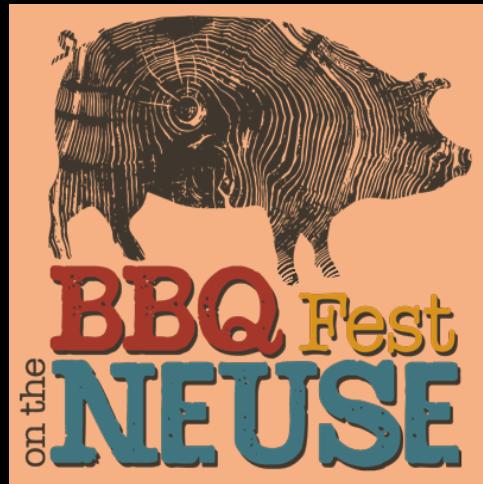




CITY OF KINSTON

NORTH CAROLINA



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022**

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

The City of Kinston, along with the rest of the county, is on an upward trajectory and recovery coming out of the COVID-19 Pandemic. Kinston is continuing to be a popular destination, with many attractions and activities for residents and tourists alike to enjoy all year round.

Hilighted on the front cover of the annual financial report are four of our most popular events that attract and draw crowds from all over:

- ◆ *The Downtown Kinston Christmas Parade was attended by 8,000 guests, had 99 registered entries with over 500 participants.*
- ◆ *The Freedom Classic at Historic Granger Stadium between Air Force and Navy is the unofficial kickoff of the upcoming baseball season and brings college baseball back to Kinston*
- ◆ *BBQ Festival on the Neuse is the world's largest whole hog cook-off which includes vendors from around the state, free concerts and unlimited family fun*
- ◆ *Kinston Summerfest is Eastern North Carolina's hippest free outdoor music festival which is enjoyed by people of all ages and provides a great day of family entertainment and fireworks*

**CITY OF KINSTON
NORTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

Prepared by City of Kinston Finance Department

**CITY OF KINSTON,
NORTH CAROLINA**

Financial Statements and
Supplementary Information

For The Year Ended June 30, 2022

CITY OF KINSTON, NORTH CAROLINA
Table of Contents
June 30, 2022

<u>Exhibit</u>		<u>Page</u>
Introductory Section		
	Letter of Transmittal.....	i-xxi
	List of Principal Officials.....	xxii
	Organizational Chart.....	xxiii
	GFOA Certificate of Achievement.....	xxv
Financial Section		
	Independent Auditors' Report	1
	Management's Discussion and Analysis	4
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position.....	16
2	Statement of Activities	17
	Fund Financial Statements:	
3	Balance Sheet – Governmental Funds.....	18
3	Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	19
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	20
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
5	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund.....	22
6	Statement of Net Position – Proprietary Funds	23
7	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	24
8	Statement of Cash Flows – Proprietary Funds	25
	Notes to the Financial Statements	
	26	
Schedule Required Supplemental Financial Data:		
A-1	Schedule of Changes in Total Pension Liability - Law Enforcement Officer's Special Separation Allowance	78
A-2	Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officer's Special Separation Allowance.	79
A-3	Schedule of Changes in the Total OPEB Liability and Related Ratios	80
A-4	Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset)	81
A-5	Local Government Employees' Retirement System City of Kinston's Contributions	82

CITY OF KINSTON, NORTH CAROLINA
Table of Contents
June 30, 2022

<u>Schedule</u>		<u>Page</u>
Individual Fund Statements and Schedules:		
General Fund		
1	Balance Sheet- General Fund	83
2	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	84
American Rescue Plan Act Funds		
3	American Rescue Plan – Major Special Revenue Fund - Schedule of Revenues and Expenditures – Budget and Actual	86
Nonmajor Governmental Fund Types		
4	Combining Balance Sheet for Non-Major Governmental Funds	87
5	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds.....	88
Nonmajor Special Revenue Funds		
6	Combining Balance Sheet- Nonmajor Special Revenue Funds.....	89
7	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	90
8	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Development Administration	91
9	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Bullet Proof Vest Partnership Grant.....	92
10	Schedule of Revenues, Expenditures, and Changes in Fund Balance– Budget and Actual – 2016 Edward-Byrne Memorial JAG Grant.....	93
11	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Seizure and Restitution Fund.....	94
12	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NCHFA 2016 Essential Single-Family Rehabilitation	95
13	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hurricane Matthew – FEMA- 4825-DR-NC	96
14	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NCHFA 2017 Essential Single-Family Rehabilitation	97
15	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hurricane Florence – FEMA- 4393-DR-NC	98
16	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Downtown Kinston Mural Project.....	99
17	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2017 Edward-Byrne Memorial JAG Grant.....	100

CITY OF KINSTON, NORTH CAROLINA
Table of Contents
June 30, 2022

<u>Schedule</u>		<u>Page</u>
Nonmajor Special Revenue Funds (Continued)		
18	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Brownsfield Assessment and Cleanup Grant	101
19	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NCHFA 2019 Essential Single-Family Rehabilitation.....	102
20	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hurricane Dorian – FEMA- 4565-DR-NC	103
21	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – GCC 2019 Juvenile Justice Grant.....	104
22	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Brownsfields MARLF Grant.....	105
23	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NCHFA Urgent Repair Program	106
24	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Coronavirus Relief Funds	107
25	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Development Block Grant Coronavirus Grant	108
26	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hurricane Isaias – FEMA – 4568 – DR - NC	109
27	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Riverwalk Project Phase I, II, and III	110
28	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – YMCA Remote Learning Grant	111
29	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2020 Edward Byrne Memorial JAG Grant.....	112
30	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2020 Coronavirus Emergency Supplemental Funding Grant	113
31	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2019 Project Safe Neighborhood Grant.....	114
32	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2021 Edward Byrne Memorial JAG Grant.....	115
Nonmajor Capital Project Funds		
33	Combing Balance Sheet – Nonmajor Capital Projects Funds	116
34	Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds	117
35	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Retro-Green Capital Project	118
36	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Battlefield Parkway/Soccer Complex.....	119
37	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund Small Projects	120
38	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Grainger Stadium Improvements Project	121
39	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Neighborhood Revitalization and Recreation Improvements.....	122

CITY OF KINSTON, NORTH CAROLINA
Table of Contents
June 30, 2022

<u>Schedule</u>		<u>Page</u>
	Nonmajor Capital Project Funds (Continued)	
40	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Doctors Drive Road and Utility Extension Project.....	123
41	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Queen Street Redesign and Construction	124
42	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2020 Road Improvements.....	125
43	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Assistance to Firefighters Grant	126
44	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – State SCIF Directed Grant.....	127
	Permanent Fund	
45	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Temple Israel Perpetual Care Fund	128
	Major Enterprise Funds	
46	Schedule of Revenues and Expenditures – Budget and Actual – Electric Fund (Non-GAAP).....	129
47	Schedule of Revenues and Expenditures – Budget and Actual – Electric Capital Project Fund (Non-GAAP)	131
48	Schedule of Revenues and Expenditures – Budget and Actual – Water Fund (Non-GAAP).....	132
49	Schedule of Revenues and Expenditures – Budget and Actual – Water Capital Project Fund (Non-GAAP)	134
50	Schedule of Revenues and Expenditures – Budget and Actual – Wastewater Fund (Non-GAAP).....	135
51	Schedule of Revenues and Expenditures – Budget and Actual – Wastewater Capital Project Fund (Non-GAAP)	137
	Nonmajor Enterprise Funds	
52	Combining Statement of Net Position- Nonmajor Enterprise Funds.....	138
53	Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	139
54	Combining Statement of Cash Flows – Nonmajor Enterprise Funds	140
55	Schedule of Revenues and Expenditures – Budget and Actual – Environmental Services Fund (Non-GAAP).....	141
56	Schedule of Revenues and Expenditures – Budget and Actual – Stormwater Fund (Non-GAAP).....	143
57	Schedule of Revenues and Expenditures – Budget and Actual – Stormwater Capital Project Fund (Non-GAAP).....	145
58	Schedule of Revenues and Expenditures – Budget and Actual – Kinston Community Center Fund (Non-GAAP)	146

CITY OF KINSTON, NORTH CAROLINA
Table of Contents
June 30, 2022

<u>Schedule</u>		<u>Page</u>
	Internal Service Funds	
59	Combining Statement of Net Position – Internal Service Funds	147
60	Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	148
61	Combining Statement of Cash Flows – Internal Service Funds	149
62	Schedule of Revenues and Expenditures – Financial Plan and Actual – Employee Health Self-Insurance Fund (Non-GAAP)	150
63	Schedule of Revenues and Expenditures – Financial Plan and Actual – Employee Health Fund (Non-GAAP)	151
64	Schedule of Revenues and Expenditures – Financial Plan and Actual – Fleet Maintenance Fund (Non-GAAP)	152
65	Schedule of Revenues and Expenditures – Financial Plan and Actual – Warehouse Fund (Non-GAAP)	153
66	Schedule of Revenues and Expenditures – Financial Plan and Actual – Public Services Administration Fund (Non-GAAP)	154
	Table	
	Statistical Section (Unaudited)	
1	Schedule of Ad Valorem Taxes Receivable.....	156
2	Analysis of Current Tax Levy – City-Wide Levy.....	157
3	Net Position by Component	158
4	Changes in Net Position	159
5	Program Revenues by Function/Program	163
6	Fund Balances, Governmental Funds	164
7	Changes in Fund Balance, Governmental Funds	165
8	The Electric System	166
9	Electric Rates	167
10	Property Tax Rates.....	168
11	Principal Taxpayers.....	169
12	Property Tax Levies and Collections	170
13	Ratio of Net General Bonded Debt Outstanding by Type	171
14	Direct and Overlapping Governmental Activities Debt.....	172
15	Legal and Debt Margin Information	173
16	Pledged-Revenue Coverage	174
17	Demographic and Economic Statistics.....	175
18	Principal Employers.....	176
19	Full-Time Equivalent City Government Employees by Functions/Programs.....	177
20	Operating Indicators by Function/Program.....	178
21	Capital Asset Statistics by Function/Program.....	179

CITY OF KINSTON, NORTH CAROLINA
Table of Contents
June 30, 2022

Compliance Section

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 <i>Government Auditing Standards</i>	180
Independent Auditors' Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act.....	182
Independent Auditors' Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance with Uniform Guidance; and the State Single Audit Implementation Act	185
Schedule of Findings and Questioned Costs.....	188
Summary Schedule of Prior Year Audit Finding.....	191
Schedule of Expenditures of Federal and State Awards.....	192

INTRODUCTORY SECTION

Letter of Transmittal

List of Principal Officials

Organizational Chart

GFOA Certificate of Achievement for Excellence in Financial Reporting

This page left blank intentionally.

RHONDA BARWICK
City Manager

JAMES P. CAULEY
City Attorney

DEBRA THOMPSON
City Clerk

City of Kinston

Mayor DON HARDY
Mayor Pro Tem **ANTONIO HARDY**



Councilmembers:
ROBERT SWINSON
SAMMY AIKEN
FELICIA SOLOMON
CHRIS SUGGS

January 24, 2023

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

The Annual Comprehensive Financial Report of the City of Kinston, North Carolina (the City) for the fiscal year ended June 30, 2022, 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 2021 census population for the City report population at an estimated 19,600.

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 45.1 percent employment rate compared to a statewide rate of 57.4 percent and a national average of 58.6 percent. Overall, the value of new construction, repair and renovation (as defined by building permit project values) was \$39 million. The construction value of residential developments, stores, medical and institutional, increased by \$7.4 million as compared with construction in the previous year.

Many significant development opportunities are driving the local economy in a positive direction. In July an official kickoff was held for the North Carolina Global Transpark Economic Development Region (NCGTPEDR) which is a regional partnership between Greene, Lenoir, and Wayne Counties created to attract and retain business in Eastern North Carolina. The partnership was created to aggressively market the region with the product assets, people, quality of life, and military bases to showcase Eastern North Carolina as a destination for high-quality economic investors. With much improved highway accessibility, the Global Transpark, along with Lenoir County and the City of Kinston, are enjoying ground transportation improvements which include nearby I-795 and a limited access highway that now connect to N.C. 11 and U.S. 70 which includes a 22-mile segment that now meets U.S. interstate standards and is designated with I-42 shields. With the promise of a robust transportation infrastructure, new manufacturing opportunities are coming to fruition. Governor Roy Cooper announced in August that Grupporeco, a European manufacturer of components for the appliance industry, selected Lenoir County for its first North American expansion that will initially create 110 new jobs that are anticipated to bring \$4.3 million of annual payroll growth to the area. October saw flyExclusive cut the ribbon on a new hangar that will enable the company to continue adding jobs to its 800-person workforce and new aircraft to its growing fleet. Military-related operations are also thriving at the Transpark. Draken International and Fleet Readiness Center East provide support to the U.S. military ranging from simulated air combat exercise with active-duty U.S. military pilots to repairs of UH-1 Huey military helicopters. As the needs of the U.S. military change, the GTP is in a unique position to attract more defenses operations, workers and dollars.

New construction valuations increased by \$7.4 million dollars from the previous year indicating more positive impacts on the City's economic outlook. Tractor Supply Company relocated from its existing location and constructed a cutting-edge prototype retail store which includes their brand new state-of-the-art outdoor garden center located in the heart of the Kinston NC market just off Hwy 70 directly across from Lenoir Community College. Multiple brand-new townhomes are currently under construction by Streamline Developers at the Briarpatch which will provide much needed affordable housing just minutes to downtown, shopping, dining, and schools. Petco has constructed a site in Kinston on Hill Farm Road next to Wal-Mart and will join the soon to be built new State Employees Credit Union.

There are as many factors for community decline as there are for recovery. Thankfully Kinston is on an upward trajectory. Coming out of the COVID Pandemic, Kinston's major industries including the NC Global Transpark initiated multi-million-dollar expansion projects, the real estate market remains strong as people continue to locate from elsewhere in the U.S. to Lenoir County, and downtown continues to enjoy new investments from developers and small businesses. Interest in downtown commercial spaces

remains high. New businesses of 2022 include Wild Oaths events space, Smile Bar, Harp & Dill Restaurant, Oakley Broome Floral and Gifts, Alien Fizz, and House of Ink. Five downtown properties of various sizes and conditions sold and are in various stages of redevelopment, some for mixed-use (commercial & residential).

Downtown Kinston continues to be a popular destination, particularly for nightlife, and establishing a Social District is being discussed along with the closure of E North Street between N Queen and Herritage Streets to create a summer Saturdays pedestrian mall to encourage more activity in the center of downtown. A gateway project is underway at E North and Mitchell Streets. Events hosted by Downtown Kinston Revitalization continue to draw locals and guests from the region. Christmas events have become great successes that see growth each year. The Kinston Christmas parade in 2021 was attended by 8,000 guests, had 99 registered entries with over 500 participants. Building on our music cultural asset, our annual Summerfest music series features top NC bands that draw followers from the entire eastern portion of the State, providing those guests with the opportunity to experience Kinston.

Many eyes are on Kinston, not just in North Carolina, but across the country. Kinston is setting a new standard for small town revitalization. We have raised the bar and other communities are finding inspiration in what we are doing.

MAJOR INITIATIVES

Fiscal Year 2021-2022 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 transition of our Planning Director, Adam Short, to Lenoir County should only strengthen the City-County coordinated efforts in the future. We endeavor to continue these relationships to help implement a positive development environment for our community. The department will be under new direction by the end of 2023, helping to solidify the relationship between City and County planning functions.

Grants

The planning department continues to manage several grants in this fiscal year. We are currently managing funds for brownfields assessment, single-family rehab, COVID-19 vaccination and testing events, recreational facility rehabilitation, and small business support which continue to improve quality of life here in Kinston. In the coming year with the new director on board, the focus for housing and rehabilitation programs will be at the forefront of the programming for the City of Kinston Planning Department.

UNC School of Government

The Planning Department continues its relationship with the UNC School of Government Development Finance Initiative (DFI), 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. At present, DFI is working diligently to develop the Kinston Shirt Factory Site into a transformational project in partnership with the Kinston Community Health Center.

KINSTON POLICE DEPARTMENT

Community Policing

Over the past year, the Kinston Police Department attended and sponsored several events in the community and in our schools. We've continued to host presentations from You & Five-0 in an effort to educate individuals in the proper way to safely interact with law enforcement officers as well as how to properly exercise individual rights and methods of filing complaints. The Kinston Police Department teamed up with Texas Rangers Minor League Baseball Class A-Affiliate Down East Wood Ducks and co-hosted National Night Out at Historic Grainger Stadium and provided KPD backpacks filled with school supplies and personal hygiene items for youth. There were many opportunities to have fun interactions with KPD Officers and staff with food, fun and games!

Departmental personnel and community partners have participated in several "Drug Take-Back" events where unwanted prescription drugs were collected and properly disposed of. Officers have also taken time to attend drive through birthday parties, parades and retirements parties at many citizens' residences, nursing homes and Caswell Center. They participated in the Special Olympics Torch Run which raises money for Special Olympics here in our city. Officers are interacting with our youth in our elementary, middle and high schools in addition to attending faith based and other community events. Officers also utilized the Pink Patch Program to raise money for breast cancer as well as raised money for children's cancer via the St. Baldrick's Foundation.

Equipment and Vehicles

The Kinston Police Department purchased Power DMS software which allowed us to unify our agency's policies while reducing training cost. Power DMS allows the agency to update policies faster and saves on average, \$11,000 in paper and printing costs. Power DMS also assists with promoting accountability and aids in building a culture of compliance. We also purchased Police.one training for our officers, which allowed our staff to obtain numerous training courses over the past year. The Kinston Police Department continued to utilize the LESO 1033 surplus program and received surplus equipment items at no cost to our tax payers.

Our agency purchased new Motorola portable radios. The new portable radios have remastered digital technology and allow our officers to communicate with several agencies across the State of North Carolina. We also ordered 12 new Ford Explorer Interceptor vehicles to replace old or damaged police vehicles.

Current KPD Grants:

2020-H4482-NC-VD: FY20 Coronavirus Emergency Supplemental Funding Program

The Coronavirus Emergency Supplemental Funding (CESF) Program is a grant that provides funding to assist eligible states, local units of government, and tribes in preventing, preparing for, and responding to the coronavirus. Allowable projects and purchases include, but are not limited to, overtime, equipment (including law enforcement and medical personal protective equipment), hiring, supplies (such as gloves, masks, sanitizer), training, travel expenses, and addressing the medical needs of inmates in state, local, and tribal prisons, jails, and detention centers.

The Kinston Police Department is going to utilize the funds received from this grant to provide the Kinston Police Department with necessary equipment to assist with preventing and preparing for responding to the coronavirus. The type of equipment we will purchase are: Display sign trailers, disinfecting fogging

machine, thermal scanner, mask pouches, M120 face masks, safety glasses and various protective equipment.

2020-H7712-NC-DJ: FY 20 JAG Grant

The JAG program is the leading source of federal justice funding to state and local jurisdictions. The JAG Program provides states, tribes, and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement, planning, evaluation, technology improvement, and crime victim and witness initiatives and mental health programs and related law enforcement and corrections programs, including behavioral programs and crisis intervention teams.

The Kinston Police Department is going to utilize the funds received from this grant to provide the Kinston Police Department SWAT with enhanced equipment in order to better protect the citizens of Kinston as well as officers of the Kinston Police Department. Mid Ride Duty Holster, Tri 3.25 Adjust Red RMD Sights and RMR Mounting Kit will be purchased with the FY20 JAG Grant funds.

O-BJA-2021-35004: FY21 JAG Grant

The JAG program is the leading source of federal justice funding to state and local jurisdictions. The JAG Program provides states, tribes, and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement, planning, evaluation, technology improvement, and crime victim and witness initiatives and mental health programs and related law enforcement and corrections programs, including behavioral programs and crisis intervention teams.

The Kinston Police Department is going to utilize the funds received from this grant to properly provide members of the Kinston Police Department (Patrol Officers) with enhanced equipment in order to better protect the citizens of Kinston as well as officers of the Kinston Police Department. The type of equipment we will purchase is advanced ballistic inserts for rifle ammunition.

2017-DJ-BX-0818 JAG Grant

The JAG program is the leading source of federal justice funding to state and local jurisdictions. The JAG Program provides states, tribes, and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement, planning, evaluation, technology improvement, and crime victim and witness initiatives and mental health programs and related law enforcement and corrections programs, including behavioral programs and crisis intervention teams.

The Kinston Police Department purchased safety equipment to assist in civil unrest type of situations. This safety equipment will help prevent and resolve such situations from occurring or escalating and ultimately enhances citizen and officer safety.

PROJ013557: 2019 Governor's Crime Commission: Juvenile Justice Grant

The Governor's Crime Commission Juvenile Justice Grant is particularly interested in applications that address juvenile delinquency prevention efforts and system improvement efforts designed to reduce the disproportionate number of juvenile members of minority groups who come into contact with the juvenile justice system. The Commission encourages programs that involve partnerships, collaboration and best practices to meet the needs of minority youth overrepresented at specific juvenile justice decision points to include referral to court, admission to detention or YDC and cases involving minority youth that are petitioned and/or have a finding of delinquency.

The Kinston Police Department is going to utilize the funds received from this grant to provide the Kinston Police Department with necessary equipment to assist with community engagement as well as provide training to the community and members of the Kinston Police Department. Statistical data will be retrieved and studied on a monthly basis and funds received from this grant will assist with researching and implementing new strategies within our community to reduce the disproportionate number of juvenile members of minority groups who come into contact with the juvenile justice system.

Highlights from FY 2021-22:

We increased utilization of services offered within our community to respond to and provide essential services for needs involving mental health issues, substance abuse, and homelessness. These service providers include, but are not limited to: crisis services managed in Lenoir County by Eastpointe through mobile crisis response, Port Health to include adult and youth crisis services, and the Lenoir County Health Department.

KPD completed the implementation of the Project Safe and Sound Program to provide quality services to our citizens.

KPD worked with other City departments preparing a comprehensive and competitive pay plan without causing any cost to our citizens.

KPD continued analysis of Juvenile Justice Reform and implemented strategies within our City to work towards juvenile diversion versus detention. We continue to work with partnering agencies on this reform and ongoing strategies to help our youth remain out of the court system, in school and involved in their community.

KPD staff worked more closely with the NAACP, The Gate, Juvenile Justice and other local agencies to build strong relationships based on trust and accountability.

KPD officers completed training on traditional and non-traditional law enforcement topics far in excess of State mandates.

KPD utilized DDACTS to strategically deploy proactive patrols for maximum efficiency in response to calls from the community, to focus on their most requested needs from the citizens of Kinston.

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 1,056 alarms with property values totaling \$16,633,206.00. Property value saved was \$14,706,011.00 or 88.42%. The Department responded to 1,646 medical emergencies relating to life-threatening situations including cardiac arrests and major trauma. This totals 2,702 incidents for this past fiscal year. 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.

We have had, and will continue to have great success with our Smoke Alarm Program. We performed quarterly interaction Smoke Detector Blitzes. One in October 2021, one in February 2022, one in May 2022, one in June 2022, one in September 2022 while teaming up with Lenoir County Red Cross, Wells Fargo and Hope Restorations Ministries. We have installed 542 smoke alarms this past fiscal year. We continue to have great success with the Child Safety Seat Program by installing 69 Child Safety Seats from June 2021 till now. We have increased our number of Child Safety Seat Installation Education Technicians and have received a Certified Child Safety Seat Installation Instructor, whom is able to increase our recertification numbers exponentially. We have had our biggest National Fire Protection Agency Fire Safety Week KDFR Open House attendance, from every Pre-Kindergarten, Kindergarten and First Grade from each public and private elementary school within Lenoir County. Within the week of October 10 through 14, 2022 we hosted 1151 Students at Kinston Fire Station 1. The largest day, having 394 Kids all at once!

The Department successfully reached approximately 218,003 adults and 19,829 children with our Fire & Life Safety educations efforts. This fiscal year we also included the electronic media counts to this number, which is reportable to the ISO. The Department completed over 1086 fire inspections and completed 8,508 hours of fire & rescue training during the year.

PUBLIC SERVICES

FY 2020-21 Street Resurfacing

The City Council appropriated \$200,000 for FY 20/21 street resurfacing and \$50,000 for the next phase of Hardee Road. Work to be performed with these funds has been bid in one project, the 2021 Road Improvements Project. Streets selected to be included in the project included portions of Lenoir Avenue from Independence to Dr. Martin Luther King, Jr. Blvd, Doctor's Drive from Herritage St. to Cambridge Apartments, and a portion of Gordon Street. The section of Hardee Road included is from Crawford St. toward Sedgefield Drive. Four bids were received and the lowest bid was \$277,762, which was over the budget allocation. City Council authorized the transfer of the remaining funds from other operating accounts to complete the full project scope. The project was awarded to Barnhill Contracting Company in April 2021 for the total award of \$277,762. Work was completed in November, 2021 with a final cost of \$245,140.

FY 2021-22 Street Resurfacing

The City Council appropriated \$200,000 for FY 21/22 street resurfacing and \$50,000 for the next phase of Hardee Road. Work to be performed with these funds has been bid in one project, the 2022 Road Improvements Project. Streets selected to be included in the project included portions of Ivy Road, A Street/Mt. Vernon/ Tyler St, Linden Avenue, Stanton Road, Davis Street, Towerhill Road, and Pine Street. The section of Hardee Road included is from near Sedgefield Drive to Pawnee Drive. Two bids were received and the lowest bid was \$345,418.61 by Tripp Bro's, Inc. City Council authorized the transfer of the remaining funds necessary to complete the work from other operating accounts. The project was awarded to Tripp Bro's, Inc. in June, 2022 for the full bid amount. Work began in September, 2022 and is expected to be complete in January, 2023.

2022 Parking Lot Improvement Project

The City Council initially appropriated \$164,000 within the Facilities and Property Management Fund (ORG 7200) to perform pavement improvements in multiple city parking lots in FY21/22. In March, 2022, City Council approved the addition of \$100,000 in funding for the project from a SCIF grant received by the city. The project was bid in May, 2022 and re-bid in June, 2022 with only one bid received each time. The bid was received from Barnhill Contracting Company in the amount of \$314,700. Additional funds were transferred from other operating accounts and unused capital funds to allow award of the entire project, which involved asphalt overlays, re-sealing and pavement markings in fourteen city parking lots. The bid was awarded in June, 2022 and construction began in August, 2022. Work is expected to be complete in December, 2022.

Doctor's Drive Extension

The City constructed approximately 2,800 feet of road, drainage and water line improvements from the existing end of Doctor's Drive to Airport Road. Project was estimated to cost \$834,000. The City was awarded a grant from Golden Leaf in the amount of \$599,720. The remaining funds were provided by a combination of a developer cash contribution of \$117,530 and City cash contribution of approximately \$116,750. 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 road was re-designed to avoid the wetlands. Additional easement was purchased and the bid let. Rick Bostic Construction was awarded the contract in the amount of \$548,842 in February 2021. Soil testing revealed significant amounts of unsuitable subgrade that needed to be undercut and replaced to build the road. Work was completed in November, 2021. Final contractor cost was \$673,265.75 and final total project cost was \$849,547.98. City Council amended the project budget to

cover the additional expense with funds previously budgeted for a separate project that was completed for less than the budgeted amount.

Smartgrid Meter System

Kinston Public Services is involved in a project to install advanced electric meters, water meters and residential load switches. These devices 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. Meter installations are complete.

Communications system is complete, except a few locations in water meter only areas, which require agreements with NCDOT and Duke Energy to establish antennae locations. Staff is also working on customer portal education material and preparing a revised residential load management program. COVID related supply issues has delayed equipment needed to remedy water only area. Remaining system is working as designed. Project costs to date are \$5,885,383.31. The Water Fund will be making its first of ten reimbursement payments to the Electric Fund in FY22/23 in the amount of \$328,319.

Electric POD #2

Construction of the second POD has been completed. It is located west of Kinston, provides a second source of power to our system from Duke Energy and creates a second feed to the Falling Creek Substation. All of Kinston's other substations are connected in a loop and can be fed from two directions. Engineering was performed by Booth & Associates. The breaker station was completed in January 2019 by Volt Power Systems. The transmission line was completed by C.W. Wright Construction in September, 2021. Total cost of the project was \$5,034,232.08. Budgeted funds for the project were \$5,483,514.

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. Work is being performed annually block by block to replace the substandard sections of the street. Work on the FY 20/21 portion includes sections from Crawford Street south past Hodges Road. It was completed in the Fall of 2021 as part of the 2021 Road Improvement Project. Work in the FY21/22 portion begins where the FY20/21 portion ended and continues south to Pawnee Drive. This has been awarded to Tripp Bro's, Inc. as part of the FY 2022 Road Improvements Project and should be complete by January, 2023.

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 contract. Work has been completed at a final cost of \$1,449,952.21.

Water Asset Management Plan Grant

In September 2017, the City applied to the N.C. Division of Water Infrastructure 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 DWI grant was awarded in February 2018. Through a request for proposal process, the City has selected Municipal Engineering Services as the engineering firm to evaluate our system. The water system model is complete and in use. Consultant is continuing to revise the Water System Capital Improvement Plan and Water System Asset Management Plan. Completion is expected in January, 2023.

Extend Circuit 510 and Rebuild Circuits 516/521

This project will extend electric Circuit 510 1.0 miles and rebuild 2.5 miles of Circuit 516 and rebuild 1.0 mile of Circuit 521. Project was funded with a \$2,376,000 transfer from the Electric Fund balance. Engineering was done by Booth and Associates and construction was performed by Volt Power, LLC. Work has been completed on the project at a cost of \$760,205.00. Improvements on the 516 Circuit were not included in the construction bid.

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. Work was completed in the fall of 2020. A reimbursement request was forwarded to NCDOT upon completion but payment has not yet been received.

Massey Drive Stream Improvements

This project addresses severe erosion along approximately 800 feet of ditch that is threatening personal property. The ditch has not been city maintained in the past, but the city has worked with property owners to secure easements at no cost and agreed to take over maintenance if when the project is completed. As this ditch handles runoff from NC Highway 258, NCDOT agreed to appropriate \$177,640 toward the project in January 2020. The East Group prepared the original construction plans and prepared permit applications. City staff secured the necessary easements. The bid was let and awarded to Shamrock Environmental Corporation in the amount of \$201,886 in February 2021. Work was completed in August, 2021 at a final cost of \$195,994.60.

Willows Stream Improvements

During Hurricane Florence the ditch along The Willows apartment complex was damaged. FEMA denied the project stating it was a natural feature with no history of City construction work at the site. The stream handles stormwater from City streets in the area. Bids were let and the award was made to Charles Hughes Construction in the amount of \$89,953. Notice to proceed was prepared in May, 2021 and work was completed in October, 2021, with a final cost of \$91,673.00. The costs are expected to be indirectly funds

by revenues received from FEMA for labor/equipment expenses on other FEMA eligible projects related to Hurricane Florence.

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 that included \$500,000 in principal forgiveness. 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. On November 16, 2020 City Council awarded the bid to Herring Rivenbark, Inc. in the amount of \$1,530,020. City Council amended the Project Budget to include an appropriation of \$371,200 from the Water Capital Reserve Fund for the additional funding needed. Construction began in April 2021. Work was completed in January, 2022 at a final cost of \$1,463,093.83.

Smithfield Way West Gravity Sewer Extension Project

This project extended an 18" gravity sewer line approximately 2,100 feet along Smithfield Way from Parrott-Dickerson Road to Enterprise Boulevard. It 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. The Lenoir County Economic Development Department applied for a Department of Commerce grant which was awarded for the full estimated project cost of \$789,500. All contracts and funding were handled by Lenoir County. City functioned as technical advisor and accepted ownership of the project infrastructure upon completion of the project. Lenoir County awarded bid to Jones and Smith Contractors in the amount of \$587,006 in early 2021. Contractor encountered several issues during construction, include a conflict with an existing water line, delays and flagging costs related to a bore under a railroad track and other smaller issues. Final cost of the project was \$685,344.70. The City and County agreed to split the costs not covered by the grant. The City's share was \$49,169.35. City Council approved covering the share with ARPA related funds.

NCGTP Water Line Project

This project replaces 3,700 feet of water line at the North Carolina Global TransPark. Funding is provided by a Drinking Water State Revolving Fund loan of \$716,300 and a city cash appropriation of \$91,800. Terms of the loan include 50% principal forgiveness, twenty-year term and an interest rate of 0.18%. Bids were received on June 2, 2022 and the construction bid was awarded to Lucas Pavement Maintenance & Construction, LLC, in the amount of \$689,202.00. Total project costs, including construction observation, testing and contingency are expected to be covered by the existing project budget.

Briery Run Lift Station Mitigation

This project will replace existing pumps with dry pit submersible pumps and make adjustments to the controls to avoid future flood damage at the station. The project has been approved by FEMA for flood mitigation. Bids were received on October 19, 2021 and the bid was awarded to the apparent low bidder, Haren Construction Company, with a bid of \$1,062,000.00. Work was delayed for several months due to supply chain constraints, but finally began in September, 2022. Work is expected to be complete by January 1, 2023.

2020 Wastewater Asset Management Grant

This project will perform condition assessments of the Johnnie Mosley Water Reclamation Facility, perform CCTV work in the wastewater collection system and prepare engineering report of the City's top sewer capital projects. The grant was awarded by NCDEQ/DWI in the amount of \$150,000. Estimated

project cost is \$159,750. Work under the grant is being performed by The Wooten Company and is expected to be complete by January 31, 2023.

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 put on hold until sewer funds could be secured.

Lawrence Heights Sewer Line Replacement

The Lawrence Heights Sewer Line Replacement project involves the replacement of all gravity sewer lines in the subdivision, located between Old Snow Hill Road and Highland Avenue. The estimated cost of the work is \$3.3 million. The city has received a Community Development Block Grant – Infrastructure grant of \$2 million and a \$3.3 million Clean Water State Revolving Fund loan for the project. Terms of the CWSRF loan are zero percent interest and principal forgiveness of 50% for up to \$500,000. All water and sewer work was bid as one project with bids received on August 5, 2021. The bid was awarded to Jones & Smith Contractors in the amount of \$4,410,050. A Notice to Proceed was issued in March, 2022, but material order delays have pushed the start date into November, 2022.

Electric System Long Range Plan

In February, 2022, Kinston Public Services received proposals from consultants to update the Long-Range Plan for capital improvements to the electric distribution system. The work consists of modeling the electric system, performing load forecasting, equipment condition assessments, and cost/benefit analysis of potential capital improvements. The project was awarded to Burns & McDonnell in the amount of \$76,000. Work is expected be complete by December 30, 2022.

PARKS AND RECREATION

Fairfield Recreation Center

Replace the playground space at Fairfield Recreation Center. The structure was removed due to dangerous conditions and the site is currently prepped and ready for our community installation date of 1/28/2023.

Mock Athletic Skills Facility

New LED lighting was installed in the gym area and a new Astroturf was installed
Repaired/refinished the basketball gym floor
Repaired and replaced several pieces of equipment within the facility
Continues to improve the landscaping at the front and back entrances to the gym

Grainger Stadium

Renovation has been ongoing with the visitors' locker room including roof repair and HVAC work. The existing Wood Duck's visitors' locker room, bathroom, and manager's office have all been painted and flooring replaced.

We are currently awaiting renderings and quotes to replace the Grainger Stadium Scoreboard
Working to address several ADA issues throughout the facility
Granger Stadium is on the verge of needing major renovations due to new Major League Baseball regulations. The stadium is going to need approximately \$2M in renovation to meet the new stadium codes.

Kinston Community Center

All new treadmills have been installed at the Kinston Community Center and we are currently working on a request for proposals to replace the inflatable structure that covers the pool during the winter months

Bill Fay Park

Joel Smith Memorial Disc Golf Course is underway and will inhabit the wooded space behind the playground structure at Bill Fay Park. This project is ongoing as the course is located within a wetland and will require additional resources to complete

New playground equipment has been ordered and we are planning for a state-of-the art structure by summer of 2023

Holloway Recreation Center

Through a grant the Holloway Recreation center has all new HVAC and a brand-new pool featuring stair entry and swimming lanes to aid in lap swim and the inclusion of a swim team.

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 48 percent of total general fund expenditures. This amount is approximately 28 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. For the upcoming fiscal year, the Council's strategic plan and objectives include:

- Providing for consistent updates and improvements to City infrastructure, utilities and transportation
- Providing for a safe and welcoming community
- Encouraging economic development and investment in the community
- Providing a diverse mix of arts, leisure and recreation opportunities in the community

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. American Rescue Plan funds continue to provide for several much-needed capital improvements and equipment in the 22-23 fiscal year. Debt proceeds for rolling stock will fund essential replacement vehicles. However, many needs still exist. Due to fiscal constraints, machinery, equipment and other 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 finalize the Unified Development Ordinance changes and make additional changes to match long term planning needs. Planning is also looking for more opportunities to invest in downtown along with the transformation of east Kinston. 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. The planning department will also continue to pursue funding that mitigates the economic and health losses of our community due to COVID-19 and develop affordable housing options for our community. Finally, the planning department plans to rebrand two positions to establish in-house project management for special projects along with a specialist in rehabilitation and renovations. 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 rebuilding an adequate police cruiser fleet for the Patrol and Investigation's Division. Over the next fiscal year, we plan to replace 23 police vehicles in our service fleet.

The Department will continue replacing and upgrading technology equipment, such as: purchasing a new Motorola Report Management Software System used for police reporting and purchasing and activating 75 new Motorola digital personal radios. Our new radios and our new RMS system will both be compatible with the Lenoir County Sheriff's Office, Lenoir County 911 system and the Lenoir County Detention Center.

The Kinston Police Department will install and follow our new 5-year strategic plan. The strategic plan will focus on 10 main goals over the next 5 years to include:

1. Maintain a safe & secure community
2. Develop a comprehensive traffic safety plan
3. Develop an enhanced recruiting & retention plan
4. Upgrade facilities, technology & equipment
5. Upgrade vehicles
6. Enhance community partnerships & Engagement
7. Develop employee skills & enhance organizational leadership
8. Expand and improve the SWAT Team for future development
9. Revamp the K9 Unit
10. Agency Enhancement

BJA FY 22 Edward Byrne Memorial Justice Assistance Grant Program - Local Solicitation

On September 29, 2022, Office of Justice Programs (OJP) approved and awarded our application for funding under the 2022 BJA FY 22 Edward Byrne Memorial Justice Assistance Grant Program - Local Solicitation in the amount of \$22,168.

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 provide safety for the SWAT Team. The agency will receive ballistic helmets for SWAT Team members as well as a “throw phone” for the SWAT Team. A pull behind grill will also be purchased with these funds to assist with community events within our community.

2022 FY22 Law Enforcement Agency De-Escalation Grants -Community Policing Development

Solicitation

On October 13, 2022, the Office of Community Oriented Policing Services approved and awarded our application for funding under the COPS FY22 Law Enforcement Agency De-Escalation Grants - Community Policing Development Solicitation Grant in the amount of \$150,000 for the City of Kinston.

The Kinston Police Department will team up with Polis Solutions to improve de-escalation methods for our agency. The COPS Office will provide grant funding to support whole agency training efforts in de-escalation, implicit bias, and duty to intervene, including overtime to participate in training programs and support for training officers to attend nationally certified train-the-trainer programs in these topic areas. Funding will also be used to support use of force data analysis; after-action reviews; the development of internal marketing and promotional materials, policies, and procedures that encourage a de-escalation mindset; and other organizational change efforts that work toward the creation of a culture of de-escalation within an agency.

KINSTON DEPARTMENT OF FIRE & RESCUE

The Department will expand delivery capabilities through implementation of new fire and rescue technologies. The training center will continue to 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, car seat program and the implemented senior population program NFPA’s Remembering When Program. The Department is looking into expanding the age groups of the Elementary Schools to incorporate a friendly competition between the second, third, fourth and fifth graders, by hosting a Fire Prevention themed Poster Challenge. Their reward would be spending a day at the fire station and riding the Big Red Truck.

PUBLIC SERVICES

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 and lining of approximately 3,100 feet of pipe. Much of this project is in low, wet areas adjacent to the Briery Run stream. The city originally bid this project in 2019 and received bids well above the available funding. The City rejected the bids and de-obligated the loan. A new loan was secured in March, 2021 in the amount of \$2,905,630, with \$500,000 of principal forgiveness, and a twenty-year repayment term at 0.10% interest. The project was re-bid in June, 2022 awarded to Spiniello Company for \$2,783,300.00. Total project costs, including construction observation, testing and contingency, is expected to be \$3,011,065.00. The city has received an increase in the CWSRF loan amount to cover the full project cost. Work is expected to begin in December, 2022 and be complete in June, 2023.

Electric 540 Circuit Rebuild

This project is a rebuild project to increase the current carrying capacity of the 540 electric circuit which runs from Hull Road to Banks School Road. Booth & Associates is working on engineering and bid specifications for labor and materials. The estimated project cost is \$2,341,800. Design work was suspended in 2021 due to potential impacts from NCDOT's Highway 70 Bypass project. NCDOT has not secured funding for their project, so work on the 540 circuit is expected to resume in 2023.

Adkin Branch Flood Mitigation Project

In response to efforts by city leaders, the Environmental Defense Fund performed the City of Kinston Flood Resiliency Study in 2021 to evaluate flooding issues and potential mitigation along the Adkin Branch stream from Hardee Road to Highway 11 North. Results of the study have been used to pursue funding for complete analysis and design of the most beneficial mitigation measures identified. The City has secured a \$250,000 grant from the Golden Leaf Foundation for Phase I engineering analysis and a \$1.2 million grant from North Carolina Division of Emergency Management for Phase II engineering work, which will include full design of the improvements. Engineering work is beginning in November, 2022. The City has also already applied for \$5 million in construction funding from the NC LASII program and \$3 million from the Land and Water Conservancy. Additional construction funding opportunities are being identified. Total cost if all mitigation improvements are constructed is estimated to be \$16.6 million.

Vernon Avenue Sewer Improvements

NCDOT has plans to resurface Vernon Avenue in 2025 from Hwy 11 North to Hwy 70 West. Ahead of the resurfacing, the city is pursuing repairs and improvements to sanitary sewer lines under the road surface. Estimated cost of the project is \$2,020,506. Design work is expected to be complete in November, 2022 and project should be bid in January, 2023.

Electric System Battery Storage Project

Recent changes in wholesale agreements between NCEMPA and Duke Energy and new technology have created opportunities to potentially reduce peak system loads (and peak demand charges) by installation of a city-controlled energy storage system on our electric grid. Preliminary estimated cost for installation of a 5 MW battery system for energy storage is \$4 million. Final details of the implementation of these systems related to the wholesale power agreements should be available soon. Moving forward with this project would involve a feasibility analysis, then preliminary engineering work. These items will likely be budgeted in FY23/24.

Oliver Glass Lift Station Preliminary Engineering

Kinston, with the assistance of The Wooten Company requested and has been awarded a \$400,000 Pre-Construction Planning Grant from the NC Division of Water Infrastructure to perform preliminary engineering work at this lift station. The grant was awarded August 30, 2022. The existing station is near capacity and numerous repairs have been required on the forcemain in the last five years. The grant will be used to evaluate both the lift station and forcemain, seeking an increase in capacity of at least 500,000 gallons per day, and to rehabilitate/replace old and failing infrastructure. Deliverables under the grant will include design plans and specifications for the recommended improvements. Work will begin in November, 2023 and should be complete by November, 2024.

Stormwater AIA Grant Project

In September, 2022, the city applied for a \$400,000 grant from the Division of Water Infrastructure to perform condition assessments in our stormwater system. Funds will be used to determine pipe conditions, identify and prioritize repairs and development assess management and capital improvement plans. Awards are expected to be announced in January, 2023.

Briery Run Sewer Rehabilitation Phase VI Project

In April, 2022, the city submitted a funding application for this project, which consists of lining 18,000 feet of 15-30" sewer pipe and 56 manholes. This represents all remaining pipe on the Briery Run Outfall that has not been rehabilitated in the last 15 years. Estimated cost of the project is \$8.3 million. Under current funding programs that use ARPA funds, Kinston is eligible for up to \$5 million in grant/forgiveness funding. The project was not included in the April, 2022 funding awards, but the application will be reconsidered in the September, 2022 funding cycle. Awards are expected to be announced in January, 2023.

PARKS AND RECREATION

Emma Webb Park

The City of Kinston has been awarded the Parks and Recreation Trust Fund Grant in the amount of \$500,000 and we will begin work to renovate that park in 2023. This renovation will include walking trails, basketball courts, a new playground, stream restoration, and an amphitheater

Pearson Park

New restrooms have been installed in this park space making it a much more usable space for our families and children, this was made possible by a donation from the Woodmen Life Kinston Chapter.

OTHER INFORMATION

Relevant Financial Policies

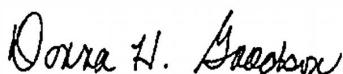
The City of Kinston has adopted a comprehensive set of financial policies. During the current year, one of these policies was particularly relevant. The City of Kinston has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). As a result of the anticipated economic upturn following the global COVID-19 pandemic and federal assistance from the American Rescue Plan Act, estimated revenues were greater than appropriations for the General Fund (\$23,605,508 versus \$22,485,043). In such cases, the policy allows for the transfer to fund balance to grow general fund balance. The amount necessary for this purpose in the original budget was \$1,120,465, which decreased to \$456,911 in the final amended budget. However, thanks to measures taken to control expenditures, the unexpected increase in property tax and sales tax revenues, the City of Kinston was ultimately able to increase the General Fund available fund balance.

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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. The ACFR for the fiscal year ended June 30, 2021 is currently under review by the GFOA. In order to be awarded a Certificate of Achievement, a Government Unit must publish an easily readable and efficiently organized ACFR whose contents conform to program standards. This ACFR 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 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, CPA
Finance Director



Rhonda Barwick
City Manager

This page left blank intentionally.

City of Kinston
City Council
Administrative and Financial Staff
For the Year Ended
06/30/2022

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

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

Administrative and Financial Staff
Rhonda Barwick, City Manager
Donna Goodson, Finance Director

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

This page left blank intentionally.

CITIZENS OF KINSTON

MAYOR and CITY COUNCIL

City Clerk

City Attorney

CITY MANAGER

City Manager's Office
- Pride of Kinston

Finance Office
- Collections
- Purchasing and Warehouse
- Accounting

Management Information Services

Fire

Human Resources
- Administration
- Workmen's Compensation
- Employee Health
- Risk Management
- Health Self Insurance

Police
- Administration
- Law Enforcement

Planning Department
- Planning
- Code Enforcement

Parks and Recreation
- Administration
- Programs
- County
- Sponsored Activities
- Stadium
- Visitor Center
- Kinston Community Center
- Lion's Water Adventure

Public Services - Administration

Water Resources
- Streets
- Stormwater
- Water Reclamation
- Water Production
- Water Operations

Facilities & Property Management
- Buildings and Grounds
- Cemeteries
- Engineering

Electric Systems
Electric Operations

Other Public Services
- Meter Services
- Business Office
- Fleet Maintenance
- Environmental Services

Organizational Chart

The organization chart represents the structure of management within the City of Kinston. The City operates under the Council - Manager form of government in accordance with Chapter 160A, Article 7, Part 2, of North Carolina General Statutes.

The Citizens of Kinston elect the Mayor and five Council members. They serve four year, staggered terms. The Mayor and Council appoint the City Manager, City Attorney and City Clerk. All other employees are appointed by the City Manager. The City Manager appoints Department Heads to manage the major functional areas of City operations. A Department Head may have multiple divisions which they may be responsible for overseeing.



Government Finance Officers Association

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

Presented to

**City of Kinston
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Monell

Executive Director/CEO

This page left blank intentionally.

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

This page left blank intentionally.

Independent Auditors' Report

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

Report on the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston, North Carolina as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Kinston, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kinston's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Governmental Auditing Standards we:

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City of Dogwood's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Kinston's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4 through 15, the Schedule of Changes in Total Pension Liability Law Enforcement Officer's Special Separation Allowance on page 78, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officer's Special Separation Allowance on page 79, Schedule of Changes in the Total OPEB Liability and Related Ratios on page 80, Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset) on page 81, and Local Government Employees' Retirement System City of Kinston's Contributions on page 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kinston, North Carolina basic financial statements. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying 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 the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 24, 2023 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kinston's internal control over financial reporting and compliance.

RH CPA_e, PLLC

Greensboro, North Carolina
January 24, 2023

This page left blank intentionally.

City of Kinston, North Carolina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

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, 2022. 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.

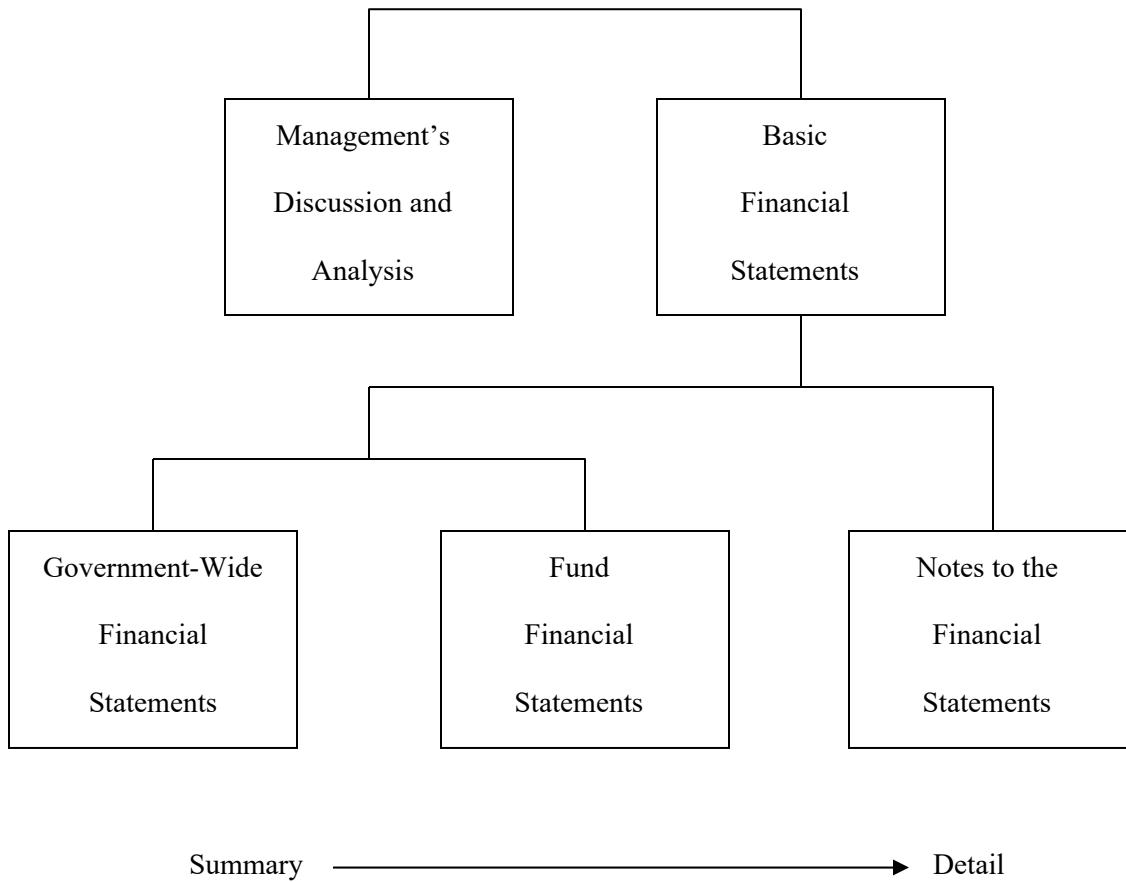
Financial Highlights

- 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 \$193,346,881 (*net position*).
- The government’s total net position increased by \$18,736,464, 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 \$25,442,969 with an increase of \$6,876,150 in fund balance. Approximately 59% of this total amount, or \$15,027,031, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,864,060, or 37.31%, of total General Fund expenditures and transfers out for this fiscal year.
- The City of Kinston’s total debt decreased by \$6,247,869 (-15.03%) during the current fiscal year. The key factors in this decrease were the issuance of general obligation bonds of \$1,299,887 for the completion of the Greenmead Water Line Replacement Project; and an increase of \$42,246 in compensated absences. Increases were offset by planned debt service principal payments of \$3,219,736; a decrease of \$4,129,445 in the net pension liability for the Local Government Employees Retirement System (LGERS); and a decrease of \$339,224 in the total liability for the Other Post Employee Benefits (OPEB).

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 26 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 32,088,437	\$ 25,673,023	\$ 67,302,396	\$ 56,868,406	\$ 99,390,833	\$ 82,541,429
Capital assets	24,389,721	24,984,390	110,156,947	111,360,110	134,546,668	136,344,500
Deferred outflows of resources	4,484,272	3,798,118	1,484,685	1,314,794	5,968,957	5,112,912
Total assets and deferred outflows of resources	60,962,430	54,455,531	178,944,028	169,543,310	239,906,458	223,998,841
Long-term liabilities outstanding	20,991,006	24,648,025	11,643,758	14,008,948	32,634,764	38,656,973
Other liabilities	3,584,679	4,056,092	5,185,973	6,095,874	8,770,652	10,151,966
Deferred inflows of resources	3,767,257	560,652	1,386,904	18,833	5,154,161	579,485
Total liabilities and deferred inflows of resources	28,342,942	29,264,769	18,216,635	20,123,655	46,559,577	49,388,424
Net position:						
Net investment in capital assets	13,949,335	13,852,747	98,084,345	98,186,245	112,033,680	112,038,992
Restricted	16,765,812	13,126,480	-	-	16,765,812	13,126,480
Unrestricted	1,904,341	(1,788,464)	62,643,048	51,233,410	64,547,389	49,444,946
Total net position	\$ 32,619,488	\$ 25,190,763	\$ 160,727,393	\$ 149,419,655	\$ 193,346,881	\$ 174,610,418

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 \$193,346,881 as of June 30, 2022. The City's net position increased \$18,736,463 for the fiscal year ended June 30, 2022. However, the largest portion (57.94%) 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, \$16,765,812, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$64,547,389 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 97.84%. The State-wide average in fiscal year 2022 was 99.12%.
- Property tax valuation increase of \$116 million combined with a .04 cent tax rate increase resulting in a \$706 thousand increase in property tax revenue.
- Received first tranche from the American Rescue Plan Act of 2021 of \$3.2 million.
- State shared revenue distributions of local government sales tax increase of \$426 thousand.
- \$2.1 million increase in charges for services in business-type funds
- Actual spending was significantly 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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 3,907,092	\$ 3,818,444	\$ 71,256,167	\$ 69,131,318	\$ 75,163,259	\$ 72,949,762
Operating grants and contributions	958,879	1,446,152	-	-	958,879	1,446,152
Capital grants and contributions	-	-	-	81,190	-	81,190
General revenues:						
Property taxes	11,207,178	10,575,357	-	-	11,207,178	10,575,357
Other taxes	7,631,215	7,172,604	-	-	7,631,215	7,172,604
Grants and contributions not restricted to specific programs	6,259,211	2,632,415	2,263,397	2,249,637	8,522,608	4,882,052
Other	3,030,136	3,440,046	1,372,526	598,063	4,402,662	4,038,109
Total revenues	32,993,711	29,085,018	74,892,090	72,060,208	107,885,801	101,145,226
Expenses:						
General government	6,856,727	8,294,798	-	-	6,856,727	8,294,798
Public safety	11,078,556	10,824,551	-	-	11,078,556	10,824,551
Public services	3,331,732	3,498,471	-	-	3,331,732	3,498,471
Community development	2,128,431	2,892,723	-	-	2,128,431	2,892,723
Culture and recreation	4,021,650	3,461,949	-	-	4,021,650	3,461,949
Interest on long-term debt	407,519	455,300	-	-	407,519	455,300
Electric	-	-	40,023,486	39,443,256	40,023,486	39,443,256
Water	-	-	8,570,838	9,185,436	8,570,838	9,185,436
Wastewater			7,131,524	6,918,953	7,131,524	6,918,953
Nonmajor fund	-	-	5,598,874	5,630,990	5,598,874	5,630,990
Total expenses	27,824,615	29,427,792	61,324,722	61,178,635	89,149,337	90,606,427
Change in net position before transfers	5,169,096	(342,774)	13,567,368	10,881,573	18,736,464	10,538,799
Transfers	2,259,630	2,000,000	(2,259,630)	(2,000,000)	-	-
Increase in net position	7,428,726	1,657,226	11,307,738	8,881,573	18,736,464	10,538,799
Beginning net position	25,190,762	23,533,536	149,419,655	140,538,082	174,610,417	164,071,618
Net position, June 30	\$ 32,619,488	\$ 25,190,762	\$ 160,727,393	\$ 149,419,655	\$ 193,346,881	\$ 174,610,417

Total government-wide revenues of \$107.9 million were primarily derived from charges for services (70%) and property taxes and other taxes (17%). The total expenses of all programs were \$89.1 million. The expenses cover a range of services with the two largest being electric services (45%), and public safety (fire/EMS, police, and inspections/code enforcement) (12%).

Governmental Activities

Governmental activities increased the City's net position by \$7,428,726, thereby accounting for 40% 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 valuation increase, a property tax rate increase, the City's allocation of funds from the American Rescue Plan Act, 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 appreciably improved in the current year. City management acknowledges that 2022 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 2024-2025 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 valuation increase of \$116 million combined with a .04 cent tax rate increase resulting in a \$706 thousand increase in property tax revenue.
- Received first tranche from the American Rescue Plan Act of 2021 of \$3.2 million.
- State shared revenue distributions of local government sales tax increase of \$426 thousand.

Business-Type Activities

Business-type activities increased the City's net position by \$11,307,738, thereby accounting for 60% of the total growth in the net position of the City of Kinston. A key element of this increase was due to an increase in service charge revenues of \$2.1 million.

Key elements of this increase are as follows:

- Increase of \$2.1 million in sales revenue for service charges.
- Loan forgiveness in the Water Fund of \$650 thousand.

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 \$9.7 million, while total fund balance was \$13.7 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 48% of total General Fund expenditures and transfers out, less long-term debt issued, while total fund balance represents 68% of the same amount.

At June 30, 2022, the governmental funds of the City of Kinston reported a combined fund balance of \$25.4 million, a 37% increase from last year. The General Fund reported an increase in fund balance of \$5,174,121 while the other major fund reported an increase of \$645,714 and nonmajor governmental funds reported a combined increase in fund balance of \$1,056,315 primarily due to increases in tax revenues, monies received from the federal ARPA program, combined with an intentional effort to streamline expenses to invest back into the City's general fund.

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 transfer of funds in the amount of \$1.7 million received through the federal ARPA program as a result of the City electing to take a standard allowance for revenue replacement. An additional reason relates to a final draw of rolling stock debt for vehicles in the amount of \$127 thousand.

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 \$42 million in the Electric Fund, \$13.5 million in the Water Fund, \$(272) thousand in the Wastewater Fund, and \$4.2 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 \$6.9 million, \$2.8 million, \$(125) thousand, and \$1.3 million, 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, 2022, totals \$134.5 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 decrease of \$1.8 million, or (.1.3)%, over last year.

Major capital asset transactions during the year include the following:

- Two public safety vehicles, two Water Fund vehicles and one Electric Fund purchased and equipped at a cost of \$252 thousand.
- Wifi expansion in downtown Kinston at a cost of \$137 thousand.
- Wastewater Fund purchases of a Poluymer feed system at the Johnnie Mosley sight, two trailer mounted 8" bypass pumps, a cab tractor and a bush hog for a total cost of \$400 thousand.
- Construction in progress in the General Fund consists primarily of improvements to Doctors Drive road and utility extension in the amount of \$512 thousand.
- Water fund replacement of Greenmead waterline at a cost of \$682 thousand.
- Water fund cost of several water improvement projects at a cost of \$119 thousand.
- Continuing electric infrastructure improvements at Second POD and Vernon Avenue Circuit Rebuild at a combined cost of \$1.1 million.
- Wastewater fund construction of Lawrence Heights Sewer Replacement Project at a cost of \$279 thousand.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,792,446	\$ 3,802,500	\$ 1,222,643	\$ 1,222,643	\$ 5,015,089	\$ 5,025,143
Infrastructure	1,776,417	2,007,021	737,383	800,585	2,513,800	2,807,606
Buildings and improvements	9,250,982	9,653,022	26,253,200	27,284,652	35,504,182	36,937,674
Equipment and vehicles	1,793,770	2,449,609	1,884,671	2,127,649	3,678,441	4,577,258
Distribution system	-	-	44,048,609	46,392,869	44,048,609	46,392,869
Construction in progress	7,776,106	7,072,238	36,010,441	33,531,710	43,786,547	40,603,948
Total	\$ 24,389,721	\$ 24,984,390	\$ 110,156,947	\$ 111,360,108	\$ 134,546,668	\$ 136,344,498

Additional information on the City's capital assets can be found in Note 2.A.5 of the Basic Financial Statements.

Long-Term Debt. At June 30, 2022, the City of Kinston had total bonded debt outstanding of \$11,489,782. Of this, \$10,885,782 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		Activities		2022	2021
	2022	2021	2022	2021	2022	2021
Installment debt	\$ 10,440,386	\$ 11,131,644	\$ 582,822	\$ 887,569	\$ 11,023,208	\$ 12,019,213
General obligation bonds	-	-	10,885,782	11,278,298	10,885,782	11,278,298
Revenue bonds	-	-	604,000	1,008,000	604,000	1,008,000
OPEB	4,127,730	4,466,954	-	-	4,127,730	4,466,954
Pension related debt (LGERS)	2,241,185	4,951,724	964,184	2,383,090	3,205,369	7,334,814
Pension related debt (LEOSSA)	4,247,038	4,275,963	-	-	4,247,038	4,275,963
Compensated absences	888,498	810,771	333,081	368,562	1,221,579	1,179,333
Total	\$ 21,944,837	\$ 25,637,056	\$ 13,369,869	\$ 15,925,519	\$ 35,314,706	\$ 41,562,575

City of Kinston's Outstanding Debt.

The City's total outstanding debt decreased by \$6,247,869 (-15.03%) during the past fiscal year, primarily due to \$1,229,887 general obligation loans issued for the Greenmead Water Line Replacement Project; \$4,497,594 decrease in pension and OPEB liabilities; and \$3,219,736 scheduled debt service payments. 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 \$118,504,594.

More detailed information about the City's long-term obligations is presented in Note 2.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 2022, sixty-eight residential and commercial permits for new construction were issued with a total new construction value of \$12.4 million. There were 158 repairs and renovations permits issued with a total value of \$26.6 million.
- Retail sales for Lenoir County during 2022 were \$744.4 million compared to \$696.2 million for 2021.
- The current unemployment rate was 5.4 percent, compared to 3.8 percent for the State and 3.6 percent for the nation.
- Projections of State-Collected Local Government Tax Revenue are projecting upward due to the direct federal aid to taxpayers, the shift of more online purchases which compliments the state's legislative change in early 2020 allowing the state to capture virtually all sales tax revenues from online purchases, and inflation of cost of goods.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities: The property tax base for the 2023 fiscal year is projected to be \$1,403,750,000 or \$40,250,000 (2.95%) more than the budgeted tax base for the prior year. A proposed tax rate of .77 per \$100 of assessed valuation (no increase) and a collection rate of 98.70% and 100% for motor vehicles equates to a projected increase of \$439 thousand in the current year property tax revenues. Sales tax revenues are expected to increase by approximately \$191 thousand due to the anticipated increase in retail sales due to anticipated economic growth as we continue toward economic recovery post Covid-19. The maximum allowable transfer from the Electric Fund has been budgeted for the allowable rate of return on the investment of the City of Kinston's electric system. The City of Kinston has received the second round of funding from the Coronavirus State and Local Fiscal Recovery Funds in the amount of \$3.2 million which is a significant infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the City of Kinston recovers. The American Rescue Plan Act Final Rule offers a standard allowance of up to \$10 million of Coronavirus State and Local Recovery Funds which the City has elected for recovery of revenue loss allowing the City to appropriate funds to government services provided by the City. The 2023 fiscal year budget includes a transfer to fund balance in the General Fund fund balance of \$726 thousand. There are planned purchases of vehicles, equipment, or other capital equipment in the FY2023 General Fund budget to be funded partially with a rolling stock installment debt of \$760,000. The City focused on street repaving and approved \$200 thousand for street resurfacing in 2023, bringing the total spent in the last five years on street repaving to \$2.1 million (from fiscal year 2019 through fiscal year 2023).

There is no COLA increase for employees for the 2023 fiscal year; however, the budget continues funding of City-wide salary adjustments approved by council in April of 2022 to address recruitment and employee retention. Eighteen vacant positions were abolished over all funds with the adoption of a new salary scale in April, 2022 and the full-time positions decreased to 355 FTE's. One position was added in the Human Resources organization for an in-house City Nurse which will provide a \$14,000 per year cost savings compared to contracting with a local health care facility. There was a 2.61 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 1.73% increase in the City's retirement contribution to the NC LGERS retirement system. The General Fund initial budget for 2022-2023 increased 9.5 percent from \$25.7 million to \$28.1 million. The increase is mostly attributable to an increase in estimated property taxes and sales tax collections, debt issuance for rolling stock purchases and anticipated closings of all outstanding hurricanes. The additional revenue sources will be used towards funding City-wide salary adjustments approved in 2022 and purchase of vehicles.

Business-type Activities: There were no rate fee increases in the business-type funds for the 2023 fiscal year. Personnel expenses will slightly increase due to the City-wide salary adjustments approved in 2022 due to the fact that vacant positions were eliminated to help offset the salary increases. All other operating expenses will decrease minimally from the prior year budget.

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.

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.

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Exhibit 1
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 28,466,044	\$ 54,581,181	\$ 83,047,225
Taxes receivables - net	520,402	-	520,402
Accounts receivable - net	371,571	149,040	520,611
Due from government agencies	2,149,515	188,940	2,338,455
Customer receivables - net	-	8,533,026	8,533,026
Notes receivable	162,032	-	162,032
Inventories	418,873	2,074,597	2,493,470
Restricted cash and investments	-	1,775,612	1,775,612
Total current assets	<u>32,088,437</u>	<u>67,302,396</u>	<u>99,390,833</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	11,568,552	37,233,084	48,801,636
Other capital assets, net of depreciation	12,821,169	72,923,863	85,745,032
Total capital assets	<u>24,389,721</u>	<u>110,156,947</u>	<u>134,546,668</u>
Total assets	<u>56,478,158</u>	<u>177,459,343</u>	<u>233,937,501</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	305,008	-	305,008
Pension deferrals	4,179,264	1,484,685	5,663,949
Total deferred outflows of resources	<u>4,484,272</u>	<u>1,484,685</u>	<u>5,968,957</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	2,067,241	1,684,250	3,751,491
Prepaid fees	33,980	-	33,980
Unavailable revenues	529,627	-	529,627
Customer deposits	-	1,775,612	1,775,612
Current portion of long-term liabilities	953,831	1,722,619	2,676,450
Total current liabilities	<u>3,584,679</u>	<u>5,182,481</u>	<u>8,767,160</u>
Long-term liabilities:			
Net pension liability (LGERS)	2,241,185	964,184	3,205,369
Total pension liability (LEOSSA)	4,247,038	-	4,247,038
OPEB liability	4,127,730	-	4,127,730
Due in more than one year	10,375,053	10,683,066	21,058,119
Total long-term liabilities	<u>20,991,006</u>	<u>11,647,250</u>	<u>32,638,256</u>
Total liabilities	<u>24,575,685</u>	<u>16,829,731</u>	<u>41,405,416</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	10,135	-	10,135
OPEB deferrals	340,331	-	340,331
Pension deferrals	3,416,791	1,386,904	4,803,695
Total deferred inflows of resources	<u>3,767,257</u>	<u>1,386,904</u>	<u>5,154,161</u>
NET POSITION			
Net investment in capital assets	13,949,335	98,084,345	112,033,680
Restricted for:			
Stabilization by State Statute	3,850,634	-	3,850,634
Subsequent year's expenditures	1,878,109	-	1,878,109
Permanently restricted for cemetery perpetual maintenance	75,000	-	75,000
Temporarily restricted	10,962,069	-	10,962,069
Unrestricted	<u>1,904,341</u>	<u>62,643,048</u>	<u>64,547,389</u>
Total net position	<u>\$ 32,619,488</u>	<u>\$ 160,727,393</u>	<u>\$ 193,346,881</u>

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

CITY OF KINSTON, NORTH CAROLINA
Statement of Activities
For the year Ended June 30, 2022

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	Total
Primary government:							
Governmental activities:							
General government	\$ 6,856,727	\$ 2,011,487	\$ -	\$ -	\$ (4,845,240)	\$ -	\$ (4,845,240)
Public safety	11,078,556	196,665	62,456	-	(10,819,435)	-	(10,819,435)
Public services	3,331,732	808,940	896,423	-	(1,626,369)	-	(1,626,369)
Community development	2,128,431	-	-	-	(2,128,431)	-	(2,128,431)
Cultural and recreation	4,021,650	890,000	-	-	(3,131,650)	-	(3,131,650)
Interest on long-term debt	407,519	-	-	-	(407,519)	-	(407,519)
Total governmental activities	<u>27,824,615</u>	<u>3,907,092</u>	<u>958,879</u>	<u>-</u>	<u>(22,958,644)</u>	<u>-</u>	<u>(22,958,644)</u>
Business-type activities:							
Electric	40,023,486	47,366,821	-	-	-	7,343,335	7,343,335
Water	8,570,838	10,309,189	-	-	-	1,738,351	1,738,351
Wastewater	7,131,524	6,961,599	-	-	-	(169,925)	(169,925)
Nonmajor funds:							
Environmental services	3,728,961	4,219,142	-	-	-	490,181	490,181
Stormwater	653,600	1,027,777	-	-	-	374,177	374,177
Community center services	1,216,313	1,371,639	-	-	-	155,326	155,326
Total business-type activities	<u>61,324,722</u>	<u>71,256,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,931,445</u>	<u>9,931,445</u>
Total primary government	<u><u>\$ 89,149,337</u></u>	<u><u>\$ 75,163,259</u></u>	<u><u>\$ 958,879</u></u>	<u><u>\$ -</u></u>	<u><u>(22,958,644)</u></u>	<u><u>9,931,445</u></u>	<u><u>(13,027,199)</u></u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose				11,207,178	-	11,207,178	
Other taxes				7,631,215	-	7,631,215	
Grants and contributions not restricted to specific programs				6,259,211	2,263,397	8,522,608	
Unrestricted investment earnings				32,507	70,357	102,864	
Miscellaneous				2,997,629	1,154,925	4,152,554	
Capital contributions				-	147,244	147,244	
Transfers				2,259,630	(2,259,630)	-	
Total general revenues and transfers				<u>30,387,370</u>	<u>1,376,293</u>	<u>31,763,663</u>	
Change in net position				7,428,726	11,307,738	18,736,464	
Net position, beginning				<u>25,190,762</u>	<u>149,419,655</u>	<u>174,610,417</u>	
Net position, ending				<u><u>\$ 32,619,488</u></u>	<u><u>\$ 160,727,393</u></u>	<u><u>\$ 193,346,881</u></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, 2022

	Major Funds			
	General Fund	American Rescue Plan Fund	Total Non- Major Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 12,595,981	\$ 645,388	\$ 10,823,060	\$ 24,064,429
Due from government agencies	1,836,583	326	312,606	2,149,515
Accounts receivable	145,167	-	174,745	319,912
Taxes receivable	520,402	-	-	520,402
Notes receivable	-	-	162,032	162,032
Inventories	139,328	-	-	139,328
Total assets	<u>\$ 15,237,461</u>	<u>\$ 645,714</u>	<u>\$ 11,472,443</u>	<u>\$ 27,355,618</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 931,588	\$ -	\$ 407,319	\$ 1,338,907
Prepaid privilege licenses	33,980	-	-	33,980
Total liabilities	<u>965,568</u>	<u>-</u>	<u>407,319</u>	<u>1,372,887</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	520,402	-	-	520,402
Prepaid property taxes	10,135	-	-	10,135
Pavement assessment receivables	9,048	-	-	9,048
GTP fire taxes receivables	177	-	-	177
Total deferred inflows of resources	<u>539,762</u>	<u>-</u>	<u>-</u>	<u>539,762</u>
FUND BALANCES				
Non-spendable, not in spendable form:				
Inventories	139,328	-	-	139,328
Perpetual maintenance	-	-	75,000	75,000
Restricted:				
Stabilization by State Statute	3,850,634	-	-	3,850,634
Other	-	645,714	10,316,355	10,962,069
Committed	-	-	673,769	673,769
Assigned	1,878,109	-	-	1,878,109
Unassigned	7,864,060	-	-	7,864,060
Total fund balances	<u>13,732,131</u>	<u>645,714</u>	<u>11,065,124</u>	<u>25,442,969</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,237,461</u>	<u>\$ 645,714</u>	<u>\$ 11,472,443</u>	<u>\$ 27,355,618</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, 2022

Exhibit 3

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

Total fund balance, governmental funds	\$ 25,442,969
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	\$ 54,200,081
Accumulated depreciation	<u>(29,820,915)</u> 24,379,166
A portion of the assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.	
	3,917,647
Net pension liability	(2,172,808)
Total pension liability - LEOSSA	(4,247,038)
OPEB liability	(4,127,730)
Pension related deferrals	(3,318,437)
OPEB related deferrals	(340,331)
Deferred outflows of resources related to pensions are not reported in the funds	4,073,973
Deferred outflows of resources related to OPEB are not reported in the funds	305,008
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>(11,292,931)</u>
Net position of governmental activities	<u><u>\$ 32,619,488</u></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, 2022

Exhibit 4

	Major Fund			Total Governmental Funds	
	American Rescue Plan Fund	Total Non- Major Funds	General Fund		
	General Fund				
REVENUES					
Ad valorem taxes	\$ 11,207,178	\$ -	\$ -	\$ 11,207,178	
Sales and services	1,860,596	-	-	1,860,596	
Other taxes and licenses	7,631,215	-	-	7,631,215	
Unrestricted intergovernmental	695,437	3,193,507	2,370,267	6,259,211	
Restricted intergovernmental	695,873	-	263,006	958,879	
Investment earnings	24,880	2,762	1,078	28,720	
Other	227,992	-	20,728	248,720	
Total revenues	<u>22,343,171</u>	<u>3,196,269</u>	<u>2,655,079</u>	<u>28,194,519</u>	
EXPENDITURES					
Current:					
General government	2,725,677	-	-	2,725,677	
Public safety	10,203,950	-	651,703	10,855,653	
Public services	2,654,971	-	-	2,654,971	
Parks and recreation	3,734,894	-	-	3,734,894	
Community development	-	827,744	896,063	1,723,807	
Debt service:					
Principal	786,446	-	-	786,446	
Interest	407,519	-	-	407,519	
Capital outlay	562,746	-	221,368	784,114	
Total expenditures	<u>21,076,203</u>	<u>827,744</u>	<u>1,769,134</u>	<u>23,673,081</u>	
Excess (deficiency) of revenues over expenditures	<u>1,266,968</u>	<u>2,368,525</u>	<u>885,945</u>	<u>4,521,438</u>	
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	3,812,072	-	170,670	3,982,742	
Transfers to other funds	-	(1,722,811)	(300)	(1,723,111)	
Proceeds from loan	95,081	-	-	95,081	
Total other financing sources (uses)	<u>3,907,153</u>	<u>(1,722,811)</u>	<u>170,370</u>	<u>2,354,712</u>	
Net change in fund balance	5,174,121	645,714	1,056,315	6,876,150	
Fund balances, beginning	8,558,010	-	10,008,809	18,566,819	
Fund balances, ending	<u>\$ 13,732,131</u>	<u>\$ 645,714</u>	<u>\$ 11,065,124</u>	<u>\$ 25,442,969</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, 2022

Exhibit 4

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

Net changes in fund balances- total governmental funds	\$ 6,876,150
--	--------------

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	\$ 1,018,329
Depreciation expense for governmental assets	(1,600,100)
Loss on disposal of surplus property	<u>(10,054)</u>
	(591,825)

Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the statement of net position. (185,740)

Change in deferred outflows - pension	875,720
Change in deferred inflows - pension	(3,230,669)
Change in pension liability	2,949,104
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.	108,379

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	(95,081)
Principal payments on long-term debt	<u>786,446</u>
	691,365

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. (63,758)

Total changes in net position of governmental activities	<u>\$ 7,428,726</u>
--	---------------------

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, 2022

	General Fund			Variance with Final Budget - Positive (Negative)	
	Budget		Actual Amounts		
	Original	Final			
Revenues:					
Ad valorem taxes	\$ 10,831,650	\$ 10,836,650	\$ 11,207,178	\$ 370,528	
Sales and services	1,673,603	1,673,603	1,860,596	186,993	
Other taxes and licenses	6,964,050	6,991,050	7,631,215	640,165	
Unrestricted intergovernmental	652,330	652,330	695,437	43,107	
Restricted intergovernmental	829,896	829,896	695,873	(134,023)	
Investment earnings	25,859	25,859	24,880	(979)	
Other	252,820	287,820	227,992	(59,828)	
Total revenues	21,230,208	21,297,208	22,343,171	1,045,963	
Expenditures:					
Current:					
General government	2,894,191	3,135,880	2,725,677	410,203	
Public safety	10,574,491	10,669,389	10,203,950	465,439	
Public services	3,469,887	3,770,969	2,654,971	1,115,998	
Parks and recreation	3,961,606	4,066,196	3,734,894	331,302	
Debt service:					
Principal	786,469	786,469	786,446	23	
Interest	392,479	407,770	407,519	251	
Capital outlay	405,920	2,018,023	562,746	1,455,277	
Total expenditures	22,485,043	24,854,696	21,076,203	3,778,493	
Revenues over (under) expenditures	(1,254,835)	(3,557,488)	1,266,968	4,824,456	
Other financing sources (uses):					
Transfers from (to) other funds	2,375,300	3,887,071	3,812,072	(74,999)	
Long-term debt issued	-	127,328	95,081	(32,247)	
Fund balance appropriated	(1,120,465)	(456,911)	-	456,911	
Total other financing sources (uses)	1,254,835	3,557,488	3,907,153	349,665	
Net change in fund balance	\$ -	\$ -	5,174,121	\$ 5,174,121	
Fund balance, beginning			8,558,010		
Fund balance, ending			\$ 13,732,131		

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, 2022

Exhibit 6

	Major Enterprise Funds			Non-Major Enterprise Funds	Total	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund			
ASSETS						
Current assets:						
Cash and investments	\$ 34,878,868	\$ 12,161,738	\$ -	\$ 4,077,453	\$ 51,118,059	\$ 7,864,737
Due from government agencies	93,492	26,086	69,362	-	188,940	-
Accounts receivable - net	127,888	1,449	31	16,839	146,207	54,492
Customer receivables- net	5,709,147	1,186,290	954,802	682,787	8,533,026	-
Inventories	1,610,354	464,243	-	-	2,074,597	279,545
Restricted cash and cash equivalents	1,775,612	-	-	-	1,775,612	-
Total current assets	<u>44,195,361</u>	<u>13,839,806</u>	<u>1,024,195</u>	<u>4,777,079</u>	<u>63,836,441</u>	<u>8,198,774</u>
Noncurrent assets:						
Capital assets:						
Land	202,380	66,605	953,658	-	1,222,643	-
Buildings	3,671,890	681,931	41,276,198	-	45,630,019	19,468
Distribution system	40,970,008	15,739,756	53,421,287	-	110,131,051	-
Equipment and vehicles	2,885,085	3,247,039	3,641,976	6,392,124	16,166,224	905,122
Accumulated depreciation	(32,313,875)	(15,215,220)	(46,509,698)	(4,984,598)	(99,023,391)	(894,075)
Construction in progress	16,202,733	3,259,744	16,061,755	486,209	36,010,441	-
Total capital assets	<u>31,618,221</u>	<u>7,779,855</u>	<u>68,845,176</u>	<u>1,893,735</u>	<u>110,136,987</u>	<u>30,515</u>
Total noncurrent assets	<u>31,618,221</u>	<u>7,779,855</u>	<u>68,845,176</u>	<u>1,893,735</u>	<u>110,136,987</u>	<u>30,515</u>
Total assets	<u>75,813,582</u>	<u>21,619,661</u>	<u>69,869,371</u>	<u>6,670,814</u>	<u>173,973,428</u>	<u>8,229,289</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals	355,459	319,987	194,466	286,138	1,156,050	433,926
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	62,225	115,001	1,140,769	339,493	1,657,488	755,096
Customer deposits	1,775,612	-	-	-	1,775,612	-
Compensated absences, current	19,919	18,368	10,418	15,178	63,883	24,886
Current portion of long-term debt	217,830	90,037	1,229,041	105,932	1,642,840	-
Total current liabilities	<u>2,075,586</u>	<u>223,406</u>	<u>2,380,228</u>	<u>460,603</u>	<u>5,139,823</u>	<u>779,982</u>
Non-current liabilities:						
Net pension liability	230,842	207,806	126,291	185,824	750,763	281,798
Accrued compensated absences	59,758	55,105	31,249	45,533	191,645	88,622
Non-current portion of long-term debt	102,290	611,970	9,495,427	220,077	10,429,764	-
Total noncurrent liabilities	<u>392,890</u>	<u>874,881</u>	<u>9,652,967</u>	<u>451,434</u>	<u>11,372,172</u>	<u>370,420</u>
Total liabilities	<u>2,468,476</u>	<u>1,098,287</u>	<u>12,033,195</u>	<u>912,037</u>	<u>16,511,995</u>	<u>1,150,402</u>
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	332,049	298,912	181,659	267,293	1,079,913	405,345
NET POSITION						
Net investment in capital assets	31,298,101	7,077,848	58,120,708	1,567,726	98,064,383	30,515
Unrestricted	42,070,415	13,464,601	(271,725)	4,209,896	59,473,187	7,076,953
Total net position	<u>\$ 73,368,516</u>	<u>\$ 20,542,449</u>	<u>\$ 57,848,983</u>	<u>\$ 5,777,622</u>	<u>157,537,570</u>	<u>\$ 7,107,468</u>
Adjustment to reflect the consolidation of the Public Services Administration Internal Service Fund related to enterprise funds					3,189,823	
Total					<u>\$ 160,727,393</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, 2022

Exhibit 7

Major Enterprise Funds						
	Electric Fund	Water Fund	Wastewater Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 47,366,821	\$ 10,309,189	\$ 6,961,599	\$ 6,618,558	\$ 71,256,167	\$ 4,345,260
Other	66,836	1,004,116	4,329	79,631	1,154,912	2,750,205
Total operating revenues	47,433,657	11,313,305	6,965,928	6,698,189	72,411,079	7,095,465
OPERATING EXPENSES						
Administration	-	-	-	-	-	1,782,618
Public service operations	-	-	-	-	-	376,748
Fleet maintenance operations	-	-	-	-	-	131,473
Warehouse operations	-	-	-	-	-	646,674
Employee health operations	-	-	-	-	-	212,612
Electrical operations	37,187,282	-	-	-	37,187,282	-
Environmental services	-	-	-	3,385,742	3,385,742	-
Stormwater services	-	-	-	593,055	593,055	-
Community center services	-	-	-	1,193,894	1,193,894	-
Water production	-	1,372,852	-	-	1,372,852	-
Depreciation	1,100,135	465,675	2,399,739	410,925	4,376,474	22,311
Water operations	-	6,714,236	-	-	6,714,236	-
Wastewater plant operations	-	-	4,619,062	-	4,619,062	-
Claims reimbursement	-	-	-	-	-	3,282,562
Total operating expenses	38,287,417	8,552,763	7,018,801	5,583,616	59,442,597	6,454,998
Operating income	9,146,240	2,760,542	(52,873)	1,114,573	12,968,482	640,467
NONOPERATING REVENUES (EXPENSES)						
Interest earned on investments	44,786	14,938	218	4,714	64,656	9,487
Interest on long-term debt	(7,475)	(1,975)	(81,043)	(15,258)	(105,751)	-
Loan issuance costs	(1,060)	(16,100)	(31,680)	-	(48,840)	-
Total nonoperating revenues (expenses)	36,251	(3,137)	(112,505)	(10,544)	(89,935)	9,487
Income (loss) before contributions and transfers	9,182,491	2,757,405	(165,378)	1,104,029	12,878,547	649,954
Capital contributions	-	-	-	147,244	147,244	-
Transfer from other funds	3,194,573	991,531	40,370	-	4,226,474	-
Transfer to other funds	(5,494,573)	(991,531)	-	-	(6,486,104)	-
Change in net position	6,882,491	2,757,405	(125,008)	1,251,273	10,766,161	649,954
Beginning net position	66,486,025	17,785,044	57,973,991	4,526,349		6,457,514
Total net position, ending	\$ 73,368,516	\$ 20,542,449	\$ 57,848,983	\$ 5,777,622		\$ 7,107,468
Adjustment to reflect the consolidation of the Public Services Administration Internal Service Fund related to enterprise funds					541,577	
Change in net position - business-type activities					\$ 11,307,738	

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, 2022

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	\$ 47,553,719	\$ 11,342,848	\$ 6,901,325	\$ 6,738,116	\$ 72,536,008	\$ 4,230,097
Cash paid for goods and services	(36,079,460)	(6,978,771)	(4,042,113)	(4,016,595)	(51,116,939)	(4,560,738)
Cash paid to employees	(1,549,636)	(1,424,601)	(883,540)	(1,597,220)	(5,454,997)	(1,871,010)
Other operating revenues	-	-	-	-	-	2,866,553
Customer deposits	22,865	-	-	-	22,865	-
Net cash provided by operating activities	9,947,488	2,939,476	1,975,672	1,124,301	15,986,937	664,902
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer (to) from other funds	(2,300,000)	-	40,370	-	(2,259,630)	-
Total cash flow used by noncapital financing activities	(2,300,000)	-	40,370	-	(2,259,630)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,374,627)	(1,081,587)	(679,120)	(57,444)	(3,192,778)	-
Proceeds from long-term debt	-	-	323	-	323	-
Principal paid on general obligation bond maturities and equipment contracts	(214,120)	560,887	(1,224,740)	(223,612)	(1,101,585)	-
Interest paid on bonded indebtedness and equipment contracts	(8,535)	(18,075)	(112,723)	(15,258)	(154,591)	-
Net cash used by capital and related financing activities	(1,597,282)	(538,775)	(2,016,260)	(296,314)	(4,448,631)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital contributions	-	-	-	147,244	147,244	-
Interest on investments	44,786	14,938	218	4,714	64,656	9,487
Net cash provided by investing activities	44,786	14,938	218	151,958	211,900	9,487
Net increase in cash and cash equivalents	6,094,992	2,415,639	-	979,945	9,490,576	674,389
Balances, beginning	30,559,488	9,746,099	-	3,097,508	43,403,095	7,190,348
Balances, ending	\$ 36,654,480	\$ 12,161,738	\$ -	\$ 4,077,453	\$ 52,893,671	\$ 7,864,737
Reconciliation of operating income to net cash provided by operating activities						
Operating income	\$ 9,146,240	\$ 2,760,542	\$ (52,873)	\$ 1,114,573	\$ 12,968,482	\$ 640,467
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	1,100,135	465,675	2,399,739	410,925	4,376,474	22,311
Changes in assets and liabilities:						
Decrease (increase) in due from government agencies	36,461	31,069	(34,521)	-	33,009	-
Decrease (increase) in accounts receivable	170,277	247	446	39,927	210,897	1,185
Decrease (increase) in customer deposits	(86,676)	(1,773)	(30,528)	-	(118,977)	-
Decrease (increase) in inventories	(399,525)	(179,730)	-	-	(579,255)	(39,387)
Increase (decrease) in accounts payable and accrued liabilities	41,111	(90,853)	(302,241)	(394,263)	(746,246)	131,120
Increase (decrease) in customer deposits	22,865	-	-	-	22,865	-
Increase (decrease) in net pension liability	(366,994)	(289,963)	(143,704)	(278,171)	(1,078,832)	(469,658)
(Increase) decrease in deferred outflows of resources for pensions	(25,622)	(45,358)	(45,506)	(30,144)	(146,630)	(19,333)
Decrease (increase) in deferred inflows of resources - pensions	327,324	294,978	179,525	263,627	1,065,454	399,408
Increase (decrease) in compensated absences payable	(18,108)	(5,358)	5,335	(2,173)	(20,304)	(1,211)
Total adjustments	801,248	178,934	2,028,545	9,728	3,018,455	24,435
Net cash provided by operating activities	\$ 9,947,488	\$ 2,939,476	\$ 1,975,672	\$ 1,124,301	\$ 15,986,937	\$ 664,902

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.

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022

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.

American Rescue Plan Fund. The American Rescue Plan Fund accounts for the American Rescue Plan Act (ARPA) funds awarded to the City. These funds can only be spent for eligible uses including: (1) to respond to the public health emergency or its negative economic impacts; (2) provide premium pay to eligible employees for essential work up to \$13 per hour; (3) to address revenue reductions; and (4) infrastructure investments in water, sewer, or broadband.

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 24 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 10 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 unexpended principal funds, the revenue from which is used to maintain the Temple Israel's cemetery grounds.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies (Continued)

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.

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies (Continued)

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, and the Warehouse 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.

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies (Continued)

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies (Continued)

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.

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, 2022, 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, 2022, consists of the following:

Business-Type Activities:	
Electric Fund - customer deposits	\$ 1,775,612
Total business-type activities restricted cash	<u>\$ 1,775,612</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2021.

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, 2022

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:

Estimated	
Assets	Useful Lives
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 2022 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, 2022

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, 2022

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, 2022 is as follows:

Purpose	General Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Activities
Restricted, all other:				
Community development	\$ -	\$ 645,714	\$ 10,252,422	\$ 10,898,136
Perpetual care	-	-	317	317
Public safety	-	-	63,616	63,616
Total	<u>\$ -</u>	<u>\$ 645,714</u>	<u>\$ 10,316,355</u>	<u>\$ 10,962,069</u>

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2022

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, 2022 is as follows:

Purpose	Other Governmental Funds
General government	\$ 143,046
Public safety	912
Community development	267,877
Parks and recreation	<u>261,934</u>
Total	<u><u>\$ 673,769</u></u>

Assigned Fund Balance – Assigned fund balance is the portion of fund balance that the City of Kinston intends to use for specific purposes. The City's governing body approves the appropriation; however, the budget ordinance authorizes the Manager and 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, 2022

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, 2022 is as follows:

Purpose	General Fund
Subsequent year's expenditures	<u>\$ 1,878,109</u>
Total	<u><u>\$ 1,878,109</u></u>

Unassigned Fund Balance – Unassigned fund balance represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. 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	\$ 13,732,131
Less:	
Inventories	139,328
Prepaid expenses	-
Stabilization by State statute	<u>3,850,634</u>
Total available fund balance	<u><u>\$ 9,742,169</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

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><u>\$ 1,878,109</u></u>	<u><u>\$ -</u></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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022, the City's deposits had a carrying amount of \$81,050,475 and a bank balance of \$81,759,780. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2022, the City's petty cash fund totaled \$14,250.

2. Investments

As of June 30, 2022, the City had \$2,339,007 in investments invested with the North Carolina Capital Management Trust's Governmental Portfolio, which carried a credit rating of AAAm 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, 2022

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, 2022 is net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 159,363</u>
Enterprise Funds:	
Electric Fund	2,721,609
Water Fund	696,621
Wastewater Fund	585,735
Nonmajor enterprise funds	<u>354,602</u>
Total enterprise funds	<u>4,358,567</u>
Total allowance for doubtful accounts	<u>\$ 4,517,930</u>

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

Governmental Activities

Due from other governments:	
Local option sales tax and other	
State shared revenues	\$ 360,929
State and local sales tax	1,497,096
Grant receivable	<u>291,490</u>
 Total	 \$ 2,149,515

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, 2022 is \$162,032.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

5. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Balance			Balance
	July 1, 2021	Increases	Decreases	June 30, 2022
General Fund:				
Capital assets not being depreciated:				
Land	\$ 3,802,500	\$ -	\$ 10,054	\$ 3,792,446
Construction in progress	7,072,238	703,868	-	7,776,106
Total capital assets not being depreciated	<u>10,874,738</u>	<u>703,868</u>	<u>10,054</u>	<u>11,568,552</u>
Capital assets being depreciated:				
Buildings and improvements	19,067,969	171,897	-	19,239,866
Equipment	6,364,823	70,138	-	6,434,961
Vehicles	9,033,481	72,426	163,240	8,942,667
Infrastructure	8,014,035	-	-	8,014,035
Total assets being depreciated	<u>42,480,308</u>	<u>314,461</u>	<u>163,240</u>	<u>42,631,529</u>
Less accumulated depreciation:				
Buildings and improvements	9,421,273	573,450	-	9,994,723
Equipment	5,958,422	185,707	-	6,144,129
Vehicles	6,997,346	610,337	163,240	7,444,443
Infrastructure	6,007,014	230,604	-	6,237,618
Total accumulated depreciation	<u>28,384,055</u>	<u>1,600,098</u>	<u>163,240</u>	<u>29,820,913</u>
Total capital assets being depreciated, net	<u>14,096,253</u>			<u>12,810,616</u>
Total General Fund capital assets, net	<u>\$ 24,970,991</u>			<u>\$ 24,379,168</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2021	Increases	Decreases	June 30, 2022
Employee Health Fund				
Internal Service Fund:				
Capital assets being depreciated:				
Buildings and improvements	\$ 19,468	\$ -	\$ -	\$ 19,468
Less accumulated depreciation:				
Buildings and improvements	13,142	487	-	13,629
Total accumulated depreciation	<u>13,142</u>	<u>487</u>	<u>-</u>	<u>13,629</u>
Total capital assets being depreciated, net	<u>6,326</u>			<u>5,839</u>
Total Employee Health Fund capital assets, net	<u>\$ 6,326</u>			<u>\$ 5,839</u>
Fleet Maintenance Fund				
Internal Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 140,910	\$ -	\$ -	\$ 140,910
Vehicles	66,879	-	-	66,879
Total capital assets being depreciated	<u>207,789</u>	<u>-</u>	<u>-</u>	<u>207,789</u>
Less accumulated depreciation:				
Equipment	133,837	2,359	-	136,196
Vehicles	66,879	-	-	66,879
Total accumulated depreciation	<u>200,716</u>	<u>2,359</u>	<u>-</u>	<u>203,075</u>
Total capital assets being depreciated, net	<u>7,073</u>			<u>4,714</u>
Total Fleet Maintenance Fund capital assets, net	<u>\$ 7,073</u>			<u>\$ 4,714</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2021	Increases	Decreases	June 30, 2022
Total Governmental Funds:				
Capital assets not being depreciated:				
Land	\$ 3,802,500	\$ -	\$ 10,054	\$ 3,792,446
Construction in progress	7,072,238	703,868	-	7,776,106
Total capital assets not being depreciated	<u>10,874,738</u>	<u>703,868</u>	<u>10,054</u>	<u>11,568,552</u>
Capital assets being depreciated:				
Buildings and improvements	19,087,437	171,897	-	19,259,334
Equipment	6,505,733	70,138	-	6,575,871
Vehicles	9,100,360	72,426	163,240	9,009,546
Infrastructure	<u>8,014,035</u>	<u>-</u>	<u>-</u>	<u>8,014,035</u>
Total assets being depreciated	<u>42,707,565</u>	<u>314,461</u>	<u>163,240</u>	<u>42,858,786</u>
Less accumulated depreciation:				
Buildings and improvements	9,434,415	573,937	-	10,008,352
Equipment	6,092,259	188,066	-	6,280,325
Vehicles	7,064,225	610,337	163,240	7,511,322
Infrastructure	<u>6,007,014</u>	<u>230,604</u>	<u>-</u>	<u>6,237,618</u>
Total accumulated depreciation	<u>28,597,913</u>	<u>1,602,944</u>	<u>163,240</u>	<u>30,037,617</u>
Total capital assets being depreciated, net	<u>14,109,652</u>			<u>12,821,169</u>
Governmental activities capital assets, net	<u>\$ 24,984,390</u>			<u>\$ 24,389,721</u>

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

General government	\$ 178,828
Public safety	902,895
Public services	182,596
Community development	35,839
Cultural and recreation	283,263
Internal services funds	19,523
Total	<u>\$ 1,602,944</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2021	Increases	Decreases	June 30, 2022
Business-type activities:				
Electric Fund:				
Capital assets not being depreciated:				
Land	\$ 202,380	\$ -	\$ -	\$ 202,380
Construction in progress	<u>14,928,476</u>	<u>1,274,257</u>	<u>-</u>	<u>16,202,733</u>
Total capital assets not being depreciated	<u>15,130,856</u>	<u>1,274,257</u>	<u>-</u>	<u>16,405,113</u>
Capital assets being depreciated:				
Buildings and improvements	3,671,890	-	-	3,671,890
Equipment	1,041,118	65,418	-	1,106,536
Vehicles	1,778,727	34,952	35,130	1,778,549
Distribution system	<u>40,970,008</u>	<u>-</u>	<u>-</u>	<u>40,970,008</u>
Total assets being depreciated	<u>47,461,743</u>	<u>100,370</u>	<u>35,130</u>	<u>47,526,983</u>
Less accumulated depreciation:				
Buildings and improvements	3,263,693	63,542	-	3,327,235
Equipment	843,136	20,654	-	863,790
Vehicles	1,472,798	130,859	35,130	1,568,527
Distribution system	<u>25,669,243</u>	<u>885,080</u>	<u>-</u>	<u>26,554,323</u>
Total accumulated depreciation	<u>31,248,870</u>	<u>1,100,135</u>	<u>35,130</u>	<u>32,313,875</u>
Total capital assets being depreciated, net	<u>16,212,873</u>			<u>15,213,108</u>
Electric Fund capital assets, net	<u>\$ 31,343,729</u>			<u>\$ 31,618,221</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2021	Increases	Decreases	June 30, 2022
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 66,605	\$ -	\$ -	\$ 66,605
Construction in progress	<u>2,372,365</u>	<u>887,379</u>	<u>-</u>	<u>3,259,744</u>
Total capital assets not being depreciated	<u>2,438,970</u>	<u>887,379</u>	<u>-</u>	<u>3,326,349</u>
Capital assets being depreciated:				
Buildings and improvements	648,631	33,300	-	681,931
Equipment	1,531,171	-	-	1,531,171
Vehicles	1,571,365	144,503	-	1,715,868
Infrastructure	177,480	-	-	177,480
Distribution system	<u>15,545,871</u>	<u>16,405</u>	<u>-</u>	<u>15,562,276</u>
Total assets being depreciated	<u>19,474,518</u>	<u>194,208</u>	<u>-</u>	<u>19,668,726</u>
Less accumulated depreciation:				
Buildings and improvements	607,363	9,376	-	616,739
Equipment	1,323,807	91,163	-	1,414,970
Vehicles	1,418,293	90,485	-	1,508,778
Infrastructure	37,553	8,695	-	46,248
Distribution system	<u>11,362,529</u>	<u>265,956</u>	<u>-</u>	<u>11,628,485</u>
Total accumulated depreciation	<u>14,749,545</u>	<u>465,675</u>	<u>-</u>	<u>15,215,220</u>
Total capital assets being depreciated, net	<u>4,724,973</u>			<u>4,453,506</u>
Water Fund capital assets, net	<u>\$ 7,163,943</u>			<u>\$ 7,779,855</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2021	Increases	Decreases	June 30, 2022
Wastewater Fund:				
Capital assets not being depreciated:				
Land	\$ 953,658	\$ -	\$ -	\$ 953,658
Construction in progress	15,783,056	278,699	-	16,061,755
Total capital assets not being depreciated	<u>16,736,714</u>	<u>278,699</u>	<u>-</u>	<u>17,015,413</u>
Capital assets being depreciated:				
Buildings and improvements	41,276,198	-	-	41,276,198
Equipment	2,222,087	400,421	-	2,622,508
Vehicles	1,019,468	-	-	1,019,468
Infrastructure	397,697	-	-	397,697
Distribution system	53,023,590	-	-	53,023,590
Total assets being depreciated	<u>97,939,040</u>	<u>400,421</u>	<u>-</u>	<u>98,339,461</u>
Less accumulated depreciation:				
Buildings and improvements	15,009,087	976,481	-	15,985,568
Equipment	2,031,398	110,531	-	2,141,929
Vehicles	769,828	83,213	-	853,041
Infrastructure	184,818	19,885	-	204,703
Distribution system	26,114,828	1,209,629	-	27,324,457
Total accumulated depreciation	<u>44,109,959</u>	<u>2,399,739</u>	<u>-</u>	<u>46,509,698</u>
Total capital assets being depreciated, net	<u>53,829,081</u>			<u>51,829,763</u>
Wastewater Fund capital assets, net	<u>\$ 70,565,795</u>			<u>\$ 68,845,176</u>
 Environmental Services Fund:				
Capital assets being depreciated:				
Equipment	\$ 588,017	\$ 12,398	\$ -	\$ 600,415
Vehicles	3,930,836	-	217,265	3,713,571
Total assets being depreciated	<u>4,518,853</u>	<u>12,398</u>	<u>217,265</u>	<u>4,313,986</u>
Less accumulated depreciation:				
Equipment	555,358	10,644	-	566,002
Vehicles	3,245,841	317,317	217,265	3,345,893
Total accumulated depreciation	<u>3,801,199</u>	<u>327,961</u>	<u>217,265</u>	<u>3,911,895</u>
Total capital assets being depreciated, net	<u>717,654</u>			<u>402,091</u>
Environmental Services Fund capital assets, net	<u>\$ 717,654</u>			<u>\$ 402,091</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2021	Increases	Decreases	June 30, 2022
Stormwater Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ 447,813	\$ 38,396	\$ -	\$ 486,209
Total capital assets not being depreciated	<u>447,813</u>	<u>38,396</u>	<u>-</u>	<u>486,209</u>
Capital assets being depreciated:				
Equipment	219,253	6,649	-	225,902
Vehicles	476,390	-	-	476,390
Infrastructure	692,432	-	-	692,432
Total assets being depreciated	<u>1,388,075</u>	<u>6,649</u>	<u>-</u>	<u>1,394,724</u>
Less accumulated depreciation:				
Equipment	167,510	25,913	-	193,423
Vehicles	476,389	-	-	476,389
Infrastructure	244,653	34,622	-	279,275
Total accumulated depreciation	<u>888,552</u>	<u>60,535</u>	<u>-</u>	<u>949,087</u>
Total capital assets being depreciated, net	<u>499,523</u>			<u>445,637</u>
Stormwater Fund capital assets, net	<u>\$ 947,336</u>			<u>\$ 931,846</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	62,825	15,353	-	78,178
Equipment	38,363	7,075	-	45,438
Total accumulated depreciation	<u>101,188</u>	<u>22,428</u>	<u>-</u>	<u>123,616</u>
Total capital assets being depreciated, net	<u>582,226</u>			<u>559,798</u>
Kinston Community Center Fund capital assets, net	<u>\$ 582,226</u>			<u>\$ 559,798</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2021	Increases	Decreases	June 30, 2022
Public Services Administration Fund:				
Capital assets being depreciated:				
Equipment	\$ 527,391	\$ -	\$ -	\$ 527,391
Vehicles	169,942	-	-	169,942
Total assets being depreciated	<u>697,333</u>	<u>-</u>	<u>-</u>	<u>697,333</u>
Less accumulated depreciation:				
Equipment	501,744	12,576	-	514,320
Vehicles	156,164	6,889	-	163,053
Total accumulated depreciation	<u>657,908</u>	<u>19,465</u>	<u>-</u>	<u>677,373</u>
Total capital assets being depreciated, net	<u>39,425</u>			<u>19,960</u>
Public Services Administration Fund capital assets, net				
	<u>\$ 39,425</u>			<u>\$ 19,960</u>
Total business-type activities capital assets, net				
	<u>\$ 111,360,108</u>			<u>\$ 110,156,947</u>

B. Liabilities

1. Payables

Accounts payable and accrued liabilities at the government-wide level at June 30, 2022 were as follows:

	Governmental Activities	Business Type Activities	Total
Accounts and vouchers	\$ 1,691,437	\$ 1,650,393	\$ 3,341,830
Accrued interest payable	-	33,857	33,857
Accrued payroll and related liabilities	375,804	-	375,804
Total accounts payable and accrued liabilities	<u>\$ 2,067,241</u>	<u>\$ 1,684,250</u>	<u>\$ 3,751,491</u>

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2022

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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2022

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, 2022, was 12.04% of compensation for law enforcement officers and 11.44% 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 \$1,836,613 for the year ended June 30, 2022.

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, 2022, the City reported a liability of \$3,205,369 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the City's proportion was 0.20901%, which was an increase of 0.00375% from its proportion measured as of June 30, 2020.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

For the year ended June 30, 2022, the City recognized pension expense of \$1,377,963. At June 30, 2022, 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	\$ 1,019,743	\$ -
Changes of assumptions	2,013,790	-
Net difference between projected and actual earnings on pension plan investments	-	4,579,509
Changes in proportion and differences between City contributions and proportionate share of contributions	65,597	31,164
City contributions subsequent to the measurement date	1,836,613	-
Total	\$ 4,935,743	\$ 4,610,673

\$1,836,613 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, 2023.

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

Year ended June 30:

2022	\$ 304,441
2023	(89,126)
2024	(325,502)
2025	(1,401,358)
2026	-
Thereafter	-
	<u>\$ (1,511,545)</u>

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2020 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	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2020 are summarized in the following table:

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

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	<hr/> <hr/> 100%	

The information is based on 30-year expectations developed with the consulting actuary for the 2020 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 6.50%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	\$ 12,442,976	\$ 3,205,369	\$ (4,396,644)

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	15
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>70</u>
Total	<u>85</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, 2019 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	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 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, 2022

2. Detail Notes on All Funds (Continued)

The actuarial assumptions used in the December 31, 2020 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, 2019.

MORTALITY ASSUMPTION: All mortality rates use Pub-2010 amount-weighted tables.

MORTALITY PROJECTION: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

DEATHS AFTER RETIREMENT (HEALTHY): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

DEATHS AFTER RETIREMENT (DISABLED MEMBERS AT RETIREMENT): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

DEATHS AFTER RETIREMENT (SURVIVORS OF DECEASED MEMBERS): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

DEATHS BEFORE RETIREMENT: Mortality rates are based on the Safety Mortality Table for Employees.

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 financed through investment earnings. The City paid \$245,417 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, 2022, the City reported a liability of \$4,247,038. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the city recognized pension expense of \$438,508.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,635	\$ 84,436
Changes of assumptions	536,197	108,586
Benefit payments and administrative expenses subsequent to the measurement date	132,374	-
Total	\$ 728,206	\$ 193,022

\$728,206 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:	
2023	\$ 132,997
2024	137,922
2025	124,930
2026	9,606
2027	(2,645)
Thereafter	-
	\$ 402,810

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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total Pension Liability	\$ 4,580,471	\$ 4,247,038	\$ 3,943,332

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

	2022
Beginning balance	\$ 4,275,963
Service cost	184,614
Interest on the total pension liability	80,158
Difference between expected and actual experience in the measurement of the total pension liability	55,075
Changes of assumptions or other inputs	(103,355)
Benefit payments	(245,417)
Ending balance of the total pension liability	\$ 4,247,038

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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	\$ 1,377,963	\$ 438,508	\$ 1,816,471
Pension liability	3,205,369	4,247,038	7,452,407
Proportionate share of the net pension liability	0.20901%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	1,019,743	59,635	1,079,378
Changes of assumptions	2,013,790	536,197	2,549,987
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	65,597	-	65,597
Benefit payments and administrative costs paid subsequent to the measurement date	1,836,613	132,374	1,968,987
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	84,436	84,436
Changes of assumptions	-	108,586	108,586
Net difference between projected and actual earnings on plan investments	4,579,509	-	4,579,509
Changes in proportion and differences between contributions and proportionate share of contributions	31,164	-	31,164

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 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, 2022 were \$212,739, which consisted of \$157,942 from the City and \$54,797 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, 2022 were \$348,239, which consisted of \$162,693 from the City and \$185,546 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, 2022

2. Detail Notes on All Funds (Continued)

At June 30, 2021, the membership consisted of:

Retirees and dependents receiving benefits	69
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>88</u>
Total	<u><u>157</u></u>

Total OPEB Liability

The City's total OPEB liability of \$4,127,730 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General Employees	3.25 - 8.41 percent
Firefighters	3.25 - 8.15 percent
Law Enforcement Officers	3.25 - 7.90 percent
Municipal Bond Index Rate	
Prior Measurement Date	2.21 percent
Measurement Date	2.16 percent
Health Care Cost Trends	
Pre-Medicare	7 percent for 2021 decreasing to an ultimate rate of 4.5 percent by 2031

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, Total Data Set for Healthy Annuitants Mortality Table.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Changes in Total OPEB Liability

	2022
Beginning balance - July 1, 2021	\$ 4,466,954
Service cost	83,045
Interest on the total pension liability and cash flows	97,467
Difference between expected and actual experience	(533,997)
Changes of assumptions of other inputs	295,264
Net benefit payments	(281,003)
Ending balance of the total pension liability - June 30, 2022	<u><u>\$ 4,127,730</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16% 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	\$ 4,026,484	\$ 4,127,730	\$ 4,241,935

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:

	1% Decrease	Current Discount	1% Increase
	(1.16%)	Rate (2.16%)	(3.16%)
Total OPEB Liability	\$ 4,413,604	\$ 4,127,730	\$ 3,865,712

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022, the City recognized OPEB expense of \$36,768. At June 30, 2022, 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	\$ -	\$ 340,331
Benefit Payments made subsequent to the measurement date	- -	-
Changes of assumptions	305,008	-
Total	\$ 305,008	\$ 340,331

\$305,008 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (4,839)
2024	(30,484)
2025	-
2026	-
2027	-
Thereafter	-
	<u>\$ (35,323)</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, 2022

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, 2022, the City made contributions of \$51,125 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)	\$ 1,836,613
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	132,374
Difference between projected expected and actual experience (LEOSSA)	59,635
Changes of assumptions (LEOSSA)	536,197
Difference between projected expected and actual experience (LGERS)	1,019,743
Changes in proportion and differences between City contributions and proportionate share of contributions (LGERS)	65,597
Changes of assumptions (LGERS)	2,013,790
Changes of assumptions (OPEB)	305,008
Total	\$ 5,968,957

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

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

Source	Amount
Prepaid property taxes	\$ 10,135
Differences between expected and actual experience (LEOSSA)	84,436
Changes of assumptions (LEOSSA)	108,586
Changes in proportion and differences between City's contributions and proportionate share of contributions (LGERS)	31,164
Net difference between projected and actual earnings on plan investments	4,579,509
Differences between expected and actual experience (OPEB)	340,331
Total	\$ 5,154,161

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 \$377,082 in claims was incurred for benefits during fiscal year 2022.

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 \$2,905,480 in benefits were paid during the fiscal year 2022.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

Claims Liability

	Year Ended June 30	
	2022	2021
Unpaid claims, beginning of fiscal year	\$ 556,390	\$ 606,390
Incurred claims (including claims incurred, but not report as of fiscal year-end)	3,282,562	2,965,845
Payments and reduction in claim estimates	<u>(3,206,685)</u>	<u>(3,015,845)</u>
Unpaid claims, end of fiscal year	<u><u>\$ 632,267</u></u>	<u><u>\$ 556,390</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, 2022, 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, 2022

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, 2022

2. Detail Notes on All Funds (Continued)

5. Long-Term Obligations

a. Installment Contracts

Installment Contracts outstanding at June 30, 2022 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	\$ 2,677,588
\$1,851,000 – USDA Loan – City Hall, principal and interest of 4.375% due annually through March 2039	\$ 1,345,703
\$860,000 – USDA Loan – Fire Trucks, principal and interest of 4.00% due annually through July 2030	\$ 468,786
\$2,337,500 – USDA Loan – Fire Station, principal and interest of 3.50% due annually through October 2042	\$ 1,944,672
\$2,500,000 – Bank Loan – Grainger Stadium Improvements, principal and interest of 4.60% due annually through August 2033	\$ 2,000,000
\$172,433 – Bank Loan – Equipment, principal and interest of 3.60% due annually through October 2022	\$ 36,459
\$3,527,000 – Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034	\$ 1,967,178
Total governmental activities	<u>\$ 10,440,386</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

Business-Type Activities:

Wastewater Fund:

\$3,527,000– Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034 \$ 256,813

Environmental Services Fund:

\$3,527,000– Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034 \$ 326,009

Total enterprise funds \$ 582,822

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

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Installment Contracts</u>		<u>Installment Contracts</u>		<u>Principal</u>	<u>Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2023	\$ 731,706	\$ 383,065	\$ 189,380	\$ 23,973	\$ 921,086	\$ 407,038
2024	712,244	360,082	194,274	19,244	906,518	379,326
2025	729,441	337,112	199,168	14,393	928,609	351,505
2026	498,432	322,628	-	-	498,432	322,628
2027	511,493	304,501	-	-	511,493	304,501
2028-2032	2,688,228	1,233,653	-	-	2,688,228	1,233,653
2033-2037	2,050,418	763,932	-	-	2,050,418	763,932
2038-2042	1,372,401	405,904	-	-	1,372,401	405,904
2043-2047	814,426	182,618	-	-	814,426	182,618
2048-2049	331,597	23,749	-	-	331,597	23,749
Total	<u>\$ 10,440,386</u>	<u>\$ 4,317,244</u>	<u>\$ 582,822</u>	<u>\$ 57,610</u>	<u>\$ 11,023,208</u>	<u>\$ 4,374,854</u>

\$731,706 of the governmental activities current portion will be repaid from the General Fund. Of the business-type activities current portion, \$83,448 will be paid from the Wastewater Fund and \$105,932 from the Environmental Services Fund.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

b. Notes Payable

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

Year of Loan	Purpose and Collateral	Interest Rates	Maturity	Balance June 30, 2022
2003	Expansion to Sanitary Sewer System	2.66%	2023	\$ 81,979
2003	Expansion to Sanitary Sewer System	2.66%	2024	76,500
2007	Expansion to Sanitary Sewer System	2.27%	2027	1,838,861
2015	Expansion to Sanitary Sewer System	2.00%	2035	478,488
2017	Queen Street Sewer Phase I	0.00%	2037	2,517,646
2019	Queen Street Sewer Phase II	0.00%	2038	1,427,806
2018	KRWRF Biosolids Dryer Project	0.00%	2038	2,066,279
2020	Briery Run Sewer Rehab Phase IV	0.00%	2040	1,780,776
2022	Greenmead Water Line Replacement	0.00%	2041	617,447
Total business-type activities				<u>\$ 10,885,782</u>

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

Year Ending	June 30	Principal	Interest	Total
	2023	\$ 1,042,460	\$ 55,435	\$ 1,097,895
	2024	960,482	43,171	1,003,653
	2025	922,232	33,088	955,320
	2026	922,232	24,021	946,253
	2027	922,232	14,955	937,187
	2028-2032	2,772,297	22,084	2,794,381
	2033-2037	2,698,683	4,417	2,703,100
	2038-2041	645,164	-	645,164
	Total	<u>\$ 10,885,782</u>	<u>\$ 197,171</u>	<u>\$ 11,082,953</u>

\$617,447 of the current portion will be paid from the Water Fund and \$425,013 from the Wastewater Fund.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

c. Revenue Bonds

Revenue bonds outstanding at June 30, 2022 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% \$ 84,560

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% 199,320

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% 320,120

Total revenue bonds \$ 604,000

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

Year Ending	Principal	Interest	Total
June 30			
2023	\$ 411,000	\$ 8,776	\$ 419,776
2024	193,000	1,689	194,689
Total	\$ 604,000	\$ 10,465	\$ 614,465

\$57,540 of the current portion will be paid from the Water Fund, \$135,630 from the Wastewater Fund, and \$217,830 from the Electric Fund.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

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, 2022 were \$2,177,860 and \$90,493, respectively. Total customer revenue for the City's enterprise funds totaled \$65,712,890 for the year ended June 30, 2022.

Operating revenues	\$ 65,712,890
Operating expenses*	<u>49,893,432</u>
Income available for debt service	<u><u>\$ 15,819,458</u></u>
Debt service, principal, and interest paid (parity debt)	<u><u>\$ 2,268,353</u></u>
Debt service coverage ratio	<u><u>6.97</u></u>

*Per rate covenants; this does not include the depreciation expense of \$3,965,549.

At June 30, 2022, the City was in compliance with the bond covenants described above.

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, 2022, the legal debt limit for the City was \$118,504,594, providing a legal debt margin of \$96,595,717.

At June 30, 2022, the City has no authorized bonds remaining to be issued.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022 is as follows:

	<u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>	Current Portion of Balance
Governmental Funds:					
Accrued compensated absences	\$ 788,787	\$ 63,758	\$ -	\$ 852,545	\$ 213,136
Total pension liability (LEOSSA)	4,275,963	-	28,925	4,247,038	-
Installment contracts	11,131,644	95,081	786,339	10,440,386	731,706
OPEB liability	4,466,954	-	339,224	4,127,730	-
Net pension liability (LGERS)	4,753,763	-	2,580,956	2,172,807	-
Total	<u>\$ 25,417,111</u>	<u>\$ 158,839</u>	<u>\$ 3,735,444</u>	<u>\$ 21,840,506</u>	<u>\$ 944,842</u>
Employee Health Fund:					
Accrued compensated absences	\$ 6,160	\$ 388	\$ -	\$ 6,548	\$ 1,637
Net pension liability (LGERS)	28,175	-	15,639	12,536	-
Total	<u>\$ 34,335</u>	<u>\$ 388</u>	<u>\$ 15,639</u>	<u>\$ 19,084</u>	<u>\$ 1,637</u>
Fleet Maintenance Fund:					
Accrued compensated absences	\$ 15,824	\$ 13,581	\$ -	\$ 29,405	\$ 7,352
Net pension liability (LGERS)	169,786	-	113,944	55,842	-
Total	<u>\$ 185,610</u>	<u>\$ 13,581</u>	<u>\$ 113,944</u>	<u>\$ 85,247</u>	<u>\$ 7,352</u>
Total Governmental Activities:					
Accrued compensated absences	\$ 810,771	\$ 77,727	\$ -	\$ 888,498	\$ 222,125
Total pension liability (LEOSSA)	4,275,963	-	28,925	4,247,038	-
Installment contracts	11,131,644	95,081	786,339	10,440,386	731,706
OPEB liability	4,466,954	-	339,224	4,127,730	-
Net pension liability (LGERS)	4,951,724	-	2,710,539	2,241,185	-
Total	<u>\$ 25,637,056</u>	<u>\$ 172,808</u>	<u>\$ 3,865,027</u>	<u>\$ 21,944,837</u>	<u>\$ 953,831</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2022 is as follows:

	<u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>	Current Portion of Balance
Major Enterprise Funds:					
Water Fund:					
Accrued compensated absences	\$ 78,829	\$ -	\$ 5,356	\$ 73,473	\$ 18,368
Notes payable	-	1,299,887	682,440	617,447	32,497
Revenue bonds	141,120	-	56,560	84,560	57,540
Net pension liability (LGERS)	497,769	-	289,963	207,806	-
Total	\$ 717,718	\$ 1,299,887	\$ 1,034,319	\$ 983,286	\$ 108,405
Wastewater Fund:					
Accrued compensated absences	\$ 36,331	\$ 5,336	\$ -	\$ 41,667	\$ 10,417
Notes payable	11,278,298	-	1,009,963	10,268,335	1,009,963
Installment contracts	337,948	323	81,458	256,813	83,448
Revenue bonds	332,640	-	133,320	199,320	135,630
Net pension liability (LGERS)	269,994	-	143,704	126,290	-
Total	\$ 12,255,211	\$ 5,659	\$ 1,368,445	\$ 10,892,425	\$ 1,239,458
Electric Fund:					
Accrued compensated absences	\$ 97,784	\$ -	\$ 18,107	\$ 79,677	\$ 19,919
Revenue bonds	534,240	-	214,120	320,120	217,830
Net pension liability (LGERS)	597,836	-	366,994	230,842	-
Total	\$ 1,229,860	\$ -	\$ 599,221	\$ 630,639	\$ 237,749
Nonmajor Enterprise Funds:					
Environmental Services Funds					
Accrued compensated absences	\$ 46,737	\$ 798	\$ -	\$ 47,535	\$ 11,884
Installment contracts	549,621	31,924	255,536	326,009	105,932
Net pension liability (LGERS)	328,315	-	194,713	133,602	-
Total	\$ 924,673	\$ 32,722	\$ 450,249	\$ 507,146	\$ 117,816

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2022 is as follows:

	<u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2022</u>	Current Portion of Balance
Stormwater Fund:					
Accrued compensated absences	\$ 10,577	\$ -	\$ 4,257	\$ 6,320	\$ 1,580
Net pension liability (LGERS)	107,740	-	72,038	35,702	-
Total	\$ 118,317	\$ -	\$ 76,295	\$ 42,022	\$ 1,580
Kinston Community Center Fund:					
Accrued compensated absences	\$ 5,569	\$ 1,287	\$ -	\$ 6,856	\$ 1,714
Net pension liability (LGERS)	27,940	-	11,420	16,520	-
Total	\$ 33,509	\$ 1,287	\$ 11,420	\$ 23,376	\$ 1,714
Public Services Administration Fund:					
Accrued compensated absences	\$ 92,735	\$ -	\$ 15,182	\$ 77,553	\$ 15,897
Net pension liability (LGERS)	553,496	-	340,074	213,422	-
Total	\$ 646,231	\$ -	\$ 355,256	\$ 290,975	\$ 15,897
Total Business-Type Activities:					
Accrued compensated absences	\$ 368,562	\$ 7,421	\$ 42,902	\$ 333,081	\$ 79,779
Notes payable	11,278,298	1,299,887	1,692,403	10,885,782	1,042,460
Installment contracts	887,569	32,247	336,994	582,822	189,380
Revenue bonds	1,008,000	-	404,000	604,000	411,000
Net pension liability (LGERS)	2,383,090	-	1,418,906	964,184	-
Total	\$15,925,519	\$ 1,339,555	\$ 3,895,205	\$ 13,369,869	\$ 1,722,619

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

2. Detail Notes on All Funds (Continued)

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2022, consist of the following:

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	\$ 2,300,000
From the Electric Fund to the General Fund for Payment in Lieu of Taxes	422,330
From Special Revenue Fund (ARPA) to Wastewater Fund for Recovery of Revenue	40,370
Total transfers	<u>\$ 2,762,700</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, 2022 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 24,389,721	\$ 110,156,947
Less: long-term debt	(10,440,386)	(12,072,602)
Plus: unspent debt proceeds	-	-
Net investment in capital assets	<u>\$ 13,949,335</u>	<u>\$ 98,084,345</u>

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, 2022.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022 were \$30,643,354.

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, 2022.

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 \$232,771 of funding for the Authority for the year ended June 30, 2022.

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, 2022. During the year ended June 30, 2022, 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, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2022

4. Jointly Governed Organizations (Continued)

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 January 24, 2023, the date which the financial statements were available to be issued. There were no recognized events meriting disclosures.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Proportionate Share of Net Pension Liability (Asset) for the Local Governmental Employees' Retirement System
- Schedule of Contributions to Local Governmental Employees' Retirement System
- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in Total OPEB Liability – Retiree Health Plan

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the year ended June 30, 2022

Law Enforcement Officers' Special Separation Allowance

	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 4,275,963	\$ 3,618,572	\$ 3,559,172	\$ 3,607,151	\$ 3,298,685	\$ 3,328,063
Service cost	184,614	111,555	113,395	123,979	109,374	117,300
Interest on the total pension liability	80,158	113,798	125,083	110,510	123,405	115,481
Differences between expected and actual	55,075	(117,556)	(31,366)	66,577	-	-
Changes of assumptions or other inputs	(103,355)	805,249	97,916	(129,061)	279,012	(75,547)
Benefit payments	(245,417)	(255,655)	(245,628)	(219,984)	(203,325)	(186,612)
Ending balance of the total pension liability	<u>\$ 4,247,038</u>	<u>\$ 4,275,963</u>	<u>\$ 3,618,572</u>	<u>\$ 3,559,172</u>	<u>\$ 3,607,151</u>	<u>\$ 3,298,685</u>

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

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

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, 2022

Law Enforcement Officers' Special Separation Allowance

	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 4,247,038	\$ 4,275,963	\$ 3,618,572	\$ 3,559,172	\$ 3,607,151	\$ 3,298,685
Covered payroll	3,606,342	3,154,931	3,508,365	3,431,854	3,422,259	3,527,718
Total pension liability as a percentage of covered payroll	117.77%	135.53%	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.

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

CITY OF KINSTON, NORTH CAROLINA
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2022

	2022	2021	2020	2019
Total OPEB Liability				
Service cost at end of year	\$ 83,045	\$ 60,307	\$ 88,051	\$ 91,225
Interest on the total pension liability and cash flows	97,467	146,462	177,696	172,360
Differences between expected and actual experience in the measurement of the total pension liability	(533,997)	(8,503)	(436,041)	(123,287)
Changes of assumptions or other inputs	295,264	343,639	101,435	(103,125)
Benefit payments and implicit subsidy credit	(281,003)	(395,151)	(354,539)	(267,958)
Net change in Total OPEB Liability	(339,224)	146,754	(423,398)	(230,785)
Total OPEB Liability - beginning	4,466,954	4,320,200	4,743,598	4,974,383
Total OPEB Liability - ending	\$ 4,127,730	\$ 4,466,954	\$ 4,320,200	\$ 4,743,598
Covered payroll	\$ 4,500,116	\$ 4,663,667	\$ 4,663,667	\$ 6,261,400
Total OPEB Liability as a percentage of covered payroll	91.72%	95.78%	92.64%	75.76%

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
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%

CITY OF KINSTON, NORTH CAROLINA
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Nine Fiscal Years *

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) (%)	0.20526%	0.20526%	0.20365%	0.21646%	0.22173%	0.23272%	0.23019%	0.23510%	0.24660%
City's proportion of the net pension liability (asset) (\$)	\$ 3,205,369	\$ 7,334,814	\$ 5,561,523	\$ 5,135,171	\$ 3,387,420	\$ 4,939,099	\$ 1,033,081	\$ (1,386,493)	\$ 2,972,477
City's covered-employee payroll	\$ 15,868,640	\$ 14,872,012	\$ 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 (asset) as a percentage of its covered-employee payroll	20.20%	49.32%	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%	96.45%	96.45%

* 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.

Pension schedules in the required supplementary information are intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

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

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,836,613	\$ 1,542,456	\$ 1,387,184	\$ 1,121,685	\$ 1,136,057	\$ 1,069,901	\$ 977,146	\$ 986,930	\$ 972,795
Contributions in relation to the contractually required contribution	<u>1,836,613</u>	<u>1,542,456</u>	<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>	<u>972,795</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>								
City of Kinston's covered-employee payroll	\$14,872,012	\$14,922,561	\$ 14,514,025	\$ 14,344,151	\$14,231,744	\$ 14,247,572	\$14,231,744	\$13,800,783	\$13,662,808
Contribution as a percentage of covered-employee payroll	12.35%	10.34%	9.56%	7.82%	7.98%	7.51%	6.87%	7.15%	7.12%

Pension schedules in the required supplementary information are intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

This page left blank intentionally.

MAJOR FUNDS

- General Fund
- American Rescue Plan Act Funds
- Electric Fund
- Water Fund
- Wastewater Fund

This page left blank intentionally.

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.

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA

Schedule 1

General Fund

Balance Sheet

June 30, 2022

With comparative totals for June 30, 2021

	2022	2021
Assets:		
Cash and investments	\$ 12,595,981	\$ 7,885,598
Receivables:		
Due from governmental agencies	1,836,583	1,840,717
Accounts receivable	145,167	113,042
Taxes receivable	520,402	519,770
Inventories	139,328	105,960
Total assets	<u><u>\$ 15,237,461</u></u>	<u><u>\$ 10,465,087</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 931,588	\$ 1,212,752
Prepaid privilege licenses	<u>33,980</u>	<u>34,385</u>
Total liabilities	<u><u>965,568</u></u>	<u><u>1,247,136</u></u>
Deferred Inflows of Resources:		
Property taxes receivable	520,402	519,770
Prepaid property taxes	10,135	3,664
Pavement assessment receivables	9,048	9,048
GTP fire taxes receivable	177	130
Prepaid loan proceeds	<u>-</u>	<u>127,328</u>
Total deferred inflows of resources	<u><u>539,762</u></u>	<u><u>659,940</u></u>
Fund Balance:		
Non-spendable, not in spendable form:		
Inventories	139,328	105,960
Restricted:		
Stabilization by State statute	3,850,634	2,694,544
Assigned	<u>1,878,109</u>	<u>749,963</u>
Unassigned	<u>7,864,060</u>	<u>5,007,543</u>
Total fund balance	<u><u>13,732,131</u></u>	<u><u>8,558,010</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 15,237,461</u></u>	<u><u>\$ 10,465,087</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, 2022
With Comparative Actual for June 30, 2021

	2022		2021	
	Budget	Actual	Variance Positive (Negative)	
			(Negative)	Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 10,755,750	\$ 11,130,835	\$ 375,085	\$ 10,487,646
Interest and penalties	80,900	76,343	(4,557)	87,711
Total	<u>10,836,650</u>	<u>11,207,178</u>	<u>370,528</u>	<u>10,575,357</u>
Other taxes and licenses:				
Local government sales tax	4,682,300	5,333,476	651,176	4,907,737
Franchise tax	2,035,500	2,012,564	(22,936)	2,036,027
Occupancy tax	242,000	245,023	3,023	196,103
Gross receipts tax	29,500	37,649	8,149	30,294
Licenses and permits	1,750	2,503	753	2,443
Total	<u>6,991,050</u>	<u>7,631,215</u>	<u>640,165</u>	<u>7,172,604</u>
Unrestricted intergovernmental:				
Payment in lieu of taxes	434,330	470,637	36,307	401,612
Beer and wine tax	90,000	78,872	(11,128)	84,174
ABC revenue	128,000	145,928	17,928	115,682
Total	<u>652,330</u>	<u>695,437</u>	<u>43,107</u>	<u>601,468</u>
Restricted intergovernmental:				
Powell Bill allocations	520,896	631,651	110,755	542,360
School resource officer	95,000	56,148	(38,852)	47,387
State grants, miscellaneous	207,500	1,766	(205,734)	45,068
Local grants	-	-	-	10,000
U S Marshall reimbursement	6,500	6,308	(192)	4,533
Total	<u>829,896</u>	<u>695,873</u>	<u>(134,023)</u>	<u>649,348</u>
Sales and services:				
Rents, concessions, and fees	348,103	465,677	117,574	340,522
Inspection fees	142,000	196,665	54,665	143,386
Cemetery fees	160,500	180,314	19,814	202,633
Cable franchise	133,000	127,940	(5,060)	131,158
Lenoir County participation:				
Recreation	890,000	890,000	-	890,000
Total	<u>1,673,603</u>	<u>1,860,596</u>	<u>186,993</u>	<u>1,707,699</u>
Other revenue:				
Investment income	25,859	24,880	(979)	13,846
Sale of surplus materials and assets	45,000	14,209	(30,791)	39,047
Miscellaneous	242,820	213,783	(29,037)	222,895
Total	<u>313,679</u>	<u>252,872</u>	<u>(60,807)</u>	<u>275,788</u>
Total revenues	<u>21,297,208</u>	<u>22,343,171</u>	<u>1,045,963</u>	<u>20,982,264</u>

CITY OF KINSTON, NORTH CAROLINA
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2022
With Comparative Actual for June 30, 2021
(Continued)

	2022		Variance Positive (Negative)	2021	
	Budget	Actual		Actual	
				Budget	Actual
Expenditures:					
General government	\$ 3,135,880	\$ 2,725,677	\$ 410,203	\$ 3,218,193	
Public safety	11,509,433	11,043,989	465,444		11,212,995
Public services	3,811,409	2,695,313	1,116,096		2,761,526
Parks and recreation	4,379,951	4,048,478	331,473		3,474,460
Capital outlay and economic development	2,018,023	562,746	1,455,277		887,937
Total	<u>24,854,696</u>	<u>21,076,203</u>	<u>3,778,493</u>		<u>21,555,111</u>
Total expenditures	<u>24,854,696</u>	<u>21,076,203</u>	<u>3,778,493</u>		<u>21,555,111</u>
Revenues over (under) expenditures	<u>(3,557,488)</u>	<u>1,266,968</u>	<u>4,824,456</u>		<u>(572,847)</u>
Other financing sources (uses):					
Appropriated fund balance	(456,911)	-	456,911		-
Transfers from other funds	3,887,071	3,812,072	(74,999)		2,089,827
Long-term debt issued	127,328	95,081	(32,247)		-
Total	<u>3,557,488</u>	<u>3,907,153</u>	<u>349,665</u>		<u>2,089,827</u>
Net change in fund balance	<u>\$ -</u>	<u>5,174,121</u>	<u>\$ 5,174,121</u>		<u>1,516,980</u>
Fund balance, beginning		<u>8,558,010</u>			<u>7,041,030</u>
Fund balance, ending		<u>\$ 13,732,131</u>			<u>\$ 8,558,010</u>

This page left blank intentionally.

AMERICAN RESCUE PLAN ACT FUNDS

American Rescue Plan Act Funds - This fund accounts for monies from the Coronavirus State and Local Fiscal Recovery Funds to provide resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the City recovers from the Covid-19 pandemic.

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Funds - American Rescue Plan Act Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
COVID Federal Assistance	\$ 6,387,015	\$ -	\$ 3,193,508	\$ 3,193,508	\$ (3,193,508)
Investment earnings	-	-	2,762	2,762	2,762
Total revenues	<u>6,387,015</u>	<u>-</u>	<u>3,196,269</u>	<u>3,196,269</u>	<u>(3,190,746)</u>
Expenditures:					
Premium Pay Expenditures	\$ 818,980	\$ -	\$ 827,744	\$ 827,744	\$ (8,764)
Total expenditures	<u>818,980</u>	<u>-</u>	<u>827,744</u>	<u>827,744</u>	<u>(8,764)</u>
Other Financing Sources (Uses)					
Transfers out	(5,568,036)	\$ -	(1,722,811)	(1,722,811)	3,845,225
Total other financing sources (uses)	<u>(5,568,036)</u>	<u>-</u>	<u>(1,722,811)</u>	<u>(1,722,811)</u>	<u>3,845,225</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645,714</u>	<u>\$ 645,714</u>	<u>\$ 645,714</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 645,714</u>		

This page left blank intentionally.

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.

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended June 30, 2022

Schedule 4

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Permanent Fund Temple Israel Perpetual Care Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 10,115,514	\$ 632,229	\$ 75,317	\$ 10,823,060
Due from governmental agencies	298,288	14,318	-	312,606
Accounts receivables	36,837	137,908	-	174,745
Notes receivable	<u>162,032</u>	<u>-</u>	<u>-</u>	<u>162,032</u>
 Total assets	 <u>\$ 10,612,671</u>	 <u>\$ 784,455</u>	 <u>\$ 75,317</u>	 <u>\$ 11,472,443</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 296,633	\$ 110,686	\$ -	\$ 407,319
Total liabilities	<u>296,633</u>	<u>110,686</u>	<u>-</u>	<u>407,319</u>
FUND BALANCES				
Nonspendable, not in spendable form:				
Perpetual maintenance	-	-	75,000	75,000
Restricted:				
Restricted, all other	10,316,038	-	317	10,316,355
Committed	-	673,769	-	673,769
Total fund balances	<u>10,316,038</u>	<u>673,769</u>	<u>75,317</u>	<u>11,065,124</u>
 Total liabilities and fund balances	 <u>\$ 10,612,671</u>	<u>\$ 784,455</u>	<u>\$ 75,317</u>	<u>\$ 11,472,443</u>

CITY OF KINSTON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2022

Schedule 5

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Permanent Fund Temple Israel Perpetual Care Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 2,081,182	\$ -	\$ -	\$ 2,081,182
Federal and state grants	-	552,091	-	552,091
Investment earnings	959	19	100	1,078
Miscellaneous	350	20,378	-	20,728
 Total revenues	 2,082,491	 572,488	 100	 2,655,079
EXPENDITURES				
Community development	1,033,052	-	-	1,033,052
Public safety	182,057	554,025	-	736,082
 Total expenditures	 1,215,109	 554,025	 -	 1,769,134
 Excess (deficiency) of revenues over expenditures	 867,382	 18,463	 100	 885,945
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(300)	(300)
Transfers in	6,670	164,000	-	170,670
 Total other financing sources (uses)	 6,670	 164,000	 (300)	 170,370
 Net changes in fund balances	 874,052	 182,463	 (200)	 1,056,315
 Fund balances, beginning	 9,441,986	 491,306	 75,517	 10,008,809
 Fund balances, ending	 \$ 10,316,038	 \$ 673,769	 \$ 75,317	 \$ 11,065,124

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.

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.

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

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.

2017 NCHFA 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 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.

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.

2019 NCHFA 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.

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.

2019 GCC 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.

Brownfields Multipurpose Assessment, Revolving Loan (MLRF) Grant – This fund accounts for monies from the US Environmental Protection Agency to be used to inventory, characterize, assess, and conduct cleanup planning and community involvement activities for encouragement and assisting in eliminating environmental barriers to property redevelopment in the downtown area of Kinston.

NCHFA Urgent Repair Program - This fund accounts for grant monies awarded from the NC Housing Finance Agency to provide funding for urgent home repairs to owner-occupied homes of individuals of low income residing within the city limits of Kinston.

Coronavirus Relief Funds - This fund accounts for grant monies awarded through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide funding to cover COVID-19 expenses for the public health emergency intended to help state and local governments cover costs directly associated with the emergency.

Community Development Block Grant Coronavirus (CDBG-CV) Grant - This fund accounts for grant monies awarded through the NC Department of Commerce, Rural Economic Division to provide subsistence payments for utilities, internet infrastructure and service at three or more neighborhood facilities and COVID-19 testing in low-to-moderate income areas.

Hurricane Isaias – FEMA-4568-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 Isaias.

Riverwalk Project Phase I, II, and III – This fund accounts for monies from the North Carolina Department of Transportation and the North Carolina Division of Parks and Recreations Recreational Trails Program (RTP) to provide alternate means of transportation for the community to promote recreation, health, fitness and economic growth for the community.

YMCA Remote Learning Grant - This fund accounts for grant monies awarded through the Triangle YMCA as part of the NC Coronavirus Relief Act 3.0 to provide remote learning opportunities during the COVID-19 pandemic at Holloway and Fairfield recreation centers.

2020 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.

2020 Coronavirus Emergency Supplemental Grant – This fund accounts for monies from the U.S. Department of Justice Office of Justice Programs as part of the Coronavirus Emergency Supplemental Funding Grant for the purchase of equipment and PPE supplies for to provide the Kinston Police Department equipment to combat the spread of diseases as well as possible bioterrorism attacks.

2019 Project Safe Neighborhood Grant – This fund accounts for grant monies from the U.S. Department of Justice Office of Justice Programs through the North Carolina Gang Investigators Association to fund the purchase of officer safety equipment and body worn cameras.

2021 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.

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2022

	Community Development Administration	Bulgeproof Vest Partnership	2016 Edward Byrne Memorial JAG Grant	Seizure and Restitution Fund	NCHFA 2016 Essential Single-Family Rehabilitation	Hurricane Matthew - FEMA 4285 - DR - NC	NCHFA 2017 Essential Single-Family Rehabilitation	Hurricane Florence - FEMA 4293 - DR - NC	Downtown Kinston Mural Project	2017 Edward Byrne Memorial JAG Grant	Brownfields Assessment and Cleanup	NCHFA 2019 Essential Single-Family Rehabilitation	Hurricane Dorian - FEMA 4465 - DR - NC	GCC 2019 Justice DMC Grant	Brownfields MLRF Grant	NCHFA Urgent Repair Program	Community Development Block Grant - CV Funds	Hurricane Isaias - FEMA 4568 - DR - NC	Riverwalk Project Phase I, II, and III	YMCA Remote Learning Grant	2020 Edward Byrne Memorial JAG Grant	2020 Coronavirus Emergency Supplemental Grant	2019 Project Neighborhood Grant	2021 Edward Byrne Memorial JAG Grant	Total	
ASSETS																										
Capital investments	\$ 673,592	\$ 2,433	\$ -	\$ 60,543	\$ -	\$ 3,372,348	\$ 3,883	\$ 5,457,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,368	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 10,135,314				
Due from government agencies																										
Accounts receivable	36,837																								298,288	
Notes receivable	162,032																								36,837	
Total assets	<u>\$ 872,461</u>	<u>\$ 3,002</u>	<u>\$ -</u>	<u>\$ 60,614</u>	<u>\$ -</u>	<u>\$ 3,372,348</u>	<u>\$ 3,883</u>	<u>\$ 5,458,874</u>	<u>\$ -</u>	<u>\$ 1,883</u>	<u>\$ -</u>	<u>\$ 12,684</u>	<u>\$ 509,489</u>	<u>\$ 19,396</u>	<u>\$ 58,045</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 82,115</u>	<u>\$ 10,368</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 22,329</u>	<u>\$ 81,215</u>	<u>\$ 6,076</u>	<u>\$ 12,863</u>	<u>\$ 10,612,671</u>
LIABILITIES																										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,633	
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,633</u>		
FUND BALANCES																										
Restricted:																										
Restricted, all other	872,461	3,002				60,614				3,372,348	3,883	5,458,874						509,489								10,316,038
Total fund balances	<u>872,461</u>	<u>3,002</u>	<u></u>	<u></u>	<u>60,614</u>	<u></u>	<u></u>	<u></u>	<u>3,372,348</u>	<u>3,883</u>	<u>5,458,874</u>	<u>-</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>509,489</u>	<u>-</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>10,316,038</u>	
Total liabilities and fund b.	<u>\$ 872,461</u>	<u>\$ 3,002</u>	<u>\$ -</u>	<u>\$ 60,614</u>	<u>\$ -</u>	<u>\$ 3,372,348</u>	<u>\$ 3,883</u>	<u>\$ 5,458,874</u>	<u>\$ -</u>	<u>\$ 1,883</u>	<u>\$ -</u>	<u>\$ 12,684</u>	<u>\$ 509,489</u>	<u>\$ 19,396</u>	<u>\$ 58,045</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 82,115</u>	<u>\$ 10,368</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 22,329</u>	<u>\$ 81,215</u>	<u>\$ 6,076</u>	<u>\$ 12,863</u>	<u>\$ 10,612,671</u>

CITY OF KINSTON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	Community Development Administration	Bulletproof Vest Partnership Grant	2016 Edward Byrne Memorial JAG Grant	Seizure and Restitution Fund	NCHFA 2016 Essential Single-Family Rehabilitation	Hurricane Matthew - FEMA-4285 - DR - NC	NCHFA 2017 Essential Single-Family Rehabilitation	Hurricane Florence - FEMA-4393 - DR - NC	Downtown Kinston Moral Project	2017 Edward Byrne Memorial JAG Grant	Brownfields Assessment and Cleanup Grant	NCHFA 2019 Essential Single-Family Rehabilitation	Hurricane Dorian - FEMA-4465 - DR - NC	GCC 2019 Juvenile Justice IIMC Grant	NCHFA Urgent Repair Program	Coronavirus Relief Funds	Community Development Block Grant- CV Funds	Hurricane Ida- FEMA-4568 - DR - NC	Riverwalk Project Phase I, II, and III	VMCA Remote Learning Grant	2020 Edward Byrne Memorial JAG Grant	2020 Coronavirus Emergency Supplemental Grant	2019 Project Safe Neighborhood Grant	2021 Edward Byrne Memorial JAG Grant	Total		
REVENUES																											
Intergovernmental revenue	\$ -	\$ 2,138	\$ -	\$ 10,252	\$ -	\$ 294,998	\$ -	\$ 7,900	\$ 727,477	\$ -	\$ -	\$ 331,645	\$ 8,846	\$ 57,087	\$ 58,045	\$ 46,075	\$ -	\$ 421,234	\$ -	\$ -	\$ -	\$ 20,967	\$ 76,565	\$ 5,841	\$ 12,113	\$ 2,081,183	
Investment earnings	\$ 889	\$ -	\$ -	\$ 70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 959	\$ 30		
Miscellaneous	\$ -	\$ -	\$ 350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30		
Total revenues	\$ 889	\$ 2,138	\$ -	\$ 10,673	\$ -	\$ 294,998	\$ -	\$ 7,900	\$ 727,477	\$ -	\$ -	\$ 331,645	\$ 8,846	\$ 57,087	\$ 58,045	\$ 46,075	\$ -	\$ 421,234	\$ -	\$ -	\$ -	\$ 20,967	\$ 76,565	\$ 5,841	\$ 12,113	\$ 2,082,403	
EXPENDITURES																											
Community development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,033,033		
Public safety	\$ -	\$ -	\$ 8,424	\$ -	\$ 1,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,087	\$ 58,045	\$ 71,249	\$ 16,214	\$ 421,234	\$ -	\$ -	\$ -	\$ -	\$ 20,967	\$ 76,565	\$ 5,841	\$ 12,113	\$ 182,097
Total expenditures	\$ -	\$ -	\$ 8,424	\$ -	\$ 1,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,660	\$ -	\$ 57,087	\$ 58,045	\$ 71,249	\$ 16,214	\$ 421,234	\$ -	\$ -	\$ -	\$ -	\$ 20,967	\$ 76,565	\$ 5,841	\$ 12,113	\$ 1,215,110
Excess (deficiency) of revenues over expenditures	\$ 889	\$ (6,280)	\$ -	\$ 9,613	\$ -	\$ 294,998	\$ -	\$ 600,726	\$ -	\$ -	\$ -	\$ (15)	\$ 8,846	\$ -	\$ -	\$ (25,174)	\$ (16,214)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 867,352	
OTHER FINANCING SOURCES (USES)																											
Appropriated fund balance	\$ -	\$ -	\$ 6,670	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,670		
Transfers in	\$ -	\$ -	\$ 6,670	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,670		
Total other financing sources (uses)	\$ -	\$ -	\$ 6,670	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,670		
Net change in fund balance	\$ 889	\$ 384	\$ -	\$ 9,613	\$ -	\$ 294,998	\$ -	\$ 600,726	\$ -	\$ -	\$ -	\$ (15)	\$ 8,846	\$ -	\$ -	\$ (25,174)	\$ (16,214)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 874,002	
Fund balances, beginning	\$ 871,572	\$ 2,618	\$ -	\$ 51,001	\$ -	\$ 3,077,350	\$ 3,883	\$ 4,858,148	\$ -	\$ -	\$ -	\$ 15	\$ 500,643	\$ -	\$ -	\$ 25,174	\$ 16,214	\$ -	\$ 10,368	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 9,441,906		
Fund balances, ending	\$ 872,461	\$ 3,002	\$ -	\$ 60,614	\$ -	\$ 3,372,348	\$ 3,883	\$ 5,458,874	\$ -	\$ -	\$ -	\$ -	\$ 509,489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,368	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 10,316,038		

CITY OF KINSTON, NORTH CAROLINA

Schedule 8

Special Revenue Fund - Community Development Administration

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

For the Year Ended June 30, 2022 With Comparative Actual Amounts for year ended June 30, 2021

	2022		Variance Over/Under	2021
	Budget	Actual		Actual
Revenues:				
Loan repayments	\$ -	\$ -	\$ -	\$ -
Other revenue	540	-	(540)	360
Investment earnings	600	889	289	603
Total revenues	1,140	889	(251)	963
Expenditures:				
Community Development: Administration	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	1,140	889	(251)	963
Other Financing Sources (Uses)				
Appropriated fund balance	-	-	-	-
Transfer out	(1,140)	-	1,140	(30,000)
Total other financing sources (uses)	(1,140)	-	1,140	(30,000)
Net change in fund balance	\$ -	889	\$ 889	\$ (29,037)
Fund balance, beginning			871,572	
Fund balance, ending			\$ 872,461	

CITY OF KINSTON, NORTH CAROLINA

Schedule 9

Special Revenue Fund- 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, 2022

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Restricted intergovernmental revenue, State grants	\$ 68,258	\$ 54,538	\$ 2,138	\$ 56,676	\$ (11,582)
Total revenues	<u>68,258</u>	<u>54,538</u>	<u>2,138</u>	<u>56,676</u>	<u>(11,582)</u>
Expenditures:					
Law enforcement supplies	<u>136,516</u>	<u>113,508</u>	<u>8,424</u>	<u>121,932</u>	<u>14,584</u>
Total expenditures	<u>136,516</u>	<u>113,508</u>	<u>8,424</u>	<u>121,932</u>	<u>14,584</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>68,258</u>	<u>61,588</u>	<u>6,670</u>	<u>68,258</u>	<u>-</u>
Total other financing sources (uses)	<u>68,258</u>	<u>61,588</u>	<u>6,670</u>	<u>68,258</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,617</u>	<u>384</u>	<u>\$ 3,002</u>	<u>\$ 3,002</u>
Fund balance, beginning			<u>2,618</u>		
Fund balance, ending			<u>\$ 3,002</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 10

Special Revenue Fund- 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, 2022

	<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, 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	<u>30,251</u>	<u>30,250</u>	<u>-</u>	<u>30,250</u>	<u>1</u>
Total expenditures	<u>30,251</u>	<u>30,250</u>	<u>-</u>	<u>30,250</u>	<u>1</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

Schedule 11

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, 2022**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal grants	\$ 161,802	\$ 159,700	\$ 10,254	\$ 169,954	\$ 8,152
Investment earnings	50	43	70	113	63
Donations	18,790	18,789	350	19,139	349
Total revenues	<u>180,642</u>	<u>178,532</u>	<u>10,674</u>	<u>189,206</u>	<u>8,564</u>
Expenditures:					
Federal forfeiture expenditures	87,460	80,479	-	80,479	6,981
Drug forfeiture expenditures	820	693	-	693	127
State forfeiture expenditures	37,296	20,011	-	20,011	17,285
Special court allocation expenditures	30,051	5,202	-	5,202	24,849
ABC board KPD expenditures	6,175	5,594	-	5,594	581
Miscellaneous KPD expenditures	18,840	15,553	1,060	16,613	2,227
Total expenditures	<u>180,642</u>	<u>127,532</u>	<u>1,060</u>	<u>128,592</u>	<u>52,050</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 51,000</u>	<u>9,614</u>	<u>\$ 60,614</u>	<u>\$ 60,614</u>
Fund balance, beginning			<u>51,000</u>		
Fund balance, ending			<u>\$ 60,614</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 12

Special Revenue Fund - 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, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Federal grants	\$ 315,000	\$ 275,290	\$ -	\$ 275,290	\$ (39,710)
Total revenues	<u>315,000</u>	<u>275,290</u>	<u>-</u>	<u>275,290</u>	<u>(39,710)</u>
Expenditures:					
NCFHA loan pool funds	315,000	275,290	-	275,290	39,710
Total expenditures	<u>315,000</u>	<u>275,290</u>	<u>-</u>	<u>275,290</u>	<u>39,710</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
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, 2022

Schedule 13

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal grants	\$ -	\$ 2,050,334	\$ -	\$ 2,050,334	\$ 2,050,334
State grants	-	688,164	294,998	983,162	983,162
Sale of surplus property	-	1,133	-	1,133	1,133
Insurance proceeds	-	30,557	-	30,557	30,557
Total revenues	-	2,770,189	294,998	3,065,186	3,065,186
Expenditures:					
Salaries and benefits	-	6,827	-	6,827	(6,827)
Construction work - sewer	2,776,003	2,462,014	-	2,462,014	313,988
Total expenditures	2,776,003	2,468,841	-	2,468,841	307,161
Other Financing Sources (Uses):					
Transfers in	2,776,003	2,776,003	-	2,776,003	-
Total other financing sources	2,776,003	2,776,003	-	2,776,003	-
Net change in fund balance	\$ -	\$ 3,077,350	294,998	\$ 3,372,348	\$ 3,372,348
Fund balance, beginning			3,077,350		
Fund balance, ending				\$ 3,372,348	

CITY OF KINSTON, NORTH CAROLINA

Schedule 14

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, 2022

	Project Authorization	Prior Years	Current Year	Total to Date	Actual Variance Over/Under
Revenues:					
State grants	\$ 1,050,000	\$ 651,032	\$ 7,900	\$ 658,932	\$ (391,068)
Total revenues	<u>1,050,000</u>	<u>651,032</u>	<u>7,900</u>	<u>658,932</u>	<u>(391,068)</u>
Expenditures:					
NCFHA loan pool funds	1,050,000	647,149	7,900	655,049	394,951
Total expenditures	<u>1,050,000</u>	<u>647,149</u>	<u>7,900</u>	<u>655,049</u>	<u>394,951</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 3,883</u>	<u>-</u>	<u>\$ 3,883</u>	<u>\$ 3,883</u>
			<u>3,883</u>		
			<u>\$ 3,883</u>		

CITY OF KINSTON, NORTH CAROLINA
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, 2022

	<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	\$ -	\$ 2,163,585	\$ 727,477	\$ 2,891,062	\$ (2,891,062)
Insurance proceeds	<u>-</u>	<u>472,527</u>	<u>-</u>	<u>472,527</u>	<u>(472,527)</u>
Total revenues	<u>-</u>	<u>2,636,112</u>	<u>727,477</u>	<u>3,363,589</u>	<u>(3,363,589)</u>
Expenditures:					
Salaries	-	413,388	-	413,388	(413,388)
Construction work	<u>6,283,000</u>	<u>3,647,576</u>	<u>126,751</u>	<u>3,774,328</u>	<u>2,508,672</u>
Total expenditures	<u>6,283,000</u>	<u>4,060,964</u>	<u>126,751</u>	<u>4,187,716</u>	<u>2,095,284</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>\$ 4,858,148</u>	<u>600,726</u>	<u>\$ 5,458,874</u>	<u>\$ 5,458,874</u>
Fund balance, beginning			<u>4,858,148</u>		
Fund balance, ending			<u>\$ 5,458,874</u>		

CITY OF KINSTON, NORTH CAROLINA
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, 2022

Project Authorization	Actual				Variance Over/Under
	Prior Years	Current Year	Total to Date		
Revenues:					
Federal grants	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
Total revenues	100,000	100,000	-	100,000	-
Expenditures:					
Mural costs	130,000	130,000	-	130,000	-
Total expenditures	130,000	130,000	-	130,000	-
Other Financing Sources (Uses):					
Transfers in	30,000	30,000	-	30,000	
Total other financing sources	30,000	30,000	-	30,000	
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Fund- 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, 2022

	Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date		
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 30,347	\$ 30,347	\$ -	\$ 30,347	\$ -
Total revenues	<u>30,347</u>	<u>30,347</u>	<u>-</u>	<u>30,347</u>	<u>-</u>
Expenditures:					
Law enforcement supplies	30,347	30,347	-	30,347	-
Total expenditures	<u>30,347</u>	<u>30,347</u>	<u>-</u>	<u>30,347</u>	<u>-</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
Special Revenue Fund- Brownsfield 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, 2022

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

CITY OF KINSTON, NORTH CAROLINA

Schedule 19

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, 2022

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 766,394	\$ 113,336	\$ 331,645	\$ 444,981	\$ (321,413)
Total revenues	<u>766,394</u>	<u>113,336</u>	<u>331,645</u>	<u>444,981</u>	<u>(321,413)</u>
Expenditures:					
NCFHA loan pool funds	<u>766,394</u>	<u>113,321</u>	<u>331,660</u>	<u>444,981</u>	<u>321,413</u>
Total expenditures	<u>766,394</u>	<u>113,321</u>	<u>331,660</u>	<u>444,981</u>	<u>321,413</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 15</u>	<u>(15)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>15</u>		
Fund balance, ending			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA
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, 2022

Project Authorization	Actual				Variance Over/Under
	Prior Years	Current Year	Total to Date		
Revenues:					
State grants	\$ -	\$ 35,878	\$ -	\$ 35,878	\$ (35,878)
Federal grants	-	141,047	8,846	149,893	(149,893)
Insurance proceeds	-	84,133	-	84,133	(84,133)
Total revenues	-	261,058	8,846	269,904	(269,904)
Expenditures:					
Salaries	-	38,667	-	38,667	(38,667)
Construction work	319,000	40,748	-	40,748	278,252
Total expenditures	319,000	79,415	-	79,415	239,585
Other Financing Sources (Uses):					
Transfers in	319,000	319,000	-	319,000	-
Total other financing sources	319,000	319,000	-	319,000	-
Net change in fund balance	\$ -	\$ 500,643	8,846	\$ 509,489	\$ 509,489
Fund balance, beginning				<u>500,643</u>	
Fund balance, ending				<u>\$ 509,489</u>	

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Fund- 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, 2022

	<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	\$ 170,491	\$ 51,556	\$ 57,087	\$ 108,643	\$ 61,848
Total revenues	<u>170,491</u>	<u>51,556</u>	<u>57,087</u>	<u>108,643</u>	<u>61,848</u>
Expenditures:					
Grant expenses	170,491	51,556	57,087	108,643	61,848
Total expenditures	<u>170,491</u>	<u>51,556</u>	<u>57,087</u>	<u>108,643</u>	<u>61,848</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund balance, beginning				<u><u>-</u></u>	
Fund balance, ending				<u><u>\$ -</u></u>	

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Fund- Brownfields MARLF Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date		
Revenues:					
Restricted intergovernmental revenue, federal	\$ 300,000	\$ 91,471	\$ 58,045	\$ 149,515	\$ (150,485)
Total revenues	<u>300,000</u>	<u>91,471</u>	<u>58,045</u>	<u>149,515</u>	<u>(150,485)</u>
Expenditures:					
Cleanup expenses	300,000	91,471	58,045	149,515	150,485
Total expenditures	<u>300,000</u>	<u>91,471</u>	<u>58,045</u>	<u>149,515</u>	<u>150,485</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
Special Revenue Funds - NCHFA Urgent Repair Program
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

Schedule 23

	Project Authorization	Actual			
	Prior Years	Current Year	Total to Date	Variance Over/Under	
Revenues:					
State grants	\$ 100,000	\$ 50,000	\$ 46,075	\$ 96,075	\$ (3,925)
Total revenues	<u>100,000</u>	<u>50,000</u>	<u>46,075</u>	<u>96,075</u>	<u>(3,925)</u>
Expenditures:					
NCFHA urgent repair costs	100,000	24,826	71,249	96,075	3,925
Total expenditures	<u>100,000</u>	<u>24,826</u>	<u>71,249</u>	<u>96,075</u>	<u>3,925</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 25,174</u>	<u>(25,174)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>25,174</u>		
Fund balance, ending			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Funds - Coronavirus Relief Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	Project Authorization	Actual				Variance Over/Under
		Prior Years	Current Year	Total to Date		
Revenues:						
COVID Federal Assistance	\$ 488,541	\$ 488,541	\$ -	\$ 488,541	\$ -	
Investment earnings	-	128	-	128		128
Total revenues	<u>488,541</u>	<u>488,669</u>	<u>-</u>	<u>488,669</u>		<u>128</u>
Expenditures:						
COVID-19 Relief Expenditures	488,541	472,455	16,214	488,669		(128)
Total expenditures	<u>488,541</u>	<u>472,455</u>	<u>16,214</u>	<u>488,669</u>		<u>(128)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 16,214</u>	<u>(16,214)</u>	<u>\$ -</u>		<u>\$ -</u>
Fund balance, beginning			<u>16,214</u>			
Fund balance, ending			<u>\$ -</u>			

CITY OF KINSTON, NORTH CAROLINA**Schedule 25**

Special Revenue Funds - Community Development Block Grant Coronavirus Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Actual Variance Over/Under</u>
Revenues:					
State grants	\$ 548,428	\$ 1,572	\$ 421,234	\$ 422,806	\$ (125,622)
Total revenues	<u>548,428</u>	<u>1,572</u>	<u>421,234</u>	<u>422,806</u>	<u>(125,622)</u>
Expenditures:					
CDBG-CV Program Expenses	<u>548,428</u>	<u>1,572</u>	<u>421,234</u>	<u>422,806</u>	<u>(125,622)</u>
Total expenditures	<u>548,428</u>	<u>1,572</u>	<u>421,234</u>	<u>422,806</u>	<u>(125,622)</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
Special Revenue Funds - Hurricane Isaias - FEMA - 4568 - DR - NC
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	Project Authorization	Actual				Variance Over/Under
		Prior Years	Current Year	Total to Date		
Revenues:						
State grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	<u>-</u>	<u>118,950</u>	<u>-</u>	<u>118,950</u>	<u>118,950</u>	<u>118,950</u>
Total revenues	<u>-</u>	<u>118,950</u>	<u>-</u>	<u>118,950</u>	<u>118,950</u>	<u>118,950</u>
Expenditures:						
Hurricane Isaias Recovery	<u>209,000</u>	<u>108,582</u>	<u>-</u>	<u>108,582</u>	<u>(100,418)</u>	
Total expenditures	<u>209,000</u>	<u>108,582</u>	<u>-</u>	<u>108,582</u>	<u>(100,418)</u>	
Other Financing Sources (Uses):						
Transfers in	<u>209,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(209,000)</u>
Total other financing sources	<u>209,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(209,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,368</u>	<u>-</u>	<u>\$ 10,368</u>	<u>\$ 10,368</u>	<u>\$ 10,368</u>
Fund balance, beginning				<u>10,368</u>		
Fund balance, ending				<u>\$ 10,368</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 27

Special Revenue Fund - Riverwalk Project Phase I, II, and III

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the year ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Actual Variance Over/Under</u>
Revenues:					
State grants	\$ 75,000	\$ -	\$ -	\$ -	\$ (75,000)
Federal grants	480,870	-	-	-	(480,870)
Contribution from NC DOT	444,988	-	-	-	(444,988)
Total revenues	<u>1,000,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,858)</u>
Expenditures:					
Construction-bike/pedestrian path	300,000	-	-	-	300,000
Construction-division enhancement	625,858	-	-	-	625,858
Construction-parks connection	100,000	-	-	-	100,000
Total expenditures	<u>1,025,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025,858</u>
Other Financing Sources (Uses)					
Transfers in	25,000	25,000	-	25,000	-
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 25,000</u>	<u>-</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Fund balance, beginning				<u>25,000</u>	
Fund balance, ending				<u>\$ 25,000</u>	

CITY OF KINSTON, NORTH CAROLINA

Schedule 28

Special Revenue Funds - YMCA Remote Learning Grant

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	Project Authorization	Actual				Variance Over/Under
		Prior Years	Current Year	Total to Date		
Revenues:						
Federal grants	\$ 32,252	\$ 12,748	\$ -	\$ 12,748	\$ (19,503)	
Total revenues	<u>32,252</u>	<u>12,748</u>	<u>-</u>	<u>12,748</u>	<u>(19,503)</u>	
Expenditures:						
Remote learning program expenses	<u>32,252</u>	<u>12,748</u>	<u>-</u>	<u>12,748</u>	<u>19,503</u>	
Total expenditures	<u>32,252</u>	<u>12,748</u>	<u>-</u>	<u>12,748</u>	<u>19,503</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	
Fund balance, beginning						
Fund balance, ending				<u>\$ -</u>	<u>\$ -</u>	

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Fund- 2020 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, 2022

	<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	<u>\$ 21,451</u>	<u>\$ -</u>	<u>\$ 20,967</u>	<u>\$ 20,967</u>	<u>\$ (484)</u>
Total revenues	<u>21,451</u>	<u>-</u>	<u>20,967</u>	<u>20,967</u>	<u>(484)</u>
Expenditures:					
Law enforcement supplies	<u>21,451</u>	<u>-</u>	<u>20,967</u>	<u>20,967</u>	<u>484</u>
Total expenditures	<u>21,451</u>	<u>-</u>	<u>20,967</u>	<u>20,967</u>	<u>484</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
Special Revenue Fund- 2020 Coronavirus Emergency Supplemental Funding Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date		
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 79,924	\$ -	\$ 76,565	\$ 76,565	\$ (3,359)
Total revenues	<u>79,924</u>	<u>-</u>	<u>76,565</u>	<u>76,565</u>	<u>(3,359)</u>
Expenditures:					
Law enforcement expenditures	79,924	-	76,565	76,565	3,359
Total expenditures	<u>79,924</u>	<u>-</u>	<u>76,565</u>	<u>76,565</u>	<u>3,359</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund balance, beginning			-		
Fund balance, ending			<u><u>\$ -</u></u>		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Fund- 2019 Project Safe Neighborhood Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<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	\$ 25,000	\$ -	\$ 5,841	\$ 5,841	\$ (19,159)
Total revenues	<u>25,000</u>	<u>-</u>	<u>5,841</u>	<u>5,841</u>	<u>(19,159)</u>
Expenditures:					
Law enforcement expenditures	25,000	-	5,841	5,841	19,159
Total expenditures	<u>25,000</u>	<u>-</u>	<u>5,841</u>	<u>5,841</u>	<u>19,159</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Fund- 2021 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, 2022

	Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date		
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 24,027	\$ -	\$ 12,113	\$ 12,113	\$ (11,914)
Total revenues	<u>24,027</u>	<u>-</u>	<u>12,113</u>	<u>12,113</u>	<u>(11,914)</u>
Expenditures:					
Law enforcement supplies	24,027	-	12,113	12,113	11,914
Total expenditures	<u>24,027</u>	<u>-</u>	<u>12,113</u>	<u>12,113</u>	<u>11,914</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

This page left blank intentionally.

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.

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.

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.

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.

2019 Assistance to Firefighters Grant – This fund accounts for monies used for the purchase of masks and self-contained breathing apparatus as well as mobile and portable radios that will protect the health and safety of the public and firefighting personnel against fire and fire-related hazards.

State SCIF Directed Grant – This fund accounts for monies to be used to repair, seal the asphalt surface, and/or striping of multiple parking lots in the downtown Kinston area. The City was awarded a grant from the State Capital and Infrastructure Fund from the State of North Carolina for the purpose of the renovations.

CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Capital Project Fund
For the Fiscal Year Ended June 30, 2022

	Battlefield Parkway/ Soccer Complex	General Fund Small Projects	Grainger Stadium Improvements Project	Neighborhood Revitalization and Recreation Improvements	Doctors Drive Road and Utility Extension	Queen Street Redesign & Construction	2020 Road Improvements	Assistance to Firefighters Grant	State SCIF Directed Grant	Total
ASSETS										
Cash and investments	\$ 8,250	\$ -	\$ 21,865	\$ 253,685	\$ -	\$ 59,230	\$ 188,268	\$ 912	\$ 100,019	\$ 632,229
Due from governmental agencies	-	-	-	-	12,633	1,686	-	-	-	14,318
Accounts receivable	-	-	-	-	-	117,530	20,378	-	-	137,908
Total assets	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ 21,865</u>	<u>\$ 253,685</u>	<u>\$ 12,633</u>	<u>\$ 119,216</u>	<u>\$ 79,608</u>	<u>\$ 188,268</u>	<u>\$ 912</u>	<u>\$ 100,019</u>
LIABILITIES										
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 12,633	\$ 98,053	\$ -	\$ -	\$ -	\$ 110,686
Total liabilities	-	-	-	-	12,633	98,053	-	-	-	110,686
FUND BALANCES										
Restricted:										
Committed	8,250	-	21,865	253,685	-	21,162	79,608	188,268	912	100,019
Total fund balances	<u>8,250</u>	<u>-</u>	<u>21,865</u>	<u>253,685</u>	<u>-</u>	<u>21,162</u>	<u>79,608</u>	<u>188,268</u>	<u>912</u>	<u>100,019</u>
Total liabilities and fund balances	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ 21,865</u>	<u>\$ 253,685</u>	<u>\$ 12,633</u>	<u>\$ 119,215</u>	<u>\$ 79,608</u>	<u>\$ 188,268</u>	<u>\$ 912</u>	<u>\$ 100,019</u>

CITY OF KINSTON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Project Funds
For the Fiscal Year Ended June 30, 2022

Schedule 34

	Battlefield Parkway/ Soccer Complex	General Fund Small Projects	Grainger Stadium Improvements Project	Neighborhood Revitalization and Recreation Improvements	Doctors Drive Road and Utility Extension	Queen Street Redesign & Construction	2020 Road Improvements	Assistance to Firefighters Grant	State SCIF Directed Grant	Total
REVENUES										
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ 19
Federal, state and local grants	-	-	-	-	12,590	439,501	-	-	100,000	552,091
Miscellaneous	-	-	-	-	-	-	20,378	-	-	20,378
Total revenues	-	-	-	-	12,590	439,501	20,378	-	100,019	572,488
EXPENDITURES										
Community development	-	-	-	-	12,590	511,911	29,524	-	-	554,025
Total expenditures	-	-	-	-	12,590	511,911	29,524	-	-	554,025
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	(72,410)	(9,146)	-	100,019	18,463
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	164,000	-	164,000
Total other financing sources (uses)	-	-	-	-	-	-	-	164,000	-	164,000
Net change in fund balance	-	-	-	-	-	(72,410)	(9,146)	164,000	-	100,019
Fund balances, beginning	8,250	-	21,865	253,685	-	93,572	88,754	24,268	912	-
Fund balances, ending	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ 21,865</u>	<u>\$ 253,685</u>	<u>\$ -</u>	<u>\$ 21,162</u>	<u>\$ 79,608</u>	<u>\$ 188,268</u>	<u>\$ 912</u>	<u>\$ 100,019</u>
										<u>\$ 673,769</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 35

Capital Project Fund - Retro-Green Capital Project

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Miscellaneous grants	\$ 25,000	\$ -	\$ -	\$ -	\$ (25,000)
Miscellaneous revenues	<u>20,000</u>	<u>8,450</u>	<u>-</u>	<u>8,450</u>	<u>(11,550)</u>
Total revenues	<u>45,000</u>	<u>8,450</u>	<u>-</u>	<u>8,450</u>	<u>(36,550)</u>
Expenditures:					
Capital outlay	<u>45,000</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>44,800</u>
Total expenditures	<u>45,000</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>44,800</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,250</u>	<u>-</u>	<u>\$ 8,250</u>	<u>\$ 8,250</u>
Fund balance, beginning			<u>8,250</u>		
Fund balance, ending			<u>\$ 8,250</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 36

Capital Project Fund - Battlefield Parkway/Soccer Complex

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
State Grants	\$ 143,000	\$ 137,696	\$ -	\$ 137,696	\$ (5,304)
Miscellaneous revenues	<u>571</u>	<u>571</u>	<u>-</u>	<u>571</u>	<u>-</u>
Total revenues	<u>143,571</u>	<u>138,267</u>	<u>-</u>	<u>138,267</u>	<u>(5,304)</u>
Expenditures:					
Engineering and Professional Services	<u>150,000</u>	<u>144,696</u>	<u>-</u>	<u>144,696</u>	<u>5,304</u>
Total expenditures	<u>150,000</u>	<u>144,696</u>	<u>-</u>	<u>144,696</u>	<u>5,304</u>
Other Financing Sources (Uses)					
Transfers in	<u>6,429</u>	<u>6,429</u>	<u>-</u>	<u>6,429</u>	<u>-</u>
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></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund balance, beginning			<u><u>-</u></u>		
Fund balance, ending		<u><u>\$ -</u></u>			

CITY OF KINSTON, NORTH CAROLINA

Schedule 37

Capital Project Fund - 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, 2022

	<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	\$ 175,000	\$ 167,681	\$ -	\$ 167,681	\$ (7,319)
Miscellaneous revenues	8,140	20,940	-	20,940	12,800
Total revenues	<u>183,140</u>	<u>188,621</u>	<u>-</u>	<u>188,621</u>	<u>5,481</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
Joel Smith Disc Golf Course Proj	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	175,000	175,000	-	175,000	-
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>\$ 21,865</u>	<u>-</u>	<u>\$ 21,865</u>	<u>\$ 21,865</u>
Fund balance, beginning			<u>21,865</u>		
Fund balance, ending			<u><u>\$ 21,865</u></u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 38

Capital Project Fund - Grainger Stadium Improvements Project

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

From Inception and For the Year Ended June 30, 2022

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Stadium Improvements	\$ 2,389,042	\$ 2,381,461	\$ -	\$ 2,381,461	\$ 7,581
Loan closing costs	30,000	83,896	-	83,896	(53,896)
Total expenditures	<u>2,419,042</u>	<u>2,465,357</u>	<u>-</u>	<u>2,465,357</u>	<u>(46,315)</u>
Other Financing Sources (Uses):					
Debt issued	2,200,000	2,500,000	-	2,500,000	300,000
Transfers in	219,042	219,042	-	219,042	-
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>\$ 253,685</u>	<u>-</u>	<u>\$ 253,685</u>	<u>\$ 253,685</u>
Fund balance, beginning			<u>253,685</u>		
Fund balance, ending			<u>\$ 253,685</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 39

Capital Project Fund - 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, 2022

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
CDBG Grant Revenue	\$ 750,000	\$ 151,147	\$ 12,590	\$ 163,737	\$ (586,263)
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>750,000</u>	<u>151,147</u>	<u>12,590</u>	<u>163,737</u>	<u>(586,263)</u>
Expenditures:					
Capital outlay	<u>750,000</u>	<u>151,147</u>	<u>12,590</u>	<u>163,737</u>	<u>586,263</u>
Total expenditures	<u>750,000</u>	<u>151,147</u>	<u>12,590</u>	<u>163,737</u>	<u>586,263</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
Capital Project Fund - 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, 2022

Schedule 40

	Project Authorization	Actual			
	Prior Years	Current Year	Total to Date	Variance Over/Under	
Revenues:					
Golden Leaf Foundation Grant	\$ 599,720	160,219	\$ 439,501	\$ 599,720	\$ -
Other revenues	117,530	117,530	-	117,530	-
Total revenues	<u>717,250</u>	<u>277,749</u>	<u>439,501</u>	<u>717,250</u>	-
Expenditures:					
Doctors Drive Road and Utility Extension	877,250	344,177	511,911	856,088	21,162
Total expenditures	<u>877,250</u>	<u>344,177</u>	<u>511,911</u>	<u>856,088</u>	<u>21,162</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>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ 93,572</u></u>	<u><u>(72,410)</u></u>	<u><u>\$ 21,162</u></u>	<u><u>\$ 21,162</u></u>
Fund balance, beginning				<u>93,572</u>	
Fund balance, ending				<u><u>\$ 21,162</u></u>	

CITY OF KINSTON, NORTH CAROLINA

Schedule 41

Capital Project Fund - Queen Street Redesign & Construction

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Other revenues	\$ -	\$ -	\$ 20,378	\$ 20,378	\$ 20,378
Total revenues	<u>-</u>	<u>-</u>	<u>20,378</u>	<u>20,378</u>	<u>20,378</u>
Expenditures:					
Queen Street Redesign & Construction	<u>\$ 3,200,000</u>	<u>\$ 3,111,246</u>	<u>\$ 29,524</u>	<u>\$ 3,140,770</u>	<u>\$ 59,230</u>
Total expenditures	<u>3,200,000</u>	<u>3,111,246</u>	<u>29,524</u>	<u>3,140,770</u>	<u>59,230</u>
Other Financing Sources (Uses):					
Transfers in	<u>3,200,000</u>	<u>3,200,000</u>	<u>-</u>	<u>3,200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>3,200,000</u>	<u>3,200,000</u>	<u>-</u>	<u>3,200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 88,754</u>	<u>(9,146)</u>	<u>\$ 79,608</u>	<u>\$ 79,608</u>
Fund balance, beginning			<u>88,754</u>		
Fund balance, ending			<u>\$ 79,608</u>		

CITY OF KINSTON, NORTH CAROLINA
Capital Project Fund - 2020 Road Improvements

Schedule 42

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Street Resurfacing	\$ 529,000	\$ 504,732	\$ -	\$ 504,732	\$ 24,268
Total expenditures	<u>529,000</u>	<u>504,732</u>	<u>-</u>	<u>504,732</u>	<u>24,268</u>
Other Financing Sources (Uses):					
Transfers in	529,000	529,000	164,000	693,000	164,000
Total other financing sources (uses)	<u>529,000</u>	<u>529,000</u>	<u>164,000</u>	<u>693,000</u>	<u>164,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 24,268</u>	164,000	<u>\$ 188,268</u>	<u>\$ 188,268</u>
Fund balance, beginning				<u>24,268</u>	
Fund balance, ending				<u>\$ 188,268</u>	

CITY OF KINSTON, NORTH CAROLINA
Capital Project Fund - Assistance to Firefighters Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

Schedule 43

	Project Authorization	Actual			
	Prior Years	Current Year	Total to Date	Variance Over/Under	
Revenues:					
Federal Grant	\$ 647,636	\$ 632,085	\$ 632,085	\$ (15,551)	
Local Match	<u>17,783</u>	<u>17,139</u>	<u>17,139</u>	<u>(644)</u>	
Total revenues	<u>665,419</u>	<u>649,224</u>	<u>649,224</u>	<u>(16,195)</u>	
Expenditures:					
Firefighter apparatus expenditures	<u>712,400</u>	<u>695,293</u>	<u>695,293</u>	<u>17,107</u>	
Total expenditures	<u>712,400</u>	<u>695,293</u>	<u>695,293</u>	<u>17,107</u>	
Other Financing Sources (Uses):					
Transfers in	<u>46,981</u>	<u>46,981</u>	<u>46,981</u>	<u>-</u>	
Total other financing sources (uses)	<u>46,981</u>	<u>46,981</u>	<u>46,981</u>	<u>-</u>	
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ 912</u></u>	<u><u>-</u></u>	<u><u>\$ 912</u></u>	<u><u>\$ 912</u></u>
Fund balance, beginning			<u><u>912</u></u>		
Fund balance, ending		<u><u>\$ 912</u></u>			

CITY OF KINSTON, NORTH CAROLINA

Schedule 44

Capital Project Fund - State SCIF Directed Grant

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2022

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State Grant	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>	<u>19</u>
Total revenues	<u>100,000</u>	<u>-</u>	<u>100,019</u>	<u>100,019</u>	<u>19</u>
Expenditures:					
Capital outlay	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>100,019</u>	<u>\$ 100,019</u>	<u>\$ 100,019</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 100,019</u>		

PERMANENT FUND

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

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA**Schedule 45****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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
			<u>Over/Under</u>
Revenues:			
Investment earnings	\$ 300	\$ 100	\$ (200)
Total revenues	<u>300</u>	<u>100</u>	<u>(200)</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>(200)</u>	<u>\$ (200)</u>
Fund balance, beginning			<u>75,517</u>
Fund balance, ending			<u><u>\$ 75,317</u></u>

This page left blank intentionally.

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.

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Electric Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		Variance Over/Under	2021	
	Budget	Actual		Actual	Actual
Operating Revenues:					
Charges for services, electricity sales	\$ 47,087,506	\$ 47,418,778	\$ (331,272)	\$ 46,406,897	
Other	75,900	61,836	14,064		23,560
Total operating revenues	<u>47,163,406</u>	<u>47,480,614</u>	<u>(317,208)</u>		<u>46,430,457</u>
Non-Operating Revenues:					
Grant funds	-	5,000	(5,000)		2,500
Interest earned on investments	5,000	24,874	(19,874)		15,794
Total non-operating revenues	<u>5,000</u>	<u>29,874</u>	<u>(24,874)</u>		<u>18,294</u>
Total revenues	<u>47,168,406</u>	<u>47,510,488</u>	<u>(342,082)</u>		<u>46,448,751</u>
Expenditures:					
Electric Operations:					
Salaries and benefits	2,202,744	1,466,237	736,507		1,648,624
Operating	1,699,449	1,056,191	643,258		1,187,404
Purchased power	32,931,444	32,802,334	129,110		31,225,049
Indirect costs	1,514,449	1,514,449	-		1,513,387
Capital outlay	4,700,933	100,370	4,600,563		168,685
Total electric operations expenditures	<u>43,049,019</u>	<u>36,939,581</u>	<u>6,109,438</u>		<u>35,743,149</u>
Debt Service:					
Principal retirement	214,120	214,120	-		672,040
Interest and other charges	9,612	9,472	140		19,283
Total debt service	<u>223,732</u>	<u>223,592</u>	<u>140</u>		<u>691,323</u>
Non-Operating Expenditures:					
Payment in lieu of taxes	422,329	422,330	(1)		382,739
Economic development reimbursements	50,000	9,139	40,861		5,966
Total non-operating expenditures	<u>472,329</u>	<u>431,469</u>	<u>40,860</u>		<u>388,705</u>
Total expenditures	<u>43,745,080</u>	<u>37,594,642</u>	<u>6,150,438</u>		<u>36,823,177</u>
Other Financing Sources (Uses):					
Appropriated net position	148,162	-	148,162		-
Transfers in	1,909,296	-	1,909,296		-
Transfers out - Capital Reserve Fund	(2,065,000)	(2,065,000)	-		(2,065,000)
Transfers out	(3,415,784)	(3,415,784)	-		(6,743,753)
Total other financing sources (uses)	<u>(3,423,326)</u>	<u>(5,480,784)</u>	<u>2,057,458</u>		<u>(8,808,753)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 4,435,062</u>	<u>\$ (4,435,062)</u>		<u>\$ 816,821</u>

CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Electric Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021
(Continued)

	2022		2021	
	Budget	Actual	Variance Over/Under	Actual
Reconciliation from Budgetary Basis				
(Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 4,435,062		\$ 816,821	
Transfers in - Capital Reserve Funds	3,180,784		4,466,953	
Transfers out - Capital Reserve Funds	(13,789)		-	
Bad debt expense	(51,957)		(68,488)	
Capital outlay	1,374,627		3,340,435	
Payment of debt principal	214,120		672,040	
Depreciation	(1,100,135)		(1,210,410)	
Capital distribution	(1,260,469)		(751,382)	
Investment earnings from capital project funds	19,912		10,491	
Change in accrued compensated absences	18,107		(8,088)	
Change in deferred outflows of resources - pension	25,622		41,620	
Change in deferred inflows of resources - pension	(327,324)		2,155	
Change in net pension liability	366,994		(124,332)	
Change in accrued interest payable	937		2,940	
Change in net position	\$ 6,882,491		\$ 7,190,755	

CITY OF KINSTON, NORTH CAROLINA
Electric Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the year ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal and state grants	\$ 5,586,389	\$ 5,431,956	\$ -	\$ 5,431,956	\$ (154,433)
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	<u>6,392,251</u>	<u>6,092,734</u>	<u>- -</u>	<u>6,092,734</u>	<u>(299,517)</u>
Expenditures:					
Caswell Center upgrades	2,857,432	2,857,432	- -	2,857,432	-
West Industrial Park Substation Project	2,667,147	2,667,147	- -	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	199,669	- -	199,669	-
Dapaco Inc. Generator Project	1,000,000	855,000	- -	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	920,220	862,012	- -	862,012	58,208
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	4,195,520	835,444	5,030,964	452,550
SmartGrid System Elec&Wtr	6,500,000	5,591,361	72,051	5,663,412	836,588
Electric Vehicle Charging Stations	25,000	25,000	- -	25,000	-
Harvey Parkway Extension Electric Facilities Relocation	139,411	85,170	- -	85,170	54,241
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	1,139,976	309,977	1,449,953	98,407
516, 521, 510 Circuit Rebuild	2,376,000	730,565	- -	730,565	1,645,435
Electric Circuit 540 Upgrade	2,341,800	23,077	56,786	79,863	2,261,937
Electric Vehicle Charging Station VW-DC Fast	85,133	- -	- -	- -	85,133
Total	<u>29,865,513</u>	<u>22,640,295</u>	<u>1,274,258</u>	<u>23,914,554</u>	<u>5,950,959</u>
Debt service:					
Principal retirement	310,560	310,560	- -	310,560	-
Interest and other charges	190,340	190,340	- -	190,340	-
Total debt service	<u>500,900</u>	<u>500,900</u>	<u>- -</u>	<u>500,900</u>	<u>- -</u>
Total expenditures	<u>30,366,413</u>	<u>23,141,196</u>	<u>1,274,258</u>	<u>24,415,454</u>	<u>5,950,959</u>
Other Financing Sources (Uses):					
Debt issued	2,950,000	2,950,000	- -	2,950,000	-
Transfers in	21,164,553	21,150,764	13,789	21,164,553	-
Transfers out	(140,391)	(140,391)	- -	(140,391)	-
Total other financing sources (uses)	<u>23,974,162</u>	<u>23,960,373</u>	<u>13,789</u>	<u>23,974,162</u>	<u>- -</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>\$ 6,911,911</u>	<u>\$ (1,260,469)</u>	<u>\$ 5,651,442</u>	<u>\$ 5,651,442</u>

This page left blank intentionally.

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.

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Water Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		Variance Over/Under	2021
	Budget	Actual		Actual
Operating Revenues:				
Water sales	\$ 10,200,883	\$ 10,344,708	\$ 143,825	\$ 10,100,078
Other	211,600	201,906	(9,694)	372,535
Total operating revenues	<u>10,412,483</u>	<u>10,546,614</u>	<u>134,131</u>	<u>10,472,614</u>
Non-Operating Revenues:				
Interest earned on investments	10,000	12,006	2,006	7,138
Total non-operating revenues	<u>10,000</u>	<u>12,006</u>	<u>2,006</u>	<u>7,138</u>
Total revenues	<u>10,422,483</u>	<u>10,558,620</u>	<u>136,137</u>	<u>10,479,751</u>
Expenditures:				
Water Production:				
Salaries and benefits	383,329	347,966	35,363	350,533
Operating	337,500	140,477	197,023	197,080
Repairs and maintenance	432,760	261,323	171,437	255,857
Capital outlay	28,848	30,158	(1,310)	3,375
Indirect costs	1,111,340	1,111,340	-	1,097,124
Total water production	<u>2,293,777</u>	<u>1,891,264</u>	<u>402,513</u>	<u>1,903,970</u>
Water Operations:				
Salaries and benefits	1,376,216	1,030,934	345,282	1,035,507
Operating	715,700	446,124	269,576	774,660
Repairs and maintenance	200,400	105,555	94,845	133,915
Capital outlay	284,777	164,490	120,287	144,176
Indirect costs	205,149	205,149	-	210,840
Purchased water	4,483,200	4,483,200	-	4,483,200
Total water operations	<u>7,265,442</u>	<u>6,435,452</u>	<u>829,990</u>	<u>6,782,297</u>
Debt service:				
Principal retirement	89,058	89,057	-	260,771
Interest and other charges	2,503	2,502	1	6,316
Total debt service	<u>91,561</u>	<u>91,559</u>	<u>1</u>	<u>267,086</u>
Non-Operating Expenditures:				
Economic development reimbursements	-	-	-	39,900
Total non-operating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,900</u>
Total expenditures	<u>9,650,780</u>	<u>8,418,275</u>	<u>1,232,504</u>	<u>8,993,254</u>
Revenues over (under) expenditures	<u>\$ 771,703</u>	<u>\$ 2,140,345</u>	<u>\$ 1,368,642</u>	<u>\$ 1,486,498</u>

CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Water Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021
(Continued)

	2022		Variance Over/Under	2021	
	Budget	Actual		Actual	
Other Financing Sources (Uses):					
Long-term debt issued	\$ -	\$ -	\$ -	\$ -	\$ -
Appropriated net position	(371,703)	-	371,703	-	-
Transfers from other funds	-	-	-	371,200	
Transfers to Capital Reserve	(400,000)	(400,000)	-	(250,000)	
Transfers to other funds	-	-	-	(413,299)	
Total other financing sources (uses)	<u>(771,703)</u>	<u>(400,000)</u>	<u>371,703</u>	<u>(292,099)</u>	
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,740,345</u>	<u>\$ 996,939</u>	<u>\$ 1,194,399</u>	
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:					
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 1,740,345		\$ 1,194,399		
Transfers in - Capital Reserve Fund	680,000		250,000		
Transfers out - Capital Reserve Fund	(311,531)		(371,200)		
Bad debt expense	(35,519)		(74,655)		
Capital outlay	1,081,588		1,189,136		
Interest from Capital Reserve Fund	2,932		1,696		
Long-term debt issued	(1,299,887)		-		
Payment of debt principal	739,000		260,771		
Depreciation	(465,675)		(482,130)		
Capital distribution	580,206		(658,922)		
Change in accrued compensated absences	5,356		(8,924)		
Change in deferred outflows of resources - pension	45,358		53,925		
Change in deferred inflows of resources - pension	289,963		(135,180)		
Change in net pension liability	(294,978)		1,334		
Change in accrued interest payable	<u>247</u>			<u>1,182</u>	
Change in net position	<u>\$ 2,757,405</u>			<u>\$ 1,221,431</u>	

CITY OF KINSTON, NORTH CAROLINA
Water Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the year ended June 30, 2022

	<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	\$ 610,013	\$ 26,299	\$ 152,266	\$ 178,565	\$ (431,448)
Total revenues	<u>610,013</u>	<u>26,299</u>	<u>152,266</u>	<u>178,565</u>	<u>(431,448)</u>
Expenditures:					
Water line projects	4,657,792	2,118,534	903,478	3,022,012	1,635,780
Total expenditures	<u>4,657,792</u>	<u>2,118,534</u>	<u>903,478</u>	<u>3,022,012</u>	<u>1,635,780</u>
Other Financing Sources (Uses):					
Debt proceeds	1,759,900	-	1,299,887	1,299,887	(460,013)
Transfers in	2,567,879	2,256,348	311,531	2,567,879	-
Transfers out	(280,000)	-	(280,000)	(280,000)	-
Total other financing sources (uses)	<u>4,047,779</u>	<u>2,256,348</u>	<u>1,331,418</u>	<u>3,587,766</u>	<u>(460,013)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 164,113</u>	<u>\$ 580,206</u>	<u>\$ 744,319</u>	<u>\$ 744,319</u>

This page left blank intentionally.

WASTEWATER FUND

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

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA

Enterprise Funds - Wastewater Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		Variance Over/Under	2021
	Budget	Actual		Actual
Operating Revenues:				
Sewer sales	\$ 6,838,000	\$ 7,000,916	\$ 162,916	\$ 6,880,626
Other	25,000	4,329	(20,671)	72,505
Total operating revenues	<u>6,863,000</u>	<u>7,005,245</u>	<u>142,245</u>	<u>6,953,131</u>
Non-Operating Revenues:				
Interest earned on investments	-	210	210	-
Total non-operating revenues	<u>-</u>	<u>210</u>	<u>210</u>	<u>-</u>
Total revenues	<u>6,863,000</u>	<u>7,005,455</u>	<u>142,455</u>	<u>6,953,131</u>
Expenditures:				
Wastewater Plant Operations:				
Salaries and benefits	937,527	882,556	54,971	839,613
Operating	572,502	539,514	32,988	517,847
Repairs and maintenance	691,419	630,240	61,179	434,871
Indirect costs	2,528,483	2,528,483	-	2,537,012
Capital outlay	1,018,373	440,791	577,582	217,183
Total wastewater plant operations	<u>5,748,304</u>	<u>5,021,584</u>	<u>726,720</u>	<u>4,546,526</u>
Debt Service:				
Principal retirement	1,224,740	1,224,740	-	1,524,192
Interest and other charges	102,535	86,195	16,340	105,679
Total debt service	<u>1,327,275</u>	<u>1,310,935</u>	<u>16,340</u>	<u>1,629,871</u>
Non-Operating Expenditures:				
Economic development reimbursements	-	-	-	8,550
Total non-operating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,550</u>
Total expenditures	<u>7,075,579</u>	<u>6,332,519</u>	<u>743,060</u>	<u>6,184,947</u>
Revenues over (under) expenditures	<u>\$ (212,579)</u>	<u>\$ 672,936</u>	<u>\$ (600,605)</u>	<u>\$ 768,184</u>

CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Wastewater Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021
(Continued)

	2022		Variance Over/Under	2021	
	Budget	Actual		Actual	
Other Financing Sources (Uses):					
Appropriated net position	\$ (67,791)	\$ -	\$ (67,791)	\$ -	
Long-term debt issued	340,000	323	339,677	-	
Transfers out - capital projects	(100,000)	-	(100,000)	(65,992)	
Transfers in	40,370	40,370	-	-	
Transfers out - other funds	-	-	-	-	
 Total other financing sources (uses)	 212,579	 40,693	 171,886	 (65,992)	
 Revenues and other financing sources over (under) expenditures and other financing uses	 \$ -	 \$ 713,629	 \$ (428,719)	 \$ 702,192	
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:					
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 713,629			\$ 702,192	
Transfers - Capital projects	(311,969)			776,445	
Interest from Capital Reserve	8			5	
Capital outlay	679,121			213,887	
Debt issued	(323)			(710,453)	
Payment of debt principal	1,224,740			1,524,192	
Depreciation	(2,399,739)			(2,433,211)	
Change in accrued compensated absences	(5,335)			(2,212)	
Change in accrued interest payable	4,492			3,710	
Change in deferred inflows of resources - pension	45,506			24,779	
Change in deferred outflows of resources - pension	143,704			(65,980)	
Change in net pension liability	(179,525)			830	
Bad debt expense	(39,317)			(83,466)	
 Change in net position	 \$ (125,008)			 \$ (49,281)	

CITY OF KINSTON, NORTH CAROLINA
Wastewater Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the year ended June 30, 2022

	<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	\$ 4,550,000	\$ 2,400,000	\$ -	\$ 2,400,000	\$ (2,150,000)
Local funds	775,000	766,000	-	766,000	(9,000)
Total revenues	<u>5,325,000</u>	<u>3,166,000</u>	-	<u>3,166,000</u>	<u>(2,159,000)</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	6,850,426	-	6,850,426	387,774
KRWRF Biosolids Dryer Project	2,680,380	2,675,317	-	2,675,317	5,063
Brierty Run Phase IV Rehabilitiation Project	2,666,796	2,533,995	-	2,533,995	132,801
Wastewater Asset Management Grant	159,750	157,451	-	157,451	2,299
Brierty Run Phase V Rehabilitiation Project	1,359,354	351	-	351	1,359,003
Lawrence Heights Sewer Replacement Project	5,365,592	-	309,719	309,719	5,055,873
Wastewater Asset Management Grant J Mosely	159,750	-	2,250	2,250	157,500
Total expenditures	<u>23,486,822</u>	<u>15,923,529</u>	<u>311,969</u>	<u>16,235,498</u>	<u>7,251,324</u>
Other Financing Sources (Uses):					
Debt issued	17,060,558	12,439,243	-	12,439,243	(4,621,315)
Transfers in	1,101,264	500,696	-	500,696	(600,568)
Total other financing sources (uses)	<u>18,161,822</u>	<u>12,939,939</u>	<u>-</u>	<u>12,939,939</u>	<u>(5,221,883)</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 182,410</u>	<u>\$ (311,969)</u>	<u>\$ (129,559)</u>	<u>\$ (129,559)</u>

This page left blank intentionally.

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.

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2022

Schedule 52

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Assets:				
Current assets:				
Cash and investments	\$ 2,161,391	\$ 1,908,712	\$ 7,350	\$ 4,077,453
Accounts receivable	531,587	161,155	6,884	699,626
Total current assets	<u>2,692,978</u>	<u>2,069,867</u>	<u>14,234</u>	<u>4,777,079</u>
Non-current assets:				
Construction in progress	-	486,209	-	486,209
Depreciable capital assets	4,313,986	1,394,724	683,414	6,392,124
Accumulated depreciation	(3,911,895)	(949,087)	(123,616)	(4,984,598)
Total non-current assets	<u>402,091</u>	<u>931,846</u>	<u>559,798</u>	<u>1,893,735</u>
Total assets	<u>3,095,069</u>	<u>3,001,713</u>	<u>574,032</u>	<u>6,670,814</u>
Deferred Outflows of Resources:				
Pension related deferrals	<u>205,726</u>	<u>54,974</u>	<u>25,438</u>	<u>286,138</u>
Liabilities:				
Current liabilities				
Accounts payable and accrued liabilities	103,311	4,172	232,010	339,493
Current portion of installment notes	105,932	-	-	105,932
Current portion of compensated absences	11,884	1,580	1,714	15,178
Total current liabilities	<u>221,127</u>	<u>5,752</u>	<u>233,724</u>	<u>460,603</u>
Non-current liabilities				
Net pension liability	133,602	35,702	16,520	185,824
Non-current portion of installment notes	220,077	-	-	220,077
Non-current portion of compensated absences	35,651	4,740	5,142	45,533
Total non-current liabilities	<u>389,330</u>	<u>40,442</u>	<u>21,662</u>	<u>451,434</u>
Total liabilities	<u>610,457</u>	<u>46,194</u>	<u>255,386</u>	<u>912,037</u>
Deferred Inflows of Resources:				
Pension deferrals	<u>192,177</u>	<u>51,354</u>	<u>23,762</u>	<u>267,293</u>
Net Position:				
Net investment in capital assets	76,082	931,846	559,798	1,567,726
Unrestricted	2,422,079	2,027,293	(239,476)	4,209,896
Total net position	<u>\$ 2,498,161</u>	<u>\$ 2,959,139</u>	<u>\$ 320,322</u>	<u>\$ 5,777,622</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 53

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the year ended June 30, 2022

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Operating Revenues:				
Charges for services	\$ 4,219,142	\$ 1,027,777	\$ 1,371,639	\$ 6,618,558
Other operating income	<u>20,115</u>	<u>25,365</u>	<u>34,151</u>	<u>79,631</u>
Total operating revenues	<u>4,239,257</u>	<u>1,053,142</u>	<u>1,405,790</u>	<u>6,698,189</u>
Operating Expenses:				
Operations	3,385,742	593,065	1,193,884	5,172,691
Depreciation	<u>327,961</u>	<u>60,535</u>	<u>22,429</u>	<u>410,925</u>
Total operating expenses	<u>3,713,703</u>	<u>653,600</u>	<u>1,216,313</u>	<u>5,583,616</u>
Operating income	<u>525,554</u>	<u>399,542</u>	<u>189,477</u>	<u>1,114,573</u>
Non-Operating Revenues (Expenses):				
Capital contributions	-	147,244	-	147,244
Interest earned on investments	2,471	2,243	-	4,714
Interest on long-term debt	<u>(15,258)</u>	<u>-</u>	<u>-</u>	<u>(15,258)</u>
Total non-operating revenues (expenses)	<u>(12,787)</u>	<u>149,487</u>	<u>-</u>	<u>136,700</u>
Change in net position	<u>512,767</u>	<u>549,029</u>	<u>189,477</u>	<u>1,251,273</u>
Fund balance, beginning	1,985,394	2,410,110	130,845	4,526,349
Fund balance, ending	<u>\$ 2,498,161</u>	<u>\$ 2,959,139</u>	<u>\$ 320,322</u>	<u>\$ 5,777,622</u>

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended June 30, 2022

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,246,942	\$ 1,077,117	\$ 1,414,057	\$ 6,738,116
Cash paid to suppliers for goods and services	(2,438,869)	(496,911)	(1,080,815)	(4,016,595)
Cash paid to or on behalf of employees for services	(983,061)	(280,917)	(333,242)	(1,597,220)
Net cash provided by operating activates	<u>825,012</u>	<u>299,289</u>	<u>-</u>	<u>1,124,301</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(12,398)	(45,046)	-	(57,444)
Principal paid on general long-term obligation bond maturities and equipment contracts	(223,612)	-	-	(223,612)
Interest paid on bonded indebtedness and equipment contracts	(15,258)	-	-	(15,258)
Net cash used by capital and related financing activities	<u>(251,268)</u>	<u>(45,046)</u>	<u>-</u>	<u>(296,314)</u>
Cash Flows from Investing Activities:				
Capital contributions	-	147,244	-	147,244
Interest on investments	<u>2,471</u>	<u>2,243</u>	<u>-</u>	<u>4,714</u>
Net cash provided in investing activities	<u>2,471</u>	<u>149,487</u>	<u>-</u>	<u>151,958</u>
Net increase (decrease) in cash and cash equivalents	<u>576,215</u>	<u>403,730</u>	<u>-</u>	<u>979,945</u>
Cash and Cash Equivalents:				
Beginning of year	<u>1,585,176</u>	<u>1,504,982</u>	<u>7,350</u>	<u>3,097,508</u>
End of year	<u>\$ 2,161,391</u>	<u>\$ 1,908,712</u>	<u>\$ 7,350</u>	<u>\$ 4,077,453</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	<u>525,554</u>	<u>399,542</u>	<u>189,477</u>	<u>1,114,573</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	327,961	60,535	22,429	410,925
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	7,685	23,977	8,265	39,927
Increase (decrease) in net pension liability	(194,712)	(72,039)	(11,420)	(278,171)
Increase (decrease) in deferred inflows of resources for pensions	189,582	50,503	23,542	263,627
(Increase) decrease in deferred outflows of resources for pensions	(24,589)	4,468	(10,023)	(30,144)
Increase (decrease) in accounts payable	(7,267)	(163,440)	(223,556)	(394,263)
Increase (decrease) in compensated absences	798	(4,257)	1,286	(2,173)
Total adjustments	<u>299,458</u>	<u>(100,253)</u>	<u>(189,477)</u>	<u>9,728</u>
Net cash provided by operating activities	<u>\$ 825,012</u>	<u>\$ 299,289</u>	<u>\$ -</u>	<u>\$ 1,124,301</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, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		Variance Over/Under	2021
	Budget	Actual		
Operating Revenues:				
Charges for services	\$ 4,179,808	\$ 4,252,798	\$ 72,990	\$ 4,215,940
Other	17,000	20,115	3,115	17,732
Total operating revenues	<u>4,196,808</u>	<u>4,272,913</u>	76,105	4,233,672
Non-Operating Revenues:				
Interest earned on investments	2,000	2,471	471	1,481
Total non-operating revenues	<u>2,000</u>	<u>2,471</u>	471	1,481
Total revenues	<u>4,198,808</u>	<u>4,275,384</u>	76,576	4,235,153
Expenditures:				
Bulk Leaf Collection:				
Salaries and benefits	-	-	-	-
Operating	1,500	1,500	-	1,231
Capital outlay	-	-	-	-
Indirect costs	<u>15,700</u>	<u>9,064</u>	6,636	2,320
Total leaf collection	<u>17,200</u>	<u>10,564</u>	6,636	3,551
Vector control:				
Salaries and benefits	29,410	28,007	1,403	26,980
Operating	9,600	8,621	979	2,084
Capital outlay	12,406	12,398	8	-
Indirect costs	<u>6,900</u>	<u>4,672</u>	2,228	4,553
Total vector control	<u>58,316</u>	<u>53,698</u>	4,618	33,617
Commercial Solid Waste:				
Salaries and benefits	286,957	228,066	58,891	254,052
Operating	455,500	436,346	19,154	446,768
Capital outlay	-	-	-	0
Indirect costs	<u>102,900</u>	<u>103,464</u>	(564)	77,419
Total commercial solid waste	<u>845,357</u>	<u>767,876</u>	77,481	778,239
Residential Solid Waste:				
Salaries and benefits	801,501	654,854	146,647	678,270
Operating	604,599	540,992	63,607	576,998
Capital outlay	-	-	-	401,520
Indirect costs	<u>314,000</u>	<u>278,009</u>	35,991	275,921
Total residential solid waste	<u>1,720,100</u>	<u>1,473,855</u>	246,245	1,932,710
Recycling:				
Salaries and benefits	42,679	43,143	(464)	41,580
Operating	92,900	71,760	21,140	53,332
Capital Outlay	-	-	-	-
Indirect costs	-	-	-	-
Total recycling	<u>135,579</u>	<u>114,903</u>	20,676	94,912

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, 2022 With Comparative Totals for the Year Ended June 30, 2021
(Continued)

	2022		Variance Over/Under	2021
	Budget	Actual		
Debt Service:				
Principal retirement	\$ 255,536	\$ 255,536	-	\$ 350,202
Interest and other charges	<u>18,791</u>	<u>18,791</u>	<u>-</u>	<u>24,098</u>
Total debt service	<u>274,327</u>	<u>274,327</u>	<u>-</u>	<u>374,300</u>
Other indirect costs	<u>1,006,166</u>	<u>1,006,166</u>	<u>-</u>	<u>1,002,186</u>
Total expenditures	<u>4,057,045</u>	<u>3,701,389</u>	<u>355,656</u>	<u>4,219,515</u>
Other Financing Sources (Uses):				
Appropriated net position	(141,763)	-	141,763	-
Transfers out	-	-	-	-
Long-term debt issued	<u>-</u>	<u>31,924</u>	<u>(31,924)</u>	<u>-</u>
Total other financing sources (uses)	<u>(141,763)</u>	<u>31,924</u>	<u>109,839</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 605,919</u>	<u>\$ (169,241)</u>	<u>\$ 15,638</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 605,919		\$ 15,638
Bad debt expense	(33,656)		(26,850)	
Capital outlay	12,398		401,520	
Debt issued	(31,924)		-	
Payment of debt principal	255,536		350,202	
Depreciation	(327,961)		(325,482)	
Change in accrued compensated absences	(797)		(159)	
Change in accrued interest payable	3,533		1,220	
Change in deferred outflows of resources - pension	24,589		12,577	
Change in deferred inflows of resources - pension	194,712		(51,391)	
Change in net pension liability	<u>(189,582)</u>		<u>1,429</u>	
Change in net position	<u>\$ 512,767</u>		<u>\$ 378,704</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, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		Variance Over/Under	2021
	Budget	Actual		Actual
Operating Revenues:				
Charges for services	\$ 1,025,000	\$ 1,027,777	\$ 2,777	\$ 1,027,180
Other	24,400	25,365	965	23,366
Total operating revenues	<u>1,049,400</u>	<u>1,053,142</u>	3,742	1,050,546
Non-Operating Revenues:				
Interest earned on investments	1,000	2,243	1,243	1,125
Total non-operating revenues	<u>1,000</u>	<u>2,243</u>	1,243	1,125
Total revenues	<u>1,050,400</u>	<u>1,055,385</u>	4,985	1,051,672
Expenditures:				
Stormwater Operations:				
Salaries and benefits	490,090	259,594	230,496	330,347
Operating	163,500	103,057	60,443	129,050
Capital outlay	13,943	14,650	(707)	14,028
Indirect costs	282,136	282,136	-	280,133
Total stormwater operations	<u>949,669</u>	<u>659,437</u>	290,232	753,557
Debt service:				
Principal retirement	-	-	-	51,724
Interest and other charges	-	-	-	759
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	52,484
Total expenditures	<u>949,669</u>	<u>659,437</u>	<u>290,232</u>	<u>806,041</u>
Other Financing Sources (Uses):				
Appropriated net position	6,943	-	(6,943)	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	<u>6,943</u>	<u>-</u>	<u>(6,943)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 107,674</u>	<u>\$ 395,948</u>	<u>\$ 288,274</u>	<u>\$ 245,630</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, 2022 With Comparative Totals for the Year Ended June 30, 2021
(Continued)

	2022		Variance	2021	
	Budget	Actual		Over/Under	Actual
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:					
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 395,948			\$ 245,630	
Transfers-Capital Projects	147,244			(165,598)	
Payment of debt principal	-			51,725	
Capital outlay	45,046			179,626	
Depreciation	(60,535)			(59,205)	
Change in accrued compensated absences	4,258			4,014	
Change in accrued interest payable	-			252	
Change in deferred outflows of resources - pension	(4,468)			6,298	
Change in deferred inflows of resources - pension	72,039			(20,431)	
Change in net pension liability	<u>(50,503)</u>			<u>417</u>	
Change in net position	<u><u>\$ 549,029</u></u>			<u><u>\$ 242,729</u></u>	

CITY OF KINSTON, NORTH CAROLINA
Schedule 57
Stormwater Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the year ended June 30, 2022

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal and state grants	\$ 177,640	\$ -	\$ 177,640	\$ 177,640	\$ -
Total revenues	<u>177,640</u>	<u>-</u>	<u>177,640</u>	<u>177,640</u>	<u>-</u>
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	<u>227,640</u>	<u>165,598</u>	<u>30,396</u>	<u>195,994</u>	<u>31,646</u>
Total Expenditures	<u>527,640</u>	<u>427,336</u>	<u>30,396</u>	<u>457,732</u>	<u>69,908</u>
Other Financing Sources (Uses):					
Transfers in	<u>350,000</u>	<u>478,000</u>	<u>-</u>	<u>478,000</u>	<u>128,000</u>
Total other financing sources (uses)	<u>350,000</u>	<u>478,000</u>	<u>-</u>	<u>478,000</u>	<u>128,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 50,664</u>	<u>\$ 147,244</u>	<u>\$ 197,908</u>	<u>\$ 197,908</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, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		Variance Over/Under	2021	
	Budget	Actual		Actual	
Operating Revenues:					
Charges for services	\$ 1,275,400	\$ 1,371,639	\$ 96,239	\$ 753,978	
Other operating income	51,324	34,151	(17,173)	44,724	
Total operating revenues	<u>1,326,724</u>	<u>1,405,790</u>	<u>79,066</u>	<u>798,702</u>	
Total revenues	<u>1,326,724</u>	<u>1,405,790</u>	<u>79,066</u>	<u>798,702</u>	
Expenditures:					
Salaries and benefits	379,886	329,857	50,029	218,520	
Operating	1,047,500	859,504	187,996	742,783	
Indirect Costs	1,137	1,137	-	1,138	
Total expenditures	<u>1,428,523</u>	<u>1,190,498</u>	<u>238,025</u>	<u>962,441</u>	
Other Financing Sources (Uses):					
Appropriated net position	101,799	-	(101,799.00)	-	
Transfers in	-	-	-	-	
Transfers out	-	-	-	-	
Total other financing sources (uses)	<u>101,799</u>	<u>-</u>	<u>(101,799)</u>	<u>-</u>	
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 215,292</u>	<u>\$ 215,292</u>	<u>\$ (163,739)</u>	
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:					
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 215,292			\$ (163,739)	
Depreciation	(22,429)			(29,672)	
Change in accrued compensated absences	(1,287)			(1,966)	
Change in deferred outflows of resources - pension	10,023			(6,148)	
Change in deferred inflows of resources - pension	11,420			7,485	
Change in net pension liability	<u>\$ (23,542)</u>			<u>294</u>	
Change in net position	<u>\$ 189,477</u>			<u>\$ (193,746)</u>	

This page left blank intentionally.

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.

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Net Position
June 30, 2022

	Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Assets:						
Current assets:						
Cash and investments	\$ 1,201,505	\$ 2,065,606	\$ 950,232	\$ 184,272	\$ 3,463,122	\$ 7,864,737
Accounts receivable	-	471	50,901	287	2,833	54,492
Inventory	-	-	279,545	-	-	279,545
Total current assets	<u>1,201,505</u>	<u>2,066,077</u>	<u>1,280,678</u>	<u>184,559</u>	<u>3,465,955</u>	<u>8,198,774</u>
Non-current assets:						
Construction in progress	-	-	-	-	-	-
Buildings	-	19,468	-	-	-	19,468
Equipment	-	-	207,789	-	697,333	905,122
Accumulated depreciation	-	(13,628)	(203,074)	-	(677,373)	(894,075)
Total non-current assets	<u>-</u>	<u>5,840</u>	<u>4,715</u>	<u>-</u>	<u>19,960</u>	<u>30,515</u>
Total assets	<u>1,201,505</u>	<u>2,071,917</u>	<u>1,285,393</u>	<u>184,559</u>	<u>3,485,915</u>	<u>8,229,289</u>
Deferred Outflows of Resources:						
Pension related deferrals	<u>-</u>	<u>19,304</u>	<u>85,987</u>	<u>-</u>	<u>328,635</u>	<u>433,926</u>
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	251,567	429,695	10,989	36,083	26,762	755,096
Current portion of compensated absences	-	1,637	7,352	-	15,897	24,886
Total current liabilities	<u>251,567</u>	<u>431,332</u>	<u>18,341</u>	<u>36,083</u>	<u>42,659</u>	<u>779,982</u>
Non-current liabilities:						
Net pension liability	-	12,536	55,841	-	213,421	281,798
Non-current portion of compensated absences	-	4,911	22,053	-	61,658	88,622
Total non-current liabilities	<u>-</u>	<u>17,447</u>	<u>77,894</u>	<u>-</u>	<u>275,079</u>	<u>370,420</u>
Total liabilities	<u>251,567</u>	<u>448,779</u>	<u>96,235</u>	<u>36,083</u>	<u>317,738</u>	<u>1,150,402</u>
Deferred Inflows of Resources:						
Pension deferrals	<u>-</u>	<u>18,031</u>	<u>80,323</u>	<u>-</u>	<u>306,991</u>	<u>405,345</u>
Net Position:						
Net investment in capital assets	<u>-</u>	<u>5,840</u>	<u>4,715</u>	<u>-</u>	<u>19,960</u>	<u>30,515</u>
Unrestricted	<u>949,938</u>	<u>1,618,571</u>	<u>1,190,107</u>	<u>148,476</u>	<u>3,169,861</u>	<u>7,076,953</u>
Total net position	<u>\$ 949,938</u>	<u>\$ 1,624,411</u>	<u>\$ 1,194,822</u>	<u>\$ 148,476</u>	<u>\$ 3,189,821</u>	<u>\$ 7,107,468</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, 2022

	Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Operating Revenues:						
Contributions from various funds	\$ 117,644	\$ 693,992	\$ 697,916	\$ 572,311	\$ 2,263,397	\$ 4,345,260
Premiums collected	2,748,909	-	-	-	-	2,748,909
Other income	-	-	1,283	-	13	1,296
Total operating revenues	<u>2,866,553</u>	<u>693,992</u>	<u>699,199</u>	<u>572,311</u>	<u>2,263,410</u>	<u>7,095,465</u>
Operating Expenses:						
Administration	-	90,855	360,441	-	1,331,322	1,782,618
Operations	-	212,612	131,473	646,674	376,748	1,367,507
Depreciation	-	487	2,358	-	19,466	22,311
Claims reimbursement	2,905,480	377,082	-	-	-	3,282,562
Total operating expenses	<u>2,905,480</u>	<u>681,036</u>	<u>494,272</u>	<u>646,674</u>	<u>1,727,536</u>	<u>6,454,998</u>
Operating income	<u>(38,927)</u>	<u>12,956</u>	<u>204,927</u>	<u>(74,363)</u>	<u>535,874</u>	<u>640,467</u>
Non-Operating Revenues (Expenses):						
Transfers (to) from	-	-	-	-	-	-
Interest earned on investments	1,050	2,736	-	-	5,701	9,487
Total non-operating revenues (expenses)	<u>1,050</u>	<u>2,736</u>	<u>-</u>	<u>-</u>	<u>5,701</u>	<u>9,487</u>
Change in net position	<u>(37,877)</u>	<u>15,692</u>	<u>204,927</u>	<u>(74,363)</u>	<u>541,575</u>	<u>649,954</u>
Net Position:						
Net position, beginning	<u>987,815</u>	<u>1,608,719</u>	<u>989,895</u>	<u>222,839</u>	<u>2,648,246</u>	<u>6,457,514</u>
Net position, ending	<u>\$ 949,938</u>	<u>\$ 1,624,411</u>	<u>\$ 1,194,822</u>	<u>\$ 148,476</u>	<u>\$ 3,189,821</u>	<u>\$ 7,107,468</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Cash Flows
For the year ended June 30, 2022

	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	\$ -	\$ 696,088	\$ 697,950	\$ 572,812	\$ 2,263,247	\$ 4,230,097
Cash paid to suppliers for goods and services	(2,830,573)	(580,000)	(164,108)	(613,254)	(372,803)	(4,560,738)
Cash paid to or on behalf of employees for services	-	(89,654)	(374,136)	-	(1,407,220)	(1,871,010)
Other operating revenues	2,866,553	-	-	-	-	2,866,553
Net cash provided by operating activities	<u>35,980</u>	<u>26,434</u>	<u>159,706</u>	<u>(40,442)</u>	<u>483,224</u>	<u>664,902</u>
Cash Flows from Investing Activities:						
Interest on investments	1,050	2,736	-	-	5,701	9,487
Net cash provided in investing activities	<u>1,050</u>	<u>2,736</u>	<u>-</u>	<u>-</u>	<u>5,701</u>	<u>9,487</u>
Net increase in cash and cash equivalents	<u>37,030</u>	<u>29,170</u>	<u>159,706</u>	<u>(40,442)</u>	<u>488,925</u>	<u>674,389</u>
Cash and Cash Equivalents:						
Beginning of year	1,164,475	2,036,436	790,526	224,714	2,974,197	7,190,348
End of year	<u>\$ 1,201,505</u>	<u>\$ 2,065,606</u>	<u>\$ 950,232</u>	<u>\$ 184,272</u>	<u>\$ 3,463,122</u>	<u>\$ 7,864,737</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income	\$ (38,927)	\$ 12,956	\$ 204,927	\$ (74,363)	\$ 535,874	\$ 640,467
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	-	487	2,358	-	19,466	22,311
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	-	2,096	(1,249)	501	(163)	1,185
(Increase) decrease in inventories	-	-	(39,387)	-	-	(39,387)
Increase (decrease) in accounts payable	74,907	12,096	6,752	33,420	3,945	131,120
Increase (decrease) in compensated absences	-	388	13,581	-	(15,180)	(1,211)
Increase (decrease) in pension liability	-	(15,639)	(113,945)	-	(340,074)	(469,658)
Increase (decrease) in deferred inflows of resources	-	17,809	78,982	-	302,617	399,408
(Increase) decrease in deferred outflows of resources	-	(3,759)	7,687	-	(23,261)	(19,333)
Total adjustments	<u>74,907</u>	<u>13,478</u>	<u>(45,221)</u>	<u>33,921</u>	<u>(52,650)</u>	<u>24,435</u>
Net cash provided by operating activities	<u>\$ 35,980</u>	<u>\$ 26,434</u>	<u>\$ 159,706</u>	<u>\$ (40,442)</u>	<u>\$ 483,224</u>	<u>\$ 664,902</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds - Health Self-Insurance Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		Variance Over/Under	2021
	Financial Plan	Actual		Actual
Operating Revenues:				
Premiums collected	\$ 3,279,006	\$ 2,748,909	\$ (530,097)	\$ 3,022,848
Contributions	117,699	117,644	(55)	117,486
Other	-	-	-	-
Total operating revenues	<u>3,396,705</u>	<u>2,866,553</u>	<u>(530,152)</u>	<u>3,140,334</u>
Non-Operating Revenues:				
Investment earnings	500	1,050	550	729
Total non-operating revenues	<u>500</u>	<u>1,050</u>	<u>550</u>	<u>729</u>
Total revenues	<u>3,397,205</u>	<u>2,867,603</u>	<u>(529,602)</u>	<u>3,141,063</u>
Operating Expenditures:				
Salaries and benefits	-	-	-	-
Operating	-	-	-	-
Claims reimbursements, operating	<u>2,838,760</u>	<u>2,830,303</u>	<u>8,457</u>	<u>2,593,645</u>
Total operating expenditures	<u>2,838,760</u>	<u>2,830,303</u>	<u>8,457</u>	<u>2,593,645</u>
Other Financing Sources (Uses):				
Appropriated net position	(558,445)	-	558,445	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>(558,445)</u>	<u>-</u>	<u>558,445</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>37,300</u>	<u>\$ 37,300</u>	<u>547,418</u>
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Change in incurred but not reported claims	<u>(75,177)</u>			<u>50,000</u>
Change in net position	<u>\$ (37,877)</u>			<u>\$ 597,418</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, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		Variance Over/Under	2021	
	Financial Plan	Actual		Actual	
Operating Revenues:					
Contributions	\$ 693,992	\$ 693,992	\$ -	\$ 702,691	
Other	-	-	-	-	
Total operating revenues	<u>693,992</u>	<u>693,992</u>	<u>-</u>	<u>702,691</u>	
Non-Operating Revenues:					
Investment earnings	4,100	2,736	(1,364)	1,784	
Total non-operating revenues	<u>4,100</u>	<u>2,736</u>	<u>(1,364)</u>	<u>1,784</u>	
Total revenues	<u>698,092</u>	<u>696,728</u>	<u>(1,364)</u>	<u>704,475</u>	
Operating Expenditures:					
Salaries and benefits	79,990	92,056	(12,066)	80,028	
Operating	251,810	212,612	39,198	187,412	
Claims reimbursements, operating	<u>378,700</u>	<u>377,082</u>	<u>1,618</u>	<u>372,200</u>	
Total operating expenditures	<u>710,500</u>	<u>681,750</u>	<u>28,750</u>	<u>639,640</u>	
Other Financing Sources (Uses):					
Appropriated net position	12,408	-	(12,408)	-	
Transfers out	-	-	-	-	
Total other financing sources (uses)	<u>12,408</u>	<u>-</u>	<u>(12,408)</u>	<u>-</u>	
Revenues over (under) expenditures	<u>\$ -</u>	<u>14,978</u>	<u>\$ 14,978</u>	<u>64,835</u>	
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:					
Depreciation		(487)		(487)	
Change in accrued compensated absences		(388)		(86)	
Change in deferred outflows of resources - pension		3,759		2,275	
Change in deferred inflows of resources - pension		15,639		(6,374)	
Change in net pension liability		<u>(17,809)</u>		<u>94</u>	
Change in net position	<u>\$ 15,692</u>			<u>\$ 60,257</u>	

CITY OF KINSTON, NORTH CAROLINA
Internal Service Fund - Fleet Maintenance Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		2021	
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 653,153	\$ 697,916	\$ 44,763	\$ 727,044
Other	-	1,283	1,283	170
Total operating revenues	<u>653,153</u>	<u>699,199</u>	<u>46,046</u>	<u>727,214</u>
Operating Expenditures:				
Administration:				
Salaries and benefits	529,876	374,137	155,739	486,474
Operating	51,342	39,712	11,630	36,735
Fleet maintenance inventory	85,000	91,761	(6,761)	135,596
Total operating expenditures	<u>666,218</u>	<u>505,610</u>	<u>160,608</u>	<u>658,806</u>
Other Financing Sources (Uses):				
Appropriated net position	13,065	-	(13,065)	-
Total other financing sources (uses)	<u>13,065</u>	<u>-</u>	<u>(13,065)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>193,589</u>	<u>\$ 193,589</u>	<u>68,409</u>
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Depreciation		(2,358)		(2,358)
Debt service		-		-
Change in accrued compensated absences		(13,580)		14,374
Change in deferred outflows of resources - pension		(7,687)		17,729
Change in deferred inflows of resources - pension		113,945		(45,018)
Change in net pension liability		<u>(78,982)</u>		<u>471</u>
Change in net position	<u>\$ 204,927</u>			<u>\$ 53,607</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Fund - Warehouse Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		Variance Over/Under	2021	
	Financial Plan	Actual		Actual	
Operating Revenues:					
Contributions from other funds	\$ 604,400	\$ 572,311	\$ (32,089)	\$ 445,995	
Total operating revenues	<u>604,400</u>	<u>572,311</u>	<u>(32,089)</u>	<u>445,995</u>	
Operating Expenditures:					
Fuel purchased	642,400	646,674	(4,274)	395,098	
Total operating expenditures	<u>642,400</u>	<u>646,674</u>	<u>(4,274)</u>	<u>395,098</u>	
Other Financing Sources (Uses):					
Appropriated net position	50,000	-	(50,000)		
Transfers out	(12,000)	-	12,000		-
Total other financing sources (uses)	<u>38,000</u>	<u>-</u>	<u>(38,000)</u>		<u>-</u>
Revenues and other financing sources over (under) expenses and other financing uses	<u>\$ -</u>	<u>\$ (74,363)</u>	<u>\$ (74,363)</u>	<u>\$ 50,897</u>	

CITY OF KINSTON, NORTH CAROLINA
Internal Service Fund - Public Services Administration Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021

	2022		2021
	Financial Plan	Actual	Variance Over/Under
Operating Revenues:			
Contributions	\$ 2,263,397	\$ 2,263,397	\$ 2,249,637
Other	-	13	13
Total operating revenues	<u>2,263,397</u>	<u>2,263,410</u>	<u>13</u>
Non-Operating Revenues:			
Investment earnings	11,200	5,701	(5,499)
Total non-operating revenues	<u>11,200</u>	<u>5,701</u>	<u>(5,499)</u>
Total revenues	<u>2,274,597</u>	<u>2,269,111</u>	<u>(5,486)</u>
Expenditures:			
Administration:			
Salaries and benefits	739,729	483,252	256,477
Operating	90,700	46,666	44,034
Capital outlay	2,400	2,147	-
Total administration	<u>832,829</u>	<u>532,065</u>	<u>300,511</u>
Operations:			
Salaries and benefits	1,081,540	923,968	157,572
Operating	370,450	324,519	45,931
Capital outlay	5,600	3,416	2,184
Total operating	<u>1,457,590</u>	<u>1,251,903</u>	<u>205,687</u>
Total expenditures	<u>2,290,419</u>	<u>1,783,968</u>	<u>506,198</u>
Other Financing Sources (Uses):			
Appropriated net position	15,822	-	(15,822)
Transfers out	-	-	-
Other financing sources (uses)	<u>15,822</u>	<u>-</u>	<u>(15,822)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 485,143</u>	<u>\$ 484,890</u>
			<u>\$ 201,820</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Fund - Public Services Administration
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2022 With Comparative Totals for the Year Ended June 30, 2021
(Continued)

	2022		2021
	Financial Plan	Actual	Variance Over/Under
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$</u> <u>-</u>	485,143	<u>\$</u> <u>281,631</u>
Payment of debt principal		-	-
Change in accrued compensated absences		15,180	(9,415)
Capital outlay		-	-
Depreciation		(19,466)	(25,776)
Change in deferred outflows of resources - pension		23,261	40,132
Change in deferred inflows of resources - pension		(302,617)	(117,736)
Change in net pension liability		<u>340,074</u>	<u>1,957</u>
Change in net position	<u>\$</u> <u>541,575</u>		<u>\$</u> <u>90,982</u>

This page left blank intentionally.

OTHER FINANCIAL INFORMATION

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

This page left blank intentionally.

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	156
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	166
These schedules contain information to help the reader assess the government's most significant local revenue source, the Electric charges.	
Debt Capacity	173
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	175
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	178
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.	

This page left blank intentionally.

CITY OF KINSTON, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

Table 1

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections And Credits	Uncollected Balance June 30, 2022
2020-2021		\$ 10,931,575	\$ 10,695,802	\$ 235,773
2020-2021	212,878	-	104,042	108,836
2019-2020	106,028	-	40,230	65,798
2018-2019	66,765	-	20,435	46,330
2017-2018	48,435	-	11,066	37,369
2016-2017	46,673	-	11,020	35,653
2015-2016	39,832	-	7,314	32,518
2014-2015	34,825	-	4,492	30,333
2013-2014	44,420	-	5,058	39,362
2012-2013	38,927	-	2,763	36,164
2011-2012	<u>31,398</u>	<u>-</u>	<u>31,398</u>	<u>-</u>
	<u><u>\$ 670,181</u></u>	<u><u>\$ 10,931,575</u></u>	<u><u>\$ 10,933,619</u></u>	<u><u>668,137</u></u>
Motor vehicle tags receivable				11,628
Less: allowance for uncollectible ad valorem taxes receivable: General Fund				<u>(159,363)</u>
Ad valorem taxes receivable - net				<u><u>\$ 520,402</u></u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund			\$ 11,048,201	
Less auto fee			(146,457)	
Penalties collected			37,407	
Less credits and adjustments			<u>(5,532)</u>	
Subtotal				
Total collections and credits			<u><u>\$ 10,933,619</u></u>	

CITY OF KINSTON, NORTH CAROLINA
Analysis of Current Tax Levy - City-Wide Levy
For the Fiscal Year Ended June 30, 2022

Table 2

	Total Levy				
	City - Wide			Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original Levy:					
Property taxed at current rate	\$ 1,477,127,438	0.77	\$10,783,030	\$ 9,613,243	\$ 1,169,789
Penalties	-		37,345	37,345	-
Total	1,477,127,438		10,820,375	9,650,588	1,169,789
Municipal Service:					
District			80,623	68,907	11,716
Penalties			62	62	-
Total			80,685	68,969	11,716
Discoveries	12,330,486	0.77	90,013	90,013	-
Abatements	(8,150,495)	0.77	(59,499)	(59,499)	-
Total property valuation	<u><u>\$ 1,481,307,429</u></u>				
Net Levy			10,931,574	9,750,071	1,181,505
Uncollected taxes at June 30, 2022			235,774	235,774	-
Current Year's Taxes Collected			<u><u>\$ 10,695,800</u></u>	<u><u>\$ 9,514,297</u></u>	<u><u>\$ 1,181,505</u></u>
Current Levy Collection Percentage			<u><u>97.84%</u></u>	<u><u>97.58%</u></u>	<u><u>100.00%</u></u>

Table 3

City of Kinston, North Carolina
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	\$ 10,389,743	\$ 10,623,321	\$ 10,865,691	\$ 10,995,400	\$ 12,462,790	\$ 13,505,530	\$ 14,693,708	\$ 14,074,186	\$ 13,852,747	\$ 13,949,335
Restricted	1,392,528	1,610,885	1,477,150	1,346,376	4,110,501	6,301,350	10,437,314	11,285,710	13,126,479	16,765,812
Unrestricted	4,378,089	6,196,097	6,004,128	7,342,380	2,659,278	(2,092,818)	(2,558,681)	(1,826,360)	(1,788,464)	1,904,341
Total governmental activities net position	\$ 16,160,360	\$ 18,430,303	\$ 18,346,969	\$ 19,684,156	\$ 19,232,569	\$ 17,714,062	\$ 22,572,341	\$ 23,533,536	\$ 25,190,762	\$ 32,619,488
Business-type activities:										
Net investment in capital assets	\$ 81,307,560	\$ 81,092,577	\$ 83,079,029	\$ 83,212,363	\$ 87,195,214	\$ 90,916,697	\$ 93,488,343	\$ 95,279,046	\$ 98,186,245	\$ 98,084,345
Unrestricted	14,155,855	16,775,329	19,100,935	33,204,451	31,758,367	35,490,383	36,371,716	45,259,036	51,233,410	62,643,048
Total business-type activities net position	\$ 95,463,415	\$ 97,867,906	\$ 102,179,964	\$ 116,416,814	\$ 118,953,581	\$ 126,407,080	\$ 129,860,059	\$ 140,538,082	\$ 149,419,655	\$ 160,727,393
Primary government:										
Net investment in capital assets	\$ 91,697,303	\$ 91,715,898	\$ 93,944,720	\$ 94,207,763	\$ 99,658,004	\$ 104,422,227	\$ 108,182,051	\$ 109,353,232	\$ 112,038,992	\$ 112,033,680
Restricted	1,392,528	1,610,885	1,477,150	1,346,376	4,110,501	6,301,350	10,437,314	11,285,710	13,126,479	16,765,812
Unrestricted	18,533,944	22,971,426	25,105,063	40,546,831	34,417,645	33,397,565	33,813,035	43,432,676	49,444,946	64,547,389
Total primary government net position	\$ 111,623,775	\$ 116,298,209	\$ 120,526,933	\$ 136,100,970	\$ 138,186,150	\$ 144,121,142	\$ 152,432,400	\$ 164,071,618	\$ 174,610,417	\$ 193,346,881

City of Kinston, North Carolina
Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
General government	\$ 3,736,119	\$ 3,285,740	\$ 3,476,650	\$ 3,469,612	\$ 3,682,645	\$ 3,577,234	\$ 3,293,480	\$ 7,109,297	\$ 8,294,798	\$ 6,856,727
Public safety	9,525,247	9,251,041	9,374,900	9,906,304	10,832,976	9,780,286	10,379,634	12,070,545	10,824,551	11,078,556
Streets, Cemetery, Engineering (Public Services)	2,162,737	1,634,990	2,109,344	2,414,126	1,345,645	3,978,248	5,689,563	3,335,583	3,498,471	3,331,732
Culture and recreation	4,295,122	3,949,692	3,855,523	3,503,154	3,823,362	3,859,265	4,031,531	3,966,588	3,461,949	2,128,431
Community development	742,399	1,327,105	1,862,929	1,456,793	3,964,073	1,502,431	1,162,463	359,283	2,892,723	4,021,650
Interest on long-term debt	358,094	390,855	372,159	362,384	346,373	338,245	328,206	422,143	455,300	407,519
Total governmental activities expenses	20,819,718	19,839,423	21,051,505	21,112,373	23,995,074	23,035,709	24,884,877	27,263,439	29,427,792	27,824,615
Business-type activities:										
Electric	52,616,382	53,878,327	53,345,934	42,893,008	40,921,590	42,153,741	41,931,685	38,231,100	39,443,256	40,023,486
Water	6,681,717	7,157,044	7,809,304	7,545,322	8,828,090	9,073,471	8,899,572	9,032,211	9,185,436	8,570,838
Wastewater	6,140,791	6,263,399	6,340,320	6,342,991	6,823,521	6,802,106	6,961,763	7,021,821	6,918,953	7,131,524
Nonmajor funds	4,428,421	5,719,665	6,222,424	6,041,827	6,065,762	6,003,723	6,071,391	6,076,136	5,630,990	5,598,874
Total business-type activities expenses	69,867,311	73,018,435	73,717,982	62,823,148	62,638,964	64,033,041	63,864,411	60,361,268	61,178,635	61,324,722
Total primary government expenses	90,687,029	92,857,858	94,769,487	83,935,521	86,634,038	87,068,750	88,749,288	87,624,707	90,606,427	89,149,337

City of Kinston, North Carolina
Changes In Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenue:										
Governmental activities:										
Charges for services:										
General government	361,568	793,510	540,842	686,853	657,003	512,248	489,506	1,720,321	1,813,641	2,011,487
Public safety	30,418	343,103	134,763	294,628	321,671	131,763	112,920	150,218	260,916	196,665
Public services	-	-	-	-	313,238	157,463	160,570	840,332	853,887	808,940
Culture and recreation	1,028,551	1,384,634	1,265,117	1,475,526	1,462,080	954,205	953,068	930,000	890,000	890,000
Community development	176,202	444,731	266,498	415,181	185,264	-	-	-	-	-
Operating grants and contributions:										
General government	-	-	-	-	10,000	15,000	-	-	34,951	-
Public safety	234,333	168,119	142,343	218,495	268,419	117,138	114,288	89,741	51,920	62,456
Public services	715,925	751,206	764,273	717,391	631,630	2,622,018	751,565	740,250	1,359,281	896,423
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Community development	50,686	110,855	76,379	88,000	520,445	-	-	-	-	-
Capital grants and contributions:										
Public safety	115,644	-	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-	-	-	-
Culture and recreation	76,164	54,577	-	32,505	-	-	-	-	-	-
Community development	288,664	362,000	322,655	84,869	-	-	-	-	-	-
Total governmental activities program revenue	3,078,155	4,412,735	3,512,870	4,013,448	4,369,750	4,509,835	2,581,917	4,470,862	5,264,596	4,865,971

City of Kinston, North Carolina
Changes In Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Charges for services:										
Electric	53,285,229	55,407,387	55,560,799	56,504,904	47,920,146	48,928,147	48,530,615	45,879,245	46,338,409	47,366,821
Water	7,533,531	7,874,345	8,952,764	9,144,639	10,607,776	10,389,823	10,431,932	9,844,974	10,025,499	10,309,189
Wastewater	5,409,255	5,749,226	6,361,226	6,092,050	6,006,997	5,770,683	6,141,613	6,188,798	6,797,161	6,961,599
Nonmajor funds	5,402,616	6,612,670	6,125,182	6,113,417	6,449,730	6,229,582	7,164,005	6,038,565	5,970,249	6,618,558
Capital grants and contributions:										
Electric	369,221	518,754	610,152	129,490	5,000	303,858	-	-	81,190	-
Water	-	-	-	-	-	-	-	26,299	-	-
Wastewater	86,071	-	2,567,185	206,731	1,342,598	42,549	6,937	-	-	-
Nonmajor funds	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	72,085,923	76,162,382	80,177,308	78,191,231	72,332,247	71,664,642	72,275,102	67,977,881	69,212,508	71,256,167
Total primary government program revenues	75,164,078	80,575,117	83,690,178	82,204,679	76,701,997	76,174,477	74,857,019	72,448,743	74,477,104	76,122,138
Net (expense) revenue:										
Governmental activities	(17,741,563)	(15,426,688)	(17,538,635)	(17,098,925)	(19,625,324)	(18,525,874)	(22,302,960)	(22,792,577)	(24,163,196)	(22,958,644)
Business-type activities	2,218,612	3,143,947	6,459,326	15,368,083	9,693,283	7,631,601	8,410,691	7,616,613	8,033,873	9,931,445
Total primary government net expense	(15,522,951)	(12,282,741)	(11,079,309)	(1,730,842)	(9,932,041)	(10,894,273)	(13,892,269)	(15,175,964)	(16,129,323)	(13,027,199)

City of Kinston, North Carolina
Changes In Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	9,769,405	10,695,873	10,542,483	10,392,749	10,320,353	9,936,900	9,930,882	10,025,472	10,575,357	11,207,178
Sales taxes	2,925,258	3,243,976	3,415,939	3,582,107	3,957,420	4,008,528	4,173,314	4,307,319	4,907,737	5,333,476
Other taxes	2,006,708	2,292,838	2,510,532	2,584,803	2,523,910	2,931,087	2,411,046	2,253,322	2,264,867	2,297,739
Unrestricted intergovernmental	400,259	402,458	371,981	375,763	422,430	1,957,044	2,399,830	2,889,155	2,632,415	6,259,211
Investment earnings	15,240	12,514	12,435	17,605	24,580	33,898	80,544	83,160	17,156	32,507
Miscellaneous	210,924	276,812	202,349	303,016	218,635	207,197	772,372	3,148,490	3,422,890	2,997,629
Transfers	1,100,100	772,160	1,454,570	1,180,069	3,157,431	2,470,000	7,393,251	957,250	2,000,000	2,259,630
Capital contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities	16,427,894	17,696,631	18,510,289	18,436,112	20,624,759	21,544,654	27,161,239	23,664,168	25,820,422	30,387,370
Business-type activities:										
Unrestricted intergovernmental	-	-	-	-	-	2,180,778	2,250,247	2,250,050	2,249,637	2,263,397
Investment earnings	34,260	32,704	27,188	48,836	68,041	108,471	182,608	195,947	41,092	70,357
Miscellaneous	-	-	-	-	-	2,649	2,684	1,515,742	556,971	1,302,169
Transfers	(1,100,100)	(772,160)	(1,454,570)	(118,069)	(3,157,431)	(2,470,000)	(7,393,251)	(957,250)	(2,000,000)	(2,259,630)
Total business-type activities	(1,065,840)	(739,456)	(1,427,382)	(69,233)	(3,089,390)	(178,102)	(4,957,712)	3,004,489	847,700	1,376,293
Total primary government	15,362,054	16,957,175	17,082,907	18,366,879	17,535,369	21,366,552	22,203,527	26,668,657	26,668,122	31,763,663
Changes in net position:										
Governmental activities	(1,313,669)	2,269,943	971,654	1,337,187	999,435	3,018,780	4,858,279	871,591	1,657,226	7,428,726
Business-type activities	1,152,772	2,404,491	5,031,944	15,298,850	6,603,893	7,453,499	3,452,979	10,621,102	8,881,573	11,307,738
Total primary government	\$ (160,897)	\$ 4,674,434	\$ 6,003,598	\$ 16,636,037	\$ 7,603,328	\$ 10,472,279	\$ 8,311,258	\$ 11,492,693	\$ 10,538,799	\$ 18,736,464

City of Kinston, North Carolina
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Function / Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government	\$ (3,374,551)	\$ (2,492,230)	\$ (2,935,808)	\$ (2,782,759)	\$ (3,015,642)	\$ (3,049,986)	\$ (2,803,974)	\$ (5,388,976)	\$ (6,446,206)	\$ (4,845,240)
Public safety	(9,144,852)	(8,739,819)	(9,097,794)	(9,393,181)	(10,242,886)	(9,531,385)	(10,152,426)	(11,830,586)	(10,511,715)	(10,819,435)
Streets, Cemetery & Engineering (Public services)	(1,446,812)	(883,784)	(1,345,071)	(1,696,735)	(400,777)	(1,198,767)	(4,777,428)	(1,755,001)	(1,285,303)	(1,626,369)
Culture and recreation	(3,190,407)	(2,510,481)	(2,590,406)	(1,995,123)	(2,361,282)	(2,905,060)	(3,078,463)	(3,036,588)	(2,571,949)	(2,128,431)
Community development	(226,847)	(409,519)	(1,197,397)	(868,743)	(3,258,364)	(1,502,431)	(1,162,463)	(359,283)	(2,892,723)	(3,131,650)
Interest on long-term debt	(358,094)	(390,855)	(372,159)	(362,384)	(346,373)	(338,245)	(328,206)	(422,143)	(455,300)	(407,519)
Total governmental activities	(17,741,563)	(15,426,688)	(17,538,635)	(17,098,925)	(19,625,324)	(18,525,874)	(22,302,960)	(22,792,577)	(24,163,196)	(22,958,644)
Business-type activities:										
Electric	1,038,068	2,047,814	2,825,017	13,741,386	7,003,556	7,078,264	6,598,930	7,648,145	6,976,343	7,343,335
Water	851,814	717,301	1,143,460	1,599,317	1,779,686	1,316,352	1,532,360	839,062	840,063	1,738,351
Wastewater	(645,465)	(514,173)	2,588,091	(44,210)	526,074	(988,874)	(813,213)	(833,023)	(121,792)	(169,925)
Nonmajor funds	974,195	893,005	(97,242)	71,590	383,968	225,859	1,092,614	(37,571)	339,259	1,019,684
Total business-type activities	2,218,612	3,143,947	6,459,326	15,368,083	9,693,283	7,631,601	8,410,691	7,616,613	8,033,873	9,931,445
Total government	\$ (15,522,951)	\$ (12,282,741)	\$ (11,079,309)	\$ (1,730,842)	\$ (9,932,041)	\$ (10,894,273)	\$ (13,892,269)	\$ (15,175,964)	\$ (16,129,323)	\$ (13,027,199)

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:	-	-	-	-	-	-	-	-	-	-
Non-spendable	89,785	85,125	78,720	67,491	73,462	92,061	81,568	99,731	105,960	139,328
Restricted	1,051,988	1,193,123	1,244,509	1,154,417	2,975,492	3,933,403	1,627,756	2,047,515	2,694,544	3,850,634
Assigned	-	-	-	-	275,615	749,962	477,070	348,833	749,963	1,878,109
Unassigned	5,797,539	7,042,172	7,288,963	8,308,930	5,882,365	5,771,120	5,004,721	4,544,951	5,007,543	7,864,060
Total General Fund	\$ 6,939,312	\$ 8,320,420	\$ 8,612,192	\$ 9,530,838	\$ 9,206,934	\$ 10,546,546	\$ 7,191,115	\$ 7,041,030	\$ 8,558,010	\$ 13,732,131
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	-	-	217,086	209,365	-	-	-	-	-	-
Non-spendable in permanent fund	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Restricted in special revenue funds	110,144	184,085	152,846	115,815	1,370,577	2,249,303	7,068,420	8,554,726	9,416,983	10,961,752
Restricted in capital project funds	146,498	158,378	4,496	805	36,564	43,067	15,100	13,792	52,045	-
Restricted in permanent fund	8,898	299	299	339	339	577	667	751	517	317
Committed in special revenue funds	36,874	31,757	13,546	6,747	93,972	-	-	-	-	-
Committed in capital project funds	38,653	58,052	62,726	275,736	321,266	137,001	1,061,633	1,064,262	404,843	673,769
Assigned in special revenue funds	10,633	20,359	29,758	39,379	48,096	55,918	395,085	46,607	-	-
Assigned in capital project funds	-	-	-	-	-	-	778,216	35,800	59,418	-
Unassigned in special revenue funds	(395,080)	(301,280)	(21,960)	(111,387)	(6,146)	21,043	(383,783)	-	-	-
Unassigned in capital project funds	(161,287)	(40,514)	(68,325)	(27,119)	(981,474)	(2,293,905)	(1,276,895)	(22,759)	-	-
Total all other government funds	\$ (129,667)	\$ 186,136	\$ 465,472	\$ 584,680	\$ 958,194	\$ 288,004	\$ 7,733,443	\$ 9,768,179	\$ 10,008,806	\$ 11,710,838

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.

City of Kinston, North Carolina
Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes	\$ 9,678,780	\$ 10,805,474	\$ 10,633,642	\$ 10,395,234	\$ 10,357,976	\$ 9,936,900	\$ 9,930,882	\$ 10,025,472	\$ 10,575,357	\$ 11,207,178
Other taxes	4,931,966	5,536,814	5,926,471	6,166,910	6,481,330	6,939,615	6,584,360	6,560,641	7,172,604	7,631,215
Intergovernmental	1,881,675	1,849,215	1,677,631	1,517,023	1,852,924	2,780,981	3,315,683	3,719,146	4,078,567	7,218,090
Charges for services	1,955,122	1,605,774	1,717,067	1,743,150	1,686,305	1,755,679	1,721,214	1,715,007	1,707,699	1,860,596
Other	216,847	285,355	117,190	310,582	238,489	225,712	797,766	475,172	414,684	277,440
Total revenues	18,664,390	20,082,632	20,072,001	20,132,899	20,617,024	21,638,887	22,349,905	22,495,438	23,948,911	28,194,519
Expenditures:										
General government	1,992,856	1,939,339	2,660,498	2,429,822	2,536,238	2,627,905	2,479,043	2,522,884	3,218,193	2,725,677
Public safety	9,346,240	9,114,838	9,532,994	9,841,653	10,341,579	9,264,592	12,828,471	9,947,540	10,940,454	10,855,653
Public services	1,898,996	1,328,145	1,790,674	2,050,263	1,052,312	2,616,846	3,107,996	2,610,193	2,614,467	2,654,971
Culture and recreation	4,272,800	3,919,006	3,908,529	4,101,005	5,214,979	5,171,645	3,902,713	3,633,297	3,131,254	3,734,894
Community development	1,083,839	1,653,197	2,244,287	1,893,825	3,762,735	1,068,919	3,837,661	1,179,099	1,674,145	1,723,807
Capital outlay	-	-	-	-	-	1,599,770	1,207,608	2,922,791	1,085,154	784,114
Debt service:										
Principal	387,146	480,604	492,474	518,347	812,354	751,543	633,893	811,444	1,072,333	786,446
Interest	306,975	388,074	369,378	369,378	352,119	338,245	328,206	422,143	455,300	407,519
Total expenditures	19,288,852	18,823,203	20,998,834	21,204,293	24,072,316	23,439,465	28,325,591	24,049,391	24,191,300	23,673,081
Excess of revenues (under) expenditures	(624,462)	1,259,429	(926,833)	(1,071,394)	(3,455,292)	(1,800,578)	(5,975,686)	(1,553,953)	(242,389)	4,521,438
Other financing sources (uses):										
Transfers in	832,287	817,690	1,183,984	1,204,345	3,896,134	2,650,632	9,694,631	957,648	2,198,857	3,982,742
Transfers (out)	(227,287)	(506,180)	(187,031)	(555,132)	(738,703)	(180,632)	(2,301,380)	(300)	(198,858)	(1,723,111)
Issuance of long-term debt	621,038	125,972	276,180	1,459,899	347,471	-	2,672,443	2,481,256	-	95,081
Total other financing sources	1,226,038	437,482	1,273,133	2,109,112	3,504,902	2,470,000	10,065,694	3,438,604	1,999,999	2,354,712
Net changes in fund balance	\$ 601,576	\$ 1,696,911	\$ 346,300	\$ 1,037,718	\$ 49,610	\$ 669,422	\$ 4,090,008	\$ 1,884,651	\$ 1,757,610	\$ 6,876,150
Debt service as a percentage of noncapital expenditures	3.6%	4.6%	4.1%	4.2%	4.8%	4.6%	3.7%	6.2%	7.1%	5.5%

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)
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
2021	452,731,418	123,892,363	289,986,088	20,103,166	433,981,617	18,749,801	4%	0.0673
2022	455,392,655	122,591,210	297,639,934	15,121,178	435,352,322	20,040,333	4%	0.0680

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

Electric Rates	Cents Per KWH									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential	14.8	14.7	14.6	13.7	13.0	13.0	13	13.1	13	13
Small General Service	14.8	14.7	14.7	13.6	13.0	13.0	13	13.3	13.3	13.3
Medium General Service	12.0	12.5	12.2	11.7	11.3	11.4	11.4	11.5	11.3	11.2
Public Housing	14.6	14.8	14.6	13.6	13.0	13.0	13	13.1	13.1	13.2
Church And School	17.2	17.2	17.0	16.6	16.2	16.2	16.2	16.3	16.4	16.3
Municipal Service	6.0	6.0	7.0	7.0	7.0	7.0	7	7	7	7
Masterbrand	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0
Large General Service	10.7	10.6	10.7	9.9	9.7	9.8	9.7	9.7	9.6	9.6
CDC Rate	8.5	8.1	8.1	7.0	6.9	6.9	7.1	7.1	6.8	6.9
Area Lights	23.7	23.8	23.4	22.4	22.1	22.2	22.4	22.6	22.9	23.2

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

CITY OF KINSTON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Lenoir County	City of Kinston	Municipal Service District	Total Tax
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
2021	0.845	0.730	0.270	1.845
2022	0.845	0.770	0.270	1.885

Note: Real property was revalued on January 1, 2017

City of Kinston, North Carolina
Principal Taxpayers
Current Year and Nine Years Ago
As of 6/30/2022

Name of Taxpayer	2022				2013				
	Nature of Property	Assessed		Percentage of Total Assessed	Name of Taxpayer	Assessed		Percentage of Total Assessed	
		Value	Rank			Value	Rank		
Spirit Aerosystems NC, Inc	Manufacturer	178,660,450	1	13.09%	Sanderson Farms, Inc	Poultry Processor	\$117,470,311	1	7.63%
Sanderson Farms, Inc.	Meat Processor	127,827,972	2	9.36%	Smithfield Packing	Meat Processor	69,086,307	2	4.49%
Smithfield Packing	Meat Processor	103,717,587	3	7.60%	Carolina Telephone	Utility	25,908,686	4	1.68%
Dupont Specialty Products	Manufacturer	64,861,277	4	4.75%	MasterBrand	Manufacturer	18,965,719	3	1.23%
Duke Energy Center	Energy Provider	60,668,005	5	4.44%	Poole Walter Realty	Real Estate	16,351,793	5	1.06%
West Pharmaceutical	Manufacturer	58,822,370	6	4.31%	BRE Retail Residual NC Owner LP	Shopping	12,571,268	6	0.82%
Electrlux Home Products, Inc	Manufacturer	58,194,888	7	4.26%	Piedmont Natural Gas	Natural Gas	11,831,005	7	0.77%
Pactiv	Manufacturer	50,927,108	8	3.73%	Lowes Home Centers Inc	Shopping	10,222,714	8	0.66%
Moen, Inc	Manufacturer	23,204,705	9	1.70%	Vernon Park Mall Holding Corp	Shopping Mall	8,003,517	9	0.52%
Masterbrand Cabinets Inc	Manufacturer	23,320,127	10	1.71%	Perrys Inc	Real Estate	7,978,613	10	0.52%
Total Assessed Valuation of Top Ten Taxpayers		\$ 750,204,489		54.95%	Total Assessed Valuation of Top Ten Taxpayers		\$ 298,389,933		19.37%
Balance of Assessed Valuation		\$615,119,304		45.05%	Balance of Assessed Valuation		\$1,241,865,772		80.63%
Total Assessed Valuation		\$1,365,323,793		100.00%	Total Assessed Valuation		\$1,540,255,705		100.00%

Source: Lenoir County Tax Office

City of Kinston, North Carolina
Property Tax Levies And Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2012	9,533,752	9,035,552	0.9477	462,036	9,497,588	0.9962
2014	2013	10,430,850	10,022,906	0.9609	368,582	10,391,488	0.9962
2015	2014	10,371,023	10,019,384	0.9661	321,306	10,340,690	0.9971
2016	2015	10,215,605	9,913,395	0.9704	269,692	10,183,087	0.9968
2017	2016	10,166,157	9,852,755	0.9692	277,750	10,130,505	0.9965
2018	2017	9,621,661	9,359,639	0.9728	224,654	9,584,293	0.9961
2019	2018	9,636,199	9,389,093	0.9744	200,777	9,589,870	0.9952
2020	2019	9,979,280	9,737,675	0.9758	175,807	9,913,482	0.9934
2021	2020	10,202,783	9,989,905	0.9791	104,042	10,093,947	0.9893
2022	2021	10,931,575	10,695,801	0.9784	-	10,695,801	0.9784

Source: City of Kinston CAFR Schedule of Ad Valorem Taxes Receivable for tax years 2013-2022

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.

City of Kinston, North Carolina
Ratios of Net General Bonded Debt Outstanding by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities					Total Debt
	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt	Percentage of Actual Property Value	Debt Per Capita	Installment Contracts	Notes and Installments	General Obligation Bonds	Revenue Bonds	Total Primary Government	
2013	-	-	-	0	-	9,341,434	7,915,246	-	11,280,517	28,537,197	1,320
2014	-	-	-	0	-	8,986,802	6,995,368	-	10,186,195	26,168,365	1,209
2015	-	-	-	0	-	8,781,132	7,113,058	-	9,147,000	25,041,190	1,171
2016	-	-	-	0	-	9,720,559	7,556,524	-	7,787,000	25,064,083	1,156
2017	-	-	-	0	-	9,253,551	8,558,887	-	6,390,000	24,202,438	1,157
2018	-	-	-	0	-	8,499,886	8,801,457	-	4,968,000	22,269,343	1,060
2019	-	-	-	0	-	10,536,288	10,840,329	-	3,525,000	24,901,617	1,240
2020	-	-	-	0	-	12,203,976	13,046,344	-	2,276,000	27,526,320	1,374
2021	-	-	-	0	-	11,131,644	12,165,866	-	1,008,000	24,305,510	1,221
2022	-	-	-	0	-	10,440,273	11,468,604	-	604,000	22,512,877	1,152

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

POPULATIONS

2013	21625
2014	21641
2015	21392
2016	21677
2017	20923
2018	21004
2019	20,083
2020	20,041
2021	19,900
2022	19,546

City of Kinston, North Carolina
Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2022
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Lenoir County Debt	\$ 36,992,932	34.77%	\$ 12,861,390
Subtotal, overlapping debt	\$ 36,992,932		\$ 12,861,390
City Direct Debt	<u>10,440,273</u>		
Total direct and overlapping debt	\$ 47,433,205		\$ 12,861,390

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, 2022 assessed valuation of \$4,260,651,965 for Lenoir County and \$1,480,307,430 for the City of Kinston.

**City of Kinston, North Carolina
Legal Debt Margin Information**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 114,575,354	\$ 125,096,448	\$ 124,575,515	\$ 122,993,612	\$ 122,395,394	\$ 109,140,195	\$ 109,244,828	\$ 108,608,263	\$ 109,225,903	\$ 118,504,594
Total net debt applicable to limit	17,256,680	15,982,168	15,894,191	17,277,083	17,812,438	17,301,343	21,376,619	25,250,320	23,297,510	21,908,877
Legal debt margin	\$ 97,318,674	\$ 109,114,280	\$ 108,681,324	\$ 105,716,529	\$ 104,582,956	\$ 91,838,852	\$ 87,868,209	83,357,943	85,928,393	96,595,717
Total net debt applicable to the limit as a percentage of debt limit	17.73%	14.65%	14.62%	16.34%	17.03%	18.84%	24.33%	30.29%	27.11%	22.68%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed valuation	\$ 1,481,307,430	A Total government wide debt	\$ 35,314,595
8%	118,504,594	DEBT LIMIT	\$ (604,000)
Less applicable debt	<u>(21,908,877)</u>	A	\$ (1,221,581)
Debt margin	<u>\$ 96,595,717</u>	Less law enforcement separation allowance	\$ (4,247,038)
		Less separation allowance	\$ -
		Less other post employment benefits	\$ (7,333,099)
			\$ 21,908,877

Notes:

Debt includes installment contracts and notes payable

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

City of Kinston, North Carolina
Pledged-Revenue Coverage (Parity Debt)
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

Fiscal Year	Combined Enterprise Revenue Bonds					Special Assessment Bonds				Sales Tax Increment Bonds		
	Gross Revenues	Less Operating Expenses	Net Available Revenue	Parity		Special Assessment Collections	Debt Service		Sales Tax Increment	Debt Service		
				Principal	Interest		Principal	Interest		Principal	Interest	
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	64,775,533	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	63,389,825	47,824,546	15,565,279	3,373,761	253,643	4.29						
2021	63,632,170	49,107,087	14,525,083	2,457,003	131,278	5.61						
2022	65,712,890	49,893,432	15,819,458	1,999,747	139,333	7.40						

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)
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%
2021	19,900	26,578	8,520	4.7%
2022	19,546	26,176	8,149	3.3%

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.

City of Kinston, North Carolina
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2022			2013			
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment	
Sanderson Farms	1,500	1	5.42%	Sanderson Farms	1,530	1	5.78%
Lenoir County Schools	1,249	2	4.51%	Caswell Center	1,447	2	5.46%
Caswell Center	1,100	3	3.97%	Lenoir County Public Schools	1,161	3	4.38%
UNC Lenoir	871	4	3.15%	Lenoir Memorial Hospital	1,078	4	4.07%
Smithfield Foods	830	5	3.00%	Electrolux Home Products	540	5	2.04%
Masterbrand	700	6	2.53%	Associated Materials, Inc	486	6	1.83%
West Pharmaceutical	700	7	2.53%	Lenoir Community College	476	7	1.80%
Electrolux	474	8	1.71%	Masterbrand	369	8	1.39%
Fly Exclusive	445	9	1.61%	Lenoir County	315	9	1.19%
Lenoir Community College	476	10	1.72%	City of Kinston	300	10	1.13%
Total	<u>8,345</u>		<u>30.15%</u>	Total	<u>7,702</u>		<u>29.07%</u>
Total Employment Lenoir County	27,679						

Sources:

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

City of Kinston, North Carolina
Full-Time Equivalent City Government Employees By Functions/Programs
Last Ten Fiscal Years
(Unaudited)

<u>Functions/Program</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government:										
Legislative	6	6	6	6	6	6	6	6	6	6
City Management	2	2	2	2	3	3	3	3	3	3
City Clerk	1	1	1	1	1	1	1	1	1	1
Personnel	3	3	3	3	3	3	3	3	3	2
Finance	13	13	13	14	14	14	14	14	14	13
Computer Services	4	4	4	4	4	4	4	4	4	4
Building Safety	4	4	4	4	4	4	4	4	4	1
Planning & Inspections	2	2	2	2	3	3	3	3	3	3
MSD Development	-	-	-	-	-	2	2	1	1	1
Parks and Recreation:										
General & Administrative	4	4	5	5	3	3	3	3	3	3
Recreation	26	30	30	30	33	34	34	34	34	25
Pool(s)	1	1	1	1	1	1	1	1	1	1
Golf Course(s)	1	1	1	1	1	-	-	-	-	-
Stadium						1	1	1	1	1
Police:										
Officers	76	76	76	76	74	73	73	73	73	68
Civilians (a)	10	10	10	10	9	11	11	11	11	8
Fire:										
Firefighters and Officers	48	48	48	48	51	50	50	50	50	51
Civilians	1	1	1	1	1	1	1	1	1	1
Public Services:										
Administration	9	9	9	9	10	9	9	9	8	8
Billing and Customer Service	15	15	15	15	14	15	15	15	15	14
Meter Services	9	9	9	9	4	9	9	9	9	5
Engineering	9	9	9	9	9	9	9	9	9	5
Street Maintenance	11	11	11	11	9	16	16	16	16	11
Street Sweeping	-	-	-	-	11					
Refuse Collection	27	27	27	27	27	27	27	27	27	27
Weed Control	1	1	1	1	1	-	-	-	-	-
Central Garage	10	10	10	10	10	10	10	10	10	10
Street Lighting	-	-	-	-	-					
Traffic Control	2	2	2	2	1	-	-	-	-	-
Electric:										
Distribution	22	22	22	22	22	22	22	22	22	20
Water:										
Transmission	24	24	24	24	24	24	24	24	24	24
Purification	6	6	6	6	6	6	6	6	6	6
Sewer Maintenance	14	14	14	14	14	14	14	14	14	14
Stormwater	7	10	10	10	10	10	10	10	10	9
Other Programs/Functions:										
Risk Management	2	2	2	2	2	2	2	2	2	1
Total	368	375	376	377	383	387	387	386	385	346

Source: Prior year CAFR's

Various Human Resources and Adopted Budget Records

City of Kinston, North Carolina
Operating Indicators By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Calls for service	28,944	26,729	26,954	27,679	24,667	26,250	29,999	26,668	27,855	27,198
Adult arrest	2,823	2,392	2,607	2,638	2,229	2,067	1,937	1,879	1,962	1,597
Juvenile arrest	130	97	62	156	84	51	56	50	54	90
Speeding citations only	488	525	464	276	120	61	592	408	659	155
Traffic citations	3,870	3,916	2,222	2,788	1,350	1,587	6,883	3,629	5,583	1,759
Fire:										
Total fire runs	898	536	963	1,212	471	963	1,023	936	892	1,084
Total rescue runs	96	185	777	2,399	1,259	2,605	2,509	681	248	1,785
Property loss	\$ 11,441,115	\$ 726,548	\$ 626,006	\$ 595,414	\$ 530,079	\$ 789,534	\$ 836,885	\$ 693,473	\$ 710,025	\$ 484,907.00
Building safety:										
Total building permits	109	114	93	101	124	148	124	99	138	156
Total value all permits	\$ 13,159,552	\$ 10,386,075	\$ 42,725	\$ 35,226,386	\$ 16,657,737	\$ 17,181,211	\$ 14,119,575	\$ 24,282,265	\$ 22,488,125	\$ 26,700,161
Library, volumes in collection	244,343	198,083	164,554	165,000	165,000	148,717	163,577	118,643	116,916	114,469
Public service:										
Garbage collected (ton)	21,017	18,214	17,972	18,204	18,979	18,087	16,319	18,998	20,457	18,897
Recycle collected (ton)	628	615	617	620	617	587	586	586	619	583
Parks and Recreation:										
Recreation program attendance:										
Athletics	205,100	202,100	204,150	203,500	198,000	202,000	192,000	30,000	94,000	187,600
Centers & Parks	547,000	625,000	592,000	602,000	520,000	535,000	527,000	131,500	321,000	437,000
Other Programs	123,000	128,000	125,000	123,500	118,500	120,200	117,000	5,000	34,200	98,400
Golf Rounds Played	8,650	9,200	8,300	7,800	8,100	8,000	10,200	8,300	7,900	9,300

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Stations	1	2	1	1	1	1	1	1	1	1
Fire & Rescue										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Refuse Collection:										
Collection Trucks	25	25	25	25	25	25	25	25	25	25
Other Public Works										
Streets (Miles)	117.1	115.11	115.11	115.14	115.43	115.43	115.43	115.43	115.43	115.85
Streets Lights	2065	2065	2065	2065	2065	2065	2065	2065	2065	2065
Traffic Signals	15	15	15	15	15	15	15	15	15	15
Parks & Recreation:										
Acreage	332	332	332	332	332	332	332	332	332	332
Parks	15	15	15	15	15	15	15	15	15	15
Golf Course	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Diamonds	26	26	26	26	26	26	26	26	26	26
Soccer/Football Fields	13	13	13	13	13	13	13	13	13	13
Basketball Courts	6	6	6	6	6	6	6	6	6	6
Tennis Courts	17	17	17	17	17	17	17	10	10	10
Swimming Pools	4	4	4	4	3	3	2	2	2	2
Parks with Playground Equipment	8	8	8	8	9	9	9	9	9	9
Picnic Shelters	8	9	9	9	9	9	9	9	9	9
Community Centers	7	7	7	7	7	7	7	7	7	7
Museums	2	2	2	8	2	2	2	2	2	2
Stadium	4200 seat	4200 seat	4200 seat	4200 seat	5000seat	5000seat	5000seat	5000seat	5000seat	5000seat
Airport Theater	0	0	0	0	0	0	0	0	0	0
Indoor Batting Facility	1	1	1	1	1	1	1	1	1	1
Natural Sites	5	5	5	5	5	5	5	5	5	5
Gymnasium	6	6	6	6	6	6	6	6	6	6
Spray Ground	1	1	1	1	1	1	1	1	1	1
Dog Park	1	1	1	1	1	1	1	1	1	1
Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	244,343	198,083	164,554	165,000	165,000	165,000	163,577	118,643	118,643	114,469
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)	4.4MGD	4.14MGD	4.58MGD	4.16MGD	4.30 MGD	4.47 MGD	4.47 MGD	4.37 MGD	4.29 MGD	4.29 MGD
Peak Consumption (MGPD)	10.4MGD	10.4MGD	9.4MGD	9.6MGD	7.19MGD	7.31MGD	6.81MGD	6.55MGD	5.24MGD	6.69MGD
Miles of Water Mains	216.76	216.76	216.76	218.45	218.77	219.4	219.4	219.4	219.4	258
Wastewater:										
Sanitary Sewers (miles)	213.24	213.24	213.24	216.77	216.77	216.77	216.77	216.77	216.77	217.16
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	4.69MGD	6.23MGD	5.98 MGD	5.76MGD	6.29 MGD	4.44 MGD	4.79 MGD	5.97 MGD	5.97 MGD	5.61MGD
Electric:										
Average Daily Usage	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	1,188,990 KWH	1,192,746 KWH
Mile of Distribution Lines	430	435	435	435	435	435	435	435	450	450

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.

<u>Contents</u>	<u>Pages</u>
Compliance Section	
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	180
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	182
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	185
Schedule of Findings and Questioned Costs	188
Summary of Schedule of Prior Year Audit Findings	191
Schedule of Expenditures of Federal and State Awards	192

This page left blank intentionally.

**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 24, 2023.

Report on 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) as a basis for designing 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.

Report on 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. 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
January 24, 2023

**Independent Auditors' Report On Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; With OMB 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

Opinion on Each Major 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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 *Governmental 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). Our responsibilities under those standards and the Uniform Guidance are further described in the auditor's Responsibilities for the Audit of Compliance section or our report.

We are required to be independent of City of Kinston and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Kinston's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contract or grant agreements applicable to City of Kinston's federal program.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Kinston, NC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Kinston's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Kinston's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Kinston's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Kinston's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

RH CPAs, PLLC

Greensboro, North Carolina
January 24, 2023

**Independent Auditors' Report On Compliance For Each Major State Program; Report on
Internal Control Over Compliance; 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

Opinion on 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, 2022. City of Kinston's major program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

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 *Governmental 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). Our responsibilities under those standards and the Uniform Guidance are further described in the auditor's Responsibilities for the Audit of Compliance section or our report.

We are required to be independent of City of Kinston and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of City of Kinston's compliance with the compliance requirements referred to above.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contract or grant agreements applicable to City of Kinston's state program.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Kinston, NC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Kinston's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Kinston's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Kinston's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Kinston's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

RH CPAs, PLLC

Greensboro, North Carolina
January 24, 2023

CITY OF KINSTON, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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? yes ✓ no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes ✓ none reported

Noncompliance material to financial statements noted

yes ✓ no

yes no

yes 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? yes ✓ no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted

yes no

yes no

YES NO

Identification of major Federal programs:

CFDA Number	Program Name
66.468	Capitalization Grants for Drinking Water State Revolving Fund
21.027	Coronavirus State Fiscal Recovery 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, 2022

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?	<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 state program:

Program Name

Non-State System Street Aid Allocation (Powell Bill)
Home Investment Partnership Program

CITY OF KINSTON, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2022

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, 2022

Prior Year Findings

No findings disclosed in the prior year

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2022

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	14.228	PROJECT #17-C-2992	\$ 12,591	\$ -	\$ -
Total U.S. Department of Housing and Urban Development			<u>12,591</u>	<u>-</u>	<u>-</u>
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)	97.036	FEMA-4393-DR-NC	126,751	-	-
Total U.S. Department of Homeland Security			<u>126,751</u>	<u>-</u>	<u>-</u>
U.S. Department of Justice					
Bureau of Justice Assistance					
Direct Program					
2015 Edward-Byrne Memorial JAG	16.738	2015-DJ-BX-0938	497	-	-
2020 Edward-Byrne Memorial JAG	16.738	2020-DJ-BX-0828	20,967	-	-
2021 Edward-Byrne Memorial JAG	16.738	15PBJA-21-GG-01649-JAGX	12,113	-	-
Project Safe Neighborhoods	16.609	2019-GP-BX-0043	5,841	-	-
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0730	76,655	-	-
Bulletproof Vest Partnership Program	16.607	N/A	8,425	-	-
Passed-through the NC Department of Public Safety					
Governor's Crime Commission 2019 Juvenile Justice DMC Grant	16.540	PROJ013557	57,260	-	-
Total U.S. Department of Justice			<u>57,260</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Justice			<u>181,758</u>	<u>-</u>	<u>-</u>
U.S. Environmental Protection Agency					
Office of Solid Waster and Emergency Response					
Direct Program					
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF01D12620	58,045	-	-
Passed-through NC Department of Environmental Quality					
Division of Water Infrastructure					
Clean Water (Wastewater) State Revolving Fund Cluster:					
Capitalization Grants for Clean Water State Revolving Fund - Lawrence Heights Waterline Replacement	66.458	#E-SRP-W-14-0041; #CS370527-12	28,490	-	-
Capitalization Grants for Clean Water State Revolving Fund - Lawrence Heights Sewer Replacement	66.458	#E-SRP-W-14-0041; #CS370527-12	309,719	-	-
Total Clean Water State Revolving Fund Cluster			<u>309,719</u>	<u>-</u>	<u>-</u>
			<u>338,209</u>	<u>-</u>	<u>-</u>
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water State Revolving Fund - Water Asset Management Grant	66.468	#H-AIA-D-18-0123	69,565	-	-
Capitalization Grants for Drinking Water State Revolving Fund - Greenmead Waterline Replacement	66.468	#H-LRX-F-19-1949	681,568	-	-
Total Drinking Water State Revolving Fund Cluster			<u>681,568</u>	<u>-</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>751,133</u>	<u>-</u>	<u>-</u>
			<u>1,147,387</u>	<u>-</u>	<u>-</u>

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2022

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
U.S. Department of the Treasury					
Direct Program					
Coronavirus Relief Fund	21.019	02-53-01	\$ 16,214	\$ -	\$ -
Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0234	2,550,556	-	-
Total U.S. Department of the Treasury			<u>2,566,770</u>	<u>-</u>	<u>-</u>
Total Federal Assistance			<u>4,035,257</u>	<u>-</u>	<u>-</u>
STATE GRANTS					
Cash Assistance					
N.C. Department of Commerce					
Community Development Block Grant CARES (CDBG-CV) Act	#20-V-3503		-	421,234	-
Total N.C. Department of Transportation			<u>-</u>	<u>421,234</u>	<u>-</u>
N.C. Department of Transportation					
Non-State System Street Aid Allocation (Powell Bill)	DOT-4		-	239,408	-
Total N.C. Department of Transportation			<u>-</u>	<u>239,408</u>	<u>-</u>
N.C. Department of Environmental Quality					
Division of Water Infrastructure	#E-AIA-W-21-0215		-	2,250	-
Wastewater Asset Management Grant			-	2,250	-
Total N.C. Department of Environmental Quality			<u>-</u>	<u>2,250</u>	<u>-</u>
North Carolina Housing Finance Agency					
Home Investment Partnership Program	ESFRLP1911		-	331,659	-
Home Investment Partnership Program	ESFRLPDR02		-	7,900	-
Urgent Repair Program	URP2021		-	71,249	-
Total N.C. of Housing Finance Agency			<u>-</u>	<u>410,808</u>	<u>-</u>
Total Assistance - State Programs			<u>-</u>	<u>1,073,700</u>	<u>-</u>
Total Assistance			<u>\$ 4,035,257</u>	<u>\$ 1,073,700</u>	<u>\$ -</u>

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2022

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, 2022. 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, 2022 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 SESFA. The balance of loans outstanding at June 30, 2022 consists of:

Program Title:	CFDA #	Pass-Through Grantor Number	Amount Outstanding
Capitalization Grants for Drinking Water State Revolving Fund	66.468	H-LRX-F-19-1949	\$ 617,447