



Annual Comprehensive Financial Report

Fiscal Year Ending June 30, 2024 - Kinston, North Carolina



**CITY OF KINSTON
NORTH CAROLINA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Prepared by City of Kinston Finance Department

**CITY OF KINSTON,
NORTH CAROLINA**

Financial Statements and
Supplementary Information

For The Year Ended June 30, 2024

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INTRODUCTORY SECTION

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GFOA Certificate of Achievement for Excellence in Financial Reporting

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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 SEAFORTH

November 26, 2024

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

The Comprehensive Annual Financial Report of the City of Kinston, North Carolina (the City) for the fiscal year ended June 30, 2024, 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 (via a contract with Lenoir County); 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 43.8 percent employment rate compared to a statewide rate of 59.50 percent and a national average of 60.6 percent. Overall, the value of new construction, repair and renovation (as defined by building permit project values) was \$55.2 million. The construction value of new residential developments, stores, medical and institutional totaled 28.6 million, which is an increase of \$13.7 million as compared with construction in the previous year.

New construction valuations increased by \$13.7 million dollars from the previous year indicating more positive impacts on the City's economic outlook. The Butterfield subdivision, a 69-home community located in northwest Kinston is nearing completion with 17 homes beginning construction in the 24 fiscal year. Infinitylink, Grupporeco-Reco and Squan Construction, LLC are also newly constructed businesses located in the Highway 70 Industrial Park. Grupporeco-Reco manufactures dishwasher components for neighboring Electrolux and other major brands worldwide. The Kinston location is their first North American facility. The company has made a substantial economic impact in our region with a @28 million investment and a total of 110 new jobs. In anticipation of more companies looking towards the eastern part of the state, a new pad ready site has been completed within the Highway 70 West Industrial Park. The site offers a gravel and Geotextile Fabric building pad sized for a 22,700-square-foot shell building.

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. The North Carolina Global Transpark (GTP) is a unique aerospace asset located in Lenoir County. The GTP is a 2500-acre multimodal industrial park and airport and has access to an 11,500-foot runway and offers access to air, rail, highways, and North Carolina's two international ports. As a multimodal transportation and industrial complex, it is designed to meet domestic and global commerces' present and future needs as they emerge. The NCGTP possesses a pro-business climate aimed at growing the aerospace, logistics, manufacturing, emergency services, defense contracting, and supporting industries. At the GTP and its immediate surroundings, the work force has grown to approximately 1,800 individuals with an average salary exceeding \$74,000. One of the GTP's largest tenants is Spirit AeroSystems which employs over 590 people to manufacture wing and fuselage components. The fifth-largest charter jet company in the nation, FlyExclusive, went public in late December 2023, has more than 101 planes in their fleet and over 800 employees. The charter company is set to expand by taking over the management of aircraft services for Volato, an Atlanta company that specializes in leasing HondaJet planes.

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. Rural Development

Partners allocated \$17.5 million, and Five Points Community Capital \$7.5 million in New Markets Tax Credits to help Crown Equipment finance the acquisition, modernization, and equipping of the former Lenox building. The expansion is expected to create 192 jobs and retain 340 jobs for Kinston, some of which will be re-shored from the Company's overseas operations. Lenoir County was awarded a \$500,000 grant to support the renovation of the 254,534 square foot building occupied by West Pharmaceutical Services, Inc., and is expected to create 72 jobs, with an investment of \$73.5 million by the company.

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. LCC serves approximately 3,500 curriculum students and 12,500 extension students annually. The Jim Perry Aviation Center of Excellence (ACE) planned new learning facility located at the NC Global Transpark will strengthen the region's commitment to aerospace industries, manufacturing, and Department of Defense operations support.

Big things are happening in this Eastern North Carolina small community. The NC DOT is assisting in the Kinston Riverwalk project with a grant of \$2.7 million to continue the Riverwalk from the former Kinston Power Plant to the Kinston Community Center. The existing Riverwalk runs for approximately 1 mile from Pearson Park to Atlantic Avenue. Phase II of the project will extend approximately another 1 ½ miles. The Riverwalk expansion will promote connectivity between community assets like Kinston Community Center to downtown Kinston and will be a great recreational asset for Lenoir County citizens. New businesses of 2024 include The Barrister Iris Pub, Monroe Magic, Tarheel Trading Post, 222 Chophouse, House of Ink, Home Team Hamburgers, Groomed Barber Shop, and Tundratown Ice Cream. 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 combined with more dining and entertainment establishments, the Kinston City Council voted in favor of establishing a Social District in April to support interactivity between participating establishments and the potentially positive economic boost such a district can deliver. The district will consist of a six-block area of downtown, bordered by Queen Street, Gordon Avenue, Mitchell Avenue and Peyton Avenue. The addition of string lights throughout the Municipal Service District not only designates 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 2023-2024 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 & Collaborations

The Planning Department has continued to develop relationships with our internal departments, elected officials, local organizations, and national grant partners. We will continue to work closely with Lenoir County and Downtown Kinston to develop and implement an all-inclusive downtown revitalization plan that reflects the heart of our citizens. The hiring of our Zoning Code Enforcement Officer and Community Development Planner has and will continue to strengthen the city's efforts to enhance current and future economic advancements along with the overall aesthetics of our community. As we continue to collaborate with the Lenoir County Inspections Department, we are providing uniform enforcement of the State Building Code for all city development projects and residential subdivisions. We can see the growth and we are excited about it. These current and future relationships will permit the Planning Department to continue in a positive trajectory for the growth of our beloved community.

Grants

The Planning Department was able to close out some grants while continuing to work on others this fiscal year. We are currently managing funds for single-family rehabs and a recreational facility/residential rehabilitation project. We have successfully closed our Environment Brownfield grant. This grant completed nine (9) environmental assessments for properties that are now ready for infill development. We were also successful in closing our Urgent Repair Grant which provided emergency repairs for nine (9) properties. We are looking forward to applying for additional rehabilitation grants to assist our citizens with home retention.

Certifications

The Director and Community Development Planner have received certifications in an effort to build local capacity and knowledge. Both will attend classes at the School of Government as well as conferences for training and legislative updates. The Code Enforcement Officer will attend the next training session for North Carolina Housing Code Officials which provides education on the duties of those who enforce and administer code enforcement ordinances in the state. The Planning Administrative Clerk will attend a notary class in December 2024.

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. A collaboration is scheduled for two Affordable Housing workshops for city council in order to establish a strategic approach to affordable housing in the city. 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 2023-24:

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 3,522 alarms with property values totaling \$12,553,932.00 Property value saved was \$11,689,644.00 or 93.12%. The Department responded to 1930 medical emergencies relating to life-threatening situations including cardiac arrests and major trauma. This totals 3,522 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 August 2023 March 2024. We have installed 245 smoke alarms this past fiscal year, with a goal set for 500 smoke alarms to be installed this fiscal. We continue to have great success with the Child Safety Seat Program by installing 115 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 1,550 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 1,172 fire inspections and 3,912 hours of fire & rescue training during the year.

PUBLIC SERVICES

Smartgrid Meter System

A project budget of \$6,500,000 was established in 2016 for this project to replace all existing water and electric meters and install a meter communication system for remote reading of the meters. The project also included funds for replacement of electric load management switches for residential load control during peak demand. Funding was initially provided from the Electric Fund Capital Reserve. However, a portion of the project involves expenses related to water meters and the Water Fund is responsible for 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 issues by Electricities. Meter installations and the communications system are complete. Installation of the load switches will begin in 2025 based on responses to a customer survey to be issued in October, 2024. Project costs to date are \$5,655,021. The Water Fund began reimbursing the water related costs in FY23/24. The reimbursements will be for a total of \$3,283,190 over ten years.

2020 Wastewater Asset Management Grant

This project included performing condition assessments of the Johnnie Mosley Water Reclamation Facility, CCTV work in the wastewater collection system and preparing engineering reports 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 was performed by The Wooten Company and is complete. Final reimbursement was received in August, 2024.

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. Pipe installation is 99% complete. Final approval has been issued by the State and services are now being tied over to the new mains. Work should be fully complete by 2025.

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. Numerous issues have been encountered with the Contractor during the sewer work. Mains have been installed, but have not been tested. Contractor is disputing the need for testing. City and funding agencies are still requiring testing. A firm completion date is not available due to the dispute.

Electric System Capital Improvement Planing Project

Kinston solicited proposals for consultant assistance with evaluating potential capital improvement projects in 2023. Booth & Associates was awarded the work, which involved developing a general scope and estimated cost for various improvement projects. Results will be incorporated in a prioritized capital

improvement plan for projects over the next ten years. Cost of the work is \$69,100, which is being paid from the Electric Capital Reserve Fund. Work should be complete in November, 2024.

Briery Run Sewer Rehabilitation – Phase V

Phase V of the work on the Briery Run Sewer Outfall involved 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 was completed in October, 2023 at a final cost of \$120,825.00.

2024 Road Improvement Project

This project involves the replacement road surfaces on sixteen city streets, and new pavement in a section of Westview Cemetery. Some of the streets included in the project are Hardee Road, Boy Scout Boulevard, Farmgate Drive, McLewean Street and Westwood Road. Funds for the work include \$550,000 of budgeted funds in FY23-24, plus unused funds from other road related projects. The bid was awarded by city council on July 16, 2024 in the amount of \$712,755.00. Work is expected to take 150 days to complete.

PSC Lift Station Replacement Project

The City of Kinston appropriated \$175,000 from the Wastewater Fund to replace the existing sewer lift station at the Kinston Public Service Complex. Numerous issues have occurred at the current station in recent years. Bid was awarded to A.C. Shultzes in the amount of \$165,501.00. Pumps have been ordered and work is expected to begin in November, 2024 and be complete in December 2024.

PARKS AND RECREATION

Fairfield Recreation Center

The tennis courts were resurfaced at this location. This improvement allows for increased use for tournaments and programs as well as maintenance to ensure extended life of the facility.

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

Emma Webb Park

Emma Webb Park Project began with PARTF grant allocation. Work began and completed on a walking track, basketball courts (2), and stream restoration. Currently, a splashpad and playground will be installed by the end of 2024. Lastly, an amphitheater will be completed in early 2025 which will complete park project.

Grainger Stadium

Renovation was completed on grandstand which consisted of sandblasting and repainting.

We are currently awaiting approval to move forward with the baseball scoreboard to be replaced.

Addressed and completed several ADA issues throughout the facility. Grainger 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

A new bubble was purchased from ASATI and was delivered for installation in fall 2024. Item will be a replacement to current bubble with same specifications. Three (3) A/C units were replaced to address units that were old and malfunctioning.

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. Six (6) Tennis courts were resurfaced in coordination with Lenoir County School funding and grants from the USTA.

Holloway Recreation Center

Through a grant the Holloway Recreation center has updated pool house, which drastically needed improvement due to age and deterioration. Moving into the next year, we are working to install new indoor mounted bleachers for gym.

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 Woodman Life Kinston Chapter.

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 67 percent of total general fund expenditures. This amount is approximately 47 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. In order to remain competitive, we must provide cost of living increases to our employees on a more regular basis. In keeping with this goal, the recommended budget includes a 3% cost of living adjustment for all full-time employees effective July 1, 2024. An additional salary adjustment is provided for law enforcement officers. As discussed during our budget retreat the Kinston Police Department's compensation for law enforcement officers is well below the salaries offered by surrounding communities. The additional salary adjustment for LEOs will be funded by not funding 8 positions within the Police Department we have been unable to fill.

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 provided for several much-needed capital improvements and equipment in the 23-24 fiscal year. The General Fund budget does not include vehicles or major equipment replacements in order to cover the recommended COLA increase. 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 Code of 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 department is actively working on revamping our Historic Preservation Design Guidelines in hopes for distribution by the close of this fiscal year in addition to an update for our Comprehensive Land Use Plan. The planning department will continue to pursue funding that mitigates the economic and health losses of our community, assist with flood protection and mitigation efforts and creates affordable housing options for our community. Finally, the department plans to provide in-house project management for special projects along with a specialist in rehabilitation and renovations. As the city continues to grow, the need for a planner to handle day-to-day permitting and zoning is prevalent. We plan to incorporate a Planner I to our staff to manage a more efficient and timely process for current requests. 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 building a new storage facility to house SWAT vehicles and equipment. The agency will also outfit the entire Patrol Division as well as School Resource Officers with new patrol rifles. The agency will focus on agency-wide leadership training as well as de-escalation this year.

The Kinston Police Department has identified (10) goals for the year to include:

1. 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.
2. Increase officer presence within our community and utilize resources to serve our citizens.
3. 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.
4. Send another group of supervisors to the Law Enforcement Executive Program at North Carolina State University.
5. Utilize the agency's newly hired victim services coordinator to assist with victim services as well as serve as a liaison for the agency and community resources.
6. Increase our evidence-based policing strategies to better equip our officers with up-to-date crime trends and crime patterns.
7. Continue to utilize the Kinston Police Department 5-Year Strategic Plan.
8. Continue the path toward Agency Accreditation under the CALEA and NCLEA umbrella.
9. Continue to seek out local, state and federal grants to cover the cost of equipment, training, accreditation as well as community enhancement.
10. Complete agency-wide CIT training to ensure our department is 100% CIT certified.

2021 Kinston PD PSN Grant: 15PBJA-22-AG-03332-GUNP

On March 15, 2024, the 2021 Eastern District Project Safe Neighborhood, under the guidance of the North Carolina Department of Public Safety, the Governor's Crime Commission approved the application submitted by CITY OF KINSTON (Police) for an award under the funding opportunity entitled 2022 Kinston PD PSN Grant. The approved award amount is \$22,849 and the funds will be used to provide much needed equipment for use of force training, K9 training, surveillance, ballistic protection as well as traffic enforcement.

2022 Kinston PD PSN Grant: 15PBJA-22-GG-00793-GUNP

On March 15, 2024, the 2022 Eastern District Project Safe Neighborhood, under the guidance of the North Carolina Department of Public Safety, the Governor's Crime Commission approved the application submitted by CITY OF KINSTON (Police) for an award under the funding opportunity entitled 2022 Kinston PD PSN Grant. The approved award amount is \$21,400 and the funds will be used to provide advanced training for supervisors, field training officers as well as officers and staff members within the organization.

2023 NC Office of State Budget and Management Regional Economic Development Reserve Grant: City of Kinston

In February of 2024, the City of Kinston has received notification from the NC Office of State Budget and Management that our organization has appropriated a Regional Economic Development Reserve Grant for the Kinston Police Department in the amount of \$250,000. The funds from this grant will be utilized by the Kinston Police Department to construct a steel structured 50-foot x 60-foot, purpose-built facility to house the Kinston Police Department's Mobile Command Center (vehicle), SWAT vehicle(s), as well as provide storage for the agency. This climate-controlled building will enhance the department's operational capabilities and readiness for emergency response and law enforcement activities.

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

C130 Water Extension Project

The North Carolina Global Transpark held a groundbreaking ceremony in June, 2024 a new industrial development project commonly referred to as the C-130 Project. It will involve the construction of several new hangars and facilities for the maintenance of military aircraft. The City of Kinston will provide water service the project in an area that currently lacks water infrastructure. Using our General Engineering Services RFQ, WithersRavenel was selected to perform engineering work and City Council approved a contract with them in the amount of \$309,000 in July, 2024. When engineering design is complete, construction bids will be advertised. Full construction of the project is to be completed by January, 2026. Funds for the engineering contract were appropriated from the Water Capital Reserve Fund. Funds for construction costs are expected to be covered by NCGTP and/or Lenoir County with appropriated state/federal funds.

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 the City's engineering work has resumed. Project has been delayed due to railroad permitting. Construction is not expected to begin until 2025.

Adkin Branch Flood Mitigation Project

The City is prioritizing the phases and expects to begin full design of the first 2 or 3 phases in 2025 and construction of the first phase. 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 also secured construction funding from the Land & Water Conservancy (\$2,000,000), NC General Assembly direct appropriation (\$6,395,000), NC Division of Emergency Management (\$3,000,000), and Stormwater Construction Grant from NC DWI (\$1,598,950), for total construction funding awards of nearly \$16 million. Additional construction funding opportunities are being identified. Preliminary engineering has been completed and identified 5 potential phases with a total cost of over \$78 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 began in January, 2024 and was completed in September, 2024 within budget.

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, but was delayed when it was confirmed that the station location interferes with NCDOT plans for the U.S. Hwy 70 Bypass. NCDOT is interested in helping relocate the station as part of this project. Discussions with NCDOT are ongoing. Once siting and NCDOT participation is finalized, design will resume.

Stormwater AIA Grant Project

In September, 2022, the city has been awarded 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. The city has selected Highfill Infrastructure to perform the work. All work will be covered by the grant funds. Pipe inspections and water quality testing have begun. The project should be complete by early 2025.

Herritage 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 Herritage Street between Lenoir Avenue and King Street. Cost is estimated at \$1,204,000. The City re-applied and was awarded a Clean Water State Revolving Fund loan of \$3,384,756 with 25% principal forgiveness, in August, 2024. This should cover the full cost of the project. Engineering work will begin immediately. Construction will be expected to start in late 2025.

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 at a cost of \$415,000. Work began in August, 2024 and is expected to be complete in April, 2025.

2025 Road Improvement Project

Funds are budgets in the FY2024-25 fiscal year in the amount of \$655,000. In lieu of preparing a completely new bid, City Council authorized the use of these funds to add streets to the 2024 Road Improvement Project as a change order. Twelve street sections have been added, including portions of Hodges Road, Brentwood Drive, McDaniel Street, and Caswell Street. Construction on the full project (original 2024 contract + change order) is now expected to begin in March, 2025 and be completed in July, 2025.

Upper Neuse Sewer Replacement Project

The final report from the 2020 Wastewater Condition Assessment project was received in June, 2023 and identified serious pipe defects in a portion of the Upper Neuse Sewer Outfall. The city immediately sought state funding to replace the pipe sections that were in poor condition. In August, 2024, the city was notified of a funding award from the Clean Water State Revolving Fund of \$6,292,450 with 25% principal forgiveness. Engineering work is beginning immediately. Construction work will begin in 2025. In August, Kinston was impacted by Tropical Storm Debby. Street flooding and infiltration increased flows through the Upper Neuse pipes resulting in damage to three sections requiring immediate repairs. Repairs are ongoing. It is not clear yet whether this work will be reimbursable through FEMA or as part of the awarded project.

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, but delayed by railroad permitting issues. Construction work is expected to be bid in mid-2025.

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. Kinston received a loan from the State of North Carolina Division of Water Infrastructure for \$1 million, with \$600,000 of principal forgiveness, to be used for this project. 120Water was selected to perform the work based on proposals received in February, 2024. The work 120Water does will only random sampling. Lines not confirmed to be non-lead will still require further testing later. An initial inventory will be submitted by the deadline, but sampling will continue until November. Cost of the work under contract with 120Water is \$630,100.

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. All homes except one have been completed. Acceptance of the streets will be considered after the final home is completed.

Biosolids Hopper/Conveyor Enclosure

Kinston has included \$125,000 in the FY24-25 budget to install covers/enclosures over exposed portions of the biosolids handling system at the Johnnie Mosley Regional Water Reclamation Facility. During inclement weather, this system has to be shut down to prevent rainwater from mixing with the dried solids. This causes solids depths in the plant to increase until the weather improves and system can be started back up. If solids depths get too high, it can lead to state permit violations and other issues in the plant. Proposals will be solicited by January, 2025, with construction in February-June, 2025.

PARKS AND RECREATION

Fairfield Recreation Center

Install and replace dilapidated bleachers at Fairfield Gym. Bleachers were outdated and move to ADA compliant. Resurface gym floor with pickleball supported lines for increased demand.

Georgia K. Battle Center

Install and replace roofing at Georgia K. Battle Center. Roof is currently 30 years old and in need of replacing due to age.

Emma Webb Park

Complete Emma Webb Park Project and renovate gymnastics area to make more accessible and updated for new programming.

OTHER INFORMATION

Relevant Financial Policies

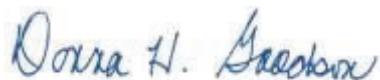
The City of Kinston has adopted a comprehensive set of financial policies. During the current year, one of these policies was particularly relevant. The City of Kinston has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). As a result of the continuing anticipated economic upturn following the global COVID-19 pandemic and the closing of large hurricane projects, estimated revenues were greater than appropriations for the General Fund (\$29,405,421 versus \$29,296,977). 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 \$108,444. 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. 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

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City of Kinston

**City Council
Administrative and Financial Staff**

**For the Year Ended
06/30/2024**

City Council Members and Staff

**Don Hardy, Mayor
Antonio Hardy, Mayor Pro-Tem
Barbara Seaforth
Felicia Solomon
Chris Suggs
Robert A. Swinson, IV**

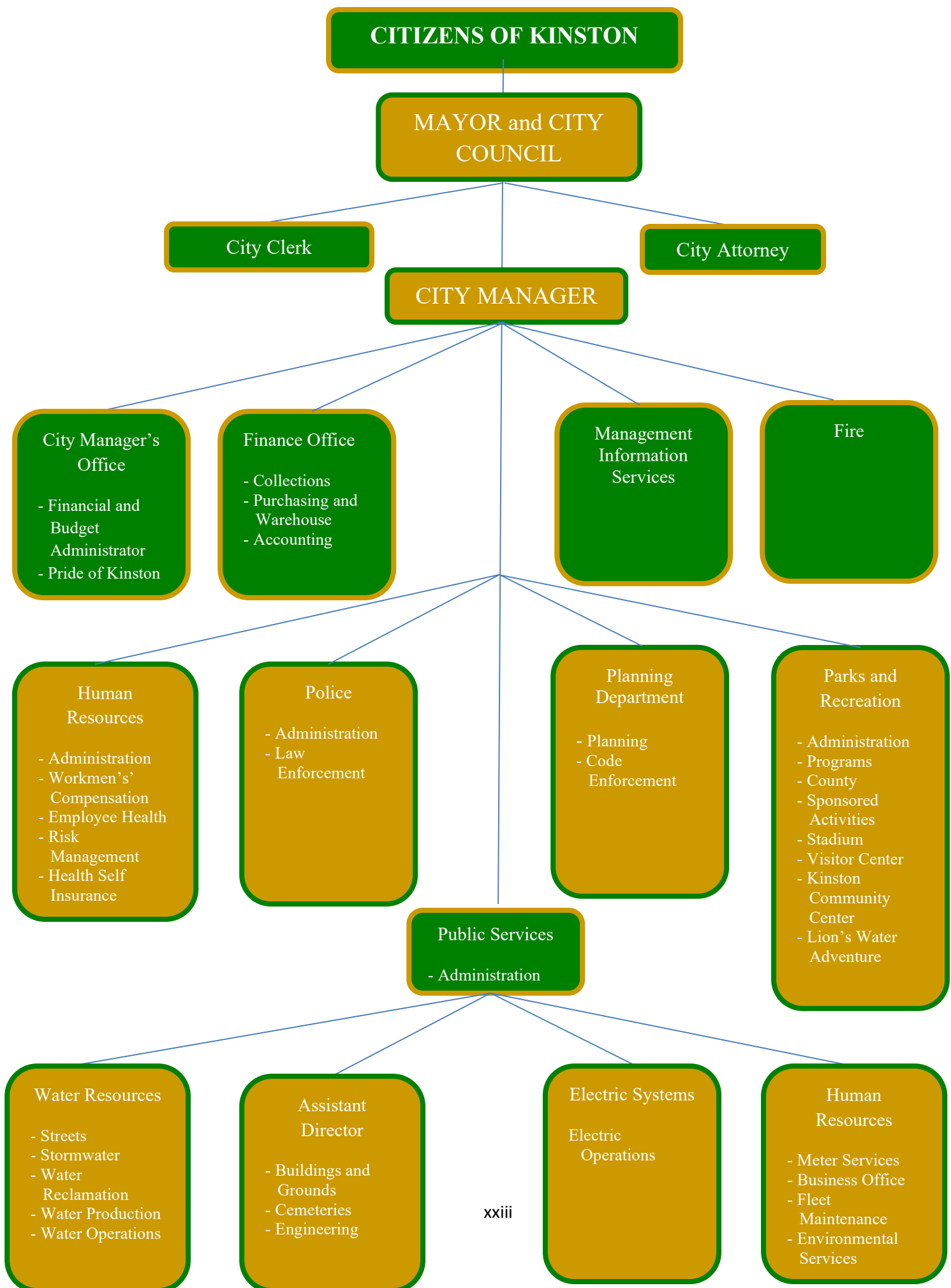
**Debra Thompson, City Clerk
James P. Cauley, III, City Attorney**

Administrative and Financial Staff

**Rhonda Barwick, City Manager
Donna Goodson, Finance Director**

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

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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
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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. Morill

Executive Director/CEO

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FINANCIAL SECTION

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Basic Financial Statements

Required Supplemental Financial Data

Combining, Individual Fund Statements, and Schedules

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Independent Auditors' Report

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

Report on the Financial Statements

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, 2024, 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, 2024, 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.

Responsibilities of Management 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' Responsibilities 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 5 through 16, the Schedule of Changes in Total Pension Liability Law Enforcement Officer's Special Separation Allowance on page 79, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officer's Special Separation Allowance on page 80, Schedule of Changes in the Total OPEB Liability and Related Ratios on page 81, Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset) on page 82, and Local Government Employees' Retirement System City of Kinston's Contributions on page 83 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 November 26, 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 CPAs, PLLC

Greensboro, North Carolina
November 26, 2024

City of Kinston, North Carolina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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, 2024. 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.

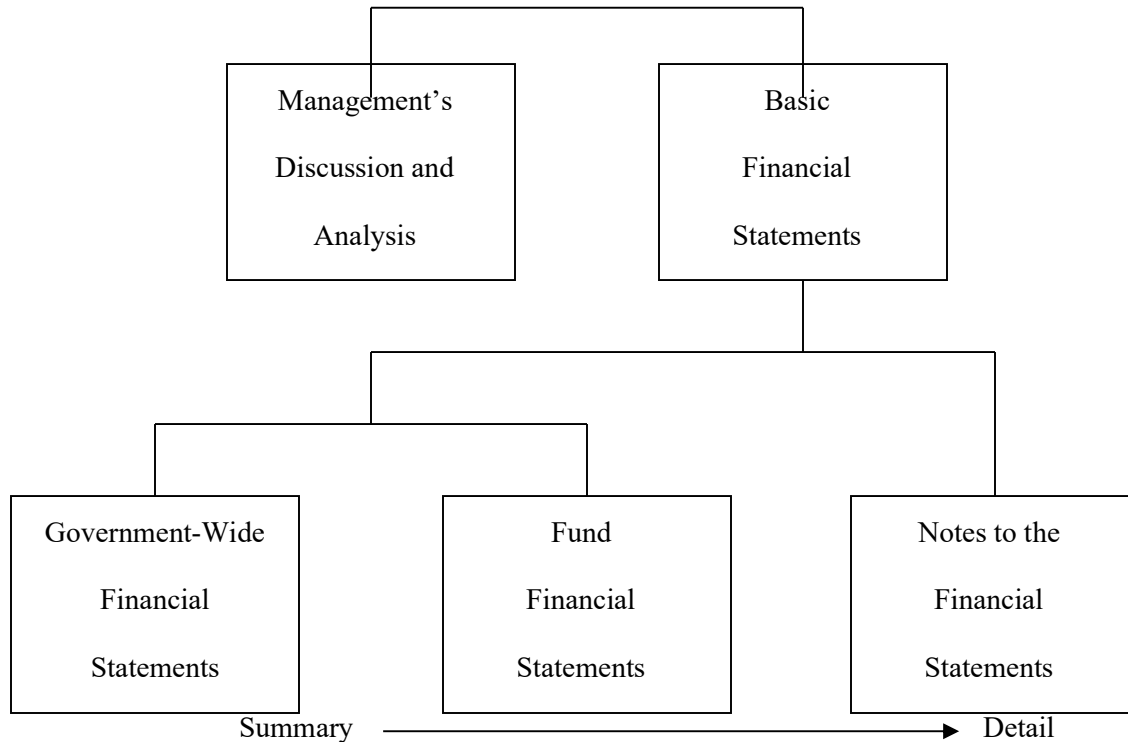
Financial Highlights

- 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 \$222,984,568 (*net position*).
- The government's total net position increased by \$16,860,216, 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 \$30,077,781 with an increase of \$3,203,066 in fund balance. Approximately 45% of this total amount, or \$13,528,976, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,016,340, or 63.11%, of total General Fund expenditures and transfers out for this fiscal year.
- The City of Kinston's total debt increased by \$4,827,382 (12.05%) during the current fiscal year. The key factors in this increase were the issuance of an installment contract of \$1,922,000 for the purchase of rolling stock; the issuance of notes for various water and wastewater improvements in the amount of \$4,125,472; and an increase of \$1,145,680 in the net pension liability for the Local Government Employees Retirement System (LGERS). Increases were offset by planned debt service principal payments of \$2,350,666; loan forgiveness in the amount of \$1,009,473; and a decrease of \$112,906 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 37,374,171	\$ 33,583,525	\$ 91,185,356	\$ 74,992,992	\$ 128,559,527	\$ 108,576,517
Capital assets	24,612,643	25,294,134	112,924,586	111,563,394	137,537,229	136,857,528
Total assets	61,986,814	58,877,659	204,109,942	186,556,386	266,096,756	245,434,045
Deferred outflows of resources	5,711,158	5,548,815	2,532,412	2,267,409	8,243,570	7,816,224
Total assets and deferred outflows of resources	67,697,972	64,426,474	206,642,354	188,823,795	274,340,326	253,250,269
Long-term liabilities outstanding	25,511,393	24,873,828	16,442,331	12,797,668	41,953,724	37,671,496
Other liabilities	3,520,937	3,335,161	5,011,819	4,752,560	8,532,756	8,087,721
Total liabilities	29,032,330	28,208,989	21,454,150	17,550,228	50,486,480	45,759,217
Deferred inflows of resources	792,948	1,292,420	76,330	74,280	869,278	1,366,700
Total liabilities and deferred inflows of resources	29,825,278	29,501,409	21,530,480	17,624,508	51,355,758	47,125,917
Net position:						
Net investment in capital assets	14,641,721	14,818,053	99,387,707	101,133,630	114,029,428	115,951,683
Restricted	14,000,330	13,286,725	-	-	14,000,330	13,286,725
Unrestricted	9,230,643	6,820,287	85,724,167	70,065,657	94,954,810	76,885,944
Total net position	\$ 37,872,694	\$ 34,925,065	\$ 185,111,874	\$ 171,199,287	\$ 222,984,568	\$ 206,124,352

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 \$222,984,568 as of June 30, 2024. The City's net position increased \$16,860,216 for the fiscal year ended June 30, 2024. Current and other assets increased by \$19,983,010 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 increased by \$445,035 from the previous year. The main factor causing the increase was current portion of long-term debt due to payments of new debt issuances.

Long-term liabilities which include bonds, notes, leases, compensated absences, and postemployment obligations of the primary governments increased by \$4,282,228. The main causes of the increase were the issuance of a \$1,922,000 installment purchase obligation, the issuance of notes for various water and wastewater improvements in the amount of \$4,125,472; and an increase \$1,145,680 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, \$14,000,330, 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 \$94,954,810.

City of Kinston's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 3,889,208	\$ 4,009,963	\$ 71,127,840	\$ 70,414,174	\$ 75,017,048	\$ 74,424,137
Operating grants and contributions	1,955,586	4,826,808	-	-	1,955,586	4,826,808
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	11,729,290	11,380,136	-	-	11,729,290	11,380,136
Other taxes	8,737,537	8,440,818	-	-	8,737,537	8,440,818
Grants and contributions not restricted to specific programs	716,881	706,079	2,393,301	2,273,189	3,110,182	2,979,268
Other	3,283,622	2,772,692	10,382,287	1,660,112	13,665,909	4,432,804
Total revenues	30,312,124	32,136,496	83,903,428	74,347,475	114,215,552	106,483,971
Expenses:						
General government	7,683,449	7,870,387	-	-	7,683,449	7,870,387
Public safety	13,482,129	12,561,399	-	-	13,482,129	12,561,399
Public services	3,269,044	3,465,962	-	-	3,269,044	3,465,962
Community development	316,717	1,623,540	-	-	316,717	1,623,540
Culture and recreation	4,552,409	4,335,766	-	-	4,552,409	4,335,766
Interest on long-term debt	360,747	382,986	-	-	360,747	382,986
Electric	-	-	43,359,767	41,105,297	43,359,767	41,105,297
Water	-	-	9,807,968	9,341,846	9,807,968	9,341,846
Wastewater	-	-	7,643,695	7,304,238	7,643,695	7,304,238
Nonmajor fund	-	-	6,879,411	6,244,706	6,879,411	6,244,706
Total expenses	29,664,495	30,240,040	67,690,841	63,996,087	97,355,336	94,236,127
Change in net position before transfers	647,629	1,896,456	16,212,587	10,351,388	16,860,216	12,247,844
Transfers	2,300,000	(120,506)	(2,300,000)	120,506	-	-
Increase in net position	2,947,629	1,775,950	13,912,587	10,471,894	16,860,216	12,247,844
Beginning net position, previously reported	34,925,065	32,619,488	171,199,287	160,727,393	206,124,352	193,346,881
Prior period restatement	-	529,627	-	-	-	529,627
Net position, June 30	\$ 37,872,694	\$ 34,925,065	\$ 185,111,874	\$ 171,199,287	\$ 222,984,568	\$ 206,124,352

The City of Kinston's overall net position increased \$16,860,216 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 \$114.2 million were primarily derived from charges for services (66%) and property taxes and other taxes (18%). The total expenses of all programs were \$97.4 million. The expenses cover a range of services with the two largest being electric services (45%), and public safety (fire/EMS, police, and inspections/code enforcement) (14%).

Governmental Activities

Governmental activities increased the City's net position by \$2,947,629, accounting for 17% 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 experienced a slight decrease in the functional expenditure categories of governmental activities. The \$575,545 (1.9% less than the prior year) decrease in total expenses was largely attributable to no major expenditures due to major natural disasters.

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 \$1,824,372 (-5.7% from prior year). One of the main factors contributing to this overall decrease was that the City received \$2.7 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 \$646 thousand. City management acknowledges that 2024 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 \$13,912,587, accounting for 83% 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 increased \$9.5 million (12.9%) while expenses increased \$3.7 million (5.8%). Stormwater fund revenues increased by 6.3 million (538.3%) due to \$6,395,000 received in federal and state grants for stormwater capital projects. Water and Sewer Enterprise fund revenues increased by \$884 thousand (4.7%) due to \$1,615,010 received in federal and state grants for sewer projects. Water and Sewer Enterprise fund expenses increased by \$805,579 (4.9%) largely due to \$598,311 increases in indirect cost allocation and \$240,503 increase in salaries and benefits. Electric Fund expenses increased by \$2,254,470 (5.48%). The increases were primarily attributable to a \$155 thousand dollar increase in salaries and benefits; \$245 thousand increase in operating expenses; \$943 thousand increase in purchased power and other utilities; \$123 thousand increase in shared services and payments to general fund in lieu of taxes; and \$404 thousand dollars to disposals of capital assets.

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 \$15.6 million, while total fund balance reached \$19.1 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 68% of General Fund expenditures and transfers out, less long-term debt issued, while total fund balance represents 72% of the same amount.

At June 30, 2024, the governmental funds reported a combined fund balance of \$30.0 million, with a net increase in fund balance of \$3.2 million. Included in this change in fund balance is an increase in Non-major fund balance of \$364 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 \$349 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 resurfacing of city tennis courts in preparation of hosting a USTA championship with a corresponding increase in local/private grants. An additional reason relates to funding capital expenditures for unexpected needs to include replacement of a structure damaged from a car accident and renovations to bath facilities at a city pool. 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 \$55.1 million in the Electric Fund, \$13.7 million in the Water Fund, \$1.5 million in the Wastewater Fund, and \$12.1 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 \$3.7 million, \$2.0 million, \$1.4 million, and \$6.6 million, respectively. As mentioned earlier in the discussion of business-type activities, these increases are attributed federal and state grants received for major capital projects in addition 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, 2024, totals \$137.5 million (net of accumulated depreciation) an increase of .48% 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

- CAD system upgrade for police department at a cost of \$414 thousand
- 70 laptops for police department at a cost of \$217 thousand
- Emma Webb Park renovations at a cost of \$563 thousand
- 19 vehicles for a total cost of \$801 thousand
- Grainger Stadium renovations at a cost of \$124 thousand
- Purchase of a mower at a cost of \$120 thousand

Business-type Activities

- Kinston Community Center fund purchase of a new pool bubble for \$387 thousand
- Water fund purchase of excavator for \$125 thousand
- Water fund purchase of 2 vehicles for \$145 thousand
- Water fund installation of bypass taps for new subdivisions at a cost of \$297 thousand
- Water fund replacement of Lawrence Heights water line at a cost of \$291 thousand
- Wastewater fund construction of various Sewer Replacement Projects at a cost of \$3.4 million
- Electric fund purchase of 4 vehicles at a cost of \$908 thousand
- Environmental fund purchase of front loader at a cost of \$356 thousand
- Customer service software upgrade at a cost of \$228 thousand

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,785,581	\$ 3,800,785	\$ 1,222,643	\$ 1,222,643	\$ 5,008,224	\$ 5,025,143
Infrastructure	1,772,700	1,929,846	684,284	749,415	2,456,984	2,807,606
Buildings and improvements	8,704,198	9,064,032	24,134,712	25,193,956	32,838,910	36,937,674
Equipment and vehicles	2,737,745	2,276,304	2,467,763	1,584,450	5,205,508	4,577,258
Distribution system	-	-	44,657,817	41,809,549	44,657,817	46,392,869
Construction in progress	7,612,419	8,223,167	39,757,367	41,003,381	47,369,786	40,603,948
Total	\$24,612,643	\$25,294,134	\$ 112,924,586	\$ 111,563,394	\$ 137,537,229	\$ 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, 2024, the City of Kinston had total bonded debt outstanding of \$11,791,461, all of which is backed by the full faith and credit of the City.

City of Kinston's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Installment debt	\$ 10,288,028	\$ 10,476,080	\$ 1,745,418	\$ 393,442	\$ 12,033,446	\$ 10,869,522
General obligation bonds	-	-	11,791,461	9,843,322	11,791,461	9,843,322
Revenue bonds	-	-	-	193,000	-	193,000
OPEB	3,467,257	3,580,163	-	-	3,467,257	3,580,163
Pension related debt (LGERS)	8,608,892	7,463,211	4,240,956	3,433,769	12,849,848	10,896,980
Pension related debt (LEOSSA)	3,482,704	3,462,401	-	-	3,482,704	3,462,401
Compensated absences	869,214	829,196	381,305	373,269	1,250,519	1,202,465
Total	\$ 26,716,095	\$ 25,811,051	\$ 18,159,140	\$ 14,236,802	\$ 44,875,235	\$ 40,047,853

City of Kinston's Outstanding Debt. The City's total outstanding debt increased by \$4,827,382 (12.05% over the prior year) during the current fiscal year. One key factor in this increase was the issuance of \$1,922,000 in rolling stock financing for the purchase of vehicles. This obligation will be paid by the General Fund, Sewer Fund and Environmental Services Fund. In addition, debt was issued in the Water Fund for waterline replacements in the amount of \$1,073,268 and in the Sewer Fund for sewer line rehab in the amount of \$3,052,204. There was also an increase in the net pension liability for the Local Government Employees Retirement System (LGERS) of \$1.9 million. Of the increase in the liability to LGERS \$1.1 million relates to governmental activities and \$807 thousand 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 \$100,454,814.

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 2024, 70 residential permits and 34 commercial permits for new construction were issued with a total new construction value of \$28.6 million. There were 91 repairs and renovations permits issued with a total value of \$26.6 million.
- Retail sales for Lenoir County during 2024 were \$779.2 million compared to \$775.6 million for 2023.
- The current unemployment rate is 4.1 percent, compared to 3.2 percent for the State and 3.4 percent for the nation.
- The post-pandemic boom in sales and sales tax revenue has come to a pronounced slowdown. Although Lenoir County sales and sales tax collected increased from 2023 to 2024 by only .47%, it is still a trend in the right direction. The current sales tax environment seems to bear much more resemblance to the years prior to the pandemic than it does in recent years. The state continues to grow in population, and inflation rates are still driving prices of consumer goods up. Both of these factors should positively contribute to sales tax collections even if consumer expenditures continue to slow.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities: The property tax base for the 2025 fiscal year is projected to be \$1,471,209,031 or \$64,307,795 (4.57%) more than the budgeted tax base for the prior year. A proposed tax rate of .77 per \$100 of assessed valuation (no increase) and a collection rate of 98.86% and 100% for motor vehicles equates to a projected increase of \$556 thousand in the current year property tax revenues. Sales tax revenues are expected to decrease by approximately \$288 thousand due to the projected decrease 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 2025 fiscal year budget includes a transfer to fund balance in the General Fund of \$108 thousand. There are no planned purchases of vehicles and minimal planned purchases of equipment in the FY2025 General Fund budget. The City remains focused on street repaving and approved \$655 thousand for street resurfacing in 2025, bringing the total spent in the last five years on street repaving to \$1.8 million (from fiscal year 2021 through fiscal year 2025).

There is a 3% COLA increase for employees for the 2025 fiscal year to address recruitment and employee retention and remain competitive with local companies as well as surrounding municipalities. An additional salary adjustment is provided for law enforcement officers in an effort to minimize the disparity of the department's compensation with surrounding communities. The additional salary adjustment will be funded by not funding 8 positions within the police department we have been unable to fill. As a result of not funding the 8 police officer positions and other reclassifications and combinations of duties, the total number of full-time funded positions for FY25 is set at 341. There was a 5.44 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 .74% (Non-Leo) as well as a 1.0% (LEO) increase in the City's retirement contribution to the NC LGERS retirement system. The General Fund initial budget for 2024-2025 increased 2.4 percent from \$28.7 million to \$29.4 million. The increase is mostly attributable to an increase in estimated property tax collections, 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 rate fee increases in the environmental service fees of 12% due to an increase in landfill charges from the Lenoir County landfill. There were no rate increases in the remaining 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.

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CITY OF KINSTON, NORTH CAROLINA

Exhibit 1

Statement of Net Position

June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 33,378,599	\$ 77,286,658	\$ 110,665,257
Taxes receivables - net	361,114	-	361,114
Accounts receivable - net	267,892	288,638	556,530
Due from government agencies	2,527,095	186,838	2,713,933
Customer receivables - net	-	8,802,265	8,802,265
Internal balances	(135,000)	135,000	-
Notes receivable	151,195	-	151,195
Inventories	469,099	2,808,431	3,277,530
Restricted cash and investments	354,177	1,677,526	2,031,703
Total current assets	<u>37,374,171</u>	<u>91,185,356</u>	<u>128,559,527</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	11,398,000	40,980,010	52,378,010
Other capital assets, net of depreciation	13,214,643	71,944,576	85,159,219
Total capital assets	<u>24,612,643</u>	<u>112,924,586</u>	<u>137,537,229</u>
Total assets	<u>61,986,814</u>	<u>204,109,942</u>	<u>266,096,756</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	150,593	-	150,593
Pension deferrals	5,560,565	2,532,412	8,092,977
Total deferred outflows of resources	<u>5,711,158</u>	<u>2,532,412</u>	<u>8,243,570</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	2,282,900	1,617,484	3,900,384
Prepaid fees	33,335	-	33,335
Customer deposits	-	1,677,526	1,677,526
Current portion of long-term liabilities	1,204,702	1,716,809	2,921,511
Total current liabilities	<u>3,520,937</u>	<u>5,011,819</u>	<u>8,532,756</u>
Long-term liabilities:			
Net pension liability (LGERS)	8,608,891	4,240,956	12,849,847
Total pension liability (LEOSSA)	3,482,704	-	3,482,704
OPEB liability	3,467,257	-	3,467,257
Due in more than one year	9,952,541	12,201,375	22,153,916
Total long-term liabilities	<u>25,511,393</u>	<u>16,442,331</u>	<u>41,953,724</u>
Total liabilities	<u>29,032,330</u>	<u>21,454,150</u>	<u>50,486,480</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB deferrals	91,974	-	91,974
Pension deferrals	700,974	76,330	777,304
Total deferred inflows of resources	<u>792,948</u>	<u>76,330</u>	<u>869,278</u>
NET POSITION			
Net investment in capital assets	14,641,721	99,387,707	114,029,428
Restricted for:			
Stabilization by State Statue	2,544,077	-	2,544,077
Subsequent year's expenditures	586,384	-	586,384
Permanently restricted for cemetery perpetual maintenance	75,000	-	75,000
Temporarily restricted	10,262,133	-	10,262,133
Unrestricted	9,763,379	85,724,167	95,487,546
Total net position	<u>\$ 37,872,694</u>	<u>\$ 185,111,874</u>	<u>\$ 222,984,568</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, 2024

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 7,683,449	\$ 1,655,228	\$ 47,500	\$ -	\$ (5,980,721)	\$ -	\$ (5,980,721)
Public safety	13,482,129	196,906	-	-	(13,285,223)	-	(13,285,223)
Public services	3,269,044	880,287	1,908,086	-	(480,671)	-	(480,671)
Community development	316,717	-	-	-	(316,717)	-	(316,717)
Cultural and recreation	4,552,409	1,156,787	-	-	(3,395,622)	-	(3,395,622)
Interest on long-term debt	360,747	-	-	-	(360,747)	-	(360,747)
Total governmental activities	29,664,495	3,889,208	1,955,586	-	(23,819,701)	-	(23,819,701)
Business-type activities:							
Electric	43,359,767	46,735,672	-	-	-	3,375,905	3,375,905
Water	9,807,968	10,771,690	-	-	-	963,722	963,722
Wastewater	7,643,695	6,731,532	-	-	-	(912,163)	(912,163)
Nonmajor funds:							
Environmental services	4,152,618	4,285,405	-	-	-	132,787	132,787
Stormwater	1,063,944	1,020,911	-	-	-	(43,033)	(43,033)
Community center services	1,662,849	1,582,630	-	-	-	(80,219)	(80,219)
Total business-type activities	67,690,841	71,127,840	-	-	-	3,436,999	3,436,999
Total primary government	\$ 97,355,336	\$ 75,017,048	\$ 1,955,586	\$ -	(23,819,701)	3,436,999	(20,382,702)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					11,729,290	-	11,729,290
Other taxes					8,737,537	-	8,737,537
Grants and contributions not restricted to specific programs					716,881	2,393,301	3,110,182
Unrestricted investment earnings					178,664	454,669	633,333
Miscellaneous					3,104,958	9,927,618	13,032,576
Transfers					2,300,000	(2,300,000)	-
Total general revenues and transfers					26,767,330	10,475,588	37,242,918
Change in net position					2,947,629	13,912,587	16,860,216
Net position, beginning					34,925,065	171,199,287	206,124,352
Net position, ending					\$ 37,872,694	\$ 185,111,874	\$ 222,984,568

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

CITY OF KINSTON, NORTH CAROLINA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2024

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 17,961,574	\$ 10,655,433	\$ 28,617,007
Due from government agencies	1,816,988	710,107	2,527,095
Accounts receivable	149,783	35,892	185,675
Taxes receivable	350,825	10,289	361,114
Notes receivable	-	151,195	151,195
Inventories	115,030	-	115,030
Restricted cash and investments	354,177	-	354,177
Total assets	<u>\$ 20,748,377</u>	<u>\$ 11,562,916</u>	<u>\$ 32,311,293</u>
LIABILITIES			
Due to other funds	\$ 45,000	\$ -	\$ 45,000
Advance from other funds	90,000	-	90,000
Accounts payable and accrued liabilities	1,071,395	633,879	1,705,274
Prepaid privilege licenses	33,335	-	33,335
Total liabilities	<u>1,239,730</u>	<u>633,879</u>	<u>1,873,609</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	350,826	-	350,826
Pavement assessment receivables	9,048	-	9,048
GTP fire taxes receivables	29	-	29
Total deferred inflows of resources	<u>359,903</u>	<u>-</u>	<u>359,903</u>
FUND BALANCES			
Non-spendable, not in spendable form:			
Inventories	115,030	-	115,030
Perpetual maintenance	-	75,000	75,000
Restricted:			
Stabilization by State Statute	2,544,077	-	2,544,077
Unspent loan proceeds	317,107	-	317,107
Other	37,070	9,907,956	9,945,026
Committed	-	946,081	946,081
Assigned	586,384	-	586,384
Unassigned	15,549,076	-	15,549,076
Total fund balances	<u>19,148,744</u>	<u>10,929,037</u>	<u>30,077,781</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,748,377</u>	<u>\$ 11,562,916</u>	<u>\$ 32,311,293</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, 2024

Exhibit 3

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

Total fund balance, governmental funds	\$ 30,077,781
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Gross capital assets at historical cost	\$ 57,239,887
Accumulated depreciation	<u>(32,641,547)</u> 24,598,340
Net pension liability	(8,247,164)
Total pension liability - LEOSA	(3,482,704)
OPEB liability	(3,467,257)
Deferred inflows of resources for taxes and special assessments receivable	359,903
Pension related deferrals	(694,467)
OPEB related deferrals	(91,974)
Deferred outflows of resources related to pensions are not reported in the funds	5,344,566
Deferred outflows of resources related to OPEB are not reported in the funds	150,593
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.	4,448,042
Long-term liabilities, compensated absences, and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(11,122,965)</u>
Net position of governmental activities	<u><u>\$ 37,872,694</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, 2024

Exhibit 4

	<u>Major Fund</u>		
	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental</u>
REVENUES			
Ad valorem taxes	\$ 11,802,809	\$ -	\$ 11,802,809
Sales and services	1,608,306	1,975	1,610,281
Other taxes and licenses	8,737,537	-	8,737,537
Unrestricted intergovernmental	716,881	-	716,881
Restricted intergovernmental	884,669	1,231,918	2,116,587
Investment earnings	154,161	8,698	162,859
Other	137,865	(475)	137,390
Total revenues	<u>24,042,228</u>	<u>1,242,116</u>	<u>25,284,344</u>
EXPENDITURES			
Current:			
General government	2,993,140	-	2,993,140
Public safety	11,497,530	226,446	11,723,976
Public services	2,557,759	-	2,557,759
Parks and recreation	4,184,285	-	4,184,285
Community development	26,200	290,517	316,717
Debt service:			
Principal	761,480	-	761,480
Interest	360,747	-	360,747
Capital outlay	1,414,543	675,947	2,090,490
Total expenditures	<u>23,795,684</u>	<u>1,192,910</u>	<u>24,988,594</u>
Excess (deficiency) of revenues over expenditures	<u>246,544</u>	<u>49,206</u>	<u>295,750</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,005,954	294,346	2,300,300
Transfers to other funds	-	(300)	(300)
Proceeds from loan	607,316	-	607,316
Total other financing sources (uses)	<u>2,613,270</u>	<u>294,046</u>	<u>2,907,316</u>
Net change in fund balance	2,859,814	343,252	3,203,066
Fund balances, beginning	<u>16,288,930</u>	<u>10,585,785</u>	<u>26,874,715</u>
Fund balances, ending	<u>\$ 19,148,744</u>	<u>\$ 10,929,037</u>	<u>\$ 30,077,781</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, 2024

Exhibit 4

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

Net changes in fund balances- total governmental funds	\$ 3,203,066
--	--------------

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	\$ 2,090,491	
Depreciation expense for governmental assets	(1,857,922)	
Loss on disposal/write-off of surplus property	<u>(920,651)</u>	(688,082)

Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the statement of net position.	(129,234)
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Change in deferred outflows - pension	285,067
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Change in deferred inflows - pension	303,827
--------------------------------------	---------

Change in pension liability	(988,296)
-----------------------------	-----------

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.	536,752
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issues	(607,316)	
Principal payments on long-term debt	<u>795,368</u>	188,052

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(73,519)
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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.	<u>309,996</u>
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Total changes in net position of governmental activities	<u><u>\$ 2,947,629</u></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, 2024

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 11,262,100	\$ 11,262,100	\$ 11,802,809	\$ 540,709
Sales and services	1,723,101	1,620,019	1,608,306	(11,713)
Other taxes and licenses	8,585,000	8,840,200	8,737,537	(102,663)
Unrestricted intergovernmental	757,200	757,200	716,881	(40,319)
Restricted intergovernmental	779,500	827,000	884,669	57,669
Investment earnings	46,717	46,717	154,161	107,444
Other	362,200	378,254	137,865	(240,389)
Total revenues	23,515,818	23,731,490	24,042,228	310,738
Expenditures:				
Current:				
General government	3,113,865	3,381,772	2,993,140	388,632
Public safety	12,217,765	12,235,511	11,497,530	737,981
Public services	3,882,575	3,721,779	2,557,759	1,164,020
Parks and recreation	4,216,778	4,397,158	4,184,285	212,873
Community development	10,200	26,200	26,200	-
Debt service:				
Principal	712,327	761,248	761,480	(232)
Interest	360,087	361,338	360,747	591
Capital outlay	1,393,988	2,045,917	1,414,543	631,374
Total expenditures	25,907,585	26,930,923	23,795,684	3,135,239
Revenues over (under) expenditures	(2,391,767)	(3,199,433)	246,544	3,445,977
Other financing sources (uses):				
Appropriated fund balance	(304,432)	620,929	-	(620,929)
Transfers from other funds	2,300,299	2,005,951	2,005,954	3
Advances to other funds	(45,000)	(45,000)	-	45,000
Long-term debt issued	440,900	617,553	607,316	(10,237)
Total other financing sources (uses)	2,391,767	3,199,433	2,613,270	(586,163)
Net change in fund balance	\$ -	\$ -	2,859,814	\$ 2,859,814
Fund balance, beginning			16,288,930	
Fund balance, ending			\$ 19,148,744	

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

CITY OF KINSTON, NORTH CAROLINA

Exhibit 6

Statement of Net Position
Proprietary Funds
June 30, 2024

	Major Enterprise Funds			Non-Major Enterprise Funds	Total	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund			
ASSETS						
Current assets:						
Cash and investments	\$ 44,599,497	\$ 15,340,666	\$ 1,182,554	\$ 12,350,801	\$ 73,473,518	\$ 8,574,732
Due from government agencies	66,969	56,721	42,224	15,537	181,451	67,964
Due from other funds	373,319	-	-	-	373,319	-
Advances to other funds	2,716,552	-	-	-	2,716,552	-
Accounts receivable - net	92,310	54,533	-	140,995	287,838	20,440
Customer receivables- net	5,898,057	1,254,724	928,368	721,116	8,802,265	-
Inventories	2,199,887	608,544	-	-	2,808,431	354,069
Restricted cash and cash equivalents	1,677,526	-	-	-	1,677,526	-
Total current assets	57,624,117	17,315,188	2,153,146	13,228,449	90,320,900	9,017,205
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	42,536,857	19,412,719	53,498,450	-	115,448,026	-
Equipment and vehicles	3,709,229	3,439,796	4,067,185	6,546,524	17,762,734	925,798
Accumulated depreciation	(34,307,749)	(15,894,956)	(51,469,420)	(5,243,175)	(106,915,300)	(911,867)
Construction in progress	11,233,700	4,474,758	22,678,651	1,133,632	39,520,741	236,626
Total capital assets	27,046,307	12,180,853	71,004,722	2,436,981	112,668,863	270,025
Total noncurrent assets	27,046,307	12,180,853	71,004,722	2,436,981	112,668,863	270,025
Total assets	84,670,424	29,496,041	73,157,868	15,665,430	202,989,763	9,287,230
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals	554,562	565,615	307,007	527,539	1,954,723	793,688
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	286,320	178,461	383,421	718,332	1,566,534	628,576
Due to other funds	-	328,319	-	-	328,319	-
Advances from other funds	-	2,626,552	-	-	2,626,552	-
Customer deposits	1,677,526	-	-	-	1,677,526	-
Compensated absences, current	17,901	19,941	10,625	19,908	68,375	35,521
Current portion of long-term debt	-	132,186	1,169,519	319,777	1,621,482	-
Total current liabilities	1,981,747	3,285,459	1,563,565	1,058,017	7,888,788	664,097
Non-current liabilities:						
Net pension liability	928,710	947,218	514,136	883,456	3,273,520	1,329,163
Accrued compensated absences	53,704	59,821	31,876	59,723	205,124	106,562
Non-current portion of long-term debt	-	1,404,849	9,618,285	892,263	11,915,397	-
Total noncurrent liabilities	982,414	2,411,888	10,164,297	1,835,442	15,394,041	1,435,725
Total liabilities	2,964,161	5,697,347	11,727,862	2,893,459	23,282,829	2,099,822
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	16,716	17,048	9,254	15,900	58,918	23,919
NET POSITION						
Net investment in capital assets	27,046,307	10,643,818	60,216,918	1,224,941	99,131,984	270,025
Unrestricted	55,197,802	13,703,443	1,510,841	12,058,669	82,470,755	7,687,152
Total net position	\$ 82,244,109	\$ 24,347,261	\$ 61,727,759	\$ 13,283,610	181,602,739	\$ 7,957,177
Adjustment to reflect the consolidation of the Public Services Administration Internal Service Fund related to enterprise funds					3,509,135	
Total					\$ 185,111,874	

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, 2024

Exhibit 7

	Major Enterprise Funds			Non-Major Enterprise Funds	Total	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund			
OPERATING REVENUES						
Charges for services	\$ 46,735,672	\$ 10,771,690	\$ 6,731,532	\$ 6,888,946	\$ 71,127,840	\$ 4,511,227
Other	72,611	547,872	1,693,377	6,598,883	8,912,743	2,759,083
Total operating revenues	46,808,283	11,319,562	8,424,909	13,487,829	80,040,583	7,270,310
OPERATING EXPENSES						
Administration	-	-	-	-	-	1,874,564
Public service operations	-	-	-	-	-	396,612
Fleet maintenance operations	-	-	-	-	-	576,239
Warehouse operations	-	-	-	-	-	600,986
Employee health operations	-	-	-	-	-	312,567
Electrical operations	39,468,273	-	-	-	39,468,273	-
Environmental services	-	-	-	3,927,715	3,927,715	-
Stormwater services	-	-	-	990,715	990,715	-
Community center services	-	-	-	1,644,196	1,644,196	-
Water production	-	2,485,463	-	-	2,485,463	-
Depreciation	1,208,033	506,709	2,468,915	263,331	4,446,988	13,246
Water operations	-	6,809,651	-	-	6,809,651	-
Wastewater plant operations	-	-	5,122,075	-	5,122,075	-
Claims reimbursement	-	-	-	-	-	2,855,667
Total operating expenses	40,676,306	9,801,823	7,590,990	6,825,957	64,895,076	6,629,881
Operating income	6,131,977	1,517,739	833,919	6,661,872	15,145,507	640,429
NONOPERATING REVENUES (EXPENSES)						
Interest earned on investments	278,548	91,676	16,978	37,747	424,949	45,526
Interest on long-term debt	(447)	(2,771)	(51,160)	(8,870)	(63,248)	-
Loan issuance costs	-	(3,374)	(1,545)	(12,117)	(17,036)	-
Gain from extinguishment of loan	-	358,150	651,323	-	1,009,473	-
Loss on disposal/write-off of capital assets	(403,796)	-	-	(32,467)	(436,263)	-
Total nonoperating revenues (expenses)	(125,695)	443,681	615,596	(15,707)	917,875	45,526
Income (loss) before contributions and transfers	6,006,282	1,961,420	1,449,515	6,646,165	16,063,382	685,955
Transfer from other funds	10,000	-	-	-	10,000	-
Transfer to other funds	(2,300,000)	-	-	(10,000)	(2,310,000)	-
Change in net position	3,716,282	1,961,420	1,449,515	6,636,165	13,763,382	685,955
Beginning net position	78,527,827	22,385,841	60,278,244	6,647,445		7,271,222
Total net position, ending	\$ 82,244,109	\$ 24,347,261	\$ 61,727,759	\$ 13,283,610		\$ 7,957,177
Adjustment to reflect the consolidation of the Public Services Administration Internal Service Fund related to enterprise funds					149,205	
Change in net position - business-type activities					<u>\$ 13,912,587</u>	

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

CITY OF KINSTON, NORTH CAROLINA

Exhibit 8

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	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	\$ 46,528,428	\$11,233,216	\$ 8,433,701	\$ 13,305,829	\$ 79,501,174	\$ 4,491,564
Cash paid for goods and services	(37,939,365)	(7,868,682)	(4,887,220)	(4,116,857)	(54,812,124)	(4,221,986)
Cash paid to employees	(1,355,110)	(1,246,989)	(892,439)	(1,802,631)	(5,297,169)	(2,405,229)
Other operating revenues	-	-	-	-	-	2,753,683
Customer deposits	(58,135)	-	-	-	(58,135)	-
Net cash provided by operating activities	7,175,818	2,117,545	2,654,042	7,386,341	19,333,746	618,032
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Increase in due from other funds	(193,319)	-	-	-	(193,319)	-
Increase in advances to other funds	(2,716,552)	-	-	-	(2,716,552)	-
Increase in due to other funds	-	328,319	-	-	328,319	-
Increase in advances from other funds	-	2,626,552	-	-	2,626,552	-
Transfer (to) from other funds	(2,290,000)	-	-	(10,000)	(2,300,000)	-
Total cash flow used by noncapital financing activities	(5,199,871)	2,954,871	-	(10,000)	(2,255,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,060,348)	(4,034,076)	(3,379,461)	(815,225)	(9,289,110)	(258,359)
Proceeds from sale of capital assets	3,283,189	-	-	-	3,283,189	-
Long-term debt issued	-	1,383,641	3,187,520	1,100,724	5,671,885	-
Principal paid on general obligation bond maturities and equipment contracts	(102,290)	(100,426)	(1,243,820)	(108,762)	(1,555,298)	-
Interest paid on bonded indebtedness and equipment contracts	(447)	(6,145)	(52,705)	(20,987)	(80,284)	-
Net cash used by capital and related financing activities	2,120,104	(2,757,006)	(1,488,466)	155,750	(1,969,618)	(258,359)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	278,548	91,676	16,978	37,747	424,949	45,526
Net cash provided by investing activities	278,548	91,676	16,978	37,747	424,949	45,526
Net increase in cash and cash equivalents	4,374,599	2,407,086	1,182,554	7,569,838	15,534,077	405,199
Balances, beginning	41,902,424	12,933,580	-	4,780,963	59,616,967	8,169,533
Balances, ending	\$ 46,277,023	\$ 15,340,666	\$ 1,182,554	\$ 12,350,801	\$ 75,151,044	\$ 8,574,732
Reconciliation of operating income to net cash provided by operating activities						
Operating income	\$ 6,131,977	\$ 1,517,739	\$ 833,919	\$ 6,661,872	\$ 15,145,507	\$ 640,429
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	1,208,033	506,709	2,468,915	263,331	4,446,988	13,246
Changes in assets and liabilities:						
Decrease (increase) in due from government agencies	21,927	42,737	37,989	-	102,653	-
Decrease (increase) in accounts receivable	39,351	(44,786)	-	(182,000)	(187,435)	(25,063)
Decrease (increase) in customer deposits	(341,133)	(84,297)	(29,197)	-	(454,627)	-
Decrease (increase) in inventories	(117,694)	19,954	-	-	(97,740)	(37,060)
Increase (decrease) in accounts payable and accrued liabilities	180,366	27,578	(716,223)	531,611	23,332	(145,231)
Increase (decrease) in customer deposits	(58,135)	-	-	-	(58,135)	-
Increase (decrease) in net pension liability	193,122	214,310	84,840	133,957	626,229	225,437
(Increase) decrease in deferred outflows of resources for pensions	(68,834)	(81,656)	(23,532)	11,374	(162,648)	(64,866)
Decrease (increase) in deferred inflows of resources - pensions	803	1,194	(33)	(44,312)	(42,348)	46
Increase (decrease) in compensated absences payable	(13,965)	(1,937)	(2,636)	10,508	(8,030)	11,094
Total adjustments	1,043,841	599,806	1,820,123	724,469	4,188,239	(22,397)
Net cash provided by operating activities	\$ 7,175,818	\$ 2,117,545	\$ 2,654,042	\$ 7,386,341	\$ 19,333,746	\$ 618,032

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

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 general 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, 2024

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 funds:

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

The City reports the following non-major governmental funds:

Special Revenue Fund. The Special Revenue Fund accounts for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has 19 special revenue funds; the individual descriptions of which are disclosed in the supplemental nonmajor fund-types section.

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

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund types:

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

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

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

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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

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

D. Budgetary Data

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

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

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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

April 30: Each department head will transmit to the Budget Officer the departmental budget requests and revenue estimates for the budget year.

June 1: The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled on time.

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

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

1. Deposits and Investments

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

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, 2024, 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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

Restricted cash at June 30, 2024, consists of the following:

Governmental Activities:

General Fund – loan proceeds	\$ 317,107
General Fund – Powell Bill	<u>37,070</u>
Total government-type activities restricted cash	<u>\$ 354,177</u>

Business-Type Activities:

Electric Fund - customer deposits	<u>\$ 1,677,526</u>
Total business-type activities restricted cash	<u>\$ 1,677,526</u>

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, 2023.

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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

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.

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

The following estimated useful lives are used to compute depreciation:

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meets this criterion, contributions made to the pension plan in the 2024 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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

Restricted all other fund balance at June 30, 2024 is as follows:

Purpose	General Fund	Other Governmental Funds	Total Governmental Activities
Restricted, all other:			
Community development	\$ -	\$ 9,684,062	\$ 9,684,062
Perpetual care	-	411	411
Public safety	-	223,483	223,483
Other governmental	37,070	-	37,070
Total	<u>\$ 37,070</u>	<u>\$ 9,907,956</u>	<u>\$ 9,945,026</u>

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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

Committed fund balance at June 30, 2024 is as follows:

<u>Purpose</u>	Other Governmental Funds
General government	\$ 73,457
Public safety	912
Community development	567,998
Parks and recreation	303,714
Total	<u>\$ 946,081</u>

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

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, 2024 is as follows:

<u>Purpose</u>	General Fund
Subsequent year's expenditures	\$ 586,384
Total	<u>\$ 586,384</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.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies (Continued)

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	\$ 19,148,744
Less:	
Inventories	115,030
Prepaid expenses	-
Stabilization by State statute	2,544,077
Restricted cash	354,177
Total available fund balance	<u>\$ 16,135,460</u>

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>\$ 586,384</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, 2024

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, 2024, the City's deposits had a carrying amount of \$105,431,876 and a bank balance of \$106,128,833. 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, 2024, the City's petty cash fund totaled \$13,550.

2. Investments

As of June 30, 2024, the City had \$6,386,141 in investments invested with the North Carolina Capital Management Trust's Governmental Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The City had no policy regarding credit risk.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2024 is net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 115,892</u>
Enterprise Funds:	
Electric Fund	3,187,499
Water Fund	769,792
Wastewater Fund	640,915
Nonmajor enterprise funds	<u>367,373</u>
Total enterprise funds	<u>4,965,579</u>
 Total allowance for doubtful accounts	 <u><u>\$ 5,081,471</u></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	\$ 296,068
State and local sales tax	1,520,920
Grant receivable	<u>710,107</u>
 Total	 <u><u>\$ 2,527,095</u></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, 2024 is \$151,195.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

5. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
General Fund:				
Capital assets not being depreciated:				
Land	\$ 3,800,785	\$ -	\$ 15,204	\$ 3,785,581
Construction in progress	8,223,167	684,999	1,295,747	7,612,419
Total capital assets not being depreciated	<u>12,023,952</u>	<u>684,999</u>	<u>1,310,951</u>	<u>11,398,000</u>
Capital assets being depreciated:				
Buildings and improvements	19,619,993	191,141	-	19,811,134
Equipment	7,064,828	966,987	36,244	7,995,571
Vehicles	9,436,165	679,897	440,489	9,675,573
Infrastructure	8,359,610	-	-	8,359,610
Total assets being depreciated	<u>44,480,596</u>	<u>1,838,025</u>	<u>476,733</u>	<u>45,841,888</u>
Less accumulated depreciation:				
Buildings and improvements	10,561,314	550,489	-	11,111,803
Equipment	6,389,111	384,121	36,244	6,736,988
Vehicles	7,837,936	766,167	398,257	8,205,846
Infrastructure	6,429,764	157,146	-	6,586,910
Total accumulated depreciation	<u>31,218,125</u>	<u>1,857,923</u>	<u>434,501</u>	<u>32,641,547</u>
Total capital assets being depreciated, net	<u>13,262,471</u>			<u>13,200,341</u>
Total General Fund capital assets, net	<u><u>\$ 25,286,423</u></u>			<u><u>\$ 24,598,341</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>
Employee Health Fund				
Internal Service Fund:				
Capital assets being depreciated:				
Buildings and improvements	\$ 19,468	\$ -	\$ -	\$ 19,468
Less accumulated depreciation:				
Buildings and improvements	14,115	486	-	14,601
Total accumulated depreciation	14,115	486	-	14,601
Total capital assets being depreciated, net	5,353			4,867
Total Employee Health Fund capital assets, net	<u>\$ 5,353</u>			<u>\$ 4,867</u>

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>
Fleet Maintenance Fund				
Internal Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 140,910	\$ 11,794	\$ -	\$ 152,704
Vehicles	66,879	-	-	66,879
Total capital assets being depreciated	207,789	11,794	-	219,583
Less accumulated depreciation:				
Equipment	138,552	4,717	-	143,269
Vehicles	66,879	-	-	66,879
Total accumulated depreciation	205,431	4,717	-	210,148
Total capital assets being depreciated, net	2,358			9,435
Total Fleet Maintenance Fund capital assets, net	<u>\$ 2,358</u>			<u>\$ 9,435</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>
Total Governmental Funds:				
Capital assets not being depreciated:				
Land	\$ 3,800,785	\$ -	\$ 15,204	\$ 3,785,581
Construction in progress	8,223,167	684,999	1,295,747	7,612,419
Total capital assets not being depreciated	<u>12,023,952</u>	<u>684,999</u>	<u>1,310,951</u>	<u>11,398,000</u>
Capital assets being depreciated:				
Buildings and improvements	19,639,461	191,141	-	19,830,602
Equipment	7,205,738	978,781	36,244	8,148,275
Vehicles	9,503,044	679,897	440,489	9,742,452
Infrastructure	8,359,610	-	-	8,359,610
Total assets being depreciated	<u>44,707,853</u>	<u>1,849,819</u>	<u>476,733</u>	<u>46,080,939</u>
Less accumulated depreciation:				
Buildings and improvements	10,575,429	550,975	-	11,126,404
Equipment	6,527,663	388,838	36,244	6,880,257
Vehicles	7,904,815	766,167	398,257	8,272,725
Infrastructure	6,429,764	157,146	-	6,586,910
Total accumulated depreciation	<u>31,437,671</u>	<u>1,863,126</u>	<u>434,501</u>	<u>32,866,296</u>
Total capital assets being depreciated, net	<u>13,270,182</u>			<u>13,214,643</u>
Governmental activities capital assets, net	<u>\$ 25,294,134</u>			<u>\$ 24,612,643</u>

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

General government	\$ 222,561
Public safety	1,129,990
Public services	134,311
Community development	-
Cultural and recreation	366,120
Internal services funds	10,144
Total	<u>\$ 1,863,126</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Business-type activities:				
Electric Fund:				
Capital assets not being depreciated:				
Land	\$ 202,380	\$ -	\$ -	\$ 202,380
Construction in progress	16,348,273	16,455	5,131,028	11,233,700
Total capital assets not being depreciated	<u>16,550,653</u>	<u>16,455</u>	<u>5,131,028</u>	<u>11,436,080</u>
Capital assets being depreciated:				
Buildings and improvements	3,671,890	-	-	3,671,890
Equipment	1,145,043	13,164	-	1,158,207
Vehicles	1,802,028	907,924	158,930	2,551,022
Distribution system	40,970,009	1,566,848	-	42,536,857
Total assets being depreciated	<u>47,588,970</u>	<u>2,487,936</u>	<u>158,930</u>	<u>49,917,976</u>
Less accumulated depreciation:				
Buildings and improvements	3,390,776	63,542	-	3,454,318
Equipment	857,587	39,629	-	897,216
Vehicles	1,648,206	272,737	158,930	1,762,013
Distribution system	27,362,077	832,125	-	28,194,202
Total accumulated depreciation	<u>33,258,646</u>	<u>1,208,033</u>	<u>158,930</u>	<u>34,307,749</u>
Total capital assets being depreciated, net	<u>14,330,324</u>			<u>15,610,227</u>
Electric Fund capital assets, net	<u>\$ 30,880,977</u>			<u>\$ 27,046,307</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 66,605	\$ -	\$ -	\$ 66,605
Construction in progress	4,447,225	353,427	325,894	4,474,758
Total capital assets not being depreciated	4,513,830	353,427	325,894	4,541,363
Capital assets being depreciated:				
Buildings and improvements	681,931	-	-	681,931
Equipment	1,531,171	231,110	91,790	1,670,491
Vehicles	1,766,822	144,654	142,171	1,769,305
Infrastructure	177,480	-	-	177,480
Distribution system	15,604,459	3,630,780	-	19,235,239
Total assets being depreciated	19,761,863	4,006,544	233,961	23,534,446
Less accumulated depreciation:				
Buildings and improvements	620,607	3,868	-	624,475
Equipment	1,473,739	67,146	91,790	1,449,095
Vehicles	1,578,712	85,791	142,170	1,522,333
Infrastructure	54,943	8,695	-	63,638
Distribution system	11,894,206	341,209	-	12,235,415
Total accumulated depreciation	15,622,207	506,709	233,960	15,894,956
Total capital assets being depreciated, net	4,139,656			7,639,490
Water Fund capital assets, net	\$ 8,653,486			\$ 12,180,853

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Wastewater Fund:				
Capital assets not being depreciated:				
Land	\$ 953,658	\$ -	\$ -	\$ 953,658
Construction in progress	19,424,690	3,253,961	-	22,678,651
Total capital assets not being depreciated	<u>20,378,348</u>	<u>3,253,961</u>	<u>-</u>	<u>23,632,309</u>
Capital assets being depreciated:				
Buildings and improvements	41,276,198	-	-	41,276,198
Equipment	2,906,967	140,750	-	3,047,717
Vehicles	1,019,468	-	-	1,019,468
Infrastructure	474,860	-	-	474,860
Distribution system	53,023,590	-	-	53,023,590
Total assets being depreciated	<u>98,701,083</u>	<u>140,750</u>	<u>-</u>	<u>98,841,833</u>
Less accumulated depreciation:				
Buildings and improvements	16,962,049	976,481	-	17,938,530
Equipment	2,328,209	226,630	-	2,554,839
Vehicles	936,254	83,214	-	1,019,468
Infrastructure	226,517	21,814	-	248,331
Distribution system	28,532,226	1,176,026	-	29,708,252
Total accumulated depreciation	<u>48,985,255</u>	<u>2,484,165</u>	<u>-</u>	<u>51,469,420</u>
Total capital assets being depreciated, net	<u>49,715,828</u>			<u>47,372,413</u>
Wastewater Fund capital assets, net	<u>\$ 70,094,176</u>			<u>\$ 71,004,722</u>
	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Environmental Services Fund:				
Capital assets being depreciated:				
Equipment	\$ 600,415	\$ -	\$ -	\$ 600,415
Vehicles	3,713,571	355,790	266,771	3,802,590
Total assets being depreciated	<u>4,313,986</u>	<u>355,790</u>	<u>266,771</u>	<u>4,403,005</u>
Less accumulated depreciation:				
Equipment	576,647	10,645	-	587,292
Vehicles	3,516,962	195,629	266,771	3,445,820
Total accumulated depreciation	<u>4,093,609</u>	<u>206,274</u>	<u>266,771</u>	<u>4,033,112</u>
Total capital assets being depreciated, net	<u>220,377</u>			<u>369,893</u>
Environmental Services Fund capital assets, net	<u>\$ 220,377</u>			<u>\$ 369,893</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Stormwater Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ 774,706	\$ -	\$ 28,478	\$ 746,228
Total capital assets not being depreciated	<u>774,706</u>	<u>-</u>	<u>-</u>	<u>746,228</u>
Capital assets being depreciated:				
Equipment	225,902	-	6,650	219,252
Vehicles	476,390	6,032	-	482,422
Infrastructure	692,432	-	-	692,432
Total assets being depreciated	<u>1,394,724</u>	<u>6,032</u>	<u>6,650</u>	<u>1,394,106</u>
Less accumulated depreciation:				
Equipment	219,336	2,576	2,661	219,251
Vehicles	476,389	1,206	-	477,595
Infrastructure	313,897	34,622	-	348,519
Total accumulated depreciation	<u>1,009,622</u>	<u>38,404</u>	<u>2,661</u>	<u>1,045,365</u>
Total capital assets being depreciated, net	<u>385,102</u>			<u>348,741</u>
Stormwater Fund capital assets, net	<u><u>\$ 1,159,808</u></u>			<u><u>\$ 1,094,969</u></u>
	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Kinston Community Center Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 387,404	\$ -	\$ 387,404
Total capital assets not being depreciated	<u>-</u>	<u>387,404</u>	<u>-</u>	<u>387,404</u>
Capital assets being depreciated:				
Buildings and improvements	630,901	-	-	630,901
Equipment	52,513	65,999	-	118,512
Total assets being depreciated	<u>683,414</u>	<u>65,999</u>	<u>-</u>	<u>749,413</u>
Less accumulated depreciation:				
Buildings and improvements	93,532	15,353	-	108,885
Equipment	52,513	3,300	-	55,813
Total accumulated depreciation	<u>146,045</u>	<u>18,653</u>	<u>-</u>	<u>164,698</u>
Total capital assets being depreciated, net	<u>537,369</u>			<u>584,715</u>
Kinston Community Center Fund capital assets, net	<u><u>\$ 537,369</u></u>			<u><u>\$ 972,119</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Public Services Administration Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ 8,487	\$ 228,139	\$ -	\$ 236,626
Total capital assets not being depreciated	<u>8,487</u>	<u>228,139</u>	<u>-</u>	<u>236,626</u>
Capital assets being depreciated:				
Equipment	527,391	18,426	9,544	536,273
Vehicles	169,942	-	-	169,942
Total assets being depreciated	<u>697,333</u>	<u>18,426</u>	<u>9,544</u>	<u>706,215</u>
Less accumulated depreciation:				
Equipment	518,677	8,043	9,544	517,176
Vehicles	169,942	-	-	169,942
Total accumulated depreciation	<u>688,619</u>	<u>8,043</u>	<u>9,544</u>	<u>687,118</u>
Total capital assets being depreciated, net	<u>8,714</u>			<u>19,097</u>
Public Services Administration Fund capital assets, net	<u>\$ 17,201</u>			<u>\$ 255,723</u>
Total business-type activities capital assets, net	<u>\$ 111,563,394</u>			<u>\$ 112,924,586</u>

B. Liabilities

1. Payables

Accounts payable and accrued liabilities at the government-wide level at June 30, 2024 were as follows:

	Governmental Activities	Business Type Activities	Total
Accounts and vouchers	\$ 1,978,278	\$ 1,595,260	\$ 3,573,538
Accrued interest payable	-	22,222	22,222
Accrued payroll and related liabilities	304,622	-	304,622
Total accounts payable and accrued liabilities	<u>\$ 2,282,900</u>	<u>\$ 1,617,482</u>	<u>\$ 3,900,382</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2024

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, 2024, was 14.04% of compensation for law enforcement officers and 12.91% 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 \$2,170,569 for the year ended June 30, 2024.

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, 2024, the City reported a liability of \$12,849,848 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2023 (measurement date), the City's proportion was 0.19402%, which was an increase of 0.00086% from its proportion measured as of June 30, 2022.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

For the year ended June 30, 2024, the City recognized pension expense of \$3,641,491. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,431,854	\$ 30,825
Changes of assumptions	546,044	-
Net difference between projected and actual earnings on pension plan investments	3,439,182	-
Changes in proportion and differences between City contributions and proportionate share of contributions	85,411	200,442
City contributions subsequent to the measurement date	2,170,569	-
Total	<u>\$ 7,673,060</u>	<u>\$ 231,267</u>

\$2,170,569 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, 2025.

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

Year ended June 30:

2025	\$ 1,917,246
2026	917,005
2027	2,291,546
2028	145,427
2029	-
Thereafter	-
	<u>\$ 5,271,224</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2022 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
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, 2022 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, 2024 are summarized in the following table:

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
City's proportionate share of the net pension liability (asset)	\$ 22,261,858	\$ 12,849,848	\$ 5,101,001

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, 2024

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, 2022, the Separation Allowance's membership consisted of:

Retirees receiving benefits	17
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>54</u>
Total	<u>71</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, 2022 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	4.00 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, 2024

2. Detail Notes on All Funds (Continued)

The actuarial assumptions used in the December 31, 2022 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 \$311,234 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, 2024, the City reported a liability of \$3,482,704. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was rolled forward to December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the city recognized pension expense of \$252,918.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,462	\$ 149,731
Changes of assumptions	238,474	396,306
Benefit payments and administrative expenses subsequent to the measurement date	144,981	-
Total	<u>\$ 419,917</u>	<u>\$ 546,037</u>

\$419,917 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	\$ (4,160)
2025	(119,484)
2026	(131,735)
2027	(17,648)
2028	1,926
Thereafter	-
	<u>\$ (271,101)</u>

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 4.00%, 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 (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total Pension Liability	\$ 3,752,198	\$ 3,482,704	\$ 3,238,904

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

	2024
Beginning balance	\$ 3,462,401
Service cost	99,364
Interest on the total pension liability	142,522
Difference between expected and actual experience in the measurement of the total pension liability	15,691
Changes of assumptions or other inputs	73,960
Benefit payments	(311,234)
Ending balance of the total pension liability	<u><u>\$ 3,482,704</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2022 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	\$ 3,641,491	\$ 252,918	\$ 3,894,409
Pension liability	12,849,848	3,482,704	16,332,552
Proportionate share of the net pension liability	0.19402%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	1,431,854	36,462	1,468,316
Changes of assumptions	546,044	238,474	784,518
Net difference between projected and actual earnings on plan investments	3,439,182	-	3,439,182
Changes in proportion and differences between contributions and proportionate share of contributions	85,411	-	85,411
Benefit payments and administrative costs paid subsequent to the measurement date	2,170,569	144,981	2,315,550
Deferred of Inflows of Resources			
Differences between expected and actual experience	30,825	149,731	180,556
Changes of assumptions	-	396,306	396,306
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	200,442	-	200,442

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, 2024

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, 2024 were \$198,590, which consisted of \$177,375 from the City and \$21,215 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, 2024 were \$334,148, which consisted of \$192,626 from the City and \$141,522 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, 2024

2. Detail Notes on All Funds (Continued)

At June 30, 2023, the membership consisted of:

Retirees and dependents receiving benefits	52
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>61</u>
Total	<u><u>113</u></u>

Total OPEB Liability

The City's total OPEB liability of \$3,467,257 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the June 30, 2023 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	3.54 percent
Measurement Date	3.65 percent
Health Care Cost Trends	
Pre-Medicare	7 percent for 2023 decreasing to an ultimate rate of 4.5 percent by 2033

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, 2024

2. Detail Notes on All Funds (Continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2023 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

	2024
Beginning balance - July 1, 2023	\$ 3,580,163
Service cost	50,766
Interest on the total pension liability and cash flows	119,133
Difference between expected and actual experience	227,994
Changes of assumptions of other inputs	25,042
Net benefit payments	(535,841)
Ending balance of the total pension liability - June 30, 2024	<u>\$ 3,467,257</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65% 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:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 3,713,936	\$ 3,467,257	\$ 3,240,864

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	1% Increase
Total OPEB Liability	\$ 3,340,132	\$ 3,467,257	\$ 3,609,078

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2024, the City recognized OPEB expense of \$53,052. At June 30, 2024, 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	\$ 135,689	\$ 28,805
Benefit Payments made subsequent to the measurement date	-	-
Changes of assumptions	14,904	63,169
Total	<u>\$ 150,593</u>	<u>\$ 91,974</u>

\$150,593 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 10,469
2026	48,150
2027	-
2028	-
2029	-
Thereafter	-
	<u>\$ 58,619</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, 2024

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, 2024, the City made contributions of \$61,624 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)	\$ 2,170,569
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	144,981
Difference between projected expected and actual experience (LEOSSA)	36,462
Changes of assumptions (LEOSSA)	238,474
Difference between projected expected and actual experience (LGERS)	1,431,854
Changes in proportion and differences between City contributions and proportionate share of contributions (LGERS)	85,411
Difference between projected and actual earnings on pension plan investments (LGERS)	3,439,182
Changes of assumptions (LGERS)	546,044
Difference between projected expected and actual experience (OPEB)	135,689
Changes of assumptions (OPEB)	14,904
Total	<u><u>\$ 8,243,570</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

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

<u>Source</u>	<u>Amount</u>
Differences between expected and actual experience (LEOSSA)	\$ 149,731
Changes of assumptions (LEOSSA)	396,306
Changes in proportion and differences between City's contributions and proportionate share of contributions (LGERS)	200,442
Differences between expected and actual experience (LGERS)	30,825
Changes in assumptions (OPEB)	63,169
Differences between expected and actual experience (OPEB)	28,805
Total	<u>\$ 869,278</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 \$173,978 in claims was incurred for benefits during fiscal year 2024.

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 \$2,922,663 in benefits were paid during the fiscal year 2024.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

Claims Liability

	Year Ended June 30	
	2024	2023
Unpaid claims, beginning of fiscal year	\$ 684,605	\$ 556,390
Inurred claims (including claims incurred, but not report as of fiscal year-end)	2,855,666	3,076,212
Payments and reduction in claim estimates	<u>(3,095,641)</u>	<u>(2,947,997)</u>
Unpaid claims, end of fiscal year	<u>\$ 444,630</u>	<u>\$ 684,605</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 \$1,000,000. 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, 2024, 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, 2024

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, 2024

2. Detail Notes on All Funds (Continued)

5. Long-Term Obligations

a. Installment Contracts

Installment Contracts outstanding at June 30, 2024 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	\$ 2,573,406
\$1,851,000 – USDA Loan – City Hall, principal and interest of 4.375% due annually through March 2039	\$ 1,233,259
\$860,000 – USDA Loan – Fire Trucks, principal and interest of 4.00% due annually through July 2030	\$ 377,821
\$2,337,500 – USDA Loan – Fire Station, principal and interest of 3.50% due annually through October 2042	\$ 1,813,884
\$2,500,000 – Bank Loan – Grainger Stadium Improvements, principal and interest of 4.60% due annually through August 2033	\$ 1,666,000
\$3,527,000 – Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034	\$ 1,280,263
\$785,000 – Bank Loan – Equipment, principal and interest of 4.027% due annually through July 2029	\$ 785,000
\$231,729 – Capital Lease – Computers, principal and interest of 14.13% due annually through August 2027	\$ 182,808
\$375,587 – Bank Loan – Equipment, principal and interest of 4.25% due annually through March 2029	<u>\$ 375,587</u>
Total governmental activities	<u><u>\$ 10,288,028</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

Business-Type Activities:

Water Fund:

\$310,373 – Bank Loan – Equipment, principal and interest of 4.25% due annually through March 2029 \$ 310,373

Wastewater Fund:

\$3,527,000 – Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034 \$ 87,689

\$135,316 – Bank Loan – Equipment, principal and interest of 4.25% due annually through March 2029 \$ 135,316

Environmental Services Fund:

\$1,083,000 – Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034 \$ 111,315

\$956,007 – Bank Loan – Equipment, principal and interest of 4.25% due annually through March 2029 \$ 956,007

Stormwater Fund:

\$144,717 – Bank Loan – Equipment, principal and interest of 4.25% due annually through March 2029 \$ 144,717

Total enterprise funds \$ 1,745,417

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

Year Ending	<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>
<u>June 30</u>						
2025	\$ 987,399	\$ 394,987	\$ 491,873	\$ 68,859	\$ 1,479,272	\$ 463,846
2026	766,412	369,518	294,478	53,276	1,060,890	422,794
2027	791,383	339,286	306,547	40,760	1,097,930	380,046
2028	806,259	307,993	319,420	27,732	1,125,679	335,725
2029	789,082	275,768	333,098	14,157	1,122,180	289,925
2030-2034	2,704,522	1,030,338	-	-	2,704,522	1,030,338
2035-2039	1,555,489	611,980	-	-	1,555,489	611,980
2040-2044	1,102,244	291,636	-	-	1,102,244	291,636
2045-2049	785,237	113,788	-	-	785,237	113,788
Total	<u>\$ 10,288,027</u>	<u>\$ 3,735,294</u>	<u>\$ 1,745,416</u>	<u>\$ 204,784</u>	<u>\$ 12,033,443</u>	<u>\$ 3,940,078</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

\$987,399 of the governmental activities current portion will be repaid from the General Fund. Of the business-type activities current portion, \$58,780 will be repaid from the Water Fund, \$113,316 will be repaid from the Wastewater Fund, \$292,370 will be repaid from the Environmental Services Fund, and \$27,407 will be repaid from the Stormwater Fund.

b. Notes Payable

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

<u>Purpose and Collateral</u>	<u>Year of Loan</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Balance June 30, 2024</u>
Water Projects:				
Greenmead Water Line Replacement	2022	0.00%	2041	\$ 552,452
Lawrence Heights Water Line Replacement	2023	0.00%	2043	333,967
NCGTP Water Line Replacement	2022	0.18%	2043	340,243
				<u>\$ 1,226,662</u>
Wastewater Projects:				
Expansion to Sanitary Sewer System	2007	2.27%	2027	\$ 1,103,317
Expansion to Sanitary Sewer System	2015	2.00%	2035	404,874
Queen Street Sewer Phase I	2017	0.00%	2037	2,181,960
Queen Street Sewer Phase II	2019	0.00%	2038	1,249,330
KRWRF Biosolids Dryer Project	2018	0.00%	2038	1,807,994
Briery Run Sewer Rehab Phase IV	2020	0.00%	2040	1,582,912
Briery Run Sewer Rehab Phase V	2023	0.10%	2043	2,164,479
Lawrence Heights Sewer Rehab	2023	0.00%	2043	69,933
				<u>\$ 10,564,799</u>
Total Notes Payable				<u>\$ 11,791,461</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

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

Year Ending			
June 30	Principal	Interest	Total
2025	\$ 1,129,609	\$ 35,865	\$ 1,165,474
2026	1,094,143	26,652	1,120,795
2027	1,077,060	17,440	1,094,500
2028	709,287	7,316	716,603
2029	709,287	7,345	716,632
2030-2034	3,546,437	23,492	3,569,929
2035-2039	2,834,101	5,852	2,839,953
2040-2044	691,537	1,684	693,221
Total	<u>\$ 11,791,461</u>	<u>\$ 125,646</u>	<u>\$ 11,917,107</u>

\$73,405 of the current portion will be paid from the Water Fund and \$1,056,204 from the Wastewater Fund.

c. Revenue Bonds

Revenue Bond Covenants

The Series 2015 revenue bonds were special obligations of the City, secured solely by the pledge of net revenue from the City's enterprise funds. These bonds were payable from the Water, Wastewater, and Electric funds' customer net revenues and were scheduled to be paid off through 2024. During the fiscal year ended June 30, 2024, the City fully paid off the remaining balance of the Series 2015 revenue bonds.

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.

For the fiscal year ended June 30, 2024 principal and interest payments of \$193,000 and \$1,689, respectively, were made to fully retire the bonds. Total customer revenue for the City's enterprise funds totaled \$66,552,754 for the year ended June 30, 2024.

Operating revenues	\$ 66,552,754
Operating expenses*	<u>53,885,462</u>
Income available for debt service	<u>\$ 12,667,292</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

c. Revenue Bonds (Continued)

Revenue Bond Covenants (Continued)

Debt service, principal, and interest paid (parity debt)	<u>\$ 1,505,833</u>
Debt service coverage ratio	<u>8.41</u>

*Per rate covenants; this does not include the depreciation expense of \$4,183,657.

At June 30, 2024, 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, 2024, the legal debt limit for the City was \$124,279,721, providing a legal debt margin of \$100,454,814.

At June 30, 2024, the City has no authorized bonds remaining to be issued.

(Continued on next page)

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2024 is as follows:

	July 1, 2024	Increases	Decreases	June 30, 2024	Current Portion of Balance
General Fund:					
Accrued Compensated Absences	\$ 789,947	\$ 44,990	\$ -	\$ 834,937	\$ 208,734
Installment contracts	10,476,080	607,316	795,368	10,288,028	987,399
Total Pension Liability (LEOSSA)	3,462,401	20,303	-	3,482,704	-
OPEB Liability	3,580,163	-	112,906	3,467,257	-
Net Pension Liability (LGRS)	7,145,962	1,101,203	-	8,247,165	-
Total	<u>\$ 25,454,553</u>	<u>\$ 1,773,812</u>	<u>\$ 908,274</u>	<u>\$ 26,320,091</u>	<u>\$ 1,196,133</u>
Employee Health Fund:					
Accrued Compensated Absences	\$ 9,957	\$ -	\$ 1,649	\$ 8,308	\$ 2,077
Net Pension Liability (LGRS)	99,036	18,522	-	117,558	-
Total	<u>\$ 108,993</u>	<u>\$ 18,522</u>	<u>\$ 1,649</u>	<u>\$ 125,866</u>	<u>\$ 2,077</u>
Fleet Maintenance Fund:					
Accrued Compensated Absences	\$ 29,292	\$ -	\$ 3,323	\$ 25,969	\$ 6,492
Net Pension Liability (LGRS)	218,213	25,956	-	244,169	-
Total	<u>\$ 247,505</u>	<u>\$ 25,956</u>	<u>\$ 3,323</u>	<u>\$ 270,138</u>	<u>\$ 6,492</u>
Total Governmental Activities:					
Accrued Compensated Absences	\$ 829,196	\$ 44,990	\$ 4,972	\$ 869,214	\$ 217,303
Installment contracts	10,476,080	607,316	795,368	10,288,028	987,399
Total Pension Liability (LEOSSA)	3,462,401	20,303	-	3,482,704	-
OPEB Liability	3,580,163	-	112,906	3,467,257	-
Net Pension Liability (LGRS)	7,463,211	1,145,681	-	8,608,892	-
Total	<u>\$ 25,811,051</u>	<u>\$ 1,818,290</u>	<u>\$ 913,246</u>	<u>\$ 26,716,095</u>	<u>\$ 1,204,702</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2024 is as follows:

	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>	<u>Current Portion of Balance</u>
Major Enterprise Funds:					
Water Fund:					
Accrued Compensated Absences	\$ 81,699	\$ -	\$ 1,937	\$ 79,762	\$ 19,941
Notes payable	584,950	1,073,268	431,556	1,226,662	73,406
Installment contracts	-	310,373	-	310,373	58,780
Revenue bonds	27,020	-	27,020	-	-
Net Pension Liability (LGERS)	732,908	214,310	-	947,218	-
Total	<u>\$ 1,426,577</u>	<u>\$ 1,597,951</u>	<u>\$ 460,513</u>	<u>\$ 2,564,015</u>	<u>\$ 152,127</u>
Wastewater Fund:					
Accrued Compensated Absences	\$ 45,137	\$ -	\$ 2,636	\$ 42,501	\$ 10,625
Notes payable	9,258,372	3,052,204	1,745,777	10,564,799	1,056,204
Installment contracts	173,365	135,317	85,677	223,005	113,316
Revenue bonds	63,690	-	63,690	-	-
Net Pension Liability (LGERS)	429,296	84,840	-	514,136	-
Total	<u>\$ 9,969,860</u>	<u>\$ 3,272,361</u>	<u>\$ 1,897,780</u>	<u>\$ 11,344,441</u>	<u>\$ 1,180,145</u>
Electric Fund:					
Accrued Compensated Absences	\$ 85,569	\$ -	\$ 13,964	\$ 71,605	\$ 17,901
Revenue bonds	102,290	-	102,290	-	-
Net Pension Liability (LGERS)	735,588	193,122	-	928,710	-
Total	<u>\$ 923,447</u>	<u>\$ 193,122</u>	<u>\$ 116,254</u>	<u>\$ 1,000,315</u>	<u>\$ 17,901</u>
Nonmajor Enterprise Funds:					
Environmental Services Funds:					
Accrued Compensated Absences	\$ 58,907	\$ 4,024	\$ -	\$ 62,931	\$ 15,733
Installment contracts	220,077	956,007	108,761	1,067,323	292,370
Net Pension Liability (LGERS)	516,473	127,639	-	644,112	-
Total	<u>\$ 795,457</u>	<u>\$ 1,087,670</u>	<u>\$ 108,761</u>	<u>\$ 1,774,366</u>	<u>\$ 308,103</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2024 is as follows:

	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>	<u>Current Portion of Balance</u>
Stormwater Funds:					
Accrued Compensated Absences	\$ 1,650	\$ 1,958	\$ -	\$ 3,608	\$ 902
Installment contracts	-	144,717	-	144,717	27,407
Net Pension Liability (LGERS)	129,732	6,101	-	135,833	-
Total	<u>\$ 131,382</u>	<u>\$ 152,776</u>	<u>\$ -</u>	<u>\$ 284,158</u>	<u>\$ 28,309</u>
Kinston Community Center Funds:					
Accrued Compensated Absences	\$ 8,566	\$ 4,526	\$ -	\$ 13,092	\$ 3,273
Net Pension Liability (LGERS)	103,295	216	-	103,511	-
Total	<u>\$ 111,861</u>	<u>\$ 4,742</u>	<u>\$ -</u>	<u>\$ 116,603</u>	<u>\$ 3,273</u>
Public Services Administration Funds:					
Accrued Compensated Absences	\$ 91,741	\$ 16,065	\$ -	\$ 107,806	\$ 26,952
Net Pension Liability (LGERS)	786,477	180,959	-	967,436	-
Total	<u>\$ 878,218</u>	<u>\$ 197,024</u>	<u>\$ -</u>	<u>\$ 1,075,242</u>	<u>\$ 26,952</u>
Total Business-Type Activities:					
Accrued Compensated Absences	\$ 373,269	\$ 26,573	\$ 18,537	\$ 381,305	\$ 95,326
Notes payable	9,843,322	4,125,472	2,177,333	11,791,461	1,129,610
Installment contracts	393,442	1,546,414	194,438	1,745,418	491,873
Revenue bonds	193,000	-	193,000	-	-
Net Pension Liability (LGERS)	3,433,769	807,187	-	4,240,956	-
Total	<u>\$ 14,236,802</u>	<u>\$ 6,505,646</u>	<u>\$ 2,583,308</u>	<u>\$ 18,159,140</u>	<u>\$ 1,716,809</u>

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2024, 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	455,700
Total transfers	<u>\$ 2,755,700</u>

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

2. Detail Notes on All Funds (Continued)

Interfund loans – On November 15, 2022, the General Fund borrowed \$180,000 from the Electric Fund to fund Bill Faye Park playground equipment. The terms of the arrangement require the Electric Fund to repay the General Fund over four years in equal payments of \$45,000. On July 1, 2023, the Water Fund borrowed \$3,283,190 from the Electric Fund to fund the Water Smart Grid System. The terms of the arrangement require the Water Fund to repay the Electric fund over ten years with an interest rate of 0%.

The budgetary schedules in this financial report differ from the fund financial statements due to the different accounting treatments for interfund loans under the budgetary basis and modified accrual basis. The budgetary schedules include interfund loan activities in “other financing sources (uses),” while GASB Statement No. 34 requires interfund loans to be reported as receivables and payables (due from/due to). The current portion of interfund loans is reported as due to/from other funds, and the long-term portion is classified as advances to/from other funds.

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2024 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 24,612,643	\$ 112,924,586
Less: long-term debt	(10,288,029)	(13,536,879)
Plus: unspent debt proceeds	317,107	-
Net investment in capital assets	<u>\$ 14,641,721</u>	<u>\$ 99,387,707</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, 2024.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2024

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, 2024 were \$31,691,971.

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, 2024.

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 \$513,395 of funding for the Authority for the year ended June 30, 2024.

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, 2024. During the year ended June 30, 2024, the City provided \$210,125 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, 2024

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 November 26, 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
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CITY OF KINSTON, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the year ended June 30, 2024

Law Enforcement Officers' Special Separation Allowance

	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 3,462,401	\$ 4,247,038	\$ 4,275,963	\$ 3,618,572	\$ 3,559,172	\$ 3,607,151	\$ 3,298,685	\$ 3,328,063
Service cost	99,364	156,856	184,614	111,555	113,395	123,979	109,374	117,300
Interest on the total pension liability	142,522	92,569	80,158	113,798	125,083	110,510	123,405	115,481
Differences between expected and actual	15,691	(199,789)	55,075	(117,556)	(31,366)	66,577	-	-
Changes of assumptions or other inputs	73,960	(568,579)	(103,355)	805,249	97,916	(129,061)	279,012	(75,547)
Benefit payments	(311,234)	(265,694)	(245,417)	(255,655)	(245,628)	(219,984)	(203,325)	(186,612)
Ending balance of the total pension liability	<u>\$ 3,482,704</u>	<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, 2024

	Law Enforcement Officers' Special Separation Allowance							
	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 3,482,704	\$ 3,462,401	\$ 4,247,038	\$ 4,275,963	\$ 3,618,572	\$ 3,559,172	\$ 3,607,151	\$ 3,298,685
Covered payroll	3,203,164	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	108.73%	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
Last Six Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability						
Service cost at end of year	\$ 50,766	\$ 67,581	\$ 83,045	\$ 60,307	\$ 88,051	\$ 91,225
Interest on the total pension liability and cash flows	119,133	88,255	97,467	146,462	177,696	172,360
Differences between expected and actual experience in the measurement of the total pension liability	227,994	(151,379)	(533,997)	(8,503)	(436,041)	(123,287)
Changes of assumptions or other inputs	25,042	(331,973)	295,264	343,639	101,435	(103,125)
Benefit payments and implicit subsidy credit	(535,841)	(220,051)	(281,003)	(395,151)	(354,539)	(267,958)
Net change in Total OPEB Liability	<u>(112,906)</u>	<u>(547,567)</u>	<u>(339,224)</u>	<u>146,754</u>	<u>(423,398)</u>	<u>(230,785)</u>
Total OPEB Liability - beginning	<u>3,580,163</u>	<u>4,127,730</u>	<u>4,466,954</u>	<u>4,320,200</u>	<u>4,743,598</u>	<u>4,974,383</u>
Total OPEB Liability - ending	<u><u>\$ 3,467,257</u></u>	<u><u>\$ 3,580,163</u></u>	<u><u>\$ 4,127,730</u></u>	<u><u>\$ 4,466,954</u></u>	<u><u>\$ 4,320,200</u></u>	<u><u>\$ 4,743,598</u></u>
 Covered payroll	 \$ 3,560,592	 \$ 4,500,116	 \$ 4,500,116	 \$ 4,663,667	 \$ 4,663,667	 \$ 6,261,400
Total OPEB Liability as a percentage of covered payroll	97.38%	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:

<u>Fiscal Year</u>	<u>Rate</u>
2024	3.65%
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 *

Schedule A-4

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset) (%)	0.19402%	0.19316%	0.20901%	0.20526%	0.20365%	0.21646%	0.22173%	0.23272%	0.23019%	0.23510%
City's proportion of the net pension liability (asset) (\$)	\$ 12,849,848	\$ 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)
City's covered-employee payroll	\$ 16,504,024	\$ 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
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	77.86%	67.56%	20.20%	49.32%	37.27%	35.38%	23.62%	34.70%	7.49%	-10.15%
Plan fiduciary net position as a percentage of the total pension liability **	82.49%	84.00%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	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

Schedule A-5

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,170,569	\$ 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
Contributions in relation to the contractually required contribution	<u>2,170,569</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Kinston'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	\$ 14,247,572	\$ 14,231,744	\$ 13,800,783
Contribution as a percentage of covered-employee payroll	13.46%	12.56%	12.35%	10.34%	9.56%	7.82%	7.98%	7.51%	6.87%	7.15%

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MAJOR FUNDS

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

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GENERAL FUND

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

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CITY OF KINSTON, NORTH CAROLINA

Schedule 1

Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Total Non-Major Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 17,961,574	\$ 10,655,433	\$ 28,617,007
Receivables:			
Due from governmental agencies	1,816,988	720,396	2,537,384
Accounts receivable	149,783	35,892	185,675
Notes receivable	-	151,195	151,195
Taxes receivable	350,825	-	350,825
Inventories	115,030	-	115,030
Restricted cash and investments	354,177	-	354,177
Total assets	<u>\$ 20,748,377</u>	<u>\$ 11,562,916</u>	<u>\$ 32,311,293</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,071,395	\$ 633,879	\$ 1,705,274
Due to electric fund	135,000	-	135,000
Prepaid privilege licenses	33,335	-	33,335
Total liabilities	<u>1,239,730</u>	<u>633,879</u>	<u>1,873,609</u>
Deferred Inflows of Resources:			
Property taxes receivable	350,826	-	350,826
Pavement assessment receivables	9,048	-	9,048
GTP fire taxes receivable	29	-	29
Total deferred inflows of resources	<u>359,903</u>	<u>-</u>	<u>359,903</u>
Fund Balance:			
Non-spendable, not in spendable form:			
Inventories	115,030	-	115,030
Perpetual Maintenance	-	75,000	75,000
Restricted:			
Stabilization by State statute	2,544,077	-	2,544,077
Unspent loan proceeds	317,107	-	317,107
Other	37,070	9,907,956	9,945,026
Committed	-	946,081	946,081
Assigned	586,384	-	586,384
Unassigned	15,549,076	-	15,549,076
Total fund balance	<u>19,148,744</u>	<u>10,929,037</u>	<u>30,077,781</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,748,377</u>	<u>\$ 11,562,916</u>	<u>\$ 32,311,293</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 2

General Fund

Balance Sheet

June 30, 2024

With comparative totals for June 30, 2023

	2024	2023
Assets:		
Cash and investments	\$ 17,961,574	\$ 15,188,771
Receivables:		
Due from governmental agencies	1,816,988	2,015,364
Accounts receivable	149,783	147,439
Taxes receivable	350,825	424,309
Inventories	115,030	98,928
Restricted cash and investments	354,177	-
Total assets	<u>\$ 20,748,377</u>	<u>\$ 17,874,811</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,071,395	\$ 1,119,048
Due to other funds	135,000	-
Prepaid privilege licenses	33,335	33,410
Total liabilities	<u>1,239,730</u>	<u>1,152,458</u>
Deferred Inflows of Resources:		
Property taxes receivable	350,826	424,309
Pavement assessment receivables	9,048	9,048
GTP fire taxes receivable	29	66
Total deferred inflows of resources	<u>359,903</u>	<u>433,423</u>
Fund Balance:		
Non-spendable, not in spendable form:		
Inventories	115,030	98,928
Restricted:		
Stabilization by State statute	2,544,077	2,692,487
Unspent loan proceeds	317,107	-
Other	37,070	-
Assigned	586,384	538,798
Unassigned	15,549,076	12,958,717
Total fund balance	<u>19,148,744</u>	<u>16,288,930</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,748,377</u>	<u>\$ 17,874,811</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 3

General Fund

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

For the Fiscal Year Ended June 30, 2024

With Comparative Actual for June 30, 2023

	2024			2023
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 11,179,200	\$ 11,727,767	\$ 548,567	\$ 11,400,971
Interest and penalties	82,900	75,042	(7,858)	85,505
Total	11,262,100	11,802,809	540,709	11,486,476
Other taxes and licenses:				
Local government sales tax	6,187,600	5,976,200	(211,400)	5,989,880
Franchise tax	2,091,000	2,168,190	77,190	2,098,750
Occupancy tax	515,200	544,810	29,610	306,375
Gross receipts tax	44,000	46,319	2,319	43,915
Licenses and permits	2,400	2,018	(382)	1,898
Total	8,840,200	8,737,537	(102,663)	8,440,818
Unrestricted intergovernmental:				
Payment in lieu of taxes	467,700	460,134	(7,566)	441,540
Beer and wine tax	84,500	94,375	9,875	89,509
ABC revenue	205,000	162,372	(42,628)	175,030
Total	757,200	716,881	(40,319)	706,079
Restricted intergovernmental:				
Powell Bill allocations	623,000	676,168	53,168	622,661
School resource officer	150,000	153,084	3,084	148,684
State grants, miscellaneous	-	-	-	51,880
Local grants	47,500	47,500	-	7,500
U S Marshall reimbursement	6,500	7,917	1,417	4,214
Total	827,000	884,669	57,669	834,939
Sales and services:				
Rents, concessions, and fees	475,950	461,741	(14,209)	713,519
Inspection fees	19,875	-	(19,875)	113,271
Cemetery fees	174,000	207,155	33,155	206,195
Cable franchise	119,000	108,216	(10,784)	118,596
Lenoir County participation:				
Recreation	831,194	831,194	-	831,936
Total	1,620,019	1,608,306	(11,713)	1,983,517
Other revenue:				
Investment income	46,717	154,161	107,444	19,285
Sale of surplus materials and assets	32,500	34,938	2,438	540
Miscellaneous	345,754	102,927	(242,827)	56,646
Total	424,971	292,026	(132,945)	76,471
Total revenues	23,731,490	24,042,228	310,738	23,528,302

CITY OF KINSTON, NORTH CAROLINA

Schedule 3

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2024
With Comparative Actual for June 30, 2023
(Continued)

	2024			2023
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures:				
General government	\$ 3,381,772	\$ 2,993,140	\$ 388,632	\$ 2,751,349
Public safety	13,075,615	12,337,317	738,298	11,976,697
Public services	3,749,171	2,585,130	1,164,041	2,724,388
Parks and recreation	4,652,248	4,439,354	212,894	4,257,664
Community development	26,200	26,200	-	181,200
Capital Outlay	2,045,917	1,414,543	631,374	3,003,493
Total	<u>26,930,923</u>	<u>23,795,684</u>	<u>3,135,239</u>	<u>24,894,791</u>
Total expenditures	<u>26,930,923</u>	<u>23,795,684</u>	<u>3,135,239</u>	<u>24,894,791</u>
Revenues over (under) expenditures	<u>(3,199,433)</u>	<u>246,544</u>	<u>3,445,977</u>	<u>(1,366,491)</u>
Other financing sources (uses):				
Appropriated fund balance	620,929	-	(620,929)	-
Transfers from other funds	2,005,951	2,005,954	3	2,958,290
Advances to other funds	(45,000)	-	45,000	180,000
Long-term debt issued	617,553	607,316	(10,237)	785,000
Total	<u>3,199,433</u>	<u>2,613,270</u>	<u>(586,163)</u>	<u>3,923,290</u>
Net change in fund balance	<u>\$ -</u>	<u>2,859,814</u>	<u>\$ 2,859,814</u>	<u>2,556,799</u>
Fund balance, beginning		<u>16,288,930</u>		<u>13,732,131</u>
Fund balance, ending		<u>\$ 19,148,744</u>		<u>\$ 16,288,930</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.

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CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended June 30, 2024

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	\$ 9,397,604	\$ 1,182,418	\$ 75,411	\$ 10,655,433
Due from governmental agencies	332,714	387,682	-	720,396
Accounts receivables	35,892	-	-	35,892
Notes receivable	151,195	-	-	151,195
	<u>151,195</u>	<u>-</u>	<u>-</u>	<u>151,195</u>
Total assets	<u>\$ 9,917,405</u>	<u>\$ 1,570,100</u>	<u>\$ 75,411</u>	<u>\$ 11,562,916</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 331,436	\$ 302,443	\$ -	\$ 633,879
Total liabilities	<u>331,436</u>	<u>302,443</u>	<u>-</u>	<u>633,879</u>
FUND BALANCES				
Nonspendable, not in spendable form:				
Perpetual maintenance	-	-	75,000	75,000
Restricted:				
Restricted, all other	9,585,969	321,576	411	9,907,956
Committed	-	946,081	-	946,081
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>9,585,969</u>	<u>1,267,657</u>	<u>75,411</u>	<u>10,929,037</u>
Total liabilities and fund balances	<u>\$ 9,917,405</u>	<u>\$ 1,570,100</u>	<u>\$ 75,411</u>	<u>\$ 11,562,916</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, 2024

Schedule 5

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Permanent Fund Temple Israel Perpetual Care Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 692,808	\$ -	\$ -	\$ 692,808
Federal and state grants	-	539,110	-	539,110
Investment earnings	8,226	1	472	8,699
Sales and services	1,975	-	-	1,975
Miscellaneous	7,055	(7,530)	-	(475)
Total revenues	<u>710,064</u>	<u>531,581</u>	<u>472</u>	<u>1,242,117</u>
EXPENDITURES				
Cultural and recreation	-	563,220	-	563,220
Community development	260,554	29,963	-	290,517
Public safety	226,446	112,727	-	339,173
Total expenditures	<u>487,000</u>	<u>705,910</u>	<u>-</u>	<u>1,192,910</u>
Excess (deficiency) of revenues over expenditures	223,064	(174,329)	472	49,207
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers out	-	-	(300)	(300)
Transfers in	7,273	287,073	-	294,346
Total other financing sources (uses)	7,273	287,073	(300)	294,046
Net changes in fund balances	230,337	112,744	172	343,253
Fund balances, beginning	<u>9,355,632</u>	<u>1,154,913</u>	<u>75,239</u>	<u>10,585,784</u>
Fund balances, ending	<u><u>\$ 9,585,969</u></u>	<u><u>\$ 1,267,657</u></u>	<u><u>\$ 75,411</u></u>	<u><u>\$ 10,929,037</u></u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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.

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.

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.

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 Recreation's Recreational Trails Program (RTP) to provide alternate means of transportation for the community to promote recreation, health, fitness and economic growth for the community.

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.

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.

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.

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.

2023 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.

2021 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.

2022 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.

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CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2024

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	Hurricane Dorian - FEMA- 4465 - DR - NC	Community Development Block Grant- CV Funds	Hurricane Isaias	Riverwalk Project Phase I, II, and III	American Rescue Plan Act	2020 Edward Byrne Memorial JAG Grant	2021 Edward Byrne Memorial JAG Grant	NCHFA Urgent Repair Program - 2218	NCHFA 2022 Essential Single-Family Rehabilitation	2022 Edward Byrne Memorial JAG Grant	2022 FY22 Law Enforcement Agency De-Escalation Grant	2022 Kinston Police Department Block Grant	2023 Edward Byrne Memorial JAG Grant	21 Kinston PD Project Safe Neighborhood Grant	22 Kinston PD Project Safe Neighborhood Grant	Total
ASSETS																						
Cash and investments	\$ 691,746	\$ 14,564	\$ 46,304	\$ 3,372,348	\$ 3,883	\$ 4,493,778	\$ 509,489	\$ -	\$ 216,620	\$ 25,000	\$ 23,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from government agencies	-	672	606	-	-	-	-	92,879	-	-	-	16,235	10,050	-	117,600	19,765	55,581	181	10,090	5,014	4,042	\$ 9,397,604
Accounts receivable	35,892	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	332,714
Notes receivable	151,195	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,195
Total assets	<u>\$ 878,833</u>	<u>\$ 15,236</u>	<u>\$ 46,910</u>	<u>\$ 3,372,348</u>	<u>\$ 3,883</u>	<u>\$ 4,493,778</u>	<u>\$ 509,489</u>	<u>\$ 92,879</u>	<u>\$ 216,620</u>	<u>\$ 25,000</u>	<u>\$ 23,872</u>	<u>\$ 16,235</u>	<u>\$ 10,050</u>	<u>\$ -</u>	<u>\$ 117,600</u>	<u>\$ 19,765</u>	<u>\$ 55,581</u>	<u>\$ 181</u>	<u>\$ 10,090</u>	<u>\$ 5,014</u>	<u>\$ 4,042</u>	<u>\$ 9,917,405</u>
LIABILITIES																						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,879	\$ -	\$ -	\$ -	\$ 16,235	\$ 10,050	\$ -	\$ 117,600	\$ 19,765	\$ 55,581	\$ 181	\$ 10,090	\$ 5,014	\$ 4,042	\$ 331,436
Grant receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,235</u>	<u>10,050</u>	<u>-</u>	<u>117,600</u>	<u>19,765</u>	<u>55,581</u>	<u>181</u>	<u>10,090</u>	<u>5,014</u>	<u>4,042</u>	<u>331,436</u>
FUND BALANCES																						
Restricted:																						
Restricted, all other	878,833	15,236	46,910	3,372,348	3,883	4,493,778	509,489	-	216,620	25,000	23,872	-	-	-	-	-	-	-	-	-	-	9,585,969
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>878,833</u>	<u>15,236</u>	<u>46,910</u>	<u>3,372,348</u>	<u>3,883</u>	<u>4,493,778</u>	<u>509,489</u>	<u>-</u>	<u>216,620</u>	<u>25,000</u>	<u>23,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,585,969</u>
Total liabilities and fund balances	<u>\$ 878,833</u>	<u>\$ 15,236</u>	<u>\$ 46,910</u>	<u>\$ 3,372,348</u>	<u>\$ 3,883</u>	<u>\$ 4,493,778</u>	<u>\$ 509,489</u>	<u>\$ 92,879</u>	<u>\$ 216,620</u>	<u>\$ 25,000</u>	<u>\$ 23,872</u>	<u>\$ 16,235</u>	<u>\$ 10,050</u>	<u>\$ -</u>	<u>\$ 117,600</u>	<u>\$ 19,765</u>	<u>\$ 55,581</u>	<u>\$ 181</u>	<u>\$ 10,090</u>	<u>\$ 5,014</u>	<u>\$ 4,042</u>	<u>\$ 9,917,405</u>

CITY OF KINSTON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Fund
For the Fiscal Year Ended June 30, 2024

Schedule 7

	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	Brownsfields MARLF Grant	Hurricane Isaias	Riverwalk Project Phase I, II, and III	American Rescue Plan Act	NCHFA Urgent Repair Program - 2218	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	2023 Edward Byrne Memorial JAG Grant	21 Kinston PD Project Safe Neighborhood Grant	22 Kinston PD Project Safe Neighborhood Grant	Total
REVENUES																				
Intergovernmental revenue	\$ -	\$ 9,415	\$ 5,752	\$ -	\$ -	\$ 98,771	\$ -	\$ 53,394	\$ 206,252	\$ -	\$ -	\$ 43,535	\$ 103,625	\$ 19,216	\$ 122,957	\$ 11,700	\$ 9,452	\$ 4,697	\$ 4,042	\$ 692,808
Investment earnings	4,291	-	1,208	-	-	-	-	-	-	-	2,727	-	-	-	-	-	-	-	-	8,226
Sales and services	-	-	1,975	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,975
Miscellaneous	-	-	7,055	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,055
Total revenues	4,291	9,415	15,990	-	-	98,771	-	53,394	206,252	-	2,727	43,535	103,625	19,216	122,957	11,700	9,452	4,697	4,042	710,064
EXPENDITURES																				
Community development	-	-	-	-	-	-	-	53,394	-	-	-	103,535	103,625	-	-	-	-	-	-	260,554
Public safety	-	9,963	44,419	-	-	-	-	-	-	-	-	-	-	19,216	122,957	11,700	9,452	4,697	4,042	226,446
Total expenditures	-	9,963	44,419	-	-	-	-	53,394	-	-	-	103,535	103,625	19,216	122,957	11,700	9,452	4,697	4,042	487,000
Excess (deficiency) of revenues over expenditures	4,291	(548)	(28,429)	-	-	98,771	-	-	206,252	-	2,727	(60,000)	-	-	-	-	-	-	-	223,064
OTHER FINANCING SOURCES (USES)																				
Appropriated fund balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	7,273	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,273
Total other financing sources (uses)	-	7,273	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,273
Net change in fund balance	4,291	6,725	(28,429)	-	-	98,771	-	-	206,252	-	2,727	(60,000)	-	-	-	-	-	-	-	230,337
Fund balances, beginning	874,542	8,511	75,339	3,372,348	3,883	4,395,007	509,489	-	10,368	25,000	21,145	60,000	-	-	-	-	-	-	-	9,355,632
Fund balances, ending	\$ 878,833	\$ 15,236	\$ 46,910	\$ 3,372,348	\$ 3,883	\$ 4,493,778	\$ 509,489	\$ -	\$ 216,620	\$ 25,000	\$ 23,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,585,969

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, 2024 With Comparative Actual Amounts for year ended June 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Loan repayments	\$ -	\$ -	\$ -	\$ -
Other revenue	540	-	(540)	90
Investment earnings	900	4,291	3,391	1,991
Total revenues	1,440	4,291	2,851	2,081
Expenditures:				
Community Development: Administration	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	1,440	4,291	2,851	2,081
Other Financing Sources (Uses)				
Appropriated fund balance	(1,440)	-	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	(1,440)	-	-	-
Net change in fund balance	<u>\$ -</u>	4,291	<u>\$ 2,851</u>	<u>\$ 2,081</u>
Fund balance, beginning		<u>874,542</u>		
Fund balance, ending		<u>\$ 878,833</u>		

CITY OF KINSTON, NORTH CAROLINA
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, 2024

Schedule 9

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, State grants	\$ 75,531	\$ 62,185	\$ 9,415	\$ 71,600	\$ (3,931)
Total revenues	75,531	62,185	9,415	71,600	(3,931)
Expenditures:					
Law enforcement supplies	151,062	121,932	9,963	131,895	19,167
Total expenditures	151,062	121,932	9,963	131,895	19,167
Other Financing Sources (Uses):					
Transfers in (out)	75,531	68,258	7,273	75,531	-
Total other financing sources (uses)	75,531	68,258	7,273	75,531	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,511</u>	6,725	<u>\$ 15,236</u>	<u>\$ 15,236</u>
Fund balance, beginning			8,511		
Fund balance, ending			<u>\$ 15,236</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 10

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, 2024

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Over/Under
		Years	Year	Date	
Revenues:					
Federal Forfeiture Proceeds	\$ 81,200	\$ 81,168	\$ -	\$ 81,168	\$ (32)
State and Local Forfeiture Proceeds	148,175	\$ 144,513	5,752	150,265	2,090
Investment earnings	1,550	354	1,208	1,562	12
Donations	23,000	19,139	3,440	22,579	(421)
Court fees	2,000	-	1,975	1,975	(25)
Miscellaneous	3,615	-	3,615	3,615	-
Total revenues	<u>259,540</u>	<u>245,174</u>	<u>15,990</u>	<u>261,164</u>	<u>1,624</u>
Expenditures:					
Federal Forfeiture Expenditures	82,050	80,479	-	80,479	1,571
State forfeiture expenditures	116,000	40,015	44,146	84,161	31,839
Special court allocation expenditures	26,000	27,134	273	27,407	(1,407)
ABC board KPD expenditures	6,175	5,594	-	5,594	581
Miscellaneous KPD expenditures	29,315	16,613	-	16,613	12,702
Total expenditures	<u>259,540</u>	<u>169,835</u>	<u>44,419</u>	<u>214,254</u>	<u>45,286</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 75,339</u>	<u>(28,429)</u>	<u>\$ 46,910</u>	<u>\$ 46,910</u>
Fund balance, beginning			<u>75,339</u>		
Fund balance, ending			<u>\$ 46,910</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 11

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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
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	-	30,557	-	30,557	30,557
Total revenues	-	3,065,186	-	3,065,186	3,065,186
Expenditures:					
Salaries and benefits	-	6,827	-	6,827	(6,827)
Construction work - sewer	2,776,003	2,462,014	-	2,462,014	313,989
Total expenditures	2,776,003	2,468,841	-	2,468,841	307,162
Other Financing Sources (Uses):					
Transfers in	2,776,003	2,776,003	-	2,776,003	-
Total other financing sources	2,776,003	2,776,003	-	2,776,003	-
Net change in fund balance	\$ -	\$ 3,372,348	-	\$ 3,372,348	\$ 3,372,348
Fund balance, beginning			3,372,348		
Fund balance, ending			\$ 3,372,348		

CITY OF KINSTON, NORTH CAROLINA
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, 2024

Schedule 12

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 1,050,000	\$ 658,933	\$ -	\$ 658,933	\$ (391,067)
Total revenues	1,050,000	658,933	-	658,933	(391,067)
Expenditures:					
NCFHA loan pool funds	1,050,000	655,050	-	655,050	394,950
Total expenditures	1,050,000	655,050	-	655,050	394,950
Revenues over (under) expenditures	\$ -	\$ 3,883	-	\$ 3,883	\$ 3,883
			3,883		
			<u>\$ 3,883</u>		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Funds - Hurricane Florence - FEMA - 4393 - DR - NC
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal grants	\$ -	\$ 2,891,062	\$ 98,771	\$ 2,989,833	\$ (2,989,833)
Insurance proceeds	-	472,527	-	472,527	(472,527)
Total revenues	-	3,363,589	98,771	3,462,360	(3,462,360)
Expenditures:					
Salaries	-	413,388	-	413,388	(413,388)
Construction work	6,283,000	4,838,194	-	4,838,194	1,444,806
Total expenditures	6,283,000	5,251,582	-	5,251,582	1,031,418
Other Financing Sources (Uses):					
Transfers in	6,283,000	6,283,000	-	6,283,000	-
Total other financing sources	6,283,000	6,283,000	-	6,283,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,395,007</u>	98,771	<u>\$ 4,493,778</u>	<u>\$ 4,493,778</u>
Fund balance, beginning			<u>4,395,007</u>		
Fund balance, ending			<u>\$ 4,493,778</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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
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	<u>\$ -</u>	<u>\$ 509,489</u>	-	<u>\$ 509,489</u>	<u>\$ 509,489</u>
Fund balance, beginning			<u>509,489</u>		
Fund balance, ending			<u>\$ 509,489</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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, federal	\$ 300,000	\$ 246,606	\$ 53,394	\$ 300,000	\$ -
Total revenues	300,000	246,606	53,394	300,000	-
Expenditures:					
Cleanup expenses	300,000	246,606	53,394	300,000	-
Total expenditures	300,000	246,606	53,394	300,000	-
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 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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	118,950	206,252	325,202	325,202
Total revenues	-	118,950	206,252	325,202	325,202
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	<u>\$ -</u>	<u>\$ 10,368</u>	206,252	<u>\$ 216,620</u>	<u>\$ 216,620</u>
Fund balance, beginning			<u>10,368</u>		
Fund balance, ending			<u>\$ 216,620</u>		

CITY OF KINSTON, NORTH CAROLINA
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, 2024

Schedule 17

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

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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
COVID Federal Assistance	\$ 6,387,015	\$ 6,387,015	\$ -	\$ 6,387,015	\$ -
Investment earnings	-	13,182	2,727	15,909	15,909
Total revenues	6,387,015	6,400,197	2,727	6,402,924	15,909
Expenditures:					
Premium Pay Expenditures	827,744	827,744	-	827,744	-
Total expenditures	827,744	827,744	-	827,744	-
Other Financing Sources (Uses)					
Transfers out	(5,559,271)	(5,551,308)	-	(5,551,308)	(7,963)
Total other financing sources (uses)	(5,559,271)	(5,551,308)	-	(5,551,308)	(7,963)
Net change in fund balance	\$ -	\$ 21,145	\$ 2,727	\$ 23,872	\$ 23,872
Fund balance, beginning			\$ 21,145		
Fund balance, ending			\$ 23,872		

CITY OF KINSTON, NORTH CAROLINA
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, 2024

Schedule 19

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 132,000	\$ 60,000	\$ 43,535	\$ 103,535	\$ (28,465)
Total revenues	132,000	60,000	43,535	103,535	(28,465)
Expenditures:					
NCFHA urgent repair costs	132,000	-	103,535	103,535	28,465
Total expenditures	132,000	-	103,535	103,535	28,465
Net change in fund balance	\$ -	\$ 60,000	(60,000)	\$ -	\$ -
Fund balance, beginning			60,000		
Fund balance, ending			\$ -		

CITY OF KINSTON, NORTH CAROLINA

Schedule 20

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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 570,250	\$ 13,975	\$ 103,625	\$ 117,600	\$ (452,650)
Total revenues	570,250	13,975	103,625	117,600	(452,650)
Expenditures:					
NCFHA urgent repair costs	570,250	13,975	103,625	117,600	452,650
Total expenditures	570,250	13,975	103,625	117,600	452,650
Net change in fund balance	\$ -	-	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 22,168	\$ 2,750	\$ 19,216	\$ 21,966	\$ (202)
Total revenues	22,168	2,750	19,216	21,966	(202)
Expenditures:					
Law enforcement supplies	22,168	2,750	19,216	21,966	202
Total expenditures	22,168	2,750	19,216	21,966	202
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- 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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 150,000	\$ 2,920	\$ 122,957	\$ 125,877	\$ (24,123)
Total revenues	150,000	2,920	122,957	125,877	(24,123)
Expenditures:					
Law enforcement de-escalation grant expenses	150,000	2,920	122,957	125,877	24,123
Total expenditures	150,000	2,920	122,957	125,877	24,123
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

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, 2024

	<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	<u>\$ 24,200</u>	<u>\$ 9,075</u>	<u>\$ 11,700</u>	<u>\$ 20,775</u>	<u>\$ (3,425)</u>
Total revenues	<u>24,200</u>	<u>9,075</u>	<u>11,700</u>	<u>20,775</u>	<u>(3,425)</u>
Expenditures:					
Training and Employee Development	<u>24,200</u>	<u>9,075</u>	<u>11,700</u>	<u>20,775</u>	<u>3,425</u>
Total expenditures	<u>24,200</u>	<u>9,075</u>	<u>11,700</u>	<u>20,775</u>	<u>3,425</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- 2023 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, 2024

	<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	<u>\$ 20,149</u>	<u>\$ -</u>	<u>\$ 9,452</u>	<u>\$ 9,452</u>	<u>\$ (10,697)</u>
Total revenues	<u>20,149</u>	<u>-</u>	<u>9,452</u>	<u>9,452</u>	<u>(10,697)</u>
Expenditures:					
Law Enforcement Supplies	<u>20,149</u>	<u>-</u>	<u>9,452</u>	<u>9,452</u>	<u>10,697</u>
Total expenditures	<u>20,149</u>	<u>-</u>	<u>9,452</u>	<u>9,452</u>	<u>10,697</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- 21 Kinston PD 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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 22,849	\$ -	\$ 4,697	\$ 4,697	\$ (18,152)
Total revenues	22,849	-	4,697	4,697	(18,152)
Expenditures:					
Training and Employee Development	22,849	-	4,697	4,697	18,152
Total expenditures	22,849	-	4,697	4,697	18,152
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- 22 Kinston PD 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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, federal grant	\$ 21,400	\$ -	\$ 4,042	\$ 4,042	\$ (17,358)
Total revenues	21,400	-	4,042	4,042	(17,358)
Expenditures:					
Training and Employee Development	21,400	-	4,042	4,042	17,358
Total expenditures	21,400	-	4,042	4,042	17,358
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

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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.

Transportation Infrastructure Projects – 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 Firefight 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.

Regional Economic Development Reserve Grant – This fund accounts for monies to be used to construct a purpose-built facility to house the Kinston Police Department's Mobile Command Center, SWAT Vehicles, and miscellaneous storage to provide a secure, climate-controlled environment for storing and maintaining specialized equipment and vehicles. The City was awarded a grant from the Regional Economic Development Reserve Directed Grant from the State of North Carolina for the purpose of the construction.

CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Capital Project Fund
For the Fiscal Year Ended June 30, 2024

Schedule 27

	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	Regional Economic Development Reserve Grant	Total
ASSETS												
Cash and investments	\$ 8,250	\$ 21,865	\$ 253,685	-	\$ 51,591	\$ 32,445	\$ 537,073	\$ 912	\$ 193	\$ 139,131	\$ 137,273	\$ 1,182,418
Due from governmental agencies	-	-	-	90,923	-	-	-	-	-	296,759	-	387,682
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>8,250</u>	<u>21,865</u>	<u>253,685</u>	<u>90,923</u>	<u>51,591</u>	<u>32,445</u>	<u>537,073</u>	<u>912</u>	<u>193</u>	<u>435,890</u>	<u>137,273</u>	<u>1,570,100</u>
LIABILITIES												
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable and accrued liabilities	-	-	-	90,923	-	1,520	-	-	-	210,000	-	302,443
Advances from grantors	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,923</u>	<u>-</u>	<u>1,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,000</u>	<u>-</u>	<u>302,443</u>
FUND BALANCES												
Restricted	-	-	-	-	-	-	-	-	193	184,110	137,273	321,576
Committed	8,250	21,865	253,685	-	51,591	30,925	537,073	912	-	41,780	-	946,081
Assigned	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>8,250</u>	<u>21,865</u>	<u>253,685</u>	<u>-</u>	<u>51,591</u>	<u>30,925</u>	<u>537,073</u>	<u>912</u>	<u>193</u>	<u>225,890</u>	<u>137,273</u>	<u>1,267,657</u>
Total liabilities and fund balances	<u>\$ 8,250</u>	<u>\$ 21,865</u>	<u>\$ 253,685</u>	<u>\$ 90,923</u>	<u>\$ 51,591</u>	<u>\$ 32,445</u>	<u>\$ 537,073</u>	<u>\$ 912</u>	<u>\$ 193</u>	<u>\$ 435,890</u>	<u>\$ 137,273</u>	<u>\$ 1,570,100</u>

CITY OF KINSTON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Project Funds
For the Fiscal Year Ended June 30, 2024

Schedule 28

	Retro-Green	General Fund Small Projects	Grainger Stadium Improvements Project	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	Regional Economic Development Reserve Grant	Total
REVENUES											
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 1
Federal, state and local grants	-	-	-	-	-	-	-	-	289,110	250,000	539,110
Miscellaneous	-	-	-	(7,530)	-	-	-	-	-	-	(7,530)
Total revenues	-	-	-	(7,530)	-	-	-	1	289,110	250,000	531,581
EXPENDITURES											
Cultural and recreation	-	-	-	-	-	-	-	-	563,220	-	563,220
Public safety	-	-	-	-	-	-	-	-	-	112,727	112,727
Community development	-	-	-	-	29,963	-	-	-	-	-	29,963
Total expenditures	-	-	-	-	29,963	-	-	-	563,220	112,727	705,910
Excess (deficiency) of revenues over expenditures	-	-	-	(7,530)	(29,963)	-	-	1	(274,110)	137,273	(174,329)
OTHER FINANCING SOURCES (USES)											
Debt issued	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	287,073	-	-	-	-	287,073
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	287,073	-	-	-	-	287,073
Net change in fund balance	-	-	-	(7,530)	(29,963)	287,073	-	1	(274,110)	137,273	112,744
Fund balances, beginning	8,250	21,865	253,685	59,121	60,888	250,000	912	192	500,000	-	1,154,913
Fund balances, ending	<u>\$ 8,250</u>	<u>\$ 21,865</u>	<u>\$ 253,685</u>	<u>\$ 51,591</u>	<u>\$ 30,925</u>	<u>\$ 537,073</u>	<u>\$ 912</u>	<u>\$ 193</u>	<u>\$ 225,890</u>	<u>\$ 137,273</u>	<u>\$ 1,267,657</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 29

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, 2024

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

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, 2024

	Project Authorization	Prior Years	Actual 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	183,140	188,621	-	188,621	5,481
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	358,140	341,756	-	341,756	16,384
Other Financing Sources (Uses):					
Transfers in	175,000	175,000	-	175,000	-
Total other financing sources (uses)	175,000	175,000	-	175,000	-
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 31

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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Expenditures:					
Stadium Improvements	\$ 2,389,042	\$ 2,381,461	\$ -	\$ 2,381,461	\$ 7,581
Loan closing costs	30,000	83,896	-	83,896	(53,896)
Total expenditures	2,419,042	2,465,357	-	2,465,357	(46,315)
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)	2,419,042	2,719,042	-	2,719,042	300,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 253,685</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 32

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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Golden Leaf Foundation Grant	\$ 599,720	637,679	\$ -	\$ 637,679	\$ 37,959
Other revenues	117,530	117,530	(7,530)	110,000	(7,530)
Total revenues	717,250	755,209	(7,530)	747,679	30,429
Expenditures:					
Doctors Drive Road and Utility Extension	877,250	856,088	-	856,088	21,162
Total expenditures	877,250	856,088	-	856,088	21,162
Other Financing Sources (Uses):					
Transfers in	160,000	160,000	-	160,000	-
Total other financing sources (uses)	160,000	160,000	-	160,000	-
Net change in fund balance	\$ -	\$ 59,121	(7,530)	\$ 51,591	\$ 51,591
Fund balance, beginning			59,121		
Fund balance, ending			\$ 51,591		

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, 2024

Schedule 33

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Other revenues	\$ -	\$ 20,378	\$ -	\$ 20,378	\$ 20,378
Total revenues	-	20,378	-	20,378	20,378
Expenditures:					
Queen Street Redesign & Construction	3,200,000	3,159,490	29,963	3,189,453	10,547
Total expenditures	3,200,000	3,159,490	29,963	3,189,453	10,547
Other Financing Sources (Uses):					
Transfers in	3,200,000	3,200,000	-	3,200,000	-
Total other financing sources (uses)	3,200,000	3,200,000	-	3,200,000	-
Net change in fund balance	\$ -	\$ 60,888	(29,963)	\$ 30,925	\$ 30,925
Fund balance, beginning			60,888		
Fund balance, ending			\$ 30,925		

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, 2024

Schedule 34

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Expenditures:					
Street Resurfacing	\$ 943,000	\$ 693,000	\$ -	\$ 693,000	\$ 250,000
Total expenditures	943,000	693,000	-	693,000	250,000
Other Financing Sources (Uses):					
Transfers in	943,000	943,000	287,073	1,230,073	287,073
Total other financing sources (uses)	943,000	943,000	287,073	1,230,073	287,073
Net change in fund balance	<u>\$ -</u>	<u>\$ 250,000</u>	287,073	<u>\$ 537,073</u>	<u>\$ 537,073</u>
Fund balance, beginning			<u>250,000</u>		
Fund balance, ending			<u>\$ 537,073</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, 2024

Schedule 35

	Project Authorization	Prior Years	Actual 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	665,418	649,224	-	649,224	(16,194)
Expenditures:					
Firefighter apparatus expenditures	712,400	695,293	-	695,293	17,107
Total expenditures	712,400	695,293	-	695,293	17,107
Other Financing Sources (Uses):					
Transfers in	46,982	46,981	-	46,981	(1)
Total other financing sources (uses)	46,982	46,981	-	46,981	(1)
Net change in fund balance	<u>\$ -</u>	<u>\$ 912</u>	-	<u>\$ 912</u>	<u>\$ 912</u>
Fund balance, beginning			<u>912</u>		
Fund balance, ending			<u>\$ 912</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 36

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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State Grant	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
Miscellaneous revenues	-	192	1	193	193
Total revenues	100,000	100,192	1	100,193	193
Expenditures:					
Capital outlay	100,000	100,000	-	100,000	-
Total expenditures	100,000	100,000	-	100,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 192</u>	1	<u>\$ 193</u>	<u>\$ 193</u>
Fund balance, beginning			<u>192</u>		
Fund balance, ending			<u>\$ 193</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 37

Capital Project Fund - Emma Web PARTF Grant

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State Grant	\$ 500,000	\$ -	\$ 289,110	\$ 289,110	\$ (210,890)
Transfers	500,000	500,000	-	500,000	-
Total revenues	1,000,000	500,000	289,110	789,110	(210,890)
Expenditures:					
Capital outlay	1,000,000	-	563,220	563,220	436,780
Total expenditures	1,000,000	-	563,220	563,220	436,780
Net change in fund balance	\$ -	\$ 500,000	(274,110)	\$ 225,890	\$ 225,890
Fund balance, beginning			500,000		
Fund balance, ending			\$ 225,890		

CITY OF KINSTON, NORTH CAROLINA

Schedule 38

Capital Project Fund - Regional Economic Development Reserve Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
State Grant	\$ 250,000	\$ -	\$ 250,000	\$ 250,000	\$ -
Total revenues	250,000	-	250,000	250,000	-
Expenditures:					
Capital outlay	250,000	-	112,727	112,727	137,273
Total expenditures	250,000	-	112,727	112,727	137,273
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	137,273	<u>\$ 137,273</u>	<u>\$ 137,273</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 137,273</u>		

PERMANENT FUND

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

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CITY OF KINSTON, NORTH CAROLINA

Schedule 39

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, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 200	\$ 472	\$ 272
Total revenues	<u>200</u>	<u>472</u>	<u>272</u>
Other Financing Sources (Uses)			
Appropriated fund balance	100	-	-
Transfers out	<u>(300)</u>	<u>(300)</u>	<u>-</u>
Total other financing sources (uses)	<u>(200)</u>	<u>(300)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	172	<u>\$ 272</u>
Fund balance, beginning		<u>75,239</u>	
Fund balance, ending		<u>\$ 75,411</u>	

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ELECTRIC FUND

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

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CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Electric Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services, electricity sales	\$ 47,888,498	\$ 46,929,958	\$ 958,540	\$ 46,491,825
Other	75,200	72,611	2,589	82,784
Total operating revenues	47,963,698	47,002,569	961,129	46,574,609
Non-Operating Revenues:				
Grant funds	5,000	-	5,000	7,500
Interest earned on investments	50,000	132,107	(82,107)	59,172
Miscellaneous	-	-	-	-
Total non-operating revenues	55,000	132,107	(77,107)	66,672
Total revenues	48,018,698	47,134,676	884,022	46,641,281
Expenditures:				
Electric Operations:				
Salaries and benefits	2,253,336	1,617,909	635,427	1,463,400
Operating	2,620,462	1,709,816	910,646	1,464,947
Purchased power	34,697,648	33,917,704	779,944	32,974,758
Indirect costs	1,650,655	1,650,655	-	1,536,347
Capital outlay	1,144,357	1,043,894	100,463	73,010
Total electric operations expenditures	42,366,458	39,939,978	2,426,480	37,512,462
Debt Service:				
Principal retirement	102,290	102,290	-	217,830
Interest and other charges	895	895	-	5,711
Total debt service	103,185	103,185	-	223,541
Non-Operating Expenditures:				
Payment in lieu of taxes	455,700	455,700	-	446,138
Economic development reimbursements	90,438	5,362	85,076	33,098
Total non-operating expenditures	546,138	461,062	85,076	479,236
Total expenditures	43,015,781	40,504,225	2,511,556	38,215,239
Other Financing Sources (Uses):				
Appropriated net position	762,120	-	762,120	-
Transfers in	3,293,190	3,293,190	-	10,000
Loan repayments from other funds	373,319	373,319	-	-
Transfers out - Capital Reserve Fund	(2,065,000)	(2,065,000)	-	(2,860,861)
Transfers out	(4,083,356)	(4,083,356)	-	(4,520,780)
Loans to other funds	(3,283,190)	(3,283,190)	-	(180,000)
Total other financing sources (uses)	(5,002,917)	(5,765,037)	762,120	(7,551,641)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 865,414	\$ (865,414)	\$ 874,401

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, 2024 With Comparative Totals for the Year Ended June 30, 2023 (Continued)

	2024		2023
	Budget	Actual	Variance Over/Under
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 865,414	\$ 874,401
Transfers in - Capital Reserve Funds		4,016,944	5,172,141
Transfers out - Capital Reserve Funds		(456,500)	(90,500)
Bad debt expense		(194,286)	(262,183)
Capital outlay		1,060,349	262,198
Payment of debt principal		102,290	217,830
Interfund loan		2,909,871	180,000
Depreciation		(1,208,033)	(999,444)
Capital distribution		271,457	(189,190)
Investment earnings from capital project funds		146,441	57,337
Change in accrued compensated absences		13,963	(5,891)
Disposal of capital assets		(3,686,986)	-
Change in deferred outflows of resources - pension		68,834	130,269
Change in deferred inflows of resources - pension		(803)	316,136
Change in net pension liability		(193,122)	(504,746)
Change in accrued interest payable		448	953
Change in net position		<u>\$ 3,716,281</u>	<u>\$ 5,159,311</u>

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	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal and state grants	\$ 2,264,027	\$ 2,303,174	-	\$ 2,303,174	\$ 39,147
Dopaco project contribution	25,000	25,000	-	25,000	-
Heelstone Energy contribution	500,000	355,000	-	355,000	(145,000)
Solar Farm Electric Project	196,516	196,516	-	196,516	-
Total revenues	<u>2,985,543</u>	<u>2,879,690</u>	<u>-</u>	<u>2,879,690</u>	<u>(105,853)</u>
Expenditures:					
Lenox China Generator Project	405,397	405,397	-	405,397	-
Dapaco Inc. Generator Project	855,000	855,000	-	855,000	-
West Pharmaceutical Generator Project	962,500	962,500	-	962,500	-
Queen Street Bridge Electric Line Relocation Project	862,012	862,012	-	862,012	-
Solar Farm Electric Improvements Project	98,659	98,659	-	98,659	-
Falling Creek Substation Transformer Project	1,291,949	1,262,124	-	1,262,124	29,825
Second Point of Delivery	5,483,514	5,045,389	-	5,045,389	438,125
SmartGrid System Elec&Wtr	3,216,810	5,697,542	(3,280,711)	2,416,831	799,979
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	760,205	-	760,205	1,615,795
Electric Circuit 540 Upgrade	2,341,800	109,151	13,976	123,127	2,218,673
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
Electric Field Verification and Data	456,500	-	-	-	456,500
Total	<u>20,454,171</u>	<u>17,790,843</u>	<u>(3,266,735)</u>	<u>14,524,108</u>	<u>5,930,063</u>
Total expenditures	<u>20,454,171</u>	<u>17,790,843</u>	<u>(3,266,735)</u>	<u>14,524,108</u>	<u>5,930,063</u>
Other Financing Sources (Uses):					
Transfers in	20,970,406	20,513,906	456,500	20,970,406	-
Transfers out	(3,501,778)	(50,000)	(3,451,778)	(3,501,778)	-
Total other financing sources (uses)	<u>17,468,628</u>	<u>20,463,906</u>	<u>(2,995,278)</u>	<u>17,468,628</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 5,552,753</u>	<u>\$ 271,457</u>	<u>\$ 5,824,210</u>	<u>\$ 5,824,210</u>

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WATER FUND

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

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CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Water Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Water sales	\$ 11,125,395	\$ 10,818,773	\$ (306,622)	\$ 10,597,390
Other	346,508	377,921	31,413	265,399
Total operating revenues	11,471,903	11,196,694	(275,209)	10,862,789
Non-Operating Revenues:				
Interest earned on investments	24,000	76,720	52,720	31,079
Total non-operating revenues	24,000	76,720	52,720	31,079
Total revenues	11,495,903	11,273,414	(222,489)	10,893,868
Expenditures:				
Water Production:				
Salaries and benefits	398,336	379,664	18,672	346,992
Operating	419,564	317,279	102,285	294,650
Repairs and maintenance	518,500	396,358	122,142	372,559
Capital outlay	39,000	37,082	1,918	-
Indirect costs	1,223,169	1,223,169	-	1,140,653
Total water production	2,598,569	2,353,552	245,017	2,154,854
Water Operations:				
Salaries and benefits	1,546,912	1,332,011	214,901	1,169,961
Operating	692,138	653,408	38,730	577,194
Repairs and maintenance	210,900	125,878	85,022	154,314
Capital outlay	4,132,575	3,706,198	426,377	142,920
Indirect costs	215,291	215,291	-	208,718
Purchased water	4,483,200	4,483,200	-	4,483,200
Total water operations	11,281,016	10,515,986	765,030	6,736,307
Debt service:				
Principal retirement	100,426	100,425	-	90,037
Interest and other charges	5,567	4,323	1,244	1,509
Total debt service	105,993	104,748	1,244	91,546
Non-Operating Expenditures:				
Economic development reimbursements	-	-	-	-
Total non-operating expenditures	-	-	-	-
Total expenditures	13,985,578	12,974,286	1,011,291	8,982,706
Revenues over (under) expenditures	\$ (2,489,675)	\$ (1,700,872)	\$ 788,803	\$ 1,911,161

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, 2024 With Comparative Totals for the Year Ended June 30, 2023
(Continued)

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Long-term debt issued	\$ 339,617	\$ 310,373	\$ -	\$ -
Appropriated net position	(304,813)	-	304,813	-
Loans from other funds	2,954,871	2,954,871	-	-
Transfers to Capital Reserve	(500,000)	(500,000)	-	(249,322)
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	2,489,675	2,765,244	304,813	(249,322)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,064,372</u>	<u>\$ 483,990</u>	<u>\$ 1,661,839</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,064,372		\$ 1,661,839
Transfers in - Capital Reserve Fund		500,000		249,322
Transfers out - Capital Reserve Fund		(20,000)		-
Loans from other funds		(2,954,871)		-
Bad debt expense		(47,083)		(26,089)
Capital outlay		4,034,077		1,307,250
Interest from Capital Reserve Fund		14,956		6,745
Long-term debt issued		(1,383,641)		-
Payment of debt principal		458,575		90,037
Proceeds from sale of property		-		-
Depreciation		(506,709)		(433,621)
Capital distribution		935,477		(926,043)
Change in accrued compensated absences		1,937		(8,226)
Change in deferred outflows of resources - pension		81,656		163,972
Change in deferred inflows of resources - pension		(214,310)		(525,102)
Change in net pension liability		(1,194)		283,058
Change in accrued interest payable		(1,822)		252
Change in net position		<u>\$ 1,961,420</u>		<u>\$ 1,843,394</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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal and State grants	\$ 610,013	\$ 489,283	\$ 169,951	\$ 659,234	\$ 49,221
Total revenues	610,013	489,283	169,951	659,234	49,221
Expenditures:					
Water line projects	6,500,218	4,258,774	327,743	4,586,517	1,913,701
Total expenditures	6,500,218	4,258,774	327,743	4,586,517	1,913,701
Other Financing Sources (Uses):					
Debt proceeds	3,476,200	1,299,887	1,073,268	2,373,155	(1,103,045)
Transfers in	2,694,005	2,567,879	20,001	2,587,880	(106,125)
Transfers out	(280,000)	(280,000)	-	(280,000)	-
Total other financing sources (uses)	5,890,205	3,587,766	1,093,269	4,681,035	(1,209,170)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (181,725)	\$ 935,477	\$ 753,752	\$ 753,751

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WASTEWATER FUND

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

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CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Wastewater Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Sewer sales	\$ 7,198,000	\$ 6,755,310	\$ (442,690)	\$ 7,162,022
Other	25,000	574	(24,426)	6,936
Total operating revenues	7,223,000	6,755,884	(467,116)	7,168,958
Non-Operating Revenues:				
Interest earned on investments	-	15,863	15,863	-
Total non-operating revenues	-	15,863	15,863	-
Total revenues	7,223,000	6,771,747	(451,253)	7,168,958
Expenditures:				
Wastewater Plant Operations:				
Salaries and benefits	1,089,808	953,814	135,994	908,034
Operating	729,707	621,387	108,320	516,822
Repairs and maintenance	620,752	436,465	184,287	552,639
Indirect costs	3,022,824	3,022,824	-	2,513,602
Capital outlay	214,160	125,500	88,660	400,461
Total wastewater plant operations	5,677,251	5,159,990	517,261	4,891,558
Debt Service:				
Principal retirement	1,256,828	1,243,821	-	1,229,041
Interest and other charges	56,922	55,525	1,397	69,555
Total debt service	1,313,750	1,299,346	1,397	1,298,596
Non-Operating Expenditures:				
Economic development reimbursements	-	-	-	-
Total non-operating expenditures	-	-	-	-
Total expenditures	6,991,001	6,459,336	518,658	6,190,154
Revenues over (under) expenditures	\$ 231,999	\$ 312,411	\$ (969,911)	\$ 978,804

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, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Appropriated net position	\$ (187,513)	\$ -	\$ (187,513)	\$ -
Long-term debt issued	155,514	135,316	20,198	-
Transfers out - capital projects	(200,000)	(200,000)	-	(202,108)
Transfers in	-	-	-	2,020,506
Transfers out - other funds	-	-	-	-
Total other financing sources (uses)	(231,999)	(64,684)	(167,315)	1,818,398
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 247,727	\$ (1,137,226)	\$ 2,797,202
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 247,727		\$ 2,797,202
Transfers - Capital projects		1,462,100		(2,966,183)
Interest from Capital Reserve		1,115		18
Capital outlay		3,379,461		3,724,557
Debt issued		(3,187,520)		-
Payment of debt principal		1,895,144		1,229,041
Depreciation		(2,468,915)		(2,475,558)
Contributions from Capital Reserve		200,000		192,000
Change in accrued compensated absences		2,636		(3,470)
Change in accrued interest payable		2,820		4,680
Change in deferred inflows of resources - pension		23,532		89,009
Change in deferred outflows of resources - pension		(84,840)		(303,005)
Change in net pension liability		33		172,372
Bad debt expense		(23,778)		(31,402)
Change in net position		\$ 1,449,515		\$ 2,429,261

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, 2024

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal and state grants	\$ 4,950,000	\$ 2,975,419	\$ 1,615,010	\$ 4,590,429	\$ (359,571)
Local funds	775,000	766,000	-	766,000	(9,000)
Miscellaneous Revenues	77,792	-	77,792	77,792	-
Total revenues	5,802,792	3,741,419	1,692,802	5,434,221	(368,571)
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	2,638,239	201,338	2,839,577	231,709
Lawrence Heights Sewer Replacement Project	5,365,592	1,055,735	1,496,866	2,552,601	2,812,991
Wastewater Asset Management Grant J Mosely	159,750	130,806	28,944	159,750	-
Oliver Glass Sewer Improvements	408,000	39,250.00	47,642	86,892	321,108
Vernon Avenue Sewer Rehabilitation Project	2,358,893	-	1,508,116	1,508,116	850,777
Total expenditures	27,965,647	19,787,208	3,282,906	23,070,114	4,895,533
Other Financing Sources (Uses):					
Debt issued	18,738,923	12,439,243	3,052,204	15,491,447	(3,247,476)
Transfers in	3,423,932	510,804	-	510,804	(2,913,128)
Total other financing sources (uses)	22,162,855	12,950,047	3,052,204	16,002,251	(6,160,604)
Revenue and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (3,095,743)	\$ 1,462,100	\$ (1,633,642)	\$ (1,633,642)

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NONMAJOR ENTERPRISE FUNDS

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

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

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

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

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CITY OF KINSTON, NORTH CAROLINA

Schedule 46

Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2024

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Assets:				
Current assets:				
Cash and investments	\$ 3,590,530	\$ 8,752,921	\$ 7,350	\$ 12,350,801
Accounts receivable	561,774	194,096	121,778	877,648
Total current assets	4,152,304	8,947,017	129,128	13,228,449
Non-current assets:				
Construction in progress	-	746,228	387,404	1,133,632
Depreciable capital assets	4,403,005	1,394,106	749,413	6,546,524
Accumulated depreciation	(4,033,112)	(1,045,365)	(164,698)	(5,243,175)
Total non-current assets	369,893	1,094,969	972,119	2,436,981
Total assets	4,522,197	10,041,986	1,101,247	15,665,430
Deferred Outflows of Resources:				
Pension related deferrals	384,620	81,110	61,809	527,539
Liabilities:				
Current liabilities				
Accounts payable and accrued liabilities	96,104	9,750	612,478	718,332
Current portion of installment notes	292,370	27,407	-	319,777
Current portion of compensated absences	15,733	902	3,273	19,908
Total current liabilities	404,207	38,059	615,751	1,058,017
Non-current liabilities				
Net pension liability	644,112	135,833	103,511	883,456
Non-current portion of installment notes	774,953	117,310	-	892,263
Non-current portion of compensated absences	47,198	2,706	9,819	59,723
Total non-current liabilities	1,466,263	255,849	113,330	1,835,442
Total liabilities	1,870,470	293,908	729,081	2,893,459
Deferred Inflows of Resources:				
Pension deferrals	11,593	2,444	1,863	15,900
Net Position:				
Net investment in capital assets	(697,430)	950,252	972,119	1,224,941
Unrestricted	3,722,184	8,876,492	(540,007)	12,058,669
Total net position	\$ 3,024,754	\$ 9,826,744	\$ 432,112	\$ 13,283,610

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the year ended June 30, 2024

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Operating Revenues:				
Charges for services	\$ 4,285,405	\$ 1,020,911	\$ 1,582,630	\$ 6,888,946
Other operating income	15,115	6,491,498	92,270	6,598,883
Total operating revenues	<u>4,300,520</u>	<u>7,512,409</u>	<u>1,674,900</u>	<u>13,487,829</u>
Operating Expenses:				
Operations	3,927,715	990,715	1,644,196	6,562,626
Depreciation	206,274	38,404	18,653	263,331
Total operating expenses	<u>4,133,989</u>	<u>1,029,119</u>	<u>1,662,849</u>	<u>6,825,957</u>
Operating income	<u>166,531</u>	<u>6,483,290</u>	<u>12,051</u>	<u>6,661,872</u>
Non-Operating Revenues (Expenses):				
Transfers (to) from	-	-	(10,000)	(10,000)
Interest earned on investments	16,907	20,840	-	37,747
Interest on long-term debt	(18,629)	(2,358)	-	(20,987)
Loss on disposal/write-off of capital assets	-	(32,467)	-	(32,467)
Total non-operating revenues (expenses)	<u>(1,722)</u>	<u>(13,985)</u>	<u>(10,000)</u>	<u>(25,707)</u>
Change in net position	<u>164,809</u>	<u>6,469,305</u>	<u>2,051</u>	<u>6,636,165</u>
Fund position, beginning	2,859,945	3,357,439	430,061	6,647,445
Fund position, ending	<u>\$ 3,024,754</u>	<u>\$ 9,826,744</u>	<u>\$ 432,112</u>	<u>\$ 13,283,610</u>

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended June 30, 2024

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,263,381	\$ 7,483,236	\$ 1,559,212	\$ 13,305,829
Cash paid to suppliers for goods and services	(2,709,573)	(678,800)	(728,484)	(4,116,857)
Cash paid to or on behalf of employees for services	(1,142,580)	(292,727)	(367,324)	(1,802,631)
Net cash provided by operating activities	411,228	6,511,709	463,404	7,386,341
Cash Flows From Noncapital Financing Activities:				
Transfer (to) from other funds	-	-	(10,000)	(10,000)
Total cash flow from noncapital financing activities	-	-	(10,000)	(10,000)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(355,790)	(6,031)	(453,404)	(815,225)
Proceeds from issuance of long-term debt	956,007	144,717	-	1,100,724
Principal paid on general long-term obligation bond maturities and equipment contracts	(108,762)	-	-	(108,762)
Interest paid on bonded indebtedness and equipment contracts	(18,629)	(2,358)	-	(20,987)
Net cash used by capital and related financing activities	472,826	136,328	(453,404)	155,750
Cash Flows from Investing Activities:				
Interest on investments	16,907	20,840	-	37,747
Net cash provided in investing activities	16,907	20,840	-	37,747
Net increase (decrease) in cash and cash equivalents	900,961	6,668,877	-	7,569,838
Cash and Cash Equivalents:				
Beginning of year	2,689,569	2,084,044	7,350	4,780,963
End of year	\$ 3,590,530	\$ 8,752,921	\$ 7,350	\$ 12,350,801
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 166,531	\$ 6,483,290	\$ 12,051	\$ 6,661,872
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	206,274	38,404	18,653	263,331
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(37,139)	(29,173)	(115,688)	(182,000)
Increase (decrease) in net pension liability	127,639	6,102	216	133,957
Increase (decrease) in deferred inflows of resources	(43,579)	(362)	(371)	(44,312)
(Increase) decrease in deferred outflows of resources	420	4,555	6,399	11,374
Increase (decrease) in accounts payable	(12,942)	6,935	537,618	531,611
Increase (decrease) in compensated absences	4,024	1,958	4,526	10,508
Total adjustments	244,697	28,419	451,353	724,469
Net cash provided by operating activities	\$ 411,228	\$ 6,511,709	\$ 463,404	\$ 7,386,341

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, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024		2023
	Budget	Actual	Variance Over/Under
			Actual
Operating Revenues:			
Charges for services	\$ 4,283,592	\$ 4,268,920	\$ (14,672)
Other	18,000	15,115	(2,885)
Total operating revenues	4,301,592	4,284,035	(17,557)
Non-Operating Revenues:			
Interest earned on investments	5,000	16,907	11,907
Total non-operating revenues	5,000	16,907	11,907
Total revenues	4,306,592	4,300,942	(5,650)
Expenditures:			
Bulk Leaf Collection:			
Salaries and benefits	-	-	-
Operating	1,605	2,413	(808)
Capital outlay	-	-	-
Indirect costs	16,800	7,501	9,299
Total leaf collection	18,405	9,914	8,491
Vector control:			
Salaries and benefits	34,496	33,628	868
Operating	10,920	9,301	1,619
Capital outlay	-	-	-
Indirect costs	6,900	3,253	3,647
Total vector control	52,316	46,182	6,134
Commercial Solid Waste:			
Salaries and benefits	287,626	271,340	16,286
Operating	466,220	409,502	56,718
Capital outlay	368,992	355,790	13,202
Indirect costs	113,000	121,636	(8,636)
Total commercial solid waste	1,235,838	1,158,268	77,570
Residential Solid Waste:			
Salaries and benefits	895,822	873,768	22,054
Operating	573,317	554,366	18,951
Capital outlay	685,414	-	685,414
Indirect costs	323,000	290,961	32,039
Total residential solid waste	2,477,553	1,719,095	758,458
Recycling:			
Salaries and benefits	53,350	52,348	1,002
Operating	88,535	61,046	27,489
Capital Outlay	-	-	-
Indirect costs	-	-	-
Total recycling	141,885	113,394	28,491

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, 2024 With Comparative Totals for the Year Ended June 30, 2023
(Continued)

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Debt Service:				
Principal retirement	\$ 108,670	\$ 108,762	\$ (92)	\$ 105,932
Interest and other charges	25,299	21,197	4,102	13,410
Total debt service	133,969	129,959	4,010	119,342
Other indirect costs	1,148,148	1,148,148	-	1,044,519
Total expenditures	5,208,114	4,324,960	883,154	3,727,596
Other Financing Sources (Uses):				
Appropriated net position	(167,418)	-	167,418	-
Transfers out	-	-	-	-
Long-term debt issued	1,068,940	956,007	112,933	-
Total other financing sources (uses)	901,522	956,007	280,351	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 931,989	\$ (608,453)	\$ 541,324
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 931,989		\$ 541,324
Bad debt expense		16,485		(28,427)
Capital outlay		355,790		-
Debt issued		(956,007)		-
Payment of debt principal		108,762		105,932
Depreciation		(206,274)		(181,714)
Change in accrued compensated absences		(4,024)		(11,372)
Change in accrued interest payable		2,568		2,593
Change in deferred outflows of resources - pension		43,579		135,315
Change in deferred inflows of resources - pension		(127,639)		(382,871)
Change in net pension liability		(420)		181,004
Change in net position		\$ 164,809		\$ 361,784

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, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 1,026,500	\$ 1,020,911	\$ (5,589)	\$ 1,026,939
Other	34,161	30,125	(4,036)	-
Total operating revenues	1,060,661	1,051,036	(9,625)	1,026,939
Non-Operating Revenues:				
Interest earned on investments	4,000	20,840	16,840	5,910
Total non-operating revenues	4,000	20,840	16,840	5,910
Total revenues	1,064,661	1,071,876	7,215	1,032,849
Expenditures:				
Stormwater Operations:				
Salaries and benefits	515,810	304,980	210,830	310,323
Operating	168,930	124,685	44,245	121,096
Capital outlay	154,909	6,032	148,877	-
Indirect costs	307,745	307,745	-	282,415
Total stormwater operations	1,147,394	743,442	403,952	713,834
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	2,056	1,501	555	-
Total debt service	2,056	1,501	555	-
Total expenditures	1,149,450	744,943	404,507	713,834
Other Financing Sources (Uses):				
Appropriated net position	(66,415)	-	66,415	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(109,980)
Long-term debt issued	151,204	144,717	(6,487)	-
Total other financing sources (uses)	84,789	144,717	59,928	(109,980)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 471,650	\$ 471,650	\$ 209,035

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, 2024 With Comparative Totals for the Year Ended June 30, 2023
(Continued)

	2024		2023
	Budget	Actual	Actual
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 471,650	\$ 209,035
Transfers-Capital Projects		6,220,320	(28,575)
Debt issued		(144,717)	-
Capital outlay		6,032	288,496
Depreciation		(38,404)	(60,535)
Disposal of Capital Assets		(32,467)	-
Change in accrued compensated absences		(1,958)	4,670
Change in accrued interest payable		(857)	-
Change in deferred outflows of resources - pension		(4,555)	48,548
Change in deferred inflows of resources - pension		(6,101)	30,691
Change in net pension liability		362	(94,030)
Change in net position		<u>\$ 6,469,305</u>	<u>\$ 398,300</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 51

Stormwater Capital Project Fund

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

For the year ended June 30, 2024

			Actual		
	Project	Prior	Current	Total	Variance
	Authorization	Years	Year	to Date	Over/Under
Revenues:					
Federal and state grants	\$ 10,181,230	\$ 318,685	\$ 6,395,000	\$ 6,713,685	\$ (3,467,545)
Local grants	250,000	8,897	66,373	75,270	(174,730)
Total revenues	10,431,230	327,582	6,461,373	6,788,955	(3,642,275)
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	195,995	-	195,995	31,645
Adkin Branch Food Mitigation	9,963,570	288,496	210,573	499,069	9,464,501
Kinston Stormwater Inv & Condition	400,000	-	30,480	30,480	369,520
Total Expenditures	10,891,210	746,229	241,053	987,282	9,903,928
Other Financing Sources (Uses):					
Transfers in	459,980	587,980	-	587,980	128,000
Total other financing sources (uses)	459,980	587,980	-	587,980	128,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 169,333	\$ 6,220,320	\$ 6,389,653	\$ 6,389,653

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, 2024 With Comparative Totals for the Year Ended June 30, 2022

	2024			2023
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 1,685,700	\$ 1,582,630	\$ (103,070)	\$ 1,239,347
Other operating income	123,924	92,270	(31,654)	61,898
Total operating revenues	1,809,624	1,674,900	(134,724)	1,301,245
Non-Operating Revenues:				
Interest earned on investments	1,000	-	-	-
Total non-operating revenues	-	-	-	-
Total revenues	1,810,624	1,674,900	(134,724)	1,301,245
Expenditures:				
Salaries and benefits	412,991	378,094	34,897	468,578
Operating	1,275,863	1,255,332	20,531	1,066,312
Capital outlay	466,000	453,404	12,596	-
Indirect Costs	-	-	-	-
Total expenditures	2,154,854	2,086,830	68,024	1,534,890
Other Financing Sources (Uses):				
Appropriated net position	354,230	-	(354,230)	-
Transfers in	-	-	-	400,000
Transfers out	(10,000)	(10,000)	-	(10,000)
Total other financing sources (uses)	344,230	(10,000)	(354,230)	390,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (421,930)	\$ (420,930)	\$ 156,355
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (421,930)		\$ 156,355
Capital outlay		453,404		
Depreciation		(18,653)		(22,429)
Change in accrued compensated absences		(4,526)		(1,710)
Contributions		-		-
Change in deferred outflows of resources - pension		(6,399)		42,770
Change in deferred inflows of resources - pension		(216)		(86,775)
Change in net pension liability		371		21,528
Change in net position		\$ 2,051		\$ 109,739

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Net Position
June 30, 2024

	Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Assets:						
Current assets:						
Cash and investments	\$ 1,142,442	\$ 2,364,219	\$ 1,231,269	\$ 23,662	\$ 3,813,140	\$ 8,574,732
Accounts receivable	-	694	71,641	9,882	6,187	88,404
Inventory	-	-	354,069	-	-	354,069
Total current assets	1,142,442	2,364,913	1,656,979	33,544	3,819,327	9,017,205
Non-current assets:						
Construction in progress	-	-	-	-	236,626	236,626
Buildings	-	19,468	-	-	-	19,468
Equipment	-	-	219,583	-	706,215	925,798
Accumulated depreciation	-	(14,601)	(210,148)	-	(687,118)	(911,867)
Total non-current assets	-	4,867	9,435	-	255,723	270,025
Total assets	1,142,442	2,369,780	1,666,414	33,544	4,075,050	9,287,230
Deferred Outflows of Resources:						
Pension related deferrals	-	70,198	145,801	-	577,689	793,688
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	219,163	327,466	9,369	21,628	50,950	628,576
Current portion of compensated absences	-	2,077	6,492	-	26,951	35,520
Total current liabilities	219,163	329,543	15,861	21,628	77,901	664,096
Non-current liabilities:						
Net pension liability	-	117,558	244,169	-	967,436	1,329,163
Non-current portion of compensated absences	-	6,231	19,477	-	80,855	106,563
Non-current portion of installment notes	-	-	-	-	-	-
Total non-current liabilities	-	123,789	263,646	-	1,048,291	1,435,726
Total liabilities	219,163	453,332	279,507	21,628	1,126,192	2,099,822
Deferred Inflows of Resources:						
Pension deferrals	-	2,114	4,393	-	17,412	23,919
Net Position:						
Net investment in capital assets	-	4,867	9,435	-	255,723	270,025
Unrestricted	923,279	1,979,665	1,518,880	11,916	3,253,412	7,687,152
Total net position	\$ 923,279	\$ 1,984,532	\$ 1,528,315	\$ 11,916	\$ 3,509,135	\$ 7,957,177

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2024

	Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Operating Revenues:						
Contributions from various funds	\$ -	\$ 792,607	\$ 773,037	\$ 552,282	\$ 2,393,301	\$ 4,511,227
Premiums collected	2,753,683	-	-	-	-	2,753,683
Other income	-	-	-	-	5,400	5,400
Total operating revenues	<u>2,753,683</u>	<u>792,607</u>	<u>773,037</u>	<u>552,282</u>	<u>2,398,701</u>	<u>7,270,310</u>
Operating Expenses:						
Administration	-	227,321	475,055	-	1,874,564	2,576,940
Operations	-	85,245	101,185	600,986	396,612	1,184,028
Depreciation	-	487	4,717	-	8,042	13,246
Claims reimbursement	<u>2,863,589</u>	<u>(7,922)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,855,667</u>
Total operating expenses	<u>2,863,589</u>	<u>305,131</u>	<u>580,957</u>	<u>600,986</u>	<u>2,279,218</u>	<u>6,629,881</u>
Operating income	<u>(109,906)</u>	<u>487,476</u>	<u>192,080</u>	<u>(48,704)</u>	<u>119,483</u>	<u>640,429</u>
Non-Operating Revenues (Expenses):						
Transfers (to) from	-	-	-	-	-	-
Interest earned on investments	<u>3,082</u>	<u>12,724</u>	<u>-</u>	<u>-</u>	<u>29,720</u>	<u>45,526</u>
Total non-operating revenues (expenses)	<u>3,082</u>	<u>12,724</u>	<u>-</u>	<u>-</u>	<u>29,720</u>	<u>45,526</u>
Change in net position	<u>(106,824)</u>	<u>500,200</u>	<u>192,080</u>	<u>(48,704)</u>	<u>149,203</u>	<u>685,955</u>
Net Position:						
Net position, beginning	<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>
Net position, ending	<u>\$ 923,279</u>	<u>\$ 1,984,532</u>	<u>\$ 1,528,315</u>	<u>\$ 11,916</u>	<u>\$ 3,509,135</u>	<u>\$ 7,957,177</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Cash Flows
For the year ended June 30, 2024

	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	\$ -	\$ 793,312	\$ 758,780	\$ 543,692	\$ 2,395,780	\$ 4,491,564
Cash paid to suppliers for goods and services	(2,901,531)	(218,853)	(142,021)	(579,358)	(380,223)	(4,221,986)
Cash paid to or on behalf of employees for services	-	(215,276)	(454,456)	-	(1,735,497)	(2,405,229)
Other operating revenues	2,753,683	-	-	-	-	2,753,683
Net cash provided by operating activities	(147,848)	359,183	162,303	(35,666)	280,060	618,032
Cash Flows from Noncapital Financing Activities:						
Transfer (to) from other funds	-	-	-	-	-	-
Net cash used by noncapital financing activities	-	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	-	-	(11,796)	-	(246,563)	(258,359)
Principal paid on general long-term obligation bond maturities and equipment contracts	-	-	-	-	-	-
Net cash used by capital and related financing activities	-	-	(11,796)	-	(246,563)	(258,359)
Cash Flows from Investing Activities:						
Interest on investments	3,083	12,723	-	-	29,720	45,526
Net cash provided in investing activities	3,083	12,723	-	-	29,720	45,526
Net increase in cash and cash equivalents	(144,765)	371,906	150,507	(35,666)	63,217	405,199
Cash and Cash Equivalents:						
Beginning of year	1,287,207	1,992,313	1,080,762	59,328	3,749,923	8,169,533
End of year	\$ 1,142,442	\$ 2,364,219	\$ 1,231,269	\$ 23,662	\$ 3,813,140	\$ 8,574,732
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income	\$ (109,906)	\$ 487,476	\$ 192,080	\$ (48,704)	\$ 119,483	\$ 640,429
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	-	487	4,717	-	8,042	13,246
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	-	705	(14,257)	(8,590)	(2,921)	(25,063)
(Increase) decrease in inventories	-	-	(37,060)	-	-	(37,060)
Increase (decrease) in net pension liability	-	18,522	25,956	-	180,959	225,437
Increase (decrease) in deferred inflows of resources	-	(27)	(326)	-	399	46
(Increase) decrease in deferred outflows of resources	-	(4,801)	(1,709)	-	(58,356)	(64,866)
Increase (decrease) in accounts payable	(37,942)	(141,530)	(3,776)	21,628	16,389	(145,231)
Increase (decrease) in compensated absences	-	(1,649)	(3,322)	-	16,065	11,094
Total adjustments	(37,942)	(128,293)	(29,777)	13,038	160,577	(22,397)
Net cash provided by operating activities	\$ (147,848)	\$ 359,183	\$ 162,303	\$ (35,666)	\$ 280,060	\$ 618,032

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, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Premiums collected	\$ 3,681,000	\$ 2,753,683	\$ (927,317)	\$ 2,679,307
Contributions	-	-	-	-
Other	-	-	-	-
Total operating revenues	3,681,000	2,753,683	(927,317)	2,679,307
Non-Operating Revenues:				
Investment earnings	1,300	3,082	1,782	2,724
Total non-operating revenues	1,300	3,082	1,782	2,724
Total revenues	3,682,300	2,756,765	(925,535)	2,682,031
Operating Expenditures:				
Salaries and benefits	-	-	-	-
Operating	-	-	-	-
Claims reimbursements, operating	3,009,400	2,922,664	86,736	2,596,328
Total operating expenditures	3,009,400	2,922,664	86,736	2,596,328
Other Financing Sources (Uses):				
Appropriated net position	(672,900)	-	672,900	-
Transfers out	-	-	-	-
Total other financing sources (uses)	(672,900)	-	672,900	-
Revenues over (under) expenditures	\$ -	(165,899)	\$ (165,899)	85,703
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Change in incurred but not reported claims		59,075		(5,538)
Change in net position		\$ (106,824)		\$ 80,165

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, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 792,608	\$ 792,607	\$ (1)	\$ 674,796
Other	-	-	-	-
Total operating revenues	792,608	792,607	(1)	674,796
Non-Operating Revenues:				
Investment earnings	3,000	12,724	9,724	5,846
Total non-operating revenues	3,000	12,724	9,724	5,846
Total revenues	795,608	805,331	9,723	680,642
Operating Expenditures:				
Salaries and benefits	241,333	215,276	26,057	222,275
Operating	134,962	85,245	49,717	95,687
Claims reimbursements, operating	394,700	173,978	220,722	427,546
Total operating expenditures	770,995	474,499	296,496	745,508
Other Financing Sources (Uses):				
Appropriated net position	(24,613)	-	24,613	-
Transfers out	-	-	-	-
Total other financing sources (uses)	(24,613)	-	24,613	-
Revenues over (under) expenditures	\$ -	330,832	\$ 330,832	(64,866)
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Depreciation		(487)		(487)
Change in accrued compensated absences		1,649		(388)
Change in deferred outflows of resources - pension		4,801		3,759
Change in deferred inflows of resources - pension		(18,522)		15,639
Change in net pension liability		27		(17,809)
Change in incurred but not reported claims		181,900		-
Change in net position		\$ 500,200		\$ (64,151)

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, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 894,686	\$ 773,037	\$ (121,649)	\$ 742,105
Other	-	-	-	1,746
Total operating revenues	894,686	773,037	(121,649)	743,851
Operating Expenditures:				
Administration:				
Salaries and benefits	565,534	454,456	111,078	456,241
Operating	56,052	35,238	20,814	31,544
Fleet maintenance inventory	260,000	65,947	194,053	82,045
Capital outlay	13,100	11,794	1,306	1,700
Total operating expenditures	894,686	567,435	327,251	571,530
Debt service:				
Principal retirement	-	-	-	-
Total debt service	-	-	-	-
Other Financing Sources (Uses):				
Appropriated net position	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	205,602	\$ 205,602	172,321
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Capital outlay		11,794		-
Depreciation		(4,717)		(2,358)
Debt service		-		-
Change in accrued compensated absences		3,322		113
Change in deferred outflows of resources - pension		1,709		58,105
Change in deferred inflows of resources - pension		(25,956)		(162,372)
Change in net pension liability		326		75,604
Change in net position		\$ 192,080		\$ 141,413

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, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions from other funds	\$ 744,010	\$ 552,282	\$ (191,728)	\$ 590,389
Total operating revenues	744,010	552,282	(191,728)	590,389
Operating Expenditures:				
Fuel purchased	732,010	600,986	131,024	678,245
Total operating expenditures	732,010	600,986	131,024	678,245
Other Financing Sources (Uses):				
Appropriated net position	-	-	-	-
Transfers out	(12,000)	-	12,000	-
Total other financing sources (uses)	(12,000)	-	12,000	-
Revenues and other financing sources over (under) expenses and other financing uses	\$ -	\$ (48,704)	\$ (48,704)	\$ (87,856)

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, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 2,393,301	\$ 2,393,301	\$ -	\$ 2,273,189
Other	-	5,400	5,400	1,076
Total operating revenues	2,393,301	2,398,701	5,400	2,274,265
Non-Operating Revenues:				
Investment earnings	7,000	29,720	22,720	14,012
Total non-operating revenues	7,000	29,720	22,720	14,012
Total revenues	2,400,301	2,428,421	28,120	2,288,277
Expenditures:				
Administration:				
Salaries and benefits	772,355	617,346	155,009	545,884
Operating	109,835	63,854	45,981	45,195
Capital outlay	19,200	18,425	-	1,034
Total administration	901,390	699,625	200,990	592,113
Operations:				
Salaries and benefits	1,250,092	1,118,151	131,941	1,070,128
Operating	345,005	332,758	12,247	323,834
Capital outlay	-	-	-	14,278
Total operating	1,595,097	1,450,909	144,188	1,408,240
Debt service:				
Principal retirement	-	-	-	-
Total debt service	-	-	-	-
Total expenditures	2,496,487	2,150,534	345,178	2,000,353
Other Financing Sources (Uses):				
Appropriated net position	96,186	-	(96,186)	-
Transfers to Capital Projects	-	-	-	(496,296)
Other financing sources (uses)	96,186	-	(96,186)	(496,296)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 277,887	\$ 277,112	\$ (208,372)

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, 2024 With Comparative Totals for the Year Ended June 30, 2023

	2024			2023
	Financial Plan	Actual	Variance Over/Under	Actual
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 277,887	\$ 281,631	\$ (208,372)
Capital projects		(228,139)		487,809
Payment of debt principal		-		-
Change in accrued compensated absences		(16,065)		(14,186)
Capital outlay		246,564		8,487
Depreciation		(8,042)		(11,246)
Change in deferred outflows of resources - pension		(180,959)		(573,056)
Change in deferred inflows of resources - pension		(399)		289,978
Change in net pension liability		58,356		190,698
Change in net position		\$ 149,203		\$ 170,112

CITY OF KINSTON, NORTH CAROLINA
Public Services Capital Project Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the year ended June 30, 2024

Schedule 61

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Expenditures:					
Utility CIS Software Upgrade	\$ 496,296	\$ 8,487	\$ 228,139	\$ 236,626	\$ 259,670
Total Expenditures	496,296	8,487	228,139	236,626	259,670
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	\$ (228,139)	\$ 259,670	\$ 259,670

OTHER FINANCIAL INFORMATION

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

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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 These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	152
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the Electric charges.	160
Debt Capacity 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.	167
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	169
Operating Information 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.	173

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CITY OF KINSTON, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2024

Table 1

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections And Credits	Uncollected Balance June 30, 2024
2023-2024		\$ 10,003,848	\$ 9,873,439	\$ 130,409
2022-2023	169,922	-	94,824	75,098
2021-2022	97,579	-	37,289	60,290
2020-2021	57,576	-	18,346	39,230
2019-2020	45,443	-	8,736	36,707
2018-2019	36,588	-	5,209	31,379
2017-2018	29,789	-	5,380	24,409
2016-2017	29,444	-	5,616	23,828
2015-2016	27,825	-	4,805	23,020
2014-2015	27,000	-	4,653	22,347
2013-2014	36,191	-	36,191	-
	<u>\$ 557,357</u>	<u>\$ 10,003,848</u>	<u>\$ 10,094,488</u>	466,717
Motor vehicle tags receivable				-
Less: allowance for uncollectible ad valorem taxes receivable: General Fund				<u>(115,892)</u>
Ad valorem taxes receivable - net				<u>\$ 350,825</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 11,621,811
Less auto fee				(140,506)
Penalties collected				12,500
Less credits and adjustments				<u>(1,399,318)</u>
Subtotal				
Total collections and credits				<u>\$ 10,094,487</u>

CITY OF KINSTON, NORTH CAROLINA
Analysis of Current Tax Levy - City-Wide Levy
For the Fiscal Year Ended June 30, 2024

Table 2

	City - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$ 1,551,086,413	0.77	\$11,322,931	\$ 9,926,124	\$ 1,396,808
Penalties	-		12,417	12,417	-
Total	<u>1,551,086,413</u>		<u>11,335,348</u>	<u>9,938,541</u>	<u>1,396,808</u>
Municipal Service:					
District			78,060	65,224	12,837
Penalties			84	84	-
Total			<u>78,144</u>	<u>65,308</u>	<u>12,837</u>
Discoveries	<u>25,275,400</u>	0.77	<u>184,510</u>	<u>184,510</u>	<u>-</u>
Abatements	<u>(22,865,299)</u>	0.77	<u>(166,917)</u>	<u>(166,917)</u>	<u>-</u>
Total property valuation	<u><u>\$ 1,553,496,514</u></u>				
Net Levy			11,431,085	10,021,442	1,409,645
Uncollected taxes at June 30, 2024			<u>130,409</u>	<u>130,409</u>	<u>-</u>
Current Year's Taxes Collected			<u><u>\$11,300,676</u></u>	<u><u>\$ 9,891,033</u></u>	<u><u>\$ 1,409,645</u></u>
Current Levy Collection Percentage			<u><u>98.86%</u></u>	<u><u>98.70%</u></u>	<u><u>100.00%</u></u>

Table 3

City of Kinston, North Carolina

Net Position By Component
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 14,641,721
Restricted	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	13,467,594
Unrestricted	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	9,763,379
Total governmental activities net position	\$ 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	\$ 37,872,694
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 99,387,707
Unrestricted	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	85,724,167
Total business-type activities net position	\$ 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	\$ 185,111,874
Primary government:										
Net investment in capital assets	\$ 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	\$ 114,029,428
Restricted	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	13,467,594
Unrestricted	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	95,487,546
Total primary government net position	\$ 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	\$ 222,984,568

Table 4

City of Kinston, North Carolina

Changes In Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(Unaudited)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental activities:										
General government	\$ 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	\$ 7,683,449
Public safety	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	13,482,129
Streets, Cemetery, Engineering (Public Services)	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	3,269,044
Culture and recreation	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	4,552,409
Community development	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	316,717
Interest on long-term debt	372,159	362,384	346,373	338,245	328,206	422,143	455,300	407,519	382,986	360,747
Total governmental activities expenses	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	29,664,495
Business-type activities:										
Electric	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	43,359,767
Water	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	9,807,968
Wastewater	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	7,643,695
Nonmajor funds	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	6,879,411
Total business-type activities expenses	73,717,982	62,823,148	62,638,963	64,033,041	63,864,411	60,361,268	61,178,635	61,324,722	63,996,087	67,690,841
Total primary government expenses	94,769,487	83,935,521	86,634,037	87,068,750	88,749,288	87,624,707	90,606,427	89,149,337	94,236,127	97,355,336
Program revenue:										
Governmental activities:										
Charges for services:										
General government	540,842	686,853	657,003	512,248	489,506	1,720,321	1,813,641	2,011,487	4,875,560	1,655,228
Public safety	134,763	294,628	321,671	131,763	112,920	150,218	260,916	196,665	113,271	196,906
Public services	-	-	313,238	157,463	160,570	840,332	853,887	808,940	868,503	880,287
Culture and recreation	1,265,117	1,475,526	1,462,080	954,205	953,068	930,000	890,000	890,000	831,936	1,156,787
Community development	266,498	415,181	185,264	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	-	-	10,000	15,000	-	-	34,951	-	7,500	47,500
Public safety	142,343	218,495	268,419	117,138	114,288	89,741	51,920	62,456	152,898	-
Public services	764,273	717,391	631,630	2,622,018	751,565	740,250	1,359,281	896,423	4,666,410	1,908,086
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Community development	76,379	88,000	520,445	-	-	-	-	-	-	-
Capital grants and contributions:										
Public safety	-	-	-	-	-	-	-	-	-	-
Public services	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	32,505	-	-	-	-	-	-	-	-
Community development	322,655	84,869	-	-	-	-	-	-	-	-
Total governmental activities program revenue	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	5,844,794
Business-type activities:										
Charges for services:										
Electric	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	46,735,672
Water	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	10,771,690
Wastewater	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	6,731,532
Nonmajor funds	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	6,888,946
Capital grants and contributions:										
Electric	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 revenue	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	71,127,840
Total primary government program revenue	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	76,972,634
Net (expense) revenue:										
Governmental activities	(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)	(23,819,701)
Business-type activities	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	3,436,999
Total primary government net expense	(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)	(20,382,702)

Table 4

City of Kinston, North Carolina

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	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	11,729,290
Sales taxes	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	5,976,200
Other taxes	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	2,761,337
Unrestricted intergovernmental	371,981	375,763	422,430	1,957,044	2,399,830	2,889,155	2,632,415	6,259,211	706,079	716,881
Investment earnings	12,435	17,605	24,580	33,898	80,544	83,160	17,156	32,507	25,862	178,664
Miscellaneous	202,349	303,016	218,635	207,197	772,372	3,148,490	3,422,890	2,997,629	67,523	3,104,958
Transfers	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)	2,300,000
Capital contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities	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	26,767,330
Business-type activities:										
Unrestricted intergovernmental	-	-	-	2,180,778	2,250,247	2,250,050	2,249,637	2,263,397	2,273,189	2,393,301
Investment earnings	27,188	48,836	68,041	108,471	182,608	195,947	41,092	70,357	181,530	454,669
Miscellaneous	-	-	-	2,649	2,684	1,515,742	556,971	1,302,169	1,478,582	9,927,618
Transfers	(1,454,570)	(118,069)	(3,157,431)	(2,470,000)	(7,393,251)	(957,250)	(2,000,000)	(2,259,630)	120,506	(2,300,000)
Total business-type activities	(1,427,382)	(69,233)	(3,089,390)	(178,102)	(4,957,712)	3,004,489	847,700	1,376,293	4,053,807	10,475,588
Total primary government	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	37,242,918
Changes in net position:										
Governmental activities	971,654	1,337,187	999,435	3,018,780	4,858,279	871,591	1,657,226	7,428,726	1,775,950	2,947,629
Business-type activities	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	13,912,587
Total primary government	\$ 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	16,860,216

Table 5

City of Kinston, North Carolina

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

Function / Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
General government	\$ (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)	\$ (5,980,721)
Public safety	(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)	(13,285,223)
Streets, Cemetery & Engineering (Public services)	(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	(480,671)
Culture and recreation	(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)	(3,395,622)
Community development	(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)	(316,717)
Interest on long-term debt	(372,159)	(362,384)	(346,373)	(338,245)	(328,206)	(422,143)	(455,300)	(407,519)	(382,986)	(360,747)
Total governmental activities	(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)	(23,819,701)
Business-type activities:										
Electric	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	3,375,905
Water	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	963,722
Wastewater	2,588,091	(44,210)	526,074	(988,874)	(813,213)	(833,023)	(121,792)	(169,925)	(173,618)	(912,163)
Nonmajor funds	(97,242)	71,590	383,968	225,859	1,092,614	(37,571)	339,259	1,019,684	237,905	9,535
Total business-type activities	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	3,436,999
Total government	\$ (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)	\$ (20,382,702)

Table 6

City of Kinston, North Carolina

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:	-	-	-	-	-	-	-	-	-	-
Non-spendable	78,720	67,491	73,462	92,061	81,568	99,731	105,960	139,328	98,928	115,030
Restricted	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	2,898,254
Assigned	-	-	275,615	749,962	477,070	348,833	749,963	1,878,109	538,798	586,384
Unassigned	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	15,549,076
Total General Fund	\$ 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	\$19,148,744
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	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	9,585,969
Restricted in capital project funds	4,496	805	36,564	43,067	15,100	13,792	52,045	-	-	321,576
Restricted in permanent fund	299	339	339	577	667	751	517	317	239	411
Committed in special revenue funds	13,546	6,747	93,972	-	-	-	-	-	-	-
Committed in capital project funds	62,726	275,736	321,266	137,001	1,061,633	1,064,262	404,843	673,769	1,154,913	946,081
Assigned in special revenue funds	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	(21,960)	(111,387)	(6,146)	21,043	(383,783)	-	-	-	-	-
Unassigned in capital project funds	(68,325)	(27,119)	(981,474)	(2,293,905)	(1,276,895)	(22,759)	-	-	(624,568)	-
Total all other government funds	\$ 465,472	\$ 584,680	\$ 958,194	\$ 288,004	\$ 7,733,443	\$ 9,768,179	\$10,008,806	\$11,710,838	\$10,585,785	\$10,929,037

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Taxes	\$ 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	\$ 11,802,809
Other taxes	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	8,737,537
Intergovernmental	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	2,833,468
Charges for services	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	1,610,281
Other	117,190	310,582	238,489	225,712	797,766	475,172	414,684	277,440	89,609	300,249
Total revenues	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	25,284,344
Expenditures:										
General government	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	2,993,140
Public safety	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	11,723,976
Public services	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	2,557,759
Culture and recreation	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	4,184,285
Community development	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	316,717
Capital outlay	-	-	-	1,599,770	1,207,608	2,922,791	1,085,154	784,114	3,467,413	2,090,490
Debt service:										
Principal	492,474	518,347	812,354	751,543	633,893	811,444	1,072,333	786,446	731,785	761,480
Interest	369,378	369,378	352,119	338,245	328,206	422,143	455,300	407,519	382,986	360,747
Total expenditures	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	24,988,594
Excess of revenues (under) expenditures	(926,833)	(1,071,394)	(3,455,292)	(1,800,578)	(5,975,686)	(1,553,953)	(242,389)	4,521,438	587,253	295,750
Other financing sources (uses):										
Transfers in	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	2,300,300
Transfers (out)	(187,031)	(555,132)	(738,703)	(180,632)	(2,301,380)	(300)	(198,858)	(1,723,111)	(3,828,797)	(300)
Issuance of long-term debt	276,180	1,459,899	347,471	-	2,672,443	2,481,256	-	95,081	785,000	607,316
Total other financing sources	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	2,907,316
Net changes in fund balance	\$ 346,300	\$ 1,037,718	\$ 49,610	\$ 669,422	\$ 4,090,008	\$ 1,884,651	\$ 1,757,610	\$ 6,876,150	\$ 1,431,746	\$ 3,203,066
Debt service as a percentage of noncapital expenditures	4.1%	4.2%	4.8%	4.6%	3.7%	6.2%	7.1%	5.5%	5.0%	5.2%

Table 8

City of Kinston, North Carolina
The Electric System
Electricity Purchased, Consumed And Unbilled
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	KWH Purchased	KWH Residential Usage	KWH Commercial/Industrial Usage	KWH Other Usage	KWH Total Usage	KWH Unbilled	KWH Unbilled %	Purchased Electric Rate (.00/KWH)
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
2024	442,662,059	120,723,168	287,262,656	14,010,121	421,995,945	20,666,114	5%	0.0700

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

Electric Rates	Cents Per KWH									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Residential	14.6	13.7	13.0	13.0	13.0	13.1	13.0	13.0	13.1	13.1
Small General Service	14.7	13.6	13.0	13.0	13.0	13.3	13.3	13.3	13.3	13.4
Medium General Service	12.2	11.7	11.3	11.4	11.4	11.5	11.3	11.2	11.1	11.2
Public Housing	14.6	13.6	13.0	13.0	13.0	13.1	13.1	13.2	13.2	13.2
Church And School	17.0	16.6	16.2	16.2	16.2	16.3	16.4	16.3	15.7	15.7
Municipal Service	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Masterbrand	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Large General Service	10.7	9.9	9.7	9.8	9.7	9.7	9.6	9.6	9.9	9.8
CDC Rate	8.1	7.0	6.9	6.9	7.1	7.1	6.8	6.9	6.9	6.8
Area Lights	23.4	22.4	22.1	22.2	22.4	22.6	22.9	23.2	23.5	23.7

CITY OF KINSTON

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Lenoir County</u>	<u>City of Kinston</u>	<u>Municipal Service District</u>	<u>Total Tax</u>
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
2024	0.845	0.770	0.270	1.885

Table 11

City of Kinston, North Carolina
Principal Taxpayers
Current Year and Nine Years Ago
As of 6/30/2024

2024					2015				
Name of Taxpayer	Nature of Property	Assessed Value	Rank	Percentage of Total Assessed Value	Name of Taxpayer	Nature of Property	Value	Rank	Percentage of Total Assessed Value
Sanderson Farms, Inc	Poultry Processor	120,375,179	1	7.75%	Sanderson Farms, Inc	Poultry Processor	\$ 112,306,674	1	7.21%
Smithfield Packing	Meat Processor	107,562,308	2	6.92%	Smithfield Packing	Meat Processor	99,955,861	2	6.42%
Masterbrand Cabinets Inc	Manufacturer	23,748,563	3	1.53%	Carolina Telephone	Utility	67,216,116	3	4.32%
Sanderson Farms LLC	Poultry Processor	18,477,457	4	1.19%	Masterbrand Cabinets, Inc	Manufacturer	20,643,283	4	1.33%
Avery Davis Investments LLC	Real Estate	16,394,163	5	1.06%	Poole Walter Realty, Inc.	Real Estate	16,890,535	5	1.08%
Kinston LLC	Nursing Facility	14,185,364	6	0.91%	BRE Retail Residual NC Owner LP	Shopping Center	16,180,341	6	1.04%
Piedmont Natural Gas	Natural Gas	9,821,239	7	0.63%	Piedmont Natural Gas	Utility	12,571,268	7	0.81%
Lowes Home Centers Inc	Retail	8,623,805	8	0.56%	Lowes Home Centers	Shopping	10,780,416	8	0.69%
Kinston Hospitality	Hotels	8,523,673	9	0.55%	Vernon Park Mall Holding Corp.	Shopping Mall	10,392,130	9	0.67%
Perrys Inc	Real Estate	7,738,710	10	0.50%	Perrys, Inc.	Real Estate	10,318,063	10	0.66%
Total Assessed Valuation of Top Ten Taxpayers		<u>\$ 335,450,461</u>		21.59%	Total Assessed Valuation of Top Ten Taxpayers		<u>\$ 377,254,687</u>		24.23%
Balance of Assessed Valuation		<u>\$1,218,046,053</u>		78.41%	Balance of Assessed Valuation		<u>\$1,179,939,252</u>		75.77%
Total Assessed Valuation		<u>\$1,553,496,514</u>		100.00%	Total Assessed Valuation		<u>\$1,557,193,939</u>		100.00%

Table 12

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

Fiscal Year Ended June 30:	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2015	2014	10,371,023	10,019,384	0.9661	329,292	10,348,676	0.9978
2016	2015	10,215,605	9,913,395	0.9704	279,189	10,192,584	0.9977
2017	2016	10,166,157	9,852,755	0.9692	289,573	10,142,328	0.9977
2018	2017	9,621,661	9,359,639	0.9728	237,614	9,597,253	0.9975
2019	2018	9,636,199	9,389,093	0.9744	215,728	9,604,821	0.9967
2020	2019	9,979,280	9,737,675	0.9758	204,898	9,942,573	0.9963
2021	2020	10,202,783	9,989,905	0.9791	173,649	10,163,554	0.9962
2022	2021	10,931,575	10,695,801	0.9784	175,483	10,871,284	0.9945
2023	2022	11,112,882	10,942,960	0.9847	94,824	11,037,784	0.9932
2024	2023	11,431,085	11,300,676	0.9886	-	11,300,676	0.9886

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.

Table 13

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	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			
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	
2024	-	-	-	0	-	10,288,028	13,536,879	-	-	23,824,907	1,227	

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

POPULATIONS

2015	21392
2016	21677
2017	20923
2018	21004
2019	20,083
2020	20,041
2021	19,900
2022	19,546
2023	19,365
2024	19,411

City of Kinston, North Carolina
Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2024
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Lenoir County Debt	\$ 17,532,000	32.86%	\$ 5,760,825
Subtotal, overlapping debt	<u>\$ 17,532,000</u>		<u>\$ 5,760,825</u>
City Direct Debt	<u>10,288,028</u>		
Total direct and overlapping debt	<u><u>\$ 27,820,028</u></u>		<u><u>\$ 5,760,825</u></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 \$4,727,777,540 for Lenoir County and \$1,553,496,514 for the City of Kinston.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 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	124,279,721
Total net debt applicable to limit	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	\$ 23,824,907
Legal debt margin	\$ 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	100,454,814
Total net debt applicable to the limit as a percentage of debt limit	14.62%	16.34%	17.03%	18.84%	24.33%	30.29%	27.11%	22.68%	22.08%	23.72%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed valuation	\$ 1,553,496,514		A= Total government wide debt	\$ 44,875,235
8%	124,279,721	DEBT LIMIT	Less revenue bonds	-
Less applicable debt	(23,824,907)	A	Less compensated absences	(1,250,519)
Debt margin	<u>\$ 100,454,814</u>		Less law enforcement separation allowance	(3,482,704)
			Less separation allowance	-
			Less other post employment benefits	(16,317,105)
				<u>\$ 23,824,907</u>

Notes:

Debt includes installment contracts and notes payable

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

Table 16

City of Kinston, North Carolina
Pledged-Revenue Coverage (Parity Debt)
Last Ten Fiscal Years
(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 Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage	Sales Tax Increment	Debt Service		Coverage
				Principal	Interest			Principal	Interest			Principal	Interest	
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	-	-	-	-	-	-	-	
2024	66,552,754	53,885,462	12,667,292	1,446,536	59,297	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)
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%
2024	19,411	27,127	8,202	4.3%

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.

Table 18

City of Kinston, North Carolina

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2024			Employer	2015		
	Employees	Rank	Percentage of Total County Employment		Employees	Rank	Percentage of Total County Employment
Sanderson Farms	1,740	1	6.30%	Lenoir County Public Schools	1,553	1	5.86%
Lenoir County Schools	1,249	2	4.52%	Sanderson Farms	1,540	2	5.81%
Caswell Center	1,159	3	4.20%	Lenoir Memorial Hospital	1,047	3	3.95%
Smithfield Foods	753	4	2.73%	Smithfield Foods Inc.	730	4	2.75%
UNC Lenoir	989	5	3.58%	Aristofraft/Decora/Schrock	550	5	2.07%
Fly Exclusive	694	6	2.51%	Electrolux Home Products	539	6	2.03%
Spirit Aerosystems	686	7	2.48%	Spirit Aerosystems	452	7	1.70%
West Pharmaceutical	537	8	1.94%	Lenoir County	472	8	1.78%
Masterbrand	550	9	1.99%	City of Kinston	376	9	1.42%
County Administration	497	10	1.80%	Lenoir Community College	250	10	0.94%
Total	8,854		32.07%	Total	7,509		28.32%
Total Employment Lenoir County	27,612						

Sources:

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

Table 19

City of Kinston, North Carolina

Full-Time Equivalent City Government Employees By Functions/Programs
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Functions/Program										
General Government:										
Legislative	6	6	6	6	6	6	6	6	6	6
City Management	2	2	3	3	3	3	3	3	2	2
City Clerk	1	1	1	1	1	1	1	1	1	2
Personnel	3	3	3	3	3	3	3	2	3	3
Finance	13	14	14	14	14	14	14	15	15	15
Computer Services	4	4	4	4	4	4	4	4	4	5
Building Safety	4	4	4	4	4	4	4	1	5	5
Planning & Inspections	2	2	3	3	3	3	3	3	2	2
MSD Development	-	-	-	2	2	1	1	1	1	1
Parks and Recreation:										
General & Administrative	5	5	3	3	3	3	3	3	3	3
Recreation	30	30	33	34	34	34	34	25	26	23
Pool(s)	1	1	1	1	1	1	1	1	3	3
Golf Course(s)	1	1	1	-	-	-	-	-	-	-
Stadium				1	1	1	1	1	2	2
Police:										
Officers	76	76	74	73	73	73	73	68	70	61
Civilians (a)	10	10	9	11	11	11	11	8	7	5
Fire:										
Firefighters and Officers	48	48	51	50	50	50	50	51	50	47
Civilians	1	1	1	1	1	1	1	1	1	1
Public Services:										
Administration	9	9	10	9	9	9	8	8	8	8
Billing and Customer Service	15	15	14	15	15	15	15	14	14	14
Meter Services	9	9	4	9	9	9	9	5	6	6
Engineering	9	9	9	9	9	9	9	5	7	8
Street Maintenance	11	11	20	16	16	16	16	11	9	9
Refuse Collection	27	27	27	27	27	27	27	27	24	24
Weed Control	1	1	1	-	-	-	-	-	-	-
Central Garage	10	10	10	10	10	10	10	10	9	9
Street Lighting	-	-	-							
Traffic Control	2	2	1	-	-	-	-	-	-	
Electric:										
Distribution	22	22	22	22	22	22	22	20	22	21
Water:										
Transmission	24	24	24	24	24	24	24	24	21	21
Purification	6	6	6	6	6	6	6	6	5	6
Sewer Maintenance	14	14	14	14	14	14	14	14	15	15
Stormwater	10	10	10	10	10	10	10	9	9	9
Other Programs/Functions:										
Risk Management	2	2	2	2	2	2	2	1	1	1
Health Nurse	-	-	-	-	-	-	-	-	1	1
Total	376	377	383	387	387	386	385	348	353	338

Source: Prior year CAFR's
Various Human Resources and Adopted Budget Records

Table 20

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

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Calls for service	26,954	27,679	24,667	26,250	29,999	26,668	27,855	27,198	33,085	19,661
Adult arrest	2,607	2,638	2,229	2,067	1,937	1,879	1,962	1,597	2,285	1,100
Juvenile arrest	62	156	84	51	56	50	54	90	94	49
Speeding citations only	464	276	120	61	592	408	659	155	159	889
Traffic citations	2,222	2,788	1,350	1,587	6,883	3,629	5,583	1,759	2,577	2,696
Fire:										
Total fire runs	963	1,212	471	963	1,023	936	892	1,084	1,250	2,711
Total rescue runs	777	2,399	1,259	2,605	2,509	681	248	1,785	2,351	2,578
Property loss	\$ 626,006	\$ 595,414	\$ 530,079	\$ 789,534	\$ 836,885	\$ 693,473	\$ 710,025	484,907	389,749	1,488,958
Building safety:										
Total building permits	93	101	124	148	124	99	138	156	9	195
Total value all permits	\$ 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	\$ 55,247,564
Library, volumes in collection	164,554	165,000	165,000	148,717	163,577	118,643	116,916	114,469	109,250	105,731
Public service:										
Garbage collected (ton)	17,972	18,204	18,979	18,087	16,319	18,998	20,457	18,897	18,646	18,174.25
Recycle collected (ton)	617	620	617	587	586	586	619	583	526	481.31
Parks and Recreation:										
Recreation program attendance:										
Athletics	204,150	203,500	198,000	202,000	192,000	30,000	94,000	187,600	193,500	194,200
Centers & Parks	592,000	602,000	520,000	535,000	527,000	131,500	321,000	437,000	467,500	473,000
Other Programs	125,000	123,500	118,500	120,200	117,000	5,000	34,200	98,400	113,000	122,000
Golf Rounds Played	8,300	7,800	8,100	8,000	10,200	8,300	7,900	9,300	8,100	9,500

Source: Various City records

Note: ** Indicator not available

Table 21

City of Kinston, North Carolina

Capital Asset Statistics By Function/
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Stations	1	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	115.14	115.43	115.43	115.43	115.43	115.43	115.85	116.02	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	8
Tennis Courts	17	17	17	17	17	10	10	10	10	10
Swimming Pools	4	4	3	3	2	2	2	2	2	2
Parks with Playground Equipment	8	8	9	9	9	9	9	9	9	10
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	8	2	2	2	2	2	2	2	2
Stadium	4200 seat	4200 seat	5000seat	5000seat	5000seat	5000seat	5000seat	5000seat	5000seat	5000seat
Airport Theater	0	0	0	0	0	0	0	0	0	0
Indoor Batting Facility	1	1	1	1	1	1	1	1	1	1
Natural Sites	5	5	5	5	5	5	5	5	5	5
Gymnasium	6	6	6	6	6	6	6	6	6	6
Spray Ground	1	1	1	1	1	1	1	1	1	1
Dog Park	1	1	1	1	1	1	1	1	1	1
Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	164,554	165,000	165,000	165,000	163,577	118,643	118,643	114,469	109,250	105,731
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)	4.58MGD	4.16MGD	4.30MGD	4.47MGD	4.47MGD	4.37MGD	4.2 MGD	4.29MGD	4.44MGD	4.47MGD
Peak Consumption (MGPD)	9.4MGD	9.6MGD	7.19MGD	7.31MGD	6.81MGD	6.55MGD	5.24MGD	6.69MGD	6.58MGD	7MGD
Miles of Water Mains	216.76	218.45	218.77	219.4	219.4	219.4	219.4	258	258	258
Wastewater:										
Sanitary Sewers (miles)	213.24	216.77	216.77	216.77	216.77	216.77	216.77	217.16	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	5.98MGD	5.76MGD	6.29MGD	4.4 MGD	4.79MGD	5.97MGD	5.97MGD	5.61MGD	3.4MGD	3.83MGD
Electric:										
Average Daily Usage	1,246,226 KWH	0,908 KWH	27,401 KWH	91,641 KWH	91,578 KWH	20,541 KWH	88,990 KWH	119,2746 KW	118,4567 KW	154,153KWH
Mile of Distribution Lines	435	435	435	435	435	435	450	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 the 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 26, 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 or significant deficiencies 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
November 26, 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 the 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, 2024. 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, 2024.

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 of 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' Responsibilities 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
November 26, 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 the 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, 2024. 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, 2024.

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 of 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' Responsibilities 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 or significant deficiencies 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
November 26, 2024

CITY OF KINSTON, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified?	_____ yes	<u>✓</u> no
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ yes	<u>✓</u> none reported
Noncompliance material to financial statements noted	_____ yes	<u>✓</u> no

Federal Awards

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

Internal control over financial reporting:

Material weaknesses identified?	_____ yes	<u>✓</u> no
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ yes	<u>✓</u> none reported
Noncompliance material to financial statements noted	_____ yes	<u>✓</u> no

Identification of major Federal program:

<u>AL Number</u>	<u>Program Name</u>
14.228	Community Development Block Grant - Infrastructure

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, 2024

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

Identification of major state program:

Program Name

Non-State System Street Aid Allocation (Powell Bill)
Emma Webb Parks and Recreation Trust Fund Grant

CITY OF KINSTON, NORTH CAROLINA
Summary Schedule of Prior Year Audit Finding
For the Year Ended June 30, 2024

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, 2024

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>U.S. Department of Housing and Urban Development</u>					
Passed-through N.C. Department of Commerce					
NCHFA 22 ESFR Loan Pool	14.239	M19-SG370100	\$ 103,625	\$ -	\$ -
Passed-through N.C Department of Environmental Quality					
Community Development Block Grant - Infrastructure	14.228	#18-I-3031	998,312	-	-
Total U.S. Department of Housing and Urban Development			1,101,937	-	-
<u>U.S. Department of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Direct Program					
2022 Edward-Byrne Memorial Justice Assistance Grant	16.738	15PBJA-22-GG-02612-JAGX	19,216	-	-
2023 Edward-Byrne Memorial Justice Assistance Grant	16.738	15PBJA-23-GG-03591-JAGX	9,452	-	-
Bulletproof Vest Partnership Program	16.607	N/A	4,981	-	-
Project Safe Neighborhoods	16.609	15-PBJA-22-AG-03332-GUNP	4,697	-	-
Passed-through the Office of Community Oriented Policing Services					
22 Law Enforcement De-Escalation Cops Grant	16.710	15JCOPS-22-GG-04771-PPSE	122,957	-	-
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	11,700	-	-
2022 Kinston Police Department Project Safe Neighborhoods Grant	16.609	15-PBJA-22-GG-0793-GUNP	4,042	-	-
Total U.S. Department of Justice			177,045	-	-
<u>U.S. Environmental Protection Agency</u>					
<u>Office of Solid Waster and Emergency Response</u>					
Direct Program					
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF01D12620	53,394	-	-
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	H-SRP-D-17-0134	217,238	-	-
Capitalization Grants for Clean Water State Revolving Fund - Lawrence Heights Sewer Replacement	66.458	#CS370527-12	498,555	-	-
		#E-SRP-W-14-0041;			
Capitalization Grants for Clean Water State Revolving Fund - Briery Run Sewer Rehab PhV	66.458	#CS370527-14	201,337	-	-
Total Clean Water State Revolving Fund Cluster			917,130	-	-
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	7,090	-	-
Capitalization Grants for Drinking Water State Revolving Fund - Inventory of Lead Services Project	66.468	#SRF-D-LSL-0030	29,500	-	-
Total Drinking Water State Revolving Fund Cluster			36,590	-	-
Total U.S. Environmental Protection Agency			1,007,114	-	-

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2024

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>U.S. Department of the Treasury</u>					
Passed-through NC Department of Environmental Quality					
Coronavirus State Local Fiscal Recovery Funds	21.027	SRP-W-ARP-0260	\$ 47,642	\$ -	\$ -
Coronavirus State Local Fiscal Recovery Funds	21.027	SRP-W-ARP-0045	30,480	-	-
Total U.S. Department of the Treasury			<u>78,122</u>	<u>-</u>	<u>-</u>
Total Federal Assistance			<u>2,364,218</u>	<u>-</u>	<u>-</u>
STATE GRANTS					
Cash Assistance					
<u>N.C. Department of Transportation</u>					
Non-State System Street Aid Allocation (Powell Bill)	N/A	20000059754	-	639,890	-
Total N.C. Department of Transportation			<u>-</u>	<u>639,890</u>	<u>-</u>
<u>N.C. Office of State Budget and Management</u>					
Regional Economic Development Reserve Directed Grant	N/A	10212	-	112,727	-
Total N.C. Office of State Budget and Management			<u>-</u>	<u>112,727</u>	<u>-</u>
<u>N.C. Department of Natural and Cultural Resources</u>					
Emma Webb Parks and Recreation Trust Fund Grant	N/A	2023-1018	-	281,610	-
Total N.C. Department of Natural and Cultural Resources			<u>-</u>	<u>281,610</u>	<u>-</u>
<u>N.C. Department of Environmental Quality</u>					
Division of Water Infrastructure					
Wastewater Asset Management Grant	N/A	E-AIA-W-21-0215	-	28,945	-
Total N.C. Department of Environmental Quality			<u>-</u>	<u>28,945</u>	<u>-</u>
<u>North Carolina Housing Finance Agency</u>					
NCHFA Urgent Repair Program	N/A	2218	-	103,534	-
Total N.C. of Housing Finance Agency			<u>-</u>	<u>103,534</u>	<u>-</u>
Total Assistance - State Programs			<u>-</u>	<u>1,166,706</u>	<u>-</u>
Total Assistance			<u>\$ 2,364,218</u>	<u>\$ 1,166,706</u>	<u>\$ -</u>

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2024

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, 2024. 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, 2024 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2024 consists of:

Program Title:	AL #	Pass-Through Grantor Number	Amount Outstanding
Capitalization Grants for Clean Water State Revolving Fund	66.458	E-SRP-W-14-0041	\$ 2,164,479
Capitalization Grants for Clean Water State Revolving Fund	66.458	CS370527-12	69,933
Capitalization Grants for Clean Water State Revolving Fund	66.458	H-SRP-D-17-0134	333,967
			<u>\$ 2,568,379</u>