating revenues	<u>4,147,971</u>	<u>1,024,697</u>	<u>930,904</u>	<u>6,103,572</u>
Operating Expenses:				
Operations	3,499,280	756,367	1,322,288	5,577,935
Depreciation	<u>339,742</u>	<u>102,681</u>	<u>30,765</u>	<u>473,188</u>
Total operating expenses	<u>3,839,022</u>	<u>859,048</u>	<u>1,353,053</u>	<u>6,051,123</u>
Operating income	<u>308,949</u>	<u>165,649</u>	<u>(422,149)</u>	<u>52,449</u>
Non-Operating Revenues (Expenses):				
Transfers (to) from	(3,000)	(3,600)	149,500	142,900
Interest earned on investments	7,553	6,148	-	13,701
Interest on long-term debt	<u>(23,761)</u>	<u>(1,252)</u>	<u>-</u>	<u>(25,013)</u>
Total non-operating revenues (expenses)	<u>(19,208)</u>	<u>1,296</u>	<u>149,500</u>	<u>131,588</u>
Change in net position	<u>289,741</u>	<u>166,945</u>	<u>(272,649)</u>	<u>184,037</u>
Fund balance, beginning	1,289,718	1,996,183	605,647	3,891,548
Prior year GASB 68 reallocation	<u>27,231</u>	<u>4,254</u>	<u>(8,407)</u>	<u>23,078</u>
Adjusted fund balance, beginning	<u>1,316,949</u>	<u>2,000,437</u>	<u>597,240</u>	<u>3,914,626</u>
Fund balance, ending	<u>\$ 1,606,690</u>	<u>\$ 2,167,382</u>	<u>\$ 324,591</u>	<u>\$ 4,098,663</u>

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended June 30, 2020

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,115,311	\$ 1,026,292	\$ 934,601	\$ 6,076,204
Cash paid to suppliers for goods and services	(2,488,589)	(440,268)	(843,961)	(3,772,818)
Cash paid to or on behalf of employees for services	(1,149,688)	(345,883)	(287,316)	(1,782,887)
Net cash provided (used) by operating activates	<u>477,034</u>	<u>240,141</u>	<u>(196,676)</u>	<u>520,499</u>
Cash Flows From Noncapital Financing Activities:				
Transfer (to) from other funds	(3,000)	(3,600)	149,500	142,900
Total cash flow from noncapital financing activites	<u>(3,000)</u>	<u>(3,600)</u>	<u>149,500</u>	<u>142,900</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(261,659)	(19,329)	-	(280,988)
Proceeds from long-term debt	499,841	-	-	499,841
Principal paid on general long-term obligation bond maturities and equipment contracts	(253,758)	(54,253)	-	(308,011)
Interest paid on bonded indebtedness and equipment contracts	(23,761)	(1,252)	-	(25,013)
Net cash used by capital and related financing activities	<u>(39,337)</u>	<u>(74,834)</u>	<u>-</u>	<u>(114,171)</u>
Cash Flows from Investing Activities:				
Interest on investments	<u>7,553</u>	<u>6,148</u>	<u>-</u>	<u>13,701</u>
Net cash provided (used) in investing activities	<u>7,553</u>	<u>6,148</u>	<u>-</u>	<u>13,701</u>
Net increase (decrease) in cash and cash equivalents	<u>442,250</u>	<u>167,855</u>	<u>(47,176)</u>	<u>562,929</u>
Cash and Cash Equivalents:				
Beginning of year	<u>1,188,171</u>	<u>1,141,247</u>	<u>58,176</u>	<u>2,387,594</u>
End of year	<u>\$ 1,630,421</u>	<u>\$ 1,309,102</u>	<u>\$ 11,000</u>	<u>\$ 2,950,523</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 308,949	\$ 165,649	\$ (422,149)	\$ 52,449
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	339,742	102,681	30,765	473,188
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(32,660)	1,595	3,697	(27,368)
Increase (decrease) in net pension liability	28,579	1,387	(277)	29,689
Increase (decrease) in deferred inflows of resources for pensions	913	192	67	1,172
(Increase) decrease in deferred outflows of resources for pensions	24,412	13,620	6,179	44,211
Increase (decrease) in accounts payable	(198,360)	(41,609)	188,830	(51,139)
Increase (decrease) in compensated absences	5,459	(3,374)	(3,788)	(1,703)
Total adjustments	<u>168,085</u>	<u>74,492</u>	<u>225,473</u>	<u>468,050</u>
Net cash provided (used) by operating activities	<u>\$ 477,034</u>	<u>\$ 240,141</u>	<u>\$ (196,676)</u>	<u>\$ 520,499</u>

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds - Environmental Services Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		2019	
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 4,099,899	\$ 4,171,378	\$ 71,479	\$ 4,119,060
Other	27,000	23,892	(3,108)	31,194
Total operating revenues	<u>4,126,899</u>	<u>4,195,270</u>	68,371	4,150,254
Non-Operating Revenues:				
Interest earned on investments	1,000	7,553	6,553	4,823
Total non-operating revenues	<u>1,000</u>	<u>7,553</u>	6,553	4,823
Total revenues	<u>4,127,899</u>	<u>4,202,823</u>	74,924	4,155,077
Expenditures:				
Bulk leaf collection:				
Operating	1,500	1,232	268	8,490
Indirect costs	15,700	4,851	10,849	-
Total leaf collection	<u>17,200</u>	<u>6,083</u>	11,117	8,490
Vector control:				
Salaries and benefits	26,964	25,420	1,544	46,002
Operating	10,200	8,250	1,950	8,268
Capital outlay	-	-	-	1,246
Indirect costs	6,500	3,669	2,831	4,852
Total vector control	<u>43,664</u>	<u>37,339</u>	6,325	60,368
Commercial solid waste:				
Salaries and benefits	288,087	278,050	10,037	268,907
Operating	495,200	426,868	68,332	463,039
Capital outlay	263,666	263,646	20	232,992
Indirect costs	122,000	92,610	29,390	83,055
Total commercial solid waste	<u>1,168,953</u>	<u>1,061,174</u>	107,779	1,047,993
Residential solid waste:				
Salaries and benefits	794,093	739,821	54,272	674,535
Operating	521,900	507,629	14,271	497,641
Capital outlay	-	-	-	1,246
Indirect costs	324,642	294,512	30,130	246,301
Total residential solid waste	<u>1,640,635</u>	<u>1,541,962</u>	98,673	1,419,723
Recycling:				
Salaries and benefits	41,071	41,573	(502)	37,976
Operating	42,900	32,018	10,882	29,271
Total recycling	<u>83,971</u>	<u>73,591</u>	10,380	67,247

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds - Environmental Services Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019
(Continued)

	2020		Variance Over/Under	2019	
	Budget	Actual		Actual	
Debt Service:					
Principal retirement	\$ 253,758	\$ 253,758	\$ -	\$ 249,607	
Interest and other charges	11,104	11,104	-	13,581	
Total debt service	<u>264,862</u>	<u>264,862</u>	-	<u>263,188</u>	
Other indirect costs	<u>981,428</u>	<u>981,428</u>	-	<u>987,857</u>	
Total expenditures	<u>4,200,713</u>	<u>3,966,439</u>	<u>234,274</u>	<u>3,854,866</u>	
Other Financing Sources (Uses):					
Appropriated net position	(413,316)	-	413,316	-	
Transfers out	(3,000)	(3,000)	-	-	
Long-term debt issued	<u>489,130</u>	<u>499,841</u>	<u>(10,711)</u>	<u>-</u>	
Total other financing sources (uses)	<u>72,814</u>	<u>496,841</u>	<u>402,605</u>	<u>-</u>	
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 733,225</u>	<u>\$ 243,255</u>	<u>\$ 300,211</u>	
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:					
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 733,225			\$ 300,211	
Bad debt expense	(47,299)				-
Capital outlay	261,660			232,992	
Debt issued	(499,841)				-
Payment of debt principal	253,758			249,607	
Depreciation	(339,742)			(301,164)	
Change in accrued compensated absences	(5,460)			(3,859)	
Change in accrued interest payable	(12,656)			2,386	
Pension expense	-			(21,793)	
Change in deferred outflows of resources - pension	(24,412)			(100,231)	
Change in deferred inflows of resources - pension	(913)			(5,989)	
Change in net pension liability	<u>(28,579)</u>			<u>129,487</u>	
Change in net position	<u>\$ 289,741</u>			<u>\$ 481,647</u>	

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds - Stormwater Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		Variance Over/Under	2019
	Budget	Actual		
Operating Revenues:				
Charges for services	\$ 1,025,300	\$ 1,024,685	\$ (615)	\$ 1,023,071
Other	113,864	12	(113,852)	25,409
Total operating revenues	<u>1,139,164</u>	<u>1,024,697</u>	<u>(114,467)</u>	<u>1,048,480</u>
Non-Operating Revenues:				
Interest earned on investments	-	6,148	6,148	6,044
Total non-operating revenues	<u>-</u>	<u>6,148</u>	<u>6,148</u>	<u>6,044</u>
Total revenues	<u>1,139,164</u>	<u>1,030,845</u>	<u>(108,319)</u>	<u>1,054,524</u>
Expenditures:				
Stormwater Operations:				
Salaries and benefits	480,536	337,432	143,104	368,465
Operating	154,200	100,034	54,166	195,041
Capital outlay	13,900	20,503	(6,603)	166,051
Indirect costs	305,770	305,770	-	305,588
Total stormwater operations	<u>954,406</u>	<u>763,739</u>	<u>190,667</u>	<u>1,035,145</u>
Debt service:				
Principal retirement	54,300	54,253	47	53,500
Interest and other charges	1,500	1,501	(1)	1,990
Total debt service	<u>55,800</u>	<u>55,754</u>	<u>46</u>	<u>55,490</u>
Total expenditures	<u>1,010,206</u>	<u>819,493</u>	<u>190,713</u>	<u>1,090,635</u>
Other Financing Sources (Uses):				
Appropriated net position	66,008	-	(66,008)	-
Transfers out	(194,966)	(181,600)	13,366	(94,250)
Total other financing sources (uses)	<u>(128,958)</u>	<u>(181,600)</u>	<u>(52,642)</u>	<u>(94,250)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 29,752</u>	<u>\$ 29,752</u>	<u>\$ (130,361)</u>

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds - Stormwater Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019
(Continued)

	2020	2019
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:		
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 29,752	\$ (130,361)
Transfers-capital projects	178,000	-
Payment of debt principal	54,253	53,500
Capital outlay	19,329	166,051
Depreciation	(102,681)	(110,401)
Change in accrued compensated absences	3,373	5,800
Change in accrued interest payable	249	(332)
Pension expense	(130)	(12,113)
Change in deferred outflows of resources - pension	(13,621)	(28,637)
Change in deferred inflows of resources - pension	(192)	(1,709)
Change in net pension liability	<u>(1,387)</u>	<u>36,992</u>
Change in net position	<u><u>\$ 166,945</u></u>	<u><u>\$ (21,210)</u></u>

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds - Stormwater Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020

Schedule 48

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Expenditures:					
George Street Rehabilitation	\$ 110,000	\$ 98,916	\$ -	\$ 98,916	\$ 11,084
Oriental Avenue Rehabilitation	130,000	106,809	-	106,809	23,191
Tiffany Street Rehabilitation	60,000	56,013	-	56,013	3,987
Massey Drive Steam Project	178,000	-	-	-	178,000
Total expenditures	<u>478,000</u>	<u>261,738</u>	<u>-</u>	<u>261,738</u>	<u>216,262</u>
Other Financing Sources (Uses):					
Transfers in	<u>478,000</u>	<u>300,000</u>	<u>178,000</u>	<u>478,000</u>	<u>-</u>
Total other financing sources (uses)	<u>478,000</u>	<u>300,000</u>	<u>178,000</u>	<u>478,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 38,262</u>	<u>\$ 178,000</u>	<u>\$ 216,262</u>	<u>\$ 216,262</u>

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds - Kinston Community Center Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		Variance Over/Under	2019
	Budget	Actual		
Operating Revenues:				
Charges for services	\$ 1,453,400	\$ 889,801	\$ (563,599)	\$ 1,908,631
Other operating income	-	41,103	41,103	56,640
Total operating revenues	<u>1,453,400</u>	<u>930,904</u>	<u>(522,496)</u>	<u>1,965,271</u>
Total revenues	<u>1,453,400</u>	<u>930,904</u>	<u>(522,496)</u>	<u>1,965,271</u>
Expenditures:				
Salaries and benefits	353,628	293,285	60,343	504,287
Operating	1,246,150	1,024,590	221,560	880,832
Capital outlay	1,500	1,255	245	-
Indirect Costs	976	976	-	-
Total expenditures	<u>1,602,254</u>	<u>1,320,106</u>	<u>282,148</u>	<u>1,385,119</u>
Other Financing Sources (Uses):				
Appropriated net position	(646)	-	646	-
Transfers in	150,000	150,000	-	-
Transfers out	(500)	(500)	-	(1,700)
Total other financing sources (uses)	<u>148,854</u>	<u>149,500</u>	<u>646</u>	<u>(1,700)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (239,702)</u>	<u>\$ (239,702)</u>	<u>\$ 578,452</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses	\$ (239,702)			\$ 578,452
Depreciation	(30,765)			(30,765)
Change in accrued compensated absences	3,787			(2,003)
Contributions	-			1,344
Change in deferred outflows of resources - pension	(6,179)			-
Change in deferred inflows of resources - pension	(67)			-
Change in net pension liability	<u>277</u>			<u>-</u>
Change in net position	<u>\$ (272,649)</u>			<u>\$ 547,028</u>

INTERNAL SERVICE FUNDS

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

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

Employee Health Self Insurance Fund – This fund is used to finance and account for the City's health benefits self-insurance program.

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

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

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

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CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Net Position
June 30, 2020

	Employee Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Assets:						
Current assets:						
Cash and investments	\$ 616,787	\$ 1,960,697	\$ 729,727	\$ 171,575	\$ 2,827,577	\$ 6,306,363
Accounts receivable	-	797	57,893	665	3,426	62,781
Inventory	-	-	242,970	-	-	242,970
Total current assets	<u>616,787</u>	<u>1,961,494</u>	<u>1,030,590</u>	<u>172,240</u>	<u>2,831,003</u>	<u>6,612,114</u>
Non-current assets:						
Construction in progress	-	-	-	-	21,784	21,784
Buildings	-	19,468	-	-	-	19,468
Equipment	-	-	207,789	-	675,549	883,338
Accumulated depreciation	-	(12,655)	(198,358)	-	(632,132)	(843,145)
Total non-current assets	<u>-</u>	<u>6,813</u>	<u>9,431</u>	<u>-</u>	<u>65,201</u>	<u>81,445</u>
Total assets	<u>616,787</u>	<u>1,968,307</u>	<u>1,040,021</u>	<u>172,240</u>	<u>2,896,204</u>	<u>6,693,559</u>
Deferred Outflows of Resources:						
Pension related deferrals	<u>-</u>	<u>13,270</u>	<u>75,945</u>	<u>-</u>	<u>265,242</u>	<u>354,457</u>
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	226,390	404,924	22,900	298	78,771	733,283
Current portion of compensated absences	-	1,519	7,550	-	20,828	29,897
Total current liabilities	<u>226,390</u>	<u>406,443</u>	<u>30,450</u>	<u>298</u>	<u>99,599</u>	<u>763,180</u>
Non-current liabilities:						
Net pension liability	-	21,801	124,768	-	435,760	582,329
Non-current portion of compensated absences	-	4,555	22,648	-	62,492	89,695
Total non-current liabilities	<u>-</u>	<u>26,356</u>	<u>147,416</u>	<u>-</u>	<u>498,252</u>	<u>672,024</u>
Total liabilities	<u>226,390</u>	<u>432,799</u>	<u>177,866</u>	<u>298</u>	<u>597,851</u>	<u>1,435,204</u>
Deferred Inflows of Resources:						
Pension deferrals	<u>-</u>	<u>316</u>	<u>1,812</u>	<u>-</u>	<u>6,331</u>	<u>8,459</u>
Net Position:						
Net investment in capital assets	-	6,813	9,431	-	65,201	81,445
Unrestricted	<u>390,397</u>	<u>1,541,649</u>	<u>926,857</u>	<u>171,942</u>	<u>2,492,063</u>	<u>5,522,908</u>
Total net position	<u>\$ 390,397</u>	<u>\$ 1,548,462</u>	<u>\$ 936,288</u>	<u>\$ 171,942</u>	<u>\$ 2,557,264</u>	<u>\$ 5,604,353</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	Employee Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Operating Revenues:						
Contributions from various funds	\$ 100,909	\$ 682,837	\$ 740,067	\$ 402,051	\$ 2,250,050	\$ 4,175,914
Premiums collected	2,782,275	-	-	-	-	2,782,275
Other income	-	-	1,195	-	226	1,421
Total operating revenues	<u>2,883,184</u>	<u>682,837</u>	<u>741,262</u>	<u>402,051</u>	<u>2,250,276</u>	<u>6,959,610</u>
Operating Expenses:						
Administration	-	86,687	494,521	-	1,687,760	2,268,968
Operations	-	125,845	164,061	391,481	349,243	1,030,630
Depreciation	-	487	2,358	-	86,794	89,639
Claims reimbursement	<u>2,781,854</u>	<u>337,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,118,999</u>
Total operating expenses	<u>2,781,854</u>	<u>550,164</u>	<u>660,940</u>	<u>391,481</u>	<u>2,123,797</u>	<u>6,508,236</u>
Operating income	<u>101,330</u>	<u>132,673</u>	<u>80,322</u>	<u>10,570</u>	<u>126,479</u>	<u>451,374</u>
Other Financing Sources (Uses):						
Transfers (to) from	-	-	(100)	-	(9,300)	(9,400)
Interest earned on investments	<u>746</u>	<u>9,160</u>	<u>-</u>	<u>-</u>	<u>16,556</u>	<u>26,462</u>
Total other financing sources (uses)	<u>746</u>	<u>9,160</u>	<u>(100)</u>	<u>-</u>	<u>7,256</u>	<u>17,062</u>
Change in net position	<u>102,076</u>	<u>141,833</u>	<u>80,222</u>	<u>10,570</u>	<u>133,735</u>	<u>468,436</u>
Net Position:						
Net position, beginning	288,321	1,411,225	880,719	161,372	2,522,446	5,264,083
Prior year GASB 68 reallocation	-	(4,596)	(24,653)	-	(98,917)	(128,166)
Adjusted fund balance, beginning	<u>288,321</u>	<u>1,406,629</u>	<u>856,066</u>	<u>161,372</u>	<u>2,423,529</u>	<u>5,135,917</u>
Net position, ending	<u>\$ 390,397</u>	<u>\$ 1,548,462</u>	<u>\$ 936,288</u>	<u>\$ 171,942</u>	<u>\$ 2,557,264</u>	<u>\$ 5,604,353</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2020

	Employee Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Cash Flows from Operating Activities:						
Cash received from customers	\$ -	\$ 682,381	\$ 738,139	\$ 401,672	\$ 2,249,185	\$ 4,071,377
Cash paid to suppliers for goods and services	(2,725,033)	(457,615)	(201,938)	(420,314)	(360,784)	(4,165,684)
Cash paid to or on behalf of employees for services	-	(91,463)	(466,109)	-	(1,605,692)	(2,163,264)
Other operating revenues	2,883,184	-	-	-	-	2,883,184
Net cash provided (used) by operating activities	158,151	133,303	70,092	(18,642)	282,709	625,613
Cash Flows from Noncapital Financing Activities:						
Transfer (to) from other funds	-	-	(100)	-	(9,300)	(9,400)
Net cash used by noncapital financing activities	-	-	(100)	-	(9,300)	(9,400)
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	-	-	(11,789)	-	-	(11,789)
Proceeds from long-term debt	-	-	-	-	-	-
Principal paid on general long-term obligation bond maturities and equipment contracts	-	-	(2,125)	-	(5,942)	(8,067)
Net cash used by capital and related financing activities	-	-	(13,914)	-	(5,942)	(19,856)
Cash Flows from Investing Activities:						
Interest on investments	746	9,160	-	-	16,556	26,462
Net cash provided in investing activities	746	9,160	-	-	16,556	26,462
Net increase (decrease) in cash and cash equivalents	158,897	142,463	56,078	(18,642)	284,023	622,819
Cash and Cash Equivalents:						
Beginning of year	457,890	1,818,234	673,649	190,217	2,543,554	5,683,544
End of year	\$ 616,787	<u>\$ 1,960,697</u>	<u>\$ 729,727</u>	<u>\$ 171,575</u>	<u>\$ 2,827,577</u>	<u>\$ 6,306,363</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating income	\$ 101,330	\$ 132,673	\$ 80,322	\$ 10,570	\$ 126,479	\$ 451,374
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	-	487	2,358	-	86,795	89,640
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	-	(456)	(3,123)	(379)	(1,091)	(5,049)
(Increase) decrease in inventories	-	-	(15,987)	-	-	(15,987)
Increase (decrease) in accounts payable	56,821	(4,177)	(21,892)	(28,833)	(2,747)	(828)
Increase (decrease) in compensated absences	-	525	2,431	-	(4,659)	(1,703)
Increase (decrease) in net pension liability		2,283	20,081		15,715	38,079
Increase (decrease) in deferred inflows of resources for		72	501		1,069	1,642
(Increase) decrease in deferred outflows of resources for		1,896	5,401		61,148	68,445
Total adjustments	56,821	630	(10,230)	(29,212)	156,230	174,239
Net cash provided (used) by operating activities	\$ 158,151	<u>\$ 133,303</u>	<u>\$ 70,092</u>	<u>\$ (18,642)</u>	<u>\$ 282,709</u>	<u>\$ 625,613</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds - Employee Health Self-Insurance Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		Variance Over/Under	2019	
	Financial Plan	Actual		Actual	
Operating Revenues:					
Premiums collected	\$ 2,803,867	\$ 2,782,275	\$ (21,592)	\$ 2,227,403	
Contributions	100,909	100,909	-	95,159	
Other	-	-	-	-	
Total operating revenues	<u>2,904,776</u>	<u>2,883,184</u>	<u>(21,592)</u>	<u>2,322,562</u>	
Non-Operating Revenues:					
Investment earnings	100	746	646	1,815	
Total non-operating revenues	<u>100</u>	<u>746</u>	<u>646</u>	<u>1,815</u>	
Total revenues	<u>2,904,876</u>	<u>2,883,930</u>	<u>(20,946)</u>	<u>2,324,377</u>	
Operating Expenditures:					
Salaries and benefits	-	-	-	-	
Operating	-	-	-	-	
Claims reimbursements, operating	<u>2,685,218</u>	<u>2,700,126</u>	<u>(14,908)</u>	<u>2,114,239</u>	
Total operating expenditures	<u>2,685,218</u>	<u>2,700,126</u>	<u>(14,908)</u>	<u>2,114,239</u>	
Other Financing Sources (Uses):					
Appropriated net position	(219,658)	-	219,658	-	
Transfers out	-	-	-	-	
Total other financing sources (uses)	<u>(219,658)</u>	<u>-</u>	<u>219,658</u>	<u>-</u>	
Revenues over (under) expenditures	<u>\$ -</u>	<u>183,804</u>	<u>\$ 183,804</u>	<u>210,138</u>	
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:					
Change in incurred but not reported claims	<u>(81,728)</u>				<u>-</u>
Change in net position	<u>\$ 102,076</u>				<u>\$ 210,138</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds - Employee Health Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		Variance Over/Under	2019
	Financial Plan	Actual		
Operating Revenues:				
Contributions	\$ 682,837	\$ 682,837	\$ -	\$ 690,368
Other	-	-	-	-
Total operating revenues	<u>682,837</u>	<u>682,837</u>	-	<u>690,368</u>
Non-Operating Revenues:				
Investment earnings	4,100	9,160	5,060	9,100
Total non-operating revenues	<u>4,100</u>	<u>9,160</u>	<u>5,060</u>	<u>9,100</u>
Total revenues	<u>686,937</u>	<u>691,997</u>	5,060	<u>699,468</u>
Operating Expenditures:				
Salaries and benefits	105,216	81,911	23,305	87,873
Operating	164,925	125,845	39,080	76,361
Claims reimbursements, operating	<u>433,200</u>	<u>337,145</u>	<u>96,055</u>	<u>340,868</u>
Total operating expenditures	<u>703,341</u>	<u>544,901</u>	158,440	<u>505,102</u>
Other Financing Sources (Uses):				
Appropriated net position	16,404	-	(16,404)	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>16,404</u>	<u>-</u>	<u>(16,404)</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>147,096</u>	<u>\$ 147,096</u>	<u>194,366</u>
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Depreciation		(487)		(487)
Change in accrued compensated absences		(525)		-
Change in deferred outflows of resources - pension		(1,896)		-
Change in deferred inflows of resources - pension		(72)		-
Change in net pension liability		<u>(2,283)</u>		<u>-</u>
Change in net position	<u>\$ 141,833</u>			<u>\$ 193,879</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds - Fleet Maintenance Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		2019	
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 657,468	\$ 740,067	\$ 82,599	\$ 735,118
Other	-	1,195	1,195	1,632
Total operating revenues	<u>657,468</u>	<u>741,262</u>	83,794	<u>736,750</u>
Operating Expenditures:				
Administration:				
Salaries and benefits	502,916	466,107	36,809	409,152
Operating	53,327	36,470	16,857	36,989
Fleet maintenance inventory	85,000	126,336	(41,336)	157,514
Capital outlay	14,100	13,044	1,056	6,594
Total operating expenditures	<u>655,343</u>	<u>641,957</u>	13,386	<u>610,249</u>
Debt service:				
Principal retirement	<u>2,125</u>	<u>2,125</u>	-	-
Total debt service	<u>2,125</u>	<u>2,125</u>	-	-
Other Financing Sources (Uses):				
Appropriated net position	100	-	(100)	-
Transfers out	<u>(100)</u>	<u>(100)</u>	-	-
Total other financing sources (uses)	<u>-</u>	<u>(100)</u>	<u>(100)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	97,080	<u>\$ 97,080</u>	126,501
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Capital outlay	11,789			-
Depreciation	(2,358)			(2,125)
Debt service	2,125			-
Change in accrued compensated absences	(2,431)			-
Change in deferred outflows of resources - pension	(5,401)			-
Change in deferred inflows of resources - pension	(501)			-
Change in net pension liability	<u>(20,081)</u>			<u>-</u>
Change in net position	<u>\$ 80,222</u>			<u>\$ 124,376</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds - Warehouse Fund

Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		Variance Over/Under	2019
	Financial Plan	Actual		
Operating Revenues:				
Contributions from other funds	\$ 549,900	\$ 402,051	\$ (147,849)	\$ 512,937
Total operating revenues	<u>549,900</u>	<u>402,051</u>	<u>(147,849)</u>	<u>512,937</u>
Operating Expenditures:				
Fuel purchased	535,400	391,481	143,919	492,511
Total operating expenditures	<u>535,400</u>	<u>391,481</u>	<u>143,919</u>	<u>492,511</u>
Other Financing Sources (Uses):				
Transfers out	(14,500)	-	14,500	-
Total other financing sources (uses)	<u>(14,500)</u>	<u>-</u>	<u>14,500</u>	<u>-</u>
Revenues and other financing sources over (under) expenses and other financing uses	<u>\$ -</u>	<u>\$ 10,570</u>	<u>\$ 10,570</u>	<u>\$ 20,426</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds - Public Services Administration Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	2020		2019	
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 2,250,051	\$ 2,250,050	\$ (1)	\$ 2,250,247
Other	-	226	226	1,558
Total operating revenues	<u>2,250,051</u>	<u>2,250,276</u>	225	<u>2,251,805</u>
Non-Operating Revenues:				
Investment earnings	8,200	16,556	8,356	16,345
Total non-operating revenues	<u>8,200</u>	<u>16,556</u>	8,356	<u>16,345</u>
Total revenues	<u>2,258,251</u>	<u>2,266,832</u>	8,581	<u>2,268,150</u>
Expenditures:				
Administration:				
Salaries and benefits	704,086	637,477	66,609	602,583
Operating	90,815	47,669	43,146	65,768
Capital outlay	8,700	8,132	568	1,246
Total administration	<u>803,601</u>	<u>693,278</u>	110,323	<u>669,597</u>
Operations:				
Salaries and benefits	1,096,838	976,971	119,867	1,009,723
Operating	350,406	285,097	65,309	263,073
Capital outlay	83,913	8,345	75,568	38,184
Total operating	<u>1,531,157</u>	<u>1,270,413</u>	260,744	<u>1,310,980</u>
Debt service:				
Principal retirement	6,000	5,942	58	5,942
Total debt service	<u>6,000</u>	<u>5,942</u>	58	<u>5,942</u>
Total expenditures	<u>2,340,758</u>	<u>1,969,633</u>	371,125	<u>1,986,519</u>
Other Financing Sources (Uses):				
Appropriated net position	91,807	-	(91,807)	-
Transfers out	(9,300)	(9,300)	-	-
Other financing sources (uses)	<u>82,507</u>	<u>(9,300)</u>	(91,807)	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 287,899</u>	<u>\$ 287,899</u>	<u>\$ 281,631</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds - Public Services Administration (Continued)
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2020 With Comparative Totals for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:		
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 287,899	\$ 281,631
Payment of debt principal	5,942	5,942
Change in accrued compensated absences	4,619	1,560
Capital outlay	-	34,446
Depreciation	(86,794)	(101,792)
Change in deferred outflows of resources - pension	(61,148)	-
Change in deferred inflows of resources - pension	(1,069)	-
Change in net pension liability	<u>(15,714)</u>	<u>-</u>
Change in net position	<u>\$ 133,735</u>	<u>\$ 221,787</u>

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STATISTICAL SECTION (Unaudited)

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

<u>Contents</u>	<u>Pages</u>
Financial Trends	149
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	159
These schedules contain information to help the reader assess the government's most significant local revenue source, the Electric charges.	
Debt Capacity	164
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	168
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	169
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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CITY OF KINSTON, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Table 1

Fiscal Year	Uncollected Balance		Collections And Credits		Uncollected Balance
	June 30, 2019	Additions	And Credits	June 30, 2020	
2019-2020	\$ -	\$ 9,979,280	\$ 9,737,675	241,605	
2018-2019	247,106	-	124,807	122,299	
2017-2018	117,190	-	41,098	76,092	
2016-2017	86,727	-	25,347	61,380	
2015-2016	58,559	-	12,328	46,231	
2014-2015	49,575	-	9,236	40,339	
2013-2014	54,292	-	6,294	47,998	
2012-2013	44,967	-	3,465	41,502	
2011-2012	35,573	-	2,275	33,298	
2010-2011	27,884	-	1,045	26,839	
2009-2010	31,699	-	31,699	-	
	<u>\$ 753,572</u>	<u>\$ 9,979,280</u>	<u>\$ 9,995,269</u>	<u>737,583</u>	
Motor vehicle tags receivable				21,322	
Less: allowance for uncollectible ad valorem taxes receivable:					
General Fund				<u>(172,648)</u>	
Ad valorem taxes receivable - net				<u>\$ 586,257</u>	
<u>Reconciliation with revenues:</u>					
Ad valorem taxes - General Fund				\$ 9,864,629	
Less auto fee				<u>(129,403)</u>	
Penalties collected				-	
Add credits and adjustments				<u>260,043</u>	
Subtotal					
Total collections and credits				<u>\$ 9,995,269</u>	

CITY OF KINSTON, NORTH CAROLINA
Analysis of Current Tax Levy - City-Wide Levy
For the Fiscal Year Ended June 30, 2020

Table 2

	City - Wide		Total Levy		
			Property	Excluding	Registered
	Valuation	Rate	Total Levy	Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$ 1,363,999,995	0.73	\$ 9,957,200	\$ 8,962,105	\$ 995,096
Penalties	-		-	-	-
Total	1,363,999,995		9,957,200	8,962,105	995,096
Municipal Service:					
District			68,776	60,953	7,824
Penalties			-	-	-
Total			68,776	60,953	7,824
Discoveries	46,778,477	0.73	341,483	341,483	-
Abatements	(53,175,182)	0.73	(388,179)	(388,179)	-
Total property valuation	\$ 1,357,603,290				
Net Levy			9,979,280	8,976,362	1,002,920
Uncollected taxes at June 30, 2020			241,605	241,605	-
Current Year's Taxes Collected			\$ 9,737,675	\$ 8,734,757	\$ 1,002,920
Current Levy Collection Percentage			97.58%	97.31%	100.00%

Table 3

CITY OF KINSTON, NORTH CAROLINA
Net Position By Component
Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

					Fiscal Year	2016	2017	2018	2019	2020
					2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 10,135,164	\$ 11,213,831	\$ 10,389,743	\$ 10,623,321	\$ 10,865,691	\$ 10,995,400	\$ 12,462,790	\$ 13,505,530	\$ 14,693,708	\$ 14,074,186
Restricted	3,456,960	1,787,555	1,392,528	1,610,885	1,477,150	1,346,376	4,110,501	6,301,350	10,437,314	11,285,710
Unrestricted	2,300,910	4,472,843	4,378,089	6,196,097	6,004,128	7,342,380	2,659,278	(2,092,818)	(2,558,681)	(1,826,360)
Total governmental activities										
net position	\$ 15,893,034	\$ 17,474,029	\$ 16,160,360	\$ 18,430,303	\$ 18,346,969	\$ 19,684,156	\$ 19,232,569	\$ 17,714,062	\$ 22,572,341	\$ 23,533,536
Business-type activities:										
Net investment in capital assets	\$ 80,602,330	\$ 81,954,723	\$ 81,307,560	\$ 81,092,577	\$ 83,079,029	\$ 83,212,363	\$ 87,195,214	\$ 90,916,697	\$ 93,488,343	\$ 95,279,046
Restricted	11,890,462	12,355,920	14,155,855	16,775,329	19,100,935	33,204,451	31,758,367	35,490,383	36,371,716	45,259,036
Total business-type activities										
net position	\$ 92,402,792	\$ 94,310,643	\$ 95,463,415	\$ 97,867,906	\$ 102,179,964	\$ 116,416,814	\$ 118,953,581	\$ 126,407,080	\$ 129,860,059	\$ 140,538,082
Primary government:										
Net investment in capital assets	\$ 90,737,494	\$ 93,168,554	\$ 91,697,303	\$ 91,715,898	\$ 93,944,720	\$ 94,207,763	\$ 99,658,004	\$ 104,422,227	\$ 108,182,051	\$ 109,353,232
Restricted	3,456,960	1,787,555	1,392,528	1,610,885	1,477,150	1,346,376	4,110,501	6,301,350	10,437,314	11,285,710
Unrestricted	14,101,372	16,828,763	18,533,944	22,971,426	25,105,063	40,546,831	34,417,645	33,397,565	33,813,035	43,432,676
Total primary government										
net position	\$108,295,826	\$111,784,672	\$111,623,775	\$116,298,209	\$120,526,933	\$136,100,970	\$138,186,150	\$144,121,142	\$152,432,400	\$164,071,618

Table 4

CITY OF KINSTON, NORTH CAROLINA
Changes In Net Position
Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

Fiscal Year							
	2011	2012	2013	2014	2015	2016	2017
	2018	2019	2020				
Expenses:							
Governmental activities:							
General government	\$ 3,128,980	\$ 3,299,355	\$ 3,736,119	\$ 3,285,740	\$ 3,476,650	\$ 3,469,612	\$ 3,682,645
Public safety	9,328,164	9,685,081	9,525,247	9,251,041	9,374,900	9,906,304	10,832,976
Streets, Cemetery, Engineering (Public Services)	1,629,722	1,736,651	2,162,737	1,634,990	2,109,344	2,414,126	1,345,645
Culture and recreation	821,061	2,524,198	4,295,122	3,949,692	3,855,523	3,503,154	3,823,362
Community development	3,754,041	3,686,137	742,399	1,327,105	1,862,929	1,456,793	3,964,073
Interest on long-term debt	350,729	322,222	358,094	390,855	372,159	362,384	346,373
Total governmental activities expenses	19,012,697	21,253,644	20,819,718	19,839,423	21,051,505	21,112,373	23,995,074
Business-type activities:							
Electric	53,797,494	52,094,660	52,616,382	53,878,327	53,345,934	42,893,008	40,921,590
Water	7,355,873	6,983,435	6,681,717	7,157,044	7,809,304	7,545,322	8,828,090
Wastewater	5,886,216	5,671,974	6,140,791	6,263,399	6,340,320	6,342,991	6,823,521
Nonmajor funds	3,395,374	3,721,550	4,428,421	5,719,665	6,222,424	6,041,827	6,065,762
Total business-type activities expenses	70,434,956	68,471,618	69,867,311	73,018,435	73,717,982	62,823,148	62,638,964
Total primary government expenses	89,447,653	89,725,262	90,687,029	92,857,858	94,769,487	83,935,521	86,634,038

Table 4

CITY OF KINSTON, NORTH CAROLINA
Changes In Net Position (Continued)
Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

Table 4

CITY OF KINSTON, NORTH CAROLINA
Changes In Net Position (Continued)
Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
	2017	2018	2019	2020		
Business-type activities:						
Charges for services:						
Electric	55,232,090	52,266,966	53,285,229	55,407,387	55,560,799	56,504,904
Water	6,263,894	6,984,404	7,533,531	7,874,345	8,952,764	9,144,639
Wastewater	4,891,058	5,042,058	5,409,255	5,749,226	6,361,226	6,092,050
Nonmajor funds	4,002,603	4,138,173	5,402,616	6,612,670	6,125,182	6,113,417
Capital grants and contributions:						
Electric	150,000	1,253,693	369,221	518,754	610,152	129,490
Water	15,029	86,060	-	-	-	206,731
Wastewater	1,415,881	1,408,647	86,071	-	2,567,185	-
Nonmajor funds	-	-	-	-	-	1,342,598
Total business-type activities program revenues	71,970,555	71,180,001	72,085,923	76,162,382	80,177,308	78,191,231
Total primary government program revenues	75,957,804	77,459,756	75,164,078	80,575,117	83,690,178	82,204,679
Net (expense) revenue:						
Governmental activities	(15,025,448)	(14,973,889)	(17,741,563)	(15,426,688)	(17,538,635)	(17,098,925)
Business-type activities	1,535,599	2,708,383	2,218,612	3,143,947	6,459,326	15,368,083
Total primary government net expense	(13,489,850)	(12,265,506)	(15,522,951)	(12,282,741)	(11,079,309)	(1,730,842)

Table 4

CITY OF KINSTON, NORTH CAROLINA
Changes In Net Position (Continued)
Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020										
	Fiscal Year																			
General revenues and other changes in net position:																				
Governmental activities:																				
Taxes:																				
Property taxes	8,947,351	9,623,407	9,769,405	10,695,873	10,542,483	10,392,749	10,320,353	9,936,900	9,930,882	10,025,472										
Sales taxes	3,026,606	3,270,969	2,925,258	3,243,976	3,415,939	3,582,107	3,957,420	4,008,528	4,173,314	4,307,319										
Other taxes	2,219,513	2,255,559	2,006,708	2,292,838	2,510,532	2,584,803	2,523,910	2,931,087	2,411,046	2,253,322										
Unrestricted intergovernmental	349,123	360,261	400,259	402,458	371,981	375,763	422,430	1,957,044	2,399,830	2,889,155										
Investment earnings	20,107	20,202	15,240	12,514	12,435	17,605	24,580	33,898	80,544	83,160										
Miscellaneous	223,451	182,766	210,924	276,812	202,349	303,016	218,635	207,197	772,372	3,148,490										
Transfers	1,011,000	841,920	1,100,100	772,160	1,454,570	1,180,069	3,157,431	2,470,000	7,393,251	957,250										
Capital contributions	-	-	-	-	-	-	-	-	-	-										
Total governmental activities	15,797,151	16,554,884	16,427,894	17,696,631	18,510,289	18,436,112	20,624,759	21,544,654	27,161,239	23,664,168										
Business-type activities:																				
Unrestricted intergovernmental	-	-	-	-	-	-	-	-	-	-										
Investment earnings	43,004	41,388	34,260	32,704	27,188	48,836	68,041	108,471	182,608	195,947										
Miscellaneous	-	-	-	-	-	-	-	2,649	2,684	1,515,742										
Transfers	(1,011,000)	(841,920)	(1,100,100)	(772,160)	(1,454,570)	(118,069)	(3,157,431)	(2,470,000)	(7,393,251)	(957,250)										
Total business-type activities	(967,996)	(800,532)	(1,065,840)	(739,456)	(1,427,382)	(69,233)	(3,089,390)	(178,102)	(4,957,712)	3,004,489										
Total primary government	14,829,155	15,754,352	15,362,054	16,957,175	17,082,907	18,366,879	17,535,369	21,366,552	22,203,527	26,668,657										
Changes in net position:																				
Governmental activities	771,703	1,580,995	(1,313,669)	2,269,943	971,654	1,337,187	999,435	3,018,780	4,858,279	871,591										
Business-type activities	567,603	1,907,851	1,152,772	2,404,491	5,031,944	15,298,850	6,603,893	7,453,499	3,452,979	10,621,102										
Total primary government	\$ 1,339,305	\$ 3,488,846	\$ (160,897)	\$ 4,674,434	\$ 6,003,598	\$ 16,636,037	\$ 7,603,328	\$ 10,472,279	\$ 8,311,258	\$ 11,492,693										

Table 5

CITY OF KINSTON, NORTH CAROLINA
Program Revenues by Function/Program
Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

Function / Program	Fiscal Year					
	2012	2013	2014	2015	2016	2017
Governmental activities:						
General government	\$ (2,914,602)	\$ (3,374,551)	\$ (2,492,230)	\$ (2,935,808)	\$ (2,782,759)	\$ (3,015,642)
Public safety	(9,312,929)	(9,144,852)	(8,739,819)	(9,097,794)	(9,393,181)	(10,242,886)
Streets, Cemetery & Engineering (Public services)	(147,348)	(1,446,812)	(883,784)	(1,345,071)	(1,696,735)	(400,777)
Culture and recreation	(1,819,453)	(3,190,407)	(2,510,481)	(2,590,406)	(1,995,123)	(2,361,282)
Community development	(457,335)	(226,847)	(409,519)	(1,197,397)	(868,743)	(3,258,364)
Interest on long-term debt	(322,222)	(358,094)	(390,855)	(372,159)	(362,384)	(346,373)
Total governmental activities	(14,973,889)	(17,741,563)	(15,426,688)	(17,538,635)	(17,098,925)	(19,625,324)
Business-type activities:						
Electric	1,425,999	1,038,068	2,047,814	2,825,017	13,741,386	7,003,556
Water	87,030	851,814	717,301	1,143,460	1,599,317	1,779,686
Wastewater	778,732	(645,465)	(514,173)	2,588,091	(44,210)	526,074
Nonmajor funds	416,623	974,195	893,005	(97,242)	71,590	383,968
Total business-type activities	2,708,384	2,218,612	3,143,947	6,459,326	15,368,083	9,693,283
Total government	\$ (12,265,505)	\$ (15,522,951)	\$ (12,282,741)	\$ (11,079,309)	\$ (1,730,342)	\$ (9,932,041)

Source: City records.

Table 6

CITY OF KINSTON, NORTH CAROLINA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
Modified Accrual Basis of Accounting (Unaudited)

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
General Fund:						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:						
Non-spendable	89,373	87,020	89,785	85,125	78,720	67,491
Restricted	1,503,278	1,498,228	1,051,988	1,193,123	1,244,509	1,154,417
Assigned						
Unassigned	4,034,163	4,632,695	5,797,539	7,042,172	7,288,963	8,308,930
Total General Fund	<u>\$5,626,814</u>	<u>\$6,217,943</u>	<u>\$6,939,312</u>	<u>\$8,320,420</u>	<u>\$8,612,192</u>	<u>\$9,530,838</u>
All Other Governmental Funds:						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:						
Special revenue funds						
Major capital projects funds						
Capital projects funds						
Permanent Fund						
Non-spendable in special revenue funds						
Non-spendable in permanent fund	75,000	75,000	75,000	75,000	75,000	75,000
Restricted in special revenue funds	58,106	100,244	110,144	184,035	152,846	115,815
Restricted in capital project funds	1,961,686	105,121	146,498	158,378	4,496	805
Restricted in permanent fund	8,573	8,762	8,898	299	299	339
Committed in special revenue funds	13,992	19,483	36,874	31,757	13,546	6,747
Committed in capital project funds	85,066	53,555	38,653	58,052	62,726	275,736
Assigned in special revenue funds	7,418	8,877	10,633	20,359	29,758	39,379
Assigned in capital project funds						
Unassigned in special revenue funds	(22,229)	(304,538)	(395,080)	(301,280)	(21,960)	(111,387)
Unassigned in capital project funds	(82,230)	(76,378)	(161,287)	(40,514)	(68,325)	(27,119)
Total all other government funds	<u>\$2,105,382</u>	<u>\$ (9,874)</u>	<u>\$ (129,667)</u>	<u>\$ 186,136</u>	<u>\$ 465,472</u>	<u>\$ 584,680</u>

Note: Data presented for fiscal year 2015 implementing GASB Statement 68.

Data presented for fiscal year 2015 reflecting prior period restatement.

Data presented for fiscal year 2017 implementing GASB Statement 73.

Data presented for fiscal year 2018 implementing GASB Statement 75.

Table 7

CITY OF KINSTON, NORTH CAROLINA
Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
Modified Accrual Basis of Accounting (Unaudited)

Fiscal Year										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 8,937,400	\$ 9,607,610	\$ 9,678,780	\$ 10,805,474	\$ 10,633,042	\$ 10,395,234	\$ 10,357,976	\$ 9,936,900	\$ 9,930,882	\$ 10,025,472
Other taxes	5,246,119	5,526,328	4,931,966	5,536,814	5,926,471	6,166,910	6,481,330	6,939,615	6,584,360	6,560,641
Intergovernmental	1,967,500	3,348,925	1,881,675	1,849,215	1,677,631	1,517,023	1,852,924	2,780,981	3,315,683	3,719,146
Charges for services	1,613,184	1,738,320	1,955,122	1,605,774	1,717,067	1,743,150	1,686,305	1,755,679	1,721,214	1,715,007
Other	231,138	199,309	216,847	285,355	117,190	310,582	238,489	225,712	797,766	475,172
Total revenues	17,995,341	20,420,492	18,664,390	20,082,632	20,072,001	20,132,899	20,617,024	21,638,887	22,349,905	22,495,438
Expenditures:										
General government	2,170,354	2,210,601	1,992,856	1,939,339	2,660,498	2,429,822	2,536,238	2,627,905	2,479,043	2,522,884
Public safety	10,131,381	11,416,806	9,346,240	9,114,838	9,533,994	9,841,653	10,341,579	9,264,592	12,828,471	9,947,540
Public services	1,350,374	1,492,119	1,898,996	1,328,145	1,790,674	2,050,263	1,052,312	2,616,846	3,107,996	2,610,193
Culture and recreation	3,421,337	3,557,481	4,272,800	3,919,006	3,908,329	4,101,005	5,214,979	5,171,645	3,902,713	3,633,297
Community development	1,327,385	2,845,447	1,083,839	1,653,197	2,244,287	-	1,893,825	3,762,735	1,068,919	3,827,661
Capital outlay	-	-	-	-	-	-	-	-	1,599,770	1,207,608
Debt service:										
Principal	529,865	525,739	387,146	480,604	492,474	518,347	812,354	751,543	633,893	811,444
Interest	312,867	327,446	306,975	388,074	362,378	369,378	352,119	338,245	328,206	422,143
Total expenditures	19,243,563	22,375,639	19,288,852	18,823,203	20,998,834	21,204,293	24,072,316	23,439,465	28,325,591	24,049,391
Excess of revenues (under) expenditures	(1,248,222)	(1,955,147)	(624,462)	1,259,429	(926,833)	(1,071,394)	(3,455,292)	(1,800,578)	(5,975,686)	(1,553,953)
Other financing sources (uses):										
Transfers in	976,448	1,042,786	832,287	817,690	1,182,984	1,204,345	3,896,134	2,650,632	9,694,631	9,571,648
Transfers (out)	(365,648)	(611,766)	(227,287)	(506,180)	(187,031)	(555,132)	(738,703)	(180,632)	(2,301,380)	(300)
Issuance of long-term debt	3,197,500	-	621,038	125,972	276,180	1,459,899	347,471	-	2,672,443	2,481,256
Total other financing sources	3,808,300	431,020	1,226,038	437,482	1,273,133	2,109,112	3,504,902	2,470,000	10,065,694	3,438,604
Net changes in fund balance	\$ 2,560,078	\$ (1,524,127)	\$ 601,576	\$ 1,696,911	\$ 346,300	\$ 1,037,718	\$ 49,610	\$ 669,422	\$ 4,090,008	\$ 1,884,651
Debt service as a percentage of noncapital expenditures	4.4%	3.8%	3.6%	4.6%	4.1%	4.2%	4.8%	4.6%	3.7%	4.62%

Table 8

CITY OF KINSTON, NORTH CAROLINA
The Electric System
Electricity Purchased, Consumed And Unbilled
Last Ten Fiscal Years (Unaudited)

Fiscal Year	KWH Purchased	KWH Residential Usage	KWH Commercial/Industrial Usage	KWH Other Usage	KWH Total Usage	KWH Unbilled	KWH Unbilled %	Purchased Electric Rate (.00/KWH)
2011	472,033,856	137,055,472	287,502,532	25,452,746	450,010,750	22,023,106	5%	0.1000
2012	438,140,246	120,692,572	276,287,764	23,680,224	420,660,560	17,479,686	4%	0.1020
2013	452,880,005	124,767,842	291,933,252	20,736,647	437,437,741	15,442,264	3%	0.1039
2014	478,012,491	126,777,757	306,791,731	15,430,733	449,000,221	29,012,270	6%	0.0978
2015	477,998,261	130,748,262	308,372,650	15,751,618	454,872,530	23,125,731	5%	0.0985
2016	465,123,525	122,051,754	307,946,288	15,633,292	445,631,334	19,492,191	4%	0.0719
2017	469,242,017	120,308,096	312,151,523	15,541,895	448,001,514	21,240,503	4%	0.0700
2018	471,448,873	124,441,190	310,347,017	15,486,292	450,274,499	21,174,374	4%	0.0670
2019	464,580,700	123,975,400	300,250,898	20,919,690	445,145,988	19,434,712	4%	0.0679
2020	445,497,503	118,476,085	290,560,470	19,853,717	428,890,272	16,607,231	4%	0.0679

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

Table 9

CITY OF KINSTON, NORTH CAROLINA
Electric Rates
Last Ten Fiscal Years (Unaudited)

Electric Rates	Cents Per KWH									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential	14.7	14.9	14.8	14.7	14.6	13.7	13.0	13.0	13.0	13.1
Small General Service	14.6	14.7	14.8	14.7	14.7	13.6	13.0	13.0	13.0	13.3
Medium General Service	12.3	12.3	12.0	12.5	12.2	11.7	11.3	11.4	11.4	11.5
Public Housing	14.3	14.4	14.6	14.8	14.6	13.6	13.0	13.0	13.0	13.1
Church And School	17.1	17.1	17.2	17.2	17.0	16.6	16.2	16.2	16.2	16.3
Municipal Service	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0	7.0
Masterbrand	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Large General Service	10.8	10.8	10.7	10.6	10.7	9.9	9.7	9.8	9.7	9.7
CDC Rate	8.2	8.2	8.5	8.1	8.1	7.0	6.9	6.9	7.1	7.1
Area Lights	23.4	23.5	23.7	23.8	23.4	22.4	22.1	22.2	22.4	22.6

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

CITY OF KINSTON, NORTH CAROLINA
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Lenoir County	City of Kinston	Municipal Service District	Total Tax
2011	0.800	0.660	0.270	1.730
2012	0.800	0.660	0.270	1.730
2013	0.800	0.660	0.270	1.730
2014	0.835	0.660	0.270	1.765
2015	0.835	0.660	0.270	1.765
2016	0.835	0.660	0.270	1.765
2017	0.835	0.660	0.270	1.765
2018	0.835	0.700	0.270	1.805
2019	0.830	0.700	0.270	1.800
2020	0.845	0.730	0.270	1.845

Note: Real property was revalued on January 1, 2017

Table 11

CITY OF KINSTON, NORTH CAROLINA
Principal Taxpayers
Current Year and Nine Years Ago
As of June 30, 2020 (Unaudited)

Name of Taxpayer	2020			2021			Percentage of Total Assessed	
	Nature of Property	Assessed Value	Rank	Percentage of Total Assessed	Name of Taxpayer	Nature of Property	Value	Rank
Sanderson Farms, Inc	Meat Processor	113,037,876	1	8.33%	Smithfield Packing	Meat Processor	78,433,851	1
Smithfield Farmland Corp	Meat Processor	81,508,524	2	6.00%	Carolina Telephone	Communications	29,592,696	2
Kinston, LLC	Nursing Facility	25,725,438	3	1.89%	Masterbrands Cabinets, Inc.	Manufacturer	19,225,098	3
Masterbrand Cabinets	Manufacturer	23,320,127	4	1.72%	Walter Poole Realty Inc	Real Estate	16,745,884	4
Bre Retail Residual	Real Estate	14,990,728	5	1.10%	Sanderson Farms, Inc	Meat Processor	13,798,357	5
Lowes Home Centers Inc	Retail	8,215,558	6	0.61%	Centro NP Holdings 9 SPEILLC	Shopping	12,571,268	6
Perry's Inc	Real Estate	7,738,710	7	0.57%	Piedmont Natural Gas	Natural Gas	11,818,348	7
HOW Corp LLC	Real Estate	7,686,538	8	0.57%	Lowes Home Centers Inc	Shopping	10,455,559	8
EWT 22 LLC	Real Estate	6,611,808	9	0.49%	Perry's Inc	Real Estate	8,055,298	9
S C Heritage Court Assoc	Real Estate	6,591,807	10	0.49%	Vernon Park Mall Holding	Shopping Mall	7,969,097	10
Total Assessed Valuation of Top Ten Taxpayers		\$ 295,426,914		21.76%	Total Assessed Valuation of Top Ten Taxpayers		\$ 208,665,456	14.39%
Balance of Assessed Valuation		\$1,062,176,375		78.24%	Balance of Assessed Valuation		\$1,241,865,772	85.61%
Total Assessed Valuation		\$1,357,603,289		100.00%	Total Assessed Valuation		\$1,450,531,228	100.00%

Source: Lenoir County Tax Office

CITY OF KINSTON, NORTH CAROLINA
 Property Tax Levies And Collections
 Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Taxes Levied for the Tax Year			Collected Within the Fiscal Year of the Levy			Total Collections to Date		
	2010	2011	2012	Amount	Percentage of Levy	Years Subsequent	Amount	Percentage of Levy	
2011	8,764,337	8,363,449	0.9543	374,049	8,737,498	0.9969			
2012	9,429,114	8,983,219	0.9527	412,598	9,395,817	0.9965			
2013	9,533,752	9,035,552	0.9477	456,698	9,492,250	0.9956			
2014	10,430,850	10,022,906	0.9609	359,947	10,382,853	0.9954			
2015	10,371,023	10,019,384	0.9661	311,300	10,330,684	0.9961			
2016	10,215,605	9,913,395	0.9704	255,979	10,169,374	0.9955			
2017	10,166,157	9,852,755	0.9692	252,022	10,104,777	0.9940			
2018	9,621,661	9,359,639	0.9728	185,930	9,545,569	0.9921			
2019	9,636,199	9,389,093	0.9744	124,808	9,513,901	0.9873			
2020	9,979,280	9,737,675	0.9758	-	9,737,675	0.9758			

Source: City of Kinston CAFR Schedule of Ad Valorem Taxes Receivable for tax years 2010-2019

Notes:

There is no personal property tax (on cars or jewelry); only real property is taxed.

A tax levy provides taxes remitted in the following year.

Table 13

CITY OF KINSTON, NORTH CAROLINA
Ratios of Net General Bonded Debt Outstanding by Type
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities						Business-Type Activities					
	General Obligation Bonds	Less Amount Available in Debt Service	Net Bonded Debt	Percentage of Actual Property Value		Debt Per Capita	Installment Contracts	Notes and Instalments	General Obligation Bonds	Revenue Bonds	Total Primary Government	Total Debt Per Capita
				General	Bonded Debt							
2011	-	-	-	0	-	9,633,282	9,708,187	0	13,353,874	-	32,695,343	1,511
2012	-	-	-	0	-	9,107,542	8,279,562	0	12,336,227	-	29,723,331	1,375
2013	-	-	-	0	-	9,341,434	7,915,246	0	11,280,517	-	28,537,197	1,320
2014	-	-	-	0	-	8,986,802	6,995,368	0	10,186,195	-	26,168,365	1,209
2015	-	-	-	0	-	8,781,132	7,113,058	0	9,147,000	-	25,041,190	1,171
2016	-	-	-	0	-	9,720,559	7,556,524	0	7,787,000	-	25,064,083	1,156
2017	-	-	-	0	-	9,253,551	8,558,887	0	6,390,000	-	24,202,438	1,157
2018	-	-	-	0	-	8,499,386	8,801,457	0	4,968,000	-	22,269,343	1,060
2019	-	-	-	0	-	10,536,288	10,840,329	0	3,525,000	-	24,901,617	1,240
2020	-	-	-	0	-	12,203,976	13,046,344	0	2,276,000	-	27,526,320	1,374

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements.

Table 14

CITY OF KINSTON, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2020 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Lenoir County Debt	\$ 44,557,993	32.66%	\$ 14,553,322
Subtotal, overlapping debt	<hr/> \$ 44,557,993		<hr/> \$ 14,553,322
City Direct Debt	<hr/> <u>12,203,976</u>		
Total direct and overlapping debt	<hr/> <u>\$ 56,761,969</u>		<hr/> <u>\$ 14,553,322</u>

Sources:

Assessed value data used to estimate applicable percentages provided by the Lenoir County Tax Collector/Assessor. Debt outstanding data provided by each governmental unit.

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Kinston. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and, therefore responsible for repaying the debt of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Lenoir County's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable value. The percentage of overlapping debt is based on the June 30, 2020 assessed valuation of \$4,156,582,161 for Lenoir County and \$1,357,603,289 for the City of Kinston.

Table 15

CITY OF KINSTON, NORTH CAROLINA
Legal Debt Margin Information
Last Ten Fiscal Years (Dollar in Thousands) (Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 105,523,959	\$ 113,508,985	\$ 114,575,354	\$ 125,096,448	\$ 124,575,515	\$ 122,993,612	\$ 122,395,394	\$ 109,140,195	\$ 109,244,828	\$ 108,608,263
Total net debt applicable to limit	19,341,469	17,387,104	17,256,580	15,982,168	15,894,191	17,277,083	17,812,438	17,301,343	21,376,619	25,250,320
Legal debt margin	\$ 86,182,490	\$ 96,121,381	\$ 97,318,674	\$ 109,114,280	\$ 108,681,324	\$ 105,716,529	\$ 104,582,956	\$ 91,838,852	\$ 87,868,209	\$ 83,357,943
Total net debt applicable to the limit as a percentage of debt limit	22.44%	18.09%	17.73%	14.65%	14.62%	16.34%	17.03%	18.84%	24.33%	30.29%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed valuation	\$ 1,357,603,289	A= Total government wide debt	\$ 42,126,440
8%	108,608,263	Less revenue bonds	(2,276,000)
Less applicable debt	(25,250,320) A	Less compensated absences	(1,099,825)
Debt margin	\$ 83,357,943	Less law enforcement separation allowance	(3,618,572)
		Less separation allowance	-
		Less other post employment benefits	(9,881,723)
		\$ 25,250,320	\$ 25,250,320

Notes:

Debt includes installment contracts and notes payable

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

Table 16

CITY OF KINSTON, NORTH CAROLINA
 Pledged-Revenue Coverage (Parity Debt)
 Last Ten Fiscal Years (Dollar in Thousands) (Unaudited)

Fiscal Year	Combined Enterprise Revenue Bonds					Special Assessment Bonds					Sales Tax Increment Bonds						
	Gross Revenues	Less Expenses	Net Available Revenue	Parity		Special Assessment Collections	Coverage	Debt Service		Principal	Interest	Coverage	Sales Tax Increment		Debt Service Principal	Interest	Coverage
				Interest	Debt Service Principal			Interest	Debt Service Principal				Interest	Debt Service Principal			
2011	66,310,137	61,739,024	4,571,113	1,399,715	621,036	2.26	-	-	-	-	-	-	-	-	-	-	
2012	64,196,224	59,240,780	4,955,444	1,431,762	573,795	2.47	-	-	-	-	-	-	-	-	-	-	
2013	66,105,976	60,995,859	5,110,117	1,792,828	690,238	2.06	-	-	-	-	-	-	-	-	-	-	
2014	68,391,147	62,487,584	5,903,563	1,747,182	629,280	2.48	-	-	-	-	-	-	-	-	-	-	
2015	70,230,772	62,525,807	7,704,965	1,696,937	572,242	3.40	-	-	-	-	-	-	-	-	-	-	
2016	64,775,333	49,350,688	15,424,845	1,965,880	327,393	6.73	-	-	-	-	-	-	-	-	-	-	
2017	64,481,249	52,486,519	11,994,730	2,004,999	273,653	5.26	-	-	-	-	-	-	-	-	-	-	
2018	65,182,762	55,187,956	9,994,806	2,338,696	331,917	3.74	-	-	-	-	-	-	-	-	-	-	
2019	65,255,998	51,536,106	13,719,892	2,565,706	188,601	4.98	-	-	-	-	-	-	-	-	-	-	
2020	63,555,515	47,824,546	15,730,969	3,373,761	203,617	4.40	-	-	-	-	-	-	-	-	-	-	

CITY OF KINSTON, NORTH CAROLINA
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended	June 30	Population (1)	Per Capita Income (1)	School Enrollment (2)	County Unemployment Rate (3)
2011	21,642	(4)	9,075	11.2%	
2012	21,622	18,598	9,097	10.7%	
2013	21,625	(4)	8,994	9.9%	
2014	21,641	18,452	8,997	7.3%	
2015	21,392	17,907	8,877	6.9%	
2016	21,677	20,773	8,866	5.2%	
2017	20,923	23,675	8,595	4.2%	
2018	21,004	23,976	8,646	4.2%	
2019	20,083	(4)	8,520	4.0%	
2020	20,041	26,578	8,520	6.2%	

Sources:

- (1) US Census Bureau
- (2) Lenoir County School Board
- (3) NC Employment Security Commission
- (4) Information is not presently available

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

Table 18

CITY OF KINSTON, NORTH CAROLINA
Principal Employers
Current Year and Nine Years Ago (Unaudited)

Employer	2020			2011			Percentage of Total County Employment	Percentage of Total County Employment
	Employees	Rank	Percentage of Total County Employment	Employer	Employees	Rank		
Sanderson Farms	1,500	1	5.81%	Caswell Center	1,450	1	5.93%	
Caswell Center	1,350	2	5.23%	Lenoir County Public Schools	1,337	2	5.46%	
Smithfield Foods Inc.	1,100	3	4.26%	Sanderson Farms	1,300	3	5.31%	
Lenoir County Public Schools	1,005	5	3.89%	Lenoir Memorial Hospital	1,055	4	4.31%	
UNC Lenoir Healthcare	850	4	3.29%	Electrolux Home Products	668	5	2.73%	
Electrolux Home Products	700	8	2.71%	Masterbrand	600	6	2.45%	
Lenoir County	670	7	2.60%	Associated Materials, Inc	593	7	2.42%	
Aristokraft/Decora/Schrock	650	6	2.52%	Lenoir Community College	500	8	2.04%	
Spirit Aerosystems	600	9	2.33%	Lenoir County	459	9	1.88%	
City of Kinston	455	10	1.76%	City of Kinston	366	10	1.50%	
Total	<u><u>8,880</u></u>		<u><u>34.41%</u></u>	Total	<u><u>8,328</u></u>		<u><u>34.04%</u></u>	
Total Employment Lenoir County	25,803							

Sources:

Lenoir County Economic Development
 Employment Security Commission
 Various HR Managers
 Labor & Economic Analysis Division

Table 19

CITY OF KINSTON, NORTH CAROLINA
Full-Time Equivalent City Government Employees By Functions/Programs
Last Ten Fiscal Years (Unaudited)

Functions/Program	Fiscal Year						
	2011	2012	2013	2014	2015	2016	2017
General Government:							
Legislative	6	6	6	6	6	6	6
City Management	4	2	2	2	2	2	3
City Clerk	1	1	1	1	1	1	1
Personnel	3	3	3	3	3	3	3
Finance	12	12	13	13	13	14	14
Computer Services	3	3	4	4	4	4	4
Building Safety	2	2	4	4	4	4	4
Planning	2	2	2	2	2	2	3
MSD Development	-	-	-	-	-	-	2
Parks and Recreation:							
General & Administrative	4	4	4	5	5	3	3
Recreation	29	29	26	30	30	33	34
Pool(s)	1	1	1	1	1	1	1
Golf Course(s)	1	1	1	1	1	1	-
Stadium						1	1
Police:							
Officers	76	76	76	76	76	74	73
Civilians (a)	8	8	10	10	10	9	11
Fire:							
Firefighters and Officers	49	49	48	48	48	51	50
Civilians	2	2	1	1	1	1	1

Table 19

CITY OF KINSTON, NORTH CAROLINA
Full-Time Equivalent City Government Employees By Functions/Programs (Continued)
Last Ten Fiscal Years (Unaudited)

Functions/Program	Fiscal Year						
	2011	2012	2013	2014	2015	2016	2017
Public Services:							
Administration	9	9	9	9	9	10	9
Billing and Customer Service	15	15	15	15	15	14	15
Meter Services	7	7	9	9	9	4	9
Engineering	9	9	9	9	9	9	9
Street Maintenance	11	11	11	11	11	9	16
Street Sweeping	-	-	-	-	-	11	16
Refuse Collection	27	27	27	27	27	27	27
Weed Control	1	1	1	1	1	1	-
Central Garage	10	10	10	10	10	10	10
Street Lighting	-	-	-	-	-	-	-
Traffic Control	2	2	2	2	2	1	-
Electric:							
Distribution	22	22	22	22	22	22	22
Water:							
Transmission	25	25	24	24	24	24	24
Purification	3	3	6	6	6	6	6
Sewer Maintenance	14	14	14	14	14	14	14
Stormwater	7	7	7	10	10	10	10
Other Programs/Functions:							
Risk Management	3	3	2	2	2	2	2
Total	366	364	368	375	376	377	383
							386

Source: Prior year CAFR's

Various Human Resources and Adopted Budget Records

Table 20

CITY OF KINSTON, NORTH CAROLINA
Operating Indicators By Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year					
	2011	2012	2013	2014	2015	2016
Police:						
Calls for service	29,767	30,753	28,944	26,729	26,954	27,679
Adult arrest	2,896	3,240	2,823	2,392	2,607	2,638
Juvenile arrest	97	117	130	97	62	156
Speeding citations only	771	572	488	525	464	276
Traffic citations	3,584	4,081	3,870	3,916	2,222	2,788
Fire:						
Total fire runs	764	908	898	536	963	1,212
Total rescue runs	82	80	96	185	777	2,399
Property loss	\$ 2,124,175	\$ 1,194,425	\$ 11,441,115	\$ 726,548	\$ 626,006	\$ 595,414
Building safety:						
Total building permits	\$ 15,617,899	\$ 15,065,906	\$ 13,159,552	\$ 10,386,075	\$ 114	93
Total value all permits					\$ 42,725	\$ 35,226,386
Library, volumes in collection	245,837	237,195	244,343	198,083	164,554	165,000
Public service:						
Garbage collected (ton)	17,272	16,744	21,017	18,214	17,972	18,204
Recycle collected (ton)	655.1	657.53	628	615	617	620
Parks and Recreation:						
Recreation program attendance:						
Athletics	204,500	208,300	205,100	202,100	204,150	203,500
Centers & Parks	522,000	552,000	547,000	625,000	592,000	602,000
Other Programs	116,300	118,000	123,000	128,000	125,000	123,500
Golf Rounds Played	9,000	8,000	8,650	9,200	8,300	7,800

Source: Various City records
 Note: ** Indicator not available

Table 21

CITY OF KINSTON, NORTH CAROLINA
Capital Asset Statistics By Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year					
	2011	2012	2013	2014	2015	2016
Police:						
Stations	5	2	1	2	1	1
Fire & Rescue						
Fire Stations	3	3	3	3	3	3
Refuse Collection:						
Collection Trucks	25	25	25	25	25	25
Other Public Works						
Streets (Miles)	114.91	114.83	117.1	115.11	115.14	115.43
Streets Lights	2106	2106	2065	2065	2065	2065
Traffic Signals	15	15	15	15	15	15
Parks & Recreation:						
Acreage	332	349	332	332	332	332
Parks	15	15	15	15	15	15
Golf Course	1	1	1	1	1	1
Baseball/Softball Diamonds	26	26	26	26	26	26
Soccer/Football Fields	13	13	13	13	13	13
Basketball Courts	4	6	6	6	6	6
Tennis Courts	17	17	17	17	17	17
Swimming Pools	2	3	4	4	4	3
Parks with Playground Equipment	8	8	8	8	8	9
Picnic Shelters	8	8	8	9	9	9
Community Centers	6	7	7	7	7	7
Museums	2	2	2	2	2	2
Stadium	4200 seat	4200 seat	4200 seat	4200 seat	4200 seat	5000 seat
Airport Theater	0	0	0	0	0	0
Indoor Batting Facility	1	1	1	1	1	1
Natural Sites	5	5	5	5	5	5
Gymnasium	5	6	6	6	6	6
Spray Ground	1	1	1	1	1	1
Dog Park	1	1	1	1	1	1

Table 21

CITY OF KINSTON, NORTH CAROLINA
Capital Asset Statistics By Function/Program (Continued)
Last Ten Fiscal Years (Unaudited)

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Fiscal Year									
Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	245,837	237,195	244,343	198,083	164,554	165,000	165,000	165,577	163,577	118,643
Water:										
Storage Capacity (MGPD)	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD
Average Daily Consumption (MGPD)	3.41MGD	4.14MGD	4.4MGD	4.14MGD	4.58MGD	4.16MGD	4.30MGD	4.47MGD	4.47MGD	4.37MGD
Peak Consumption (MGPD)	5.11MGD	8.19MGD	10.4MGD	10.4MGD	9.4MGD	9.6MGD	7.19MGD	7.31MGD	6.81MGD	6.55MGD
Miles of Water Mains	216.76	216.76	216.76	216.76	216.76	218.45	218.77	219.4	219.4	219.4
Wastewater:										
Sanitary Sewers (miles)	212.98	213.24	213.24	213.24	213.24	216.77	216.77	216.77	216.77	216.77
Storm Sewers (miles)	55.39	55.39	55.39	55.39	55.39	55.39	55.39	55.39	55.39	55.39
Average Daily Flow	5.14MGD	4.24MGD	4.69MGD	6.23MGD	5.98MGD	5.76MGD	6.29MGD	4.44MGD	4.79MGD	5.97MGD
Electric:										
Average Daily Usage	1,232,906 KWH	1,152,495 KWH	1,198,459KWH	1,230,138KWH	1,246,226 KWH	1,220,908 KWH	1,227,401 KWH	1,291,641 KWH	1,291,578 KWH	1,220,541 KWH
Mile of Distribution Lines	430	430	430	430	435	435	435	435	435	435

Source: Various City records

COMPLIANCE SECTION

This part of the City of Kinston's Comprehensive Annual Financial Report presents information related to the Single Audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act.

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**Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance
And Other Matters Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RH CPAs, PLLC

Greensboro, North Carolina
February 19, 2021

**Independent Auditors' Report On Compliance For Each Major Federal Program
and on Internal Control Over Compliance, Report on The Schedule of Expenditures
of Federal and State Awards; In Accordance with Uniform Guidance and the State
Single Audit Implementation Act**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Kinston's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Governmental Commission that could have a direct and material effect on each of City of Kinston's major federal programs for the year ended June 30, 2020. The City of Kinston's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Kinston's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kinston's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Kinston's compliance.

Opinion on Each Major Program

In our opinion, the City of Kinston complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City of Kinston is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to. In planning and performing our audit of compliance, we considered the City of Kinston's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Kinston's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Kinston's basic financial statements. We have issued our report thereon dated February 19, 2021, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Kinston's basic financial statements.

The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and related directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

RH CPA_E, PLLC

Greensboro, North Carolina
February 19, 2021

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**Independent Auditors' Report On Compliance For Each Major State Program and on Internal
Control Over Compliance, Report on The Schedule of Expenditures of Federal and State Awards; In
Accordance with Uniform Guidance and the State Single Audit Implementation Act**

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

Report on Compliance for Each Major State Program

We have audited the City of Kinston's compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Governmental Commission that could have a direct and material effect on each of the City of Kinston's major state programs for the year ended June 30, 2020. City of Kinston's major program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Kinston's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Kinston's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major program. However, our audit does not provide a legal determination of the City of Kinston's compliance.

Opinion on Each Major Program

In our opinion, the City of Kinston complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on its major state program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City of Kinston is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to. In planning and performing our audit of compliance, we considered the City of Kinston's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Kinston's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Kinston's basic financial statements. We have issued our report thereon dated February 19, 2021, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Kinston's basic financial statements.

The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance, and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and related directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

RH CPAs, PLLC

Greensboro, North Carolina
February 19, 2021

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CITY OF KINSTON, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance to GAAP:
Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

Federal Awards

Type of report the auditor issued on whether the financial statements were prepared in accordance to GAAP:
Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

Identification of major Federal program:

CFDA Number	Program Name
66.458	Capitalization Grants for Clean Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

CITY OF KINSTON , NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

State Awards

Type of report the auditor issued on whether the financial statements were prepared in accordance to GAAP:
Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<hr/>	yes	<hr/>	✓	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	<hr/>	yes	<hr/>	✓	none reported
Noncompliance material to financial statements noted	<hr/>	yes	<hr/>	✓	no

Identification of major state program:

Program Name
Non-State System Street Aid Allocation (Powell Bill)

CITY OF KINSTON, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported

CITY OF KINSTON, NORTH CAROLINA
Summary Schedule of Prior Year Audit Finding
For the Year Ended June 30, 2020

Finding 2019-001

Status: Corrected

Finding 2019-002

Status: Corrected

CITY OF KINSTON, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards
 Year Ended June 30, 2020

	Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal Direct and Pass-through Expenditures	State Expenditures	Pass-Through to Subrecipients
FEDERAL GRANTS						
Cash Assistance						
U.S. Department of Housing and Urban Development						
Office of Community Planning and Development						
Passed-through N.C. Department of Commerce						
Rural Economic Development Division						
Community Development Block Grant, State's Program						
Passed-through North Carolina Housing Finance Agency						
Home Investment Partnership Program						
Total U.S. Department of Housing and Urban Development						
U.S. Department of Homeland Security						
Federal Emergency Management Agency (FEMA)						
Passed-through the NC Department of Public Safety						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)						
Total U.S. Department of Homeland Security						
U.S. Department of Justice						
Bureau of Justice Assistance						
Passed-through the NC Department of Public Safety						
Governor's Crime Commission 2019 Juvenile Justice DMC Grant	16,540	PROJ013557		55,568	-	-
Governor's Crime Commission 2018 Juvenile Justice DMC Grant	16,540	PROJ012872		8,208	-	-
2017 Edward-Byrne Memorial JAG	16,738	2017-DJ-BX-0818		2,691	-	-
Bulletproof Vest Partnership Program	16,607	N/A		8,050	-	-
Total U.S. Department of Justice				74,517	-	-
U.S. Environmental Protection Agency						
Office of Solid Waste and Emergency Response						
Brownsfields Assessment and Cleanups Cooperative Agreements - Martin Luther King, Jr. Boulevard Corridor	66,818	EPA Grant #00D72118		17,897	-	-

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2020

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal Direct and Pass-through Expenditures	State Expenditures	Pass-Through to Subrecipients
Passed-through NC Department of Environmental Quality					
Division of Water Infrastructure Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Fund - Biosolids Dryer at KRWRF	66.458	E-SRF-T-15-0404 FED# CS370527-10	\$ 1,308,760	\$ -	\$ -
Capitalization Grants for Clean Water State Revolving Fund - Briery Run Sewer Rehab PhIV	66.458	FED#CS370527-11	2,529,612	\$ -	\$ -
			3,838,372	\$ -	\$ -
Total U.S. Environmental Protection Agency		3,836,269		\$ -	\$ -
National Endowment for the Humanities					
Promotion of the Arts Grants to Organizations and Individuals	45.024		5,000	\$ -	\$ -
Total National Endowment for the Humanities		5,000		\$ -	\$ -
Total Federal Assistance		4,888,889		\$ -	\$ -
STATE GRANTS					
Cash Assistance					
N.C. Department of Transportation		DOT-4		273,030	\$ -
Non-State System Street Aid Allocation (Powell Bill)					
Total N.C. Department of Transportation			273,030		\$ -
N.C. Department of Environmental Quality					
Division of Water Infrastructure					
Wastewater Asset Management Grant		Project #H-AIA-D-18-0123		36,003	\$ -
Total N.C. Department of Environmental Quality				36,003	\$ -
North Carolina Housing Finance Agency					
Home Investment Partnership Program		ESFRLP1911	\$ -	13,626	\$ -
Home Investment Partnership Program		ESFRLPDR02	\$ -	340,161	\$ -
Total N.C. of Housing Finance Agency				353,787	\$ -
Total Assistance - State Programs				662,820	\$ -
Total Assistance		\$ 4,888,889	\$ 662,820	\$ -	\$ -

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2020

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the Federal and State grant activity of the City of Kinston under the programs of the Federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Kinston has elected not to use the 10-percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 3: Loans Outstanding

The City of Kinston had the following loan balances outstanding at June 30, 2020 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2020 consists of:

Program Title:	CFA #	Pass-Through Grantor Number	Amount Outstanding
Capitalization Grants for Clean Water State Revolving Fund	66,458	E-SRF-CS370527-10; E-SRF-CS370527-11	\$ 4,310,461