

**Fiscal Year Ending
June 30, 2023**

**ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT**



**City of Kinston
North Carolina**



PICTURED ON THE COVER OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE CITY OF KINSTON ARE A FEW HIGHLIGHTS OF THE YEAR

- 1. New businesses to open in downtown Kinston include Tarheel Trading Post, Wake and Bake Bakery, The Mullet, and Beary Smokey Smokehouse.**
- 2. Mural, painted by Sully McCrae, is the backdrop to the Shirley Herring Memorial Garden. Herring was a vital part of the early revival and beautification of downtown Kinston.**
- 3. Phase 1 renovations at Emma Webb Park include walking trails, basketball courts, a splash pad, a new playground, an amphitheater, and stream restoration.**
- 4. Schools attend Fire Prevention Day and tour the Fire Safety House to learn strategies for fire safety and prevention.**
- 5. Ribbon-cutting ceremony for the new pool at Holloway Recreation Center. The new pool features stair entry and lap lanes for a swim team.**

**CITY OF KINSTON
NORTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

Prepared by City of Kinston Finance Department

**CITY OF KINSTON,
NORTH CAROLINA**

Financial Statements and
Supplementary Information

For The Year Ended June 30, 2023

CITY OF KINSTON, NORTH CAROLINA

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INTRODUCTORY SECTION

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GFOA Certificate of Achievement for Excellence in Financial Reporting

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
FELICIA SOLOMON
CHRIS SUGGS
BARBARA SEAFOORTH

December 15, 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, 2023, is hereby submitted. The basic financial statements contained herein have been audited by the independent certified public accounting firm of RH CPA's, 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 2023 census population for the City report population at an estimated 19,500.

The City is governed by the Council-Manager form of government and has been since the early 1950's. 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 on the East Coast of the United States with easy access to major markets. The mild climate and proximity to beaches, mountains, metropolitan areas, universities, and other amenities make Kinston ideal for living and working. The City is easily accessible by US Highways 70 and 258, and NC Highways 11, 55 and 58. The NC Department of Transportation is in the process of transforming US Highway 70 into Interstate 42. Kinston has been one of the major cities in Eastern North Carolina for hundreds of years. The City has seen regular revivals that have allowed it to prosper in a variety of industries including music, agriculture, and manufacturing. 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 42.3 percent employment rate compared to a statewide rate of 59.2 percent and a national average of 60.3 percent. Overall, the value of new construction, repair and renovation (as defined by building permit project values) was \$25.4 million. The construction value of new residential developments, stores, medical and institutional totaled 14.9 million, which is an increase of \$2.6 million as compared with construction in the previous year.

New construction valuations increased by \$7.4 million dollars from the previous year indicating more positive impacts on the City's economic outlook. DaaBin, a liquidation retail store that operates 15 stores around the country with four currently in North Carolina, has opened a store in the old Tractor Supply Company location. A new subdivision in the northwest Kinston community will offer a variety of single-family homes. The Butterfield subdivision will be adding a total of 66 homes with top-quality craftsmanship and materials in the community. Tidal Wave, Royal Farms and MainStreet Urgent Family Care are also newly constructed businesses located just off Highway 70. The City is months away from breaking ground on an \$18 million health center which will generate 41 new jobs and provide care for over 3,000 patients annually.

Kinston's focus on being a hub for business in Eastern North Carolina has been a driving factor in a variety of industries calling the city home. Industries such as aerospace, manufacturing, healthcare, and education have brought countless opportunities to those living in the Kinston metro area. In the aerospace field, Kinston is the home to the North Carolina Global Transpark, which houses major aerospace security, and healthcare corporations. At the GTP and its immediate surroundings, approximately 1,800 individuals are employed with an average salary exceeding \$66,000. One of the GTP's largest tenants is Spirit AeroSystems which employs over 450 people to manufacture wing and fuselage components. One of the largest charter jet companies in the nation, FlyExclusive, has grown over the past several years into a fleet of more than 90 jets and around 800 employees. Manufacturing has been a long-time staple in the economy of Kinston. Major corporations, including Fortune 500 organizations such as DuPont and Amazon have placed hubs in the area. Major home-good providers such as Masterbrand Cabinets have invested in hiring those living in Kinston and surrounding cities. West Pharmaceutical Services, Inc., a global leader in innovative solutions for injectable drug administration, are expanding to create approximately 70 additional jobs and invest more than \$70 million over the next few years to expand its manufacturing operation in Kinston. The new jobs have the potential to create an annual payroll impact of more than \$3.4 million. Healthcare is a crucial need for any major area and Kinston provides some of the finest quality healthcare in the state. Kinston's Lenoir Hospital is run by UNC Health systems and offers 199 beds for patients in the area. This large capacity has led to the hospital staffing over 100 health professionals along with a full staff of custodians, administrators, and more. Additionally, Kinston has invested in its future by investing in education. Lenoir Community College is a two-year community

college offering degrees in various fields of study and is ranked as the seventh best community college in the nation for 2022. The college is building a \$25 million Aviation Center of Excellence at GTP, a 100,000 square foot facility offering training in aviation systems, aircraft construction, unmanned aircraft systems and an Aviation Academy for high school students.

Big things are happening in this Eastern North Carolina small community. In Kinston, a renaissance is taking place in downtown. Historic buildings are being spruced up and given new life. Locally owned shops and restaurants are filling the storefronts. And art projects in a variety of forms are adding a splash of color to this revival, all of which are attracting new residents, entrepreneurs and retirees to the area. Interest in downtown commercial spaces remains high. New businesses of 2023 include Tarheel Trading Post, Wake and Bake Bakery, The Mullet, and Beary Smokey Smokehouse. Several buildings remain in various stages of renovation for much needed new commercial spaces and others are in various stages of design development for mixed-use (commercial/residential).

Downtown Kinston has seen increased activity, interest, investment, business expansions as well as new businesses, and an increasing popularity as a nighttime destination. With more businesses opening than closing now combined with more dining and entertainment establishments, Downtown Kinston Revitalization and the City of Kinston are exploring establishing a Social District to support interactivity between participating establishments and the potentially positive economic boost such a district can deliver. The addition of string lights throughout the Municipal Service District not only designate the district as a special location but provide an added sense of security while creating a festive atmosphere that encourages locals as well as travelers to visit and shop which provides additional revenue to our downtown businesses.

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 2022-2023 comprised of the planning and implementation phases of several initiatives as well as the continuance or completion of projects begun during the previous year.

PLANNING DEPARTMENT

Growing Relationships

The planning department has continued to develop relationships with our internal departments, elected officials, local organizations, and national grant partners in collaborative efforts. We plan to continue to reach out to the community for feedback and engagement through our Kinston 101 citizen academy and other planning efforts. The hiring of our Planning Director, Code Enforcement Officer and Planning Clerk has and will continue to strengthen the city's efforts to enhance current and future economic advancements. The Planning Department is continuing to work with Lenoir County Inspections to provide uniform enforcement of the State Building Code for all city development projects. We endeavor to continue these relationships to help implement a positive development environment for our community.

Grants

The planning department continues to manage several grants in this fiscal year. We are currently managing funds for single-family rehabs, recreational facility rehabilitation, and environmental assessments which continue to improve quality of life here in Kinston.

Certifications

The Director and future Community Development Planner will pursue certifications in an effort to build local capacity and knowledge, and will attend classes at the School of Government on Development Finance in January. The Code Enforcement Officer has received his Level 1 Inspectors license to add in enforcing minimum housing code, demolitions and condemnations.

UNC School of Government

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

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 agency also hosted a Gang Symposium at The Gate of Lenoir County in the spring, which assisted our community members with gang awareness as well as what to do if a family member was in a gang.

Our agency also introduced the C.L.E.A.R. program with our community members, which allows our officers and staff members to interact with our citizens away from the police station and in neighborhoods. Once again in 2023, 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. 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 12 new police vehicles for our patrol officers. These vehicles replaced vehicles that averaged 13 years of service and even replaced vehicles with over 20 years of service. 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 teamed up with the Lenoir County Sheriff's Office, Lenoir County Jail and Lenoir County Emergency Services 911 Center to purchase a new Report Management System from Motorola. This new RMS system will have the ability to work with the collective agencies mentioned and will be a great addition to our agency.

Current KPD Grants:

2021 Project Safe Neighborhood Grant

The 2021 Project Safe Neighborhoods award will ensure the purchase of equipment to aid the continuing efforts of the Kinston Police Department to reduce violent crime. This award will provide much needed equipment to ensure officer safety, enhance narcotics and traffic enforcement, provide critical surveillance equipment, increase specialized and tactical response capabilities and lastly by providing much needed equipment to ensure our officers are properly trained in use of force decision making to encounter these violent gang members and offenders.

These funds will be used for the direct purchase of equipment to be used to combat the proliferation of gang and gun violence within the City of Kinston and the greater surrounding area. Preventing and suppressing gang and gun violence remains a steadfast priority of the Kinston Police Department. These

funds will aid the facilitation of this goal while providing much needed support in doing so. The Rifle Ballistic Shield, Pole Camera System and Lidar Unit will assist with gang investigations within our city by allowing our officers to safely conduct search warrants on Gang hotspots as well as assist with probable cause vehicle stops.

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.

2022 Project Safe Neighborhood Grant

The 2022 Project Safe Neighborhoods award provide much needed training for our officers to ensure officer safety as well as learn the best training standards regarding gang investigation, violent crime reduction and leadership strategies to ensure our officers are properly trained in use of force decision making to encounter violent gang members and offenders. The funds from this grant will assist with paying for training courses for our officers, in include, FBI LEEDA courses, Street Crimes Seminar and the North Carolina Gang Investigator Conference.

PROJ015539: 2022 Governor's Crime Commission: Local Block Grant

The Governor's Crime Commission granted the agency a Local Block Grant for the amount of \$22,400 to provide advanced supervisor and executive continuing education for supervisors and administrators within the organization. Since the death of George Floyd and the demonstrations that soon followed, more than a third of U.S. states enacted new restrictions on police power or oversight of law enforcement actions, with additional legislatures diving into the politically fraught issue this year. Through advanced supervisor and executive training, our supervisors will be better prepared on how to deal with the multitude of obstacles facing the citizens of our community.

Short term, this grant will provide an immediate opportunity to offer advanced training for supervisors and executives. Long term, with the assistance from the grant, the Kinston Police Department will be able to further sustain future supervisors who are promoted, utilizing future KPD budget funding. Once we get out in front of the training situation, KPD will be able to sustain the training operation for years to come. The KPD will implement the training received into the KPD policy and procedure for future adherence to training mandates.

O-BJA-2022-171368: 2022 BJA 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. A 2x4 gas grill that will be utilized to cook food for our community to increase our community engagement and (12) SWAT helmets to safely equip our SWAT Team members will be purchased with the FY20 JAG Grant funds.

15JCOPS-22GG-04771PPSE: 2022 COPS Office De-Escalation Grant

The Kinston Police Department understands the importance of establishing community trust and transparency in our community; therefore, the agency applied and received the FY22 Law Enforcement De-Escalation Grant – Community Policing Development Solicitation. Through this solicitation, 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 can 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.

KPD is currently implementing a two-pronged strategy to training on de-escalation and related topics. First, we are working to build our officers' basic capacity to safely anticipate and de-escalate a wide range of conflict situations. Toward that end, we are using State of North Carolina funding to provide each of our officers with T3 – Tact, Tactics, and Trust de-escalation training. This training is scheduled to be completed in October 2022. We note that the T3 curriculum is approved by the COPS Office, and will put KPD in a strong position to launch the effort we propose here. Second, we are working to build greater police-community trust by delivering training provided by You and Five-O, a North Carolina non-profit dedicated to assisting and empowering Black and Brown communities to interact safely and effectively with law enforcement. The training from You and Five-O is provided both to our officers and community members with the goal of setting conditions for more positive police-community interactions.

Highlights from FY 2022-23:

The KPD directed law enforcement efforts on our most violent offenders through active and long-standing partnerships with the Bureau of Alcohol, Tobacco, Firearms and Explosives, US Marshalls Office, NC SBI, NC ALE, N.C. Probation and Parole, and neighboring local law enforcement agencies.

The KPD sent three supervisors to the Law Enforcement Executive Program at North Carolina State University.

The KPD improved our vehicle fleet immensely by ordering 23 new Ford Explorer interceptors.

The KPD 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.

The 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.

The KPD continued analysis of Juvenile Justice Reform and implemented strategies within our city to work towards juvenile diversion versus detention. We completed the 2019 DMC Grant.

The KPD identified a need for a new gang intelligence officer position within our agency and filled the position with an experienced investigator.

In order to counter the rise in violent crime, we put together a new team made up of patrol officers, investigators and an ATF task force officer; the Violent Crime Action Team or VCAT, will be an essential tool with combating crime within our city.

The KPD introduced a survey assessment of our services to our citizens.

KINSTON DEPARTMENT OF FIRE & RESCUE

The Department provides fire and rescue emergency response to the City of Kinston 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 1,246 alarms with property values totaling \$3,710,541.00. Property value saved was \$3,320,792.00 or 89.4%. The Department responded to 2,351 medical emergencies relating to life-threatening situations including cardiac arrests and major trauma. This totals 3,597 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 perform regularly scheduled interaction Smoke Detector Blitzes throughout the city. These events took place in June 2022, September 2022, February 2023, March 2023, April 2023, and June 2023. We have installed 542 smoke alarms this past fiscal year, with a goal set for 1,000 smoke alarms to be installed this fiscal. We continue to have great success with the Child Safety Seat Program by installing 89 Child Safety Seats from June 2022 till current. During the National Fire Safety Week, KDFR Open House attendees included Pre-Kindergarten, Kindergarten and First Grade from public and private elementary schools within Lenoir County. We hosted 1,151 Students at Kinston Fire Station 1.

The Department continues to share lifesaving programs each year with audiences that include both adults and children throughout our community utilizing a variety of Fire & Life Safety educations efforts. The Department completed over 1,085 fire inspections and 9,053 hours of fire & rescue training during the year.

PUBLIC SERVICES

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 August, 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 was completed in November, 2022 at a final cost of \$289,465.

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. However, a portion of the project involves expenses related to water meters and the Water Fund will be responsible reimbursing those 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 \$5,892,152. The Water Fund will begin reimbursing the water related costs in FY23/24. The reimbursements will be for a total of \$3,283,190 over ten years.

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 in the FY21/22 portion begins where the FY20/21 portion ended and continues south to Pawnee Drive. \$50,000 was included in the FY21/22 budget for this section. This has been awarded to Tripp Bro's, Inc. as part of the FY 2022 Road Improvements Project and should be complete by August, 2023.

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. Work was completed in June, 2023 and final reimbursement from NCDWI is expected in September, 2023.

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. Work was completed in April, 2023. Final project cost, including construction, inspections and loan fees, was \$739,704.79. We are still waiting on final reimbursement from the funding agency.

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 was completed in February, 2023, with a final construction cost of \$1,055,000.00. FEMA has not conducted a final inspection yet.

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. Draft final reports have been reviewed by city staff and are expected to be complete by October, 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 extended material delivery times resulted in construction not beginning until March, 2023. Completion is currently scheduled for October, 2023, but may not be achieved until early 2024.

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 was completed in December, 2022.

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 began in December, 2022 and was completed in July, 2023, with a final project cost of \$2,799,355.53. Final reimbursement from the funding agency was received in September, 2023.

Village Cedars Cable Replacement Project

This project involves the replacement of underground electric distribution lines in the area of Villa Drive, Chris Street, and Baxter Lane. The existing lines are over 40 years old, and will be replaced with new lines with additional capacity to serve new development in the area. Engineering work has been contracted with Booth & Associates. Bids for construction were received on May 30, 2023. The low bidder was C-Phase construction, who received an award of \$146,094.00 (including contingency). Work has begun and is expected to be complete in October, 2023.

PARKS AND RECREATION

Fairfield Recreation Center

The ballfields at this location received several new loads of clay to enhance the playing experience and overall aesthetics. This improvement allows for increased reservations of tournaments and encouragement of greater program registration.

Mock Athletic Skills Facility

New equipment is continuously installed in this facility to enhance the overall experience for the members and walk in users.

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 approval to move forward with the baseball scoreboard to be replaced.

Working to address several ADA issues throughout the facility

Granger Stadium is on the verge of major changes with the Wood Ducks scheduled to leave in 2025, we are working with other baseball providers to see what the next steps will be to continue baseball operations.

Kinston Community Center

We are working with ASATI to replace the bubble that covers the pool during the fall and winter months. Originally, we were working on a turn-key option but, we have had to change the scope of this project and approach it as repair parts to keep the pool in year round operation.

Bill Fay Park

Joel Smith Memorial Disc Golf Course is a continual conversation and we are adjusting the scope to place it around the Par-3 disc golf course.

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. Moving into the next year, we are working to improve the bathhouse and get the other parts of the pool facility updated and improved.

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 54 percent of total general fund expenditures. This amount is approximately 34 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:

- Prevention/reduction of violent crime
- Cleaner/healthier community
- Housing
- Transportation
- Build community relationships

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 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 continues to provide for several much-needed capital improvements and equipment in the 23-24 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 will 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 has partnered with the UNC School of Government to obtain feasibility analysis in preparation for a downtown master plan as well as host two workshops on affordable housing. We plan to continue to obtain grants for rehabilitation projects in order to reach our 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, assist with flood protection and mitigation efforts and creates affordable housing options for our community. Finally, the planning department plans to advertise two positions for 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 provide the greatest level of service possible.

KINSTON POLICE DEPARTMENT

The Kinston Police Department will continue to be an active member in organized Regional Task Forces focusing on reducing violent crime in our community. The Kinston Police Department will finish the project of rebuilding an adequate police cruiser fleet for the Patrol and Investigation's Division by rolling out 23 new police vehicles. The agency will also implement a new Motorola RMS system that will be compatible with the Lenoir County Sheriff's Office, Lenoir County 911 system and the Lenoir County Detention Center. The agency will focus on agency-wide leadership training as well as de-escalation this year.

The Kinston Police Department has identified the following goals for the year to include:

- Continue our recruitment efforts with the target to fill vacant police officer positions within the organization. We strive to be at full capacity by the end of the year.
- Increase officer presence within our community and utilize resources to serve our citizens.
- Increase our social media presence in our community. We believe a transparent organization not only humanizes the agency but also provides day-to-day insight for our community residents.
- Send another group of supervisors to the Law Enforcement Executive Program at North Carolina State University.
- Hire a Data Analyst to assist with the new Motorola RMS software upgrade as well as aid with evidence-based policing strategies.
- Hire a social worker for our agency to assist with victim services as well as serve as a liaison for the agency and community resources.
- Offer enhanced training for our officers and staff members as well as build a leadership culture within our organization. We will follow our succession plan for future promotions within our organization.
- Utilize community resources as well as law enforcement partners to reduce violent crime in our community.
- Continue to utilize the Kinston Police Department 5-Year Strategic Plan.
- Continue the path toward Agency Accreditation.

- Enhance agency equipment, such as continue to upgrade vehicles, body worn cameras, crime scene software, officer safety equipment and utilize innovative software to provide information for our citizens in real-time format.
- Start a new Citizen Police Academy and incorporate it annually to assist with community engagement.
- Host a Community Meeting to discuss gangs within our community.
- Host a Faith Based Seminar to discuss crime trends within our community and collaborate with our faith-based leaders to identify community resources as well as provide solutions to issues affecting our community.
- Conduct promotions within the agency to fill un-filled positions due to retirement; two Major positions, two Captain positions, and three Sergeant positions will open this current year.
- Continue to seek out local, state and federal grants to cover the cost of equipment, training, accreditation as well as community enhancement.
- Complete agency-wide CIT training to ensure our department is 100% CIT certified.
- Continue to work closely with the GATE of Lenoir County.
- Increase traffic enforcement as well as advertise the importance of traffic safety and pedestrian safety.

BJA FY 23 Edward Byrne Memorial Justice Assistance Grant Program - Local Solicitation

On September 29, 2023, Office of Justice Programs (OJP) approved and awarded our application for funding under the 2023 BJA FY 23 Edward Byrne Memorial Justice Assistance Grant Program - Local Solicitation in the amount of \$20,145.

The Kinston Police Department will purchase new patrol rifles for agency personnel to assist with protecting the citizens of Kinston. The Kinston Police Department is not currently equipped with such gear. By purchasing this type of equipment, officers of the Kinston Police Department will be better prepared to protect our citizens, including our schools.

USPCA AKC REUNITE K9 Grant

On April 1, 2023, the USPCA approved and awarded our application for funding under the USPCA AKC REUNITE K9 Grant in the amount of \$7,500 for the City of Kinston. The Kinston Police Department will receive partial funding for a police canine and will utilize drug forfeiture money to off-set the remaining \$7,500 to purchase a new police canine, which also includes training from a certified training instructor. The new police canine will be extremely beneficial with adding another police canine team to our agency. This team will assist with tracking missing people as well as locating and seizing illegal narcotics from our community.

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.

PUBLIC SERVICES

Electric 540/545 Circuit Rebuild

This project is a rebuild project to increase the current carrying capacity of the 540 and 545 electric circuits which runs from Hull Road to Banks School Road. Booth & Associates is working on engineering and bid specifications for labor and materials. The project was initially estimated to cost \$2,341,800 when first started in 2020 and was only the 540 circuit. 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 engineering work has resumed. Construction is not expected to begin until 2024.

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 began in November, 2022. The City has already secured a \$2 million grant from the Land and Water Conservancy to be used toward construction costs, and is applying for additional funding from the NC LASII program and FEMA's Building Resilient Infrastructure for Communities (BRIC) program. 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. Bids were received for the project in June, 2023. The low bidder withdrew their bid, resulting in an award to the next lowest bidder, Herring Rivenbark, Inc., in the amount of \$2,255,993.40. Total expected project costs, including testing and inspections, are \$2,358,893.40. Funding for the project will include \$2,020,506 in COVID recovery funds and a \$338,387.40 transfer from the Wastewater Capital Reserve Fund. Work should begin in October, 2023 and be complete in July, 2024.

Electric System Peak Load Reduction 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 or alternate power generation system on our electric grid. The City has

a load allocation of 19 Megawatts that can be shed during peak events. Historically, load shedding had to occur behind customer meters, but it can now be done anywhere on our electric distribution system. The city will be working with consultants to evaluate options for installation of a load shedding facility and then will proceed with design and construction. Costs will be dependent on the size and type of system installed. The analysis and feasibility study will be expected to take 12 months. Construction would likely not start until 2025.

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. Engineering began in April, 2023 and should be complete by November, 2024. Discussions have been held with NCDOT about the possible relocation of the lift station due to a conflict with the proposed U.S. Highway 70 Bypass Project.

Stormwater AIA Grant Project

In September, 2022, the city has 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 have been announced and our application has been funded. The selection of a consultant for the project will occur by the end of 2023, and the project should be complete by early 2025. All work will be covered by the grant funds.

Heritage Street Sewer Replacement Project

Work in this project will involve the replacement/rehabilitation of approximately 2,400 feet of existing 8-inch diameter sewer mains along Heritage Street between Lenoir Avenue and King Street. Cost is estimated at \$1,204,000. The City is re-applying for a Clean Water State Revolving Fund loan for this project in the September, 2023 funding cycle.

Electric Field Verification Project

During work on the City of Kinston Long Range Plan for the electric system, it was found that there were many gaps in infrastructure data for the system. This project was developed to perform field inspections of electric system components and gather data, such as pole attachments, transformer sizes/service connections, regulators, breakers, etc. so complete data could be stored in the GIS system along with accurate locations. An RFP was issued in May, 2023. Of the three responses, Booth and Associates has been selected to perform the work. The estimated cost of the work is \$385,000. Staff is negotiating contracts to be presented for City Council approval in October, 2023. Work will take approximately nine months to complete.

Electric System Capital Planning Project

This project will provide general engineering descriptions and cost estimates for several capital projects being considered for our electric system. While the Long Range Plan modeled our existing system and looked at improvements to address capacity issues and deficiencies, this project will work to define the scope and cost for other potential projects, including system extensions, load shedding, economic development projects, etc. An RFP was issued in June, 2023 and one response was received, from Booth

and Associates. Staff will be meeting with Booth in the near future to discuss details of the project and negotiate an agreement to perform the work.

Vernon Avenue Wood Transmission Pole Replacement Project

This project will replace 18 existing wood transmission poles in the vicinity of Vernon Avenue/Hardee Road/Hull Road with new steel transmission poles. Engineering work has been contracted with Booth and Associates at a cost of \$90,500. Estimated construction cost is \$1,500,000. Design work is under way. Construction work will be bid in 2024.

Lead Service Line Inventory

Under new regulations by the Environmental Protection Agency, all public water providers, including the City of Kinston, must complete a lead service line inventory by October, 2024. The inventory involves determining the existing service line materials for all water services constructed prior to the lead material ban in 1989. Each line's material must be confirmed either by construction plans, or exposing and testing each service. Kinston has over 11,000 services and may need to perform field tests on as many as 8,000 of them. Costs may be as high as \$1 million. Staff is currently reviewing office records to determine materials for as many services as possible and identify those requiring field tests. A grant application has been submitted to the State of North Carolina Division of Water Infrastructure for \$1 million to be used for this project.

Briarwood Drive Pavement Improvements

The City of Kinston City Council passed a resolution to consider acceptance of streets in the Briarpatch Subdivision in October, 2022. A developer is completing construction of a townhome development that was started by another firm in the 1990's. As part of the agreement, the City would accept the roads being constructed by the developer, as well as an existing road that connects to the new roads. The existing road is in poor condition and will need improvements once accepted. The estimated cost of the improvements is \$130,000. The completion of the new townhomes, which is required prior to accepting the roads, is expected to generate over \$55,000 in new annual tax revenue.

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. We are planning to have this park completed by October of 2024.

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

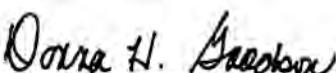
The City of Kinston has adopted a comprehensive set of financial policies. During the current year, one of these policies was particularly relevant. The City of Kinston has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). As a result of the continuing 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 (\$28,578,719 versus \$28,373,620). 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 \$205,099. The City is committed to gradually growing the general fund balance to allow flexibility to respond to unexpected events while continuing to provide excellent services to the residents of Kinston.

Awards and Acknowledgements

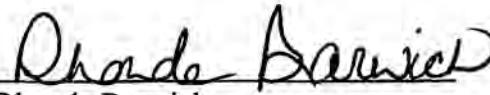
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kinston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2021. The CAFR for the fiscal year ended June 30, 2022 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 CAFR whose contents conform to program standards. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and the City will be submitting it to the GFOA to determine its eligibility for another certificate.

The 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, CPA's, 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

City of Kinston
City Council
Administrative and Financial Staff
For the Year Ended
06/30/2023

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

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

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, 2021

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Basic Financial Statements

Required Supplemental Financial Data

Combining, Individual Fund Statements, and Schedules

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, 2023, 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, 2023, 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 for the Audit of the Financial Statements

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:

- Exercise 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 Kinston'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 March 19, 2024 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
March 19, 2024

City of Kinston, North Carolina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

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, 2023. 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

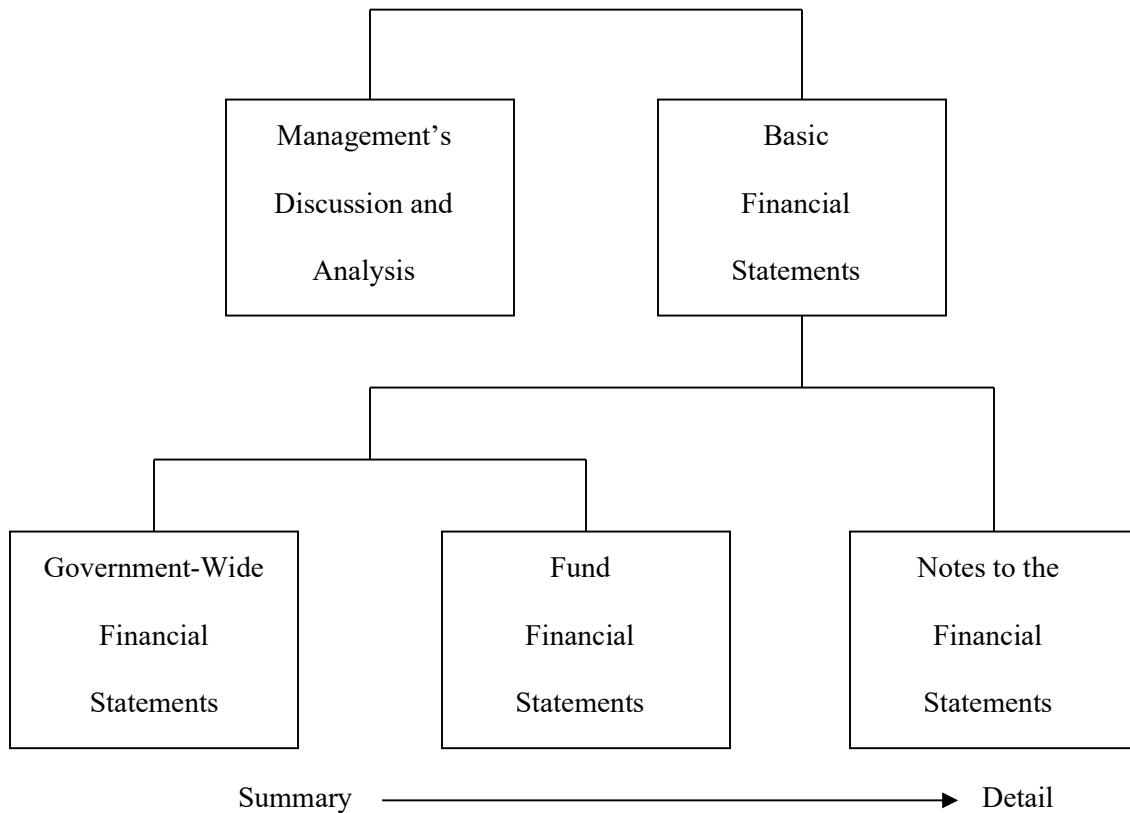
- The assets and deferred outflows of resources of the City of Kinston exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$206,124,352 (*net position*).
- The government’s total net position increased by \$12,777,471, which consists of an increase in the governmental-type 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 \$26,874,715 with an increase of \$1,431,746 in fund balance. Approximately 48% of this total amount, or \$12,846,855, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,958,717, or 53.63%, of total General Fund expenditures and transfers out for this fiscal year.
- The City of Kinston’s total debt increased by \$4,733,147 (13.40%) during the current fiscal year. The key factors in this increase were the issuance of an installment contract of \$750,000 for the purchase of rolling stock; and an increase of \$7,691,611 in the net pension liability for the Local Government Employees Retirement System (LGERS). Increases were offset by planned debt service principal payments of \$2,392,146; a decrease of \$19,114 in compensated absences; a decrease of \$784,637 in the net pension liability for the Law Enforcement Officers’ Special Separation Allowance (LEOSA); and a decrease of \$547,567 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 for major governmental funds, 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.

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 and OPEB benefits to its employees.

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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 33,763,525	\$ 32,088,437	\$ 74,992,992	\$ 67,302,396	\$ 108,756,517	\$ 99,390,833
Capital assets	25,294,134	24,389,721	111,563,394	110,156,947	136,857,528	134,546,668
Deferred outflows of resources	5,548,815	4,484,272	2,267,409	1,484,685	7,816,224	5,968,957
Total assets and deferred outflows of resources	64,606,474	60,962,430	188,823,795	178,944,028	253,430,269	239,906,458
Long-term liabilities outstanding	24,873,828	20,991,006	12,797,668	11,643,758	37,671,496	32,634,764
Other liabilities	3,515,161	3,584,679	4,752,560	5,185,973	8,267,721	8,770,652
Deferred inflows of resources	1,292,420	3,767,257	74,280	1,386,904	1,366,700	5,154,161
Total liabilities and deferred inflows of resources	29,681,409	28,342,942	17,624,508	18,216,635	47,305,917	46,559,577
Net position:						
Net investment in capital assets	14,818,053	13,949,335	101,133,630	98,084,345	115,951,683	112,033,680
Restricted	13,286,725	16,765,812	-	-	13,286,725	16,765,812
Unrestricted	6,820,287	1,904,341	70,065,657	62,643,048	76,885,944	64,547,389
Total net position	\$ 34,925,065	\$ 32,619,488	\$ 171,199,287	\$ 160,727,393	\$ 206,124,352	\$ 193,346,881

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 \$206,124,352 as of June 30, 2023. The City's net position increased \$12,777,471 for the fiscal year ended June 30, 2023. Current and other assets increased by \$9,365,684 from the prior year. A significant contributing factor to the increase was the positive net cash provided by operating activities in both governmental and business-type activities.

Other liabilities decreased by \$502,931 from the previous year. The main factor causing the decrease was a prior period adjustment \$529,627 for unavailable revenues related to the recognition of taxes and special assessments receivable.

Long-term liabilities which include bonds, notes, leases, compensated absences, and postemployment obligations of the primary governments increased by \$5,036,732. The main causes of the increase were the issuance of a \$750,000 installment purchase obligation, and an increase \$7,691,611 for the City's net pension liability for the Local Government Employees' Retirement System. The overall increase in long-term liabilities was partially offset by the reduction of notes payable, installment contracts, and revenue bonds based on the debt service principal payments made during the current year.

By far, the largest portion 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, \$13,286,725, represents resources that are subject to external restrictions on how they may be used. As of the end of the year, The City of Kinston's unrestricted net position was a balance of \$76,885,944.

City of Kinston's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,009,963	\$ 3,907,092	\$ 70,414,174	\$ 71,256,167	\$ 74,424,137	\$ 72,949,762
Operating grants and contributions	4,826,808	958,879	-	-	4,826,808	1,446,152
Capital grants and contributions	-	-	-	-	-	81,190
General revenues:					-	-
Property taxes	11,380,136	11,207,178	-	-	11,380,136	10,575,357
Other taxes	8,440,818	7,631,215	-	-	8,440,818	7,172,604
Grants and contributions not restricted to specific programs	706,079	6,259,211	2,273,189	2,263,397	2,979,268	4,882,052
Other	2,772,692	3,030,136	1,660,112	1,372,526	4,432,804	4,038,109
Total revenues	32,136,496	32,993,711	74,347,475	74,892,090	106,483,971	99,117,400
Expenses:						
General government	7,870,387	6,856,727	-	-	7,870,387	8,294,798
Public safety	12,561,399	11,078,556	-	-	12,561,399	10,824,551
Public services	3,465,962	3,331,732	-	-	3,465,962	3,498,471
Community development	1,623,540	2,128,431	-	-	1,623,540	2,892,723
Culture and recreation	4,335,766	4,021,650	-	-	4,335,766	3,461,949
Interest on long-term debt	382,986	407,519	-	-	382,986	455,300
Electric	-	-	41,105,297	40,023,486	41,105,297	39,443,256
Water	-	-	9,341,846	8,570,838	9,341,846	9,185,436
Wastewater			7,304,238	7,131,524	7,304,238	6,918,953
Nonmajor fund	-	-	6,244,706	5,598,874	6,244,706	5,630,990
Total expenses	30,240,040	27,824,615	63,996,087	61,324,722	94,236,127	87,624,707
Change in net position before transfers	1,896,456	5,169,096	10,351,388	13,567,368	12,247,844	10,538,799
Transfers	(120,506)	2,259,630	120,506	(2,259,630)	-	-
Increase in net position	1,775,950	7,428,726	10,471,894	11,307,738	12,247,844	18,736,464
Beginning net position, previously reported	32,619,488	25,190,762	160,727,393	149,419,655	193,346,881	174,610,417
Prior period restatement	529,627	-	-	-	529,627	-
Net position, June 30	\$ 34,925,065	\$ 32,619,488	\$ 171,199,287	\$ 160,727,393	\$ 206,124,352	\$ 193,346,881

The City of Kinston's overall net position increased \$12,247,844 from the prior year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities. Total government-wide revenues of \$106.5 million were primarily derived from charges for services (70%) and property taxes and other taxes (19%). The total expenses of all programs were \$94.2 million. The expenses cover a range of services with the two largest being electric services (44%), and public safety (fire/EMS, police, and inspections/code enforcement) (13%).

Governmental Activities

Governmental activities increased the City's net position by \$1,775,950, accounting for 15% of the total growth in the net position of the City of Kinston. During the current year 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. These efforts helped to minimize expenses for the current fiscal year. As a result, the City of Kinston did not experience a significant increase in any of the functional expenditure categories of governmental activities. The \$2,415,425 (8.7% over the prior year) increase in total expenses was largely attributable to capital outlay funded with proceeds the City received in the prior year from the Coronavirus State and Local Recovery Funds.

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 the Coronavirus State and Local Recovery Funds grant revenues. The City was able to fund additional vehicles in its capital spending plan with proceeds from a rolling stock loan. The total revenues of the City of Kinston decreased \$857,215 (-2.6% from prior year). One of the main factors contributing to this overall decrease was that the City received \$1.7 million less in grants and contributions. However, 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 by \$983 thousand. City management acknowledges that 2023 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.

Business-Type Activities

Business-type activities increased the City of Kinston's net position by \$10,471,894, accounting for 85% of the total growth in the government's net position. A key element of this increase are the cost-saving measures utilized throughout all the City's enterprise funds to keep expenditures well within budgeted amounts. Overall, revenues decreased \$545 thousand (.73%) while expense increased \$2.7 million (4.36%). Water and Sewer Enterprise fund expenses increased by \$943,772 (6.01%) largely due to salary and benefit expenditure increases of \$164 thousand; supply cost increase of \$241 thousand; \$115 thousand increase in repairs and maintenance; and \$131 thousand increase in pension liabilities and deferrals. Electric Fund expenses increased by \$1,081,811 (2.70%). The increases were primarily attributable to a \$25 thousand dollar increase in professional services; \$356 thousand increase in supplies; \$180 thousand increase in purchased power and other utilities; \$34 thousand increase in repairs and maintenance; \$46 thousand increase in shared services and payments to general fund in lieu of taxes; and \$64 thousand increase in pension liabilities and deferrals.

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, City of Kinston's fund balance available in the General Fund was \$13.5 million, while total fund balance reached \$16.3 million. The Governing Body of the City of Kinston has determined that the City should maintain an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has available fund balance of 56% of General Fund expenditures and transfers out, less long-term debt issued, while total fund balance represents 67% of the same amount.

At June 30, 2023, the governmental funds reported a combined fund balance of \$26.9 million, with a net increase in fund balance of \$1.4 million. Included in this change in fund balance is a decrease in the American Rescue Plan fund balance of \$625 thousand as well as a decrease in Non-major fund balance of \$500 thousand.

Like governmental activities, the General Fund also had increased property tax revenues because of the increased property valuation used for the calculation of the current year tax levy. During the current year, the County of Lenoir enhanced its tax collection efforts which resulted in an increase in the percentage collected of the current year levy as well as prior year unpaid amounts. On the accrual basis used for government-wide financial statements the taxes were previously recognized as revenue in the period they were intended to finance. However, on the modified accrual basis used for governmental fund financial statements property tax revenues must be available to be recognized as revenue. The unpaid taxes of prior years only become available when they are actually collected. The enhanced collection efforts in the current year resulted in the collection and recognition of approximately \$232 thousand.

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 General fund 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 received through the federal ARPA program as a result of the City electing to take a standard allowance for revenue replacement. At the same time various capital outlay accounts were increased for the funding of needed equipment financed with the revenue replacement. An additional reason relates to funding capital expenditures for unexpected needs to include replacement of a structure damaged from a car accident. Simultaneously the budget was also changed to include another financing source for the insurance recovery the City received from the car accident. The City also found it necessary to amend the budget in the General Fund to account for General Government expenditures for additional support to the Tourism and Development Authority due to unexpected increase in Occupancy Tax revenues.

Proprietary Funds. The City of Kinston's 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 \$48 million in the Electric Fund, \$14 million in the Water Fund, \$(320) thousand in the

Wastewater Fund, and \$4.9 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 \$5.2 million, \$1.8 million, \$2.4 million, and \$870 thousand, respectively. As mentioned earlier in the discussion of business-type activities, these increases are attributed to cost-saving measures utilized throughout all the City's enterprise funds to keep expenditures well within budgeted amounts.

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, 2023, totals \$136.9 million (net of accumulated depreciation) a decrease of .02% over the prior year. These assets include buildings, improvements other than buildings, equipment and vehicles, electric, water, and wastewater operating plant and infrastructure, construction in process, and right to use assets for leases.

Major capital asset transactions during the year include the following:

Governmental Activities

- Holloway Pool renovations of \$238 thousand
- Playground equipment at Bill Fay Park for a cost of \$164 thousand
- Server upgrade at a cost of \$276 thousand
- 19 vehicles for a total cost of \$801 thousand
- City wide parking lot repaving for a total cost of \$264 thousand
- \$588 thousand was added to work in progress for vehicles not placed in service, Grainger Stadium renovations and Fire Training Facility upgrades

Business-type Activities

- Water fund purchase of a vehicle for \$78 thousand
- Water fund cost of several water improvement projects at a cost of \$1.2 million
- Wastewater fund purchase of excavator for \$284 thousand
- Wastewater fund construction of various Sewer Replacement Projects at a cost of \$3.4 million
- Installation of a rapid charge electric vehicle charging station at a cost of \$82 thousand
- Stormwater fund construction of Adkin Branch Flood Mitigation project at a cost of \$288 thousand

City of Kinston's Capital Assets

(net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,800,785	\$ 3,792,446	\$ 1,222,643	\$ 1,222,643	\$ 5,023,428	\$ 5,025,143
Infrastructure	1,929,846	1,776,417	749,415	737,383	2,679,261	2,807,606
Buildings and improvements	9,064,032	9,250,982	25,193,956	26,253,200	34,257,988	36,937,674
Equipment and vehicles	2,276,304	1,793,770	1,584,450	1,884,671	3,860,754	4,577,258
Distribution system	-	-	41,809,549	44,048,609	41,809,549	46,392,869
Construction in progress	8,223,167	7,776,106	41,003,381	36,010,441	49,226,548	40,603,948
Total	\$ 25,294,134	\$ 24,389,721	\$ 111,563,394	\$ 110,156,947	\$ 136,857,528	\$ 136,879,552

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

Long-Term Debt. As of June 30, 2023, the City of Kinston had total bonded debt outstanding of \$10,036,322. Of this, \$9,843,322 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			
	2023	2022	2023	2022	2023	2022
Installment debt	\$ 10,476,080	\$ 10,440,386	\$ 393,442	\$ 582,822	\$ 10,869,522	\$ 11,023,208
General obligation bonds	-	-	9,843,322	10,885,782	9,843,322	10,885,782
Revenue bonds	-	-	193,000	604,000	193,000	604,000
OPEB	3,580,163	4,127,730	-	-	3,580,163	4,127,730
Pension related debt (LGERS)	7,463,211	2,241,185	3,433,769	964,184	10,896,980	3,205,369
Pension related debt (LEOSSA)	3,462,401	4,247,038	-	-	3,462,401	4,247,038
Compensated absences	829,196	888,498	373,269	333,081	1,202,465	1,221,579
Total	\$ 25,811,051	\$ 21,944,837	\$ 14,236,802	\$ 13,369,869	\$ 40,047,853	\$ 35,314,706

City of Kinston's Outstanding Debt.

The City's total outstanding debt increased by \$4,733,147 (13.40% over the prior year) during the current fiscal year. The key factors in this increase were the issuance of \$785,000 in rolling stock financing for the purchase of vehicles. This obligation will be paid by the General Fund. There was also an increase in the net pension liability for the Local Government Employees Retirement System (LGERS) of \$7.7 million. Of the increase in the liability to LGERS \$5.2 million relates to governmental activities and \$2.5 million relates to business-type activities. These increases were offset by planned debt service principal payments of \$2.4 million.

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 \$114,533,280.

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

Economic Factors and Next Year's Budget and Rates

The following key economic indicators reflect the growth and prosperity of the City:

- During fiscal year 2023, 114 residential and commercial permits for new construction were issued with a total new construction value of \$14.99 million. There were 383 repairs and renovations permits issued with a total value of \$10.05 million.
- Retail sales for Lenoir County during 2023 were \$775.6 million compared to \$744.4 million for 2022.
- The current unemployment rate is 4.4 percent, compared to 3.6 percent for the State and 3.6 percent for the nation.
- Despite an initial downturn during the onset of the COVID-19 pandemic, local government sales tax revenues have continued to grow at an unprecedented rate. Factors driving the growth have included stimulus checks provided directly to consumers, enhanced and extended unemployment benefits, changes in consumer behavior, and, for better or worse, rapidly rising inflation. Further, collections of sales taxes from online sales shortly before the pandemic began likely provided a significant boost to collections.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities: The property tax base for the 2024 fiscal year is projected to be \$1,406,901,236 or \$3,151,236 (.22%) 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 97.82% and 100% for motor vehicles equates to a projected decrease of \$54 thousand in the current year property tax revenues. Sales tax revenues are expected to increase by approximately \$899 thousand due to the continued increase in retail sales due post Covid-19 strong consumer spending even while inflation has grown. 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 2024 fiscal year budget includes a transfer to fund balance in the General Fund of \$205 thousand. There are planned purchases of vehicles, equipment, or other capital equipment in the FY2024 General Fund budget to be funded partially with a rolling stock installment debt of \$205,000 and a capital lease in the amount of \$236,000. The City focused on street repaving and approved \$200 thousand for street resurfacing in 2024, bringing the total spent in the last five years on street repaving to \$1.2 million (from fiscal year 2020 through fiscal year 2024).

There is a 2.5% COLA increase for employees for the 2024 fiscal year to allow for continued funding of the salary adjustments approved by Council in April 2022 and to address recruitment and employee retention and remain competitive with local companies as well as surrounding municipalities. The total number of full-time positions remain the same at 355 due to reorganizations. There was a 6.52 percent increase in the cost of the City's portion of employee health insurance due mainly to grow fund balance for future years unexpected large medical claims. The creation of the Health Self Insurance Fund has allowed the City to avoid significantly higher rate increases compared to outside vendors. There was also a 1.74% increase in the City's retirement contribution to the NC LGERS retirement system. The General Fund initial budget for 2023-2024 increased 9.5 percent from \$28.1 million to \$28.7 million. The increase is mostly attributable to an increase in estimated 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 COLA adjustments and purchase of capital items.

Business-type Activities: There were no rate fee increases in the business-type funds for the 2024 fiscal year. Personnel expenses will increase due to the City-wide salary COLA adjustment. All other operating expenses will increase 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.

CITY OF KINSTON, NORTH CAROLINA
Exhibit 1
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 29,938,528	\$ 61,631,227	\$ 91,569,755
Taxes receivables - net	425,763	-	425,763
Accounts receivable - net	323,697	144,386	468,083
Due from government agencies	2,503,162	283,653	2,786,815
Customer receivables - net	-	8,307,374	8,307,374
Due from other funds	-	180,000	180,000
Notes receivable	156,438	-	156,438
Inventories	415,937	2,710,691	3,126,628
Restricted cash and investments	-	1,735,661	1,735,661
Total current assets	<u>33,763,525</u>	<u>74,992,992</u>	<u>108,756,517</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	12,023,952	42,226,024	54,249,976
Other capital assets, net of depreciation	13,270,182	69,337,370	82,607,552
Total capital assets	<u>25,294,134</u>	<u>111,563,394</u>	<u>136,857,528</u>
Total assets	<u>59,057,659</u>	<u>186,556,386</u>	<u>245,614,045</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	71,506	-	71,506
Pension deferrals	<u>5,477,309</u>	<u>2,267,409</u>	<u>7,744,718</u>
Total deferred outflows of resources	<u>5,548,815</u>	<u>2,267,409</u>	<u>7,816,224</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	2,364,528	1,577,765	3,942,293
Due to other funds	180,000	-	180,000
Prepaid fees	33,410	-	33,410
Customer deposits	-	1,735,661	1,735,661
Current portion of long-term liabilities	<u>937,223</u>	<u>1,439,134</u>	<u>2,376,357</u>
Total current liabilities	<u>3,515,161</u>	<u>4,752,560</u>	<u>8,267,721</u>
Long-term liabilities:			
Net pension liability (LGERS)	7,463,211	3,433,769	10,896,980
Total pension liability (LEOSSA)	3,462,401	-	3,462,401
OPEB liability	3,580,163	-	3,580,163
Due in more than one year	<u>10,368,053</u>	<u>9,363,899</u>	<u>19,731,952</u>
Total long-term liabilities	<u>24,873,828</u>	<u>12,797,668</u>	<u>37,671,496</u>
Total liabilities	<u>28,388,989</u>	<u>17,550,228</u>	<u>45,939,217</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	389,653	-	389,653
Pension deferrals	<u>902,767</u>	<u>74,280</u>	<u>977,047</u>
Total deferred inflows of resources	<u>1,292,420</u>	<u>74,280</u>	<u>1,366,700</u>
NET POSITION			
Net investment in capital assets	14,818,053	101,133,630	115,951,683
Restricted for:			
Stabilization by State Statute	2,692,487	-	2,692,487
Subsequent year's expenditures	538,798	-	538,798
Permanently restricted for cemetery perpetual maintenance	75,000	-	75,000
Temporarily restricted	9,980,440	-	9,980,440
Unrestricted	<u>6,820,287</u>	<u>70,065,657</u>	<u>76,885,944</u>
Total net position	<u>\$ 34,925,065</u>	<u>\$ 171,199,287</u>	<u>\$ 206,124,352</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, 2023

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 7,870,387	\$ 2,196,253	\$ 7,500	\$ -	\$ (5,666,634)	\$ -	\$ (5,666,634)
Public safety	12,561,399	113,271	152,898	-	(12,295,230)	-	(12,295,230)
Public services	3,465,962	868,503	4,666,410	-	2,068,951	-	2,068,951
Community development	1,623,540	-	-	-	(1,623,540)	-	(1,623,540)
Cultural and recreation	4,335,766	831,936	-	-	(3,503,830)	-	(3,503,830)
Interest on long-term debt	382,986	-	-	-	(382,986)	-	(382,986)
Total governmental activities	<u>30,240,040</u>	<u>4,009,963</u>	<u>4,826,808</u>	<u>-</u>	<u>(21,403,269)</u>	<u>-</u>	<u>(21,403,269)</u>
Business-type activities:							
Electric	41,105,297	46,229,642	-	-	-	5,124,345	5,124,345
Water	9,341,846	10,571,301	-	-	-	1,229,455	1,229,455
Wastewater	7,304,238	7,130,620	-	-	-	(173,618)	(173,618)
Nonmajor funds:							
Environmental services	3,878,709	4,216,325	-	-	-	337,616	337,616
Stormwater	784,491	1,026,939	-	-	-	242,448	242,448
Community center services	<u>1,581,506</u>	<u>1,239,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(342,159)</u>	<u>(342,159)</u>
Total business-type activities	<u>63,996,087</u>	<u>70,414,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,418,087</u>	<u>6,418,087</u>
Total primary government	<u><u>\$ 94,236,127</u></u>	<u><u>\$ 74,424,137</u></u>	<u><u>\$ 4,826,808</u></u>	<u><u>\$ -</u></u>	<u><u>(21,403,269)</u></u>	<u><u>6,418,087</u></u>	<u><u>(14,985,182)</u></u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose				11,380,136	-	11,380,136	
Other taxes				8,440,818	-	8,440,818	
Grants and contributions not restricted to specific programs				706,079	2,273,189	2,979,268	
Unrestricted investment earnings				25,862	181,530	207,392	
Miscellaneous				2,746,830	1,478,582	4,225,412	
Transfers				(120,506)	120,506	-	
Total general revenues and transfers				<u>23,179,219</u>	<u>4,053,807</u>	<u>27,233,026</u>	
Change in net position				1,775,950	10,471,894	12,247,844	
Net position, beginning, as previously reported				32,619,488	160,727,393	193,346,881	
Prior period restatement				529,627	-	529,627	
Net position, beginning				33,149,115	160,727,393	193,876,508	
Net position, ending				<u>\$ 34,925,065</u>	<u>\$ 171,199,287</u>	<u>\$ 206,124,352</u>	

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

MAJOR FUNDS

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

CITY OF KINSTON, NORTH CAROLINA
Exhibit 3
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds			
	General Fund	American Rescue Plan Fund	Total Non- Major Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 15,188,771	\$ 16,759	\$ 10,313,386	\$ 25,518,916
Due from government agencies	2,015,364	4,387	445,634	2,465,385
Accounts receivable	147,439	-	153,962	301,401
Taxes receivable	424,309	-	1,454	425,763
Notes receivable	-	-	156,438	156,438
Inventories	98,928	-	-	98,928
Total assets	<u>\$ 17,874,811</u>	<u>\$ 21,146</u>	<u>\$ 11,070,874</u>	<u>\$ 28,966,831</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,119,048	\$ -	\$ 506,235	\$ 1,625,283
Prepaid privilege licenses	33,410	-	-	33,410
Total liabilities	<u>1,152,458</u>	<u>-</u>	<u>506,235</u>	<u>1,658,693</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	424,309	-	-	424,309
Pavement assessment receivables	9,048	-	-	9,048
GTP fire taxes receivables	66	-	-	66
Total deferred inflows of resources	<u>433,423</u>	<u>-</u>	<u>-</u>	<u>433,423</u>
FUND BALANCES				
Non-spendable, not in spendable form:				
Inventories	98,928	-	-	98,928
Perpetual maintenance	-	-	75,000	75,000
Restricted:				
Stabilization by State Statute	2,692,487	-	-	2,692,487
Other	-	645,714	9,334,726	9,980,440
Committed	-	-	1,154,913	1,154,913
Assigned	538,798	-	-	538,798
Unassigned	<u>12,958,717</u>	<u>(624,568)</u>	<u>-</u>	<u>12,334,149</u>
Total fund balances	<u>16,288,930</u>	<u>21,146</u>	<u>10,564,639</u>	<u>26,874,715</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,874,811</u>	<u>\$ 21,146</u>	<u>\$ 11,070,874</u>	<u>\$ 28,966,831</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, 2023

Exhibit 3

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

Total fund balance, governmental funds	\$ 26,874,715
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	\$ 56,504,548
Accumulated depreciation	<u>(31,218,125)</u> 25,286,423
Net pension liability	(7,145,962)
Total pension liability - LEOSSA	(3,462,401)
OPEB liability	(3,580,163)
Deferred inflows of resources for taxes and special assessments receivable	433,423
Pension related deferrals	(895,907)
OPEB related deferrals	(389,653)
Deferred outflows of resources related to pensions are not reported in the funds	5,267,820
Deferred outflows of resources related to OPEB are not reported in the funds	71,506
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	3,911,292
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.	(11,266,028)
Loan to other funds	<u>(180,000)</u>
Net position of governmental activities	<u><u>\$ 34,925,065</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, 2023

Exhibit 4

	Major Fund				Total Governmental Funds	
	American Rescue Plan Fund		Total Non- Major Funds			
	General Fund	General Fund				
REVENUES						
Ad valorem taxes	\$ 11,486,476	\$ -	\$ -	\$ 11,486,476		
Sales and services	1,983,517	-	-	1,983,517		
Other taxes and licenses	8,440,818	-	-	8,440,818		
Unrestricted intergovernmental	706,079	-	-	706,079		
Restricted intergovernmental	834,939	3,193,507	798,361	4,826,807		
Investment earnings	19,285	10,421	2,627	32,333		
Other	57,186	-	90	57,276		
Total revenues	<u>23,528,300</u>	<u>3,203,928</u>	<u>801,078</u>	<u>27,533,306</u>		
EXPENDITURES						
Current:						
General government	2,751,349	-	-	2,751,349		
Public safety	11,187,084	-	132,003	11,319,087		
Public services	2,697,018	-	-	2,697,018		
Parks and recreation	3,959,876	-	-	3,959,876		
Community development	-	-	1,636,540	1,636,540		
Debt service:						
Principal	731,785	-	-	731,785		
Interest	382,986	-	-	382,986		
Capital outlay	3,184,693	-	282,720	3,467,413		
Total expenditures	<u>24,894,791</u>	<u>-</u>	<u>2,051,263</u>	<u>26,946,054</u>		
Excess (deficiency) of revenues over expenditures	<u>(1,366,491)</u>	<u>3,203,928</u>	<u>(1,250,185)</u>	<u>587,252</u>		
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	3,138,290	-	750,000	3,888,290		
Transfers to other funds	-	(3,828,497)	(300)	(3,828,797)		
Proceeds from loan	785,000	-	-	785,000		
Total other financing sources (uses)	<u>3,923,290</u>	<u>(3,828,497)</u>	<u>749,700</u>	<u>844,493</u>		
Net change in fund balance	2,556,799	(624,569)	(500,485)	1,431,745		
Fund balances, beginning	13,732,131	645,715	11,065,124	25,442,970		
Fund balances, ending	<u>\$ 16,288,930</u>	<u>\$ 21,146</u>	<u>\$ 10,564,639</u>	<u>\$ 26,874,715</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, 2023

Exhibit 4

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

Net changes in fund balances- total governmental funds	\$ 1,431,745
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 2,619,130
Depreciation expense for governmental assets	(1,696,831)
Loss on disposal of surplus property	<u>(15,040)</u>
	907,259

Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the statement of net position.	(179,055)
---	-----------

Change in deferred outflows - pension	1,139,400
Change in deferred inflows - pension	2,373,207
Change in pension liability	(3,640,951)

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.	(6,357)
--	---------

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	(785,000)
Principal payments on long-term debt	<u>749,193</u>
	(35,807)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(96,205)
--	----------

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.	62,713
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Loan from Electric fund	<u>(180,000)</u>
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Total changes in net position of governmental activities	<u>\$ 1,775,949</u>
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The accompanying notes to the financial statements are an integral part of these statements.

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, 2023

	General Fund			Variance with Final Budget - Positive (Negative)	
	Budget		Actual Amounts		
	Original	Final			
Revenues:					
Ad valorem taxes	\$ 11,314,050	\$ 11,314,050	\$ 11,486,476	\$ 172,426	
Sales and services	1,828,466	1,916,806	1,983,517	66,711	
Other taxes and licenses	7,588,000	7,663,000	8,440,818	777,818	
Unrestricted intergovernmental	731,138	731,138	706,079	(25,059)	
Restricted intergovernmental	765,702	765,702	834,939	69,237	
Investment earnings	26,336	26,336	19,285	(7,051)	
Other	103,820	103,820	57,186	(46,634)	
Total revenues	22,357,512	22,520,852	23,528,300	1,007,448	
Expenditures:					
Current:					
General government	2,959,324	3,211,632	2,751,349	460,283	
Public safety	11,634,834	11,684,834	11,187,084	497,750	
Public services	3,467,569	3,650,541	2,697,018	953,523	
Parks and recreation	4,023,481	4,111,821	3,959,876	151,945	
Debt service:					
Principal	731,710	731,710	731,785	(75)	
Interest	383,067	383,067	382,986	81	
Capital outlay	1,936,169	4,477,650	3,184,693	1,292,957	
Total expenditures	25,136,154	28,251,255	24,894,791	3,356,464	
Revenues over (under) expenditures	(2,778,642)	(5,730,403)	(1,366,491)	4,363,912	
Other financing sources (uses):					
Transfers from other funds	2,840,132	3,653,122	3,138,290	(514,832)	
Long-term debt issued	760,000	785,000	785,000	-	
Fund balance appropriated	(821,490)	1,292,281	-	(1,292,281)	
Total other financing sources (uses)	2,778,642	5,730,403	3,923,290	(1,807,113)	
Net change in fund balance	\$ -	\$ -	2,556,799	\$ 2,556,799	
Fund balance, beginning			13,732,131		
Fund balance, ending			\$ 16,288,930		

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, 2023

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	\$ 40,166,763	\$ 12,933,580	\$ -	4,780,963	\$ 57,881,306	\$ 8,169,533
Due from government agencies	88,896	99,458	80,213	12,753	281,320	40,110
Due from other funds	180,000	-	-	-	180,000	-
Accounts receivable - net	131,661	9,747	-	2,043	143,451	23,231
Customer receivables- net	5,556,924	1,170,427	899,171	680,852	8,307,374	-
Inventories	2,082,193	628,498	-	-	2,710,691	317,009
Restricted cash and cash equivalents	1,735,661	-	-	-	1,735,661	-
Total current assets	<u>49,942,098</u>	<u>14,841,710</u>	<u>979,384</u>	<u>5,476,611</u>	<u>71,239,803</u>	<u>8,549,883</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	40,970,009	15,781,939	53,498,450	-	110,250,398	-
Equipment and vehicles	2,947,071	3,297,993	3,926,435	6,392,123	16,563,622	905,123
Accumulated depreciation	(33,258,646)	(15,622,207)	(48,985,255)	(5,249,275)	(103,115,383)	(908,166)
Construction in progress	16,348,273	4,447,225	19,424,690	774,706	40,994,894	8,487
Total capital assets	<u>30,880,977</u>	<u>8,653,486</u>	<u>70,094,176</u>	<u>1,917,554</u>	<u>111,546,193</u>	<u>24,912</u>
Total noncurrent assets	<u>30,880,977</u>	<u>8,653,486</u>	<u>70,094,176</u>	<u>1,917,554</u>	<u>111,546,193</u>	<u>24,912</u>
Total assets	<u>80,823,075</u>	<u>23,495,196</u>	<u>71,073,560</u>	<u>7,394,165</u>	<u>182,785,996</u>	<u>8,574,795</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals	<u>485,728</u>	<u>483,959</u>	<u>283,475</u>	<u>494,914</u>	<u>1,748,076</u>	<u>728,822</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	105,955	150,883	1,099,644	186,721	1,543,203	773,807
Customer deposits	1,735,661	-	-	-	1,735,661	-
Compensated absences, current	21,392	20,425	11,284	15,178	68,279	32,747
Current portion of long-term debt	102,290	59,517	1,077,351	108,762	1,347,920	-
Total current liabilities	<u>1,965,298</u>	<u>230,825</u>	<u>2,188,279</u>	<u>310,661</u>	<u>4,695,063</u>	<u>806,554</u>
Non-current liabilities:						
Net pension liability	735,588	732,908	429,296	749,500	2,647,292	1,103,726
Accrued compensated absences	64,177	61,274	33,853	53,945	213,249	98,242
Non-current portion of long-term debt	-	552,453	8,418,076	111,315	9,081,844	-
Total noncurrent liabilities	<u>799,765</u>	<u>1,346,635</u>	<u>8,881,225</u>	<u>914,760</u>	<u>11,942,385</u>	<u>1,201,968</u>
Total liabilities	<u>2,765,063</u>	<u>1,577,460</u>	<u>11,069,504</u>	<u>1,225,421</u>	<u>16,637,448</u>	<u>2,008,522</u>
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	<u>15,913</u>	<u>15,854</u>	<u>9,287</u>	<u>16,213</u>	<u>57,267</u>	<u>23,873</u>
NET POSITION						
Net investment in capital assets	30,778,687	8,041,516	60,598,749	1,697,477	101,116,429	24,912
Unrestricted	47,749,140	14,344,325	(320,505)	4,949,968	66,722,928	7,246,310
Total net position	<u>\$ 78,527,827</u>	<u>\$ 22,385,841</u>	<u>\$ 60,278,244</u>	<u>\$ 6,647,445</u>	<u>167,839,357</u>	<u>\$ 7,271,222</u>
Adjustment to reflect the consolidation of the Public Services Administration Internal Service Fund related to enterprise funds					<u>3,359,930</u>	
Total					<u>\$ 171,199,287</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, 2023

Exhibit 7

Major Enterprise Funds					
	Electric Fund	Water Fund	Wastewater Fund	Non-Major Enterprise Funds	Total
					Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 46,229,642	\$ 10,571,301	\$ 7,130,620	\$ 6,482,611	\$ 70,414,174
Other	90,289	576,113	582,355	228,750	1,477,507
Total operating revenues	46,319,931	11,147,414	7,712,975	6,711,361	71,891,681
OPERATING EXPENSES					
Administration	-	-	-	-	-
Public service operations	-	-	-	-	384,342
Fleet maintenance operations	-	-	-	-	600,079
Warehouse operations	-	-	-	-	678,245
Employee health operations	-	-	-	-	345,888
Electrical operations	37,982,927	-	-	-	37,982,927
Environmental services	-	-	-	3,686,178	3,686,178
Stormwater services	-	-	-	723,956	723,956
Community center services	-	-	-	1,559,077	1,559,077
Water production	-	2,241,151	-	-	2,241,151
Depreciation	999,444	433,621	2,475,558	264,678	4,173,301
Water operations	-	6,665,817	-	-	6,665,817
Wastewater plant operations	-	-	4,763,805	-	4,763,805
Claims reimbursement	-	-	-	-	3,076,213
Total operating expenses	38,982,371	9,340,589	7,239,363	6,233,889	61,796,212
Operating income	7,337,560	1,806,825	473,612	477,472	10,095,469
NONOPERATING REVENUES (EXPENSES)					
Interest earned on investments	116,509	37,824	18	13,168	167,519
Interest on long-term debt	(3,698)	(977)	(64,215)	(10,817)	(79,707)
Loan issuance costs	(1,060)	(280)	(660)	-	(2,000)
Total nonoperating revenues (expenses)	111,751	36,567	(64,857)	2,351	85,812
Income (loss) before contributions and transfers	7,449,311	1,843,392	408,755	479,823	10,181,281
Transfer from other funds	5,182,141	249,322	2,222,614	509,980	8,164,057
Transfer to other funds	(7,472,141)	(249,322)	(202,108)	(119,980)	(8,043,551)
Change in net position	5,159,311	1,843,392	2,429,261	869,823	10,301,787
Beginning net position	73,368,516	20,542,449	57,848,983	5,777,622	7,107,468
Total net position, ending	\$ 78,527,827	\$ 22,385,841	\$ 60,278,244	\$ 6,647,445	\$ 7,271,222
Adjustment to reflect the consolidation of the Public Services Administration Internal Service Fund related to enterprise funds					170,107
Change in net position - business-type activities					<u>\$ 10,471,894</u>

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, 2023

Exhibit 8

	Major Enterprise Funds			Total Non-Major Funds	Total	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund			
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 46,292,977	\$ 11,081,607	\$ 7,757,786	\$ 6,715,339	\$ 71,847,709	\$ 4,274,452
Cash paid for goods and services	(36,944,799)	(7,656,441)	(3,893,426)	(4,215,138)	(52,709,804)	(4,368,528)
Cash paid to employees	(1,402,004)	(1,292,602)	(866,410)	(1,794,613)	(5,355,629)	(2,294,529)
Other operating revenues	-	-	-	-	-	2,679,307
Customer deposits	(39,951)	-	-	-	(39,951)	-
Net cash provided by operating activities	7,906,223	2,132,564	2,997,950	705,588	13,742,325	290,702
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer (to) from other funds	(2,290,000)	-	2,020,506	390,000	120,506	-
Total cash flow used by noncapital financing activities	(2,290,000)	-	2,020,506	390,000	120,506	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(262,200)	(1,307,252)	(3,724,558)	(288,498)	(5,582,508)	(8,488)
Principal paid on general obligation bond maturities and equipment contracts	(217,830)	(90,037)	(1,229,041)	(105,932)	(1,642,840)	-
Interest paid on bonded indebtedness and equipment contracts	(4,758)	(1,257)	(64,875)	(10,817)	(81,707)	-
Net cash used by capital and related financing activities	(484,788)	(1,398,546)	(5,018,474)	(405,247)	(7,307,055)	(8,488)
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital contributions	-	-	-	-	-	-
Interest on investments	116,509	37,824	18	13,168	167,519	22,582
Net cash provided by investing activities	116,509	37,824	18	13,168	167,519	22,582
Net increase in cash and cash equivalents	5,247,944	771,842	-	703,510	6,723,296	304,796
Balances, beginning	36,654,480	12,161,738	-	4,077,453	52,893,671	7,864,737
Balances, ending	\$ 41,902,424	\$ 12,933,580	\$ -	\$ 4,780,963	\$ 59,616,967	\$ 8,169,533
Reconciliation of operating income to net cash provided by operating activities						
Operating income	\$ 7,337,560	\$ 1,806,825	\$ 473,612	\$ 477,472	\$ 10,095,469	\$ 141,172
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	999,444	433,621	2,475,558	264,678	4,173,301	14,091
Changes in assets and liabilities:						
Decrease (increase) in due from government agencies	4,596	(73,372)	(10,851)	-	(79,627)	-
Decrease (increase) in due from government agencies	(180,000)	-	-	-	(180,000)	-
Decrease (increase) in accounts receivable	(3,773)	(8,298)	31	3,978	(8,062)	(7,983)
Decrease (increase) in customer deposits	152,223	15,863	55,631	-	223,717	-
Decrease (increase) in inventories	(471,839)	(164,255)	-	-	(636,094)	(37,464)
Increase (decrease) in accounts payable and accrued liabilities	43,731	35,882	(41,125)	(152,771)	(114,283)	17,844
Increase (decrease) in customer deposits	(39,951)	-	-	-	(39,951)	-
Increase (decrease) in net pension liability	504,746	525,102	303,005	563,675	1,896,528	821,929
(Increase) decrease in deferred outflows of resources for pensions	(130,269)	(163,972)	(89,009)	(208,776)	(592,026)	(294,896)
Decrease (increase) in deferred inflows of resources - pensions	(316,136)	(283,058)	(172,372)	(251,080)	(1,022,646)	(381,472)
Increase (decrease) in compensated absences payable	5,891	8,226	3,470	8,412	25,999	17,481
Total adjustments	568,663	325,739	2,524,338	228,116	3,646,856	149,530
Net cash provided by operating activities	\$ 7,906,223	\$ 2,132,564	\$ 2,997,950	\$ 705,588	\$ 13,742,325	\$ 290,702

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.

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2023

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, 2023

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 30 special revenue funds; the individual descriptions of which are disclosed in the supplemental nonmajor fund-types section.

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

Permanent Fund. The Permanent Fund accounts for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City has one Permanent Fund, the Temple Israel Perpetual Care Fund, which is used to account for 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, 2023

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, 2023

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, 2023

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, 2023

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 April 30 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 by June 1 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, 2023

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, 2023, 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, 2023, consists of the following:

Business-Type Activities:	
Electric Fund - customer deposits	\$ 1,735,661
Total business-type activities restricted cash	<u>\$ 1,735,661</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2022.

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, 2023

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 2023 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, 2023

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 an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2023 is as follows:

Purpose	General Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Activities
Restricted, all other:				
Community development	\$ -	\$ 645,714	\$ 9,250,637	\$ 9,896,351
Perpetual care	-	-	239	239
Public safety	-	-	83,850	83,850
Total	\$ -	\$ 645,714	\$ 9,334,726	\$ 9,980,440

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2023

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, 2023 is as follows:

Purpose	Other Governmental Funds
General government	\$ 81,178
Public safety	912
Community development	310,889
Parks and recreation	761,934
Total	\$ 1,154,913

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, 2023

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, 2023 is as follows:

Purpose	General Fund
Subsequent year's expenditures	<u>\$ 538,798</u>
Total	<u><u>\$ 538,798</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	\$ 16,288,930
Less:	
Inventories	98,928
Prepaid expenses	-
Stabilization by State statute	2,692,487
Total available fund balance	<u><u>\$ 13,497,515</u></u>

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2023

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>\$ 538,798</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, 2023

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, 2023, the City's deposits had a carrying amount of \$85,306,646 and a bank balance of \$85,314,732. 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, 2023, the City's petty cash fund totaled \$13,550.

2. Investments

As of June 30, 2023, the City had \$6,780,633 in investments invested with the North Carolina Capital Management Trust's Governmental Portfolio, which carried a credit rating of AAA by Standard and Poor's. The City had no policy regarding credit risk.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2023 is net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 138,320</u>
Enterprise Funds:	
Electric Fund	2,985,956
Water Fund	722,710
Wastewater Fund	617,137
Nonmajor enterprise funds	<u>383,309</u>
Total enterprise funds	<u>4,709,112</u>
Total allowance for doubtful accounts	<u>\$ 4,847,432</u>

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

<u>Governmental Activities</u>	
Due from other governments:	
Local option sales tax and other	
State shared revenues	\$ 507,068
State and local sales tax	1,508,296
Grant receivable	<u>450,021</u>
Total	<u>\$ 2,465,385</u>

4. Long-Term Loan Receivables

The City issued a note receivable on March 19, 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, 2023 is \$156,438.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

5. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
General Fund:				
Capital assets not being depreciated:				
Land	\$ 3,792,446	\$ 10,776	\$ 2,437	\$ 3,800,785
Construction in progress	7,776,106	606,556	159,495	8,223,167
Total capital assets not being depreciated	<u>11,568,552</u>	<u>617,332</u>	<u>161,932</u>	<u>12,023,952</u>
Capital assets being depreciated:				
Buildings and improvements	19,239,866	380,127	-	19,619,993
Equipment	6,434,961	634,728	4,861	7,064,828
Vehicles	8,942,667	800,861	307,363	9,436,165
Infrastructure	8,014,035	345,575	-	8,359,610
Total assets being depreciated	<u>42,631,529</u>	<u>2,161,291</u>	<u>312,224</u>	<u>44,480,596</u>
Less accumulated depreciation:				
Buildings and improvements	9,994,723	566,591	-	10,561,314
Equipment	6,144,129	249,843	4,861	6,389,111
Vehicles	7,444,443	688,252	294,759	7,837,936
Infrastructure	6,237,618	192,146	-	6,429,764
Total accumulated depreciation	<u>29,820,913</u>	<u>1,696,832</u>	<u>299,620</u>	<u>31,218,125</u>
Total capital assets being depreciated, net	<u>12,810,616</u>			<u>13,262,471</u>
Total General Fund capital assets, net	<u>\$ 24,379,168</u>			<u>\$ 25,286,423</u>

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
Employee Health Fund				
Internal Service Fund:				
Capital assets being depreciated:				
Buildings and improvements	\$ 19,468	\$ -	\$ -	\$ 19,468
Less accumulated depreciation:				
Buildings and improvements	13,629	486	-	14,115
Total accumulated depreciation	13,629	486	-	14,115
Total capital assets being depreciated, net	<u>5,839</u>			<u>5,353</u>
Total Employee Health Fund capital assets, net	<u>\$ 5,839</u>			<u>\$ 5,353</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	136,196	2,356	-	138,552
Vehicles	66,879	-	-	66,879
Total accumulated depreciation	<u>203,075</u>	<u>2,356</u>	<u>-</u>	<u>205,431</u>
Total capital assets being depreciated, net	<u>4,714</u>			<u>2,358</u>
Total Fleet Maintenance Fund capital assets, net	<u>\$ 4,714</u>			<u>\$ 2,358</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
Total Governmental Funds:				
Capital assets not being depreciated:				
Land	\$ 3,792,446	\$ 10,776	\$ 2,437	\$ 3,800,785
Construction in progress	7,776,106	606,556	159,495	8,223,167
Total capital assets not being depreciated	<u>11,568,552</u>	<u>617,332</u>	<u>161,932</u>	<u>12,023,952</u>
Capital assets being depreciated:				
Buildings and improvements	19,259,334	380,127	-	19,639,461
Equipment	6,575,871	634,728	4,861	7,205,738
Vehicles	9,009,546	800,861	307,363	9,503,044
Infrastructure	8,014,035	345,575	-	8,359,610
Total assets being depreciated	<u>42,858,786</u>	<u>2,161,291</u>	<u>312,224</u>	<u>44,707,853</u>
Less accumulated depreciation:				
Buildings and improvements	10,008,352	567,077	-	10,575,429
Equipment	6,280,325	252,199	4,861	6,527,663
Vehicles	7,511,322	688,252	294,759	7,904,815
Infrastructure	6,237,618	192,146	-	6,429,764
Total accumulated depreciation	<u>30,037,617</u>	<u>1,699,674</u>	<u>299,620</u>	<u>31,437,671</u>
Total capital assets being depreciated, net	<u>12,821,169</u>			<u>13,270,182</u>
Governmental activities capital assets, net	<u>\$ 24,389,721</u>			<u>\$ 25,294,134</u>

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

General government	\$ 221,913
Public safety	943,357
Public services	161,827
Community development	-
Cultural and recreation	363,523
Internal services funds	9,054
Total	<u>\$ 1,699,674</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
Business-type activities:				
Electric Fund:				
Capital assets not being depreciated:				
Land	\$ 202,380	\$ -	\$ -	\$ 202,380
Construction in progress	<u>16,202,733</u>	<u>145,540</u>	<u>-</u>	<u>16,348,273</u>
Total capital assets not being depreciated	<u>16,405,113</u>	<u>145,540</u>	<u>-</u>	<u>16,550,653</u>
Capital assets being depreciated:				
Buildings and improvements	3,671,890	-	-	3,671,890
Equipment	1,106,536	81,707	43,200	1,145,043
Vehicles	1,778,549	34,952	11,473	1,802,028
Distribution system	<u>40,970,008</u>	<u>1</u>	<u>-</u>	<u>40,970,009</u>
Total assets being depreciated	<u>47,526,983</u>	<u>116,660</u>	<u>54,673</u>	<u>47,588,970</u>
Less accumulated depreciation:				
Buildings and improvements	3,327,235	63,541	-	3,390,776
Equipment	863,790	36,997	43,200	857,587
Vehicles	1,568,527	91,152	11,473	1,648,206
Distribution system	<u>26,554,323</u>	<u>807,754</u>	<u>-</u>	<u>27,362,077</u>
Total accumulated depreciation	<u>32,313,875</u>	<u>999,444</u>	<u>54,673</u>	<u>33,258,646</u>
Total capital assets being depreciated, net	<u>15,213,108</u>			<u>14,330,324</u>
Electric Fund capital assets, net	<u>\$ 31,618,221</u>			<u>\$ 30,880,977</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 66,605	\$ -	\$ -	\$ 66,605
Construction in progress	3,259,744	1,187,481	-	4,447,225
Total capital assets not being depreciated	<u>3,326,349</u>	<u>1,187,481</u>	<u>-</u>	<u>4,513,830</u>
Capital assets being depreciated:				
Buildings and improvements	681,931	-	-	681,931
Equipment	1,531,171	-	-	1,531,171
Vehicles	1,715,868	77,588	26,634	1,766,822
Infrastructure	177,480	-	-	177,480
Distribution system	15,562,276	42,183	-	15,604,459
Total assets being depreciated	<u>19,668,726</u>	<u>119,771</u>	<u>26,634</u>	<u>19,761,863</u>
Less accumulated depreciation:				
Buildings and improvements	616,739	3,868	-	620,607
Equipment	1,414,970	58,769	-	1,473,739
Vehicles	1,508,778	96,568	26,634	1,578,712
Infrastructure	46,248	8,695	-	54,943
Distribution system	11,628,485	265,721	-	11,894,206
Total accumulated depreciation	<u>15,215,220</u>	<u>433,621</u>	<u>26,634</u>	<u>15,622,207</u>
Total capital assets being depreciated, net	<u>4,453,506</u>			<u>4,139,656</u>
Water Fund capital assets, net	<u>\$ 7,779,855</u>			<u>\$ 8,653,486</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Wastewater Fund:				
Capital assets not being depreciated:				
Land	\$ 953,658	\$ -	\$ -	\$ 953,658
Construction in progress	16,061,755	3,362,935	-	19,424,690
Total capital assets not being depreciated	<u>17,015,413</u>	<u>3,362,935</u>	<u>-</u>	<u>20,378,348</u>
Capital assets being depreciated:				
Buildings and improvements	41,276,198	-	-	41,276,198
Equipment	2,622,508	284,459	-	2,906,967
Vehicles	1,019,468	-	-	1,019,468
Infrastructure	397,697	77,163	-	474,860
Distribution system	53,023,590	-	-	53,023,590
Total assets being depreciated	<u>98,339,461</u>	<u>361,622</u>	<u>-</u>	<u>98,701,083</u>
Less accumulated depreciation:				
Buildings and improvements	15,985,568	976,481	-	16,962,049
Equipment	2,141,929	186,280	-	2,328,209
Vehicles	853,041	83,213	-	936,254
Infrastructure	204,703	21,814	-	226,517
Distribution system	27,324,457	1,207,769	-	28,532,226
Total accumulated depreciation	<u>46,509,698</u>	<u>2,475,557</u>	<u>-</u>	<u>48,985,255</u>
Total capital assets being depreciated, net	<u>51,829,763</u>			<u>49,715,828</u>
Wastewater Fund capital assets, net	<u>\$ 68,845,176</u>			<u>\$ 70,094,176</u>
 Environmental Services Fund:				
Capital assets being depreciated:				
Equipment	\$ 600,415	\$ -	\$ -	\$ 600,415
Vehicles	3,713,571	-	-	3,713,571
Total assets being depreciated	<u>4,313,986</u>	<u>-</u>	<u>-</u>	<u>4,313,986</u>
Less accumulated depreciation:				
Equipment	566,002	10,645	-	576,647
Vehicles	3,345,893	171,069	-	3,516,962
Total accumulated depreciation	<u>3,911,895</u>	<u>181,714</u>	<u>-</u>	<u>4,093,609</u>
Total capital assets being depreciated, net	<u>402,091</u>			<u>220,377</u>
Environmental Services Fund capital assets, net	<u>\$ 402,091</u>			<u>\$ 220,377</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
Stormwater Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ 486,209	\$ 288,497	\$ -	\$ 774,706
Total capital assets not being depreciated	<u>486,209</u>	<u>288,497</u>	<u>-</u>	<u>774,706</u>
Capital assets being depreciated:				
Equipment	225,902	-	-	225,902
Vehicles	476,390	-	-	476,390
Infrastructure	692,432	-	-	692,432
Total assets being depreciated	<u>1,394,724</u>	<u>-</u>	<u>-</u>	<u>1,394,724</u>
Less accumulated depreciation:				
Equipment	193,423	25,913	-	219,336
Vehicles	476,389	-	-	476,389
Infrastructure	279,275	34,622	-	313,897
Total accumulated depreciation	<u>949,087</u>	<u>60,535</u>	<u>-</u>	<u>1,009,622</u>
Total capital assets being depreciated, net	<u>445,637</u>			<u>385,102</u>
Stormwater Fund capital assets, net	<u>\$ 931,846</u>			<u>\$ 1,159,808</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	78,178	15,354	-	93,532
Equipment	45,438	7,075	-	52,513
Total accumulated depreciation	<u>123,616</u>	<u>22,429</u>	<u>-</u>	<u>146,045</u>
Total capital assets being depreciated, net	<u>559,798</u>			<u>537,369</u>
Kinston Community Center Fund capital assets, net	<u>\$ 559,798</u>			<u>\$ 537,369</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

	Balance			Balance
	July 1, 2022	Increases	Decreases	June 30, 2023
Public Services Administration Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 8,487	\$ -	\$ 8,487
Total capital assets not being depreciated	<u>-</u>	<u>8,487</u>	<u>-</u>	<u>8,487</u>
Capital assets being depreciated:				
Equipment	527,391	-	-	527,391
Vehicles	<u>169,942</u>	<u>-</u>	<u>-</u>	<u>169,942</u>
Total assets being depreciated	<u>697,333</u>	<u>-</u>	<u>-</u>	<u>697,333</u>
Less accumulated depreciation:				
Equipment	514,320	4,357	-	518,677
Vehicles	<u>163,053</u>	<u>6,889</u>	<u>-</u>	<u>169,942</u>
Total accumulated depreciation	<u>677,373</u>	<u>11,246</u>	<u>-</u>	<u>688,619</u>
Total capital assets being depreciated, net	<u>19,960</u>			<u>8,714</u>
Public Services Administration Fund capital assets, net	<u>\$ 19,960</u>			<u>\$ 17,201</u>
Total business-type activities capital assets, net	<u>\$ 110,156,947</u>			<u>\$ 111,563,394</u>

B. Liabilities

1. Payables

Accounts payable and accrued liabilities at the government-wide level at June 30, 2023 were as follows:

	Governmental Activities	Business Type Activities	Total
Accounts and vouchers	\$ 1,972,525	\$ 1,552,386	\$ 3,524,911
Accrued interest payable	-	25,379	25,379
Accrued payroll and related liabilities	392,003	-	392,003
Total accounts payable and accrued liabilities	<u>\$ 2,364,528</u>	<u>\$ 1,577,765</u>	<u>\$ 3,942,293</u>

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2023

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, 2023

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, 2023, was 13.04% of compensation for law enforcement officers and 12.17% 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 \$1,993,455 for the year ended June 30, 2023.

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, 2023, the City reported a liability of \$10,896,980 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022 (measurement date), the City's proportion was 0.19316%, which was a decrease of 0.01585% from its proportion measured as of June 30, 2021.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

For the year ended June 30, 2023, the City recognized pension expense of \$3,032,703. At June 30, 2023, 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	\$ 469,541	\$ 46,036
Changes of assumptions	1,087,274	-
Net difference between projected and actual earnings on pension plan investments	3,601,567	-
Changes in proportion and differences between City contributions and proportionate share of contributions	43,730	189,682
City contributions subsequent to the measurement date	1,993,455	-
Total	\$ 7,195,567	\$ 235,718

\$1,993,455 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, 2024.

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

Year ended June 30:	
2024	\$ 1,560,375
2025	1,343,045
2026	347,120
2027	1,715,854
2028	-
Thereafter	-
	<u>\$ 4,966,394</u>

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2021 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, 2021 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, 2022 are summarized in the following table:

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
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)	\$ 19,667,650	\$ 10,896,982	\$ 3,669,443

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, 2023

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, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	16
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>64</u>
Total	<u>80</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, 2021 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	4.31 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, 2023

2. Detail Notes on All Funds (Continued)

The actuarial assumptions used in the December 31, 2021 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 \$265,694 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, 2023, the City reported a liability of \$3,462,401. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the city recognized pension expense of \$238,287.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,253	\$ 216,978
Changes of assumptions	355,156	524,351
Benefit payments and administrative expenses subsequent to the measurement date	159,742	-
Total	\$ 549,151	\$ 741,329

\$549,151 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:	
2024	\$ (8,713)
2025	(21,705)
2026	(137,029)
2027	(149,280)
2028	(35,193)
Thereafter	-
	\$ (351,920)

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 4.31%, 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 (3.31%) or 1-percentage-point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
Total Pension Liability	\$ 3,724,324	\$ 3,462,401	\$ 3,224,867

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

	2023
Beginning balance	\$ 4,247,038
Service cost	156,856
Interest on the total pension liability	92,569
Difference between expected and actual experience in the measurement of the total pension liability	(199,789)
Changes of assumptions or other inputs	(568,579)
Benefit payments	(265,694)
Ending balance of the total pension liability	\$ 3,462,401

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2021 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	\$ 3,032,703	\$ 238,287	\$ 3,270,990
Pension liability	10,896,980	3,462,401	14,359,381
Proportionate share of the net pension liability	0.19316%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	469,541	34,253	503,794
Changes of assumptions	1,087,274	355,156	1,442,430
Net difference between projected and actual earnings on plan investments	3,601,567	-	3,601,567
Changes in proportion and differences between contributions and proportionate share of contributions	43,730	-	43,730
Benefit payments and administrative costs paid subsequent to the measurement date	1,993,455	159,742	2,153,197
Deferred of Inflows of Resources			
Differences between expected and actual experience	46,036	216,978	263,014
Changes of assumptions	-	524,351	524,351
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	189,682	-	189,682

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, 2023

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, 2023 were \$199,697, which consisted of \$170,917 from the City and \$28,780 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, 2023 were \$347,805, which consisted of \$187,133 from the City and \$160,672 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, 2023

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 \$3,580,163 was measured as of June 30, 2022 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	2.16 percent
Measurement Date	3.54 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 Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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

	2023
Beginning balance - July 1, 2022	\$ 4,127,730
Service cost	67,581
Interest on the total pension liability and cash flows	88,255
Difference between expected and actual experience	(151,379)
Changes of assumptions of other inputs	(331,973)
Net benefit payments	(220,051)
Ending balance of the total pension liability - June 30, 2023	<u><u>\$ 3,580,163</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54% 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	\$ 3,489,269	\$ 3,580,163	\$ 3,682,424

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
	(2.54%)	Rate (3.54%)	(4.54%)
Total OPEB Liability	\$ 3,816,728	\$ 3,580,163	\$ 3,363,368

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2023, the City recognized OPEB income of \$44,692. At June 30, 2023, 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	\$ -	\$ 192,082
Benefit Payments made subsequent to the measurement date	- -	-
Changes of assumptions	<u>71,506</u>	<u>197,571</u>
Total	<u>\$ 71,506</u>	<u>\$ 389,653</u>

\$71,506 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ (226,173)
2025	(91,974)
2026	-
2027	-
2028	-
Thereafter	-
	<u>\$ (318,147)</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, 2023

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, 2023, the City made contributions of \$60,502 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)	\$ 1,993,455
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	159,742
Difference between projected expected and actual experience (LEOSSA)	34,253
Changes of assumptions (LEOSSA)	355,156
Difference between projected expected and actual experience (LGERS)	469,541
Changes in proportion and differences between City contributions and proportionate share of contributions (LGERS)	43,730
Difference between projected and actual earnings on pension plan investments (LGERS)	3,601,567
Changes of assumptions (LGERS)	1,087,274
Changes of assumptions (OPEB)	71,506
Total	\$ 7,816,224

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

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

Source	Amount
Differences between expected and actual experience (LEOSSA)	\$ 216,978
Changes of assumptions (LEOSSA)	524,351
Changes in proportion and differences between City's contributions and proportionate share of contributions (LGERS)	189,682
Differences between expected and actual experience (LGERS)	46,036
Changes in assumptions (OPEB)	197,571
Differences between expected and actual experience (OPEB)	192,082
Total	<u><u>\$ 1,366,700</u></u>

4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Inter-Local Risk Financing Fund (IRFFNC) for its general liability, property and auto liability coverage. This is one of three self-funded risk-financing pools administered by the North Carolina League of Municipalities. The City obtains general liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy and auto coverage up to \$1 million per occurrence. Additionally, through IRFFNC, the City obtains a \$5 million umbrella general liability policy for the Kinston 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 \$474,346 in claims was incurred for benefits during fiscal year 2023.

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 \$2,601,866 in benefits were paid during the fiscal year 2023.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

Claims Liability

	Year Ended June 30	
	2023	2022
Unpaid claims, beginning of fiscal year	\$ 556,390	\$ 556,390
Incurred claims (including claims incurred, but not report as of fiscal year-end)	3,076,212	3,207,386
Payments and reduction in claim estimates	(2,947,997)	(3,131,509)
Unpaid claims, end of fiscal year	<u>\$ 684,605</u>	<u>\$ 556,390</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, 2023, 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, 2023

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, 2023

2. Detail Notes on All Funds (Continued)

5. Long-Term Obligations

a. Installment Contracts

Installment Contracts outstanding at June 30, 2023 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	\$ 2,626,706
\$1,851,000 – USDA Loan – City Hall, principal and interest of 4.375% due annually through March 2039	\$ 1,290,684
\$860,000 – USDA Loan – Fire Trucks, principal and interest of 4.00% due annually through July 2030	\$ 424,143
\$2,337,500 – USDA Loan – Fire Station, principal and interest of 3.50% due annually through October 2042	\$ 1,880,397
\$2,500,000 – Bank Loan – Grainger Stadium Improvements, principal and interest of 4.60% due annually through August 2033	\$ 1,833,000
\$3,527,000 – Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034	\$ 1,636,150
\$785,000 – Bank Loan – Equipment, principal and interest of 4.027% due annually through July 2029	<u>\$ 785,000</u>
Total governmental activities	<u>\$ 10,476,080</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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 \$ 173,366

Environmental Services Fund:

\$3,527,000– Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034 \$ 220,077

Total enterprise funds \$ 393,443

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>		
2024	\$ 729,924	\$ 359,952	\$ 194,439	\$ 18,916	\$ 924,363	\$ 378,868
2025	875,331	368,199	199,004	14,062	1,074,335	382,261
2026	650,017	347,525	-	-	650,017	347,525
2027	669,173	323,302	-	-	669,173	323,302
2028	687,996	298,336	-	-	687,996	298,336
2029-2033	2,867,107	1,137,719	-	-	2,867,107	1,137,719
2034-2038	1,792,268	683,514	-	-	1,792,268	683,514
2039-2043	1,294,102	345,232	-	-	1,294,102	345,232
2044-2048	741,338	149,002	-	-	741,338	149,002
2049-2050	168,824	8,019	-	-	168,824	8,019
Total	<u>\$ 10,476,080</u>	<u>\$ 4,020,800</u>	<u>\$ 393,443</u>	<u>\$ 32,978</u>	<u>\$ 10,869,523</u>	<u>\$ 4,053,778</u>

\$729,924 of the governmental activities current portion will be repaid from the General Fund. Of the business-type activities current portion, \$85,677 will be paid from the Wastewater Fund and \$108,762 from the Environmental Services Fund.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2023
2003	Expansion to Sanitary Sewer System	2.66%	2024	\$ 38,250
2007	Expansion to Sanitary Sewer System	2.27%	2027	1,471,089
2015	Expansion to Sanitary Sewer System	2.00%	2035	441,681
2017	Queen Street Sewer Phase I	0.00%	2037	2,349,803
2019	Queen Street Sewer Phase II	0.00%	2038	1,338,568
2018	KRWRF Biosolids Dryer Project	0.00%	2038	1,937,137
2020	Briery Run Sewer Rehab Phase IV	0.00%	2040	1,681,844
2022	Greenmead Water Line Replacement	0.00%	2041	584,950
Total business-type activities				\$ 9,843,322

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

Year Ending	June 30	Principal	Interest	Total
	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	554,459	5,889	560,348
	2029-2033	2,772,297	18,403	2,790,700
	2034-2038	2,494,033	2,208	2,496,241
	2039-2042	295,355	-	295,355
	Total	\$ 9,843,322	\$ 141,735	\$ 9,985,057

\$32,497 of the current portion will be paid from the Water Fund and \$927,985 from the Wastewater Fund.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

c. Revenue Bonds

Revenue bonds outstanding at June 30, 2023 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%	\$ 27,020
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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%	63,690
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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%	<u>102,290</u>
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Total revenue bonds	<u>\$ 193,000</u>
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Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending		Principal	Interest	Total
June 30		Principal	Interest	Total
2024		\$ 193,000	\$ 1,689	\$ 194,689
2025		-	-	-
Total		<u>\$ 193,000</u>	<u>\$ 1,689</u>	<u>\$ 194,689</u>

\$27,020 of the current portion will be paid from the Water Fund, \$63,690 from the Wastewater Fund, and \$102,290 from the Electric Fund.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2023 were \$1,536,908 and \$64,212, respectively. Total customer revenue for the City's enterprise funds totaled \$65,180,320 for the year ended June 30, 2023.

Operating revenues	\$ 65,180,320
Operating expenses*	<u>51,653,700</u>
Income available for debt service	<u><u>\$ 13,526,620</u></u>
Debt service, principal, and interest paid (parity debt)	<u><u>\$ 1,607,798</u></u>
Debt service coverage ratio	<u><u>8.40</u></u>

*Per rate covenants; this does not include the depreciation expense of \$3,908,623.

At June 30, 2023, 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, 2023, the legal debt limit for the City was \$114,533,280, providing a legal debt margin of \$93,820,436.

At June 30, 2023, 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, 2023

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, 2023 is as follows:

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	Current Portion of Balance
General Fund:					
Accrued compensated absences	\$ 852,545	\$ -	\$ 62,598	\$ 789,947	\$ 197,486
Total pension liability (LEOSSA)	4,247,038	-	784,637	3,462,401	-
Installment contracts	10,440,386	785,000	749,306	10,476,080	729,924
OPEB liability	4,127,730	-	547,567	3,580,163	-
Net pension liability (LGERS)	2,172,807	4,973,155	-	7,145,962	-
Total	<u>\$ 21,840,506</u>	<u>\$ 5,758,155</u>	<u>\$ 2,144,108</u>	<u>\$ 25,454,553</u>	<u>\$ 927,410</u>
Employee Health Fund:					
Accrued compensated absences	\$ 6,548	\$ 3,409	\$ -	\$ 9,957	\$ 2,489
Net pension liability (LGERS)	12,536	86,500	-	99,036	-
Total	<u>\$ 19,084</u>	<u>\$ 89,909</u>	<u>\$ -</u>	<u>\$ 108,993</u>	<u>\$ 2,489</u>
Fleet Maintenance Fund:					
Accrued compensated absences	\$ 29,405	\$ -	\$ 113	\$ 29,292	\$ 7,324
Net pension liability (LGERS)	55,842	162,371	-	218,213	-
Total	<u>\$ 85,247</u>	<u>\$ 162,371</u>	<u>\$ 113</u>	<u>\$ 247,505</u>	<u>\$ 7,324</u>
Total Governmental Activities:					
Accrued compensated absences	\$ 888,498	\$ 3,409	\$ 62,711	\$ 829,196	\$ 207,299
Total pension liability (LEOSSA)	4,247,038	-	784,637	3,462,401	-
Installment contracts	10,440,386	785,000	749,306	10,476,080	729,924
OPEB liability	4,127,730	-	547,567	3,580,163	-
Net pension liability (LGERS)	2,241,185	5,222,026	-	7,463,211	-
Total	<u>\$ 21,944,837</u>	<u>\$ 6,010,435</u>	<u>\$ 2,144,221</u>	<u>\$ 25,811,051</u>	<u>\$ 937,223</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2023 is as follows:

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	Current Portion of Balance
Major Enterprise Funds:					
Water Fund:					
Accrued compensated absences	\$ 73,473	\$ 8,226	\$ -	\$ 81,699	\$ 20,425
Notes payable	617,447	-	32,497	584,950	32,497
Revenue bonds	84,560	-	57,540	27,020	27,020
Net pension liability (LGERS)	207,806	525,102	-	732,908	-
Total	\$ 983,286	\$ 533,328	\$ 90,037	\$ 1,426,577	\$ 79,942
Wastewater Fund:					
Accrued compensated absences	\$ 41,667	\$ 3,470	\$ -	\$ 45,137	\$ 11,284
Notes payable	10,268,335	-	1,009,963	9,258,372	927,984
Installment contracts	256,813	-	83,448	173,365	85,677
Revenue bonds	199,320	-	135,630	63,690	63,690
Net pension liability (LGERS)	126,290	303,006	-	429,296	-
Total	\$ 10,892,425	\$ 306,476	\$ 1,229,041	\$ 9,969,860	\$ 1,088,635
Electric Fund:					
Accrued compensated absences	\$ 79,677	\$ 5,892	\$ -	\$ 85,569	\$ 21,392
Revenue bonds	320,120	-	217,830	102,290	102,290
Net pension liability (LGERS)	230,842	504,746	-	735,588	-
Total	\$ 630,639	\$ 510,638	\$ 217,830	\$ 923,447	\$ 123,682
Nonmajor Enterprise Funds:					
Environmental Services Funds					
Accrued compensated absences	\$ 47,535	\$ 11,372	\$ -	\$ 58,907	\$ 11,884
Installment contracts	326,009	-	105,932	220,077	108,762
Net pension liability (LGERS)	133,602	382,871	-	516,473	-
Total	\$ 507,146	\$ 394,243	\$ 105,932	\$ 795,457	\$ 120,646

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2023 is as follows:

	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>	Current Portion of Balance
Stormwater Fund:					
Accrued compensated absences	\$ 6,320	\$ -	\$ 4,670	\$ 1,650	\$ 1,580
Net pension liability (LGERS)	<u>35,702</u>	<u>94,030</u>	<u>-</u>	<u>129,732</u>	<u>-</u>
Total	<u>\$ 42,022</u>	<u>\$ 94,030</u>	<u>\$ 4,670</u>	<u>\$ 131,382</u>	<u>\$ 1,580</u>
Kinston Community Center Fund:					
Accrued compensated absences	\$ 6,856	\$ 1,710	\$ -	\$ 8,566	\$ 1,714
Net pension liability (LGERS)	<u>16,520</u>	<u>86,775</u>	<u>-</u>	<u>103,295</u>	<u>-</u>
Total	<u>\$ 23,376</u>	<u>\$ 88,485</u>	<u>\$ -</u>	<u>\$ 111,861</u>	<u>\$ 1,714</u>
Public Services Administration Fund:					
Accrued compensated absences	\$ 77,553	\$ 14,188	\$ -	\$ 91,741	\$ 22,935
Net pension liability (LGERS)	<u>213,422</u>	<u>573,055</u>	<u>-</u>	<u>786,477</u>	<u>-</u>
Total	<u>\$ 290,975</u>	<u>\$ 587,243</u>	<u>\$ -</u>	<u>\$ 878,218</u>	<u>\$ 22,935</u>
Total Business-Type Activities:					
Accrued compensated absences	\$ 333,081	\$ 44,858	\$ 4,670	\$ 373,269	\$ 91,214
Notes payable	10,885,782	-	1,042,460	9,843,322	960,481
Installment contracts	582,822	-	189,380	393,442	194,439
Revenue bonds	604,000	-	411,000	193,000	193,000
Net pension liability (LGERS)	<u>964,184</u>	<u>2,469,585</u>	<u>-</u>	<u>3,433,769</u>	<u>-</u>
Total	<u>\$ 13,369,869</u>	<u>\$ 2,514,443</u>	<u>\$ 1,647,510</u>	<u>\$ 14,236,802</u>	<u>\$ 1,439,134</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2023

2. Detail Notes on All Funds (Continued)

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2023, 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	446,138
From Special Revenue Fund (ARPA) to Kinston Community Center Fund for Recovery of Revenue	400,000
From Special Revenue Fund (ARPA) to Wastewater Fund for Recovery of Revenue	2,020,506
Total transfers	<u>\$ 5,166,644</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, 2023 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 25,294,134	\$ 111,563,394
Less: long-term debt	(10,476,081)	(10,429,764)
Plus: unspent debt proceeds	-	-
Net investment in capital assets	<u>\$ 14,818,053</u>	<u>\$ 101,133,630</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, 2023.

CITY OF KINSTON, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2023

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, 2023 were \$30,806,267.

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, 2023.

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 \$291,066 of funding for the Authority for the year ended June 30, 2023.

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, 2023. During the year ended June 30, 2023, the City provided \$265,950 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, 2023

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 March 19, 2024, 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

CITY OF KINSTON, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the year ended June 30, 2023

Law Enforcement Officers' Special Separation Allowance

	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 4,247,038	\$ 4,275,963	\$ 3,618,572	\$ 3,559,172	\$ 3,607,151	\$ 3,298,685	\$ 3,328,063
Service cost	156,856	184,614	111,555	113,395	123,979	109,374	117,300
Interest on the total pension liability	92,569	80,158	113,798	125,083	110,510	123,405	115,481
Differences between expected and actual	(199,789)	55,075	(117,556)	(31,366)	66,577	-	-
Changes of assumptions or other inputs	(568,579)	(103,355)	805,249	97,916	(129,061)	279,012	(75,547)
Benefit payments	(265,694)	(245,417)	(255,655)	(245,628)	(219,984)	(203,325)	(186,612)
Ending balance of the total pension liability	<u>\$ 3,462,401</u>	<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, 2023

Law Enforcement Officers' Special Separation Allowance

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 3,462,401	\$ 4,247,038	\$ 4,275,963	\$ 3,618,572	\$ 3,559,172	\$ 3,607,151	\$ 3,298,685
Covered payroll	3,389,787	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	102.14%	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, 2023

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost at end of year	\$ 67,581	\$ 83,045	\$ 60,307	\$ 88,051	\$ 91,225
Interest on the total pension liability and cash flows	88,255	97,467	146,462	177,696	172,360
Differences between expected and actual experience					
in the measurement of the total pension liability	(151,379)	(533,997)	(8,503)	(436,041)	(123,287)
Changes of assumptions or other inputs	(331,973)	295,264	343,639	101,435	(103,125)
Benefit payments and implicit subsidy credit	(220,051)	(281,003)	(395,151)	(354,539)	(267,958)
Net change in Total OPEB Liability	(547,567)	(339,224)	146,754	(423,398)	(230,785)
Total OPEB Liability - beginning	4,127,730	4,466,954	4,320,200	4,743,598	4,974,383
Total OPEB Liability - ending	\$ 3,580,163	\$ 4,127,730	\$ 4,466,954	\$ 4,320,200	\$ 4,743,598
 Covered payroll					
Total OPEB Liability as a percentage of covered payroll	\$ 4,500,116	\$ 4,500,116	\$ 4,663,667	\$ 4,663,667	\$ 6,261,400
	79.56%	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
2023	3.54%
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 Ten Fiscal Years *

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset) (%)	0.19316%	0.20901%	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) (\$)	\$ 10,896,982	\$ 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	\$ 16,128,975	\$ 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	67.56%	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 **	84.00%	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.

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

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,993,455	\$ 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>1,993,455</u>	<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	\$15,868,640	\$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	12.56%	12.35%	10.34%	9.56%	7.82%	7.98%	7.51%	6.87%	7.15%	7.12%

OTHER FINANCIAL INFORMATION

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

GENERAL FUND

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

CITY OF KINSTON, NORTH CAROLINA
Schedule 1
General Fund
Balance Sheet
June 30, 2023
With comparative totals for June 30, 2022

	2023	2022
Assets:		
Cash and investments	\$ 15,188,771	\$ 12,595,981
Receivables:		
Due from governmental agencies	2,015,364	1,836,583
Accounts receivable	147,439	145,167
Taxes receivable	424,309	520,402
Inventories	98,928	139,328
Total assets	<u><u>\$ 17,874,811</u></u>	<u><u>\$ 15,237,461</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,119,048	\$ 931,588
Prepaid privilege licenses	33,410	33,980
Total liabilities	<u><u>1,152,458</u></u>	<u><u>965,568</u></u>
Deferred Inflows of Resources:		
Property taxes receivable	424,309	520,402
Prepaid property taxes	-	10,135
Pavement assessment receivables	9,048	9,048
GTP fire taxes receivable	66	177
Total deferred inflows of resources	<u><u>433,423</u></u>	<u><u>539,762</u></u>
Fund Balance:		
Non-spendable, not in spendable form:		
Inventories	98,928	139,328
Restricted:		
Stabilization by State statute	2,692,487	3,850,634
Assigned	538,798	1,878,109
Unassigned	<u><u>12,958,717</u></u>	<u><u>7,864,060</u></u>
Total fund balance	<u><u>16,288,930</u></u>	<u><u>13,732,131</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 17,874,811</u></u>	<u><u>\$ 15,237,461</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, 2023
With Comparative Actual for June 30, 2022**

	2023		Variance Positive (Negative)	2022
	Budget	Actual		
Revenues:				
Ad valorem taxes:				
Taxes	\$ 11,233,050	\$ 11,400,971	\$ 167,921	\$ 11,130,835
Interest and penalties	81,000	85,505	4,505	76,343
Total	11,314,050	11,486,476	172,426	11,207,178
Other taxes and licenses:				
Local government sales tax	5,289,000	5,989,880	700,880	5,333,476
Franchise tax	2,037,000	2,098,750	61,750	2,012,564
Occupancy tax	300,000	306,375	6,375	245,023
Gross receipts tax	35,000	43,915	8,915	37,649
Licenses and permits	2,000	1,898	(102)	2,503
Total	7,663,000	8,440,818	777,818	7,631,215
Unrestricted intergovernmental:				
Payment in lieu of taxes	471,138	441,540	(29,598)	470,637
Beer and wine tax	85,000	89,509	4,509	78,872
ABC revenue	175,000	175,030	30	145,928
Total	731,138	706,079	(25,059)	695,437
Restricted intergovernmental:				
Powell Bill allocations	624,202	622,661	(1,541)	631,651
School resource officer	95,000	148,684	53,684	56,148
State grants, miscellaneous	40,000	51,880	11,880	1,766
Local grants	-	7,500	7,500	-
U S Marshall reimbursement	6,500	4,214	(2,286)	6,308
Total	765,702	834,939	69,237	695,873
Sales and services:				
Rents, concessions, and fees	644,338	713,519	69,181	465,677
Inspection fees	145,000	113,271	(31,729)	196,665
Cemetery fees	172,000	206,195	34,195	180,314
Cable franchise	125,000	118,596	(6,404)	127,940
Lenoir County participation:				
Recreation	830,468	831,936	1,468	890,000
Total	1,916,806	1,983,517	66,711	1,860,596
Other revenue:				
Investment income	26,336	19,285	(7,051)	24,880
Sale of surplus materials and assets	41,000	540	(40,460)	14,209
Miscellaneous	62,820	56,646	(6,174)	213,783
Total	130,156	76,471	(53,685)	252,872
Total revenues	22,520,852	23,528,300	1,007,448	22,343,171

CITY OF KINSTON, NORTH CAROLINA
General Fund

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2023
With Comparative Actual for June 30, 2022
(Continued)

	2023		Variance Positive (Negative)	2022	
	Budget	Actual			
				Actual	
Expenditures:					
General government	\$ 3,211,631	\$ 2,751,349	\$ 460,282	\$ 2,725,677	
Public safety	12,474,450	11,976,697	497,753	11,043,989	
Public services	3,677,913	2,724,388	953,525	2,695,313	
Parks and recreation	4,409,610	4,257,664	151,946	4,048,478	
Capital outlay and economic development	4,477,650	3,184,693	1,292,957	562,746	
Total	<u>28,251,254</u>	<u>24,894,791</u>	<u>3,356,463</u>	<u>21,076,203</u>	
Total expenditures	<u>28,251,254</u>	<u>24,894,791</u>	<u>3,356,463</u>	<u>21,076,203</u>	
Revenues over (under) expenditures	<u>(5,730,402)</u>	<u>(1,366,491)</u>	<u>4,363,911</u>	<u>1,266,968</u>	
Other financing sources (uses):					
Appropriated fund balance	1,292,280	-	(1,292,280)	-	
Transfers from other funds	3,473,122	2,958,290	(514,832)	3,812,072	
Advances from other funds	180,000	180,000	-	-	
Long-term debt issued	785,000	785,000	-	95,081	
Total	<u>5,730,402</u>	<u>3,923,290</u>	<u>(1,807,112)</u>	<u>3,907,153</u>	
Net change in fund balance	<u>\$ -</u>	<u>2,556,799</u>	<u>\$ 2,556,799</u>	<u>5,174,121</u>	
Fund balance, beginning		<u>13,732,131</u>		<u>8,558,010</u>	
Fund balance, ending		<u>\$ 16,288,930</u>		<u>\$ 13,732,131</u>	

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.

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, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
COVID Federal Assistance	\$ 6,387,015	\$ 3,193,508	\$ 3,193,507	\$ 6,387,015	\$ -
Investment earnings	-	2,762	10,421	13,183	13,183
Total revenues	<u>6,387,015</u>	<u>3,196,270</u>	<u>3,203,928</u>	<u>6,400,198</u>	<u>13,183</u>
Expenditures:					
Premium Pay Expenditures	827,744	827,744	-	827,744	-
Total expenditures	<u>827,744</u>	<u>827,744</u>	<u>-</u>	<u>827,744</u>	<u>-</u>
Other Financing Sources (Uses)					
Transfers out	(5,559,271)	(1,722,811)	(3,828,497)	(5,551,308)	(7,963)
Total other financing sources (uses)	<u>(5,559,271)</u>	<u>(1,722,811)</u>	<u>(3,828,497)</u>	<u>(5,551,308)</u>	<u>(7,963)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 645,715</u>	<u>(624,569)</u>	<u>\$ 21,146</u>	<u>\$ 21,146</u>
Fund balance, beginning			<u>645,715</u>		
Fund balance, ending			<u><u>\$ 21,146</u></u>		

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.

CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended June 30, 2023

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	\$ 9,140,836	\$ 1,097,312	\$ 75,239	\$ 10,313,387
Due from governmental agencies	347,962	99,126	-	447,088
Accounts receivables	36,432	117,530	-	153,962
Notes receivable	<u>156,438</u>	<u>-</u>	<u>-</u>	<u>156,438</u>
Total assets	<u><u>\$ 9,681,668</u></u>	<u><u>\$ 1,313,968</u></u>	<u><u>\$ 75,239</u></u>	<u><u>\$ 11,070,875</u></u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 347,181	\$ 159,055	\$ -	\$ 506,236
Total liabilities	<u>347,181</u>	<u>159,055</u>	<u>-</u>	<u>506,236</u>
FUND BALANCES				
Nonspendable, not in spendable form:				
Perpetual maintenance	-	-	75,000	75,000
Restricted:				
Stabilization by State statute	-	-	-	-
Restricted, all other	9,334,487	-	239	9,334,726
Committed	-	1,154,913	-	1,154,913
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>9,334,487</u>	<u>1,154,913</u>	<u>75,239</u>	<u>10,564,639</u>
Total liabilities and fund balances	<u><u>\$ 9,681,668</u></u>	<u><u>\$ 1,313,968</u></u>	<u><u>\$ 75,239</u></u>	<u><u>\$ 11,070,875</u></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, 2023

Schedule 5

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Permanent Fund Temple Israel Perpetual Care Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 567,930	\$ -	\$ -	\$ 567,930
Federal and state grants	-	230,431	-	230,431
Investment earnings	2,232	173	222	2,627
Miscellaneous	90	-	-	90
 Total revenues	 570,252	 230,604	 222	 801,078
EXPENDITURES				
Cultural and recreation	-	-	-	-
Community development	1,419,800	499,460	-	1,919,260
Public safety	132,003	-	-	132,003
 Total expenditures	 1,551,803	 499,460	 -	 2,051,263
Excess (deficiency) of revenues over expenditures	(981,551)	(268,856)	222	(1,250,185)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers out	-	-	(300)	(300)
Transfers in	-	750,000	-	750,000
 Total other financing sources (uses)	 -	 750,000	 (300)	 749,700
Net changes in fund balances	(981,551)	481,144	(78)	(500,485)
 Fund balances, beginning	 10,316,038	 673,769	 75,317	 11,065,124
 Fund balances, ending	 <u><u>\$ 9,334,487</u></u>	 <u><u>\$ 1,154,913</u></u>	 <u><u>\$ 75,239</u></u>	 <u><u>\$ 10,564,639</u></u>

CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2023

Schedule 6

	Community Development Administration	Bulletproof Vest Partnership Grant	Seizure and Restitution Fund	Hurricane Matthew - FEMA-4285 - DR - NC	NCHFA 2017 Essential Single-Family Rehabilitation	Hurricane Florence - FEMA-4393 - DR - NC	NCHFA 2019 Essential Single-Family Rehabilitation	Hurricane Dorian - FEMA-4465 - DR - NC	GCC 2019 Juvenile Justice DMC Grant	Brownfields	Community Development Block Grant - CV Funds	Hurricane Isaias	Riverwalk Project Phase I, II, and III	2020 Edward Byrne Memorial JAG Grant	2019 Project Safe Neighborhood Grant	2021 Edward Byrne Memorial JAG Grant	NCHFA 2022 Essential Single-Family Rehabilitation	2022 Edward Byrne Memorial JAG Grant	2022 Law Enforcement Agency De-escalation Grant	2022 Kinston Police Department Block Grant	2022 FY22 Total				
ASSETS																									
Cash and investments	\$ 681,672	\$ 8,511	\$ 74,558	\$ 3,372,348	\$ 3,883	\$ 4,395,007	\$ -	\$ 591	\$ 509,489	\$ -	\$ 1,012	\$ 97,091	\$ 93,766	\$ 10,368	\$ 25,000	\$ 16,630	\$ 76,565	\$ 21,861	\$ 10,728	\$ 60,000	\$ 13,975	\$ 2,936	\$ 2,920	\$ 9,106	\$ 9,140,836
Due from government agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	347,962	
Accounts receivable	36,432	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,432	
Notes receivable	156,438	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	156,438	
Total assets	\$ 874,542	\$ 8,511	\$ 75,339	\$ 3,372,348	\$ 3,883	\$ 4,395,007	\$ -	\$ 591	\$ 509,489	\$ 1,012	\$ 97,091	\$ 93,766	\$ 10,368	\$ 25,000	\$ 16,630	\$ 76,565	\$ 21,861	\$ 10,728	\$ 60,000	\$ 13,975	\$ 2,936	\$ 2,920	\$ 9,106	\$ 9,681,668	
LIABILITIES																									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Accounts payable and accrued liabilities	-	-	-	-	-	-	-	-	591	-	1,012	97,091	93,766	-	-	16,630	76,565	21,861	10,728	-	13,975	2,936	2,920	9,106	347,181
Grant receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,630	76,565	21,861	10,728	-	13,975	2,936	2,920	9,106	347,181
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 591	\$ -	\$ 1,012	\$ 97,091	\$ 93,766	\$ 10,368	\$ 25,000	\$ 16,630	\$ 76,565	\$ 21,861	\$ 10,728	\$ -	\$ 13,975	\$ 2,936	\$ 2,920	\$ 9,106	\$ -	
FUND BALANCES																									
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Stabilization by State statute	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restricted, all other	874,542	8,511	75,339	3,372,348	3,883	4,395,007	-	-	509,489	-	-	-	-	-	10,368	25,000	-	-	-	-	60,000	-	-	-	9,334,487
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total fund balances	\$ 874,542	\$ 8,511	\$ 75,339	\$ 3,372,348	\$ 3,883	\$ 4,395,007	-	\$ 509,489	-	\$ -	\$ 10,368	\$ 25,000	-	-	-	-	-	-	-	-	-	-	-	9,334,487	
Total liabilities and fund balances	\$ 874,542	\$ 8,511	\$ 75,339	\$ 3,372,348	\$ 3,883	\$ 4,395,007	\$ -	\$ 591	\$ 509,489	\$ 1,012	\$ 97,091	\$ 93,766	\$ 10,368	\$ 25,000	\$ 16,630	\$ 76,565	\$ 21,861	\$ 10,728	\$ 60,000	\$ 13,975	\$ 2,936	\$ 2,920	\$ 9,106	\$ 9,681,668	

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, 2023

		2022 FY22																				
		Community Development Administration	Bulletproof Vest Partnership Grant	Seizure and Restitution Fund	Hurricane Matthew - FEMA- 4285 - DR - NC	NCHFA 2017 Essential Single-Family Rehabilitation	Hurricane Florence - FEMA- 4393 - DR - NC	Hurricane Dorian - FEMA- 4465 - DR - NC	GCC 2019 Juvenile Justice DMC Grant	Brownfields MLRF Grant	Community Development Block Grant- CV Funds	Riverwalk Project Phase I, II, and III	2019 Project Safe Neighborhood Grant	2021 Edward Byrne Memorial JAG Grant	NCHFA Urgent Repair Program - 2218	NCHFA 2022 Essential Single-Family Rehabilitation	2022 Edward Byrne Memorial JAG Grant	Law Enforcement Agency De-Escalation Grant	2022 Kinston Police Department Block Grant	Total		
REVENUES																						
Intergovernmental revenue		\$ -	\$ 5,509	\$ 55,727	\$ -	\$ -	\$ -	\$ -	\$ 50,958	\$ 97,091	\$ 20,073	\$ -	\$ -	\$ 15,007	\$ 10,050	\$ 60,000	\$ 13,975	\$ 2,750	\$ 2,920	\$ 9,075	\$ 567,930	
Investment earnings																					2,232	
Miscellaneous																					90	
Total revenues																					570,252	
EXPENDITURES																						
Community development		-	-	-	-	-	-	1,063,866	-	-	97,091	20,073	-	-	-	-	-	13,975	-	-	1,419,800	
Public safety		-	-	41,243	-	-	-	-	50,958	-	-	-	-	15,007	10,050	-	-	2,750	2,920	9,075	132,003	
Total expenditures		-	-	41,243	-	-	-	1,063,866	-	50,958	97,091	20,073	-	-	15,007	10,050	-	13,975	2,750	2,920	9,075	1,551,803
Excess (deficiency) of revenues over expenditures		2,081	5,509	14,725	-	-	(1,063,866)	-	-	-	-	-	-	-	-	60,000	-	-	-	(981,551)		
OTHER FINANCING SOURCES (USES)																						
Appropriated fund balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers out		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers in		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total other financing sources (uses)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net change in fund balance		2,081	5,509	14,725	-	-	(1,063,866)	-	-	-	-	-	-	-	-	-	60,000	-	-	-	(981,551)	
Fund balances, beginning		872,461	3,002	60,614	3,372,348	3,883	5,458,873	509,489	-	-	-	10,368	25,000	-	-	-	-	-	-	-	10,316,038	
Fund balances, ending		\$ 874,542	\$ 8,511	\$ 75,339	\$ 3,372,348	\$ 3,883	\$ 4,395,007	\$ 509,489	\$ -	\$ -	\$ -	\$ 10,368	\$ 25,000	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 9,334,487		

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.

NCHFA Urgent Repair Program Agreement 2218 - 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.

NCHFA 2022 Essential Single Family Rehabilitation Grant - This fund accounts for grant monies awarded from the NC Housing Finance Agency to provide interest free, deferred-forgiven loans to Program eligible homeowners to pay for certain rehabilitation costs to an owner's home.

2022 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.

2022 FY22 Law Enforcement De-Escalation Grants-Community Policing Development Solicitation – This fund accounts for monies from the U.S. Department of Justice Office of Justice Programs to support plans to use BWC footage from patrol officers to systematically identify videos that exemplify best practices in de-escalation and respectful, empathetic communication.

2022 Kinston Police Department Block Grant Byrne Justice Assistance Grant – This fund accounts for monies from the U.S. Department of Justice Office of Justice Programs to provide advanced supervisor and executive continuing education for supervisors and administrators within the organization.

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, 2023 With Comparative Actual Amounts for year ended June 30, 2022

	2023		Variance Over/Under	2022	
	Budget	Actual		Actual	
Revenues:					
Loan repayments	\$ -	\$ -	\$ -	\$ -	
Other revenue	540	90	(450)	-	
Investment earnings	900	1,991	1,091	889	
Total revenues	1,440	2,081	641	889	
Expenditures:					
Community Development: Administration	-	-	-	-	
Total expenditures	-	-	-	-	
Revenues over (under) expenditures	1,440	2,081	641	889	
Other Financing Sources (Uses)					
Appropriated fund balance	(1,440)	-	1,440	-	
Transfer out	-	-	-	-	
Total other financing sources (uses)	(1,440)	-	1,440	-	
Net change in fund balance	\$ -	2,081	\$ 2,081	\$ 889	
Fund balance, beginning			872,461		
Fund balance, ending			<u>\$ 874,542</u>		

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, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive (Negative)</u>
Revenues:					
Restricted intergovernmental revenue, State grants	\$ 68,258	\$ 56,676	\$ 5,509	\$ 62,185	\$ (6,073)
Total revenues	<u>68,258</u>	<u>56,676</u>	<u>5,509</u>	<u>62,185</u>	<u>(6,073)</u>
Expenditures:					
Law enforcement supplies	<u>136,516</u>	<u>121,932</u>	<u>-</u>	<u>121,932</u>	<u>14,584</u>
Total expenditures	<u>136,516</u>	<u>121,932</u>	<u>-</u>	<u>121,932</u>	<u>14,584</u>
Other Financing Sources (Uses):					
Transfers in (out)	<u>68,258</u>	<u>68,258</u>	<u>-</u>	<u>68,258</u>	<u>-</u>
Total other financing sources (uses)	<u>68,258</u>	<u>68,258</u>	<u>-</u>	<u>68,258</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,002</u>	<u>5,509</u>	<u>\$ 8,511</u>	<u>\$ 8,511</u>
Fund balance, beginning			<u>3,002</u>		
Fund balance, ending			<u>\$ 8,511</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, 2023

	<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, 2023

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal grants	\$ 161,802	\$ 169,954	\$ 55,727	\$ 225,681	\$ 63,879
Investment earnings	50	113	241	354	304
Donations	18,790	19,139	-	19,139	349
Total revenues	<u>180,642</u>	<u>189,206</u>	<u>55,968</u>	<u>245,174</u>	<u>64,532</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	19,311	39,322	(2,026)
Special court allocation expenditures	30,051	5,202	21,932	27,134	2,917
ABC board KPD expenditures	6,175	5,594	-	5,594	581
Miscellaneous KPD expenditures	18,840	16,613	-	16,613	2,227
Total expenditures	<u>180,642</u>	<u>128,592</u>	<u>41,243</u>	<u>169,835</u>	<u>10,807</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 60,614</u>	<u>14,725</u>	<u>\$ 75,339</u>	<u>\$ 75,339</u>
Fund balance, beginning			<u>60,614</u>		
Fund balance, ending			<u>\$ 75,339</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, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
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	<u>315,000</u>	<u>275,290</u>	<u>-</u>	<u>275,290</u>	<u>39,710</u>
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>-</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 13

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, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Federal grants	\$ -	\$ 2,050,334	\$ -	\$ 2,050,334	\$ 2,050,334
State grants	-	983,162	-	983,162	983,162
Sale of surplus property	-	1,133	-	1,133	1,133
Insurance proceeds	<u>-</u>	<u>30,557</u>	<u>-</u>	<u>30,557</u>	<u>30,557</u>
Total revenues	<u>-</u>	<u>3,065,186</u>	<u>-</u>	<u>3,065,186</u>	<u>3,065,186</u>
Expenditures:					
Salaries and benefits	-	6,827	-	6,827	(6,827)
Construction work - sewer	<u>2,776,003</u>	<u>2,462,014</u>	<u>-</u>	<u>2,462,014</u>	<u>313,989</u>
Total expenditures	<u>2,776,003</u>	<u>2,468,841</u>	<u>-</u>	<u>2,468,841</u>	<u>307,162</u>
Other Financing Sources (Uses):					
Transfers in	<u>2,776,003</u>	<u>2,776,003</u>	<u>-</u>	<u>2,776,003</u>	<u>-</u>
Total other financing sources	<u>2,776,003</u>	<u>2,776,003</u>	<u>-</u>	<u>2,776,003</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,372,348</u>	<u>-</u>	<u>\$ 3,372,348</u>	<u>\$ 3,372,348</u>
Fund balance, beginning			<u>3,372,348</u>		
Fund balance, ending			<u><u>\$ 3,372,348</u></u>		

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, 2023

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
State grants	\$ 1,050,000	\$ 658,932	\$ -	\$ 658,932	\$ (391,068)
Total revenues	<u>1,050,000</u>	<u>658,932</u>	<u>-</u>	<u>658,932</u>	<u>(391,068)</u>
Expenditures:					
NCFHA loan pool funds	1,050,000	655,049	-	655,049	394,951
Total expenditures	<u>1,050,000</u>	<u>655,049</u>	<u>-</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><u>\$ 3,883</u></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, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal grants	\$ -	\$ 2,891,062	\$ -	\$ 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>3,363,589</u>	<u>-</u>	<u>3,363,589</u>	<u>(3,363,589)</u>
Expenditures:					
Salaries	<u>-</u>	<u>413,388</u>	<u>-</u>	<u>413,388</u>	<u>(413,388)</u>
Construction work	<u>6,283,000</u>	<u>3,774,328</u>	<u>1,063,866</u>	<u>4,838,194</u>	<u>1,444,806</u>
Total expenditures	<u>6,283,000</u>	<u>4,187,716</u>	<u>1,063,866</u>	<u>5,251,582</u>	<u>1,031,418</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>\$ 5,458,873</u>	<u>(1,063,866)</u>	<u>\$ 4,395,007</u>	<u>\$ 4,395,007</u>
Fund balance, beginning			<u>5,458,873</u>		
Fund balance, ending			<u>\$ 4,395,007</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, 2023

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, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive (Negative)</u>
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	<u>30,347</u>	<u>30,347</u>	<u>-</u>	<u>30,347</u>	<u>-</u>
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, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>		
Revenues:					
Restricted intergovernmental revenue, federal	\$ 195,000	\$ 195,000	\$ -	\$ 195,000	\$ -
Total revenues	<u>195,000</u>	<u>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				<u>-</u>	
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, 2023

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 766,394	\$ 444,981	\$ 224,795	\$ 669,776	\$ (96,618)
Total revenues	<u>766,394</u>	<u>444,981</u>	<u>224,795</u>	<u>669,776</u>	<u>(96,618)</u>
Expenditures:					
NCFHA loan pool funds	<u>766,394</u>	<u>444,981</u>	<u>224,795</u>	<u>669,776</u>	<u>96,618</u>
Total expenditures	<u>766,394</u>	<u>444,981</u>	<u>224,795</u>	<u>669,776</u>	<u>96,618</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 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, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
State grants	\$ -	\$ 35,878	\$ -	\$ 35,878	\$ (35,878)
Federal grants	-	149,893	-	149,893	(149,893)
Insurance proceeds	-	84,133	-	84,133	(84,133)
Total revenues	-	269,904	-	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	\$ -	\$ 509,489	-	\$ 509,489	\$ 509,489
Fund balance, beginning			509,489		
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, 2023

	<u>Project Authorization</u>	Actual			Variance Positive (Negative)
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>		
Revenues:					
Restricted intergovernmental revenue, state grant	\$ 170,491	\$ 108,643	\$ 50,958	\$ 159,601	\$ 10,890
Total revenues	<u>170,491</u>	<u>108,643</u>	<u>50,958</u>	<u>159,601</u>	<u>10,890</u>
Expenditures:					
Grant expenses	170,491	108,643	50,958	159,601	10,890
Total expenditures	<u>170,491</u>	<u>108,643</u>	<u>50,958</u>	<u>159,601</u>	<u>10,890</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning				-	
Fund balance, ending				<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, 2023

	<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	\$ 300,000	\$ 149,515	\$ 97,091	\$ 246,606	\$ (53,394)
Total revenues	<u>300,000</u>	<u>149,515</u>	<u>97,091</u>	<u>246,606</u>	<u>(53,394)</u>
Expenditures:					
Cleanup expenses	300,000	149,515	97,091	246,606	53,394
Total expenditures	<u>300,000</u>	<u>149,515</u>	<u>97,091</u>	<u>246,606</u>	<u>53,394</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 23

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, 2023

	<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	\$ 100,000	\$ 96,075	\$ -	\$ 96,075	\$ (3,925)
Total revenues	<u>100,000</u>	<u>96,075</u>	<u>-</u>	<u>96,075</u>	<u>(3,925)</u>
Expenditures:					
NCFHA urgent repair costs	100,000	96,075	-	96,075	3,925
Total expenditures	<u>100,000</u>	<u>96,075</u>	<u>-</u>	<u>96,075</u>	<u>3,925</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 - Coronavirus Relief Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2023

	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	488,669	-	488,669	(128)
Total expenditures	<u>488,541</u>	<u>488,669</u>	<u>-</u>	<u>488,669</u>	<u>(128)</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 - 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, 2023

Schedule 25

	<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	\$ 550,000	\$ 422,806	\$ 20,073	\$ 442,879	\$ (107,121)
Total revenues	<u>550,000</u>	<u>422,806</u>	<u>20,073</u>	<u>442,879</u>	<u>(107,121)</u>
Expenditures:					
CDBG-CV Program Expenses	550,000	422,806	20,073	442,879	107,121
Total expenditures	<u>550,000</u>	<u>422,806</u>	<u>20,073</u>	<u>442,879</u>	<u>107,121</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, 2023

	<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	\$ -	\$ 118,950	\$ -	\$ 118,950	\$ 118,950
Total revenues	-	118,950	-	118,950	118,950
Expenditures:					
Hurricane Isaias Recovery	209,000	108,582	-	108,582	(100,418)
Total expenditures	209,000	108,582	-	108,582	(100,418)
Other Financing Sources (Uses):					
Transfers in	209,000	-	-	-	(209,000)
Total other financing sources	209,000	-	-	-	(209,000)
Net change in fund balance	\$ -	\$ 10,368	-	\$ 10,368	\$ 10,368
Fund balance, beginning			10,368		
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, 2023

	<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	\$ 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, 2023

	Project Authorization	Actual				Variance Over/Under
		Prior Years	Current Year	Total to Date		
Revenues:						
Federal grants	\$ 32,252	\$ 12,748	\$ -	\$ 12,748	\$ (19,504)	
Total revenues	<u>32,252</u>	<u>12,748</u>	<u>-</u>	<u>12,748</u>	<u>(19,504)</u>	
Expenditures:						
Remote learning program expenses	32,252	12,748	-	12,748	19,504	
Total expenditures	<u>32,252</u>	<u>12,748</u>	<u>-</u>	<u>12,748</u>	<u>19,504</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 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, 2023

	<u>Project Authorization</u>	Actual			Variance Positive (Negative)
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>		
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 21,451	\$ 20,967	\$ -	\$ 20,967	\$ (484)
Total revenues	<u>21,451</u>	<u>20,967</u>	<u>-</u>	<u>20,967</u>	<u>(484)</u>
Expenditures:					
Law enforcement supplies	21,451	20,967	-	20,967	484
Total expenditures	<u>21,451</u>	<u>20,967</u>	<u>-</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, 2023

	<u>Project Authorization</u>	Actual			Variance
		Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 79,924	\$ 76,565	\$ -	\$ 76,565	\$ (3,359)
Total revenues	<u>79,924</u>	<u>76,565</u>	<u>-</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>76,565</u>	<u>-</u>	<u>76,565</u>	<u>3,359</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- 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, 2023

	<u>Project Authorization</u>	Actual			Variance Positive (Negative)
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>		
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 25,000	\$ 5,841	\$ 15,007	\$ 20,848	\$ (4,152)
Total revenues	<u>25,000</u>	<u>5,841</u>	<u>15,007</u>	<u>20,848</u>	<u>(4,152)</u>
Expenditures:					
Law enforcement expenditures	25,000	5,841	15,007	20,848	4,152
Total expenditures	<u>25,000</u>	<u>5,841</u>	<u>15,007</u>	<u>20,848</u>	<u>4,152</u>
Net change in fund balance	<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, 2023

	<u>Project Authorization</u>	Actual			Variance Positive (Negative)
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>		
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 24,027	\$ 12,113	\$ 10,050	\$ 22,163	\$ (1,864)
Total revenues	<u>24,027</u>	<u>12,113</u>	<u>10,050</u>	<u>22,163</u>	<u>(1,864)</u>
Expenditures:					
Law enforcement supplies	24,027	12,113	10,050	22,163	1,864
Total expenditures	<u>24,027</u>	<u>12,113</u>	<u>10,050</u>	<u>22,163</u>	<u>1,864</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning				-	
Fund balance, ending				<u>\$ -</u>	

CITY OF KINSTON, NORTH CAROLINA**Schedule 33****Special Revenue Funds - NCHFA Urgent Repair Program - 2218****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
From Inception and For the Year Ended June 30, 2023

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:						
State grants	\$ 132,000	\$ -	\$ 60,000	\$ 60,000	\$ (72,000)	
Total revenues	<u>132,000</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>(72,000)</u>	
Expenditures:						
NCFHA urgent repair costs	132,000	-	-	-	-	132,000
Total expenditures	<u>132,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>60,000</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	
Fund balance, beginning					<u>-</u>	
Fund balance, ending				<u>\$ 60,000</u>		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Funds - NCHFA 2022 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, 2023

Schedule 34

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
State grants	\$ 162,000	\$ -	\$ 13,975	\$ 13,975	\$ (148,025)
Total revenues	<u>162,000</u>	<u>-</u>	<u>13,975</u>	<u>13,975</u>	<u>(148,025)</u>
Expenditures:					
NCFHA urgent repair costs	162,000	-	13,975	13,975	148,025
Total expenditures	<u>162,000</u>	<u>-</u>	<u>13,975</u>	<u>13,975</u>	<u>148,025</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- 2022 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, 2023

	<u>Project Authorization</u>	Actual			Variance Positive (Negative)
	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>		
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 22,168	\$ -	\$ 2,750	\$ 2,750	\$ (19,418)
Total revenues	<u>22,168</u>	<u>-</u>	<u>2,750</u>	<u>2,750</u>	<u>(19,418)</u>
Expenditures:					
Law enforcement supplies	22,168	-	2,750	2,750	19,418
Total expenditures	<u>22,168</u>	<u>-</u>	<u>2,750</u>	<u>2,750</u>	<u>19,418</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- 2022 FY22 Law Enforcement Agency De-Escalation Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2023

	Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date		
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 150,000	\$ -	\$ 2,920	\$ 2,920	\$ (147,080)
Total revenues	<u>150,000</u>	<u>-</u>	<u>2,920</u>	<u>2,920</u>	<u>(147,080)</u>
Expenditures:					
Law enforcement de-escalation grant expenses	150,000	-	2,920	2,920	147,080
Total expenditures	<u>150,000</u>	<u>-</u>	<u>2,920</u>	<u>2,920</u>	<u>147,080</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- 2022 Kinston Police Department Block Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2023

	<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	\$ 24,200	\$ -	\$ 9,075	\$ 9,075	\$ (15,125)
Total revenues	<u>24,200</u>	<u>-</u>	<u>9,075</u>	<u>9,075</u>	<u>(15,125)</u>
Expenditures:					
Training and Employee Development	<u>24,200</u>	<u>-</u>	<u>9,075</u>	<u>9,075</u>	<u>15,125</u>
Total expenditures	<u>24,200</u>	<u>-</u>	<u>9,075</u>	<u>9,075</u>	<u>15,125</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>	

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.

N.C. Parks and Recreation Trust Fund Project – This fund accounts for monies to be used to revitalize Emma Web Park and improve the park space and covers the cost of site preparation, amphitheater, basketball courts, playground improvements, splash pad, ADA accessible walking trails, stream restoration, and bridges over the stream. The City was awarded a grant from the North Carolina Department of Natural Resources and Cultural Resources and will be using funds received from the American Rescue Plan Act Funds for the required matching amount 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, 2023

Schedule 38

	Retro-Green	General Fund Small Projects	Grainger Stadium Improvements Project	Neighborhood Revitalization and Recreation Improvements	Doctors Drive Road and Utility Extension	Queen Street Redesign & Construction	Transportation Infrastructure Projects	Assistance to Firefighters Grant	State SCIF Directed Grant	Emma Web PARTF Grant	Total
ASSETS											
Cash and investments	\$ 8,250	\$ 21,865	\$ 253,685	\$ -	\$ -	\$ 62,408	\$ 250,000	\$ 912	\$ 192	\$ 500,000	\$ 1,097,312
Due from governmental agencies	-	-	-	99,126	-	-	-	-	-	-	99,126
Accounts receivable	-	-	-	-	117,530	-	-	-	-	-	117,530
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 8,250	\$ 21,865	\$ 253,685	\$ 99,126	\$ 117,530	\$ 62,408	\$ 250,000	\$ 912	\$ 192	\$ 500,000	\$ 1,313,968
LIABILITIES											
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 99,126	\$ 58,409	\$ 1,520	\$ -	\$ -	\$ -	\$ -	\$ 159,055
Total liabilities	-	-	-	99,126	58,409	1,520	-	-	-	-	159,055
FUND BALANCES											
Restricted:											
Stabilization by State statute	-	-	-	-	-	-	-	-	-	-	-
Committed	8,250	21,865	253,685	-	59,121	60,888	250,000	912	192	500,000	1,154,913
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	8,250	21,865	253,685	-	59,121	60,888	250,000	912	192	500,000	1,154,913
Total liabilities and fund balances	\$ 8,250	\$ 21,865	\$ 253,685	\$ 99,126	\$ 117,530	\$ 62,408	\$ 250,000	\$ 912	\$ 192	\$ 500,000	\$ 1,313,968

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, 2023

Schedule 39

	Retro-Green	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	Transportation Infrastructure Projects	Assistance to Firefighters Grant	State SCIF Directed Grant	Emma Web PARTF Grant	Total
REVENUES												
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173	\$ -	\$ 173
Federal, state and local grants	-	-	-	-	192,472	37,959	-	-	-	-	-	230,431
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	192,472	37,959	-	-	-	173	-	230,604
EXPENDITURES												
Community development	-	-	-	-	192,472	-	18,720	188,268	-	100,000	-	499,460
Total expenditures	-	-	-	-	192,472	-	18,720	188,268	-	100,000	-	499,460
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	37,959	(18,720)	(188,268)	-	(99,827)	-	(268,856)
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	-	250,000	-	-	500,000	750,000
Total other financing sources (uses)	-	-	-	-	-	-	-	250,000	-	-	500,000	750,000
Net change in fund balance	-	-	-	-	-	37,959	(18,720)	61,732	-	(99,827)	500,000	481,144
Fund balances, beginning	8,250	-	21,865	253,685	-	21,162	79,608	188,268	912	100,019	-	673,769
Fund balances, ending	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ 21,865</u>	<u>\$ 253,685</u>	<u>\$ -</u>	<u>\$ 59,121</u>	<u>\$ 60,888</u>	<u>\$ 250,000</u>	<u>\$ 912</u>	<u>\$ 192</u>	<u>\$ 500,000</u>	<u>\$ 1,154,913</u>

CITY OF KINSTON, NORTH CAROLINA
Capital Project Fund - Retro-Green Capital Project
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2023

Schedule 40

	Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date		
Revenues:					
Miscellaneous grants	\$ 25,000	\$ -	\$ -	\$ -	\$ (25,000)
Miscellaneous revenues	<u>20,000</u>	<u>8,450</u>	<u>-</u>	<u>8,450</u>	<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
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, 2023

Schedule 41

	<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:					
State Grants	\$ 143,000	\$ 137,696	\$ 137,696	\$ (5,304)	
Miscellaneous revenues	571	571	571		
Total revenues	<u>143,571</u>	<u>138,267</u>	<u>138,267</u>	<u>(5,304)</u>	
Expenditures:					
Engineering and Professional Services	150,000	144,696	144,696	5,304	
Total expenditures	<u>150,000</u>	<u>144,696</u>	<u>144,696</u>	<u>5,304</u>	
Other Financing Sources (Uses)					
Transfers in	6,429	6,429	6,429		
Total other financing sources (uses)	<u>6,429</u>	<u>6,429</u>	<u>6,429</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

Schedule 42

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, 2023

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 175,000	\$ 167,681	\$ -	\$ 167,681	\$ (7,319)
Miscellaneous revenues	8,140	20,940	-	20,940	12,800
Total revenues	<u>183,140</u>	<u>188,621</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>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>175,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 21,865</u>	-	<u>\$ 21,865</u>	<u>\$ 21,865</u>
Fund balance, beginning			<u>21,865</u>		
Fund balance, ending			<u>\$ 21,865</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 43

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, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
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 44

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, 2023

	<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:					
CDBG Grant Revenue	\$ 750,000	\$ 163,737	\$ 192,472	\$ 356,209	\$ (393,791)
Total revenues	<u>750,000</u>	<u>163,737</u>	<u>192,472</u>	<u>356,209</u>	<u>(393,791)</u>
Expenditures:					
Capital outlay	750,000	163,737	192,472	356,209	393,791
Total expenditures	<u>750,000</u>	<u>163,737</u>	<u>192,472</u>	<u>356,209</u>	<u>393,791</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 45

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, 2023

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Golden Leaf Foundation Grant	\$ 599,720	599,720	\$ 37,959	\$ 637,679	\$ 37,959
Other revenues	<u>117,530</u>	<u>117,530</u>	-	<u>117,530</u>	-
Total revenues	<u>717,250</u>	<u>717,250</u>	37,959	<u>755,209</u>	37,959
Expenditures:					
Doctors Drive Road and Utility Extension	877,250	856,088	-	856,088	21,162
Total expenditures	<u>877,250</u>	<u>856,088</u>	-	<u>856,088</u>	21,162
Other Financing Sources (Uses):					
Transfers in	<u>160,000</u>	<u>160,000</u>	-	<u>160,000</u>	-
Total other financing sources (uses)	<u>160,000</u>	<u>160,000</u>	-	<u>160,000</u>	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 21,162</u>	37,959	<u>\$ 59,121</u>	<u>\$ 59,121</u>
Fund balance, beginning				<u>21,162</u>	
Fund balance, ending				<u>\$ 59,121</u>	

CITY OF KINSTON, NORTH CAROLINA
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, 2023

Schedule 46

	<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:					
Other revenues	\$ -	\$ 20,378	\$ -	\$ 20,378	\$ 20,378
Total revenues	- -	20,378	- -	20,378	20,378
Expenditures:					
Queen Street Redesign & Construction	<u>3,200,000</u>	<u>3,140,770</u>	<u>18,720</u>	<u>3,159,490</u>	<u>40,510</u>
Total expenditures	<u>3,200,000</u>	<u>3,140,770</u>	<u>18,720</u>	<u>3,159,490</u>	<u>40,510</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>\$ 79,608</u>	<u>(18,720)</u>	<u>\$ 60,888</u>	<u>\$ 60,888</u>
Fund balance, beginning			<u>79,608</u>		
Fund balance, ending			<u>\$ 60,888</u>		

CITY OF KINSTON, NORTH CAROLINA
Capital Project Fund - Transportation Infrastructure Projects
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2023

Schedule 47

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Street Resurfacing	\$ 943,000	\$ 504,732	\$ 188,268	\$ 693,000	\$ 250,000
Total expenditures	<u>943,000</u>	<u>504,732</u>	<u>188,268</u>	<u>693,000</u>	<u>250,000</u>
Other Financing Sources (Uses):					
Transfers in	943,000	693,000	250,000	943,000	-
Total other financing sources (uses)	<u>943,000</u>	<u>693,000</u>	<u>250,000</u>	<u>943,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 188,268</u>	61,732	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Fund balance, beginning			<u>188,268</u>		
Fund balance, ending			<u><u>\$ 250,000</u></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, 2023

Schedule 48

	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	17,782	17,139	17,139		(643)
Total revenues	<u>665,418</u>	<u>649,224</u>	<u>649,224</u>		<u>(16,194)</u>
Expenditures:					
Firefighter apparatus expenditures	712,400	695,293	695,293	17,107	
Total expenditures	<u>712,400</u>	<u>695,293</u>	<u>695,293</u>		<u>17,107</u>
Other Financing Sources (Uses):					
Transfers in	46,982	46,981	46,981	(1)	
Total other financing sources (uses)	<u>46,982</u>	<u>46,981</u>	<u>46,981</u>		<u>(1)</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>912</u>		
Fund balance, ending			<u><u>\$ 912</u></u>		

CITY OF KINSTON, NORTH CAROLINA
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, 2023

Schedule 49

	Project Authorization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date		
Revenues:					
State Grant	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
Miscellaneous revenues	- <hr/>	19 <hr/>	173 <hr/>	192 <hr/>	192 <hr/>
Total revenues	<u>100,000</u>	<u>100,019</u>	<u>173</u>	<u>100,192</u>	<u>192</u>
Expenditures:					
Capital outlay	100,000	- <hr/>	100,000 <hr/>	100,000 <hr/>	- <hr/>
Total expenditures	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 100,019</u>	<u>(99,827)</u>	<u>\$ 192</u>	<u>\$ 192</u>
Fund balance, beginning			<u>100,019</u>		
Fund balance, ending			<u><u>\$ 192</u></u>		

CITY OF KINSTON, NORTH CAROLINA
Capital Project Fund - Emma Web PARTF Grant

Schedule 50

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State Grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Expenditures:					
Capital outlay	1,000,000	-	-	-	1,000,000
Total expenditures	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Other Financing Sources (Uses):					
Transfers in	500,000	-	500,000	500,000	-
Total other financing sources (uses)	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>500,000</u>	<u><u>\$ -</u></u>	<u><u>\$ 500,000</u></u>
Fund balance, beginning			-		
Fund balance, ending			<u><u>\$ 500,000</u></u>		

PERMANENT FUND

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

CITY OF KINSTON, NORTH CAROLINA**Schedule 51****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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
			<u>Over/Under</u>
Revenues:			
Investment earnings	\$ 100	\$ 222	\$ 122
Total revenues	100	222	122
Other Financing Sources (Uses)			
Appropriated fund balance	200	-	(200)
Transfers out	(300)	(300)	-
Total other financing sources (uses)	(100)	(300)	(200)
Net change in fund balance	\$ -	(78)	\$ (78)
Fund balance, beginning		75,317	
Fund balance, ending		<u>\$ 75,239</u>	

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.

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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023		Variance Over/Under	2022
	Budget	Actual		
Operating Revenues:				
Charges for services, electricity sales	\$ 47,959,338	\$ 46,491,825	\$ (1,467,513)	\$ 47,418,778
Other	<u>65,200</u>	<u>82,784</u>	<u>17,584</u>	<u>61,836</u>
Total operating revenues	<u>48,024,538</u>	<u>46,574,609</u>	<u>(1,449,929)</u>	<u>47,480,614</u>
Non-Operating Revenues:				
Grant funds	-	7,500	7,500	5,000
Interest earned on investments	11,000	59,172	48,172	24,874
Miscellaneous	-	-	-	-
Total non-operating revenues	<u>11,000</u>	<u>66,672</u>	<u>55,672</u>	<u>29,874</u>
Total revenues	<u>48,035,538</u>	<u>46,641,281</u>	<u>(1,394,257)</u>	<u>47,510,488</u>
Expenditures:				
Electric Operations:				
Salaries and benefits	2,194,128	1,463,400	730,728	1,466,237
Operating	1,965,190	1,464,947	500,243	1,056,191
Purchased power	33,912,256	32,974,758	937,498	32,802,334
Indirect costs	1,536,347	1,536,347	-	1,514,449
Capital outlay	783,024	73,010	710,014	100,370
Total electric operations expenditures	<u>40,390,945</u>	<u>37,512,462</u>	<u>2,878,483</u>	<u>36,939,581</u>
Debt Service:				
Principal retirement	217,830	217,830	-	214,120
Interest and other charges	<u>5,711</u>	<u>5,711</u>	<u>-</u>	<u>9,472</u>
Total debt service	<u>223,541</u>	<u>223,541</u>	<u>-</u>	<u>223,592</u>
Non-Operating Expenditures:				
Payment in lieu of taxes	446,138	446,138	-	422,330
Economic development reimbursements	<u>76,093</u>	<u>33,098</u>	<u>42,995</u>	<u>9,139</u>
Total non-operating expenditures	<u>522,231</u>	<u>479,236</u>	<u>42,995</u>	<u>431,469</u>
Total expenditures	<u>41,136,717</u>	<u>38,215,239</u>	<u>2,921,478</u>	<u>37,594,642</u>
Other Financing Sources (Uses):				
Appropriated net position	652,820	-	(652,820)	-
Transfers in	10,000	10,000	-	-
Transfers out - Capital Reserve Fund	(2,860,861)	(2,860,861)	-	(2,065,000)
Transfers out	(4,520,780)	(4,520,780)	-	(3,415,784)
Loans to other funds	(180,000)	(180,000)	-	-
Total other financing sources (uses)	<u>(6,898,821)</u>	<u>(7,551,641)</u>	<u>(652,820)</u>	<u>(5,480,784)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 874,401</u>	<u>\$ 874,401</u>	<u>\$ 4,435,062</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, 2023 With Comparative Totals for the Year Ended June 30, 2022 (Continued)

	2023		2022	
	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	\$ 874,401		\$ 4,435,062	
Transfers in - Capital Reserve Funds	5,172,141		3,180,784	
Transfers out - Capital Reserve Funds	(90,500)		(13,789)	
Bad debt expense	(262,183)		(51,957)	
Capital outlay	262,198		1,374,627	
Payment of debt principal	217,830		214,120	
Interfund loan	180,000		-	
Depreciation	(999,444)		(1,100,135)	
Capital distribution	(189,190)		(1,260,469)	
Investment earnings from capital project funds	57,337		19,912	
Change in accrued compensated absences	(5,891)		18,107	
Change in deferred outflows of resources - pension	130,269		25,622	
Change in deferred inflows of resources - pension	316,136		(327,324)	
Change in net pension liability	(504,746)		366,994	
Change in accrued interest payable	953		937	
Change in net position	\$ 5,159,311		\$ 6,882,491	

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, 2023

	Project Authorization	Prior Years	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	5,483,513	5,030,964	14,425	5,045,389	438,124
SmartGrid System Elec&Wtr	6,500,000	5,663,412	34,130	5,697,542	802,458
Electric Vehicle Charging Stations	25,000	25,000	- -	25,000	- -
Harvey Parkway Extension Electric Facilities Relocation	139,412	85,170	- -	85,170	54,242
Queen Street Utility Pole Relocation	215,625	91,034	- -	91,034	124,591
Vernon Avenue 3.4 Mile Electric Distribution Circuit Rebuild	1,548,360	1,449,953	- -	1,449,953	98,407
516, 521, 510 Circuit Rebuild	2,376,000	730,565	29,640	760,205	1,615,795
Electric Circuit 540 Upgrade	2,341,800	79,863	29,288	109,151	2,232,649
Electric Vehicle Charging Station VW-DC Fast	85,133	- -	81,707	81,707	3,426
Vernon Avenue Transmission Pole Replacement Project	90,500	- -	- -	- -	90,500
Total	<u>29,956,013</u>	<u>23,914,554</u>	<u>189,190</u>	<u>24,103,744</u>	<u>5,852,269</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>30,456,913</u>	<u>24,415,454</u>	<u>189,190</u>	<u>24,604,644</u>	<u>5,852,269</u>
Other Financing Sources (Uses):					
Debt issued	2,950,000	2,950,000	- -	2,950,000	- -
Transfers in	21,255,053	21,164,553	90,500	21,255,053	- -
Transfers out	(140,391)	(140,391)	- -	(140,391)	- -
Total other financing sources (uses)	<u>24,064,662</u>	<u>23,974,162</u>	<u>90,500</u>	<u>24,064,662</u>	<u>- -</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,651,442</u>	<u>\$ (98,690)</u>	<u>\$ 5,552,752</u>	<u>\$ 5,552,752</u>

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.

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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023		2022	
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Water sales	\$ 10,246,532	\$ 10,597,390	\$ 350,858	\$ 10,344,708
Other	128,400	265,395	136,995	201,906
Total operating revenues	<u>10,374,932</u>	<u>10,862,785</u>	<u>487,853</u>	<u>10,546,614</u>
Non-Operating Revenues:				
Interest earned on investments	10,000	31,079	21,079	12,006
Total non-operating revenues	<u>10,000</u>	<u>31,079</u>	<u>21,079</u>	<u>12,006</u>
Total revenues	<u>10,384,932</u>	<u>10,893,864</u>	<u>508,932</u>	<u>10,558,620</u>
Expenditures:				
Water Production:				
Salaries and benefits	384,297	346,992	37,305	347,966
Operating	373,128	294,647	78,481	140,477
Repairs and maintenance	553,676	372,559	181,117	261,323
Capital outlay	-	-	-	30,158
Indirect costs	<u>1,140,653</u>	<u>1,140,653</u>	-	1,111,340
Total water production	<u>2,451,754</u>	<u>2,154,851</u>	<u>296,903</u>	<u>1,891,264</u>
Water Operations:				
Salaries and benefits	1,490,199	1,169,961	320,238	1,030,934
Operating	708,429	577,194	131,235	446,124
Repairs and maintenance	200,500	154,314	46,186	105,555
Capital outlay	191,016	142,920	48,096	164,490
Indirect costs	208,718	208,718	-	205,149
Purchased water	<u>4,483,200</u>	<u>4,483,200</u>	-	4,483,200
Total water operations	<u>7,282,062</u>	<u>6,736,307</u>	<u>545,755</u>	<u>6,435,452</u>
Debt service:				
Principal retirement	90,038	90,037	1	89,057
Interest and other charges	<u>1,509</u>	<u>1,509</u>	-	2,502
Total debt service	<u>91,547</u>	<u>91,546</u>	<u>1</u>	<u>91,559</u>
Total expenditures	<u>9,825,363</u>	<u>8,982,704</u>	<u>842,659</u>	<u>8,418,275</u>
Revenues over (under) expenditures	<u>\$ 559,569</u>	<u>\$ 1,911,160</u>	<u>\$ 1,351,591</u>	<u>\$ 2,140,345</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, 2023 With Comparative Totals for the Year Ended June 30, 2022
(Continued)

	2023		Variance Over/Under	2022	
	Budget	Actual		Actual	
Other Financing Sources (Uses):					
Long-term debt issued	\$ -	\$ -	\$ -	\$ -	\$ -
Appropriated net position	18,072	-	(18,072)	-	-
Transfers from other funds	-	-	-	-	-
Transfers to Capital Reserve	(249,322)	(249,322)	-	(400,000)	-
Transfers to other funds	(328,319)	-	328,319	-	-
Total other financing sources (uses)	<u>(559,569)</u>	<u>(249,322)</u>	<u>310,247</u>	<u>(400,000)</u>	
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,661,838</u>	<u>\$ 1,661,838</u>	<u>\$ 1,740,345</u>	
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:					
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 1,661,838			\$ 1,740,345	
Transfers in - Capital Reserve Fund	249,322			680,000	
Transfers out - Capital Reserve Fund	-			(311,531)	
Bad debt expense	(26,089)			(35,519)	
Capital outlay	1,307,250			1,081,588	
Interest from Capital Reserve Fund	6,745			2,932	
Long-term debt issued	-			(1,299,887)	
Payment of debt principal	90,037			739,000	
Depreciation	(433,621)			(465,675)	
Capital distribution	(926,044)			580,206	
Change in accrued compensated absences	(8,226)			5,356	
Change in deferred outflows of resources - pension	163,972			45,358	
Change in deferred inflows of resources - pension	(525,102)			289,963	
Change in net pension liability	283,058			(294,978)	
Change in accrued interest payable	<u>252</u>			<u>247</u>	
Change in net position	<u>\$ 1,843,392</u>			<u>\$ 2,757,405</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, 2023

	<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	\$ 178,565	\$ 310,718	\$ 489,283	\$ (120,730)
Total revenues	<u>610,013</u>	<u>178,565</u>	<u>310,718</u>	<u>489,283</u>	<u>(120,730)</u>
Expenditures:					
Water line projects	5,480,218	3,022,012	1,236,762	4,258,774	1,221,444
Total expenditures	<u>5,480,218</u>	<u>3,022,012</u>	<u>1,236,762</u>	<u>4,258,774</u>	<u>1,221,444</u>
Other Financing Sources (Uses):					
Debt proceeds	2,476,200	1,299,887	-	1,299,887	(1,176,313)
Transfers in	2,674,005	2,567,879	-	2,567,879	(106,126)
Transfers out	(280,000)	(280,000)	-	(280,000)	-
Total other financing sources (uses)	<u>4,870,205</u>	<u>3,587,766</u>	<u>-</u>	<u>3,587,766</u>	<u>(1,282,439)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 744,319</u>	<u>\$ (926,044)</u>	<u>\$ (181,725)</u>	<u>\$ (181,725)</u>

WASTEWATER FUND

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

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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023		Variance Over/Under	2022	
	Budget	Actual		Actual	
Operating Revenues:					
Sewer sales	\$ 6,943,000	\$ 7,162,022	\$ 219,022	\$ 7,000,916	
Other	20,000	6,936	(13,064)	4,329	
Total operating revenues	<u>6,963,000</u>	<u>7,168,958</u>	<u>205,958</u>	<u>7,005,245</u>	
Non-Operating Revenues:					
Interest earned on investments	-	-	-	210	
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>210</u>	
Total revenues	<u>6,963,000</u>	<u>7,168,958</u>	<u>205,958</u>	<u>7,005,455</u>	
Expenditures:					
Wastewater Plant Operations:					
Salaries and benefits	1,062,558	908,034	154,524	882,556	
Operating	648,107	516,822	131,285	539,514	
Repairs and maintenance	658,269	552,639	105,630	630,240	
Indirect costs	2,513,602	2,513,602	-	2,528,483	
Capital outlay	408,739	400,461	8,278	440,791	
Total wastewater plant operations	<u>5,291,275</u>	<u>4,891,558</u>	<u>399,717</u>	<u>5,021,584</u>	
Debt Service:					
Principal retirement	1,229,042	1,229,041	1	1,224,740	
Interest and other charges	69,557	69,555	2	86,195	
Total debt service	<u>1,298,599</u>	<u>1,298,596</u>	<u>3</u>	<u>1,310,935</u>	
Total expenditures	<u>6,589,874</u>	<u>6,190,154</u>	<u>399,720</u>	<u>6,332,519</u>	
Revenues over (under) expenditures	<u>\$ 373,126</u>	<u>\$ 978,804</u>	<u>\$ 605,678</u>	<u>\$ 672,936</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, 2023 With Comparative Totals for the Year Ended June 30, 2022
(Continued)

	2023		Variance	2022	
	Budget	Actual		Over/Under	
Other Financing Sources (Uses):					
Appropriated net position	\$ (171,018)	\$ -	\$ 171,018	\$ -	323
Long-term debt issued	-	-	-		-
Transfers out - capital projects	(2,222,614)	(202,108)	2,020,506	-	-
Transfers in	2,020,506	2,020,506	-	40,370	
Transfers out - other funds	-	-	-	-	-
Total other financing sources (uses)	<u>(373,126)</u>	<u>1,818,398</u>	<u>2,191,524</u>	<u>40,693</u>	
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,797,202</u>	<u>\$ 2,797,202</u>	<u>\$ 713,629</u>	

**Reconciliation from Budgetary Basis (Modified
Accrual) to Full Accrual Basis:**

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 2,797,202	\$ 713,629
Transfers - Capital projects	(2,966,183)	(311,969)
Interest from Capital Reserve	18	8
Capital outlay	3,724,557	679,121
Debt issued	-	(323)
Payment of debt principal	1,229,041	1,224,740
Depreciation	(2,475,558)	(2,399,739)
Contributions from Capital Reserve	192,000	-
Change in accrued compensated absences	(3,470)	(5,335)
Change in accrued interest payable	4,680	4,492
Change in deferred inflows of resources - pension	89,009	45,506
Change in deferred outflows of resources - pension	(303,005)	143,704
Change in net pension liability	172,372	(179,525)
Bad debt expense	<u>(31,402)</u>	<u>(39,317)</u>
Change in net position	<u>\$ 2,429,261</u>	<u>\$ (125,008)</u>

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, 2023

	Project Authorization	Actual			
	Prior Years	Current Year	Total to Date	Variance Over/Under	
Revenues:					
Federal and state grants	\$ 4,950,000	\$ 2,400,000	\$ 575,419	\$ 2,975,419	\$ (1,974,581)
Local funds	775,000	766,000	-	766,000	(9,000)
Total revenues	<u>5,725,000</u>	<u>3,166,000</u>	<u>575,419</u>	<u>3,741,419</u>	<u>(1,983,581)</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 Rehabilitation 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 Rehabilitation Project	3,071,286	351	2,637,888	2,638,239	433,047
Lawrence Heights Sewer Replacement Project	5,365,592	309,719	746,016	1,055,735	4,309,857
Wastewater Asset Management Grant J Mosely	159,750	2,250	128,556	130,806	28,944
Oliver Glass Sewer Improvements	408,000	-	39,250	39,250	368,750
Total expenditures	<u>25,606,754</u>	<u>16,235,498</u>	<u>3,551,710</u>	<u>19,787,208</u>	<u>5,819,546</u>
Other Financing Sources (Uses):					
Debt issued	18,738,923	12,439,243	-	12,439,243	(6,299,680)
Transfers in	1,142,831	500,696	10,108	510,804	(632,027)
Total other financing sources (uses)	<u>19,881,754</u>	<u>12,939,939</u>	<u>10,108</u>	<u>12,950,047</u>	<u>(6,931,707)</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (129,559)</u>	<u>\$ (2,966,183)</u>	<u>\$ (3,095,742)</u>	<u>\$ (3,095,742)</u>

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2023

Schedule 58

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Assets:				
Current assets:				
Cash and investments	\$ 2,689,569	\$ 2,084,044	\$ 7,350	\$ 4,780,963
Accounts receivable	<u>524,635</u>	<u>164,923</u>	<u>6,090</u>	<u>695,648</u>
Total current assets	<u>3,214,204</u>	<u>2,248,967</u>	<u>13,440</u>	<u>5,476,611</u>
Non-current assets:				
Construction in progress	-	774,706	-	774,706
Depreciable capital assets	4,313,986	1,394,724	683,413	6,392,123
Accumulated depreciation	<u>(4,093,609)</u>	<u>(1,009,621)</u>	<u>(146,045)</u>	<u>(5,249,275)</u>
Total non-current assets	<u>220,377</u>	<u>1,159,809</u>	<u>537,368</u>	<u>1,917,554</u>
Total assets	<u>3,434,581</u>	<u>3,408,776</u>	<u>550,808</u>	<u>7,394,165</u>
Deferred Outflows of Resources:				
Pension related deferrals	341,041	85,665	68,208	494,914
Liabilities:				
Current liabilities				
Accounts payable and accrued liabilities	109,046	2,815	74,860	186,721
Current portion of installment notes	108,762	-	-	108,762
Current portion of compensated absences	<u>11,884</u>	<u>1,580</u>	<u>1,714</u>	<u>15,178</u>
Total current liabilities	<u>229,692</u>	<u>4,395</u>	<u>76,574</u>	<u>310,661</u>
Non-current liabilities				
Net pension liability	516,473	129,732	103,295	749,500
Non-current portion of installment notes	111,315	-	-	111,315
Non-current portion of compensated absences	<u>47,023</u>	<u>70</u>	<u>6,852</u>	<u>53,945</u>
Total non-current liabilities	<u>674,811</u>	<u>129,802</u>	<u>110,147</u>	<u>914,760</u>
Total liabilities	<u>904,503</u>	<u>134,197</u>	<u>186,721</u>	<u>1,225,421</u>
Deferred Inflows of Resources:				
Pension deferrals	11,173	2,806	2,234	16,213
Net Position:				
Net investment in capital assets	300	1,159,809	537,368	1,697,477
Unrestricted	<u>2,859,645</u>	<u>2,197,630</u>	<u>(107,307)</u>	<u>4,949,968</u>
Total net position	<u>\$ 2,859,945</u>	<u>\$ 3,357,439</u>	<u>\$ 430,061</u>	<u>\$ 6,647,445</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 59

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year ended June 30, 2023

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Operating Revenues:				
Charges for services	\$ 4,216,325	\$ 1,026,939	\$ 1,239,347	\$ 6,482,611
Other operating income	<u>16,910</u>	<u>149,942</u>	<u>61,898</u>	<u>228,750</u>
Total operating revenues	<u>4,233,235</u>	<u>1,176,881</u>	<u>1,301,245</u>	<u>6,711,361</u>
Operating Expenses:				
Operations	3,686,178	723,956	1,559,077	5,969,211
Depreciation	<u>181,714</u>	<u>60,535</u>	<u>22,429</u>	<u>264,678</u>
Total operating expenses	<u>3,867,892</u>	<u>784,491</u>	<u>1,581,506</u>	<u>6,233,889</u>
Operating income	<u>365,343</u>	<u>392,390</u>	<u>(280,261)</u>	<u>477,472</u>
Non-Operating Revenues (Expenses):				
Transfers (to) from	-	-	390,000	390,000
Interest earned on investments	7,258	5,910	-	13,168
Interest on long-term debt	<u>(10,817)</u>	<u>-</u>	<u>-</u>	<u>(10,817)</u>
Total non-operating revenues (expenses)	<u>(3,559)</u>	<u>5,910</u>	<u>390,000</u>	<u>392,351</u>
Change in net position	361,784	398,300	109,739	869,823
Fund position, beginning	<u>2,498,161</u>	<u>2,959,139</u>	<u>320,322</u>	<u>5,777,622</u>
Fund position, ending	<u>\$ 2,859,945</u>	<u>\$ 3,357,439</u>	<u>\$ 430,061</u>	<u>\$ 6,647,445</u>

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year ended June 30, 2023

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,240,187	\$ 1,173,113	\$ 1,302,039	\$ 6,715,339
Cash paid to suppliers for goods and services	(2,552,499)	(414,990)	(1,247,649)	(4,215,138)
Cash paid to or on behalf of employees for services	(1,050,019)	(300,203)	(444,391)	(1,794,613)
Net cash provided (Used) by operating activites	<u>637,669</u>	<u>457,920</u>	<u>(390,001)</u>	<u>705,588</u>
Cash Flows From Noncapital Financing Activities:				
Transfer (to) from other funds	-	-	390,000	390,000
Total cash flow from noncapital finaancing activites	<u>-</u>	<u>-</u>	<u>390,000</u>	<u>390,000</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(288,498)	-	(288,498)
Principal paid on general long-term obligation bond maturities and equipment contracts	(105,932)	-	-	(105,932)
Interest paid on bonded indebtedness and equipment contracts	(10,817)	-	-	(10,817)
Net cash used by capital and related financing activities	<u>(116,749)</u>	<u>(288,498)</u>	<u>-</u>	<u>(405,247)</u>
Cash Flows from Investing Activities:				
Interest on investments	<u>7,258</u>	<u>5,910</u>	<u>-</u>	<u>13,168</u>
Net cash provided in investing activities	<u>7,258</u>	<u>5,910</u>	<u>-</u>	<u>13,168</u>
Net increase (decrease) in cash and cash equivalents	<u>528,178</u>	<u>175,332</u>	<u>-</u>	<u>703,510</u>
Cash and Cash Equivalents:				
Beginning of year	<u>2,161,391</u>	<u>1,908,712</u>	<u>7,350</u>	<u>4,077,453</u>
End of year	<u>\$ 2,689,569</u>	<u>\$ 2,084,044</u>	<u>\$ 7,350</u>	<u>\$ 4,780,963</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	<u>\$ 365,343</u>	<u>\$ 392,390</u>	<u>\$ (280,261)</u>	<u>\$ 477,472</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	181,714	60,535	22,429	264,678
Change in assets and liabilities:				-
(Increase) decrease in accounts receivable	6,952	(3,768)	794	3,978
Increase (decrease) in net pension liability	382,871	94,029	86,775	563,675
Increase (decrease) in deferred inflows of resources for pensions	(181,004)	(48,548)	(21,528)	(251,080)
(Increase) decrease in deferred outflows of resources for pensions	(135,315)	(30,691)	(42,770)	(208,776)
Increase (decrease) in accounts payable	5,736	(1,357)	(157,150)	(152,771)
Increase (decrease) in compensated absences	11,372	(4,670)	1,710	8,412
Total adjustments	<u>272,326</u>	<u>65,530</u>	<u>(109,740)</u>	<u>228,116</u>
Net cash provided (used) by operating activities	<u>\$ 637,669</u>	<u>\$ 457,920</u>	<u>\$ (390,001)</u>	<u>\$ 705,588</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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023		2022	
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 4,238,839	\$ 4,244,752	\$ 5,913	\$ 4,252,798
Other	17,000	16,910	(90)	20,115
Total operating revenues	<u>4,255,839</u>	<u>4,261,662</u>	<u>5,823</u>	<u>4,272,913</u>
Non-Operating Revenues:				
Interest earned on investments	2,000	7,258	5,258	2,471
Total non-operating revenues	<u>2,000</u>	<u>7,258</u>	<u>5,258</u>	<u>2,471</u>
Total revenues	<u>4,257,839</u>	<u>4,268,920</u>	<u>11,081</u>	<u>4,275,384</u>
Expenditures:				
Bulk Leaf Collection:				
Operating	1,605	1,605	-	1,500
Indirect costs	16,500	8,054	8,446	9,064
Total leaf collection	<u>18,105</u>	<u>9,659</u>	<u>8,446</u>	<u>10,564</u>
Vector control:				
Salaries and benefits	34,036	31,609	2,427	28,007
Operating	10,470	7,876	2,594	8,621
Capital outlay	-	-	-	12,398
Indirect costs	6,700	5,771	929	4,672
Total vector control	<u>51,206</u>	<u>45,256</u>	<u>5,950</u>	<u>53,698</u>
Commercial Solid Waste:				
Salaries and benefits	283,659	271,208	12,451	228,066
Operating	467,270	403,488	63,782	436,346
Capital outlay	-	-	-	-
Indirect costs	108,000	123,264	(15,264)	103,464
Total commercial solid waste	<u>858,929</u>	<u>797,960</u>	<u>60,969</u>	<u>767,876</u>
Residential Solid Waste:				
Salaries and benefits	868,955	774,811	94,144	654,854
Operating	567,942	557,062	10,880	540,992
Capital outlay	-	-	-	-
Indirect costs	319,000	259,872	59,128	278,009
Total residential solid waste	<u>1,755,897</u>	<u>1,591,745</u>	<u>164,152</u>	<u>1,473,855</u>
Recycling:				
Salaries and benefits	52,105	50,315	1,790	43,143
Operating	85,435	68,800	16,635	71,760
Capital Outlay	-	-	-	-
Indirect costs	-	-	-	-
Total recycling	<u>137,540</u>	<u>119,115</u>	<u>18,425</u>	<u>114,903</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, 2023 With Comparative Totals for the Year Ended June 30, 2022
(Continued)

	2023		Variance Over/Under	2022
	Budget	Actual		
Debt Service:				
Principal retirement	\$ 105,932	\$ 105,932	-	\$ 255,536
Interest and other charges	13,410	13,410	-	18,791
Total debt service	<u>119,342</u>	<u>119,342</u>	-	274,327
Other indirect costs	1,044,519	1,044,519	-	1,006,166
Total expenditures	<u>3,985,538</u>	<u>3,727,596</u>	<u>257,942</u>	<u>3,701,389</u>
Other Financing Sources (Uses):				
Appropriated net position	(272,301)	-	272,301	-
Transfers out	-	-	-	-
Long-term debt issued	-	-	-	31,924
Total other financing sources (uses)	<u>(272,301)</u>	<u>-</u>	<u>272,301</u>	<u>31,924</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 541,324</u>	<u>\$ 541,324</u>	<u>\$ 605,919</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 541,324			\$ 605,919
Bad debt expense	(28,427)			(33,656)
Capital outlay	-			12,398
Debt issued	-			(31,924)
Payment of debt principal	105,932			255,536
Depreciation	(181,714)			(327,961)
Change in accrued compensated absences	(11,372)			(797)
Change in accrued interest payable	2,593			3,533
Change in deferred outflows of resources - pension	135,315			24,589
Change in deferred inflows of resources - pension	(382,871)			194,712
Change in net pension liability	<u>181,004</u>			<u>(189,582)</u>
Change in net position	<u>\$ 361,784</u>			<u>\$ 512,767</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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023		Variance Over/Under	2022
	Budget	Actual		Actual
Operating Revenues:				
Charges for services	\$ 1,025,000	\$ 1,026,939	\$ 1,939	\$ 1,027,777
Other	24,400	-	(24,400)	25,365
Total operating revenues	<u>1,049,400</u>	<u>1,026,939</u>	<u>(22,461)</u>	<u>1,053,142</u>
Non-Operating Revenues:				
Interest earned on investments	1,700	5,910	4,210	2,243
Total non-operating revenues	<u>1,700</u>	<u>5,910</u>	<u>4,210</u>	<u>2,243</u>
Total revenues	<u>1,051,100</u>	<u>1,032,849</u>	<u>(18,251)</u>	<u>1,055,385</u>
Expenditures:				
Stormwater Operations:				
Salaries and benefits	505,128	310,323	194,805	259,594
Operating	167,030	121,096	45,934	103,057
Capital outlay	-	-	-	14,650
Indirect costs	<u>282,415</u>	<u>282,415</u>	<u>-</u>	<u>282,136</u>
Total stormwater operations	<u>954,573</u>	<u>713,834</u>	<u>240,739</u>	<u>659,437</u>
Total expenditures	<u>954,573</u>	<u>713,834</u>	<u>240,739</u>	<u>659,437</u>
Other Financing Sources (Uses):				
Appropriated net position	63,453	-	(63,453)	-
Transfers in	-	-	-	-
Transfers out	(159,980)	(109,980)	50,000	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	<u>(96,527)</u>	<u>(109,980)</u>	<u>(13,453)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 209,035</u>	<u>\$ 209,035</u>	<u>\$ 395,948</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, 2023 With Comparative Totals for the Year Ended June 30, 2022
(Continued)

**Reconciliation From Budgetary Basis (Modified
Accrual) to Full Accrual Basis:**

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 209,035	\$ 395,948
Transfers-Capital Projects	(28,575)	147,244
Capital outlay	288,496	45,046
Depreciation	(60,535)	(60,535)
Change in accrued compensated absences	4,670	4,258
Change in deferred outflows of resources - pension	48,548	(4,468)
Change in deferred inflows of resources - pension	30,691	72,039
Change in net pension liability	<u>(94,030)</u>	<u>(50,503)</u>
Change in net position	<u><u>\$ 398,300</u></u>	<u><u>\$ 549,029</u></u>

CITY OF KINSTON, NORTH CAROLINA
Schedule 63
Stormwater Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year ended June 30, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Federal and state grants	\$ 1,386,230	\$ 177,640	\$ 141,045	\$ 318,685	\$ (1,067,545)
Local grants	250,000	-	8,897	8,897	(241,103)
Total revenues	1,636,230	177,640	149,942	327,582	(1,308,648)
Expenditures:					
George Street Rehabilitation	\$ 110,000	\$ 98,916	\$ -	\$ 98,916	\$ 11,084
Oriental Avenue Rehabilitation	130,000	106,809	-	106,809	23,191
Tiffany Street Rehabilitation	60,000	56,013	-	56,013	3,987
Massey Drive Steam Project	227,640	195,994	1	195,995	31,645
Adkin Branch Food Mitigation	1,568,570	-	288,496	288,496	1,280,074
Total Expenditures	2,096,210	457,732	288,497	746,229	1,349,981
Other Financing Sources (Uses):					
Transfers in	459,980	478,000	109,980	587,980	128,000
Total other financing sources (uses)	459,980	478,000	109,980	587,980	128,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 197,908	\$ (28,575)	\$ 169,333	\$ 169,333

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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023		2022	
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 1,384,000	\$ 1,239,347	\$ (144,653)	\$ 1,371,639
Other operating income	51,324	61,898	10,574	34,151
Total operating revenues	<u>1,435,324</u>	<u>1,301,245</u>	<u>(134,079)</u>	<u>1,405,790</u>
Total revenues	<u>1,435,324</u>	<u>1,301,245</u>	<u>(134,079)</u>	<u>1,405,790</u>
Expenditures:				
Salaries and benefits	450,546	468,578	(18,032)	329,857
Operating	1,045,510	1,066,312	(20,802)	859,504
Capital outlay	400,000	-	400,000	-
Indirect Costs	-	-	-	1,137
Total expenditures	<u>1,896,056</u>	<u>1,534,890</u>	<u>361,166</u>	<u>1,190,498</u>
Other Financing Sources (Uses):				
Appropriated net position	70,732	-	(70,732)	-
Transfers in	400,000	400,000	-	-
Transfers out	(10,000)	(10,000)	-	-
Total other financing sources (uses)	<u>460,732</u>	<u>390,000</u>	<u>(70,732)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 156,355</u>	<u>\$ 156,355</u>	<u>\$ 215,292</u>
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 156,355			\$ 215,292
Depreciation	(22,429)			(22,429)
Change in accrued compensated absences	(1,710)			(1,287)
Change in deferred outflows of resources - pension	42,770			10,023
Change in deferred inflows of resources - pension	(86,775)			11,420
Change in net pension liability	<u>21,528</u>			<u>(23,542)</u>
Change in net position	<u>\$ 109,739</u>			<u>\$ 189,477</u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Net Position
June 30, 2023

	Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Assets:						
Current assets:						
Cash and investments	\$ 1,287,207	\$ 1,992,313	\$ 1,080,762	\$ 59,328	\$ 3,749,923	\$ 8,169,533
Accounts receivable	-	1,399	57,384	1,292	3,266	63,341
Inventory	-	-	317,009	-	-	317,009
Total current assets	<u>1,287,207</u>	<u>1,993,712</u>	<u>1,455,155</u>	<u>60,620</u>	<u>3,753,189</u>	<u>8,549,883</u>
Non-current assets:						
Construction in progress	-	-	-	-	8,487	8,487
Buildings	-	19,468	-	-	-	19,468
Equipment	-	-	207,789	-	697,334	905,123
Accumulated depreciation	-	(14,115)	(205,432)	-	(688,619)	(908,166)
Total non-current assets	<u>-</u>	<u>5,353</u>	<u>2,357</u>	<u>-</u>	<u>17,202</u>	<u>24,912</u>
Total assets	<u>1,287,207</u>	<u>1,999,065</u>	<u>1,457,512</u>	<u>60,620</u>	<u>3,770,391</u>	<u>8,574,795</u>
Deferred Outflows of Resources:						
Pension related deferrals	<u>-</u>	<u>65,397</u>	<u>144,092</u>	<u>-</u>	<u>519,333</u>	<u>728,822</u>
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	257,105	468,996	13,145	-	34,561	773,807
Current portion of compensated absences	-	2,489	7,323	-	22,935	32,747
Total current liabilities	<u>257,105</u>	<u>471,485</u>	<u>20,468</u>	<u>-</u>	<u>57,496</u>	<u>806,554</u>
Non-current liabilities:						
Net pension liability	-	99,036	218,213	-	786,477	1,103,726
Non-current portion of compensated absences	-	7,468	21,968	-	68,806	98,242
Non-current portion of installment notes	-	-	-	-	-	-
Total non-current liabilities	<u>-</u>	<u>106,504</u>	<u>240,181</u>	<u>-</u>	<u>855,283</u>	<u>1,201,968</u>
Total liabilities	<u>257,105</u>	<u>577,989</u>	<u>260,649</u>	<u>-</u>	<u>912,779</u>	<u>2,008,522</u>
Deferred Inflows of Resources:						
Pension deferrals	<u>-</u>	<u>2,141</u>	<u>4,719</u>	<u>-</u>	<u>17,013</u>	<u>23,873</u>
Net Position:						
Net investment in capital assets	-	5,353	2,357	-	17,202	24,912
Unrestricted	<u>1,030,103</u>	<u>1,478,979</u>	<u>1,333,878</u>	<u>60,620</u>	<u>3,342,730</u>	<u>7,246,310</u>
Total net position	<u>\$ 1,030,103</u>	<u>\$ 1,484,332</u>	<u>\$ 1,336,235</u>	<u>\$ 60,620</u>	<u>\$ 3,359,932</u>	<u>\$ 7,271,222</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, 2023

	Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Operating Revenues:						
Contributions from various funds	\$ -	\$ 674,796	\$ 742,105	\$ 590,389	\$ 2,273,189	\$ 4,280,479
Premiums collected	2,679,307	-	-	-	-	2,679,307
Other income	-	-	1,746	-	1,076	2,822
Total operating revenues	<u>2,679,307</u>	<u>674,796</u>	<u>743,851</u>	<u>590,389</u>	<u>2,274,265</u>	<u>6,962,608</u>
Operating Expenses:						
Administration	-	250,201	484,791	-	1,722,578	2,457,570
Operations	-	95,687	115,289	678,245	384,342	1,273,563
Depreciation	-	487	2,358	-	11,246	14,091
Claims reimbursement	2,601,866	474,346	-	-	-	3,076,212
Total operating expenses	<u>2,601,866</u>	<u>820,721</u>	<u>602,438</u>	<u>678,245</u>	<u>2,118,166</u>	<u>6,821,436</u>
Operating income	<u>77,441</u>	<u>(145,925)</u>	<u>141,413</u>	<u>(87,856)</u>	<u>156,099</u>	<u>141,172</u>
Non-Operating Revenues (Expenses):						
Transfers (to) from	-	-	-	-	-	-
Interest earned on investments	2,724	5,846	-	-	14,012	22,582
Total non-operating revenues (expenses)	<u>2,724</u>	<u>5,846</u>	<u>-</u>	<u>-</u>	<u>14,012</u>	<u>22,582</u>
Change in net position	80,165	(140,079)	141,413	(87,856)	170,111	163,754
Net Position:						
Net position, beginning	<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>
Net position, ending	<u><u>\$ 1,030,103</u></u>	<u><u>\$ 1,484,332</u></u>	<u><u>\$ 1,336,235</u></u>	<u><u>\$ 60,620</u></u>	<u><u>\$ 3,359,932</u></u>	<u><u>\$ 7,271,222</u></u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Cash Flows
For the Year ended June 30, 2023

	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	\$ -	\$ 673,868	\$ 737,368	\$ 589,384	\$ 2,273,832	\$ 4,274,452
Cash paid to suppliers for goods and services	(2,596,329)	(530,732)	(150,596)	(714,328)	(376,543)	(4,368,528)
Cash paid to or on behalf of employees for services	-	(222,275)	(456,242)	-	(1,616,012)	(2,294,529)
Other operating revenues	2,679,307	-	-	-	-	2,679,307
Net cash provided (used) by operating activities	<u>82,978</u>	<u>(79,139)</u>	<u>130,530</u>	<u>(124,944)</u>	<u>281,277</u>	<u>290,702</u>
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	-	-	-	-	(8,488)	(8,488)
Principal paid on general long-term obligation bond maturities and equipment contracts	-	-	-	-	-	-
Net cash used by capital and related financing activities	-	-	-	-	(8,488)	(8,488)
Cash Flows from Investing Activities:						
Interest on investments	<u>2,724</u>	<u>5,846</u>	<u>-</u>	<u>-</u>	<u>14,012</u>	<u>22,582</u>
Net cash provided in investing activities	<u>2,724</u>	<u>5,846</u>	<u>-</u>	<u>-</u>	<u>14,012</u>	<u>22,582</u>
Net increase in cash and cash equivalents	<u>85,702</u>	<u>(73,293)</u>	<u>130,530</u>	<u>(124,944)</u>	<u>286,801</u>	<u>304,796</u>
Cash and Cash Equivalents:						
Beginning 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>
End of year	<u>\$ 1,287,207</u>	<u>\$ 1,992,313</u>	<u>\$ 1,080,762</u>	<u>\$ 59,328</u>	<u>\$ 3,749,923</u>	<u>\$ 8,169,533</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income	<u>\$ 77,441</u>	<u>\$ (145,925)</u>	<u>\$ 141,413</u>	<u>\$ (87,856)</u>	<u>\$ 156,099</u>	<u>\$ 141,172</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	-	487	2,358	-	11,246	14,091
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	-	(928)	(6,483)	(1,005)	433	(7,983)
(Increase) decrease in inventories	-	-	(37,464)	-	-	(37,464)
Increase (decrease) in accounts payable	5,537	39,301	2,156	(36,083)	6,933	17,844
Increase (decrease) in compensated absences	-	3,409	(114)	-	14,186	17,481
Increase (decrease) in pension liability	-	86,500	162,373	-	573,056	821,929
Increase (decrease) in deferred inflows of resources	-	(15,890)	(75,604)	-	(289,978)	(381,472)
(Increase) decrease in deferred outflows of resources	-	(46,093)	(58,105)	-	(190,698)	(294,896)
Total adjustments	<u>5,537</u>	<u>66,786</u>	<u>(10,883)</u>	<u>(37,088)</u>	<u>125,178</u>	<u>149,530</u>
Net cash provided (used) by operating activities	<u>\$ 82,978</u>	<u>\$ (79,139)</u>	<u>\$ 130,530</u>	<u>\$ (124,944)</u>	<u>\$ 281,277</u>	<u>\$ 290,702</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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023		2022
	Financial Plan	Actual	Variance Over/Under
Operating Revenues:			
Premiums collected	\$ 3,241,072	\$ 2,679,307	\$ (561,765)
Contributions	-	-	-
Total operating revenues	<u>3,241,072</u>	<u>2,679,307</u>	<u>(561,765)</u>
Non-Operating Revenues:			
Investment earnings	1,000	2,724	1,724
Total non-operating revenues	<u>1,000</u>	<u>2,724</u>	<u>1,724</u>
Total revenues	<u>3,242,072</u>	<u>2,682,031</u>	<u>(560,041)</u>
Operating Expenditures:			
Claims reimbursements, operating	2,729,500	2,596,328	133,172
Total operating expenditures	<u>2,729,500</u>	<u>2,596,328</u>	<u>133,172</u>
Other Financing Sources (Uses):			
Appropriated net position	(512,572)	-	512,572
Total other financing sources (uses)	<u>(512,572)</u>	<u>-</u>	<u>512,572</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>85,703</u>	<u>\$ 85,703</u>
			37,300
Reconciliation of Financial Plan Basis			
(Modified Accrual) to Full Accrual:			
Change in incurred but not reported claims	(5,538)		(75,177)
Change in net position	<u>\$ 80,165</u>		<u>\$ (37,877)</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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023		Variance	2022
	Financial Plan	Actual	Over/Under	Actual
Operating Revenues:				
Contributions	\$ 674,795	\$ 674,796	\$ 1	\$ 693,992
Other	-	-	-	-
Total operating revenues	<u>674,795</u>	<u>674,796</u>	<u>1</u>	<u>693,992</u>
Non-Operating Revenues:				
Investment earnings	3,000	5,846	2,846	2,736
Total non-operating revenues	<u>3,000</u>	<u>5,846</u>	<u>2,846</u>	<u>2,736</u>
Total revenues	<u>677,795</u>	<u>680,642</u>	<u>2,847</u>	<u>696,728</u>
Operating Expenditures:				
Salaries and benefits	220,865	222,275	(1,410)	92,056
Operating	177,043	95,687	81,356	212,612
Claims reimbursements, operating	<u>494,700</u>	<u>427,546</u>	<u>67,154</u>	<u>377,082</u>
Total operating expenditures	<u>892,608</u>	<u>745,508</u>	<u>147,100</u>	<u>681,750</u>
Other Financing Sources (Uses):				
Appropriated net position	214,813	-	(214,813)	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>214,813</u>	<u>-</u>	<u>(214,813)</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(64,866)</u>	<u>\$ (64,866)</u>	<u>14,978</u>
Reconciliation of Financial Plan Basis				
(Modified Accrual) to Full Accrual:				
Depreciation		(487)		(487)
Change in accrued compensated absences		(3,409)		(388)
Change in deferred outflows of resources - pension		46,093		3,759
Change in deferred inflows of resources - pension		(86,500)		15,639
Change in net pension liability		15,890		(17,809)
Change in incurred but not reported claims		<u>(46,800)</u>		<u>-</u>
Change in net position	<u>\$ (140,079)</u>			<u>\$ 15,692</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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023		2022	
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 681,165	\$ 742,105	\$ 60,940	\$ 697,916
Other	-	1,746	1,746	1,283
Total operating revenues	<u>681,165</u>	<u>743,851</u>	<u>62,686</u>	<u>699,199</u>
Operating Expenditures:				
Administration:				
Salaries and benefits	541,153	456,241	84,912	374,137
Operating	53,212	31,544	21,668	39,712
Fleet maintenance inventory	85,000	82,045	2,955	91,761
Capital outlay	1,800	1,700	100	-
Total operating expenditures	<u>681,165</u>	<u>571,530</u>	<u>109,635</u>	<u>505,610</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>172,321</u>	<u>\$ 172,321</u>	<u>193,589</u>
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Depreciation		(2,358)		(2,358)
Change in accrued compensated absences		113		(13,580)
Change in deferred outflows of resources - pension		58,105		(7,687)
Change in deferred inflows of resources - pension		(162,372)		113,945
Change in net pension liability		<u>75,604</u>		<u>(78,982)</u>
Change in net position	<u>\$ 141,413</u>			<u>\$ 204,927</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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023			2022
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions from other funds	\$ 644,900	\$ 590,389	\$ (54,511)	\$ 572,311
Total operating revenues	<u>644,900</u>	<u>590,389</u>	<u>(54,511)</u>	<u>572,311</u>
Operating Expenditures:				
Fuel purchased	632,900	678,245	(45,345)	646,674
Total operating expenditures	<u>632,900</u>	<u>678,245</u>	<u>(45,345)</u>	<u>646,674</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>\$ 50,000</u></u>	<u><u>\$ (87,856)</u></u>	<u><u>\$ (137,856)</u></u>	<u><u>\$ (74,363)</u></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, 2023 With Comparative Totals for the Year Ended June 30, 2022

	2023		2022	
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 2,273,188	\$ 2,273,189	\$ 1	\$ 2,263,397
Other	-	1,076	1,076	13
Total operating revenues	<u>2,273,188</u>	<u>2,274,265</u>	<u>1,077</u>	<u>2,263,410</u>
Non-Operating Revenues:				
Investment earnings	5,000	14,012	9,012	5,701
Total non-operating revenues	<u>5,000</u>	<u>14,012</u>	<u>9,012</u>	<u>5,701</u>
Total revenues	<u>2,278,188</u>	<u>2,288,277</u>	<u>10,089</u>	<u>2,269,111</u>
Expenditures:				
Administration:				
Salaries and benefits	749,875	545,884	203,991	483,252
Operating	85,785	45,195	40,590	46,666
Capital outlay	1,700	1,034	666	2,147
Total administration	<u>837,360</u>	<u>592,113</u>	<u>245,247</u>	<u>532,065</u>
Operations:				
Salaries and benefits	1,189,563	1,070,128	119,435	923,968
Operating	344,278	323,835	20,443	324,519
Capital outlay	22,100	14,278	7,822	3,416
Total operating	<u>1,555,941</u>	<u>1,408,241</u>	<u>147,700</u>	<u>1,251,903</u>
Total expenditures	<u>2,393,301</u>	<u>2,000,354</u>	<u>392,947</u>	<u>1,783,968</u>
Other Financing Sources (Uses):				
Appropriated net position	611,409	-	(611,409)	-
Transfers to Capital Projects	(496,296)	(496,296)	-	-
Other financing sources (uses)	<u>115,113</u>	<u>(496,296)</u>	<u>(611,409)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (208,373)</u>	<u>\$ (208,373)</u>	<u>\$ 485,143</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, 2023 With Comparative Totals for the Year Ended June 30, 2022
(Continued)

**Reconciliation of Financial Plan Basis
 (Modified Accrual) to Full Accrual:**

Revenues and other financing sources over (under) expenditures and other financing uses	(208,373)	485,143
Capital projects	487,809	
Payment of debt principal	-	-
Change in accrued compensated absences	(14,186)	15,180
Capital outlay	8,487	-
Depreciation	(11,246)	(19,466)
Change in deferred outflows of resources - pension	(573,056)	340,074
Change in deferred inflows of resources - pension	289,978	(302,617)
Change in net pension liability	<u>190,698</u>	<u>23,261</u>
Change in net position	<u><u>\$ 170,111</u></u>	<u><u>\$ 541,575</u></u>

CITY OF KINSTON, NORTH CAROLINA**Schedule 73****Public Services Capital Project Fund****Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**
For the Year ended June 30, 2023

	Actual				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Utility CIS Software Upgrade	\$ 496,296	\$ -	\$ 8,487	\$ 8,487	\$ 487,809
Total Expenditures	496,296	-	8,487	8,487	487,809
Other Financing Sources (Uses):					
Transfers in	496,296	-	496,296	496,296	-
Total other financing sources (uses)	496,296	-	496,296	496,296	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 487,809	\$ 487,809	\$ 487,809

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	163
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	173
These schedules contain information to help the reader assess the government's most significant local revenue source, the Electric charges.	
Debt Capacity	180
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	182
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	186
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.	

CITY OF KINSTON, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

Table 1

Fiscal Year	Uncollected Balance June 30, 2022		Collections And Credits	Uncollected Balance June 30, 2023
2022-2023		\$ 11,112,882	\$ 10,942,960	\$ 169,922
2021-2022	235,773	-	138,194	97,579
2020-2021	108,836	-	51,261	57,575
2019-2020	65,798	-	20,355	45,443
2018-2019	46,330	-	9,742	36,588
2017-2018	37,369	-	7,580	29,789
2016-2017	35,653	-	6,207	29,446
2015-2016	32,518	-	4,692	27,826
2014-2015	30,333	-	3,334	26,999
2013-2014	39,362	-	3,173	36,189
2012-2013	36,164	-	36,164	-
	<u>\$ 668,136</u>	<u>\$ 11,112,882</u>	<u>\$ 11,223,662</u>	<u>557,356</u>
Motor vehicle tags receivable				5,272
Less: allowance for uncollectible ad valorem taxes receivable:				
General Fund				<u>(138,320)</u>
Ad valorem taxes receivable - net				<u>\$ 424,308</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 11,320,084
Less auto fee				(143,453)
Penalties collected				11,336
Less credits and adjustments				<u>35,695</u>
Subtotal				
Total collections and credits				<u>\$ 11,223,662</u>

CITY OF KINSTON, NORTH CAROLINA
Analysis of Current Tax Levy - City-Wide Levy
For the Fiscal Year Ended June 30, 2023

Table 2

	Total Levy				
	City - Wide			Property Excluding Registered	
	Property Valuation	Rate	Total Levy	Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$ 1,424,755,582	0.77	\$10,970,618	\$ 9,698,651	\$ 1,271,967
Penalties	-		10,840	10,840	-
Total	1,424,755,582		10,981,458	9,709,491	1,271,967
Municipal Service:					
District			77,717	65,417	12,300
Penalties			496	496	-
Total			78,213	65,913	12,300
Discoveries	16,252,444	0.77	125,144	125,144	-
Abatements	(9,342,019)	0.77	(71,934)	(71,934)	-
Total property valuation	\$ 1,431,666,007				
Net Levy			11,112,881	9,828,614	1,284,267
Uncollected taxes at June 30, 2023			169,922	169,922	-
Current Year's Taxes Collected			\$10,942,959	\$ 9,658,692	\$ 1,284,267
Current Levy Collection Percentage			98.47%	98.27%	100.00%

Table 3

City of Kinston, North Carolina

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 14,818,053
Restricted	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	13,286,725
Unrestricted	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	6,820,287
Total governmental activities										
net position	\$ 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	\$ 34,925,065
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 101,133,630
Unrestricted	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	70,065,657
Total business-type activities										
net position	\$ 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	\$ 171,199,287
Primary government:										
Net investment in capital assets	\$ 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	\$ 115,951,683
Restricted	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	13,286,725
Unrestricted	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	76,885,944
Total primary government										
net position	\$ 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	\$ 206,124,352

Table 4

City of Kinston, North Carolina

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government	\$ 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	\$ 7,870,387
Public safety	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	12,561,399
Streets, Cemetery, Engineering (Public Services)	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	3,465,962
Culture and recreation	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	4,335,766
Community development	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	1,623,540
Interest on long-term debt	390,855	372,159	362,384	346,373	338,245	328,206	422,143	455,300	407,519	382,986
Total governmental activities expenses	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	30,240,040
Business-type activities:										
Electric	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	41,105,297
Water	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	9,341,846
Wastewater	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	7,304,238
Nonmajor funds	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	6,244,706
Total business-type activities expenses	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	63,996,087
Total primary government expenses	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	94,236,127

City of Kinston, North Carolina

Changes In Net Position (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Program revenue:

Governmental activities:

Charges for services:

General government	793,510	540,842	686,853	657,003	512,248	489,506	1,720,321	1,813,641	2,011,487	4,875,560
Public safety	343,103	134,763	294,628	321,671	131,763	112,920	150,218	260,916	196,665	113,271
Public services	-	-	-	313,238	157,463	160,570	840,332	853,887	808,940	868,503
Culture and recreation	1,384,634	1,265,117	1,475,526	1,462,080	954,205	953,068	930,000	890,000	890,000	831,936
Community development	444,731	266,498	415,181	185,264	-	-	-	-	-	-

Operating grants and contributions:

General government	-	-	-	10,000	15,000	-	-	34,951	-	7,500
Public safety	168,119	142,343	218,495	268,419	117,138	114,288	89,741	51,920	62,456	152,898
Public services	751,206	764,273	717,391	631,630	2,622,018	751,565	740,250	1,359,281	896,423	4,666,410
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Community development	110,855	76,379	88,000	520,445	-	-	-	-	-	-

Capital grants and contributions:

Public safety	-	-	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-	-	-	-
Culture and recreation	54,577	-	32,505	-	-	-	-	-	-	-
Community development	362,000	322,655	84,869	-	-	-	-	-	-	-

Total governmental activities program revenue	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	11,516,078
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City of Kinston, North Carolina

Changes In Net Position (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

Business-type activities:

Charges for services:

Electric	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	46,229,642
Water	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	10,571,301
Wastewater	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	7,130,620
Nonmajor funds	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	6,482,611

Capital grants and contributions:

Electric	518,754	610,152	129,490	5,000	303,858	-	-	81,190	-	-
Water	-	-	-	-	-	-	-	26,299	-	-
Wastewater	-	2,567,185	206,731	1,342,598	42,549	6,937	-	-	-	-
Nonmajor funds	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	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	70,414,174
Total primary government program revenues	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	81,930,252

Net (expense) revenue:

Governmental activities	(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)	(18,723,962)
Business-type activities	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	6,418,087
Total primary government net expense	(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)	(12,305,875)

City of Kinston, North Carolina

Changes In Net Position (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	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	11,380,136
Sales taxes	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	5,989,880
Other taxes	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	2,450,938
Unrestricted intergovernmental	402,458	371,981	375,763	422,430	1,957,044	2,399,830	2,889,155	2,632,415	6,259,211	706,079
Investment earnings	12,514	12,435	17,605	24,580	33,898	80,544	83,160	17,156	32,507	25,862
Miscellaneous	276,812	202,349	303,016	218,635	207,197	772,372	3,148,490	3,422,890	2,997,629	67,523
Transfers	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	(120,506)
Capital contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities	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	20,499,912
Business-type activities:										
Unrestricted intergovernmental	-	-	-	-	2,180,778	2,250,247	2,250,050	2,249,637	2,263,397	2,273,189
Investment earnings	32,704	27,188	48,836	68,041	108,471	182,608	195,947	41,092	70,357	181,530
Miscellaneous	-	-	-	-	2,649	2,684	1,515,742	556,971	1,302,169	1,478,582
Transfers	(772,160)	(1,454,570)	(118,069)	(3,157,431)	(2,470,000)	(7,393,251)	(957,250)	(2,000,000)	(2,259,630)	120,506
Total business-type activities	(739,456)	(1,427,382)	(69,233)	(3,089,390)	(178,102)	(4,957,712)	3,004,489	847,700	1,376,293	4,053,807
Total primary government	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	24,553,719
Changes in net position:										
Governmental activities	2,269,943	971,654	1,337,187	999,435	3,018,780	4,858,279	871,591	1,657,226	7,428,726	1,775,950
Business-type activities	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	10,471,894
Total primary government	\$ 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	12,247,844

City of Kinston, North Carolina

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

Function / Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
General government	\$ (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)	\$ (2,987,327)
Public safety	(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)	(12,295,230)
Streets, Cemetery & Engineering (Public services)	(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)	2,068,951
Culture and recreation	(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)	(3,503,830)
Community development	(409,519)	(1,197,397)	(868,743)	(3,258,364)	(1,502,431)	(1,162,463)	(359,283)	(2,892,723)	(3,131,650)	(1,623,540)
Interest on long-term debt	(390,855)	(372,159)	(362,384)	(346,373)	(338,245)	(328,206)	(422,143)	(455,300)	(407,519)	(382,986)
Total governmental activities	(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)	(18,723,962)
Business-type activities:										
Electric	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	5,124,345
Water	717,301	1,143,460	1,599,317	1,779,686	1,316,352	1,532,360	839,062	840,063	1,738,351	1,229,455
Wastewater	(514,173)	2,588,091	(44,210)	526,074	(988,874)	(813,213)	(833,023)	(121,792)	(169,925)	(173,618)
Nonmajor funds	893,005	(97,242)	71,590	383,968	225,859	1,092,614	(37,571)	339,259	1,019,684	237,905
Total business-type activities	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	6,418,087
Total government	\$ (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)	\$ (12,305,875)

City of Kinston, North Carolina

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:	-	-	-	-	-	-	-	-	-	-
Non-spendable	85,125	78,720	67,491	73,462	92,061	81,568	99,731	105,960	139,328	98,928
Restricted	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	2,692,487
Assigned	-	-	-	275,615	749,962	477,070	348,833	749,963	1,878,109	538,798
Unassigned	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	12,958,717
Total General Fund	\$ 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	\$ 16,288,930
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	184,085	152,846	115,815	1,370,577	2,249,303	7,068,420	8,554,726	9,416,983	10,961,752	9,980,201
Restricted in capital project funds	158,378	4,496	805	36,564	43,067	15,100	13,792	52,045	-	-
Restricted in permanent fund	299	299	339	339	577	667	751	517	317	239
Committed in special revenue funds	31,757	13,546	6,747	93,972	-	-	-	-	-	-
Committed in capital project funds	58,052	62,726	275,736	321,266	137,001	1,061,633	1,064,262	404,843	673,769	1,154,913
Assigned in special revenue funds	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	(301,280)	(21,960)	(111,387)	(6,146)	21,043	(383,783)	-	-	-	-
Unassigned in capital project funds	(40,514)	(68,325)	(27,119)	(981,474)	(2,293,905)	(1,276,895)	(22,759)	-	-	(624,568)
Total all other government funds	\$ 186,136	\$ 465,472	\$ 584,680	\$ 958,194	\$ 288,004	\$ 7,733,443	\$ 9,768,179	\$ 10,008,806	\$ 11,710,838	\$ 10,585,785

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

Data presented for fiscal year 2015 reflecting prior period restatement.

Data presented for fiscal year 2017 implementing GASB Statement 73.

Data presented for fiscal year 2018 implementing GASB Statement 75.

Table 7

City of Kinston, North Carolina

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes	\$ 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	\$ 11,486,476
Other taxes	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	8,440,818
Intergovernmental	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	5,532,887
Charges for services	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	1,983,517
Other	285,355	117,190	310,582	238,489	225,712	797,766	475,172	414,684	277,440	89,609
Total revenues	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	27,533,307
Expenditures:										
General government	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	2,751,349
Public safety	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	11,319,087
Public services	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	2,697,018
Culture and recreation	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	3,959,876
Community development	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	1,636,540
Capital outlay	-	-	-	-	1,599,770	1,207,608	2,922,791	1,085,154	784,114	3,467,413
Debt service:										
Principal	480,604	492,474	518,347	812,354	751,543	633,893	811,444	1,072,333	786,446	731,785
Interest	388,074	369,378	369,378	352,119	338,245	328,206	422,143	455,300	407,519	382,986
Total expenditures	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	26,946,054
Excess of revenues (under) expenditures	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	587,253
Other financing sources (uses):										
Transfers in	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	3,888,290
Transfers (out)	(506,180)	(187,031)	(555,132)	(738,703)	(180,632)	(2,301,380)	(300)	(198,858)	(1,723,111)	(3,828,797)
Issuance of long-term debt	125,972	276,180	1,459,899	347,471	-	2,672,443	2,481,256	-	95,081	785,000
Total other financing sources	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	844,493
Net changes in fund balance	\$ 1,696,911	\$ 346,300	\$ 1,037,718	\$ 49,610	\$ 669,422	\$ 4,090,008	\$ 1,884,651	\$ 1,757,610	\$ 6,876,150	\$ 1,431,746

Debt service as a percentage of noncapital expenditures 4.6% 4.1% 4.2% 4.8% 4.6% 3.7% 6.2% 7.1% 5.5% 5.0%

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)
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
2023	436,214,041	117,472,955	289,685,715	14,608,586	421,767,256	14,446,785	3%	0.7000

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

City of Kinston, North Carolina
Electric Rates
Last Ten Fiscal Years

Electric Rates	Cents Per KWH									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential	14.7	14.6	13.7	13.0	13.0	13	13.1	13	13	13.1
Small General Service	14.7	14.7	13.6	13.0	13.0	13	13.3	13.3	13.3	13.3
Medium General Service	12.5	12.2	11.7	11.3	11.4	11.4	11.5	11.3	11.2	11.1
Public Housing	14.8	14.6	13.6	13.0	13.0	13	13.1	13.1	13.2	13.2
Church And School	17.2	17.0	16.6	16.2	16.2	16.2	16.3	16.4	16.3	15.7
Municipal Service	6.0	7.0	7.0	7.0	7.0	7	7	7	7	7
Masterbrand	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0
Large General Service	10.6	10.7	9.9	9.7	9.8	9.7	9.7	9.6	9.6	9.9
CDC Rate	8.1	8.1	7.0	6.9	6.9	7.1	7.1	6.8	6.9	6.9
Area Lights	23.8	23.4	22.4	22.1	22.2	22.4	22.6	22.9	23.2	23.5

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
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
2023	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 6/30/2023

Name of Taxpayer	2023				2014			
	Nature of Property	Assessed		Percentage of Total Assessed	Name of Taxpayer	Assessed		Percentage of Total Assessed
		Value	Rank			Value	Rank	
Sanderson Farms, Inc	Poultry Processor	114,008,124	1	9.00%	Sanderson Farms, Inc	Poultry Processor	\$ 118,179,413	1 7.56%
Smithfield Packing	Meat Processor	103,880,444	2	8.20%	Smithfield Packing	Meat Processor	103,974,207	2 6.65%
Sanderson Farms, LLC	Poultry Processor	19,110,998	3	1.51%	Carollina Telephone	Utility	33,869,767	4 2.17%
Masterbrand	Manufacturer	18,699,661	4	1.48%	MasterBrand	Manufacturer	23,343,430	3 1.49%
Kinston LLC	Nursing Facility	17,843,340	5	1.41%	Poole Walter Realty	Real Estate	16,691,129	5 1.07%
BRE Retail Residual NC Owner LP	Shopping	16,232,163	6	1.28%	BRE Retail Residual NC Owner LP	Shopping	16,162,148	6 1.03%
Lowes Home Centers, Inc	Retail	8,590,441	7	0.68%	Piedmont Natural Gas	Natural Gas	12,571,268	7 0.80%
Kinston Hospitality NC LLC	Hotel Accomodation	8,578,843	8	0.68%	Lowes Home Centers Inc	Shopping	10,353,854	8 0.66%
Piedmont Natural Gas	Natural Gas	8,036,406	9	0.63%	Vernon Park Mall Holding Corp	Shopping Mall	10,048,067	9 0.64%
Perrys Inc	Real Estate	7,738,710	10	0.61%	Perrys Inc	Real Estate	\$ 9,980,497	10 0.64%
Total Assessed Valuation of Top Ten Taxpayers		\$ 322,719,130		25.48%	Total Assessed Valuation of Top Ten Taxpayers		\$ 355,173,780	22.72%
Balance of Assessed Valuation		\$ 943,756,421		74.52%	Balance of Assessed Valuation		\$ 1,207,791,896	77.28%
Total Assessed Valuation		\$ 1,266,475,551		100.00%	Total Assessed Valuation		\$ 1,562,965,676	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	Collected Within the Fiscal Year of the Levy			Total Collections to Date		
		Taxes Levied for the Tax Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2014	2013	10,430,850	10,022,906	0.9609	371,754	10,394,660	0.9965
2015	2014	10,371,023	10,019,384	0.9661	324,640	10,344,024	0.9974
2016	2015	10,215,605	9,913,395	0.9704	274,384	10,187,779	0.9973
2017	2016	10,166,157	9,852,755	0.9692	283,957	10,136,712	0.9971
2018	2017	9,621,661	9,359,639	0.9728	232,234	9,591,873	0.9969
2019	2018	9,636,199	9,389,093	0.9744	210,519	9,599,612	0.9962
2020	2019	9,979,280	9,737,675	0.9758	196,162	9,933,837	0.9954
2021	2020	10,202,783	9,989,905	0.9791	155,303	10,145,208	0.9944
2022	2021	10,931,575	10,695,801	0.9784	138,194	10,833,995	0.9911
2023	2022	11,112,882	10,942,960	0.9847	-	10,942,960	0.9847

Source: City of Kinston CAFR Schedule of Ad Valorem Taxes Receivable for tax years 2014-2023

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 Primary Bonds	Total Debt Per Capita
	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt	Percentage of Actual Property Value	Debt Per Capita	Installment Contracts	Notes and Installments	General Obligation Bonds	Revenue Bonds	Government		
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	
2023	-	-	-	0	-	10,476,080	10,236,764	-	193,000	20,905,844	1,080	

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

POPULATIONS

2013	21,642
2014	21,641
2015	21,392
2016	21,677
2017	20,923
2018	21,004
2019	20,083
2020	20,041
2021	19,900
2022	19,546
2023	19,365

City of Kinston, North Carolina
Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2023
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Lenoir County Debt	\$ 30,479,905	32.03%	\$ 9,761,484
Subtotal, overlapping debt	\$ 30,479,905		\$ 9,761,484
City Direct Debt	<u>10,476,080</u>		
Total direct and overlapping debt	<u>\$ 40,955,985</u>		<u>\$ 9,761,484</u>

Sources:

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

Notes:

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

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Lenoir County's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable value. The percentage of overlapping debt is based on the June 30, 2023 assessed valuation of \$4,470,328,663 for Lenoir County and \$1,431,666,006 for the City of Kinston.

City of Kinston, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 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	\$ 114,533,280
Total net debt applicable to limit	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	20,712,844
Legal debt margin	\$ 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	93,820,436
Total net debt applicable to the limit as a percentage of debt limit	14.65%	14.62%	16.34%	17.03%	18.84%	24.33%	30.29%	27.11%	22.68%	22.08%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed valuation	\$ 1,431,666,006	Total government wide debt	\$ 40,067,240
8%	114,533,280	Less revenue bonds	\$ (193,000)
Less applicable debt	(20,712,844) A	Less compensated absences	\$ (1,221,851)
Debt margin	\$ 93,820,436	Less law enforcement separation allowance	\$ (3,462,401)
		Less separation allowance	\$ -
		Less other post employment benefits	\$ (14,477,144)
			\$ 20,712,844

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	Coverage		Principal	Interest		Principal	Interest	Coverage	
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								
2023	65,180,320	51,653,700	13,526,620	1,536,908	70,890	8.41								

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)
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%
2023	19,365	26,661	8,244	3.7%

Sources:

- (1) US Census Bureau
- (2) Lenoir County Public Schools
- (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	2023			2014			
	Employees	Rank	Percentage of Total County Employment	Employer	Employees	Rank	Percentage of Total County Employment
Sanderson Farms	1,500	1	5.43%	Sanderson Farms	1,616	1	6.10%
Lenoir County Schools	1,249	2	4.52%	Caswell Center	1,501	2	5.66%
Caswell Center	1,200	3	4.35%	Lenoir County Public Schools	1,078	3	4.07%
Smithfield Foods	934	4	3.38%	Lenoir Memorial Hospital	938	4	3.54%
UNC Lenoir	930	5	3.37%	Electrolux Home Products	634	5	2.39%
Fly Exclusive	750	6	2.72%	Associated Materials, Inc	614	6	2.32%
MasterBrand	600	7	2.14%	Lenoir Community College	526	7	1.98%
West Pharmaceutical	592	8	2.17%	Masterbrand	519	8	1.96%
Lenoir Community College	458	9	1.52%	Lenoir County	466	9	1.76%
Electrolux	421	10	1.66%	City of Kinston	381	10	1.44%
Total	<u><u>8,634</u></u>		<u><u>31.27%</u></u>	Total	<u><u>8,273</u></u>		<u><u>31.20%</u></u>
Total Employment Lenoir County	27,612						

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>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
Legislative	6	6	6	6	6	6	6	6	6	6
City Management	2	2	2	3	3	3	3	3	3	2
City Clerk	1	1	1	1	1	1	1	1	1	1
Personnel	3	3	3	3	3	3	3	3	2	3
Finance	13	13	14	14	14	14	14	14	15	15
Computer Services	4	4	4	4	4	4	4	4	4	4
Building Safety	4	4	4	4	4	4	4	4	1	5
Planning & Inspections	2	2	2	3	3	3	3	3	3	2
MSD Development	-	-	-	-	2	2	1	1	1	1
Parks and Recreation:										
General & Administrative	4	5	5	3	3	3	3	3	3	3
Recreation	30	30	30	33	34	34	34	34	25	26
Pool(s)	1	1	1	1	1	1	1	1	1	3
Golf Course(s)	1	1	1	1	-	-	-	-	-	-
Stadium					1	1	1	1	1	2
Police:										
Officers	76	76	76	74	73	73	73	73	68	70
Civilians (a)	10	10	10	9	11	11	11	11	8	7
Fire:										
Firefighters and Officers	48	48	48	51	50	50	50	50	51	50
Civilians	1	1	1	1	1	1	1	1	1	1
Public Services:										
Administration	9	9	9	10	9	9	9	8	8	8
Billing and Customer Service	15	15	15	14	15	15	15	15	14	14
Meter Services	9	9	9	4	9	9	9	9	5	6
Engineering	9	9	9	9	9	9	9	9	5	7
Street Maintenance	11	11	11	20	16	16	16	16	11	9
Refuse Collection	27	27	27	27	27	27	27	27	27	24
Weed Control	1	1	1	1	-	-	-	-	-	-
Central Garage	10	10	10	10	10	10	10	10	10	9
Street Lighting	-	-	-	-	-	-	-	-	-	-
Traffic Control	2	2	2	1	-	-	-	-	-	-
Electric:										
Distribution	22	22	22	22	22	22	22	22	20	22
Water:										
Transmission	24	24	24	24	24	24	24	24	24	21
Purification	6	6	6	6	6	6	6	6	6	5
Sewer Maintenance	14	14	14	14	14	14	14	14	14	15
Stormwater	10	10	10	10	10	10	10	10	9	9
Other Programs/Functions:										
Risk Management	2	2	2	2	2	2	2	2	1	1
Health Nurse	-	-	-	-	-	-	-	-	-	1
Total	375	376	377	383	387	387	386	385	348	353

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Calls for service	26,729	26,954	27,679	24,667	26,250	29,999	26,668	27,855	27,198	33,085
Adult arrest	2,392	2,607	2,638	2,229	2,067	1,937	1,879	1,962	1,597	2,285
Juvenile arrest	97	62	156	84	51	56	50	54	90	94
Speeding citations only	525	464	276	120	61	592	408	659	155	159
Traffic citations	3,916	2,222	2,788	1,350	1,587	6,883	3,629	5,583	1,759	2,577
Fire:										
Total fire runs	536	963	1,212	471	963	1,023	936	892	1,084	1,250
Total rescue runs	185	777	2,399	1,259	2,605	2,509	681	248	1,785	2,351
Property loss	\$ 726,548	\$ 626,006	\$ 595,414	\$ 530,079	\$ 789,534	\$ 836,885	\$ 693,473	\$ 710,025	484,907	389,749
Building safety:										
Total building permits	114	93	101	124	148	124	99	138	156	9
Total value all permits	\$ 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	\$ 397,278
Library, volumes in collection	198,083	164,554	165,000	165,000	148,717	163,577	118,643	116,916	114,469	109,250
Public service:										
Garbage collected (ton)	18,214	17,972	18,204	18,979	18,087	16,319	18,998	20,457	18,897	18,646
Recycle collected (ton)	615	617	620	617	587	586	586	619	583	526
Parks and Recreation:										
Recreation program attendance:										
Athletics	202,100	204,150	203,500	198,000	202,000	192,000	30,000	94,000	187,600	193,500
Centers & Parks	625,000	592,000	602,000	520,000	535,000	527,000	131,500	321,000	437,000	467,500
Other Programs	128,000	125,000	123,500	118,500	120,200	117,000	5,000	34,200	98,400	113,000
Golf Rounds Played	9,200	8,300	7,800	8,100	8,000	10,200	8,300	7,900	9,300	8,100

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										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Police:											
Stations	2	1	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)	115.11	115.11	115.14	115.43	115.43	115.43	115.43	115.43	115.85	116.02	
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	10	10	10	10	
Swimming Pools	4	4	4	3	3	2	2	2	2	2	
Parks with Playground Equipment	8	8	8	9	9	9	9	9	9	9	
Picnic Shelters	9	9	9	9	9	9	9	9	9	9	
Community Centers	7	7	7	7	7	7	7	7	7	7	
Museums	2	2	8	2	2	2	2	2	2	2	
Stadium	4200 seat	4200 seat	4200 seat	5000 seat	5000 seat	5000 seat	5000 seat	5000 seat	5000 seat	5000 seat	
Airport Theater	0	0	0	0	0	0	0	0	0	0	
Indoor Batting Facility	1	1	1	1	1	1	1	1	1	1	
Natural Sites	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	198,083	164,554	165,000	165,000	165,000	163,577	118,643	118,643	114,469	109,250	
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)	4.14MGD	4.58MGD	4.16MGD	4.30 MGD	4.47 MGD	4.47 MGD	4.37 MGD	4.29 MGD	4.29 MGD	4.44MGD	
Peak Consumption (MGPD)	10.4MGD	9.4MGD	9.6MGD	7.19MGD	7.31MGD	6.81MGD	6.55MGD	5.24MGD	6.69MGD	6.58MGD	
Miles of Water Mains	216.76	216.76	218.45	218.77	219.4	219.4	219.4	219.4	258	258	
Wastewater:											
Sanitary Sewers (miles)	213.24	213.24	216.77	216.77	216.77	216.77	216.77	216.77	217.16	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	6.23MGD	5.98 MGD	5.76MGD	6.29 MGD	4.44 MGD	4.79 MGD	5.97 MGD	5.97 MGD	5.61MGD	3.4MGD	
Electric:											
Average Daily Usage	1,230,138KWH	,246,226 KWH	,220,908 KWH	1,227,401 KWH	1,291,641 KWH	1,291,578 KWH	1,220,541 KWH	1,188,990 KWH	1192746 KWH	1184567 KWH	
Mile of Distribution Lines	435	435	435	435	435	435	435	450	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.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 19, 2024.

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
March 19, 2024

**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, 2023. 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, 2023.

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
March 19, 2024

**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, 2023. 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, 2023.

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
March 19, 2024

CITY OF KINSTON, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

Federal Awards

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

Internal control over financial reporting:

Material weaknesses identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	none reported
Noncompliance material to financial statements noted	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/>	no

Identification of major Federal program:

AL Number	Program Name
97.036	FEMA Public Assistance (Hurricane Florence)
66.458	Capitalization Grants for Clean Water State Revolving Fund
21.027	Coronavirus State & Local Fiscal Recovery Funds

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, 2023

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? _____ 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

Identification of major state program:

Program Name

Non-State System Street Aid Allocation (Powell Bill)

NCEM Transportation Infrastructure Resiliency Grant

CITY OF KINSTON, NORTH CAROLINA
Summary Schedule of Prior Year Audit Finding
For the Year Ended June 30, 2023

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, 2023

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing 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					
Passed-through N.C. Department of Commerce					
Community Development Block Grant - Infrastructure	14.228	#17-C-2992	\$ 192,471	\$ -	\$ -
Community Development Block Grant CARES (CDBG-CV) Act	14.218	#20-V-3503	20,073	-	-
Passed-through N.C Department of Environmental Quality					
Community Development Block Grant - Infrastructure	14.228	#18-I-3031	447,740	-	-
Total U.S. Department of Housing and Urban Development			<u>660,284</u>	<u>-</u>	<u>-</u>
U.S. Department of Homeland Security					
Federal Emergency Management Agency (FEMA)					
Direct Program					
Hurricane Florence	97.036	FEMA-4393-DR-NC	1,063,866	-	-
Total U.S. Department of Homeland Security			<u>1,063,866</u>	<u>-</u>	<u>-</u>
U.S. Department of Justice					
Bureau of Justice Assistance					
Direct Program					
2021 Edward-Byrne Memorial Justice Assistance Grant	16.738	15PBJA-21-GG-01649-JAGX	10,050	-	-
2022 Edward-Byrne Memorial Justice Assistance Grant	16.738	15PBJA-22-GG-02612-JAGX	2,750	-	-
Project Safe Neighborhoods	16.609	2019-GP-BX-0043	15,006	-	-
Passed-through the Office of Community Oriented Policing Services					
22 Law Enforcement De-Escalation Cops Grant	16.710	15JCOPS-22-GG-04771-PPSE	2,920	-	-
Passed-through the NC Department of Public Safety					
Governor's Crime Commission 2022 Kinston Police Department Block Grant	16.738	15PBJA-22-GG-00633-JAGX	9,075	-	-
Total U.S. Department of Justice			<u>39,802</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	<u>97,090</u>	<u>-</u>	<u>-</u>
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	462,102	-	-
Capitalization Grants for Clean Water State Revolving Fund - Lawrence Heights Sewer Replacement	66.458	#E-SRP-W-14-0041; #CS370527-12	298,276	-	-
Capitalization Grants for Clean Water State Revolving Fund - Briery Run Sewer Rehab PhV	66.458	#E-SRP-W-14-0041; #CS370527-	2,637,889	-	-
Total Clean Water State Revolving Fund Cluster			<u>3,398,267</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	34,955	-	-
Capitalization Grants for Drinking Water State Revolving Fund - NC Global Trans Park Terminal Waterline Replacement	66.468	2002	739,705	-	-
Total Drinking Water State Revolving Fund Cluster			<u>774,660</u>	<u>-</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>4,270,017</u>	<u>-</u>	<u>-</u>

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing 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 State Local Fiscal Recovery Funds	21.027	2021-0234	\$ 3,828,496	\$ -	\$ -
Passed-through NC Department of Environmental Quality					
Coronavirus State Local Fiscal Recovery Funds	21.027	SRP-W-ARP-0260	39,250	-	-
Total U.S. Department of the Treasury			<u>3,867,746</u>	<u>-</u>	<u>-</u>
Total Federal Assistance			<u>9,901,715</u>	<u>-</u>	<u>-</u>
STATE GRANTS					
Cash Assistance					
N.C. Department of Transportation					
Non-State System Street Aid Allocation (Powell Bill)	N/A	20000059754	-	623,355	-
Total N.C. Department of Transportation			<u>-</u>	<u>623,355</u>	<u>-</u>
N.C. Department of Revenue					
State State Capital & Infrastructure Fund Directed Grant	N/A		-	100,000	-
Total N.C. Department of Environmental Quality			<u>-</u>	<u>100,000</u>	<u>-</u>
N.C. Department of Public Safety					
Governor's Crime Commission 2019 Juvenile Justice DMC Grant	N/A	PROJ013557	-	50,958	-
NCEM Transportation Infrastructure Resiliency Grant	N/A	NCEM-TIR1013	-	141,045	-
Total N.C. Department of Public Safety			<u>-</u>	<u>192,003</u>	<u>-</u>
N.C. Department of Environmental Quality					
Electric Vehicle Charging Station VW-DC Fast	N/A	1000009702	-	81,707	-
Division of Water Infrastructure	N/A	E-AIA-W-21-0215	-	128,556	-
Wastewater Asset Management Grant			-	210,263	-
Total N.C. Department of Environmental Quality			<u>-</u>	<u>210,263</u>	<u>-</u>
North Carolina Housing Finance Agency					
2019 ESFRLP19 Essential Single-Family	N/A	ESFRLP1911	-	224,795	-
NCHFA 22 ESFR Loan Pool	N/A	ESFRLP22	-	13,975	-
Total N.C. of Housing Finance Agency			<u>-</u>	<u>238,770</u>	<u>-</u>
Total Assistance - State Programs			<u>-</u>	<u>1,364,391</u>	<u>-</u>
Total Assistance			<u>\$ 9,901,715</u>	<u>\$ 1,364,391</u>	<u>\$ -</u>

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2023

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, 2023. 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, 2023 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, 2023 consists of:

Program Title:	AL #	Pass-Through Grantor Number	Amount Outstanding
Capitalization Grants for Drinking Water State Revolving Fund	66.468	H-LRX-F-19-1949	\$ 1,299,887