

REVIEWED

By SLGFD at 4:53 pm, Dec 22, 2021



CITY OF KINSTON NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2021

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

We are proud to have a special collection of vibrant, custom designed, digitally printed street pole banners throughout our downtown that tell the diverse story of our community and its people. Our unique banners were designed by Brandon Potter who is a supporter of our revitalization efforts as well as a downtown property and business owner; Magic Mile Printing and Art 105. The banners are based on mock-up designs created by our downtown revitalization Director, Leon Steele, and were printed by Mosca Designs of Hickory, North Carolina.

Funding for the banners came from a \$10,000 grant from Electricities and a \$5,000 match from our local WoodmenLife; both great downtown supporters.

**CITY OF KINSTON,
NORTH CAROLINA**

Financial Statements and
Supplementary Information

For The Year Ended June 30, 2021

CITY OF KINSTON, NORTH CAROLINA
Table of Contents
June 30, 2021

<u>Exhibit</u>		<u>Page</u>
Introductory Section		
	Letter of Transmittal.....	i-xviii
	List of Principal Officials.....	xix
	Organizational Chart.....	xx
Financial Section		
	Independent Auditors' Report	1
	Management's Discussion and Analysis	4
Basic Financial Statements:		
Government-wide Financial Statements:		
1	Statement of Net Position.....	16
2	Statement of Activities	17
Fund Financial Statements:		
3	Balance Sheet – Governmental Funds.....	18
3	Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	19
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	20
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
5	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund.....	22
6	Statement of Net Position – Proprietary Funds	23
7	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	24
8	Statement of Cash Flows – Proprietary Funds	25
	Notes to the Financial Statements	26
<u>Schedule</u>	Required Supplemental Financial Data:	
A-1	Schedule of Changes in Total Pension Liability - Law Enforcement Officer's Special Separation Allowance	78
A-2	Schedule of Total Pension Liability as a Percentage of Covered Payroll- Law Enforcement Officer's Special Separation Allowance.	79
A-3	Schedule of Changes in Total Pension Liability- Special Separation Allowance	80
A-4	Schedule of Total Pension Liability as a Percentage of Covered Payroll- Special Separation Allowance.....	81
A-5	Schedule of Changes in the Total OPEB Liability and Related Ratios	82
A-6	Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset)	83
A-7	Local Government Employees' Retirement System City of Kinston's Contributions	84

CITY OF KINSTON, NORTH CAROLINA
Table of Contents
June 30, 2021

<u>Schedule</u>		<u>Page</u>
Individual Fund Statements and Schedules:		
General Fund		
1	Balance Sheet- General Fund	85
2	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	86
Governmental Fund Types		
3	Combining Balance Sheet for Non-Major Governmental Funds	88
4	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds.....	89
Special Revenue Funds		
5	Combining Balance Sheet- Nonmajor Special Revenue Funds.....	90
6	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	91
7	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Development Administration	92
8	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Bullet Proof Vest Partnership Grant	93
9	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2015 Edward-Byrne Memorial JAG Grant.....	94
10	Schedule of Revenues, Expenditures, and Changes in Fund Balance– Budget and Actual – 2016 Edward-Byrne Memorial JAG Grant.....	95
11	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Seizure and Restitution Fund.....	96
12	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NCHFA 2016 Essential Single-Family Rehabilitation.....	97
13	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NCHFA 2017 Essential Single-Family Rehabilitation.....	98
14	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hurricane Matthew – FEMA- 4825-DR-NC	99
15	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hurricane Florence – FEMA- 4393-DR-NC	100
16	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Downtown Kinston Mural Project.....	101
17	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2017 Edward-Byrne Memorial JAG Grant.....	102
18	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – EPA Brownsfield Assessment and Cleanup Grant	103
19	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NCHFA 2019 Essential Single-Family Rehabilitation.....	104
20	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – GCC 2019 Juvenile Justice Grant.....	105

CITY OF KINSTON, NORTH CAROLINA
Table of Contents
June 30, 2021

<u>Schedule</u>		<u>Page</u>
Special Revenue Funds (Continued)		
21	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hurricane Dorian – FEMA- 4565-DR-NC	106
22	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Brownsfields MARLF Grant	107
23	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – NCHFA Urgent Repair Program	108
24	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Coronavirus Relief Funds	109
25	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Development Block Grant Coronavirus Grant	110
26	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Hurricane Isaias – FEMA – 4568 – DR - NC	111
27	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – YMCA Remote Learning Grant	112
Nonmajor Capital Project Funds		
28	Combing Balance Sheet – Nonmajor Capital Projects Funds	113
29	Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds	114
30	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Retro-Green Capital Project	115
31	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Battlefield Parkway/Soccer Complex	116
32	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – College Street Railroad Crossing Project	117
33	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund Small Projects	118
34	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Fire Pumper Truck Project	119
35	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Grainger Stadium Improvements Project	120
36	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Neighborhood Revitalization and Recreation Improvements	121
37	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Doctors Drive Road and Utility Extension Project	122
38	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Queen Street Redesign and Construction	123
39	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Fire and Rescue Ladder Truck	124
40	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – 2020 Road Improvements	125
41	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Assistance to Firefighters Grant	126
42	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Riverwalk Project Phase I, II, and III	127

CITY OF KINSTON, NORTH CAROLINA

Table of Contents

June 30, 2021

Permanent Fund

43	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Temple Israel Perpetual Care Fund	128
----	--	-----

Major Enterprise Funds

44	Schedule of Revenues and Expenditures – Budget and Actual – Electric Fund (Non-GAAP).....	129
45	Schedule of Revenues and Expenditures – Budget and Actual – Electric Capital Project Fund (Non-GAAP)	131
46	Schedule of Revenues and Expenditures – Budget and Actual – Water Fund (Non-GAAP).....	132
47	Schedule of Revenues and Expenditures – Budget and Actual – Water Capital Project Fund (Non-GAAP)	134
48	Schedule of Revenues and Expenditures – Budget and Actual – Wastewater Fund (Non-GAAP).....	135
49	Schedule of Revenues and Expenditures – Budget and Actual – Wastewater Capital Project Fund (Non-GAAP)	137

Nonmajor Enterprise Funds

50	Combining Statement of Net Position- Nonmajor Enterprise Funds.....	138
51	Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	139
52	Combining Statement of Cash Flows – Nonmajor Enterprise Funds	140
53	Schedule of Revenues and Expenditures – Budget and Actual – Environmental Services Fund (Non-GAAP).....	141
54	Schedule of Revenues and Expenditures – Budget and Actual – Stormwater Fund (Non-GAAP).....	143
55	Schedule of Revenues and Expenditures – Budget and Actual – Stormwater Capital Project Fund (Non-GAAP).....	145
56	Schedule of Revenues and Expenditures – Budget and Actual – Kinston Community Center Fund (Non-GAAP)	146

Internal Service Funds

57	Combining Statement of Net Position – Internal Service Funds	147
58	Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	148
59	Combining Statement of Cash Flows – Internal Service Funds	149
60	Schedule of Revenues and Expenditures – Financial Plan and Actual – Employee Health Self-Insurance Fund (Non-GAAP)	150
61	Schedule of Revenues and Expenditures – Financial Plan and Actual – Employee Health Fund (Non-GAAP)	151

CITY OF KINSTON, NORTH CAROLINA
Table of Contents
June 30, 2021

<u>Schedule</u>	<u>Page</u>
Internal Service Funds (Continued)	
62	Schedule of Revenues and Expenditures – Financial Plan and Actual – Fleet Maintenance Fund (Non-GAAP)..... 152
63	Schedule of Revenues and Expenditures – Financial Plan and Actual – Warehouse Fund (Non-GAAP)..... 153
64	Schedule of Revenues and Expenditures – Financial Plan and Actual – Public Services Administration Fund (Non-GAAP)..... 154

Table

Statistical Section (Unaudited)

1	Schedule of Ad Valorem Taxes Receivable..... 156
2	Analysis of Current Tax Levy – City-Wide Levy..... 157
3	Net Position by Component 158
4	Changes in Net Position 159
5	Program Revenues by Function/Program 163
6	Fund Balances, Governmental Funds 164
7	Changes in Fund Balance, Governmental Funds 165
8	The Electric System 166
9	Electric Rates 167
10	Property Tax Rates..... 168
11	Principal Taxpayers..... 169
12	Property Tax Levies and Collections 170
13	Ratio of Net General Bonded Debt Outstanding by Type 171
14	Direct and Overlapping Governmental Activities Debt..... 172
15	Legal and Debt Margin Information 173
16	Pledged-Revenue Coverage 174
17	Demographic and Economic Statistics..... 175
18	Principal Employers..... 176
19	Full-Time Equivalent City Government Employees by Functions/Programs..... 177
20	Operating Indicators by Function/Program..... 179
21	Capital Asset Statistics by Function/Program..... 180

Compliance Section

Independent Auditors’ Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> 182
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..... 184
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 186
Schedule of Findings and Questioned Costs..... 188
Summary Schedule of Prior Year Audit Finding..... 191
Schedule of Expenditures of Federal and State Awards 192

INTRODUCTORY SECTION

Letter of Transmittal

List of Principal Officials

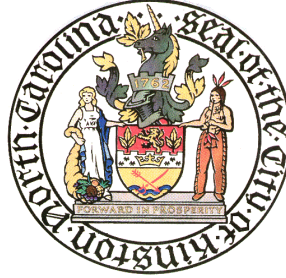
Organizational Chart

RHONDA BARWICK
Interim City Manager

JAMES P. CAULEY
City Attorney

DEBRA THOMPSON
City Clerk

City of Kinston



Mayor DON HARDY
Mayor Pro Tem **FELICIA SOLOMON**

Councilmembers:
ROBERT SWINSON
SAMMY AIKEN
ANTONIO HARDY
KRISTAL SUGGS

November 29, 2021

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

The Comprehensive Annual Financial Report of the City of Kinston, North Carolina (the City) for the fiscal year ended June 30, 2021, 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 2020 census population for the City report population as 19,900.

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

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

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

LOCAL ECONOMIC CONDITION AND OUTLOOK

The City is centrally located to several growing communities including New Bern, Jacksonville, Goldsboro, and Greenville, all less than an hour away. The City is easily accessible by US Highways 70 and 258, and NC Highways 11, 55 and 58. Major industries located within the governments boundaries or in close proximity include hospitals and healthcare facilities, agriculture, manufacturers of aerospace, pharmaceutical, textile, food products, housewares, machining, durable goods, chemicals and consumables, and retail stores. The community currently has a 43.7 percent employment rate compared to a statewide rate of 58.4 percent and a national average of 60.2 percent. Overall, the value of new construction, repair and renovation (as defined by building permit project values) was \$25.3 million. The construction of residential developments, stores, medical and institutional, is consistent with construction in previous years.

Many significant development projects were completed in this fiscal year. Gone Juice Bar, Smithfield Chicken & BBQ, Ocean Bay Seafood were all opened or began construction in Kinston during this time. In the spring of 2021, Fleet Readiness Center East (FRCE), Draken International, Crown Equipment Corporation, and West Pharmaceutical all located or expanded to the Global Transpark, creating hundreds of jobs and millions in development; alongside this new development was the selection of Lenoir Community College by the Federal Aviation Administration to train students to use unmanned aircraft systems for industry, government, law enforcement, and economic development.

While the COVID-19 pandemic is still affecting day-to-day life and operations, businesses and schools slowly adapted during this year to provide essential services and amenities safely. Dozens of community vaccination events from providers across the state partnering with the City, Lenoir County Health Department, the school system, the Kinston Housing Authority, and local businesses have helped protect the community and make limited openings feasible. Using masks, social distancing, and additional sanitizing requirements, the Down East Wood Ducks were able to have their 2021 season and the Lions Water Adventure Water Park was opened to families in May. Social and cultural events that have come to define Kinston as a food and beverage destination were revived, including one of the usual three Kinston Summerfest concerts, BBQ Fest, and many other art shows and weekend events that served as tourism development and economic stimulation for downtown.

The storefronts of Downtown Kinston continue to change (openings include Sunset Nutrition, the Manhattan Cigar Lounge, Stanley's Saloon and Artisans of Tobacco Row) but the stores which opened under the pressure of the early pandemic (Ironclad Axe Throwing Co., The Office, and Jay's 108 Sushi and Burgers) have become local favorites. Renovations continue to be made as investors inquire about downtown properties, and astute retailers have found creative ways to survive. The City of Kinston will continue to look for ways to support its residents and businesses through the transition through continued social distancing, testing, masking, and vaccinations.

MAJOR INITIATIVES

Fiscal Year 2020-2021 comprised of the planning and implementation phases of several initiatives as well as the continuance or completion of projects begun during the previous year.

PLANNING DEPARTMENT

Growing Relationships

The planning department has continued to develop relationships with our internal departments, elected officials, and local organizations, and national grant partners in collaborative efforts. Our cross-sector citizen committees for Watch for Me NC, a state-wide pedestrian and cyclist safety program, and the Mural Selection Committee, an ad hoc citizen group to lead public art initiatives by the City, are just two examples. We continue to reach out to the community for feedback and engagement through our Kinston 101 citizen academy, Emma Webb Park Redesign planning, and other planning efforts. The transition of our Planning Director, Adam Short, to Lenoir County should only strengthen the City-County coordinated efforts in the future. We endeavor to continue these relationships to help implement a positive development environment for our community.

Grants

The planning department continues to manage several grants in this fiscal year. We are currently managing funds for brownfields assessment, single-family rehab, COVID-19 vaccination and testing events, recreational facility rehabilitation, and small business support which continue to improve quality of life here in Kinston.

Certifications

The Community Development Planner will pursue certifications in an effort to build local capacity and knowledge, and will attend classes at the School of Government on Development Finance in the fall.

UNC School of Government

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

KINSTON POLICE DEPARTMENT

Community Policing

Although the pandemic hindered many community events this year, KPD was still able to sponsor events in the community and in our schools. We had and continue 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. Kinston Police hosted National Night Out at Pearson Park and provided KPD backpacks filled with school supplies and personal hygiene items for youth. There were many opportunities to have fun interactions with KPD Officers and staff with food, fun and games! Departmental personnel and community partners have participated in several "Drug Take-Back" events where unwanted prescription drugs were collected and properly disposed of. Officers have taken every opportunity during the pandemic 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.

Equipment and Vehicles

KPD purchased Benchmark Analytical software which allowed us to implement analytical software to document, track, and analyze officer training, officer use of force incidents, citizen complaints and performance evaluations. This program also used a matrix method to discover potential employee issues in the earliest stages. With the assistance of MIS, we were able to upgrade our interview rooms recording system to allow multi-viewing capabilities.

We purchased new tablets for patrol officers to upgrade their mobile data terminals. This allows officer to have real time intelligence data in the field. They also use these tablets for creating and submitting reports, emails, and writing warning tickets and citations. The tablet option saved several hundred dollars on each tablet purchase versus the cost of the laptops like we previously used.

Utilizing the LESO 1033 surplus program, KPD has received the following equipment at no cost to the city:

- (3) Ford F350 utility vans which will be converted into 2 crime scene vehicles and one multi-passenger transport/utility vehicle (total value of \$103,323)
- 1 high water rescue vehicle to be used during hurricanes, flooding and other responses requiring a high clearance and/or four wheel drive capacity in difficult terrain (\$700,000) (KPD paid for transport)
- 3 range finders (\$1,773)
- 75 duty gear bags (\$8,248)
- 1 box of targets (\$138)
- 75 bullet proof shooting glasses (\$3,157)
- 8 head lamps (\$259)
- 57 cots for use during disaster situations (\$5,541)
- First aid kits (\$17,333)
- Dewalt miter saw (\$400)
- 4 Heavy duty plastic storage containers (\$400)
- 81 Triangle traffic reflectors (\$1,426)

The Kinston Police Department became NIBRS (National Incident-Based Report System) compliant this year by converting Uniform Crime Reports to NIBRS reports that provides more useful statistics to promote constructive discussion, measured planning, and informed policing. This is a top priority made by the FBI and was recommended to all professional law enforcement organizations.

Current KPD Grants:

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

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

The Kinston Police Department is going to utilize the funds received from this grant to provide the Kinston Police Department with necessary equipment to assist with preventing and preparing for responding to the coronavirus. The type of equipment we will purchase are: Display sign trailers, disinfecting fogging machine, thermal scanner, mask pouches, M120 face masks, safety glasses and various protective equipment.

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

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

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

O-BJA-2021-35004: FY21 JAG Grant

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

2017-DJ-BX-0818 JAG Grant

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

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

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

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

KINSTON DEPARTMENT OF FIRE & RESCUE

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

The Department responded to 1,140 alarms with property values totaling \$16,633,206. Property value saved was \$15,921,531, or 95.72%. The Department responded to 248 medical emergencies relating to life-threatening situations including cardiac arrests and major trauma. Community education was, and continues to be, an important part in the operation of the Department. Personnel conducted numerous home fire safety checks and participated in many community events.

Even though we all have had a tough year with dealing with a massive pandemic, we still continued with our Smoke Alarm Program. We performed three separate interactions during this time with great success. One in June 2020, two in October 2020 and we teamed up with the Kinston Teens along with Lenoir County Red Cross in April 2021. We have installed 472 smoke alarms last fiscal year. We safely conducted the Child Safety Seat Program during the pandemic as well and installed 40 Child Safety Seats. This coming year is our renewal for the installer certification. Due to being shut down we still reached our citizens by creating virtual videos for children and adults alike.

The Department successfully reached 2,110 adults and 5002 children with our Fire & Life Safety education efforts. The Department completed over 997 fire inspections and completed 5,848 hours of fire & rescue training during the year.

PUBLIC SERVICES

FY 2020-21 Street Resurfacing

The City Council appropriated \$200,000 for FY 20/21 street resurfacing and \$50,000 for the next phase of Hardee Road. Work to be performed with these funds has been bid in one project, the 2021 Road Improvements Project. Streets selected to be included in the project included portions of Lenoir from Independence to Dr. Martin Luther King, Jr. Blvd, Doctor's Drive from Herritage St. to Cambridge Apartments, and a portion of Gordon Street. The section of Hardee Road included is from Crawford St. toward Sedgefield Drive. Four bids were received and the lowest bid was \$277,762 which was over the budget allocation. City Council authorized the transfer of the remaining funds necessary to complete the work. The project was awarded to Barnhill Contracting Company in April 2021 for the total award of \$277,762. Project expected to be complete by January 2022.

Doctor's Drive Extension

The City plans the construction of approximately 2,800 feet of road, drainage and water line improvements from the current end of Doctor's Drive to Airport Road. Project is estimated to cost \$834,000. The City was awarded a grant from Golden Leaf in the amount of \$599,720. The remaining funds will be provided by a combination of developer cash contribution and City in-kind services of approximately \$74,000. Engineering work for this project was awarded to Municipal Engineering Services Company. Design and right-of-way acquisition had been delayed due to the presence of wetlands within the original road corridor. The road was re-designed to avoid the wetlands. Additional easement was purchased and the bid let. Rick Bostic Construction was awarded the contract in the amount of \$548,842 in February 2021. Soil testing has revealed significant amounts of unsuitable subgrade that needs to be undercut and replaced to build the road. A change order is being prepared for the additional cost and time this work will require.

Smartgrid Meter System

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

Electric POD #2

The City of Kinston is currently in the very vulnerable position of having only one point of delivery with Duke Energy for our power supply. Should there be an interruption to power at this connection, all of our electric system would be without power until repairs were made. This could take days or weeks depending on the failure. A second point of delivery would provide redundancy in the event of a failure. The second POD will be located west of Kinston and will also eliminate another significant risk, which is having a single-source feed to the Falling Creek Substation. All of Kinston's other substations are connected in a loop and can be fed from two directions. Booth & Associates is performing project engineering. The breaker station was completed in January 2019. The bid award to purchase transmission poles was approved by Council in March, 2020. The bid award for the labor to construct the transmission line was approved by Council in April, 2020. Easement acquisition continued to delay the project during the fiscal year. The final easement was not secured until September, 2020. Work on the transmission line began during FY21. Project remains on schedule and is expected to be completed in FY22.

Hardee Road Reconstruction

In January, 2017, Kinston experienced a winter storm bringing several inches of snow and ice, along with over 5 consecutive days of sub-freezing temperatures. The precipitation coupled with the prolonged cold snap caused extensive damage to the asphalt on Hardee Road. The road was kept open, but portions were placed under 15 mile per hour advisory speeds due to the asphalt conditions. The road infrastructure largely consists of 2" of asphalt on a clay/sand soil. Initial estimates to perform a full road reconstruction in the deteriorated areas were at a cost of \$1.9 million. That level of funding was not available so a smaller scope project to install a better road cross section in the most damaged blocks was assembled. This included removing 4" of asphalt and soil and installing 2.5" of base asphalt and 1.5" of surface asphalt. A purchase order was issued in May, 2018 for \$70,000 to Tripp Brothers to complete Phase I. Additional funds were appropriated in FY18-19 and FY19-20, which were used to complete improvements from Elizabeth Drive through Oxford Road. \$50,000 has been appropriated in FY20-21 and will be used for work between Crawford Street and Sedgefield Road. This has been awarded to Barnhill Contracting Company as part of the FY 20-21 Road Improvements Project.

Vernon Avenue Electric Distribution Replacement

The Electric budget for FY17/18 included \$1,548,360 to rebuild 3.4 miles of distribution line along Vernon Avenue. This is not a complete circuit rebuild but portions of several circuits that connect to poles on Vernon. The project is driven by the need for pole replacements. Since we will replace the poles it is efficient to also rebuild the lines at the same time. A project budget was established. In September 2018 Volt Power, LLC was awarded the contract. Work continued through FY21. Contractor is currently working through punch list items.

Water Asset Management Plan Grant

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

Extend Circuit 510 and Rebuild Circuit 521

This project will extend electric Circuit 510 1.0 miles and rebuild 1.0 miles of Circuit 521. Estimated project cost \$1,056,000. Funding was approved in FY18-19 Electric Fund budget. Engineering services began in January 2019. Volt Power, LLC was awarded the contract in July 2019. The contractor is currently working on punch list items from the City's inspection.

Queen Street Bridge Lighting

NCDOT has agreed to provide funding to install lights on the newly constructed Queen Street Bridge. Agreements have been executed but the installation has been delayed until the design team for the bridge has completed their work. NCDOT has delayed their design work on the entranceways indefinitely. Toward the end of FY19-20 the City decided to move forward on the bridge lighting. Work was completed in the fall of 2020. A reimbursement request was forwarded to NCDOT upon completion but payment has not yet been received.

Massey Drive Stream Improvements

This project is to address severe erosion along approximately 800 feet of ditch that is threatening personal property. As this ditch handles runoff from NC Highway 258, NCDOT agreed to appropriate \$177,640 toward the project in January 2020. The East Group prepared the original construction plans and prepared permit applications. City staff secured the necessary easements. The bid was let and awarded to Shamrock Environmental Corporation in the amount of \$201,886 in February 2021.

Willows Stream Improvements

During Hurricane Florence the ditch along The Willows apartment complex was damaged. FEMA denied the project stating it was a natural feature with no history of City construction work at the site. The stream handles stormwater from City streets in the area. Although we continue to seek FEMA funding, repairs had to be made from our stormwater funds. Bids were let and the award was made to Charles Hughes Construction in the amount of \$89,953. Notice to proceed was prepared in May, 2021.

Greenmead Water Line Replacement Project

This project will replace 19,500 feet of cast iron and galvanized water lines that are over 50 years old in the Greenmead Subdivision. City received a Drinking Water State Revolving Fund loan of \$1,299,887. The City will provide cash of \$26,000. The estimated project cost is \$1,325,887. City Council accepted the loan offer in September, 2019. Staff has prepared full construction plans and specifications to submit to the funding agency for their approval prior to bidding. On November 16, 2020 City Council awarded the bid to Herring Rivenbark, Inc. in the amount of \$1,530,020. City Council amended the Project Budget to include an appropriation of \$371,200 from the Water Capital Reserve Fund for the additional funding needed. Construction began in April 2021. Substantial completion is expected in October 2021.

Smithfield Way West Gravity Sewer Extension Project

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

submitted. Required easements have been obtained from two property owners. Lenoir County is handling all contracts/financial administration. City is functioning as technical advisor and will accept project infrastructure upon completion of the project. Lenoir County awarded bid to Jones and Smith Contractors in the amount of \$587,006 in early 2021. Construction began and estimated completion is late 2021.

PARKS AND RECREATION

Fiscal Year 2020-2021 comprised of the planning and implementation phases of several initiatives as well as the continuance or completion of projects begun during the previous year.

Fairfield Recreation Center

Replace the playground space at Fairfield Recreation Center. The structure was removed due to dangerous conditions.

Mock Athletic Skills Facility

New windows were installed on the front side of Mock Gym (completing the front side of the structure)
Repaired/refinished the basketball gym floor
Replaced all HVAC units in the gym and the building
Repaired and replaced several pieces of equipment within the facility
Landscaped the front and back entrances to the gym along with major pressure washing

Grainger Stadium

Renovation has been ongoing with the visitors' locker room including roof repair and HVAC work. The existing Wood Duck's visitors' locker room, bathroom, and manager's office have all been painted and flooring replaced.
Granger Stadium is on the verge of needing major renovations due to new Major League Baseball regulations. The stadium is going to need approximately \$2M in renovation to meet the new stadium codes.

Bill Fay Park

Joel Smith Memorial Disc Golf Course is underway and will inhabit the wooded space behind the playground structure at Bill Fay Park. We hope to have this completed before the Summer of 2022.

Holloway Recreation Center

Through a grant, renovations to Holloway pool and pool house will be done this year. We have also installed new padding in the gym area for greater safety and aesthetics.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Unrestricted fund balance (committed, assigned, and unassigned components of fund balance) in the general fund at year-end was 27 percent of total general fund expenditures. This amount is approximately 7 percent above the informal guidelines utilized by the Council for budgetary and planning purposes.

The Council periodically reviews its goals during the year and concentrates efforts during budget season. The Council has set a benchmark of approximately 20 percent fund balance, and each year establishes a list of priorities it wishes to focus on in current and upcoming budget years. For the upcoming fiscal year, the Council's strategic plan and objectives include:

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

During the budgetary process, staff endeavors to address these goals with the revenues allocated. In terms of long-term planning, staff prepares and updates a Street Condition Survey report that details each City owned street, its condition and where it falls in the replacement schedule. In addition to the goals mentioned, the Council has also expressed its desire to maintain a consistent level of essential services provided to the residents and business of the City with focal on fiscally responsible spending of resources.

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

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

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

PLANNING AND INSPECTIONS DEPARTMENT

In the next fiscal year we hope to implement the larger Unified Development Ordinance changes as required by the North Carolina General Assembly with regard to 160D and make additional changes to match long term planning needs. Planning is also looking for more opportunities to invest in downtown, following our successful investment on Queen Street and other areas of downtown. The Planning Department will continue to partner with the UNC School of Government utilizing their help on special projects and helping find new opportunities to assist the planning and inspections department. We plan to continue to fund demolition and ongoing housing rehab grants to achieve our ultimate goal of blight removal and renovation of housing units in Kinston. We have partnered with Lenoir County to submit another NEA Our Town grant proposal which, if funded, will continue to develop and improve the government-led public art initiatives in the City. The planning department will also continue to pursue funding that mitigates the economic and health losses of our community due to COVID-19 and develop projects that help citizens succeed while public health restrictions remain in place. Finally, the planning department hopes to hire a new Planning Director to take this long term vision and lead the department through its next stages of change. The department will continue to improve relations with the development community and will provide the greatest level of service possible

KINSTON POLICE DEPARTMENT

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

The Department will continue replacing and upgrading technology equipment, such as: OS software used for police reporting, radio systems which can no longer be repaired, hoping to continue to be compatible with the Lenoir County 911 Center.

The Kinston Police Department is committed to positively evolving the department in order to:

- Continue a proactive hiring process seeking qualified individuals and develop a workforce reflective of the community
- Foster an organizational structure of accountability and transparency
- Continue to provide quality police services to our citizens

2020 Coronavirus Emergency Supplemental Funding Grant

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

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

KINSTON DEPARTMENT OF FIRE & RESCUE

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

PUBLIC SERVICES

Lawrence Heights Water Line Replacement

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

Lawrence Heights Sewer Line Replacement

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

Briery Run Sewer Rehabilitation – Phase V

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

nearly double the project funds. City rejected bids and declined the loan. Project funding will be requested again in the future. City re-applied for funding in September, 2019. Received an award for 100% loan funding in February, 2020. Staff is taking action to improve funding application and submit in September, 2020. Specifications are being reviewed internally to be sent to NCDEQ for permitting.

NCGTP Water Line Project

This project replaces 3700 feet of waterline at the North Carolina Global TransPark. Plans and specifications are being prepared. They will be submitted to NCDEQ for permitting. The NCDOT Encroachment permit has been received. The project cost is expected to be \$2,905,630. Funding is planned using a Clean Water SRF loan.

Briery Run Lift Station Mitigation

This project will replace existing pumps with dry pit submersible pumps and make adjustments to the controls to avoid future flood damage at the station. The project has been approved by FEMA for flood mitigation. Bids will be let in August of FY22. The project cost is estimated at \$658,000.

2020 Wastewater Asset Management Grant

This project will perform condition assessments of the Johnnie Mosley Water Reclamation Facility, perform CCTV work in the wastewater collection system and prepare engineering report of the City's top sewer capital projects. The grant was awarded by NCDEQ/DWI in the amount of \$150,000. Estimated project cost is \$159,750.

PARKS AND RECREATION

Emma Webb Park

Through a Flood Coalition grant, we are working with a design group and several stakeholders to develop a master plan for this park. This plan is expected to be completed and presented to council by November 2021. Having this plan will allow for us to submit much more competitive grant applications.

Pearson Park

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

OTHER INFORMATION

Relevant Financial Policies

The City of Kinston has adopted a comprehensive set of financial policies. During the current year, one of these policies was particularly relevant. The City of Kinston has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). As a result of the anticipated economic downturn due to the global COVID-19 pandemic, however, estimated revenues were less than appropriations for the General Fund (\$20,106,441 versus \$22,750,154). In such cases, the policy allows for the appropriation of fund balance to close the gap. The amount necessary for this purpose in the original budget was \$1,545,168, which increased to \$1,561,669 in the final amended budget. However, thanks to measures taken to control expenditures, the unexpected increase in sales tax revenues, and an additional transfer for the rate of return on the investment of the City's electric system, the City of Kinston ultimately did not have to spend the General Fund appropriated fund balance to close the anticipated operating deficit for the year.

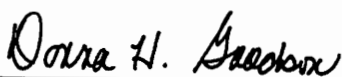
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kinston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. The CAFR for the fiscal year ended June 30, 2020 is currently under review by the GFOA. In order to be awarded a Certificate of Achievement, a Government Unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and the City will be submitting it to the GFOA to determine its eligibility for another certificate.

The City of Kinston also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2020. To qualify for the Distinguished Budget Presentation Award, the City of Kinston's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications devise.

The preparation of this report could not be accomplished without the skill, effort, efficient and dedicated services of the entire staff of the Finance Department. We also acknowledge the valuable professional service provided by the accounting firm of RH, 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
Interim City Manager

City of Kinston

**City Council
Administrative and Financial Staff**

**For the Year Ended
06/30/2021**

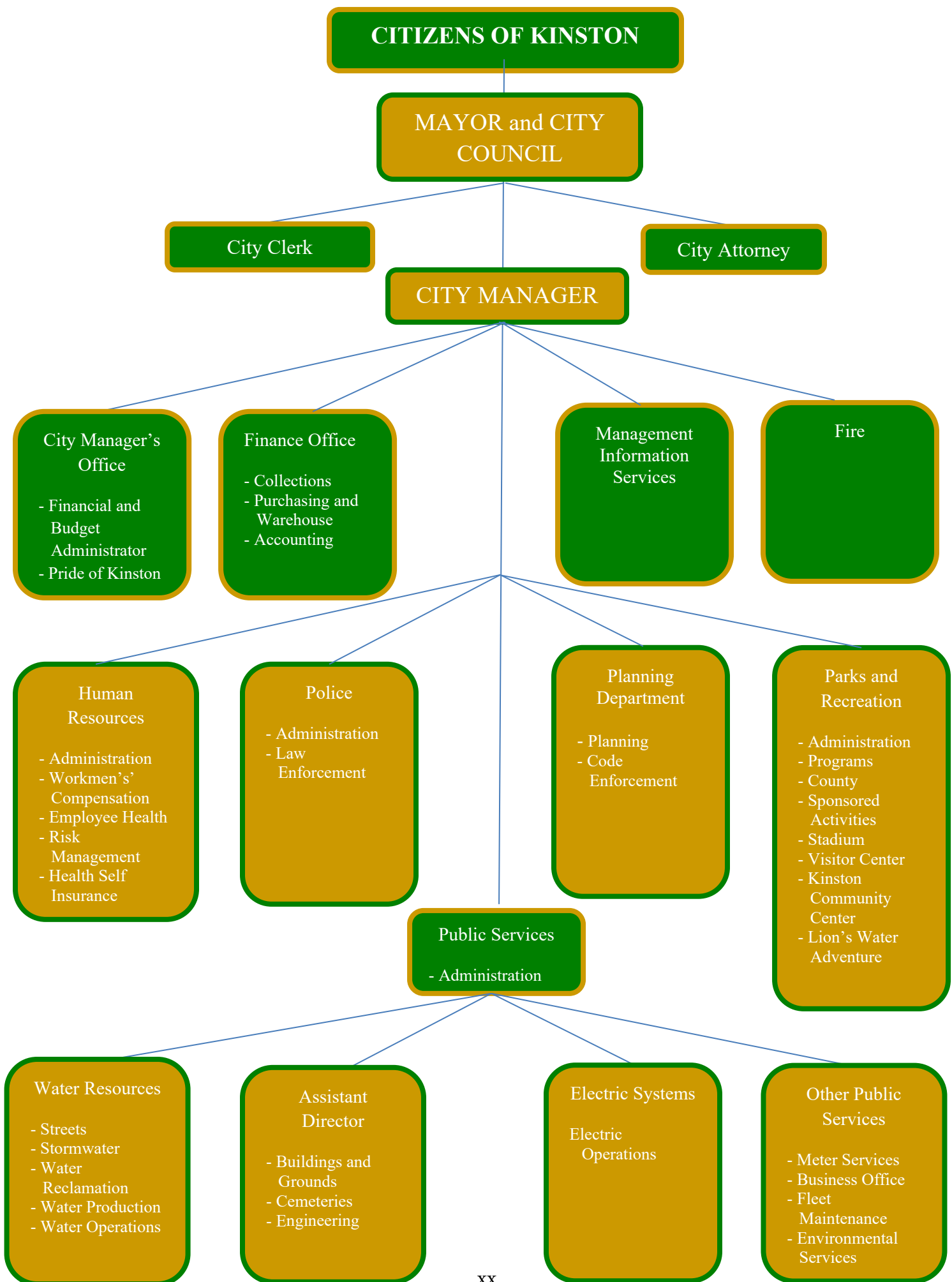
City Council Members and Staff

**Don Hardy, Mayor
Felicia Solomon, Mayor Pro-Tem
Sammy C. Aiken
Antonio Hardy
Robert A. Swinson, IV
Kristal Suggs**

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

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

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



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.

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, 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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Schedule of Changes in Total Pension Liability Law Enforcement Officer's Special Separation Allowance on page 78, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officer's Special Separation Allowance on page 79, Schedule of Changes in Total Pension Liability – Special Separation Allowance on page 80, Schedule of Total Pension Liability as a Percentage of Covered Payroll – Special Separation Allowance on page 81, Schedule of Changes in the Total OPEB Liability and Related Ratios on page 82, Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset) on page 83, and Local Government Employees' Retirement System City of Kinston's Contributions on page 84 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, the combining and individual fund statements, the budgetary schedules, schedule of expenditures of federal and state awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 29, 2021 on our consideration of the City of Kinston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kinston's internal control over financial reporting and compliance.

RH CPA_s, PLLC

Greensboro, North Carolina
November 29, 2021

City of Kinston, North Carolina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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, 2021. 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.

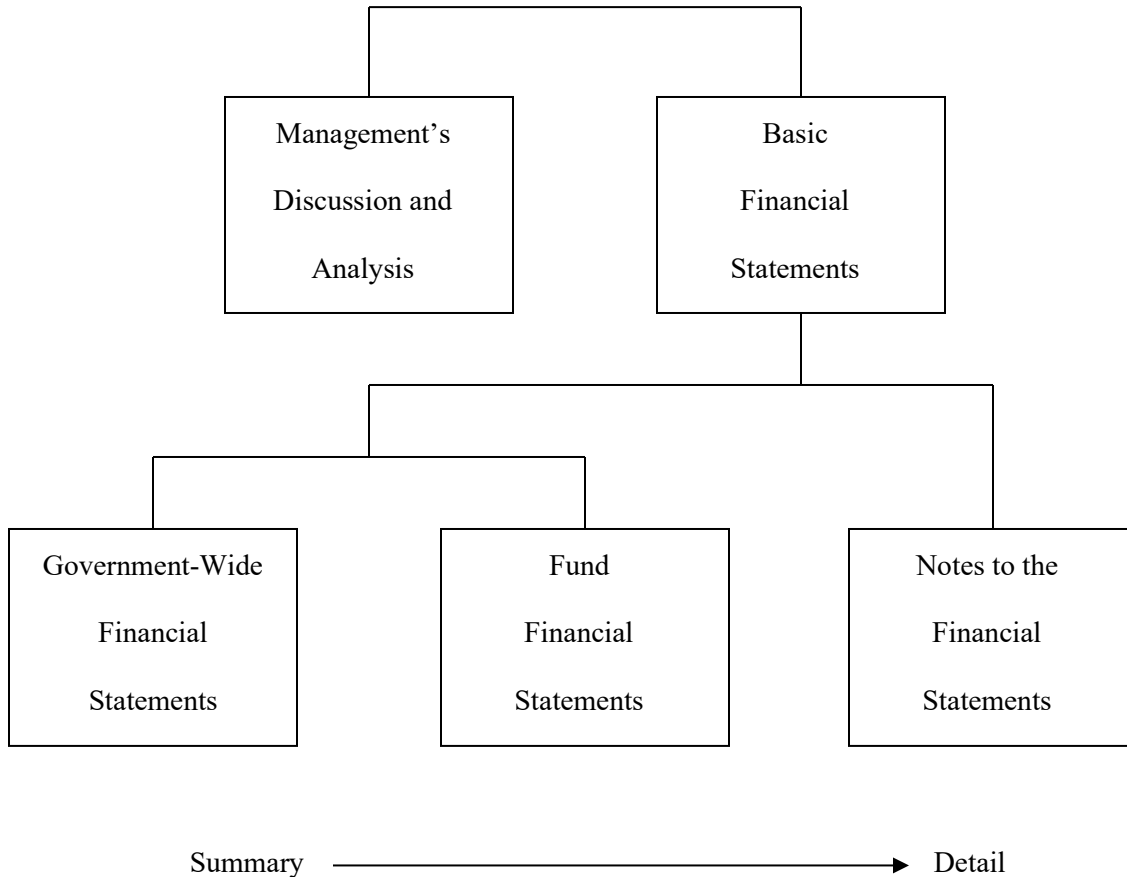
Financial Highlights

- 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 \$174,610,417 (*net position*).
- The government's total net position increased by \$10,538,799, 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 \$18,566,818 with an increase of \$1,757,609 in fund balance. Approximately 67% of this total amount, or \$12,370,051, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,007,543, or 23.23%, of total General Fund expenditures and transfers out for this fiscal year.
- The City of Kinston's total debt decreased by \$563,865 (-1.34%) during the current fiscal year. The key factors in this decrease were the issuance of general obligation bonds of \$710,453 for the completion of the Biosolids Dryer Project; an increase of \$1,780,776 in the net pension liability for the Local Government Employees Retirement System (LGERS); and an increase of \$637,391 in the total pension liability for the Law Enforcement Officers Special Separation Allowance (LEOSSA). Increases were offset by planned debt service principal payments of \$3,938,748.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report

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

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

Government-Wide Financial Analysis

City of Kinston's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$25,673,023	\$23,006,898	\$ 56,868,406	\$ 51,906,624	\$ 82,541,429	\$ 74,913,522
Capital assets	24,984,390	26,278,162	111,360,110	110,601,390	136,344,500	136,879,552
Deferred outflows of resources	3,798,118	2,546,600	1,314,794	1,141,611	5,112,912	3,688,211
Total assets and deferred outflows of resources	54,455,531	51,831,660	169,543,310	163,649,625	223,998,841	215,481,285
Long-term liabilities outstanding	24,648,025	23,325,258	14,008,948	14,594,089	38,656,973	37,919,347
Other liabilities	4,056,092	4,193,494	6,095,874	8,490,205	10,151,966	12,683,699
Deferred inflows of resources	560,652	779,372	18,833	27,249	579,485	806,621
Total liabilities and deferred inflows of resources	29,264,769	28,298,124	20,123,655	23,111,543	49,388,424	51,409,667
Net position:						
Net investment in capital assets	13,852,747	14,074,186	98,186,245	95,279,046	112,038,992	109,353,232
Restricted	13,126,480	11,285,710	-	-	13,126,480	11,285,710
Unrestricted	(1,788,464)	(1,826,360)	51,233,410	45,259,036	49,444,946	43,432,676
Total net position	\$25,190,763	\$23,533,536	\$ 149,419,655	\$ 140,538,082	\$ 174,610,418	\$ 164,071,618

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 \$174,610,418 as of June 30, 2021. The City's net position increased \$10,538,800 for the fiscal year ended June 30, 2021. However, the largest portion (66.65%) reflects the City's net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). The City of Kinston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Kinston's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Kinston's net position, \$13,126,480, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$49,444,946 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.91%. The State-wide average in fiscal year 2020 was 98.96%.
- Property tax valuation increase of \$7.7 million resulting in a \$550 thousand increase in property tax revenue.
- Received reimbursements from FEMA and insurance for damages sustained during Hurricanes Matthew, Florence, Dorian, and Isaias of \$1.5 million.
- State shared revenue distributions of local government sales tax increase of \$600 thousand.
- Actual spending was significantly less than the original appropriated expenditure bearing positive increases to the governmental and business-type funds net position.

City of Kinston's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,818,444	\$ 3,640,871	\$ 69,131,318	\$ 67,951,582	\$ 72,949,762	\$ 71,592,453
Operating grants and contributions	1,446,152	829,991	-	-	1,446,152	829,991
Capital grants and contributions	-	-	81,190	26,299	81,190	26,299
General revenues:					-	-
Property taxes	10,575,357	10,025,472	-	-	10,575,357	10,025,472
Other taxes	7,172,604	6,560,641	-	-	7,172,604	6,560,641
Grants and contributions not restricted to specific programs	2,632,415	2,889,155	2,249,637	2,250,050	4,882,052	5,139,205
Other	3,440,046	3,231,650	598,063	1,711,689	4,038,109	4,943,339
Total revenues	29,085,018	27,177,780	72,060,208	71,939,620	101,145,226	99,117,400
Expenses:						
General government	8,294,798	7,109,297	-	-	8,294,798	7,109,297
Public safety	10,824,551	12,070,545	-	-	10,824,551	12,070,545
Public services	3,498,471	3,335,583	-	-	3,498,471	3,335,583
Community development	2,892,723	359,283	-	-	2,892,723	359,283
Culture and recreation	3,461,949	3,966,588	-	-	3,461,949	3,966,588
Interest on long-term debt	455,300	422,143	-	-	455,300	422,143
Electric	-	-	39,443,256	38,231,100	39,443,256	38,231,100
Water	-	-	9,185,436	9,032,211	9,185,436	9,032,211
Wastewater	-	-	6,918,953	7,021,821	6,918,953	7,021,821
Nonmajor fund	-	-	5,630,990	6,076,136	5,630,990	6,076,136
Total expenses	29,427,792	27,263,439	61,178,635	60,361,268	90,606,427	87,624,707
Change in net position before transfers	(342,774)	(85,659)	10,881,573	11,578,352	10,538,799	11,492,693
Transfers	2,000,000	957,250	(2,000,000)	(957,250)	-	-
Increase in net position	1,657,226	871,591	8,881,573	10,621,102	10,538,799	11,492,693
Beginning net position	23,533,536	22,572,341	140,538,082	129,860,059	164,071,618	152,432,400
Net position, beginning, restated	23,533,536	22,661,945	140,538,082	129,916,980	164,071,618	152,578,925
Net position, June 30	\$25,190,762	\$23,533,536	\$ 149,419,655	\$ 140,538,082	\$ 174,610,417	\$ 164,071,618

Total government-wide revenues of \$101.1 million were primarily derived from charges for services (72%) and property taxes and other taxes (18%). The total expenses of all programs were \$90.6 million. The expenses cover a range of services with the two largest being electric services (44%), and public safety (fire/EMS, police, and inspections/code enforcement) (12%).

Governmental Activities

Governmental activities increased the City's net position by \$1,657,226, thereby accounting for 16% of the total growth in the net position of the City of Kinston. The increase in net position was the result of increased revenue generation from a property tax valuation increase as well as continued efforts to control costs and manage expenditures to conserve resources. City management continued to reduce non-essential programs to a minimum and implemented cost-saving strategies across City departments. The City's decision to switch to a self-insured health insurance plan continues to minimize the increase in costs of providing health benefits to eligible employees. Certain non-recurring expenses were either postponed or renegotiated in an attempt to maintain a healthy net position. Management believes healthy investment in the City will result in additional revenues, adding to the City's net position by investing in capital assets which were largely funded by cultural, recreational and economic development grant revenues. Contributing to a favorable net position are continued diligent efforts to maximize tax collections. Due to the conservative nature of the budgeting process, tax revenues appreciably improved in the current year. City management acknowledges that 2021 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health. As part of the long-term strategy, three items in particular stand out for management that will need to be addressed in the upcoming budgets that being 1) the tax revaluation effective in fiscal year 2017-2018 with a corresponding tax rate increase closer to the revenue neutral rate from the prior years; 2) the continued monitoring of health benefits costs to minimize increases in rates while providing excellent health benefits; and 3) employee retainage by providing competitive salaries and benefits to minimize personnel turnover and corresponding training expenses.

Key elements of this increase are as follows:

- Property tax valuation increase of \$7.7 million resulting in a \$550 thousand increase in property tax revenue.
- Received reimbursements from FEMA and insurance for damages sustained during Hurricanes Matthew, Florence, Dorian, and Isaias of \$1.5 million.
- State shared revenue distributions of local government sales tax increase of \$600 thousand.

Business-Type Activities

Business-type activities increased the City's net position by \$8,881,573, thereby accounting for 84% of the total growth in the net position of the City of Kinston. A key element of this increase was due to an increase in service charge revenues of \$1.2 million.

Key elements of this increase are as follows:

- Increase of \$1.2 million in sales revenue for service charges.
- Continued streamlining of expenses

Financial Analysis of the City's Funds

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

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

The General Fund is the chief operating fund of the City of Kinston. At the end of the current fiscal year, available fund balance of the General Fund was \$5.8 million, while total fund balance was \$8.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 27% of total General Fund expenditures and transfers out, less long-term debt issued, while total fund balance represents 35% of the same amount.

At June 30, 2021, the governmental funds of the City of Kinston reported a combined fund balance of \$18.6 million, a 10% increase from last year. The General Fund reported an increase in fund balance of \$1,516,982 while the nonmajor governmental funds reported a combined increase in fund balance of \$240,630 primarily due to increase of the annual transfer from the Electric Fund as a rate of return on the City of Kinston in the electric system and FEMA reimbursements associated with costs expended in prior years from Hurricanes Matthew, Florence, Dorian and Isaias.

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

There were several reasons the City revised its budget throughout the year. The most significant relates to the annual appropriation to pay for prior year purchases. Another reason relates to the funding of expenditures associated with a litigation settlement in the amount of \$850 thousand funded entirely by a transfer from then General Fund. An additional reason relates to an additional allowable rate of return on the investment of the City of Kinston's electric system in the amount of \$1 million. A final reason relates to the transfer of residual equity from the financial closure of several General Fund projects in the amount of \$169 thousand

Proprietary Funds. Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to \$35.7 million in the Electric Fund, \$10.8 million in the Water Fund, \$(643) thousand in the Wastewater Fund, and \$2.8 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 \$7.2 million, \$1.2 million, \$(49) thousand, and \$428 thousand, respectively.

Capital Asset and Debt Administration

Capital Assets. The City of Kinston's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$136.3 million (net of accumulated depreciation). These assets include buildings, improvements other than buildings, equipment and vehicles, electric, water, and wastewater operating plant and infrastructure, and construction in process. This amount represents a net decrease of \$535 thousand, or (.39)%, over last year.

Major capital asset transactions during the year include the following:

- Two police vehicles and one engineering vehicle purchased and equipped at a cost of \$109 thousand.
- College Street railroad crossing improvements at a cost of \$328 thousand.
- Queen Street electrical improvement at a cost of \$94 thousand.
- Construction in progress in the General Fund consists primarily of improvements to Doctors Drive road and utility extension in the amount of \$197 thousand.
- Water fund replacement of Greenmead waterline at a cost of \$782 thousand.
- Water fund construction of Jetstream fire protection line at a cost of \$128 thousand.
- Water fund cost of several water improvement projects at a cost of \$137 thousand.
- Wastewater Services fund purchase of an L belt for a sludge press at a cost of \$214 thousand.
- Electric fund purchased three vehicles at a cost of \$139 thousand.
- Continuing electric infrastructure improvements at Second POD, SmartGrid system and circuit rebuild projects at a combined cost of \$3.1 million.
- Environmental Services fund purchased a two freightliner trucks at a cost of \$361 thousand.
- Stormwater fund construction of Massey Drive stream project at a cost of \$166 thousand.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,802,500	\$ 3,801,831	\$ 1,222,643	\$ 1,222,643	\$ 5,025,143	\$ 5,024,474
Infrastructure	2,007,021	1,859,726	800,585	863,787	2,807,606	2,723,513
Buildings and improvements	9,653,022	10,145,187	27,284,652	28,352,371	36,937,674	38,497,558
Equipment and vehicles	2,449,609	1,199,900	2,127,649	2,198,744	4,577,258	3,398,644
Distribution system	-	-	46,392,869	48,810,569	46,392,869	48,810,569
Construction in progress	7,072,238	9,271,518	33,531,710	29,153,276	40,603,948	38,424,794
Total	\$24,984,390	\$26,278,162	\$ 111,360,108	\$110,601,390	\$136,344,498	\$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. At June 30, 2021, the City of Kinston had total bonded debt outstanding of \$12,286,298. Of this, \$11,278,298 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured by specified revenue sources (e.g. revenue bonds).

City of Kinston's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Installment debt	\$ 11,131,644	\$ 12,203,976	\$ 887,569	\$ 1,469,342	\$ 12,019,213	\$ 13,673,318
General obligation bonds	-	-	11,278,298	11,577,002	11,278,298	11,577,002
Revenue bonds	-	-	1,008,000	2,276,000	1,008,000	2,276,000
OPEB	4,466,954	4,320,200	-	-	4,466,954	4,320,200
Pension related debt (LGERS)	4,951,724	3,685,997	2,383,090	1,875,526	7,334,814	5,561,523
Pension related debt (LEOSSA)	4,275,963	3,618,572	-	-	4,275,963	3,618,572
Pension related debt (SSA)	-	-	-	-	-	-
Compensated absences	810,771	758,013	368,562	341,812	1,179,333	1,099,825
Total	\$ 25,637,056	\$ 24,586,758	\$ 15,925,519	\$ 17,539,682	\$ 41,562,575	\$ 42,126,440

City of Kinston's Outstanding Debt.

The City's total outstanding debt decreased by \$563,865 (-1.34%) during the past fiscal year, primarily due to \$710,453 general obligation loans issued for KRWRF Biosolids Dryer Project; \$2,584,921 increase in pension and OPEB liabilities; and \$3,938,748 scheduled debt service payments. All scheduled debt service payments were made timely.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City of Kinston is \$85,928,393.

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

Economic Factors and Next Year's Budget and Rates

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

- During fiscal year 2021, five residential and six non-residential units were constructed with a value of \$5 million. There were 128 repairs and renovations permits issued with a total value of \$17.5 million.
- Retail sales for Lenoir County during 2021 were \$696.2 million.
- The current unemployment rate was 5.0 percent, compared to 4.6 percent for the State and 5.9 percent for the nation.
- Projections of State-Collected Local Government Tax Revenue are projecting upward due to the unforeseen public health response and the federal fiscal response to the global COVID-19 pandemic

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The property tax base for the 2021 fiscal year is projected to be \$1,363,500,000 or \$27,500,000 (2.06%) more than the budgeted tax base for the prior year. A proposed tax rate of .77 per \$100 of assessed valuation (an increase of .04) and a collection rate of 96.70% and 100% for motor vehicles equates to a projected increase of \$670 thousand in the current year property tax revenues. Sales tax revenues are expected to increase by approximately \$564 thousand due to the anticipated increase in retail sales due to the unforeseen public health response and the federal fiscal response to the global COVID-19 pandemic. The maximum allowable transfer from the Electric Fund has been budgeted for the allowable rate of return on the investment of the City of Kinston's electric system. The City of Kinston has received funding from the Coronavirus State and Local Fiscal Recovery Funds in the amount of \$3.2 million which is a significant infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the City of Kinston recovers. Approximately \$1.5 million of the Coronavirus State and Local Fiscal Recovery Funds is considered to be the estimated reduction in revenue relative to revenues collected in the most recent full fiscal year for the City prior to the pandemic emergency which the City may use to provide government services that were reduced during the pandemic. The General Fund fund balance appropriation necessary to fund the adopted general fund budget is \$0 compared to \$1.5 million from the prior year. There are no planned purchases of vehicles, equipment, or other capital equipment in the FY2022 General Fund budget. The City focused on street repaving and approved \$200 thousand for street resurfacing in 2022, bringing the total spent in the last five years on street repaving to \$1.9 million (from fiscal year 2018 through fiscal year 2022).

There is no COLA increase for employees for the 2022 fiscal year. One position was added in the General Fund and the full-time positions increased to 380 FTE's. There was 0 percent increase in the cost of the City's portion of employee health insurance due to the downward projection of anticipated claims verses premium funding. The creation of the Health Self Insurance Fund has allowed the City to avoid a potential 20% rate increase from BCBS during the same time frame. There was also a 1.2% increase in the City's retirement contribution to the NC LGERS retirement system. The General Fund initial budget for 2021-2022 decreased 4.42 percent from \$26.9 million to \$25.7 million. The decrease in the new budget is mostly attributable to decreases in capital expenditures.

Business-type Activities: There were no rate fee increases in the business-type funds for the 2022 fiscal year. Personnel expenses will increase due to the 1.2% increase in the City's portion of the NC LGERS retirement system. All other operating expenses will decrease 2.60% mainly as a result of decreased electric purchased power costs.

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.

MAJOR FUNDS

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

CITY OF KINSTON, NORTH CAROLINA
Statement of Net Position
June 30, 2021

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 21,808,166	\$ 44,624,545	\$ 66,432,711
Taxes receivables - net	519,770	-	519,770
Accounts receivable - net	498,357	353,618	851,975
Due from government agencies	2,332,655	222,506	2,555,161
Customer receivables - net	-	8,419,649	8,419,649
Notes receivable	167,956	-	167,956
Inventories	346,119	1,495,341	1,841,460
Restricted cash and investments	-	1,752,747	1,752,747
Total current assets	<u>25,673,023</u>	<u>56,868,406</u>	<u>82,541,429</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	10,874,736	34,754,354	45,629,090
Other capital assets, net of depreciation	14,109,654	76,605,756	90,715,410
Total capital assets	<u>24,984,390</u>	<u>111,360,110</u>	<u>136,344,500</u>
Total assets	<u>50,657,413</u>	<u>168,228,516</u>	<u>218,885,929</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB deferrals	271,027	-	271,027
Pension deferrals	3,527,091	1,314,794	4,841,885
Total deferred outflows of resources	<u>3,798,118</u>	<u>1,314,794</u>	<u>5,112,912</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	2,503,729	2,426,555	4,930,284
Prepaid fees	34,385	-	34,385
Unavailable revenues	528,948	-	528,948
Customer deposits	-	1,752,747	1,752,747
Current portion of long-term liabilities	989,030	1,916,572	2,905,602
Total current liabilities	<u>4,056,092</u>	<u>6,095,874</u>	<u>10,151,966</u>
Long-term liabilities:			
Net pension liability (LGRS)	4,951,724	2,383,090	7,334,814
Total pension liability (LEOSSA)	4,275,963	-	4,275,963
OPEB liability	4,466,954	-	4,466,954
Due in more than one year	10,953,384	11,625,858	22,579,242
Total long-term liabilities	<u>24,648,025</u>	<u>14,008,948</u>	<u>38,656,973</u>
Total liabilities	<u>28,704,117</u>	<u>20,104,822</u>	<u>48,808,939</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	3,664	-	3,664
Other	127,328	-	127,328
OPEB deferrals	217,681	-	217,681
Pension deferrals	211,979	18,833	230,812
Total deferred inflows of resources	<u>560,652</u>	<u>18,833</u>	<u>579,485</u>
NET POSITION			
Net investment in capital assets	13,852,747	98,186,245	112,038,992
Restricted for:			
Stabilization by State Statue	3,032,731	-	3,032,731
Subsequent year's expenditures	809,380	-	809,380
Permanently restricted for cemetery perpetual maintenance	75,000	-	75,000
Temporarily restricted	9,209,367	-	9,209,367
Unrestricted	(1,788,463)	51,233,410	49,444,947
Total net position	<u>\$ 25,190,762</u>	<u>\$ 149,419,655</u>	<u>\$ 174,610,417</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, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 8,294,798	\$ 1,813,641	\$ 34,951	\$ -	\$ (6,446,206)	\$ -	\$ (6,446,206)
Public safety	10,824,551	260,916	51,920	-	(10,511,715)	-	(10,511,715)
Public services	3,498,471	853,887	1,359,281	-	(1,285,303)	-	(1,285,303)
Community development	2,892,722	-	-	-	(2,892,722)	-	(2,892,722)
Cultural and recreation	3,461,949	890,000	-	-	(2,571,949)	-	(2,571,949)
Interest on long-term debt	455,300	-	-	-	(455,300)	-	(455,300)
Total governmental activities	29,427,791	3,818,444	1,446,152	-	(24,163,195)	-	(24,163,195)
Business-type activities:							
Electric	39,443,256	46,338,409	-	81,190	-	6,976,343	6,976,343
Water	9,185,436	10,025,499	-	-	-	840,063	840,063
Wastewater	6,918,953	6,797,161	-	-	-	(121,792)	(121,792)
Nonmajor funds:							
Environmental services	3,829,598	4,189,091	-	-	-	359,493	359,493
Stormwater	808,943	1,027,180	-	-	-	218,237	218,237
Community center services	992,449	753,978	-	-	-	(238,471)	(238,471)
Total business-type activities	61,178,635	69,131,318	-	81,190	-	8,033,873	8,033,873
Total primary government	\$ 90,606,426	\$ 72,949,762	\$ 1,446,152	\$ 81,190	(24,163,195)	8,033,873	(16,129,322)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					10,575,357	-	10,575,357
Other taxes					7,172,604	-	7,172,604
Grants and contributions not restricted to specific programs					2,632,414	2,249,637	4,882,051
Unrestricted investment earnings					17,156	41,092	58,248
Miscellaneous					3,422,890	556,971	3,979,861
Transfers					2,000,000	(2,000,000)	-
Total general revenues and transfers					25,820,421	847,700	26,668,121
Change in net position					1,657,226	8,881,573	10,538,799
Net position, beginning					23,533,536	140,538,082	164,071,618
Net position, ending					\$ 25,190,762	\$ 149,419,655	\$ 174,610,417

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, 2021

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>Total Non-</u>	<u>Governmental</u>
		<u>Major Funds</u>	<u>Funds</u>
ASSETS			
Cash and investments	\$ 7,885,598	\$ 9,706,419	\$ 17,592,017
Due from government agencies	1,840,717	491,938	2,332,655
Accounts receivable	113,042	332,309	445,351
Taxes receivable	519,770	-	519,770
Notes receivable	-	167,956	167,956
Inventories	105,960	-	105,960
Prepaid expenses	-	-	-
Total assets	<u>\$ 10,465,087</u>	<u>\$ 10,698,622</u>	<u>\$ 21,163,709</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,212,752	\$ 689,813	\$ 1,902,565
Prepaid privilege licenses	34,385	-	34,385
Total liabilities	<u>1,247,137</u>	<u>689,813</u>	<u>1,936,950</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	519,770	-	519,770
Prepaid property taxes	3,664	-	3,664
Pavement assessment receivables	9,048	-	9,048
GTP fire taxes receivables	130	-	130
Prepaid loan proceeds	127,328	-	127,328
Total deferred inflows of resources	<u>659,940</u>	<u>-</u>	<u>659,940</u>
FUND BALANCES			
Non-spendable, not in spendable form:			
Inventories	105,960	-	105,960
Perpetual maintenance	-	75,000	75,000
Restricted:			
Stabilization by State Statute	2,694,544	285,180	2,979,724
Other	-	9,209,367	9,209,367
Committed	-	379,845	379,845
Assigned	749,963	59,417	809,380
Unassigned	5,007,543	-	5,007,543
Total fund balances	<u>8,558,010</u>	<u>10,008,809</u>	<u>18,566,819</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,465,087</u>	<u>\$ 10,698,622</u>	<u>\$ 21,163,709</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, 2021

Exhibit 3

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

Total fund balance, governmental funds	\$ 18,566,819
--	---------------

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	\$ 53,355,046	
Accumulated depreciation	<u>(28,384,055)</u>	24,970,991

A portion of the assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.	3,809,260
---	-----------

Net pension liability	(4,753,763)
-----------------------	-------------

Total pension liability - LEOSA	(4,275,963)
---------------------------------	-------------

OPEB liability	(4,466,954)
----------------	-------------

Pension related deferrals	(210,416)
---------------------------	-----------

OPEB related deferrals	(217,681)
------------------------	-----------

Deferred outflows of resources related to pensions are not reported in the funds	3,417,872
--	-----------

Deferred outflows of resources related to OPEB are not reported in the funds	271,027
--	---------

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>(11,920,430)</u>
---	---------------------

Net position of governmental activities	<u><u>\$ 25,190,762</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, 2021

Exhibit 4

	<u>Major Fund</u>		<u>Total</u>
	<u>General Fund</u>	<u>Total Non- Major Funds</u>	<u>Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 10,575,357	\$ -	\$ 10,575,357
Sales and services	1,707,699	-	1,707,699
Other taxes and licenses	7,172,604	-	7,172,604
Unrestricted intergovernmental	601,468	2,030,946	2,632,414
Restricted intergovernmental	649,348	796,804	1,446,152
Investment earnings	13,846	797	14,643
Other	261,942	138,099	400,041
Total revenues	<u>20,982,264</u>	<u>2,966,646</u>	<u>23,948,910</u>
EXPENDITURES			
Current:			
General government	3,218,193	-	3,218,193
Public safety	10,186,069	754,385	10,940,454
Public services	2,614,467	-	2,614,467
Parks and recreation	3,120,812	10,442	3,131,254
Community development	-	1,674,144	1,674,144
Debt service:			
Principal	1,072,333	-	1,072,333
Interest	455,300	-	455,300
Capital outlay	887,937	197,217	1,085,154
Total expenditures	<u>21,555,111</u>	<u>2,636,188</u>	<u>24,191,299</u>
Excess (deficiency) of revenues over expenditures	<u>(572,847)</u>	<u>330,458</u>	<u>(242,389)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,089,827	109,030	2,198,857
Transfers to other funds	-	(198,858)	(198,858)
Proceeds from loan	-	-	-
Total other financing sources (uses)	<u>2,089,827</u>	<u>(89,828)</u>	<u>1,999,999</u>
Net change in fund balance	1,516,980	240,630	1,757,610
Fund balances, beginning	<u>7,041,030</u>	<u>9,768,179</u>	<u>16,809,209</u>
Fund balances, ending	<u>\$ 8,558,010</u>	<u>\$ 10,008,809</u>	<u>\$ 18,566,819</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, 2021

Exhibit 4

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

Net changes in fund balances- total governmental funds	\$ 1,757,610
--	--------------

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	\$ 412,061	
Depreciation expense for governmental assets	(1,702,988)	
Loss on disposal of surplus property	-	(1,290,927)

Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the statement of net position.	400,749
---	---------

Change in deferred outflows - pension	1,251,518
---------------------------------------	-----------

Change in deferred inflows - pension	(210,709)
--------------------------------------	-----------

Change in pension liability	(2,069,872)
-----------------------------	-------------

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.	762,179
--	---------

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	-	
Principal payments on long-term debt	1,072,333	1,072,333

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.	(15,655)
---	----------

Total changes in net position of governmental activities	\$ 1,657,226
--	--------------

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, 2021

	General Fund			Variance with Final Budget - Positive (Negative)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 10,135,935	\$ 10,135,935	\$ 10,575,357	\$ 439,422
Sales and services	1,691,508	1,691,508	1,707,699	16,191
Other taxes and licenses	6,533,057	6,533,057	7,172,604	639,547
Unrestricted intergovernmental	574,339	574,339	601,468	27,129
Restricted intergovernmental	870,356	880,356	649,348	(231,008)
Investment earnings	51,044	51,044	13,846	(37,198)
Other	250,202	274,027	261,942	(12,085)
Total revenues	20,106,441	20,140,266	20,982,264	841,998
Expenditures:				
Current:				
General government	2,101,803	3,610,049	3,218,193	391,856
Public safety	10,313,644	10,358,477	10,186,069	172,408
Public services	3,363,962	3,469,265	2,614,467	854,798
Parks and recreation	3,994,227	3,899,528	3,120,812	778,716
Debt service:				
Principal	1,072,863	1,072,863	1,072,333	530
Interest	458,688	458,688	455,300	3,388
Capital outlay	796,850	1,081,443	887,937	193,506
Total expenditures	22,750,154	23,950,313	21,555,111	2,395,202
Revenues over (under) expenditures	(2,643,713)	(3,810,047)	(572,847)	3,237,200
Other financing sources (uses):				
Transfers from (to) other funds	1,098,545	2,188,114	2,089,827	(98,287)
Long-term debt issued	-	60,264	-	(60,264)
Fund balance appropriated	1,545,168	1,561,669	-	(1,561,669)
Total other financing sources (uses)	2,643,713	3,810,047	2,089,827	(1,720,220)
Net change in fund balance	\$ -	\$ -	1,516,980	\$ 1,516,980
Fund balance, beginning			7,041,030	
Fund balance, ending			\$ 8,558,010	

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, 2021

	Major Enterprise Funds			Non-Major Enterprise Funds	Total	Internal Service Funds
	Electric Fund	Water Fund	Wastewater Fund	Funds		
ASSETS						
Current assets:						
Cash and investments	\$ 28,806,741	\$ 9,746,099	\$ -	\$ 3,097,508	\$ 41,650,348	\$ 7,190,348
Due from government agencies	129,953	57,155	34,841	557	222,506	-
Accounts receivable - net	298,165	1,696	477	50,609	350,947	55,677
Customer receivables- net	5,622,471	1,184,517	924,274	688,387	8,419,649	-
Inventories	1,210,829	284,512	-	-	1,495,341	240,158
Restricted cash and cash equivalents	1,752,747	-	-	-	1,752,747	-
Total current assets	37,820,906	11,273,979	959,592	3,837,061	53,891,538	7,486,183
Noncurrent assets:						
Capital assets:						
Land	202,380	66,605	953,658	-	1,222,643	-
Buildings	3,671,890	648,631	41,276,198	-	45,596,719	19,468
Distribution system	40,970,008	15,723,350	53,421,286	-	110,114,644	12,655
Equipment and vehicles	2,819,845	3,102,537	3,241,555	6,590,341	15,754,278	892,468
Accumulated depreciation	(31,248,870)	(14,749,545)	(44,109,959)	(4,790,938)	(94,899,312)	(871,765)
Construction in progress	14,928,476	2,372,365	15,783,057	447,813	33,531,711	-
Total capital assets	31,343,729	7,163,943	70,565,795	2,247,216	111,320,683	52,826
Total noncurrent assets	31,343,729	7,163,943	70,565,795	2,247,216	111,320,683	52,826
Total assets	69,164,635	18,437,922	71,525,387	6,084,277	165,212,221	7,539,009
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals	329,837	274,629	148,960	255,994	1,009,420	414,593
	329,837	274,629	148,960	255,994	1,009,420	414,593
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	21,115	205,854	1,443,010	733,756	2,403,735	623,976
Customer deposits	1,752,747	-	-	-	1,752,747	-
Compensated absences, current	24,446	19,708	9,084	15,721	68,958	28,680
Current portion of long-term debt	214,120	56,560	1,298,215	255,536	1,824,431	-
Total current liabilities	2,012,428	282,122	2,750,309	1,005,013	6,049,871	652,656
Non-current liabilities:						
Net pension liability	597,836	497,769	269,995	463,995	1,829,595	751,456
Accrued compensated absences	73,338	59,123	27,248	47,163	206,872	86,039
Non-current portion of long-term debt	320,120	84,560	10,650,670	294,085	11,349,435	-
Total noncurrent liabilities	991,294	641,452	10,947,913	805,243	13,385,902	837,495
Total liabilities	3,003,722	923,573	13,698,222	1,810,256	19,435,773	1,490,151
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals	4,725	3,934	2,134	3,666	14,459	5,937
NET POSITION						
Net investment in capital assets	30,809,489	7,022,823	58,616,910	1,697,595	98,146,817	52,826
Restricted for Stabilization by State Statute	-	-	-	-	-	53,007
Unrestricted	35,676,536	10,762,221	(642,919)	2,828,754	48,624,592	6,351,681
Total net position	\$ 66,486,025	\$ 17,785,044	\$ 57,973,991	\$ 4,526,349	146,771,409	\$ 6,457,514
Adjustment to reflect the consolidation of the Public Services Administration Internal Service Fund related to enterprise funds					2,648,246	
Total					\$ 149,419,655	

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, 2021

Exhibit 7

	<u>Major Enterprise Funds</u>			<u>Non-Major Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>			
OPERATING REVENUES						
Charges for services	\$ 46,338,409	\$ 10,025,499	\$ 6,797,161	\$ 5,970,248	\$ 69,131,317	\$ 4,242,853
Other	26,060	372,536	72,505	85,822	556,923	3,023,068
Total operating revenues	<u>46,364,469</u>	<u>10,398,035</u>	<u>6,869,666</u>	<u>6,056,070</u>	<u>69,688,240</u>	<u>7,265,921</u>
OPERATING EXPENSES						
Administration	-	-	-	-	-	2,238,097
Public service operations	-	-	-	-	-	481,231
Fleet maintenance operations	-	-	-	-	-	172,331
Warehouse operations	-	-	-	-	-	395,098
Employee health operations	-	-	-	-	-	187,412
Electrical operations	36,054,437	-	-	-	36,054,437	-
Environmental services	-	-	-	3,481,238	3,481,238	-
Stormwater services	-	-	-	749,231	749,231	-
Community center services	-	-	-	962,777	962,777	-
Water production	-	1,394,194	-	-	1,394,194	-
Depreciation	1,210,410	482,130	2,433,211	414,359	4,540,110	28,621
Water operations	-	7,277,980	-	-	7,277,980	-
Wastewater plant operations	-	-	4,380,476	-	4,380,476	-
Claims reimbursement	-	-	-	-	-	2,915,845
Total operating expenses	<u>37,264,847</u>	<u>9,154,304</u>	<u>6,813,687</u>	<u>5,607,605</u>	<u>58,840,443</u>	<u>6,418,635</u>
Operating income	<u>9,099,622</u>	<u>1,243,731</u>	<u>55,979</u>	<u>448,465</u>	<u>10,847,797</u>	<u>847,286</u>
NONOPERATING REVENUES (EXPENSES)						
Interest earned on investments	26,286	8,833	5	2,606	37,730	5,875
Interest on long-term debt	(15,230)	(4,840)	(104,573)	(23,385)	(148,028)	-
Loan issuance costs	(1,113)	(26,292)	(693)	-	(28,098)	-
Total nonoperating revenues (expenses)	<u>9,943</u>	<u>(22,299)</u>	<u>(105,261)</u>	<u>(20,779)</u>	<u>(138,396)</u>	<u>5,875</u>
Income before transfers	<u>9,109,565</u>	<u>1,221,432</u>	<u>(49,282)</u>	<u>427,686</u>	<u>10,709,401</u>	<u>853,161</u>
Capital contributions	81,190	-	-	-	81,190	-
Transfer from other funds	6,808,753	1,034,499	65,992	-	7,909,244	-
Transfer to other funds	(8,808,753)	(1,034,499)	(65,992)	-	(9,909,244)	-
Change in net position	<u>7,190,755</u>	<u>1,221,432</u>	<u>(49,282)</u>	<u>427,686</u>	<u>8,790,591</u>	<u>853,161</u>
Beginning net position	<u>59,295,270</u>	<u>16,563,612</u>	<u>58,023,273</u>	<u>4,098,663</u>		<u>5,604,353</u>
Total net position, ending	<u>\$ 66,486,025</u>	<u>\$ 17,785,044</u>	<u>\$ 57,973,991</u>	<u>\$ 4,526,349</u>		<u>\$ 6,457,514</u>
Adjustment to reflect the consolidation of the Public Services Administration Internal Service Fund related to enterprise funds					90,982	
Change in net position - business-type activities					<u>\$ 8,881,573</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, 2021

	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	\$ 46,402,280	\$ 10,374,239	\$ 6,932,795	\$ 6,025,724	\$ 69,735,038	\$ 4,132,691
Cash paid for goods and services	(34,628,087)	(7,310,407)	(4,915,492)	(3,372,045)	(50,226,031)	(4,250,231)
Cash paid to employees	(1,568,067)	(1,305,348)	(884,411)	(1,502,840)	(5,260,666)	(2,144,684)
Other operating revenues	-	-	-	-	-	3,140,334
Customer deposits	23,227	-	-	-	23,227	-
Net cash provided by operating activities	10,229,353	1,758,484	1,132,892	1,150,839	14,271,568	878,110
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer (to) from other funds	(2,000,000)	-	-	-	(2,000,000)	-
Total cash flow used by noncapital financing activities	(2,000,000)	-	-	-	(2,000,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(3,340,434)	(1,189,133)	(213,888)	(581,148)	(5,324,603)	-
Proceeds from long-term debt	-	-	710,456	-	710,456	-
Principal paid on general obligation bond maturities and equipment contracts	(672,040)	(260,771)	(1,524,199)	(401,927)	(2,858,937)	-
Interest paid on bonded indebtedness and equipment contracts	(16,343)	(31,132)	(105,266)	(23,385)	(176,126)	-
Contributed capital	81,190	-	-	-	81,190	-
Net cash used by capital and related financing activities	(3,947,627)	(1,481,036)	(1,132,897)	(1,006,460)	(7,568,020)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	26,286	8,833	5	2,606	37,730	5,875
Net cash provided by investing activities	26,286	8,833	5	2,606	37,730	5,875
Net increase in cash and cash equivalents	4,308,012	286,281	-	146,985	4,741,278	883,985
Balances, beginning	26,251,476	9,459,818	-	2,950,523	38,661,817	6,306,363
Balances, ending	\$ 30,559,488	\$ 9,746,099	\$ -	\$ 3,097,508	\$ 43,403,095	\$ 7,190,348
Reconciliation of operating income to net cash provided by operating activities						
Operating income	\$ 9,099,622	\$ 1,243,731	\$ 55,979	\$ 448,465	\$ 10,847,797	\$ 847,286
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	1,210,410	482,130	2,433,211	414,359	4,540,110	28,621
Changes in assets and liabilities:						
Decrease (increase) in due from government agencies	(73,200)	(6,810)	370	-	(79,640)	-
Decrease (increase) in accounts receivable	(20,968)	(9)	101,927	(30,344)	50,606	7,104
Decrease (increase) in customer deposits	131,979	(16,977)	(39,168)	-	75,834	-
Decrease (increase) in inventories	(103,994)	(17,443)	-	-	(121,437)	2,812
Increase (decrease) in accounts payable and accrued liabilities	(126,366)	(14,984)	(1,462,012)	270,777	(1,332,585)	(109,308)
Increase (decrease) in customer deposits	23,227	-	-	-	23,227	-
Increase (decrease) in net pension liability	124,331	135,180	65,981	64,337	389,829	169,127
(Increase) decrease in deferred outflows of resources for pensions	(41,620)	(53,925)	(24,779)	(12,727)	(133,051)	(60,137)
Decrease (increase) in deferred inflows of resources - pensions	(2,155)	(1,334)	(830)	(2,140)	(6,459)	(2,522)
Increase (decrease) in compensated absences payable	8,087	8,925	2,213	(1,888)	17,337	(4,873)
Total adjustments	1,129,731	514,753	1,076,913	702,374	3,423,771	30,824
Net cash provided by operating activities	\$ 10,229,353	\$ 1,758,484	\$ 1,132,892	\$ 1,150,839	\$ 14,271,568	\$ 878,110

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2021

1. Summary of Significant Accounting Policies (Continued)

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

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

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

The City reports the following major governmental fund:

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

The City reports the following non-major governmental funds:

Special Revenue Fund. The Special Revenue Fund accounts for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has 21 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 13 capital project funds; the individual descriptions of which are disclosed in the supplemental nonmajor fund-types section.

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

The City reports the following major enterprise funds:

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following nonmajor enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

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

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

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

D. Budgetary Data

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

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

A budget calendar is included in State law that prescribes the last day on which certain steps of the budget procedures are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

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

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

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

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

1. Deposits and Investments

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The City's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT – Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Restricted cash at June 30, 2021, consists of the following:

Business-Type Activities:

Electric Fund - customer deposits	<u>\$ 1,752,747</u>
Total business-type activities restricted cash	<u><u>\$ 1,752,747</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020.

5. Allowances for Doubtful Accounts

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

6. Inventory

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

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

7. Capital Assets

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

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

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

The following estimated useful lives are used to compute depreciation:

<u>Assets</u>	<u>Estimated 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 2021 fiscal year and pension deferrals. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that met this criterion for this category – prepaid property taxes, property taxes receivable, GTP fire taxes receivable, pavement assessment receivables, and pension and OPEB deferrals.

9. Long-Term Obligations

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Restricted all other fund balance at June 30, 2021 is as follows:

Purpose	General Fund	Other Governmental Funds	Total Governmental Activities
Restricted, all other:			
Community development	\$ -	\$ 9,156,008	\$ 9,156,008
Perpetual care	-	517	517
Public safety	-	52,842	52,842
Total	<u>\$ -</u>	<u>\$ 9,209,367</u>	<u>\$ 9,209,367</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Committed fund balance at June 30, 2021 is as follows:

<u>Purpose</u>	<u>Other Governmental Funds</u>
General government	\$ 21,865
Community development	113,022
Parks and recreation	244,958
Total	<u>\$ 379,845</u>

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

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

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

Assigned fund balance at June 30, 2021 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>
Subsequent year's expenditures	\$ 749,963	\$ 59,417
Total	<u>\$ 749,963</u>	<u>\$ 59,417</u>

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

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

The City has not officially adopted a fund balance policy.

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

Total fund balance - General Fund	\$ 8,558,010
Less:	
Inventories	105,960
Prepaid expenses	-
Stabilization by State statute	<u>2,694,544</u>
Total available fund balance	<u><u>\$ 5,757,506</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

1. Summary of Significant Accounting Policies (Continued)

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

	General Fund	Other Governmental Funds
Encumbrances	<u>\$ 749,963</u>	<u>\$ 59,417</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, 2021

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, 2021, the City's deposits had a carrying amount of \$62,618,200 and a bank balance of \$63,506,053. Of the bank balance, \$641,655 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2021, the City's petty cash fund totaled \$14,250.

2. Investments

As of June 30, 2021, the City had \$3,110,283 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, 2021

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, 2021 is net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 167,320</u>
Enterprise Funds:	
Electric Fund	2,663,288
Water Fund	661,103
Wastewater Fund	546,418
Nonmajor enterprise funds	<u>320,469</u>
Total enterprise funds	<u>4,191,278</u>
 Total allowance for doubtful accounts	 <u><u>\$4,358,598</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	\$ 547,056
State and local sales tax	1,369,989
Grant receivable	<u>415,610</u>
 Total	 <u><u>\$ 2,332,655</u></u>

4. Long-Term Loan Receivables

The City issued a note receivable on February 27, 2014 in the amount of \$225,000 from Abby Gardens, LLC in the Community Development Administration Fund for various water and sewer improvements to the Abby Gardens 48 unit apartment complex for seniors of low to middle income, payable over 20 years. Interest is calculated at 0%. Principal is due annually through April 2034. The amount outstanding at June 30, 2021 is \$167,956.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

5. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
General Fund:				
Capital assets not being depreciated:				
Land	\$ 3,801,831	\$ 669	\$ -	\$ 3,802,500
Construction in progress	9,271,518	205,568	2,404,848	7,072,238
Total capital assets not being depreciated	<u>13,073,349</u>	<u>206,237</u>	<u>2,404,848</u>	<u>10,874,738</u>
Capital assets being depreciated:				
Buildings and improvements	19,007,543	60,426	-	19,067,969
Equipment	6,319,368	45,455	-	6,364,823
Vehicles	7,146,197	2,082,376	195,092	9,033,481
Infrastructure	7,591,619	422,416	-	8,014,035
Total assets being depreciated	<u>40,064,727</u>	<u>2,610,673</u>	<u>195,092</u>	<u>42,480,308</u>
Less accumulated depreciation:				
Buildings and improvements	8,840,108	581,165	-	9,421,273
Equipment	5,763,262	195,160	-	5,958,422
Vehicles	6,540,895	651,542	195,091	6,997,346
Infrastructure	5,731,893	275,121	-	6,007,014
Total accumulated depreciation	<u>26,876,158</u>	<u>1,702,988</u>	<u>195,091</u>	<u>28,384,055</u>
Total capital assets being depreciated, net	<u>13,188,569</u>			<u>14,096,253</u>
Total General Fund capital assets, net	<u><u>\$ 26,261,918</u></u>			<u><u>\$ 24,970,991</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Employee Health Fund				
Internal Service Fund:				
Capital assets being depreciated:				
Buildings and improvements	\$ 19,468	\$ -	\$ -	\$ 19,468
Less accumulated depreciation:				
Buildings and improvements	12,655	487	-	13,142
Total accumulated depreciation	12,655	487	-	13,142
Total capital assets being depreciated, net	6,813			6,326
Total Employee Health Fund capital assets, net	\$ 6,813			\$ 6,326
	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Fleet Maintenance Fund				
Internal Service Fund:				
Capital assets being depreciated:				
Equipment	\$ 140,910	\$ -	\$ -	\$ 140,910
Vehicles	66,879	-	-	66,879
Total capital assets being depreciated	207,789	-	-	207,789
Less accumulated depreciation:				
Equipment	131,479	2,358	-	133,837
Vehicles	66,879	-	-	66,879
Total accumulated depreciation	198,358	2,358	-	200,716
Total capital assets being depreciated, net	9,431			7,073
Total Fleet Maintenance Fund capital assets, net	\$ 9,431			\$ 7,073

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Total Governmental Funds:				
Capital assets not being depreciated:				
Land	\$ 3,801,831	\$ 669	\$ -	\$ 3,802,500
Construction in progress	9,271,518	205,568	2,404,848	7,072,238
Total capital assets not being depreciated	<u>13,073,349</u>	<u>206,237</u>	<u>2,404,848</u>	<u>10,874,738</u>
Capital assets being depreciated:				
Buildings and improvements	19,027,011	60,426	-	19,087,437
Equipment	6,460,278	45,455	-	6,505,733
Vehicles	7,213,076	2,082,376	195,092	9,100,360
Infrastructure	7,591,619	422,416	-	8,014,035
Total assets being depreciated	<u>40,291,984</u>	<u>2,610,673</u>	<u>195,092</u>	<u>42,707,565</u>
Less accumulated depreciation:				
Buildings and improvements	8,852,763	581,652	-	9,434,415
Equipment	5,894,741	197,518	-	6,092,259
Vehicles	6,607,774	651,542	195,091	7,064,225
Infrastructure	5,731,893	275,121	-	6,007,014
Total accumulated depreciation	<u>27,087,171</u>	<u>1,705,833</u>	<u>195,091</u>	<u>28,597,913</u>
Total capital assets being depreciated, net	<u>13,204,813</u>			<u>14,109,652</u>
Governmental activities capital assets, net	<u>\$ 26,278,162</u>			<u>\$ 24,984,390</u>

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

General government	\$ 190,769
Public safety	932,793
Public services	210,320
Community development	35,839
Cultural and recreation	316,588
Internal services funds	19,524
Total	<u>\$ 1,705,833</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-type activities:				
Electric Fund:				
Capital assets not being depreciated:				
Land	\$ 202,380	\$ -	\$ -	\$ 202,380
Construction in progress	11,754,105	3,174,371	-	14,928,476
Total capital assets not being depreciated	<u>11,956,485</u>	<u>3,174,371</u>	<u>-</u>	<u>15,130,856</u>
Capital assets being depreciated:				
Buildings and improvements	3,671,890	-	-	3,671,890
Equipment	1,041,118	-	-	1,041,118
Vehicles	1,640,142	138,585	-	1,778,727
Distribution system	40,942,530	27,478	-	40,970,008
Total assets being depreciated	<u>47,295,680</u>	<u>166,063</u>	<u>-</u>	<u>47,461,743</u>
Less accumulated depreciation:				
Buildings and improvements	3,200,151	63,542	-	3,263,693
Equipment	829,264	13,872	-	843,136
Vehicles	1,308,022	164,776	-	1,472,798
Distribution system	24,701,023	968,220	-	25,669,243
Total accumulated depreciation	<u>30,038,460</u>	<u>1,210,410</u>	<u>-</u>	<u>31,248,870</u>
Total capital assets being depreciated, net	<u>17,257,220</u>			<u>16,212,873</u>
Electric Fund capital assets, net	<u><u>\$ 29,213,705</u></u>			<u><u>\$ 31,343,729</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 66,605	\$ -	\$ -	\$ 66,605
Construction in progress	1,326,144	1,046,221	-	2,372,365
Total capital assets not being depreciated	<u>1,392,749</u>	<u>1,046,221</u>	<u>-</u>	<u>2,438,970</u>
Capital assets being depreciated:				
Buildings and improvements	648,631	-	-	648,631
Equipment	1,450,474	80,697	-	1,531,171
Vehicles	1,509,148	62,217	-	1,571,365
Infrastructure	177,480	-	-	177,480
Distribution system	15,545,871	-	-	15,545,871
Total assets being depreciated	<u>19,331,604</u>	<u>142,914</u>	<u>-</u>	<u>19,474,518</u>
Less accumulated depreciation:				
Buildings and improvements	599,652	7,711	-	607,363
Equipment	1,230,839	92,968	-	1,323,807
Vehicles	1,312,054	106,239	-	1,418,293
Infrastructure	28,858	8,695	-	37,553
Distribution system	11,096,012	266,517	-	11,362,529
Total accumulated depreciation	<u>14,267,415</u>	<u>482,130</u>	<u>-</u>	<u>14,749,545</u>
Total capital assets being depreciated, net	<u>5,064,189</u>			<u>4,724,973</u>
Water Fund capital assets, net	<u>\$ 6,456,938</u>			<u>\$ 7,163,943</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Wastewater Fund:				
Capital assets not being depreciated:				
Land	\$ 953,658	\$ -	\$ -	\$ 953,658
Construction in progress	15,783,056	-	-	15,783,056
Total capital assets not being depreciated	<u>16,736,714</u>	<u>-</u>	<u>-</u>	<u>16,736,714</u>
Capital assets being depreciated:				
Buildings and improvements	41,276,198	-	-	41,276,198
Equipment	2,008,199	213,888	-	2,222,087
Vehicles	1,019,468	-	-	1,019,468
Infrastructure	397,697	-	-	397,697
Distribution system	53,023,590	-	-	53,023,590
Total assets being depreciated	<u>97,725,152</u>	<u>213,888</u>	<u>-</u>	<u>97,939,040</u>
Less accumulated depreciation:				
Buildings and improvements	14,031,327	977,760	-	15,009,087
Equipment	1,973,689	57,709	-	2,031,398
Vehicles	602,413	167,415	-	769,828
Infrastructure	164,933	19,885	-	184,818
Distribution system	24,904,387	1,210,441	-	26,114,828
Total accumulated depreciation	<u>41,676,749</u>	<u>2,433,210</u>	<u>-</u>	<u>44,109,959</u>
Total capital assets being depreciated, net	<u>56,048,403</u>			<u>53,829,081</u>
Wastewater Fund capital assets, net	<u>\$ 72,785,117</u>			<u>\$ 70,565,795</u>
	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Environmental Services Fund:				
Capital assets being depreciated:				
Equipment	\$ 547,193	\$ 40,824	\$ -	\$ 588,017
Vehicles	3,570,140	360,696	-	3,930,836
Total assets being depreciated	<u>4,117,333</u>	<u>401,520</u>	<u>-</u>	<u>4,518,853</u>
Less accumulated depreciation:				
Equipment	547,193	8,165	-	555,358
Vehicles	2,928,525	317,316	-	3,245,841
Total accumulated depreciation	<u>3,475,718</u>	<u>325,481</u>	<u>-</u>	<u>3,801,199</u>
Total capital assets being depreciated, net	<u>641,615</u>			<u>717,654</u>
Environmental Services Fund capital assets, net	<u>\$ 641,615</u>			<u>\$ 717,654</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Stormwater Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ 268,187	\$ 179,626	\$ -	\$ 447,813
Total capital assets not being depreciated	<u>268,187</u>	<u>179,626</u>	<u>-</u>	<u>447,813</u>
Capital assets being depreciated:				
Equipment	219,253	-	-	219,253
Vehicles	476,390	-	-	476,390
Infrastructure	692,432	-	-	692,432
Total assets being depreciated	<u>1,388,075</u>	<u>-</u>	<u>-</u>	<u>1,388,075</u>
Less accumulated depreciation:				
Equipment	142,927	24,583	-	167,510
Vehicles	476,389	-	-	476,389
Infrastructure	210,031	34,622	-	244,653
Total accumulated depreciation	<u>829,347</u>	<u>59,205</u>	<u>-</u>	<u>888,552</u>
Total capital assets being depreciated, net	<u>558,728</u>			<u>499,523</u>
Stormwater Fund capital assets, net	<u><u>\$ 826,915</u></u>			<u><u>\$ 947,336</u></u>
	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Kinston Community Center Fund:				
Capital assets being depreciated:				
Buildings and improvements	\$ 630,901	\$ -	\$ -	\$ 630,901
Equipment	52,513	-	-	52,513
Total assets being depreciated	<u>683,414</u>	<u>-</u>	<u>-</u>	<u>683,414</u>
Less accumulated depreciation:				
Buildings and improvements	44,119	18,706	-	62,825
Equipment	27,396	10,967	-	38,363
Total accumulated depreciation	<u>71,515</u>	<u>29,673</u>	<u>-</u>	<u>101,188</u>
Total capital assets being depreciated, net	<u>611,899</u>			<u>582,226</u>
Kinston Community Center Fund capital assets, net	<u><u>\$ 611,899</u></u>			<u><u>\$ 582,226</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Public Services Administration Fund:				
Capital assets not being depreciated:				
Construction in progress	\$ 21,784	\$ -	\$ 21,784	\$ -
Total capital assets not being depreciated	<u>21,784</u>	<u>-</u>	<u>21,784</u>	<u>-</u>
Capital assets being depreciated:				
Equipment	505,607	21,784	-	527,391
Vehicles	169,942	-	-	169,942
Total assets being depreciated	<u>675,549</u>	<u>21,784</u>	<u>-</u>	<u>697,333</u>
Less accumulated depreciation:				
Equipment	489,168	12,576	-	501,744
Vehicles	142,964	13,200	-	156,164
Total accumulated depreciation	<u>632,132</u>	<u>25,776</u>	<u>-</u>	<u>657,908</u>
Total capital assets being depreciated, net	<u>43,417</u>			<u>39,425</u>
Public Services Administration Fund capital assets, net	<u><u>\$ 65,201</u></u>			<u><u>\$ 39,425</u></u>
Total business-type activities capital assets, net	<u><u>\$ 110,601,390</u></u>			<u><u>\$ 111,360,110</u></u>

B. Liabilities

1. Payables

Accounts payable and accrued liabilities at the government-wide level at June 30, 2021 were as follows:

	Governmental Activities	Business Type Activities	Total
Accounts and vouchers	\$ 1,875,291	\$ 2,383,489	\$ 4,258,780
Accrued interest payable	-	43,066	43,066
Accrued payroll and related liabilities	628,438	-	628,438
Total accounts payable and accrued liabilities	<u><u>\$ 2,503,729</u></u>	<u><u>\$ 2,426,555</u></u>	<u><u>\$ 4,930,284</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 (CAFR) 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, 2021

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, 2021, was 10.84% of compensation for law enforcement officers and 10.24% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Kinston were \$1,542,456 for the year ended June 30, 2021.

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, 2021, the City reported a liability of \$7,334,814 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 (measurement date), the City's proportion was 0.20526%, which was a decrease of 0.00161% from its proportion measured as of June 30, 2019.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

For the year ended June 30, 2021, the City recognized pension expense of \$2,499,187. At June 30, 2021, 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	\$ 926,258	\$ -
Changes of assumptions	545,854	-
Net difference between projected and actual earnings on pension plan investments	1,032,179	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	57,965
City contributions subsequent to the measurement date	1,542,456	-
Total	<u>\$ 4,046,747</u>	<u>\$ 57,965</u>

\$1,542,456 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, 2022.

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

Year ended June 30:

2022	\$ 679,712
2023	923,809
2024	537,333
2025	305,472
2026	-
Thereafter	-
	<u>\$ 2,446,326</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

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	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

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

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 14,881,539	\$ 7,334,814	\$ 1,062,955

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, 2021

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.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

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

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

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

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 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, 2021

2. Detail Notes on All Funds (Continued)

The actuarial assumptions used in the December 31, 2019 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.

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

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

DEATHS AFTER RETIREMENT (BENEFICIARY): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 year. 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 AFTER RETIREMENT (DISABLED): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Contributions. The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the employees. The City's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are finance through investment earnings. The City paid \$255,655 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, 2021, the City reported a liability of \$4,275,963. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the city recognized pension expense of \$400,749.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,311	\$ 113,555
Changes of assumptions	749,864	59,294
Benefit payments and administrative expenses subsequent to the measurement date	118,771	-
Total	<u>\$ 913,946</u>	<u>\$ 172,849</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

\$795,175 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:	
2022	\$ 180,363
2023	142,124
2024	147,049
2025	134,057
2026	18,733
Thereafter	-
	<u>\$ 622,326</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 1.93%, 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 (0.93%) or 1-percentage-point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total Pension Liability	\$ 4,613,211	\$ 4,275,963	\$ 3,967,950

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

	2021
Beginning balance	\$ 3,618,572
Service cost	111,555
Interest on the total pension liability	113,798
Difference between expected and actual experience in the measurement of the total pension liability	(117,556)
Changes of assumptions or other inputs	805,249
Benefit payments	(255,655)
Ending balance of the total pension liability	<u>\$ 4,275,963</u>

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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 2,631,311	\$ 400,749	\$ 3,032,060
Pension liability	7,334,814	4,275,963	11,610,777
Proportionate share of the net pension liability	0.20526%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	926,258	45,311	971,569
Changes of assumptions	545,854	749,864	1,295,718
Net difference between projected and actual earnings on plan investments	1,032,179	-	1,032,179
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	1,542,456	118,771	1,661,227
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	113,555	113,555
Changes of assumptions	-	59,294	59,294
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	57,965	-	57,965

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

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$220,590, which consisted of \$174,992 from the City and \$45,598 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, 2021 were \$362,454, which consisted of \$177,017 from the City and \$185,437 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, 2021

2. Detail Notes on All Funds (Continued)

At June 30, 2019, the membership consisted of:

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

Total OPEB Liability

The City's total OPEB liability of \$4,466,954 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Real wage growth	1.0 percent
Wage inflation	3.5 percent
Salary increases, including wage inflation	
General Employees	3.5 - 7.75 percent
Firefighters	3.5 - 7.75 percent
Law Enforcement Officers	3.5 - 7.35 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.50 percent
Measurement Date	2.21 percent
Health Care Cost Trends	
Pre-Medicare	7 percent for 2019 decreasing to an ultimate rate of 4.5 percent by 2026

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

Mortality rates were based on the RP-2014 mortality tables, Total Data Set for Healthy Annuitants Mortality Table.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Changes in Total OPEB Liability

	2021
Beginning balance - July 1, 2020	\$ 4,320,200
Service cost	60,307
Interest on the total pension liability and cash flows	146,462
Difference between expected and actual experience	(8,503)
Changes of assumptions of other inputs	343,639
Net benefit payments	(395,151)
Ending balance of the total pension liability - June 30, 2021	<u>\$ 4,466,954</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21% 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	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 4,325,413	\$ 4,466,954	\$ 4,626,836

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

	1% Decrease	Current Discount Rate	1% Increase (4.13%)
Total OPEB Liability	\$ 4,758,130	\$ 4,466,954	\$ 4,197,534

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2021, the City recognized OPEB expense of \$101,294. At June 30, 2021, 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	\$ -	\$ 193,276
Benefit Payments made subsequent to the measurement date	-	-
Changes of assumptions	271,027	24,405
Total	<u>\$ 271,027</u>	<u>\$ 217,681</u>

\$271,027 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ (53,411)
2022	91,814
2023	14,943
2024	-
2025	-
Thereafter	-
	<u>\$ 53,346</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, 2021

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, 2021, the City made contributions of \$56,166 for this additional group term life insurance.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year (LGERS)	\$ 1,542,456
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	45,311
Changes of assumptions (LEOSSA)	749,827
Difference between projected expected and actual experience (LGERS)	926,258
Changes in proportion and differences between City contributions and proportionate share of contributions (LGERS)	-
Changes of assumptions (LGERS)	545,854
Net difference between projected and actual earnings on pension plan investments (LGERS)	1,032,179
Changes of assumptions (OPEB)	271,027
Total	<u>\$ 5,112,912</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

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>
Prepaid property taxes	\$ 3,664
Prepaid loan proceeds	127,328
Differences between expected and actual experience (LEOSSA)	113,555
Changes of assumptions (LEOSSA)	59,292
Changes in proportion and differences between City's contributions and proportionate share of contributions (LGERS)	57,965
Differences between expected and actual experience (OPEB)	193,276
Changes of assumptions (OPEB)	24,405
Total	<u>\$ 579,485</u>

4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Inter-Local Risk Financing Fund (IRFFNC) for its general liability, property and auto liability coverage. This is one of three self-funded risk-financing pools administered by the North Carolina League of Municipalities. The City obtains general liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy and auto coverage up to \$1 million per occurrence. Additionally, through IRFFNC, the City obtains a \$5 million umbrella general liability policy for the Woodmen of the World Community Center. All other risks are covered through the purchase of commercial coverage at \$3 million per occurrence for Law Enforcement Liability, Public Officials Liability and Employment Practices Liability. The City is self-insured to a deductible of \$400,000 for workers' compensation. Safety National is the excess provider of workers' compensation coverage for claims resulting in excess of the City's retention. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request. A total of \$372,200 in claims was incurred for benefits during fiscal year 2021.

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 \$2,643,645 in benefits were paid during the fiscal year 2021.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

Claims Liability

	Year Ended June 30	
	2021	2020
Unpaid claims, beginning of fiscal year	\$ 606,390	\$ 524,662
Incurred claims (including claims incurred, but not report as of fiscal year-end)	2,965,845	3,200,728
Payments and reduction in claim estimates	(3,015,845)	(3,119,000)
Unpaid claims, end of fiscal year	<u>\$ 556,390</u>	<u>\$ 606,390</u>

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

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

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

Claims, Judgements, and Contingent Liabilities

As of June 30, 2021, 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, 2021

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, 2021

2. Detail Notes on All Funds (Continued)

5. Long-Term Obligations

a. Installment Contracts

Installment Contracts outstanding at June 30, 2021 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	\$ 2,726,164
\$1,851,000 – USDA Loan – City Hall, principal and interest of 4.375% due annually through March 2039	\$ 1,398,415
\$860,000 – USDA Loan – Fire Trucks, principal and interest of 4.00% due annually through July 2030	\$ 511,512
\$2,337,500 – USDA Loan – Fire Station, principal and interest of 3.50% due annually through October 2042	\$ 2,006,752
\$2,500,000 – Bank Loan – Grainger Stadium Improvements, principal and interest of 4.60% due annually through August 2033	\$ 2,167,000
\$172,433 – Bank Loan – Equipment, principal and interest of 3.60% due annually through October 2022	\$ 71,698
\$1,083,000 – Bank Loan – Equipment, principal and interest of 1.84% due semi-annually through February 2022	\$ 71,868
\$3,527,000 – Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034	<u>\$ 2,178,235</u>
Total governmental activities	<u><u>\$ 11,131,644</u></u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

Business-Type Activities:

Wastewater Fund:

\$3,527,000– Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034 \$ 337,947

Environmental Services Fund:

\$1,083,000– Bank Loan – Equipment, principal and interest of 1.84% due annually through February 2022 \$ 152,133

\$3,527,000– Bank Loan – Equipment, principal and interest of 2.497% due annually through August 2034 \$ 397,489

Total enterprise funds \$ 887,569

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

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Installment Contracts</u>		<u>Installment Contracts</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 786,339	\$ 431,468	\$ 336,993	\$ 31,388	\$ 1,123,332	\$ 462,856
2023	731,706	405,065	189,380	23,973	921,086	429,038
2024	712,244	380,245	194,274	19,244	906,518	399,489
2025	729,441	355,438	166,922	12,880	896,363	368,318
2026	498,432	339,117	-	-	498,432	339,117
2027-2031	2,684,017	1,386,267	-	-	2,684,017	1,386,267
2032-2036	2,169,498	854,457	-	-	2,169,498	854,457
2037-2041	1,419,277	473,465	-	-	1,419,277	473,465
2042-2046	914,550	214,711	-	-	914,550	214,711
2047-2049	486,140	51,303	-	-	486,140	51,303
Total	<u>\$ 11,131,644</u>	<u>\$ 4,891,536</u>	<u>\$ 887,569</u>	<u>\$ 87,485</u>	<u>\$ 12,019,213</u>	<u>\$ 4,979,021</u>

\$786,339 of the governmental activities current portion will be repaid from the General Fund. Of the business-type activities current portion, \$81,457 will be paid from the Wastewater Fund and \$255,536 from the Environmental Services Fund.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

b. Notes Payable

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

Year of		Interest		Balance
<u>Loan</u>	<u>Purpose and Collateral</u>	<u>Rates</u>	<u>Maturity</u>	<u>June 30, 2021</u>
2003	Expansion to Sanitary Sewer System	2.66%	2023	\$ 163,957
2003	Expansion to Sanitary Sewer System	2.66%	2024	114,750
2007	Expansion to Sanitary Sewer System	2.27%	2027	2,206,634
2015	Expansion to Sanitary Sewer System	2.00%	2035	515,295
2017	Queen Street Sewer Phase I	0.00%	2037	2,685,490
2019	Queen Street Sewer Phase II	0.00%	2038	1,517,043
2018	KRWRF Biosolids Dryer Project	0.00%	2038	2,195,422
2020	Briery Run Sewer Rehab Phase IV	0.00%	2040	1,879,707
Total business-type activities				<u><u>\$ 11,278,298</u></u>

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

Year Ending				
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2022	\$ 1,009,963	\$ 67,700	\$ 1,077,663	
2023	1,009,963	55,435	1,065,398	
2024	927,984	43,171	971,155	
2025	889,734	33,088	922,822	
2026	889,734	24,021	913,755	
2027-2031	2,977,583	34,095	3,011,678	
2032-2036	2,573,004	7,361	2,580,365	
2037-2040	1,000,333	-	1,000,333	
Total	<u><u>\$ 11,278,298</u></u>	<u><u>\$ 264,871</u></u>	<u><u>\$ 11,543,169</u></u>	

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

c. Revenue Bonds

Revenue bonds outstanding at June 30, 2021 are as follows:

Water Fund:

\$1,280,580 - Combined Enterprise System Refunding revenue bonds, Series 2015,
due in semi-annual installments through October 1, 2023; interest at 1.75% \$ 141,120

Wastewater Fund:

\$3,018,510 - Combined Enterprise System Refunding revenue bonds, Series 2015,
due in semi-annual installments through October 1, 2023; interest at 1.75% 332,640

Electric Fund:

\$4,847,910 - Combined Enterprise System Refunding revenue bonds, Series 2015,
due in semi-annual installments through October 1, 2023; interest at 1.75% 534,240

Total revenue bonds \$ 1,008,000

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

Year Ending			
June 30	Principal	Interest	Total
2022	\$ 484,000	\$ 15,873	\$ 499,873
2023	411,000	8,776	419,776
2024	113,000	1,689	114,689
Total	<u>\$ 1,008,000</u>	<u>\$ 26,338</u>	<u>\$ 1,034,338</u>

\$56,560 of the current portion will be paid from the Water Fund, \$214,120 from the Wastewater Fund, and \$214,120 from the Electric Fund.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

Revenue Bond Covenants

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

Principal and interest payments for the fiscal year ended June 30, 2021 were \$2,457,003 and \$131,278, respectively. Total customer revenue for the City's enterprise funds totaled \$63,632,170 for the year ended June 30, 2021.

Operating revenues	\$ 63,632,170
Operating expenses*	49,107,087
Income available for debt service	<u>\$ 14,525,083</u>

Debt service, principal, and interest paid (parity debt)	<u>\$ 2,588,281</u>
--	---------------------

Debt service coverage ratio	<u>5.61</u>
-----------------------------	-------------

*Per rate covenants; this does not include the depreciation expense of \$4,125,751.

At June 30, 2021, 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, 2021, the legal debt limit for the City was \$109,225,903, providing a legal debt margin of \$85,928,393.

At June 30, 2021, the City has no authorized bonds remaining to be issued.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2021 is as follows:

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Current Portion of Balance</u>
Governmental Funds:					
Accrued compensated absences	\$ 721,741	\$ 67,046	\$ -	\$ 788,787	\$ 197,195
Total pension liability (LEOSSA)	3,618,572	657,391	-	4,275,963	-
Total pension liability (SSA)	-	-	-	-	-
Installment contracts	12,203,976	-	1,072,332	11,131,644	786,339
OPEB liability	4,320,200	146,754	-	4,466,954	-
Net pension liability (LGERS)	3,539,428	1,214,335	-	4,753,763	-
Total	<u>\$ 24,403,917</u>	<u>\$ 2,085,526</u>	<u>\$ 1,072,332</u>	<u>\$ 25,417,111</u>	<u>\$ 983,534</u>
Employee Health Fund:					
Accrued compensated absences	\$ 6,074	\$ 86	\$ -	\$ 6,160	\$ 1,540
Net pension liability (LGERS)	21,801	6,374	-	28,175	-
Total	<u>\$ 27,875</u>	<u>\$ 6,460</u>	<u>\$ -</u>	<u>\$ 34,335</u>	<u>\$ 1,540</u>
Fleet Maintenance Fund:					
Accrued compensated absences	\$ 30,198	\$ -	\$ 14,374	\$ 15,824	\$ 3,956
Net pension liability (LGERS)	124,768	45,018	-	169,786	-
Total	<u>\$ 154,966</u>	<u>\$ 45,018</u>	<u>\$ 14,374</u>	<u>\$ 185,610</u>	<u>\$ 3,956</u>
Total Governmental Activities:					
Accrued compensated absences	\$ 758,013	\$ 67,132	\$ 14,374	\$ 810,771	\$ 202,691
Total pension liability (LEOSSA)	3,618,572	657,391	-	4,275,963	-
Total pension liability (SSA)	-	-	-	-	-
Installment contracts	12,203,976	-	1,072,332	11,131,644	786,339
OPEB liability	4,320,200	146,754	-	4,466,954	-
Net pension liability (LGERS)	3,685,997	1,265,727	-	4,951,724	-
Total	<u>\$ 24,586,758</u>	<u>\$ 2,137,004</u>	<u>\$ 1,086,706</u>	<u>\$ 25,637,056</u>	<u>\$ 989,030</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2021 is as follows:

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Current Portion of Balance</u>
Major Enterprise Funds:					
Water Fund:					
Accrued compensated absences	\$ 69,905	\$ 8,924	\$ -	\$ 78,829	\$ 19,707
Installment contracts	83,251	-	83,251	-	-
Revenue bonds	318,640	-	177,520	141,120	56,560
Net pension liability (LGERS)	362,589	135,180	-	497,769	-
Total	<u>\$ 834,385</u>	<u>\$ 144,104</u>	<u>\$ 260,771</u>	<u>\$ 717,718</u>	<u>\$ 76,267</u>
Wastewater Fund:					
Accrued compensated absences	\$ 34,119	\$ 2,212	\$ -	\$ 36,331	\$ 9,083
Notes payable	11,577,002	710,453	1,009,157	11,278,298	1,002,638
Installment contracts	434,543	-	96,595	337,948	81,457
Revenue bonds	751,080	-	418,440	332,640	214,120
Net pension liability (LGERS)	204,014	65,980	-	269,994	-
Total	<u>\$ 13,000,758</u>	<u>\$ 778,645</u>	<u>\$ 1,524,192</u>	<u>\$ 12,255,211</u>	<u>\$ 1,307,298</u>
Electric Fund:					
Accrued compensated absences	\$ 89,696	\$ 8,088	\$ -	\$ 97,784	\$ 24,446
Revenue bonds	1,206,280	-	672,040	534,240	214,120
Net pension liability (LGERS)	473,505	124,331	-	597,836	-
Total	<u>\$ 1,769,481</u>	<u>\$ 132,419</u>	<u>\$ 672,040</u>	<u>\$ 1,229,860</u>	<u>\$ 238,566</u>
Nonmajor Enterprise Funds:					
Environmental Services Funds					
Accrued compensated absences	\$ 46,578	\$ 159	\$ -	\$ 46,737	\$ 11,684
Installment contracts	899,823	-	350,202	549,621	255,536
Net pension liability (LGERS)	276,924	51,391	-	328,315	-
Total	<u>\$ 1,223,325</u>	<u>\$ 51,550</u>	<u>\$ 350,202</u>	<u>\$ 924,673</u>	<u>\$ 267,220</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

Long-term liability activity for business-type activities for the year ended June 30, 2021 is as follows:

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Current Portion of Balance</u>
Stormwater Fund:					
Accrued compensated absences	\$ 14,591	\$ -	\$ 4,014	\$ 10,577	\$ 2,644
Installment contracts	51,725	-	51,725	-	-
Net pension liability (LGERS)	87,309	20,431	-	107,740	-
Total	<u>\$ 153,625</u>	<u>\$ 20,431</u>	<u>\$ 55,739</u>	<u>\$ 118,317</u>	<u>\$ 2,644</u>
Kinston Community Center Fund:					
Accrued compensated absences	\$ 3,603	\$ 1,966	\$ -	\$ 5,569	\$ 1,392
Net pension liability (LGERS)	35,425	-	7,485	27,940	-
Total	<u>\$ 39,028</u>	<u>\$ 1,966</u>	<u>\$ 7,485</u>	<u>\$ 33,509</u>	<u>\$ 1,392</u>
Public Services Administration Fund:					
Accrued compensated absences	\$ 83,320	\$ 9,415	\$ -	\$ 92,735	\$ 23,184
Net pension liability (LGERS)	435,760	117,736	-	553,496	-
Total	<u>\$ 519,080</u>	<u>\$ 127,151</u>	<u>\$ -</u>	<u>\$ 646,231</u>	<u>\$ 23,184</u>
Total Business-Type Activities:					
Accrued compensated absences	\$ 341,812	\$ 30,764	\$ 4,014	\$ 368,562	\$ 92,141
Notes payable	11,577,002	710,453	1,009,157	11,278,298	1,002,638
Installment contracts	1,469,342	-	581,773	887,569	336,993
Revenue bonds	2,276,000	-	1,268,000	1,008,000	484,800
Net pension liability (LGERS)	1,875,526	515,049	7,485	2,383,090	-
Total	<u>\$17,539,682</u>	<u>\$ 1,256,266</u>	<u>\$ 2,870,429</u>	<u>\$ 15,925,519</u>	<u>\$ 1,916,572</u>

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

2. Detail Notes on All Funds (Continued)

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2021, 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	\$ 2,000,000
From the Electric Fund to the General Fund for Payment in Lieu of Taxes	382,739
Total transfers	<u>\$ 2,382,739</u>

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

Net Investment in Capital Assets

Net investment in capital assets at June 30, 2021 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 24,984,390	\$ 110,360,110
Less: long-term debt	(11,131,643)	(13,173,865)
Plus: unspent debt proceeds	-	-
Net investment in capital assets	<u>\$ 13,852,747</u>	<u>\$ 98,186,245</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 \$53,000 to the corporation during the fiscal year ended June 30, 2021.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2021 were \$29,018,529.

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, 2021.

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 \$186,298 of funding for the Authority for the year ended June 30, 2021.

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, 2021. During the year ended June 30, 2021, the City provided \$205,000 to the Library. Separate financial statements of the Library are available at the Library address of 510 North Queen Street, Kinston, North Carolina 28501.

CITY OF KINSTON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 29, 2021, 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 Funding Progress and Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
 - Schedule of Funding Progress, Schedule of Employer Contributions, and Notes to Required Schedules for the Special Separation Allowance
 - Schedule of Changes in Total Liability and Related Ratios, and Notes to Required Schedules for the Other Post-Employment Benefits – Retiree Health Plan
 - Proportionate Share of Net Pension Liability (Asset) for the Local Governmental Employees' Retirement System (LGERS)
 - Contributions for the Local Governmental Employees' Retirement System (LGERS)
-

CITY OF KINSTON, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the year ended June 30, 2021

Law Enforcement Officers' Special Separation Allowance

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

Law Enforcement Officers' Special Separation Allowance

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$4,275,963	\$ 3,618,572	\$ 3,559,172	\$3,607,151	\$3,298,685
Covered payroll	3,154,931	3,508,365	3,431,854	3,422,259	3,527,718
Total pension liability as a percentage of covered payroll	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 Pension Liability
Special Separation Allowance
For the year ended June 30, 2021

Special Separation Allowance					
	2021	2020	2019	2018	2017
Beginning balance	\$ -	\$ 1,962	\$ 3,848	\$ 5,110	\$ 5,562
Service cost	-	-	-	176	567
Interest on the total pension liability	-	-	89	124	174
Differences between expected and actual experience in the measurement of the total pension liability.	-	-	-	-	968
Changes of assumptions or other inputs	-	-	21	434	(165)
Benefit payments	-	(1,962)	(1,996)	(1,996)	(1,996)
Ending balance of the total pension liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,962</u>	<u>\$ 3,848</u>	<u>\$ 5,110</u>

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

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
Special Separation Allowance
For the year ended June 30, 2021

Special Separation Allowance

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ -	\$ -	\$ 1,962	\$ 3,848	\$ 5,110
Covered payroll	-	-	-	-	60,523
Total pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	8.44%

Notes to the Schedules:

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

This schedule is intended to show information for ten years.

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

CITY OF KINSTON, NORTH CAROLINA
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost at end of year	\$ 60,307	\$ 88,051	\$ 91,225	\$ 98,942
Interest on the total pension liability and cash flows	146,462	177,696	172,360	153,904
Differences between expected and actual experience in the measurement of the total pension liability	(8,503)	(436,041)	(123,287)	(42,701)
Changes of assumptions or other inputs	343,639	101,435	(103,125)	(187,797)
Benefit payments and implicit subsidy credit	(395,151)	(354,539)	(267,958)	(319,740)
Net change in Total OPEB Liability	<u>146,754</u>	<u>(423,398)</u>	<u>(230,785)</u>	<u>(297,392)</u>
Total OPEB Liability - beginning	<u>4,320,200</u>	<u>4,743,598</u>	<u>4,974,383</u>	<u>5,271,775</u>
Total OPEB Liability - ending	<u><u>\$ 4,466,954</u></u>	<u><u>\$ 4,320,200</u></u>	<u><u>\$ 4,743,598</u></u>	<u><u>\$ 4,974,383</u></u>
 Covered payroll	 \$ 4,663,667	 \$ 4,663,667	 \$ 6,261,400	 \$ 6,261,400
Total OPEB Liability as a percentage of covered payroll	95.78%	92.64%	75.76%	79.45%

Notes to the Schedules:

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

<u>Fiscal Year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

Schedule A-6

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset) (%)	0.20526%	0.20365%	0.21646%	0.22173%	0.23272%	0.23019%	0.23510%	0.24660%
City's proportion of the net pension liability (asset) (\$)	\$ 7,334,814	\$ 5,561,523	\$ 5,135,171	\$ 3,387,420	\$ 4,939,099	\$ 1,033,081	\$ (1,386,493)	\$ 2,972,477
City's covered-employee payroll	\$14,872,012	\$ 14,922,561	\$ 14,514,025	\$ 14,344,151	\$ 14,231,744	\$ 13,800,783	\$ 13,662,808	\$ 12,873,209
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.32%	37.27%	35.38%	23.62%	34.70%	7.49%	-10.15%	23.09%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

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

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

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

Schedule A-7

Local Government Employees' Retirement System

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

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

OTHER FINANCIAL INFORMATION

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

GENERAL FUND

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

CITY OF KINSTON, NORTH CAROLINA

Schedule 1

General Fund

Balance Sheet

June 30, 2021

With comparative totals for June 30, 2020

	2021	2020
Assets:		
Cash and investments	\$ 7,885,598	\$ 6,433,800
Receivables:		
Due from governmental agencies	1,840,717	1,528,871
Accounts receivable	113,042	179,005
Taxes receivable	519,770	586,257
Inventories	105,960	82,014
Prepaid expenses	-	17,717
Total assets	<u>\$ 10,465,087</u>	<u>\$ 8,827,664</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,212,752	\$ 1,017,850
Prepaid privilege licenses	34,385	34,330
Total liabilities	<u>1,247,137</u>	<u>1,052,180</u>
Deferred Inflows of Resources:		
Property taxes receivable	519,770	586,257
Prepaid property taxes	3,664	11,675
Pavement assessment receivables	9,048	9,048
GTP fire taxes receivable	130	146
Prepaid loan proceeds	127,328	127,328
Total deferred inflows of resources	<u>659,940</u>	<u>734,454</u>
Fund Balance:		
Non-spendable, not in spendable form:		
Inventories	105,960	82,014
Prepaid expenses	-	17,717
Restricted:		
Stabilization by State statute	2,694,544	2,047,515
Assigned	749,963	348,833
Unassigned	5,007,543	4,544,951
Total fund balance	<u>8,558,010</u>	<u>7,041,030</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,465,087</u>	<u>\$ 8,827,664</u>

-

CITY OF KINSTON, NORTH CAROLINA

Schedule 2

General Fund

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

For the Fiscal Year Ended June 30, 2021

With Comparative Actual for June 30, 2020

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Taxes	\$ 10,062,035	\$ 10,487,646	\$ 425,611	\$ 9,971,956
Interest and penalties	73,900	87,711	13,811	53,516
Total	10,135,935	10,575,357	439,422	10,025,472
Other taxes and licenses:				
Local government sales tax	4,118,257	4,907,737	789,480	4,307,319
Franchise tax	2,141,300	2,036,027	(105,273)	2,037,265
Occupancy tax	240,000	196,103	(43,897)	186,883
Gross receipts tax	32,000	30,294	(1,706)	27,774
Licenses and permits	1,500	2,443	943	1,400
Total	6,533,057	7,172,604	639,547	6,560,641
Unrestricted intergovernmental:				
Payment in lieu of taxes	390,239	401,612	11,373	332,551
Beer and wine tax	89,000	84,174	(4,826)	86,813
ABC revenue	95,100	115,682	20,582	103,399
Total	574,339	601,468	27,129	522,763
Restricted intergovernmental:				
Powell Bill allocations	568,442	542,360	(26,082)	574,555
School resource officer	96,809	47,387	(49,422)	86,074
State grants, miscellaneous	195,357	45,068	(150,289)	19,048
Local grants	10,000	10,000	-	-
U S Marshall reimbursement	9,748	4,533	(5,215)	3,667
Total	880,356	649,348	(231,008)	683,344
Sales and services:				
Rents, concessions, and fees	336,617	340,522	3,905	367,783
Inspection fees	142,574	143,386	812	150,218
Cemetery fees	160,000	202,633	42,633	132,495
Cable franchise	138,000	131,158	(6,842)	134,511
Lenoir County participation:			-	
Recreation	914,317	890,000	(24,317)	930,000
Total	1,691,508	1,707,699	16,191	1,715,007
Other revenue:				
Investment income	51,044	13,846	(37,198)	69,441
Sale of surplus materials and assets	68,575	39,047	(29,528)	57,652
Miscellaneous	205,452	222,895	17,443	223,516
Total	325,071	275,788	(49,283)	350,609
Total revenues	20,140,266	20,982,264	841,998	19,857,836

CITY OF KINSTON, NORTH CAROLINA

Schedule 2

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2021
With Comparative Actual for June 30, 2020
(Continued)

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures:				
General government	\$ 3,610,049	\$ 3,218,193	\$ 391,856	\$ 2,522,884
Public safety	11,386,021	11,212,995	173,026	10,620,646
Public services	3,616,665	2,761,526	855,139	2,735,668
Parks and recreation	4,256,135	3,474,460	781,675	3,966,936
Capital outlay and economic development	1,081,443	887,937	193,506	1,331,331
Total	<u>23,950,313</u>	<u>21,555,111</u>	<u>2,395,202</u>	<u>21,177,465</u>
Total expenditures	<u>23,950,313</u>	<u>21,555,111</u>	<u>2,395,202</u>	<u>21,177,465</u>
Revenues over (under) expenditures	<u>(3,810,047)</u>	<u>(572,847)</u>	<u>3,237,200</u>	<u>(1,319,629)</u>
Other financing sources (uses):				
Appropriated fund balance	1,561,669	-	(1,561,669)	-
Transfers from other funds	2,188,114	2,089,827	(98,287)	103,654
Long-term debt issued	60,264	-	(60,264)	1,065,890
Total	<u>3,810,047</u>	<u>2,089,827</u>	<u>(1,720,220)</u>	<u>1,169,544</u>
Net change in fund balance	<u>\$ -</u>	<u>1,516,980</u>	<u>1,516,980</u>	<u>(150,085)</u>
Fund balance, beginning		<u>7,041,030</u>		<u>7,191,115</u>
Fund balance, ending		<u>\$ 8,558,010</u>		<u>\$ 7,041,030</u>

NONMAJOR FUND TYPES

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

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

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

CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Governmental Funds
For the Year Ended June 30, 2021

Schedule 3

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Permanent Fund Temple Israel Perpetual Care Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,209,089	\$ 421,813	\$ 75,517	\$ 9,706,419
Due from governmental agencies	289,604	202,334	-	491,938
Accounts receivables	37,422	294,887	-	332,309
Notes receivable	167,956	-	-	167,956
	<u>9,704,071</u>	<u>919,034</u>	<u>75,517</u>	<u>10,698,622</u>
Total assets	<u>\$ 9,704,071</u>	<u>\$ 919,034</u>	<u>\$ 75,517</u>	<u>\$ 10,698,622</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 287,085	\$ 402,728	\$ -	\$ 689,813
Total liabilities	<u>287,085</u>	<u>402,728</u>	<u>-</u>	<u>689,813</u>
FUND BALANCES				
Nonspendable, not in spendable form:				
Perpetual maintenance	-	-	75,000	75,000
Restricted:				
Stabilization by State statute	233,136	52,044	-	285,180
Restricted, all other	9,183,850	25,000	517	9,209,367
Committed	-	379,845	-	379,845
Assigned	-	59,417	-	59,417
Unassigned	-	-	-	-
Total fund balances	<u>9,416,986</u>	<u>516,306</u>	<u>75,517</u>	<u>10,008,809</u>
Total liabilities and fund balances	<u>\$ 9,704,071</u>	<u>\$ 919,034</u>	<u>\$ 75,517</u>	<u>\$ 10,698,622</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, 2021

Schedule 4

	Nonmajor Special Revenue Fund	Nonmajor Capital Projects Fund	Permanent Fund Temple Israel Perpetual Care Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 1,889,900	\$ -	\$ -	\$ 1,889,900
Federal and state grants	141,046	796,804	-	937,850
Investment earnings	731	-	66	797
Miscellaneous	930	137,169	-	138,099
Total revenues	<u>2,032,607</u>	<u>933,973</u>	<u>66</u>	<u>2,966,646</u>
EXPENDITURES				
Cultural and recreation	-	10,442	-	10,442
Community development	1,176,068	695,293	-	1,871,361
Public safety	47,935	706,450	-	754,385
Total expenditures	<u>1,224,003</u>	<u>1,412,185</u>	<u>-</u>	<u>2,636,188</u>
Excess (deficiency) of revenues over expenditures	808,604	(478,212)	66	330,458
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers out	(30,000)	(168,558)	(300)	(198,858)
Transfers in	37,049	71,981	-	109,030
Total other financing sources (uses)	7,049	(96,577)	(300)	(89,828)
Net changes in fund balances	815,653	(574,789)	(234)	240,630
Fund balances, beginning	<u>8,601,333</u>	<u>1,091,095</u>	<u>75,751</u>	<u>9,768,179</u>
Fund balances, ending	<u><u>\$ 9,416,986</u></u>	<u><u>\$ 516,306</u></u>	<u><u>\$ 75,517</u></u>	<u><u>\$ 10,008,809</u></u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Hurricane Isaias – FEMA-4568-DR-NC Grant – This fund accounts for monies from the Federal Emergency Management Agency for emergency expenditures and ongoing repair and recovery of City infrastructure and assets damaged by Hurricane Isaias.

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

CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2021

Schedule 5

	Community Development Administration	Bulletproof Vest Partnership Grant	2015 Edward Byrne Memorial JAG Grant	2016 Edward Byrne Memorial JAG Grant	Seizure and Restitution Fund	NCHFA 2016 Essential Single- Family Rehabilitation	Hurricane Matthew - FEMA- 4285 - DR - NC	NCHFA 2017 Essential Single- Family Rehabilitation	Hurricane Florence - FEMA- 4393 - DR - NC	Downtown Kinston Mural Project	2017 Edward Byrne Memorial JAG Grant	Brownfields Assessment and Cleanup Grant	NCHFA 2019 Essential Single- Family Rehabilitation	Hurricane Dorian - FEMA- 4465 - DR - NC	GCC 2019 Juvenile Justice DMC Grant	Brownfields MLRF Grant	NCHFA Urgent Repair Program	Coronavirus Relief Funds	Community Development Block Grant- CV Funds	Hurricane Isaias	YMCA Remote Learning Grant	Total
ASSETS																						
Cash and investments	\$ 666,194	\$ 1,896	\$ -	\$ -	\$ 50,946	\$ -	\$ 3,077,350	\$ -	\$ 4,868,980	\$ -	\$ -	\$ -	\$ -	\$ 500,643	\$ -	\$ -	\$ 38,411	\$ 1,072	\$ -	\$ 3,597	\$ -	\$ 9,209,089
Due from government agencies	-	722	-	-	55	-	-	99,297	1,168	95,186	1,886	-	245	-	10,674	55,988	-	15,142	1,610	6,771	860	289,604
Accounts receivable	37,422	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,422
Notes receivable	167,956	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	167,956
Total assets	\$ 871,572	\$ 2,618	\$ -	\$ -	\$ 51,001	\$ -	\$ 3,077,350	\$ 99,297	\$ 4,870,148	\$ 95,186	\$ 1,886	\$ -	\$ 245	\$ 500,643	\$ 10,674	\$ 55,988	\$ 38,411	\$ 16,214	\$ 1,610	\$ 10,368	\$ 860	\$ 9,704,071
LIABILITIES																						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	-	-	-	-	-	-	-	95,414	12,000	95,186	1,886	-	230	-	10,674	55,988	13,237	-	1,610	-	860	287,085
Grant receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	95,414	12,000	95,186	1,886	-	230	-	10,674	55,988	13,237	-	1,610	-	860	287,085
FUND BALANCES																						
Restricted:																						
Stabilization by State statute	205,378	724	-	-	55	-	-	3,883	1,168	-	-	-	15	-	-	-	-	15,142	-	6,771	-	233,136
Restricted, all other	666,194	1,894	-	-	50,946	-	3,077,350	-	4,856,980	-	-	-	-	500,643	-	-	25,174	1,072	-	3,597	-	9,183,850
Committed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	871,572	2,618	-	-	51,001	-	3,077,350	3,883	4,858,148	-	-	-	15	500,643	-	-	25,174	16,214	-	10,368	-	9,416,986
Total liabilities and fund balanc	\$ 871,572	\$ 2,618	\$ -	\$ -	\$ 51,001	\$ -	\$ 3,077,350	\$ 99,297	\$ 4,870,148	\$ 95,186	\$ 1,886	\$ -	\$ 245	\$ 500,643	\$ 10,674	\$ 55,988	\$ 38,411	\$ 16,214	\$ 1,610	\$ 10,368	\$ 860	\$ 9,704,071

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, 2021

Schedule 6

	Community Development Administration	Bulletproof Vest Partnership Grant	2015 Edward Byrne Memorial JAG Grant	2016 Edward Byrne Memorial JAG Grant	Seizure and Restitution Fund	NCHFA 2016 Essential Single- Family Rehabilitation	Hurricane Matthew - FEMA- 4285 - DR - NC	NCHFA 2017 Essential Single- Family Rehabilitation	Hurricane Florence - FEMA- 4393 - DR - NC	Downtown Kinston Mural Project	2017 Edward Byrne Memorial JAG Grant	Brownfields Assessment and Cleanup Grant	NCHFA 2019 Essential Single- Family Rehabilitation	Hurricane Dorian - FEMA 4465 - DR - NC	GCC 2019 Juvenile Justice DMC Grant	Brownfields MLRF Grant	NCHFA Urgent Repair Program	Coronavirus Relief Funds	Community Development Block Grant- CV Funds	Hurricane Isaias	YMCA Remote Learning Grant	Total
REVENUES																						
Intergovernmental revenue	\$ -	\$ 1,361	\$ -	\$ -	\$ 6,192	\$ -	\$ 493,179	\$ 53,986	\$ 305,739	\$ 95,000	\$ 1,883	\$ -	\$ 99,710	\$ 35,879	\$ 33,689	\$ 91,471	\$ 50,000	\$ 488,541	\$ 1,572	\$ 118,950	\$ 12,748	\$ 1,889,900
Federal and state grants	-	-	-	-	-	-	-	-	-	-	-	-	-	141,046	-	-	-	-	-	-	-	141,046
Investment earnings	603	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	128	-	-	-	731
Miscellaneous	360	-	-	-	250	-	-	-	320	-	-	-	-	-	-	-	-	-	-	-	-	930
Total revenues	963	1,361	-	-	6,442	-	493,179	53,986	306,059	95,000	1,883	-	99,710	176,925	33,689	91,471	50,000	488,669	1,572	118,950	12,748	2,032,607
EXPENDITURES																						
Community development	-	-	-	-	-	-	-	50,103	189,616	125,000	-	-	99,695	-	-	91,471	24,826	472,455	1,572	108,582	12,748	1,176,068
Public safety	-	11,524	497	342	-	-	-	-	-	-	1,883	-	-	-	33,689	-	-	-	-	-	-	47,935
Total expenditures	-	11,524	497	342	-	-	-	50,103	189,616	125,000	1,883	-	99,695	-	33,689	91,471	24,826	472,455	1,572	108,582	12,748	1,224,003
Excess (deficiency) of revenues over expenditures	963	(10,163)	(497)	(342)	6,442	-	493,179	3,883	116,443	(30,000)	-	-	15	176,925	-	-	25,174	16,214	-	10,368	-	808,604
OTHER FINANCING SOURCES (USES)																						
Appropriated fund balance																						
Transfers out	(30,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(30,000)
Transfers in	7,049	-	-	-	-	-	-	-	-	30,000	-	-	-	-	-	-	-	-	-	-	-	37,049
Total other financing sources (uses)	(30,000)	7,049	-	-	-	-	-	-	-	30,000	-	-	-	-	-	-	-	-	-	-	-	7,049
Net change in fund balance	(29,037)	(3,114)	(497)	(342)	6,442	-	493,179	3,883	116,443	-	-	-	15	176,925	-	-	25,174	16,214	-	10,368	-	815,653
Fund balances, beginning	900,609	5,732	497	342	44,559	-	2,584,171	-	4,741,705	-	-	-	-	323,718	-	-	-	-	-	-	-	8,601,333
Fund balances, ending	\$ 871,572	\$ 2,618	\$ -	\$ -	\$ 51,001	\$ -	\$ 3,077,350	\$ 3,883	\$ 4,858,148	\$ -	\$ -	\$ -	\$ 15	\$ 500,643	\$ -	\$ -	\$ 25,174	\$ 16,214	\$ -	\$ 10,368	\$ -	\$ 9,416,986

CITY OF KINSTON, NORTH CAROLINA

Schedule 7

Special Revenue Fund - Community Development Administration

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

For the Year Ended June 30, 2021 With Comparative Actual Amounts for year ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Loan repayments	\$ 6,798	\$ -	\$ (6,798)	\$ -
Other revenue	-	360	360	540
Investment earnings	3,000	603	(2,397)	3,429
Total revenues	9,798	963	(8,835)	3,969
Expenditures:				
Community Development: Administration	-	-	-	-
Total expenditures	-	-	-	-
Revenues over (under) expenditures	9,798	963	(8,835)	3,969
Other Financing Sources (Uses)				
Appropriated fund balance	30,000	-		
Transfer out	(39,798)	(30,000)	9,798	-
Total other financing sources (uses)	(9,798)	(30,000)	9,798	-
Net change in fund balance	\$ -	(29,037)	\$ 963	\$ 3,969
Fund balance, beginning		900,609		
Fund balance, ending		\$ 871,572		

CITY OF KINSTON, NORTH CAROLINA

Schedule 8

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, State grants	\$ 61,588	\$ 53,177	\$ 1,361	\$ 54,538	\$ (7,050)
Total revenues	61,588	53,177	1,361	54,538	(7,050)
Expenditures:					
Law enforcement supplies	123,175	101,984	11,524	113,508	9,667
Total expenditures	123,175	101,984	11,524	113,508	9,667
Other Financing Sources (Uses):					
Transfers in (out)	61,588	54,539	7,049	61,588	-
Total other financing sources (uses)	61,588	54,539	7,049	61,588	-
Net change in fund balance	\$ -	\$ 5,731	(3,114)	\$ 2,617	\$ 2,617
Fund balance, beginning			5,732		
Fund balance, ending			\$ 2,618		

CITY OF KINSTON, NORTH CAROLINA

Schedule 9

Special Revenue Funds- 2015 Edward-Byrne Memorial JAG Grant

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

From Inception and For the Year Ended June 30, 2021

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

CITY OF KINSTON, NORTH CAROLINA

Schedule 10

Special Revenue Fund- 2016 Edward Byrne Memorial JAG Grant

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

From Inception and For the Year Ended June 30, 2021

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

CITY OF KINSTON, NORTH CAROLINA

Schedule 11

Special Revenue Funds - Seizure and Restitution Fund

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

From Inception and For the Year Ended June 30, 2021

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Over/Under
		Years	Year	Date	
Revenues:					
Federal grants	\$ 161,852	\$ 153,552	\$ 6,192	\$ 159,743	\$ (2,109)
Donations	18,790	18,539	250	18,789	(1)
Total revenues	<u>180,642</u>	<u>172,091</u>	<u>6,442</u>	<u>178,533</u>	<u>(2,109)</u>
Expenditures:					
Federal forfeiture expenditures	87,460	80,479	-	80,479	6,981
Drug forfeiture expenditures	820	693	-	693	127
State forfeiture expenditures	37,296	20,011	-	20,011	17,285
Special court allocation expenditures	30,051	5,202	-	5,202	24,849
ABC board KPD expenditures	6,175	5,594	-	5,594	581
Miscellaneous KPD expenditures	18,840	15,553	-	15,553	3,287
Total expenditures	<u>180,642</u>	<u>127,532</u>	<u>-</u>	<u>127,532</u>	<u>53,110</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 44,559</u>	6,442	<u>\$ 51,001</u>	<u>\$ 51,001</u>
Fund balance, beginning			<u>44,559</u>		
Fund balance, ending			<u>\$ 51,001</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 12

Special Revenue Fund - NCHFA 2016 Essential Single - Family Rehabilitation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Over/Under
		Years	Year	Date	
Revenues:					
Federal grants	\$ 315,000	\$ 275,290	\$ -	\$ 275,290	\$ (39,710)
Total revenues	315,000	275,290	-	275,290	(39,710)
Expenditures:					
NCFHA loan pool funds	315,000	275,290	-	275,290	39,710
Total expenditures	315,000	275,290	-	275,290	39,710
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

CITY OF KINSTON, NORTH CAROLINA

Schedule 13

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, 2021

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Over/Under
		Years	Year	Date	
Revenues:					
State grants	\$ 1,050,000	\$ 597,046	\$ 53,986	\$ 651,032	\$ (398,968)
Total revenues	1,050,000	597,046	53,986	651,032	(398,968)
Expenditures:					
NCFHA loan pool funds	1,050,000	597,046	50,103	647,149	402,851
Total expenditures	1,050,000	597,046	50,103	647,149	402,851
Revenues over (under) expenditures	\$ -	\$ -	3,883	\$ 3,883	\$ 3,883
			\$ -		
			\$ 3,883		

CITY OF KINSTON, NORTH CAROLINA

Schedule 14

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, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal grants	\$ -	\$ 1,945,334	\$ 105,000	\$ 2,050,334	\$ 2,050,334
State grants	-	299,985	388,179	688,164	688,164
Sale of surplus property	-	1,133	-	1,133	1,133
Insurance proceeds	-	30,557	-	30,557	30,557
Total revenues	-	2,277,009	493,179	2,770,189	2,770,189
Expenditures:					
Salaries and benefits	-	6,827	-	6,827	(6,827)
Construction work - sewer	2,776,003	2,462,014	-	2,462,014	313,988
Total expenditures	2,776,003	2,468,841	-	2,468,841	307,161
Other Financing Sources (Uses):					
Transfers in	2,776,003	2,776,003	-	2,776,003	-
Total other financing sources	2,776,003	2,776,003	-	2,776,003	-
Net change in fund balance	\$ -	\$ 2,584,171	493,179	\$ 3,077,350	\$ 3,077,350
Fund balance, beginning			2,584,171		
Fund balance, ending			\$ 3,077,350		

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, 2021

	Project	Actual			
	Authorization	Prior	Current	Total to	Variance
		Years	Year	Date	Over/Under
Revenues:					
Federal grants	\$ -	\$ 1,857,846	\$ 305,739	\$ 2,163,585	\$ (2,163,585)
Insurance proceeds	-	472,207	320	472,527	(472,527)
Total revenues	-	2,330,053	306,059	2,636,112	(2,636,112)
Expenditures:					
Salaries	-	396,093	17,295	413,388	(413,388)
Construction work	6,283,000	3,475,255	172,321	3,647,576	2,635,424
Total expenditures	6,283,000	3,871,348	189,616	4,060,964	2,222,036
Other Financing Sources (Uses):					
Transfers in	6,283,000	6,283,000	0	6,283,000	-
Total other financing sources	6,283,000	6,283,000	-	6,283,000	-
Net change in fund balance	\$ -	\$ 4,741,705	116,443	\$ 4,858,148	\$ 4,858,148
Fund balance, beginning			4,741,705		
Fund balance, ending			\$ 4,858,148		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Funds - Downtown Kinston Mural Project
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Over/Under
		Years	Year	Date	
Revenues:					
Federal grants	\$ 100,000	\$ 5,000	\$ 95,000	\$ 100,000	\$ -
Total revenues	100,000	5,000	95,000	100,000	-
Expenditures:					
Mural costs	130,000	5,000	125,000	130,000	-
Total expenditures	130,000	5,000	125,000	130,000	-
Other Financing Sources (Uses):					
Transfers in	30,000	-	30,000	30,000	
Total other financing sources	30,000	-	30,000	30,000	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Fund- 2017 Edward Byrne Memorial JAG Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

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

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Fund- Brownsfield Assessment and Cleanup Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, federal	\$ 195,000	\$ 195,000	\$ -	\$ 195,000	\$ -
Total revenues	195,000	195,000	-	195,000	-
Expenditures:					
Cleanup expenses	195,000	195,000	-	195,000	-
Total expenditures	195,000	195,000	-	195,000	-
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

Schedule 19

Special Revenue Funds - NCHFA 2019 Essential Single-Family Rehabilitation
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Over/Under
		Years	Year	Date	
Revenues:					
State grants	\$ 190,000	\$ 13,626	\$ 99,710	\$ 113,336	\$ (76,664)
Total revenues	190,000	13,626	99,710	113,336	(76,664)
Expenditures:					
NCFHA loan pool funds	190,000	13,626	99,695	113,321	76,679
Total expenditures	190,000	13,626	99,695	113,321	76,679
Net change in fund balance	\$ -	\$ -	15	\$ 15	\$ 15
Fund balance, beginning			-		
Fund balance, ending			\$ 15		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Fund- GCC 2019 Juvenile Justice Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, state grant	\$ 170,491	\$ 17,867	\$ 33,689	\$ 51,556	\$ 118,935
Total revenues	170,491	17,867	33,689	51,556	118,935
Expenditures:					
Grant expenses	170,491	17,867	33,689	51,556	118,935
Total expenditures	170,491	17,867	33,689	51,556	118,935
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 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, 2021

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Over/Under
		Years	Year	Date	
Revenues:					
State grants	\$ -	\$ -	\$ 35,879	\$ 35,879	\$ (35,879)
Federal grants	-	-	141,046	141,046	(141,046)
Insurance proceeds	-	84,133	-	84,133	(84,133)
Total revenues	-	84,133	176,925	261,058	(261,058)
Expenditures:					
Salaries	-	38,667	-	38,667.00	(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	\$ -	\$ 323,718	176,925	\$ 500,643	\$ 500,643
Fund balance, beginning			323,718		
Fund balance, ending			\$ 500,643		

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental revenue, federal	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ 91,471</u>	<u>\$ 91,471</u>	<u>\$ (208,529)</u>
Total revenues	<u>300,000</u>	<u>-</u>	<u>91,471</u>	<u>91,471</u>	<u>(208,529)</u>
Expenditures:					
Cleanup expenses	<u>300,000</u>	<u>-</u>	<u>91,471</u>	<u>91,471</u>	<u>208,529</u>
Total expenditures	<u>300,000</u>	<u>-</u>	<u>91,471</u>	<u>91,471</u>	<u>208,529</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u><u>\$ -</u></u>		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Funds - NCHFA Urgent Repair Program
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

Schedule 23

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
State grants	\$ 100,000	\$ -	\$ 50,000	\$ 50,000	\$ (50,000)
Total revenues	100,000	-	50,000	50,000	(50,000)
Expenditures:					
NCFHA urgent repair costs	100,000	-	24,826	24,826	75,174
Total expenditures	100,000	-	24,826	24,826	75,174
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	25,174	<u>\$ 25,174</u>	<u>\$ 25,174</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 25,174</u>		

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Funds - Coronavirus Relief Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
COVID Federal Assistance	\$ 488,541	\$ -	\$ 488,541	\$ 488,541	\$ -
Investment earnings	-	-	128	128	128
Total revenues	<u>488,541</u>	<u>-</u>	<u>488,669</u>	<u>488,669</u>	<u>128</u>
Expenditures:					
COVID-19 Relief Expenditures	488,541	-	472,455	472,455	16,086
Total expenditures	<u>488,541</u>	<u>-</u>	<u>472,455</u>	<u>472,455</u>	<u>16,086</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	\$ 16,214	<u>\$ 16,214</u>	<u>\$ 16,214</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 16,214</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 25

Special Revenue Funds - Community Development Block Grant Coronavirus Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

	<u>Project</u>	<u>Actual</u>			
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Variance</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>Over/Under</u>
Revenues:					
State grants	\$ 550,000	\$ -	\$ 1,572	\$ 1,572	\$ (548,428)
Total revenues	550,000	-	1,572	1,572	(548,428)
Expenditures:					
CDBG-CV Program Expenses	550,000	-	1,572	1,572	548,428
Total expenditures	550,000	-	1,572	1,572	548,428
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, 2021

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

CITY OF KINSTON, NORTH CAROLINA
Special Revenue Funds - YMCA Remote Learning Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

Schedule 27

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Over/Under
		Years	Year	Date	
Revenues:					
Federal grants	\$ 45,000	\$ -	\$ 12,748	\$ 12,748	\$ (32,252)
Total revenues	45,000	-	12,748	12,748	(32,252)
Expenditures:					
Remote learning program expenses	45,000	-	12,748	12,748	32,252
Total expenditures	45,000	-	12,748	12,748	32,252
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

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

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

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

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

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

Queen Street Electrical Improvements – This fund accounts for a Downtown Revitalization grant from the NC Department of Commerce to make improvements to the downtown area. The monies will be used to improve the electrical infrastructure along both sides of Queen Street to increase the visibility on Queen Street, which will create an increased sense of safety in the community as well as add beauty to the area, which will encourage investment by local businesses.

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

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

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

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

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

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.

CITY OF KINSTON, NORTH CAROLINA
Combining Balance Sheet
Non-Major Capital Project Fund
For the Fiscal Year Ended June 30, 2021

Schedule 28

	Retro- Green	Battlefield Parkway/ Soccer Complex	College Street Railroad Crossing Project	General Fund Small Projects	Fire Pumper Truck Projects	Grainger Stadium Improvements Project	Neighborhood Revitalization and Recreation Improvements	Doctors Drive Road and Utility Extension	Queen Street Redesign & Construction	Fire Ladder 2019	2020 Road Improvements	Assistance to Firefighters Grant	Riverwalk Project Phase I, II, III	Total
ASSETS														
Cash and investments	\$ 8,250	\$ -	\$ -	\$ 21,865	\$ -	\$ 253,676	\$ -	\$ -	\$ 88,754	\$ -	\$ 24,268	\$ -	\$ 25,000	\$ 421,813
Due from governmental agencies	-	-	-	-	-	9	151,146	4,247	-	-	-	46,932	-	202,334
Accounts receivable								277,748				17,139		294,887
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,865</u>	<u>\$ -</u>	<u>\$ 253,685</u>	<u>\$ 151,146</u>	<u>\$ 281,995</u>	<u>\$ 88,754</u>	<u>\$ -</u>	<u>\$ 24,268</u>	<u>\$ 64,071</u>	<u>\$ 25,000</u>	<u>\$ 919,034</u>
LIABILITIES														
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	-	-	-	-	-	-	151,146	188,423	-	-	-	63,159	-	402,728
Advances from grantors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,146</u>	<u>188,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,159</u>	<u>-</u>	<u>402,728</u>
FUND BALANCES														
Restricted:														
Stabilization by State statute	-	-	-	-	-	9	-	51,123	-	-	-	912	-	52,044
Restricted, all other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	8,250	-	-	21,865	-	236,708	-	-	88,754	-	24,268	-	25,000	404,845
Assigned	-	-	-	-	-	16,968	-	42,449	-	-	-	-	-	59,417
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>8,250</u>	<u>-</u>	<u>-</u>	<u>21,865</u>	<u>-</u>	<u>253,685</u>	<u>-</u>	<u>93,572</u>	<u>88,754</u>	<u>-</u>	<u>24,268</u>	<u>912</u>	<u>25,000</u>	<u>516,306</u>
Total liabilities and fund balances	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,865</u>	<u>\$ -</u>	<u>\$ 253,685</u>	<u>\$ 151,146</u>	<u>\$ 281,995</u>	<u>\$ 88,754</u>	<u>\$ -</u>	<u>\$ 24,268</u>	<u>\$ 64,071</u>	<u>\$ 25,000</u>	<u>\$ 919,034</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, 2021

Schedule 29

	Retro-Green	Battlefield Parkway/ Soccer Complex	College Street Railroad Crossing Project	General Fund Small Projects	Fire Pumper Truck Projects	Grainger Stadium Improvements Project	Neighborhood Revitalization and Recreation Improvements	Doctors Drive Road and Utility Extension	Queen Street Redesign & Construction	Fire & Rescue Ladder Truck	2020 Road Improvements	Assistance to Firefighters Grant	Riverwalk Project Phase I, II, III	Total
REVENUES														
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state grants	-	-	-	-	-	-	4,500	160,219	-	-	-	632,085	-	796,804
Miscellaneous	-	-	-	2,500	-	-	-	117,530	-	-	-	17,139	-	137,169
Total revenues	-	-	-	2,500	-	-	4,500	277,749	-	-	-	649,224	-	933,973
EXPENDITURES														
Cultural and recreation	-	-	-	-	-	10,442	-	-	-	-	-	-	-	10,442
Public safety	-	-	-	-	-	-	-	-	-	-	-	695,293	-	695,293
Community development	-	-	-	-	-	-	4,500	197,218	-	-	504,732	-	-	706,450
Total expenditures	-	-	-	-	-	10,442	4,500	197,218	-	-	504,732	695,293	-	1,412,185
Excess (deficiency) of revenues over expenditures	-	-	-	2,500	-	(10,442)	-	80,531	-	-	(504,732)	(46,069)	-	(478,212)
OTHER FINANCING SOURCES (USES)														
Debt issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	46,981	25,000	71,981
Transfers out	-	-	(1,924)	-	(34,434)	-	-	-	-	(132,200)	-	-	-	(168,558)
Total other financing sources (uses)	-	-	(1,924)	-	(34,434)	-	-	-	-	(132,200)	-	46,981	25,000	(96,577)
Net change in fund balance	-	-	(1,924)	2,500	(34,434)	(10,442)	-	80,531	-	(132,200)	(504,732)	912	25,000	(574,789)
Fund balances, beginning	8,250	-	1,924	19,365	34,434	264,127	-	13,041	88,754	132,200	529,000	-	-	1,091,095
Fund balances, ending	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,865</u>	<u>\$ -</u>	<u>\$ 253,685</u>	<u>\$ -</u>	<u>\$ 93,572</u>	<u>\$ 88,754</u>	<u>\$ -</u>	<u>\$ 24,268</u>	<u>\$ 912</u>	<u>\$ 25,000</u>	<u>\$ 516,306</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 30

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, 2021

	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			<u>8,250</u>		
Fund balance, ending			<u>\$ 8,250</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 31

Capital Project Fund - Battlefield Parkway/Soccer Complex

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

From Inception and For the Year Ended June 30, 2021

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

Capital Project Fund - College Street Railroad Crossing Project
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2021

	Project	Actual			Variance
	Authorization	Prior	Current	Total	Over/Under
		Years	Year	to Date	
Revenues:					
NCDOT State Grants	\$ 88,000	\$ 88,000	\$ -	\$ 88,000	\$ -
Contribution from NC Railroad Company	125,000	125,000	-	125,000	-
Contribution from Norfolk Southern Corporation	37,000	37,000	-	37,000	-
Total revenues	250,000	250,000	-	250,000	-
Expenditures:					
Heritage Street Widening Project	190,500	190,500	-	190,500	-
Other mitigation activities	137,576	137,576	-	137,576	-
Total expenditures	328,076	328,076	-	328,076	-
Other Financing Sources (Uses)					
Transfers in	80,000	80,000	-	80,000	-
Transfers out	(1,924)	-	(1,924)	(1,924)	-
Total other financing sources (uses)	78,076	80,000	(1,924)	78,076	-
Net change in fund balance	\$ -	\$ 1,924	(1,924)	\$ -	\$ -
Fund balance, beginning			1,924		
Fund balance, ending			\$ -		

Capital Project Fund - General Fund Small Projects

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2021

	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	18,440	2,500	20,940	12,800
Total revenues	183,140	186,121	2,500	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	\$ -	\$ 19,365	2,500	\$ 21,865	\$ 21,865
Fund balance, beginning			19,365		
Fund balance, ending			\$ 21,865		

CITY OF KINSTON, NORTH CAROLINA

Schedule 34

Capital Project Fund - Fire Pumper Truck

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2021

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

CITY OF KINSTON, NORTH CAROLINA

Schedule 35

Capital Project Fund - Grainger Stadium Improvements Project
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Expenditures:					
Stadium Improvements	\$ 2,389,042	\$ 2,381,319	\$ 142	\$ 2,381,461	\$ 7,581
Loan closing costs	30,000	73,596	10,300	83,896	(53,896)
Total expenditures	2,419,042	2,454,915	10,442	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>\$ 264,127</u>	(10,442)	<u>\$ 253,685</u>	<u>\$ 253,685</u>
Fund balance, beginning			<u>264,127</u>		
Fund balance, ending			<u>\$ 253,685</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 36

Capital Project Fund - Neighborhood Revitalization and Recreation Improvements
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
CDBG Grant Revenue	\$ 750,000	\$ 146,647	\$ 4,500	\$ 151,147	\$ (598,853)
Miscellaneous revenues	-	-	-	-	-
Total revenues	750,000	146,647	4,500	151,147	(598,853)
Expenditures:					
Capital outlay	750,000	146,647	4,500	151,147	598,853
Total expenditures	750,000	146,647	4,500	151,147	598,853
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 37

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Golden Leaf Foundation Grant	\$ 599,720	\$ -	\$ 160,219	\$ 160,219	\$ (439,501)
Other revenues	-	-	117,530	117,530	117,530
Total revenues	599,720	-	277,749	277,749	(321,971)
Expenditures:					
Doctors Drive Road and Utility Extension	759,720	146,959	197,218	344,177	415,543
Total expenditures	759,720	146,959	197,218	344,177	415,543
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	\$ -	\$ 13,041	80,531	\$ 93,572	\$ 93,572
Fund balance, beginning			13,041		
Fund balance, ending			\$ 93,572		

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, 2021

Schedule 38

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Expenditures:					
Queen Street Redesign & Construction	\$ 3,200,000	\$ 3,111,246	\$ -	\$ 3,111,246	\$ 88,754
Total expenditures	3,200,000	3,111,246	-	3,111,246	88,754
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	-
Fund balance, beginning	<u>\$ -</u>	<u>\$ 88,754</u>	-	<u>\$ 88,754</u>	<u>\$ 88,754</u>
Fund balance, ending			<u>88,754</u>		
			<u>\$ 88,754</u>		

CITY OF KINSTON, NORTH CAROLINA

Schedule 39

Capital Project Fund - Fire & Rescue Ladder Truck

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Expenditures:					
Public safety	\$ 1,406,867	\$ 1,406,867	\$ -	\$ 1,406,867	\$ -
Loan Closing Costs	8,499	8,499	-	8,499	-
Total expenditures	1,415,366	1,415,366	-	1,415,366	-
Other Financing Sources (Uses):					
Debt issued	1,415,366	1,415,366	-	1,415,366	-
Transfers in	132,200	132,200	-	132,200	-
Transfers out	(132,200)	-	(132,200)	(132,200)	-
Total other financing sources (uses)	1,415,366	1,547,566	(132,200)	1,415,366	-
Net change in fund balance	\$ -	\$ 132,200	(132,200)	\$ -	\$ -
Fund balance, beginning			132,200		
Fund balance, ending			\$ -		

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

Schedule 40

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2021

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

CITY OF KINSTON, NORTH CAROLINA
Capital Project Fund - Assistance to Firefighters Grant
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2021

Schedule 41

	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	17,783	-	17,139	17,139	(644)
Total revenues	665,419	-	649,224	649,224	(16,195)
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	46,981	-	46,981	46,981	-
Total other financing sources (uses)	46,981	-	46,981	46,981	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	912	<u>\$ 912</u>	<u>\$ 912</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 912</u>		

CITY OF KINSTON, NORTH CAROLINA
Capital Project Fund - Riverwalk Project Phase I, II, and III
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2021

Schedule 42

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
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>\$ -</u>	25,000	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 25,000</u>		

PERMANENT FUND

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

CITY OF KINSTON, NORTH CAROLINA

Schedule 43

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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	\$ 300	\$ 66	\$ (234)
Total revenues	<u>300</u>	<u>66</u>	<u>(234)</u>
Other Financing Sources (Uses)			
Appropriated fund balance	-	-	-
Transfers out	<u>(300)</u>	<u>(300)</u>	<u>-</u>
Total other financing sources (uses)	<u>(300)</u>	<u>(300)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(234)</u>	<u>\$ (234)</u>
Fund balance, beginning		<u>75,751</u>	
Fund balance, ending		<u>\$ 75,517</u>	

ELECTRIC FUND

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

CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Electric Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services, electricity sales	\$ 49,124,200	\$ 46,406,897	\$ 2,717,303	\$ 46,098,459
Other	75,300	23,560	51,740	133,627
Total operating revenues	49,199,500	46,430,457	2,769,043	46,232,086
Non-Operating Revenues:				
Grant funds	-	2,500	(2,500)	5,000
Interest earned on investments	5,000	15,794	(10,794)	90,707
Miscellaneous	-	-	-	-
Total non-operating revenues	5,000	18,294	(13,294)	95,707
Total revenues	49,204,500	46,448,751	2,755,749	46,327,793
Expenditures:				
Electric Operations:				
Salaries and benefits	2,150,957	1,648,624	502,333	1,716,012
Operating	1,665,529	1,187,404	478,125	1,260,151
Purchased power	35,278,200	31,225,049	4,053,151	30,213,173
Indirect costs	1,513,387	1,513,387	-	1,508,178
Capital outlay	2,552,681	168,685	2,383,996	575,801
Total electric operations expenditures	43,160,754	35,743,149	7,417,605	35,273,315
Debt Service:				
Principal retirement	672,040	672,040	-	670,253
Interest and other charges	19,400	19,283	117	30,909
Total debt service	691,440	691,323	117	701,162
Non-Operating Expenditures:				
Payment in lieu of taxes	382,739	382,739	-	332,001
Economic development reimbursements	51,700	5,966	45,734	32,894
Total non-operating expenditures	434,439	388,705	45,734	364,895
Total expenditures	44,286,633	36,823,177	7,463,456	36,339,371
Other Financing Sources (Uses):				
Appropriated net position	3,508,531	-	3,508,531	-
Transfers in	382,355	-	382,355	1,839,330
Transfers out - Capital Reserve Fund	(2,065,000)	(2,065,000)	-	(2,065,000)
Transfers out	(6,743,753)	(6,743,753)	-	(5,688,295)
Total other financing sources (uses)	(4,917,867)	(8,808,753)	3,890,886	(5,913,965)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 816,821	\$ (816,821)	\$ 4,074,457

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, 2021 With Comparative Totals for the Year Ended June 30, 2020 (Continued)

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 816,821		\$ 4,439,351
Transfers in - Capital Reserve Funds		4,466,953		4,733,965
Transfers out - Capital Reserve Funds		-		(1,839,330)
Bad debt expense		(68,488)		(219,215)
Capital outlay		3,340,435		2,700,128
Payment of debt principal		672,040		670,253
Depreciation		(1,210,410)		(1,204,505)
Capital distribution		(751,382)		(340,216)
Investment earnings from capital project funds		10,491		31,004
Change in accrued compensated absences		(8,088)		(10,139)
Change in deferred outflows of resources - pension		41,620		23,720
Change in deferred inflows of resources - pension		2,155		(2,616)
Change in net pension liability		(124,332)		(133,113)
Change in accrued interest payable		2,940		2,896
Change in net position		<u>\$ 7,190,755</u>		<u>\$ 8,852,183</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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal and state grants	\$ 5,515,045	\$ 5,350,767	\$ 81,189	\$ 5,431,956	\$ (83,089)
Dopaco project contribution	25,000	25,000	-	25,000	-
Heelstone Energy contribution	500,000	355,000	-	355,000	(145,000)
Solar Farm Electric Project	196,600	196,516	-	196,516	(84)
Interest earned on investments	14,882	14,882	-	14,882	-
Miscellaneous revenue	69,380	69,380	-	69,380	-
Total revenues	6,320,907	6,011,545	81,189	6,092,734	(228,173)
Expenditures:					
Caswell Center upgrades	2,857,432	2,857,432	-	2,857,432	-
West Industrial Park Substation Project	2,667,147	2,667,147	-	2,667,147	-
Lenox China Generator Project	466,500	405,397	-	405,397	61,103
Felix Harvey Parkway Extension Project	80,605	80,605	-	80,605	-
Spirit Aerosystem Rail Spur Project	199,669	199,669	-	199,669	-
Dapaco Inc. Generator Project	1,000,000	855,000	-	855,000	145,000
West Pharmaceutical Generator Project	962,500	962,500	-	962,500	-
531 Circuit Rebuild	508,048	508,048	-	508,048	-
Queen Street Bridge Electric Line Relocation Project	920,220	780,823	81,189	862,012	58,208
Solar Farm Electric Improvements Project	196,600	98,659	-	98,659	97,941
Falling Creek Substation Transformer Project	1,291,949	1,262,124	-	1,262,124	29,825
Second Point of Delivery	5,483,514	1,749,914	2,445,606	4,195,520	1,287,994
SmartGrid System Elec&Wtr	6,500,000	5,345,640	245,721	5,591,361	908,639
Electric Vehicle Charging Stations	25,000	25,000	-	25,000	-
Harvey Parkway Extension Electric Facilities Relocation	139,411	85,170	-	85,170	54,241
Queen Street Utility Pole Relocation	215,625	91,034	-	91,034	124,591
Vernon Avenue 3.4 Mile Electric Distribution Circuit Rebuild	1,548,360	1,070,440	69,536	1,139,976	408,384
516, 521, 510 Circuit Rebuild	2,376,000	421,323	309,242	730,565	1,645,435
Electric Circuit 540 Upgrade	2,341,800	-	23,077	23,077	2,318,723
Total	29,780,380	19,465,925	3,174,371	22,640,296	7,140,084
Debt service:					
Principal retirement	310,560	310,560	-	310,560	-
Interest and other charges	190,340	190,340	-	190,340	-
Total debt service	500,900	500,900	-	500,900	-
Total expenditures	30,281,280	19,966,825	3,174,371	23,141,196	7,140,084
Other Financing Sources (Uses):					
Debt issued	2,950,000	2,950,000	-	2,950,000	-
Transfers in	21,150,764	18,808,964	2,341,800	21,150,764	-
Transfers out	(140,391)	(140,391)	-	(140,391)	-
Total other financing sources (uses)	23,960,373	21,618,573	2,341,800	23,960,373	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 7,663,293	\$ (751,382)	\$ 6,911,911	\$ 6,911,911

WATER FUND

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

CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Water Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Water sales	\$ 10,264,749	\$ 10,100,078	\$ (164,671)	\$ 9,923,841
Other	393,000	372,535	(20,465)	213,748
Total operating revenues	10,657,749	10,472,613	(185,136)	10,137,589
Non-Operating Revenues:				
Interest earned on investments	25,000	7,138	(17,862)	34,870
Total non-operating revenues	25,000	7,138	(17,862)	34,870
Total revenues	10,682,749	10,479,751	(202,998)	10,172,459
Expenditures:				
Water Production:				
Salaries and benefits	389,848	350,533	39,315	348,762
Operating	337,300	197,080	140,220	206,377
Repairs and maintenance	409,400	255,857	153,543	305,622
Capital outlay	43,600	3,375	40,225	103,142
Indirect costs	1,097,124	1,097,124	-	1,082,747
Total water production	2,277,272	1,903,969	373,303	2,046,650
Water Operations:				
Salaries and benefits	1,381,104	1,035,507	345,597	971,743
Operating	895,300	774,660	120,640	577,416
Repairs and maintenance	199,500	133,915	65,585	173,973
Capital outlay	310,801	144,176	166,625	101,591
Indirect costs	210,840	210,840	-	206,765
Purchased water	4,483,200	4,483,200	-	4,483,200
Total water operations	7,480,745	6,782,298	698,447	6,514,688
Debt service:				
Principal retirement	260,771	260,771	-	268,730
Interest and other charges	6,315	6,316	(1)	10,580
Total debt service	267,086	267,087	(1)	279,310
Non-Operating Expenditures:				
Economic development reimbursements	39,900	39,900	-	41,966
Total non-operating expenditures	39,900	39,900	-	41,966
Total expenditures	10,065,003	8,993,254	1,071,749	8,882,614
Revenues over (under) expenditures	617,746	1,486,497	868,751	1,289,845

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, 2021 With Comparative Totals for the Year Ended June 30, 2020
(Continued)

	2021		2020
	Budget	Actual	Variance Over/Under
			Actual
Other Financing Sources (Uses):			
Long-term debt issued	-	-	-
Appropriated net position	(325,647)	-	325,647
Transfers from other funds	371,200	371,200	-
Transfers to Capital Reserve	(250,000)	(250,000)	-
Transfers to other funds	(413,299)	(413,299)	-
Total other financing sources (uses)	(617,746)	(292,099)	325,647
Revenues and other financing sources over (under) expenditures and other financing uses	-	1,194,398	543,104
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses	\$	1,194,398	\$ 313,395
Transfers in - Capital Reserve Fund		250,000	
Transfers out - Capital Reserve Fund		(371,200)	490,000
Bad debt expense		(74,655)	(52,566)
Capital outlay		1,189,136	213,866
Interest from Capital Reserve Fund		1,696	7,331
Payment of debt principal		260,771	268,730
Depreciation		(482,130)	(509,682)
Capital distribution		(658,921)	550,109
Change in accrued compensated absences		(8,924)	(3,101)
Change in deferred outflows of resources - pension		53,925	(43,484)
Change in deferred inflows of resources - pension		(135,180)	(1,009)
Change in net pension liability		1,334	(22,594)
Change in accrued interest payable		1,182	1,165
Change in net position	\$	1,221,432	\$ 1,212,160

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal and State grants	\$ 610,013	\$ 26,299	\$ -	\$ 26,299	\$ (583,714)
Total revenues	610,013	26,299	-	26,299	(583,714)
Expenditures:					
Water line projects	4,626,261	1,046,314	1,072,220	2,118,534	2,507,727
Total expenditures	4,626,261	1,046,314	1,072,220	2,118,534	2,507,727
Other Financing Sources (Uses):					
Debt proceeds	1,759,900				(1,759,900)
Transfers in	2,256,348	1,843,050	413,298	2,256,348	-
Total other financing sources (uses)	4,016,248	1,843,050	413,298	2,256,348	(1,759,900)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 823,035</u>	<u>\$ (658,922)</u>	<u>\$ 164,113</u>	<u>\$ 164,113</u>

WASTEWATER FUND

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

CITY OF KINSTON, NORTH CAROLINA
Enterprise Funds - Wastewater Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Sewer sales	\$ 6,819,000	\$ 6,880,626	\$ 61,626	\$ 6,240,235
Other	85,000	72,505	(12,495)	71,835
Total operating revenues	6,904,000	6,953,131	49,131	6,312,070
Non-Operating Revenues:				
Interest earned on investments	-	-	-	1,747
Total non-operating revenues	-	-	-	1,747
Total revenues	6,904,000	6,953,131	49,131	6,313,817
Expenditures:				
Wastewater Plant Operations:				
Salaries and benefits	931,268	839,613	91,655	825,366
Operating	565,100	517,847	47,253	495,130
Repairs and maintenance	568,661	434,871	133,790	678,532
Indirect costs	2,537,012	2,537,012	-	2,386,752
Capital outlay	493,158	217,183	275,975	448,701
Total wastewater plant operations	5,095,199	4,546,526	548,673	4,834,481
Debt Service:				
Principal retirement	1,532,728	1,524,192	8,536	1,434,777
Interest and other charges	116,184	105,679	10,505	118,122
Total debt service	1,648,912	1,629,871	19,041	1,552,899
Non-Operating Expenditures:				
Economic development reimbursements	9,000	8,550	450	8,993
Total non-operating expenditures	9,000	8,550	450	8,993
Total expenditures	6,753,111	6,184,947	568,164	6,396,373
Revenues over (under) expenditures	150,889	768,184	(519,033)	(82,556)

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, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Other Financing Sources (Uses):				
Appropriated net position	(293,772)	-	(293,772)	-
Long-term debt issued	208,875	-	208,875	418,575
Transfers out - capital projects	(65,992)	(65,992)	-	-
Transfers in - capital projects	-	-	-	-
Transfers out - other funds	-	-	-	(1,700)
Total other financing sources (uses)	(150,889)	(65,992)	(84,897)	416,875
Revenues and other financing sources over (under) expenditures and other financing uses	-	702,192	(603,930)	334,319
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 702,192		\$ 334,319
Transfers - Capital projects		776,445		(112,060)
Interest from Capital Reserve		5		31
Capital outlay		213,887		4,245,979
Debt issued		(710,453)		(4,144,887)
Payment of debt principal		1,524,192		2,434,777
Depreciation		(2,433,211)		(2,419,073)
Change in accrued compensated absences		(2,211)		(654)
Change in accrued interest payable		3,710		(6,973)
Change in deferred inflows of resources - pension		24,779		(748)
Change in deferred outflows of resources - pension		(65,980)		(13,286)
Change in net pension liability		830		(27,102)
Bad debt expense		(83,467)		(51,433)
Change in net position		\$ (49,282)		\$ 238,890

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, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal and state grants	\$ 4,400,000	\$ 2,400,000	\$ -	\$ 2,400,000	\$ (2,000,000)
Local funds	775,000	766,000	-	766,000	(9,000)
Total revenues	5,175,000	3,166,000	-	3,166,000	(2,009,000)
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	1,359,354	351	-	351	1,359,003
Lawrence Heights Sewer Replacement Project	5,365,592	-	-	-	5,365,592
Total expenditures	23,327,072	15,923,528	-	15,923,529	7,403,543
Other Financing Sources (Uses):					
Debt issued	17,060,558	11,728,790	710,453	12,439,243	(4,621,315)
Transfers in	1,091,514	434,704	65,992	500,696	(590,818)
Total other financing sources (uses)	18,152,072	12,163,494	776,445	12,939,939	(5,212,133)
Revenue and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (594,034)	\$ 776,445	\$ 182,410	\$ 182,410

NONMAJOR ENTERPRISE FUNDS

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

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

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

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

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2021

Schedule 50

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Assets:				
Current assets:				
Cash and investments	\$ 1,585,176	\$ 1,504,982	\$ 7,350	\$ 3,097,508
Accounts receivable	539,272	185,130	15,151	739,553
Total current assets	2,124,448	1,690,112	22,501	3,837,061
Non-current assets:				
Construction in progress	-	447,813	-	447,813
Depreciable capital assets	4,518,853	1,388,075	683,413	6,590,341
Accumulated depreciation	(3,801,199)	(888,552)	(101,187)	(4,790,938)
Total non-current assets	717,654	947,336	582,226	2,247,216
Total assets	2,842,102	2,637,448	604,727	6,084,277
Deferred Outflows of Resources:				
Pension related deferrals	181,137	59,442	15,415	255,994
Liabilities:				
Current liabilities				
Accounts payable and accrued liabilities	110,578	167,612	455,566	733,756
Current portion of installment notes	255,536	-	-	255,536
Current portion of compensated absences	11,684	2,644	1,393	15,721
Total current liabilities	377,798	170,256	456,959	1,005,013
Non-current liabilities				
Net pension liability	328,314	107,741	27,940	463,995
Non-current portion of installment notes	294,085	-	-	294,085
Non-current portion of compensated absences	35,053	7,933	4,177	47,163
Total non-current liabilities	657,452	115,674	32,117	805,243
Total liabilities	1,035,250	285,930	489,076	1,810,256
Deferred Inflows of Resources:				
Pension deferrals	2,595	851	220	3,666
Net Position:				
Net investment in capital assets	168,033	947,336	582,226	1,697,595
Unrestricted	1,817,361	1,462,773	(451,380)	2,828,754
Total net position	\$ 1,985,394	\$ 2,410,109	\$ 130,846	\$ 4,526,349

CITY OF KINSTON, NORTH CAROLINA

Schedule 51

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the year ended June 30, 2021

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Operating Revenues:				
Charges for services	\$ 4,189,090	\$ 1,027,180	\$ 753,978	\$ 5,970,248
Other operating income	17,732	23,366	44,724	85,822
Total operating revenues	4,206,822	1,050,546	798,702	6,056,070
Operating Expenses:				
Operations	3,481,239	749,231	962,776	5,193,246
Depreciation	325,482	59,205	29,672	414,359
Total operating expenses	3,806,721	808,436	992,448	5,607,605
Operating income	400,101	242,110	(193,746)	448,465
Non-Operating Revenues (Expenses):				
Interest earned on investments	1,481	1,125	-	2,606
Interest on long-term debt	(22,878)	(507)	-	(23,385)
Total non-operating revenues (expenses)	(21,397)	618	-	(20,779)
Change in net position	378,704	242,728	(193,746)	427,686
Fund balance, beginning	1,606,690	2,167,382	324,591	4,098,663
Fund balance, ending	\$ 1,985,394	\$ 2,410,110	\$ 130,845	\$ 4,526,349

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the year ended June 30, 2021

	Environmental Services Fund	Stormwater Fund	Kinston Community Center Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,210,075	\$ 1,020,621	\$ 795,028	\$ 6,025,724
Cash paid to suppliers for goods and services	(2,518,861)	(273,362)	(579,822)	(3,372,045)
Cash paid to or on behalf of employees for services	(963,339)	(320,645)	(218,856)	(1,502,840)
Net cash provided by operating activities	<u>727,875</u>	<u>426,614</u>	<u>(3,650)</u>	<u>1,150,839</u>
Cash Flows From Noncapital Financing Activities:				
Transfer (to) from other funds	-	-	-	-
Total cash flow from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(401,521)	(179,627)	-	(581,148)
Principal paid on general long-term obligation bond maturities and equipment contracts	(350,202)	(51,725)	-	(401,927)
Interest paid on bonded indebtedness and equipment contracts	(22,878)	(507)	-	(23,385)
Net cash used by capital and related financing activities	<u>(774,601)</u>	<u>(231,859)</u>	<u>-</u>	<u>(1,006,460)</u>
Cash Flows from Investing Activities:				
Interest on investments	1,481	1,125	-	2,606
Net cash provided in investing activities	<u>1,481</u>	<u>1,125</u>	<u>-</u>	<u>2,606</u>
Net increase (decrease) in cash and cash equivalents	<u>(45,245)</u>	<u>195,880</u>	<u>(3,650)</u>	<u>146,985</u>
Cash and Cash Equivalents:				
Beginning of year	1,630,421	1,309,102	11,000	2,950,523
End of year	<u>1,585,176</u>	<u>1,504,982</u>	<u>7,350</u>	<u>3,097,508</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	400,101	242,110	(193,746)	448,465
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	325,482	59,205	29,672	414,359
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	3,253	(29,925)	(3,672)	(30,344)
Increase (decrease) in net pension liability	51,391	20,431	(7,485)	64,337
Increase (decrease) in deferred inflows of resources for pensions	(1,429)	(417)	(294)	(2,140)
(Increase) decrease in deferred outflows of resources for pensions	(12,577)	(6,298)	6,148	(12,727)
Increase (decrease) in accounts payable	(38,505)	145,522	163,760	270,777
Increase (decrease) in compensated absences	159	(4,014)	1,967	(1,888)
Total adjustments	<u>327,774</u>	<u>184,504</u>	<u>190,096</u>	<u>702,374</u>
Net cash provided by operating activities	<u>\$ 727,875</u>	<u>\$ 426,614</u>	<u>\$ (3,650)</u>	<u>\$ 1,150,839</u>

CITY OF KINSTON, NORTH CAROLINA
Nonmajor Enterprise Funds - Environmental Services Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 4,106,238	\$ 4,215,940	\$ 109,702	\$ 4,171,378
Other	32,000	17,732	(14,268)	23,892
Total operating revenues	4,138,238	4,233,672	95,434	4,195,269
Non-Operating Revenues:				
Interest earned on investments	5,000	1,481	(3,519)	7,553
Total non-operating revenues	5,000	1,481	(3,519)	7,553
Total revenues	4,143,238	4,235,153	91,915	4,202,823
Expenditures:				
Bulk Leaf Collection:				
Salaries and benefits	-	-	-	-
Operating	1,500	1,231	269	1,232
Capital outlay	-	-	-	-
Indirect costs	15,700	2,320	13,380	4,851
Total leaf collection	17,200	3,551	13,649	6,083
Vector control:				
Salaries and benefits	29,377	26,980	2,397	25,420
Operating	10,200	2,084	8,116	8,250
Capital outlay	-	-	-	-
Indirect costs	6,500	4,553	1,947	3,669
Total vector control	46,077	33,617	12,460	37,339
Commercial Solid Waste:				
Salaries and benefits	308,041	254,053	53,988	278,050
Operating	447,200	446,768	432	426,868
Capital outlay	-	-	-	263,646
Indirect costs	120,500	77,419	43,081	92,610
Total commercial solid waste	875,741	778,240	97,501	1,061,174
Residential Solid Waste:				
Salaries and benefits	761,646	678,270	83,376	739,821
Operating	600,300	576,998	23,302	507,629
Capital outlay	427,256	401,520	25,736	-
Indirect costs	306,000	275,921	30,079	294,512
Total residential solid waste	2,095,202	1,932,709	162,493	1,541,962
Recycling:				
Salaries and benefits	44,197	41,580	2,617	41,573
Operating	62,900	53,332	9,568	32,018
Capital Outlay	-	-	-	-
Indirect costs	-	-	-	-
Total recycling	107,097	94,912	12,185	73,591

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, 2021 With Comparative Totals for the Year Ended June 30, 2020
(Continued)

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Debt Service:				
Principal retirement	\$ 350,202	\$ 350,202	-	\$ 253,758
Interest and other charges	24,090	24,098	(8)	11,104
Total debt service	374,292	374,300	(8)	264,862
Other indirect costs	1,002,186	1,002,186	-	981,428
Total expenditures	4,517,795	4,219,515	298,280	3,966,439
Other Financing Sources (Uses):				
Appropriated net position	374,557	-	(374,557)	-
Transfers out	-	-	-	(3,000)
Long-term debt issued	-	-	-	499,841
Total other financing sources (uses)	374,557	-	(374,557)	496,841
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 15,638	\$ (580,922)	\$ 733,225
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 15,638		\$ 733,225
Bad debt expense		(26,850)		(47,299)
Capital outlay		401,520		261,660
Debt issued		-		(499,841)
Payment of debt principal		350,202		253,758
Depreciation		(325,482)		(339,742)
Change in accrued compensated absences		(159)		(5,460)
Change in accrued interest payable		1,220		(12,656)
Change in deferred outflows of resources - pension		12,577		(24,412)
Change in deferred inflows of resources - pension		(51,391)		(913)
Change in net pension liability		1,429		(28,579)
Change in net position		\$ 378,704		\$ 289,741

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, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 1,023,300	\$ 1,027,180	\$ 3,880	\$ 1,024,685
Other	24,400	23,366	(1,034)	12
Total operating revenues	1,047,700	1,050,546	2,846	1,024,697
Non-Operating Revenues:				
Interest earned on investments	8,000	1,125	(6,875)	6,148
Total non-operating revenues	8,000	1,125	(6,875)	6,148
Total revenues	1,055,700	1,051,671	(4,029)	1,030,845
Expenditures:				
Stormwater Operations:				
Salaries and benefits	503,007	330,347	172,660	337,432
Operating	164,600	129,050	35,550	100,034
Capital outlay	83,550	14,028	69,522	20,503
Indirect costs	280,131	280,132	(1)	305,770
Total stormwater operations	1,031,288	753,557	277,731	763,739
Debt service:				
Principal retirement	51,726	51,725	1	54,253
Interest and other charges	756	759	(3)	1,501
Total debt service	52,482	52,484	(2)	55,754
Total expenditures	1,083,770	806,041	277,729	819,493
Other Financing Sources (Uses):				
Appropriated net position	28,070	-	(28,070)	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(181,600)
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	28,070	-	(28,070)	(181,600)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 245,630	\$ 245,630	\$ 29,752

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, 2021 With Comparative Totals for the Year Ended June 30, 2020
(Continued)

	2021		2020
	Budget	Actual	Variance Over/Under Actual
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 245,630	\$ 29,752
Transfers-Capital Projects		(165,598)	178,000
Payment of debt principal		51,725	54,253
Capital outlay		179,626	19,329
Depreciation		(59,205)	(102,681)
Change in accrued compensated absences		4,014	3,373
Change in accrued interest payable		252	249
Pension expense		-	(130)
Change in deferred outflows of resources - pension		6,298	(13,621)
Change in deferred inflows of resources - pension		(20,431)	(192)
Change in net pension liability		417	(1,387)
Change in net position		<u>\$ 242,728</u>	<u>\$ 166,945</u>

CITY OF KINSTON, NORTH CAROLINA

Schedule 55

Stormwater Capital Project Fund

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

For the year ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Federal and state grants	\$ 177,640	\$ -	\$ -	\$ -	\$ (177,640)
Total revenues	177,640	-	-	-	(177,640)
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	-	165,598	165,598	62,042
Total Expenditures	527,640	261,738	165,598	427,336	100,304
Other Financing Sources (Uses):					
Transfers in	350,000	478,000	-	478,000	128,000
Total other financing sources (uses)	350,000	478,000	-	478,000	128,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 216,262	\$ (165,598)	\$ 50,664	\$ 50,664

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, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services	\$ 1,283,200	\$ 753,978	\$ (529,222)	\$ 889,801
Other operating income	51,208	44,724	(6,484)	41,103
Total operating revenues	1,334,408	798,702	(535,706)	930,904
Total revenues	1,334,408	798,702	(535,706)	930,904
Expenditures:				
Salaries and benefits	386,471	218,520	167,951	293,285
Operating	946,800	742,783	204,017	1,024,590
Capital outlay	-	-	-	1,255
Indirect Costs	1,137	1,138	(1)	976
Total expenditures	1,334,408	962,441	371,967	1,320,106
Other Financing Sources (Uses):				
Appropriated net position	-	-	-	-
Transfers in	-	-	-	150,000
Transfers out	-	-	-	(500)
Total other financing sources (uses)	-	-	-	149,500
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (163,739)	\$ (163,739)	\$ (239,702)
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual Basis:				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (163,739)		\$ (239,702)
Depreciation		(29,672)		(30,765)
Change in accrued compensated absences		(1,966)		3,787
Contributions		-		-
Change in deferred outflows of resources - pension		(6,148)		(6,179)
Change in deferred inflows of resources - pension		7,485		(67)
Change in net pension liability		294		277
Change in net position		\$ (193,746)		\$ (272,649)

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Net Position
June 30, 2021

	Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Assets:						
Current assets:						
Cash and investments	\$ 1,164,475	\$ 2,036,436	\$ 790,526	\$ 224,714	\$ 2,974,197	\$ 7,190,348
Accounts receivable	-	2,567	49,652	788	2,670	55,677
Inventory	-	-	240,158	-	-	240,158
Total current assets	1,164,475	2,039,003	1,080,336	225,502	2,976,867	7,486,183
Non-current assets:						
Construction in progress	-	-	-	-	-	-
Buildings	-	19,468	-	-	-	19,468
Equipment	-	-	207,789	-	697,334	905,123
Accumulated depreciation	-	(13,141)	(200,716)	-	(657,908)	(871,765)
Total non-current assets	-	6,327	7,073	-	39,426	52,826
Total assets	1,164,475	2,045,330	1,087,409	225,502	3,016,293	7,539,009
Deferred Outflows of Resources:						
Pension related deferrals	-	15,545	93,674	-	305,374	414,593
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	176,660	417,599	4,237	2,663	22,817	623,976
Current portion of compensated absences	-	1,540	3,956	-	23,184	28,680
Total current liabilities	176,660	419,139	8,193	2,663	46,001	652,656
Non-current liabilities:						
Net pension liability	-	28,175	169,786	-	553,495	751,456
Non-current portion of compensated absences	-	4,620	11,868	-	69,551	86,039
Non-current portion of installment notes	-	-	-	-	-	-
Total non-current liabilities	-	32,795	181,654	-	623,046	837,495
Total liabilities	176,660	451,934	189,847	2,663	669,047	1,490,151
Deferred Inflows of Resources:						
Pension deferrals	-	222	1,341	-	4,374	5,937
Net Position:						
Net investment in capital assets	-	6,327	7,073	-	39,426	52,826
Unrestricted	987,815	1,602,392	982,822	222,839	2,608,820	6,404,688
Total net position	\$ 987,815	\$ 1,608,719	\$ 989,895	\$ 222,839	\$ 2,648,246	\$ 6,457,514

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2021

	Health Self-Insurance Fund	Employee Health Fund	Fleet Maintenance Fund	Warehouse Fund	Public Services Administration Fund	Total
Operating Revenues:						
Contributions from various funds	\$ 117,486	\$ 702,691	\$ 727,044	\$ 445,995	\$ 2,249,637	\$ 4,242,853
Premiums collected	3,022,848	-	-	-	-	3,022,848
Other income	-	-	170	-	50	220
Total operating revenues	<u>3,140,334</u>	<u>702,691</u>	<u>727,214</u>	<u>445,995</u>	<u>2,249,687</u>	<u>7,265,921</u>
Operating Expenses:						
Administration	-	84,119	498,918	-	1,655,060	2,238,097
Operations	-	187,412	172,331	395,098	481,231	1,236,072
Depreciation	-	487	2,358	-	25,776	28,621
Claims reimbursement	<u>2,543,645</u>	<u>372,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,915,845</u>
Total operating expenses	<u>2,543,645</u>	<u>644,218</u>	<u>673,607</u>	<u>395,098</u>	<u>2,162,067</u>	<u>6,418,635</u>
Operating income	<u>596,689</u>	<u>58,473</u>	<u>53,607</u>	<u>50,897</u>	<u>87,620</u>	<u>847,286</u>
Non-Operating Revenues (Expenses):						
Transfers (to) from	-	-	-	-	-	-
Interest earned on investments	<u>729</u>	<u>1,784</u>	<u>-</u>	<u>-</u>	<u>3,362</u>	<u>5,875</u>
Total non-operating revenues (expenses)	<u>729</u>	<u>1,784</u>	<u>-</u>	<u>-</u>	<u>3,362</u>	<u>5,875</u>
Change in net position	597,418	60,257	53,607	50,897	90,982	853,161
Net Position:						
Net position, beginning	<u>390,397</u>	<u>1,548,462</u>	<u>936,288</u>	<u>171,942</u>	<u>2,557,264</u>	<u>5,604,353</u>
Net position, ending	<u>\$ 987,815</u>	<u>\$ 1,608,719</u>	<u>\$ 989,895</u>	<u>\$ 222,839</u>	<u>\$ 2,648,246</u>	<u>\$ 6,457,514</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Funds
Combining Statement of Cash Flows
For the year ended June 30, 2021

	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	\$ -	\$ 700,921	\$ 735,455	\$ 445,872	\$ 2,250,443	\$ 4,132,691
Cash paid to suppliers for goods and services	(2,593,375)	(538,756)	(188,182)	(392,733)	(537,185)	(4,250,231)
Cash paid to or on behalf of employees for services	-	(88,210)	(486,474)	-	(1,570,000)	(2,144,684)
Other operating revenues	3,140,334	-	-	-	-	3,140,334
Net cash provided by operating activities	546,959	73,955	60,799	53,139	143,258	878,110
Cash Flows from Investing Activities:						
Interest on investments	729	1,784	-	-	3,362	5,875
Net cash provided in investing activities	729	1,784	-	-	3,362	5,875
Net increase in cash and cash equivalents	547,688	75,739	60,799	53,139	146,620	883,985
Cash and Cash Equivalents:						
Beginning of year	616,787	1,960,697	729,727	171,575	2,827,577	6,306,363
End of year	\$ 1,164,475	\$ 2,036,436	\$ 790,526	\$ 224,714	\$ 2,974,197	\$ 7,190,348
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income	\$ 596,689	\$ 58,473	\$ 53,607	\$ 50,897	\$ 87,620	\$ 847,286
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	-	487	2,358	-	25,776	28,621
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	-	(1,770)	8,241	(123)	756	7,104
(Increase) decrease in inventories	-	-	2,812	-	-	2,812
Increase (decrease) in accounts payable	(49,730)	12,674	(18,663)	2,365	(55,954)	(109,308)
Increase (decrease) in compensated absences	-	86	(14,374)	-	9,415	(4,873)
Increase (decrease) in pension liability	-	6,374	45,018	-	117,735	169,127
Increase (decrease) in deferred inflows of resources	-	(94)	(471)	-	(1,957)	(2,522)
(Increase) decrease in deferred outflows of resources	-	(2,275)	(17,729)	-	(40,133)	(60,137)
Total adjustments	(49,730)	15,482	7,192	2,242	55,638	30,824
Net cash provided by operating activities	\$ 546,959	\$ 73,955	\$ 60,799	\$ 53,139	\$ 143,258	\$ 878,110

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, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Premiums collected	\$ 3,165,325	\$ 3,022,848	\$ (142,477)	\$ 2,782,275
Contributions	117,539	117,486	(53)	100,909
Other	-	-	-	-
Total operating revenues	3,282,864	3,140,334	(142,530)	2,883,184
Non-Operating Revenues:				
Investment earnings	500	729	229	746
Total non-operating revenues	500	729	229	746
Total revenues	3,283,364	3,141,063	(142,301)	2,883,930
Operating Expenditures:				
Salaries and benefits	-	-	-	-
Operating	-	-	-	-
Claims reimbursements, operating	2,855,767	2,593,645	262,122	2,700,126
Total operating expenditures	2,855,767	2,593,645	262,122	2,700,126
Other Financing Sources (Uses):				
Appropriated net position	(427,597)	-	427,597	-
Transfers out	-	-	-	-
Total other financing sources (uses)	(427,597)	-	427,597	-
Revenues over (under) expenditures	\$ -	547,418	\$ 547,418	183,804
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Change in incurred but not reported claims		50,000		(81,728)
Change in net position		\$ 597,418		\$ 102,076

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, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 702,691	\$ 702,691	\$ -	\$ 682,837
Other	-	-	-	-
Total operating revenues	702,691	702,691	-	682,837
Non-Operating Revenues:				
Investment earnings	4,100	1,784	(2,316)	9,160
Total non-operating revenues	4,100	1,784	(2,316)	9,160
Total revenues	706,791	704,475	(2,316)	691,997
Operating Expenditures:				
Salaries and benefits	103,304	80,028	23,276	81,911
Operating	212,692	187,412	25,280	125,848
Claims reimbursements, operating	462,200	372,200	90,000	337,145
Total operating expenditures	778,196	639,640	138,556	544,904
Other Financing Sources (Uses):				
Appropriated net position	71,405	-	(71,405)	-
Transfers out	-	-	-	-
Total other financing sources (uses)	71,405	-	(71,405)	-
Revenues over (under) expenditures	\$ -	64,835	\$ 64,835	147,093
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Depreciation		(487)		(487)
Change in accrued compensated absences		(86)		(525)
Change in deferred outflows of resources - pension		2,275		(1,896)
Change in deferred inflows of resources - pension		(6,374)		(72)
Change in net pension liability		94		(2,283)
Change in net position		\$ 60,257		\$ 141,831

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, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 652,316	\$ 727,044	\$ 74,728	\$ 740,067
Other	-	170	170	1,195
Total operating revenues	652,316	727,214	74,898	741,262
Operating Expenditures:				
Administration:				
Salaries and benefits	521,041	486,474	34,567	466,107
Operating	50,638	36,735	13,903	36,470
Fleet maintenance inventory	85,000	135,596	(50,596)	126,336
Capital outlay	-	-	-	13,044
Total operating expenditures	656,679	658,805	(2,126)	641,957
Debt service:				
Principal retirement	-	-	-	2,125
Total debt service	-	-	-	2,125
Other Financing Sources (Uses):				
Appropriated net position	4,363	-	(4,363)	-
Transfers out	-	-	-	(100)
Total other financing sources (uses)	4,363	-	(4,363)	(100)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	68,409	\$ 68,409	97,080
Reconciliation of Financial Plan Basis (Modified Accrual) to Full Accrual:				
Capital outlay		-		11,789
Depreciation		(2,358)		(2,358)
Debt service		-		2,125
Change in accrued compensated absences		14,374		(2,431)
Change in deferred outflows of resources - pension		17,729		(5,401)
Change in deferred inflows of resources - pension		(45,018)		(501)
Change in net pension liability		471		(20,081)
Change in net position		\$ 53,607		\$ 80,222

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, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions from other funds	\$ 576,005	\$ 445,995	\$ (130,010)	\$ 402,051
Total operating revenues	576,005	445,995	(130,010)	402,051
Operating Expenditures:				
Fuel purchased	564,005	395,098	168,907	391,481
Total operating expenditures	564,005	395,098	168,907	391,481
Other Financing Sources (Uses):				
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	<u>\$ -</u>	<u>\$ 50,897</u>	<u>\$ 50,897</u>	<u>\$ 10,570</u>

CITY OF KINSTON, NORTH CAROLINA
Internal Service Fund - Public Services Administration Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Contributions	\$ 2,249,638	\$ 2,249,637	\$ (1)	\$ 2,250,050
Other	-	50	50	226
Total operating revenues	2,249,638	2,249,687	49	2,250,276
Non-Operating Revenues:				
Investment earnings	11,200	3,362	(7,838)	16,556
Total non-operating revenues	11,200	3,362	(7,838)	16,556
Total revenues	2,260,838	2,253,049	(7,789)	2,266,832
Expenditures:				
Administration:				
Salaries and benefits	726,619	619,089	107,530	637,477
Operating	95,382	57,650	37,732	47,669
Capital outlay	85,420	85,420	-	8,132
Total administration	907,421	762,158	145,262	693,278
Operations:				
Salaries and benefits	1,113,313	950,909	162,404	976,971
Operating	369,832	338,161	31,671	285,097
Capital outlay	-	-	-	8,345
Total operating	1,483,145	1,289,071	194,074	1,270,413
Debt service:				
Principal retirement	-	-	-	5,942
Total debt service	-	-	-	5,942
Total expenditures	2,390,566	2,051,229	339,337	1,969,633
Other Financing Sources (Uses):				
Appropriated net position	129,728	-	(129,728)	-
Transfers out	-	-	-	(9,300)
Other financing sources (uses)	129,728	-	(129,728)	(9,300)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 201,820	\$ 201,820	\$ 287,899

CITY OF KINSTON, NORTH CAROLINA
Internal Service Fund - Public Services Administration
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non - GAAP)
For the Year Ended June 30, 2021 With Comparative Totals for the Year Ended June 30, 2020

	2021			2020
	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	<u>\$ -</u>	201,820	<u>\$ 281,631</u>	287,899
Payment of debt principal		-		5,942
Change in accrued compensated absences		(9,415)		4,619
Depreciation		(25,776)		(86,794)
Change in deferred outflows of resources - pension		40,132		(61,148)
Change in deferred inflows of resources - pension		(117,736)		(1,069)
Change in net pension liability		1,957		(15,714)
Change in net position		<u>\$ 90,982</u>		<u>\$ 133,735</u>

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.	156
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the Electric charges.	163
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.	173
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.	175
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.	179

CITY OF KINSTON, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Table 1

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections And Credits	Uncollected Balance June 30, 2021
2020-2021		\$ 10,202,783	\$ 9,989,905	\$ 212,878
2019-2020	241,605	-	135,577	106,028
2018-2019	122,299	-	55,534	66,765
2017-2018	76,093	-	27,658	48,435
2016-2017	61,381	-	14,708	46,673
2015-2016	46,231	-	6,399	39,832
2014-2015	40,339	-	5,514	34,825
2013-2014	47,997	-	3,577	44,420
2012-2013	41,502	-	2,575	38,927
2011-2012	33,297	-	1,899	31,398
2010-2011	26,839	-	26,839	-
	<u>\$ 737,583</u>	<u>\$ 10,202,783</u>	<u>\$ 10,270,185</u>	670,181
Motor vehicle tags receivable				10,744
Less: allowance for uncollectible ad valorem taxes receivable: General Fund				<u>(167,320)</u>
Ad valorem taxes receivable - net				<u>\$ 513,605</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 10,395,420
Less auto fee				(150,157)
Penalties collected				164,664
Less credits and adjustments				<u>(139,741)</u>
Subtotal				<u></u>
Total collections and credits				<u>\$ 10,270,185</u>

CITY OF KINSTON, NORTH CAROLINA
Analysis of Current Tax Levy - City-Wide Levy
For the Fiscal Year Ended June 30, 2021

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	\$ 1,348,023,233	0.73	\$ 9,840,569	\$ 8,738,166	\$ 1,102,405
Penalties	-		164,664	164,664	-
Total	1,348,023,233		10,005,233	8,902,830	1,102,405
Municipal Service:					
District			71,255	61,983	9,273
Penalties			-	-	-
Total			71,255	61,983	9,273
Discoveries	72,498,747	0.73	529,242	529,241	-
Abatements	(55,198,186)	0.73	(402,947)	(402,947)	-
Total property valuation	<u>\$ 1,365,323,794</u>				
Net Levy			10,202,783	9,091,107	1,111,678
Uncollected taxes at June 30, 2021			<u>212,878</u>	<u>212,878</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 9,989,905</u>	<u>\$ 8,878,229</u>	<u>\$ 1,111,678</u>
Current Levy Collection Percentage			<u>97.91%</u>	<u>97.66%</u>	<u>100.00%</u>

Table 3

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 11,213,831	\$ 10,389,743	\$ 10,623,321	\$ 10,865,691	\$ 10,995,400	\$ 12,462,790	\$ 13,505,530	\$ 14,693,708	\$ 14,074,186	\$ 13,852,747
Restricted	1,787,355	1,392,528	1,610,885	1,477,150	1,346,376	4,110,501	6,301,350	10,437,314	11,285,710	13,126,479
Unrestricted	4,472,843	4,378,089	6,196,097	6,004,128	7,342,380	2,659,278	(2,092,818)	(2,558,681)	(1,826,360)	(1,788,464)
Total governmental activities										
net position	<u>\$ 17,474,029</u>	<u>\$ 16,160,360</u>	<u>\$ 18,430,303</u>	<u>\$ 18,346,969</u>	<u>\$ 19,684,156</u>	<u>\$ 19,232,569</u>	<u>\$ 17,714,062</u>	<u>\$ 22,572,341</u>	<u>\$ 23,533,536</u>	<u>\$ 25,190,762</u>
Business-type activities:										
Net investment in capital assets	\$ 81,954,723	\$ 81,307,560	\$ 81,092,577	\$ 83,079,029	\$ 83,212,363	\$ 87,195,214	\$ 90,916,697	\$ 93,488,343	\$ 95,279,046	\$ 98,186,245
Unrestricted	12,355,920	14,155,855	16,775,329	19,100,935	33,204,451	31,758,367	35,490,383	36,371,716	45,259,036	51,233,410
Total business-type activities										
net position	<u>\$ 94,310,643</u>	<u>\$ 95,463,415</u>	<u>\$ 97,867,906</u>	<u>\$ 102,179,964</u>	<u>\$ 116,416,814</u>	<u>\$ 118,953,581</u>	<u>\$ 126,407,080</u>	<u>\$ 129,860,059</u>	<u>\$ 140,538,082</u>	<u>\$ 149,419,655</u>
Primary government:										
Net investment in capital assets	\$ 93,168,554	\$ 91,697,303	\$ 91,715,898	\$ 93,944,720	\$ 94,207,763	\$ 99,658,004	\$ 104,422,227	\$ 108,182,051	\$ 109,353,232	\$ 112,038,992
Restricted	1,787,355	1,392,528	1,610,885	1,477,150	1,346,376	4,110,501	6,301,350	10,437,314	11,285,710	13,126,479
Unrestricted	16,828,763	18,533,944	22,971,426	25,105,063	40,546,831	34,417,645	33,397,565	33,813,035	43,432,676	49,444,946
Total primary government										
net position	<u>\$ 111,784,672</u>	<u>\$ 111,623,775</u>	<u>\$ 116,298,209</u>	<u>\$ 120,526,933</u>	<u>\$ 136,100,970</u>	<u>\$ 138,186,150</u>	<u>\$ 144,121,142</u>	<u>\$ 152,432,400</u>	<u>\$ 164,071,618</u>	<u>\$ 174,610,417</u>

Table 4

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government	\$ 3,299,355	\$ 3,736,119	\$ 3,285,740	\$ 3,476,650	\$ 3,469,612	\$ 3,682,645	\$ 3,577,234	\$ 3,293,480	\$ 7,109,297	\$ 8,294,798
Public safety	9,685,081	9,525,247	9,251,041	9,374,900	9,906,304	10,832,976	9,780,286	10,379,634	12,070,545	10,824,551
Streets, Cemetery, Engineering (Public Services)	1,736,651	2,162,737	1,634,990	2,109,344	2,414,126	1,345,645	3,978,248	5,689,563	3,335,583	3,498,471
Culture and recreation	2,524,198	4,295,122	3,949,692	3,855,523	3,503,154	3,823,362	3,859,265	4,031,531	3,966,588	3,461,949
Community development	3,686,137	742,399	1,327,105	1,862,929	1,456,793	3,964,073	1,502,431	1,162,463	359,283	2,892,723
Interest on long-term debt	322,222	358,094	390,855	372,159	362,384	346,373	338,245	328,206	422,143	455,300
Total governmental activities expenses	21,253,644	20,819,718	19,839,423	21,051,505	21,112,373	23,995,074	23,035,709	24,884,877	27,263,439	29,427,792
Business-type activities:										
Electric	52,094,660	52,616,382	53,878,327	53,345,934	42,893,008	40,921,590	42,153,741	41,931,685	38,231,100	39,443,256
Water	6,983,435	6,681,717	7,157,044	7,809,304	7,545,322	8,828,090	9,073,471	8,899,572	9,032,211	9,185,436
Wastewater	5,671,974	6,140,791	6,263,399	6,340,320	6,342,991	6,823,521	6,802,106	6,961,763	7,021,821	6,918,953
Nonmajor funds	3,721,550	4,428,421	5,719,665	6,222,424	6,041,827	6,065,762	6,003,723	6,071,391	6,076,136	5,630,990
Total business-type activities expenses	68,471,618	69,867,311	73,018,435	73,717,982	62,823,148	62,638,964	64,033,041	63,864,411	60,361,268	61,178,635
Total primary government expenses	89,725,262	90,687,029	92,857,858	94,769,487	83,935,521	86,634,038	87,068,750	88,749,288	87,624,707	90,606,427

Table 4

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program revenue:										
Governmental activities:										
Charges for services:										
General government	372,215	361,568	793,510	540,842	686,853	657,003	512,248	489,506	1,720,321	1,813,641
Public safety	19,821	30,418	343,103	134,763	294,628	321,671	131,763	112,920	150,218	260,916
Public services	-	-	-	-	-	313,238	157,463	160,570	840,332	853,887
Culture and recreation	1,759,127	1,028,551	1,384,634	1,265,117	1,475,526	1,462,080	954,205	953,068	930,000	890,000
Community development	283,327	176,202	444,731	266,498	415,181	185,264	-	-	-	-
Operating grants and contributions:										
General government	12,538	-	-	-	-	10,000	15,000	-	-	34,951
Public safety	213,028	234,333	168,119	142,343	218,495	268,419	117,138	114,288	89,741	51,920
Public services	732,702	715,925	751,206	764,273	717,391	631,630	2,622,018	751,565	740,250	1,359,281
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Community development	1,494,872	50,686	110,855	76,379	88,000	520,445	-	-	-	-
Capital grants and contributions:										
Public safety	139,303	115,644	-	-	-	-	-	-	-	-
Public services	856,601	-	-	-	-	-	-	-	-	-
Culture and recreation	107,557	76,164	54,577	-	32,505	-	-	-	-	-
Community development	288,664	288,664	362,000	322,655	84,869	-	-	-	-	-
Total governmental activities program revenue	6,279,755	3,078,155	4,412,735	3,512,870	4,013,448	4,369,750	4,509,835	2,581,917	4,470,862	5,264,596

Table 4

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Charges for services:										
Electric	52,266,966	53,285,229	55,407,387	55,560,799	56,504,904	47,920,146	48,928,147	48,530,615	45,879,245	46,338,409
Water	6,984,404	7,533,531	7,874,345	8,952,764	9,144,639	10,607,776	10,389,823	10,431,932	9,844,974	10,025,499
Wastewater	5,042,058	5,409,255	5,749,226	6,361,226	6,092,050	6,006,997	5,770,683	6,141,613	6,188,798	6,797,161
Nonmajor funds	4,138,173	5,402,616	6,612,670	6,125,182	6,113,417	6,449,730	6,229,582	7,164,005	6,038,565	5,970,249
Capital grants and contributions:										
Electric	1,253,693	369,221	518,754	610,152	129,490	5,000	303,858	-	-	81,190
Water	86,060	-	-	-	-	-	-	-	26,299	-
Wastewater	1,408,647	86,071	-	2,567,185	206,731	1,342,598	42,549	6,937	-	-
Nonmajor funds	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	71,180,001	72,085,923	76,162,382	80,177,308	78,191,231	72,332,247	71,664,642	72,275,102	67,977,881	69,212,508
Total primary government program revenues	77,459,756	75,164,078	80,575,117	83,690,178	82,204,679	76,701,997	76,174,477	74,857,019	72,448,743	74,477,104
Net (expense) revenue:										
Governmental activities	(14,973,889)	(17,741,563)	(15,426,688)	(17,538,635)	(17,098,925)	(19,625,324)	(18,525,874)	(22,302,960)	(22,792,577)	(24,163,196)
Business-type activities	2,708,383	2,218,612	3,143,947	6,459,326	15,368,083	9,693,283	7,631,601	8,410,691	7,616,613	8,033,873
Total primary government net expense	(12,265,506)	(15,522,951)	(12,282,741)	(11,079,309)	(1,730,842)	(9,932,041)	(10,894,273)	(13,892,269)	(15,175,964)	(16,129,323)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	9,623,407	9,769,405	10,695,873	10,542,483	10,392,749	10,320,353	9,936,900	9,930,882	10,025,472	10,575,357
Sales taxes	3,270,969	2,925,258	3,243,976	3,415,939	3,582,107	3,957,420	4,008,528	4,173,314	4,307,319	4,907,737
Other taxes	2,255,359	2,006,708	2,292,838	2,510,532	2,584,803	2,523,910	2,931,087	2,411,046	2,253,322	2,264,867
Unrestricted intergovernmental	360,261	400,259	402,458	371,981	375,763	422,430	1,957,044	2,399,830	2,889,155	2,632,415
Investment earnings	20,202	15,240	12,514	12,435	17,605	24,580	33,898	80,544	83,160	17,156
Miscellaneous	182,766	210,924	276,812	202,349	303,016	218,635	207,197	772,372	3,148,490	3,422,890
Transfers	841,920	1,100,100	772,160	1,454,570	1,180,069	3,157,431	2,470,000	7,393,251	957,250	2,000,000
Capital contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities	16,554,884	16,427,894	17,696,631	18,510,289	18,436,112	20,624,759	21,544,654	27,161,239	23,664,168	25,820,422
Business-type activities:										
Unrestricted intergovernmental	-	-	-	-	-	-	2,180,778	2,250,247	2,250,050	2,249,637
Investment earnings	41,388	34,260	32,704	27,188	48,836	68,041	108,471	182,608	195,947	41,092
Miscellaneous	-	-	-	-	-	-	2,649	2,684	1,515,742	556,971
Transfers	(841,920)	(1,100,100)	(772,160)	(1,454,570)	(118,069)	(3,157,431)	(2,470,000)	(7,393,251)	(957,250)	(2,000,000)
Total business-type activities	(800,532)	(1,065,840)	(739,456)	(1,427,382)	(69,233)	(3,089,390)	(178,102)	(4,957,712)	3,004,489	847,700
Total primary government	15,754,352	15,362,054	16,957,175	17,082,907	18,366,879	17,535,369	21,366,552	22,203,527	26,668,657	26,668,122
Changes in net position:										
Governmental activities	1,580,995	(1,313,669)	2,269,943	971,654	1,337,187	999,435	3,018,780	4,858,279	871,591	1,657,226
Business-type activities	1,907,851	1,152,772	2,404,491	5,031,944	15,298,850	6,603,893	7,453,499	3,452,979	10,621,102	8,881,573
Total primary government	\$ 3,488,846	\$ (160,897)	\$ 4,674,434	\$ 6,003,598	\$ 16,636,037	\$ 7,603,328	\$ 10,472,279	\$ 8,311,258	\$ 11,492,693	\$ 10,538,799

Table 5

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

Function / Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ (2,914,602)	\$ (3,374,551)	\$ (2,492,230)	\$ (2,935,808)	\$ (2,782,759)	\$ (3,015,642)	\$ (3,049,986)	\$ (2,803,974)	\$ (5,388,976)	\$ (6,446,206)
Public safety	(9,312,929)	(9,144,852)	(8,739,819)	(9,097,794)	(9,393,181)	(10,242,886)	(9,531,385)	(10,152,426)	(11,830,586)	(10,511,715)
Streets, Cemetery & Engineering (Public services)	(147,348)	(1,446,812)	(883,784)	(1,345,071)	(1,696,735)	(400,777)	(1,198,767)	(4,777,428)	(1,755,001)	(1,285,303)
Culture and recreation	(1,819,453)	(3,190,407)	(2,510,481)	(2,590,406)	(1,995,123)	(2,361,282)	(2,905,060)	(3,078,463)	(3,036,588)	(2,571,949)
Community development	(457,335)	(226,847)	(409,519)	(1,197,397)	(868,743)	(3,258,364)	(1,502,431)	(1,162,463)	(359,283)	(2,892,723)
Interest on long-term debt	(322,222)	(358,094)	(390,855)	(372,159)	(362,384)	(346,373)	(338,245)	(328,206)	(422,143)	(455,300)
Total governmental activities	(14,973,889)	(17,741,563)	(15,426,688)	(17,538,635)	(17,098,925)	(19,625,324)	(18,525,874)	(22,302,960)	(22,792,577)	(24,163,196)
Business-type activities:										
Electric	1,425,999	1,038,068	2,047,814	2,825,017	13,741,386	7,003,556	7,078,264	6,598,930	7,648,145	6,976,343
Water	87,030	851,814	717,301	1,143,460	1,599,317	1,779,686	1,316,352	1,532,360	839,062	840,063
Wastewater	778,732	(645,465)	(514,173)	2,588,091	(44,210)	526,074	(988,874)	(813,213)	(833,023)	(121,792)
Nonmajor funds	416,623	974,195	893,005	(97,242)	71,590	383,968	225,859	1,092,614	(37,571)	339,259
Total business-type activities	2,708,384	2,218,612	3,143,947	6,459,326	15,368,083	9,693,283	7,631,601	8,410,691	7,616,613	8,033,873
Total government	\$ (12,265,505)	\$ (15,522,951)	\$ (12,282,741)	\$ (11,079,309)	\$ (1,730,842)	\$ (9,932,041)	\$ (10,894,273)	\$ (13,892,269)	\$ (15,175,964)	\$ (16,129,323)

Source: City records.

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

	Fiscal Year										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:											
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:	-	-	-	-	-	-	-	-	-	-	-
Non-spendable	89,373	87,020	89,785	85,125	78,720	67,491	73,462	92,061	81,568	99,731	105,960
Restricted	1,503,278	1,498,228	1,051,988	1,193,123	1,244,509	1,154,417	2,975,492	3,933,403	1,627,756	2,047,515	2,694,544
Assigned	-	-	-	-	-	-	275,615	749,962	477,070	348,833	749,963
Unassigned	4,034,163	4,632,695	5,797,539	7,042,172	7,288,963	8,308,930	5,882,365	5,771,120	5,004,721	4,544,951	5,007,543
Total General Fund	\$ 5,626,814	\$ 6,217,943	\$ 6,939,312	\$ 8,320,420	\$ 8,612,192	\$ 9,530,838	\$ 9,206,934	\$ 10,546,546	\$ 7,191,115	\$ 7,041,030	\$ 8,558,010
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	75,000
Restricted in special revenue funds	58,106	100,244	110,144	184,085	152,846	115,815	1,370,577	2,249,303	7,068,420	8,554,726	9,416,983
Restricted in capital project funds	1,961,686	105,121	146,498	158,378	4,496	805	36,564	43,067	15,100	13,792	52,045
Restricted in permanent fund	8,573	8,762	8,898	299	299	339	339	577	667	751	517
Committed in special revenue funds	13,992	19,483	36,874	31,757	13,546	6,747	93,972	-	-	-	-
Committed in capital project funds	85,066	53,555	38,653	58,052	62,726	275,736	321,266	137,001	1,061,633	1,064,262	404,843
Assigned in special revenue funds	7,418	8,877	10,633	20,359	29,758	39,379	48,096	55,918	395,085	46,607	-
Assigned in capital project funds	-	-	-	-	-	-	-	-	778,216	35,800	59,418
Unassigned in special revenue funds	(22,229)	(304,538)	(395,080)	(301,280)	(21,960)	(111,387)	(6,146)	21,043	(383,783)	-	-
Unassigned in capital project funds	(82,230)	(76,378)	(161,287)	(40,514)	(68,325)	(27,119)	(981,474)	(2,293,905)	(1,276,895)	(22,759)	-
Total all other government funds	\$ 2,105,382	\$ (9,874)	\$ (129,667)	\$ 186,136	\$ 465,472	\$ 584,680	\$ 958,194	\$ 288,004	\$ 7,733,443	\$ 9,768,179	\$ 10,008,806

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 9,607,610	\$ 9,678,780	\$ 10,805,474	\$ 10,633,642	\$ 10,395,234	\$ 10,357,976	\$ 9,936,900	\$ 9,930,882	\$ 10,025,472	\$ 10,575,357
Other taxes	5,526,328	4,931,966	5,536,814	5,926,471	6,166,910	6,481,330	6,939,615	6,584,360	6,560,641	7,172,604
Intergovernmental	3,348,925	1,881,675	1,849,215	1,677,631	1,517,023	1,852,924	2,780,981	3,315,683	3,719,146	4,078,567
Charges for services	1,738,320	1,955,122	1,605,774	1,717,067	1,743,150	1,686,305	1,755,679	1,721,214	1,715,007	1,707,699
Other	199,309	216,847	285,355	117,190	310,582	238,489	225,712	797,766	475,172	414,684
Total revenues	20,420,492	18,664,390	20,082,632	20,072,001	20,132,899	20,617,024	21,638,887	22,349,905	22,495,438	23,948,911
Expenditures:										
General government	2,210,601	1,992,856	1,939,339	2,660,498	2,429,822	2,536,238	2,627,905	2,479,043	2,522,884	3,218,193
Public safety	11,416,806	9,346,240	9,114,838	9,532,994	9,841,653	10,341,579	9,264,592	12,828,471	9,947,540	10,940,454
Public services	1,492,119	1,898,996	1,328,145	1,790,674	2,050,263	1,052,312	2,616,846	3,107,996	2,610,193	2,614,467
Culture and recreation	3,557,481	4,272,800	3,919,006	3,908,529	4,101,005	5,214,979	5,171,645	3,902,713	3,633,297	3,131,254
Community development	2,845,447	1,083,839	1,653,197	2,244,287	1,893,825	3,762,735	1,068,919	3,837,661	1,179,099	1,674,145
Capital outlay	-	-	-	-	-	-	1,599,770	1,207,608	2,922,791	1,085,154
Debt service:										
Principal	525,739	387,146	480,604	492,474	518,347	812,354	751,543	633,893	811,444	1,072,333
Interest	327,446	306,975	388,074	369,378	369,378	352,119	338,245	328,206	422,143	455,300
Total expenditures	22,375,639	19,288,852	18,823,203	20,998,834	21,204,293	24,072,316	23,439,465	28,325,591	24,049,391	24,191,300
Excess of revenues (under) expenditures	(1,955,147)	(624,462)	1,259,429	(926,833)	(1,071,394)	(3,455,292)	(1,800,578)	(5,975,686)	(1,553,953)	(242,389)
Other financing sources (uses):										
Transfers in	1,042,786	832,287	817,690	1,183,984	1,204,345	3,896,134	2,650,632	9,694,631	957,648	2,198,857
Transfers (out)	(611,766)	(227,287)	(506,180)	(187,031)	(555,132)	(738,703)	(180,632)	(2,301,380)	(300)	(198,858)
Issuance of long-term debt	-	621,038	125,972	276,180	1,459,899	347,471	-	2,672,443	2,481,256	-
Total other financing sources	431,020	1,226,038	437,482	1,273,133	2,109,112	3,504,902	2,470,000	10,065,694	3,438,604	1,999,999
Net changes in fund balance	\$ (1,524,127)	\$ 601,576	\$ 1,696,911	\$ 346,300	\$ 1,037,718	\$ 49,610	\$ 669,422	\$ 4,090,008	\$ 1,884,651	\$ 1,757,610
Debt service as a percentage of noncapital expenditures	3.8%	3.6%	4.6%	4.1%	4.2%	4.8%	4.6%	3.7%	6.2%	7.1%

Table 8

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

Fiscal Year	KWH Purchased	KWH Residential Usage	KWH Commercial/Industrial Usage	KWH Other Usage	KWH Total Usage	KWH Unbilled	KWH Unbilled %	Purchased Electric Rate (.00/KWH)
2011	472,033,856	137,055,472	287,502,532	25,452,746	450,010,750	22,023,106	5%	0.1000
2012	438,140,246	120,692,572	276,287,764	23,680,224	420,660,560	17,479,686	4%	0.1020
2013	452,880,005	124,767,842	291,933,252	20,736,647	437,437,741	15,442,264	3%	0.1039
2014	478,012,491	126,777,757	306,791,731	15,430,733	449,000,221	29,012,270	6%	0.0978
2015	477,998,261	130,748,262	308,372,650	15,751,618	454,872,530	23,125,731	5%	0.0985
2016	465,123,525	122,051,754	307,946,288	15,633,292	445,631,334	19,492,191	4%	0.0719
2017	469,242,017	120,308,096	312,151,523	15,541,895	448,001,514	21,240,503	4%	0.0700
2018	471,448,873	124,441,190	310,347,017	15,486,292	450,274,499	21,174,374	4%	0.0670
2019	464,580,700	123,975,400	300,250,898	20,919,690	445,145,988	19,434,712	4%	0.0679
2020	445,497,503	118,476,085	290,560,470	19,853,717	428,890,272	16,607,231	4%	0.0679
2021	452,731,418	123,892,363	289,986,088	20,103,166	433,981,617	18,749,801	4%	0.0673

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

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

Electric Rates	Cents Per KWH									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Residential	14.9	14.8	14.7	14.6	13.7	13.0	13.0	13	13.1	13
Small General Serice	14.7	14.8	14.7	14.7	13.6	13.0	13.0	13	13.3	13.3
Medium General Service	12.3	12.0	12.5	12.2	11.7	11.3	11.4	11.4	11.5	11.3
Public Housing	14.4	14.6	14.8	14.6	13.6	13.0	13.0	13	13.1	13.1
Church And School	17.1	17.2	17.2	17.0	16.6	16.2	16.2	16.2	16.3	16.4
Municipal Service	6	6.0	6.0	7.0	7.0	7.0	7.0	7	7	7
Masterbrand	0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Large General Service	10.8	10.7	10.6	10.7	9.9	9.7	9.8	9.7	9.7	9.6
CDC Rate	8.2	8.5	8.1	8.1	7.0	6.9	6.9	7.1	7.1	6.8
Area Lights	23.5	23.7	23.8	23.4	22.4	22.1	22.2	22.4	22.6	22.9

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

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

<u>Fiscal Year</u>	<u>Lenoir County</u>	<u>City of Kinston</u>	<u>Municipal Service District</u>	<u>Total Tax</u>
2010	0.800	0.660	0.270	1.730
2011	0.800	0.660	0.270	1.730
2012	0.800	0.660	0.270	1.730
2013	0.800	0.660	0.270	1.730
2014	0.835	0.660	0.270	1.765
2015	0.835	0.660	0.270	1.765
2016	0.835	0.660	0.270	1.765
2017	0.835	0.660	0.270	1.765
2018	0.835	0.700	0.270	1.805
2019	0.830	0.700	0.270	1.800
2020	0.845	0.730	0.270	1.845
2021	0.845	0.730	0.270	1.845

Note: Real property was revalued on January 1, 2017

**City of Kinston, North Carolina
Principal Taxpayers
Current Year and Nine Years Ago
As of 6/30/2021**

2021					2012				
Name of Taxpayer	Nature of Property	Assessed Value	Rank	Percentage of Total Assessed	Name of Taxpayer	Nature of Property	Value	Rank	Percentage of Total Assessed
				Value					Value
Sanderson Farms, Inc	Meat Processor	124,318,240	1	9.11%	Sanderson Farms, Inc	Poultry Processor	119,972,286	1	7.74%
Smithfield Farmland Corp	Meat Processor	103,717,587	2	7.60%	Smithfield Packing	Meat Processor	72,452,521	2	4.67%
Masterbrand Cabinets	Manufacturer	21,693,343	3	1.59%	Masterbrands Cabinets, Inc.	Manufacturer	27,539,214	4	1.78%
Kinston, LLC	Nursing Facility	19,423,805	4	1.42%	Walter Poole Realty Inc	Real Estate	20,846,685	3	1.34%
Bre Retail Residual	Real Estate	16,204,013	5	1.19%	Sanderson Farms, Inc	Meat Processor	16,805,409	5	1.08%
Kinston Hospitality NC LLC	Retail	9,219,425	6	0.68%	Centro NP Holdings 9 SPELLC	Shopping	12,571,268	6	0.81%
Lowe's Home Centers Inc	Retail	8,337,473	7	0.61%	Piedmont Natural Gas	Natural Gas	11,819,319	7	0.76%
Perrys Inc	Real Estate	7,738,710	8	0.57%	Lowes Home Centers Inc	Shopping	10,110,278	8	0.65%
HOW Corp LLC	Real Estate	6,706,487	9	0.49%	Perry's Inc	Real Estate	8,055,298	9	0.52%
EWT 22 LLC	Real Estate	6,611,808	10	0.48%	Vernon Park Mall Holding	Shopping Mall	8,010,557	10	0.52%
Total Assessed Valuation of Top Ten Taxpayers		<u>\$ 323,970,891</u>		23.73%	Total Assessed Valuation of Top Ten Taxpayers		<u>\$ 308,182,835</u>		19.88%
Balance of Assessed Valuation		<u>\$1,041,352,902</u>		76.27%	Balance of Assessed Valuation		<u>\$1,241,865,772</u>		80.12%
Total Assessed Valuation		<u>\$1,365,323,793</u>		100.00%	Total Assessed Valuation		<u>\$1,550,048,607</u>		100.00%

Source: Lenoir County Tax Office

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

Fiscal Year Ended June 30:	Tax Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	2011	9,429,114	8,983,219	0.9527	414,497	9,397,716	0.9967
2013	2012	9,533,752	9,035,552	0.9477	459,273	9,494,825	0.9959
2014	2013	10,430,850	10,022,906	0.9609	363,524	10,386,430	0.9957
2015	2014	10,371,023	10,019,384	0.9661	316,814	10,336,198	0.9966
2016	2015	10,215,605	9,913,395	0.9704	262,378	10,175,773	0.9961
2017	2016	10,166,157	9,852,755	0.9692	266,730	10,119,485	0.9954
2018	2017	9,621,661	9,359,639	0.9728	213,588	9,573,227	0.9950
2019	2018	9,636,199	9,389,093	0.9744	180,342	9,569,435	0.9931
2020	2019	9,979,280	9,737,675	0.9758	135,577	9,873,252	0.9894
2021	2020	10,202,783	9,989,905	0.9791	-	9,989,905	0.9791

Source: City of Kinston CAFR Schedule of Ad Valorem Taxes Receivable for tax years 2012-2021

Notes:

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

A tax levy provides taxes remitted in the following year.

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total		Total Debt
	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt	Percentage of Actual Property Value	Debt Per Capita	Installment Contracts	Notes and Installments	General Obligation Bonds	Revenue Bonds	Primary Government	Per Capita
2012	-	-	-	0	-	9,107,542	8,279,562	-	12,336,227	29,723,331	1,375
2013	-	-	-	0	-	9,341,434	7,915,246	-	11,280,517	28,537,197	1,320
2014	-	-	-	0	-	8,986,802	6,995,368	-	10,186,195	26,168,365	1,209
2015	-	-	-	0	-	8,781,132	7,113,058	-	9,147,000	25,041,190	1,171
2016	-	-	-	0	-	9,720,559	7,556,524	-	7,787,000	25,064,083	1,156
2017	-	-	-	0	-	9,253,551	8,558,887	-	6,390,000	24,202,438	1,157
2018	-	-	-	0	-	8,499,886	8,801,457	-	4,968,000	22,269,343	1,060
2019	-	-	-	0	-	10,536,288	10,840,329	-	3,525,000	24,901,617	1,240
2020	-	-	-	0	-	12,203,976	13,046,344	-	2,276,000	27,526,320	1,374
2021	-	-	-	0	-	11,131,644	12,165,866	-	1,008,000	24,305,510	1,221

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

POPULATIONS

2012	21622
2013	21625
2014	21641
2015	21392
2016	21677
2017	20923
2018	21004
2019	20,083
2020	20,041
2021	19,900

City of Kinston, North Carolina
Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2021
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Lenoir County Debt	\$ 38,942,660	32.81%	\$ 12,776,765
Subtotal, overlapping debt	<u>\$ 38,942,660</u>		<u>\$ 12,776,765</u>
City Direct Debt	<u>12,203,976</u>		
Total direct and overlapping debt	<u>\$ 51,146,636</u>		<u>\$ 12,776,765</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, 2021 assessed valuation of \$4,161,408,696 for Lenoir County and \$1,365,323,793 for the City of Kinston.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 113,508,985	\$ 114,575,354	\$ 125,096,448	\$ 124,575,515	\$ 122,993,612	\$ 122,395,394	\$ 109,140,195	\$ 109,244,828	\$ 108,608,263	109,225,903
Total net debt applicable to limit	17,387,104	17,256,680	15,982,168	15,894,191	17,277,083	17,812,438	17,301,343	21,376,619	25,250,320	23,297,510
Legal debt margin	\$ 96,121,881	\$ 97,318,674	\$ 109,114,280	\$ 108,681,324	\$ 105,716,529	\$ 104,582,956	\$ 91,838,852	\$ 87,868,209	83,357,943	85,928,393
Total net debt applicable to the limit as a percentage of debt limit	18.09%	17.73%	14.65%	14.62%	16.34%	17.03%	18.84%	24.33%	30.29%	27.11%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed valuation	\$ 1,365,323,793	A Total government wide debt	\$ 41,562,576
8%	109,225,903	Less revenue bonds	(1,008,000)
Less applicable debt	<u>(23,297,510)</u> A	Less compensated absences	(1,179,335)
Debt margin	<u>\$ 85,928,393</u>	Less law enforcement separation allowance	(4,275,963)
		Less separation allowance	-
		Less other post employment benefits	<u>(11,801,768)</u>
			<u>\$ 23,297,510</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.

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

	Combined Enterprise Revenue Bonds						Special Assessment Bonds				Sales Tax Increment Bonds			
Fiscal Year	Gross Revenues	Less Operating Expenses	Net Available Revenue	Parity			Special Assessment Collections	Debt Service			Sales Tax Increment	Debt Service		
				Debt Service		Coverage		Principal	Interest	Coverage		Principal	Interest	Coverage
				Principal	Interest									
2011	66,310,137	61,739,024	4,571,113	1,399,715	621,036	2.26	-	-	-	-	-	-	-	
2012	64,196,224	59,240,780	4,955,444	1,431,762	573,795	2.47	-	-	-	-	-	-	-	
2013	66,105,976	60,995,859	5,110,117	1,792,828	690,238	2.06	-	-	-	-	-	-	-	
2014	68,391,147	62,487,584	5,903,563	1,747,182	629,280	2.48	-	-	-	-	-	-	-	
2015	70,230,772	62,525,807	7,704,965	1,696,937	572,242	3.40	-	-	-	-	-	-	-	
2016	64,775,533	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								

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)
2012	21,622	18,598	9,097	10.7%
2013	21,625	(4)	8,994	9.9%
2014	21,641	18,452	8,997	7.3%
2015	21,392	17,907	8,877	6.9%
2016	21,677	20,773	8,866	5.2%
2017	20,923	23,675	8,595	4.2%
2018	21,004	23,976	8,646	4.2%
2019	20,083	(4)	8,520	4.0%
2020	20,041	26,578	8,520	6.2%
2021	19,900	26,578	8,520	4.7%

Sources:

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

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

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

Employer	2021			Employer	2012		
	Employees	Rank	Percentage of Total County Employment		Employees	Rank	Percentage of Total County Employment
Sanderson Farms	1,500	1	5.70%	Sanderson Farms	1,562	1	5.93%
Caswell Center	1,250	2	4.75%	Caswell Center	1,425	2	5.46%
Lenoir County Schools	1,158	3	4.40%	Lenoir County Public Schools	1,325	3	5.31%
UNC Lenoir Healthcare	902	4	3.43%	Lenoir Memorial Hospital	1,050	4	4.31%
Electrolux	850	5	3.23%	Electrolux Home Products	793	5	2.73%
Smithfield Foods	800	6	3.04%	Associated Materials, Inc	626	6	2.45%
Masterbrand	800	7	3.04%	Lenoir Community College	480	7	2.42%
Lenoir County	515	8	1.96%	Masterbrand	475	8	2.04%
West Pharmaceuticals	480	9	1.82%	Lenoir County	455	9	1.88%
Lenoir Community College	453	10	1.72%	City of Kinston	364	10	1.50%
Total	8,708		33.08%	Total	8,555		34.04%
Total Employment Lenoir County	26,327						

Sources:

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Functions/Program</u>										
General Government:										
Legislative	6	6	6	6	6	6	6	6	6	6
City Management	2	2	2	2	2	3	3	3	3	3
City Clerk	1	1	1	1	1	1	1	1	1	1
Personnel	3	3	3	3	3	3	3	3	3	3
Finance	12	13	13	13	14	14	14	14	14	14
Computer Services	3	4	4	4	4	4	4	4	4	4
Building Safety	2	4	4	4	4	4	4	4	4	4
Planning & Inspections	2	2	2	2	2	3	3	3	3	3
MSD Development	-	-	-	-	-	-	2	2	1	1
Parks and Recreation:										
General & Administrative	4	4	4	5	5	3	3	3	3	3
Recreation	29	26	30	30	30	33	34	34	34	34
Pool(s)	1	1	1	1	1	1	1	1	1	1
Golf Course(s)	1	1	1	1	1	1	-	-	-	-
Stadium							1	1	1	1
Police:										
Officers	76	76	76	76	76	74	73	73	73	73
Civilians (a)	8	10	10	10	10	9	11	11	11	11
Fire:										
Firefighters and Officers	49	48	48	48	48	51	50	50	50	50
Civilians	2	1	1	1	1	1	1	1	1	1

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Services:										
Administration	9	9	9	9	9	10	9	9	9	8
Billing and Customer Service	15	15	15	15	15	14	15	15	15	15
Meter Services	7	9	9	9	9	4	9	9	9	9
Engineering	9	9	9	9	9	9	9	9	9	9
Street Maintenance	11	11	11	11	11	9	16	16	16	16
Street Sweeping	-	-	-	-	-	11				
Refuse Collection	27	27	27	27	27	27	27	27	27	27
Weed Control	1	1	1	1	1	1	-	-	-	-
Central Garage	10	10	10	10	10	10	10	10	10	10
Street Lighting	-	-	-	-	-	-				
Traffic Control	2	2	2	2	2	1	-	-	-	
Electric:										
Distribution	22	22	22	22	22	22	22	22	22	22
Water:										
Transmission	25	24	24	24	24	24	24	24	24	24
Purification	3	6	6	6	6	6	6	6	6	6
Sewer Maintenance	14	14	14	14	14	14	14	14	14	14
Stormwater	7	7	10	10	10	10	10	10	10	10
Other Programs/Functions:										
Risk Management	3	2	2	2	2	2	2	2	2	2
Total	364	368	375	376	377	383	387	387	386	385

Source: Prior year CAFR's

Various Human Resources and Adopted Budget Records

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Calls for service	30,753	28,944	26,729	26,954	27,679	24,667	26,250	29,999	26,668	27,855
Adult arrest	3,240	2,823	2,392	2,607	2,638	2,229	2,067	1,937	1,879	1,962
Juvenile arrest	117	130	97	62	156	84	51	56	50	54
Speeding citations only	572	488	525	464	276	120	61	592	408	659
Traffic citations	4,081	3,870	3,916	2,222	2,788	1,350	1,587	6,883	3,629	5,583
Fire:										
Total fire runs	908	898	536	963	1,212	471	963	1,023	936	892
Total rescue runs	80	96	185	777	2,399	1,259	2,605	2,509	681	248
Property loss	\$ 1,194,425	\$ 11,441,115	\$ 726,548	\$ 626,006	\$ 595,414	\$ 530,079	\$ 789,534	\$ 836,885	\$ 693,473	\$ 710,025
Building safety:										
Total building permits	104	109	114	93	101	124	148	124	99	138
Total value all permits	\$ 15,065,906	\$ 13,159,552	\$ 10,386,075	\$ 42,725	\$ 35,226,386	\$ 16,657,737	\$ 17,181,211	\$ 14,119,575	\$ 24,282,265	\$ 22,488,125
Library, volumes in collection	237,195	244,343	198,083	164,554	165,000	165,000	148,717	163,577	118,643	116,916
Public service:										
Garbage collected (ton)	16,744	21,017	18,214	17,972	18,204	18,979	18,087	16,319	18,998	20,457
Recycle collected (ton)	657.53	628	615	617	620	617	587	586	586	619
Parks and Recreation:										
Recreation program attendance:										
Athletics	208,300	205,100	202,100	204,150	203,500	198,000	202,000	192,000	30,000	94,000
Centers & Parks	552,000	547,000	625,000	592,000	602,000	520,000	535,000	527,000	131,500	321,000
Other Programs	118,000	123,000	128,000	125,000	123,500	118,500	120,200	117,000	5,000	34,200
Golf Rounds Played	8,000	8,650	9,200	8,300	7,800	8,100	8,000	10,200	8,300	7,900

Source: Various City records

Note: ** Indicator not available

City of Kinston, North Carolina
Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	2	1	2	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)	114.83	117.1	115.11	115.11	115.14	115.43	115.43	115.43	115.43	115.43
Streets Lights	2106	2065	2065	2065	2065	2065	2065	2065	2065	2065
Traffic Signals	15	15	15	15	15	15	15	15	15	15
Parks & Recreation:										
Acreage	349	332	332	332	332	332	332	332	332	332
Parks	15	15	15	15	15	15	15	15	15	15
Golf Course	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Diamonds	26	26	26	26	26	26	26	26	26	26
Soccer/Football Fields	13	13	13	13	13	13	13	13	13	13
Basketball Courts	6	6	6	6	6	6	6	6	6	6
Tennis Courts	17	17	17	17	17	17	17	17	10	10
Swimming Pools	3	4	4	4	4	3	3	2	2	2
Parks with Playground Equipment	8	8	8	8	8	9	9	9	9	9
Picnic Shelters	8	8	9	9	9	9	9	9	9	9
Community Centers	7	7	7	7	7	7	7	7	7	7
Museums	2	2	2	2	8	2	2	2	2	2
Stadium	4200 seat	4200 seat	4200 seat	4200 seat	4200 seat	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	237,195	244,343	198,083	164,554	165,000	165,000	165,000	163,577	118,643	118,643

City of Kinston, North Carolina
Capital Asset Statistics By Function/Program (continued)
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water:										
Storage Capacity (MGPD)	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD	4.25MGD
Average Daily Consumption (MGPD)	4.14MGD	4.4MGD	4.14MGD	4.58MGD	4.16MGD	4.30 MGD	4.47 MGD	4.47 MGD	4.37 MGD	4.29 MGD
Peak Consumption (MGPD)	8.19MGD	10.4MGD	10.4MGD	9.4MGD	9.6MGD	7.19MGD	7.31MGD	6.81MGD	6.55MGD	5.24MGD
Miles of Water Mains	216.76	216.76	216.76	216.76	218.45	218.77	219.4	219.4	219.4	219.4
Wastewater:										
Sanitary Sewers (miles)	213.24	213.24	213.24	213.24	216.77	216.77	216.77	216.77	216.77	216.77
Storm Sewers (miles)	55.39	55.39	55.39	55.39	55.39	55.39	55.39	55.39	55.39	55.39
Average Daily Flow	4.24MGD	4.69MGD	6.23MGD	5.98 MGD	5.76MGD	6.29 MGD	4.44 MGD	4.79 MGD	5.97 MGD	5.97 MGD
Electric:										
Average Daily Usage	1,152,495 KWH	1,198,459KWH	1,230,138KWH	1,246,226 KWH	1,220,908 KWH	1,227,401 KWH	1,291,641 KWH	1,291,578 KWH	1,220,541 KWH	1,188,990 KWH
Mile of Distribution Lines	430	430	435	435	435	435	435	435	435	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.

Contents

Pages

Compliance Section

Independent Auditors' Report on Internal Control Over Financial Reporting And On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards	182
Independent Auditors' Report on Compliance For Each Major Federal Program And On Internal Control Over Compliance, Report on The Schedule of Expenditures of Federal and State Awards; In Accordance With Uniform Guidance and the State Single Audit Implementation Act	184
Independent Auditors' Report on Compliance For Each Major State Program And On Internal Control Over Compliance, Report on The Schedule of Expenditures of Federal and State Awards; In Accordance with Uniform Guidance and the State Single Audit Implementation Act	186
Schedule of Findings and Questioned Costs	188
Summary of Schedule of Prior Year Audit Findings	191
Schedule of Expenditures of Federal and State Awards	192

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kinston (the City) as of and for the year ended June 30, 2021, 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 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RH CPA_®, PLLC

Greensboro, North Carolina
November 29, 2021

**Independent Auditors' Report On Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance; With OMB Uniform Guidance and
the State Single Audit Implementation Act**

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

Report on Compliance for Each Major Federal Program

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, 2021. The City of Kinston's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Program

In our opinion, the City of Kinston complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

RH CPA_{PC}, PLLC

Greensboro, North Carolina
November 29, 2021

Independent Auditors' Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with Uniform Guidance; and the State Single Audit Implementation Act

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

Report on Compliance for Each Major State Program

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, 2021. City of Kinston's major program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the City of Kinston complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on its major state program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

RH CPA's, PLLC

Greensboro, North Carolina
November 29, 2021

CITY OF KINSTON, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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	_____ <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

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	_____ <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 Federal program:

<u>CFDA Number</u>	<u>Program Name</u>
66.468	Capitalization Grants for Drinking Water State Revolving Fund
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Auditee qualified as low-risk auditee?	_____	yes	_____ <input checked="" type="checkbox"/>	no
--	-------	-----	---	----

CITY OF KINSTON , NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

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)

CITY OF KINSTON, NORTH CAROLINA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported

CITY OF KINSTON, NORTH CAROLINA
Summary Schedule of Prior Year Audit Finding
For the Year Ended June 30, 2021

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, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal Direct and Pass-through Expenditures	State Expenditures	Pass-Through to Subrecipients
FEDERAL GRANTS					
Cash Assistance					
<u>U.S. Department of Housing and Urban Development</u>					
Office of Community Planning and Development					
Passed-through N.C. Department of Commerce					
Rural Economic Development Division					
Community Development Block Grant, State's Program	14.228	PROJECT #17-C-2992	\$ 4,500	\$ -	\$ -
Passed-through North Carolina Housing Finance Agency					
Home Investment Partnership Program	14.239	ESFRLP16	98,458	-	-
Total U.S. Department of Housing and Urban Development			102,958	-	-
<u>U.S. Department of Homeland Security</u>					
<u>Federal Emergency Management Agency (FEMA)</u>					
Passed-through the NC Department of Public Safety					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4393-DR-NC	189,616	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4568-DR-NC	114,615	-	-
		EMW-2019-FG-08934			
Assistance to Firefighters Grant	97.044	EMW-2019-FG-06505	695,293		
Total U.S. Department of Homeland Security			999,524	-	-
<u>U.S. Department of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Passed-through the NC Department of Public Safety					
Governor's Crime Commission 2019 Juvenile Justice DMC Grant	16.540	PROJ013557	33,690	-	-
2015 Edward-Byrne Memorial JAG	16.738	2015-DJ-BX-0938	497	-	-
2016 Edward-Byrne Memorial JAG	16.738	2016-DJ-BX-1047	342	-	-
2017 Edward-Byrne Memorial JAG	16.738	2017-DJ-BX-0818	1,883	-	-
Bulletproof Vest Partnership Program	16.607	N/A	10,711	-	-
Equitable Sharing Program	16.922	N/A	812	-	-
Total U.S. Department of Justice			47,935	-	-

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2021

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal Direct and Pass-through Expenditures	State Expenditures	Pass-Through to Subrecipients
<u>U.S. Environmental Protection Agency</u>					
<u>Office of Solid Waster and Emergency Response</u>					
Passed-through NC Department of Environmental Quality					
Division of Water Infrastructure					
Drinking Water State Revolving Fund Cluster:					
Capitalization Grants for Drinking Water State Revolving Fund - Greenmead Waterline Replacement Pro	66.468	#H-LRX-F-19-1949	\$ 807,523	\$ -	\$ -
			807,523	-	-
Total U.S. Environmental Protection Agency			807,523	-	-
<u>U.S. Environmental Protection Agency</u>					
<u>Office of Solid Waster and Emergency Response</u>					
Coronavirus Relief Fund	21.019		485,260	-	-
			485,260	-	-
Total U.S. Environmental Protection Agency			485,260	-	-
<u>National Endowment for the Humanities</u>					
Promotion of the Arts Grants to Organizations and Individuals	45.024		125,000	-	-
			125,000	-	-
Total National Endowment for the Humanities			125,000	-	-
Total Federal Assistance			2,568,200	-	-
STATE GRANTS					
Cash Assistance					
<u>N.C. Department of Commerce</u>					
Community Development Block Grant CARES (CDBG-CV) Act		#20-V-3503	-	1,572	-
			-	1,572	-
Total N.C. Department of Transportation			-	1,572	-
<u>N.C. Department of Transportation</u>					
Non-State System Street Aid Allocation (Powell Bill)		DOT-4	-	291,164	-
Transportation Improvement Program		#B-4565	-	81,190	-
Transportation Improvement Program		#Y-5500BA WBS #32268	-	1,924	-
			-	374,278	-
Total N.C. Department of Transportation			-	374,278	-
<u>North Carolina Housing Finance Agency</u>					
Home Investment Partnership Program		ESFRLP1911	-	99,696	-
Home Investment Partnership Program		ESFRLPDR02	-	50,104	-
Urgent Repair Program		URP2021	-	24,826	-
			-	174,626	-
Total N.C. of Housing Finance Agency			-	174,626	-
Total Assistance - State Programs			-	550,476	-
Total Assistance			\$ 2,568,200	\$ 550,476	\$ -

CITY OF KINSTON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
Year Ended June 30, 2021

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, 2021. 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, 2021 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SESFA. The balance of loans outstanding at June 30, 2021 consists of:

Program Title:	CFDA #	Pass-Through Grantor Number	Amount Outstanding
Capitalization Grants for Clean Water State Revolving Fund	66.458	E-SRF-CS370527-10;	
		E-SRF-CS370527-11	<u>\$ 4,075,130</u>