



CITY OF KINGSTON, TENNESSEE

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

Submitted by

Michelle Kelley, CMFO

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Introductory Section

**CITY OF KINGSTON,
TENNESSEE**

**Annual Comprehensive
Financial Report**

For the Fiscal Year Ending June 30, 2023

**Prepared by:
MITCHELL EMERT & HILL, P.C.**



Tim Neal
MAYOR

Tony Brown
VICE MAYOR

David Bolling
CITY MANAGER



COUNCIL MEMBERS

Philip Bredwell

Randy Childs

Tommy Guinn

Lucy Johnson

Stephanie Wright

December 11, 2023

Honorable Mayor,
Members of City Council and
Citizens of the City of Kingston, Tennessee

The Annual Comprehensive Report of the City of Kingston, Tennessee for the fiscal year ending June 30, 2023, is hereby submitted as required by state statutes. State Law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited annually in accordance with auditing standards generally accepted in the United States of America by a licensed firm of certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Kingston for the fiscal year ended June 30, 2023.

This report consists of management's representations concerning the finances of the City of Kingston. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations management of the City of Kingston has established an internal control framework that is designed both to protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City of Kingston's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore, the City of Kingston's framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. We assert that, to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The City of Kingston's financial statements have been audited by Mitchell Emert and Hill, P.C. Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Kingston, for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Kingston's financial statements, for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City is required to have an annual audit in conformity with the provisions of generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The independent auditor's report on the internal control structure and compliance with applicable laws and regulations is included.

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 the MD&A and should be read in conjunction with it. The City of Kingston's MD&A can be found immediately following the report of the independent auditors.

Profile for the City of Kingston

The City of Kingston is the county seat of Roane County, located between the Cumberland Plateau and the Great Smokey Mountains. Kingston has a population of 5953 as of the last US Census.

Kingston is notable from several historical aspects. It is one of the oldest towns in Tennessee, having been founded in 1799. It served as state capital for one day on September 21, 1807. Because of the geographic position of Kingston, the Tennessee State Legislature convened there as part of a plan to deceive the Indians.

The Historic Roane County Courthouse is one of only seven antebellum Tennessee courthouses still standing, the Courthouse was built in 1854 using bricks handmade by slaves. Today the Historic Roane County Courthouse is home to the Roane County Museum of History and Art where many historical records and artifacts are carefully stored and maintained.

Another historical site is Fort Southwest Point which was of early military importance because it overlooks the confluence of the Clinch and Tennessee Rivers. The frontier fort was started there in 1792 by John Sevier who became Tennessee's first Governor. He built the fort to protect travelers from Indian attacks. Today rebuilt sections include a barracks, blockhouse, and 250 feet of palisade-style walls which were built on the original Fort's foundation. Fort South West Point is home to many local events during the year including Civil War re-enactments.

Kingston is also home to Bethel Cemetery, one of the most historic cemeteries in Tennessee. The land for the cemetery was acquired from John Riley a Cherokee Indian and is situated on a hillside overlooking the town of Kingston. The cemetery was established in 1811 and has a veteran buried there from every war that the United States ever fought, as well as famous captains, majors and steamboat men.

Kingston was once home to a thriving peach industry with over one million trees and was considered the "Peach Capital" of the United States shipping over ten thousand bushels of peaches from Kingston each year. The peach industry actually began about 1908 and peaches were shipped up and down the river on riverboats, hence the riverboat became the symbol for Kingston. In 1925 twenty thousand bushels of peaches were shipped to Cincinnati alone. Unfortunately, the Peach Industry in Kingston ended when the 'brown rot' hit the orchards followed by blight and two successive freezes that destroyed the crops just as the "great depression" of the 1930's began.

The beautiful City of Kingston sits on the confluence of the Tennessee River and the Clinch River. TVA came to Kingston in 1942 and created what is now known as Watts Bar Lake that surrounds Kingston and Roane County, and with it features the many recreational venues that the citizens of Kingston can enjoy. To name a few: boating, canoeing, kayaking, swimming, fishing, fishing tournaments, skiing, 6.2 miles of walking trails mostly around the lake, and many other recreational activities surrounding our many parks and facilities. The city recently resurfaced our old tennis courts to create six new pickle ball courts which is a growing recreation in Kingston. The city has several public docks with which are used by many county and city residents as well as public docking for rent in our City Boat Slip facility. The City of Kingston has an Amphitheater under that sits near the South West Point Fort site and Watts Bar Lake. The new Amphitheater was awarded by a \$500,000 grant by the state of Tennessee. The facility will hold 1000 guest and host a number of concerts and events throughout the year.

Kingston's unique location on Interstate 40 between Knoxville and Nashville and 18 miles from Oak Ridge, affords Kingston's residents the ability to access the amenities from these metropolitan areas. Kingston serves a population of 5,953 and provides a wide range of services. The City of Kingston operates under the Council-Manager form of government, as authorized under Chapter 298, Private Acts of 1972 as amended from the original Private Acts of 1903. Elections are held every two years to be held in the November general election. There are seven members of City Council; the Mayor, Vice-Mayor and five Council Members. These are elected for four-year terms and only three or four seats are up for election at any given time. The Council Members and Mayor are elected by the citizens and the Vice-Mayor is elected by the Council Members after the election and goes to the top vote getter in the election. The Council Members are responsible among other things, for passing ordinances, adopting the budget, appointing committees, hiring the City Manager, and appointing the City Attorney and City Judge. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the City's day-to-day operations, and for appointing the heads of the various departments.

The city provides a full range of services, which include police and fire protection; waste management services; maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body approves the annual budget and debt issues. The governing body also acts as the Kingston Water and Sewer Board and therefore, these activities are reported separately within the financial statements of the City of Kingston.

Long-term Financial Planning

The annual budget serves as the foundation for the City of Kingston's financial planning and control. The council reviews capital outlay needs each year at their budget meetings. The finance department compiles budgetary information to be distributed to the departments by February 28. Budget requests are submitted to the Finance Director and City Manager in March, at which time the finance department compiles the data and makes revenue estimates. Budget meetings are held in April of each year with the department heads. On May 1st, the City Manager and/or the Finance Director make a formal balanced budget presentation to the city council.

After much review and debate among the council, the budget may be revised to include any recommendations of the city council. The council is required to hold a public hearing on the proposed budget and to adopt a final budget and tax rate by June 30 each year, which is the close of the City's fiscal year. The appropriated budget is prepared by fund, function and department. The City Manager and Department heads may make transfers within their department budget, but transfer of appropriations between departments and funds require an amendment to the budget by the city council. Budget to actual comparisons is provided in this report for each governmental fund for which an appropriated annual budget has been adopted.

During the 2022-2023 fiscal year, the city received the second half of the 1.6 million dollars awarded by the American Rescue Plan Act Grant. The American Rescue Plan Act was planned to turn the tides for cities, counties and state governments as a much-needed funding as part of the pandemic economic stimulus to the foundation for a strong and equitable recovery. A strategic plan for spending is currently in process to appropriate funding under the ARPA spending guidelines.

Local Economy

The City of Kingston has no major industries, therefore property taxes, and local and state sales taxes are our major revenues. During the past ten-years we have strived to keep property taxes at a minimum to provide the necessary services for the citizens of Kingston. However, the property tax assessment has increase 12.64% in the last decade. We have new ongoing development and growth due to annexations that will increase revenues in years to come.

Over the past year we have been dealing with a 3.2% increase in inflation which has proved to increase revenues by approximately 13% from the previous year. Likewise, the cost of equipment and materials has increased causing higher expenses for the city in the regards to normal operations. Due to the increase in revenues, no operations were hindered.

Relevant Financial Policies

Revenue policies provide for the City to budget revenues conservatively so that the chance of a revenue shortage during the year is remote. The city reviews annually all rates, fees and charges to assure that they maintain their inflation-adjusted purchasing power. The policy for the City has been to fund many of its capital projects with grant monies which we have accomplished over the past ten years.

The City of Kingston's pursuit to budget conservatively while increasing the fund balance over the past several years is a contributing power in the city's Moody credit rating. In January of 2023 Moody increased the City's A1 credit rating to an Aa3 rating. These ratings represent a rank-ordering of creditworthiness, or expected loss, which is a function of the probability of default and the expected severity of loss given as default. The purpose of Moody's ratings is to provide investors with a simple system of gradation by which future relative creditworthiness of securities may be gauged.

Awards and Acknowledgements

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 Kingston for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report 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 that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this ACFR on a timely basis was made possible by the dedicated service of the employees of the finance department. We would like to express our appreciation to all staff members who have assisted and contributed to this report, in addition to the City's independent certified accountants, Mitchell, Emmert & Hill, P.C. Credit also must be given to the City Manager, Mayor and the City Council Members for their support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Michelle Kelley, CMFO
City of Kingston



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kingston
Tennessee**

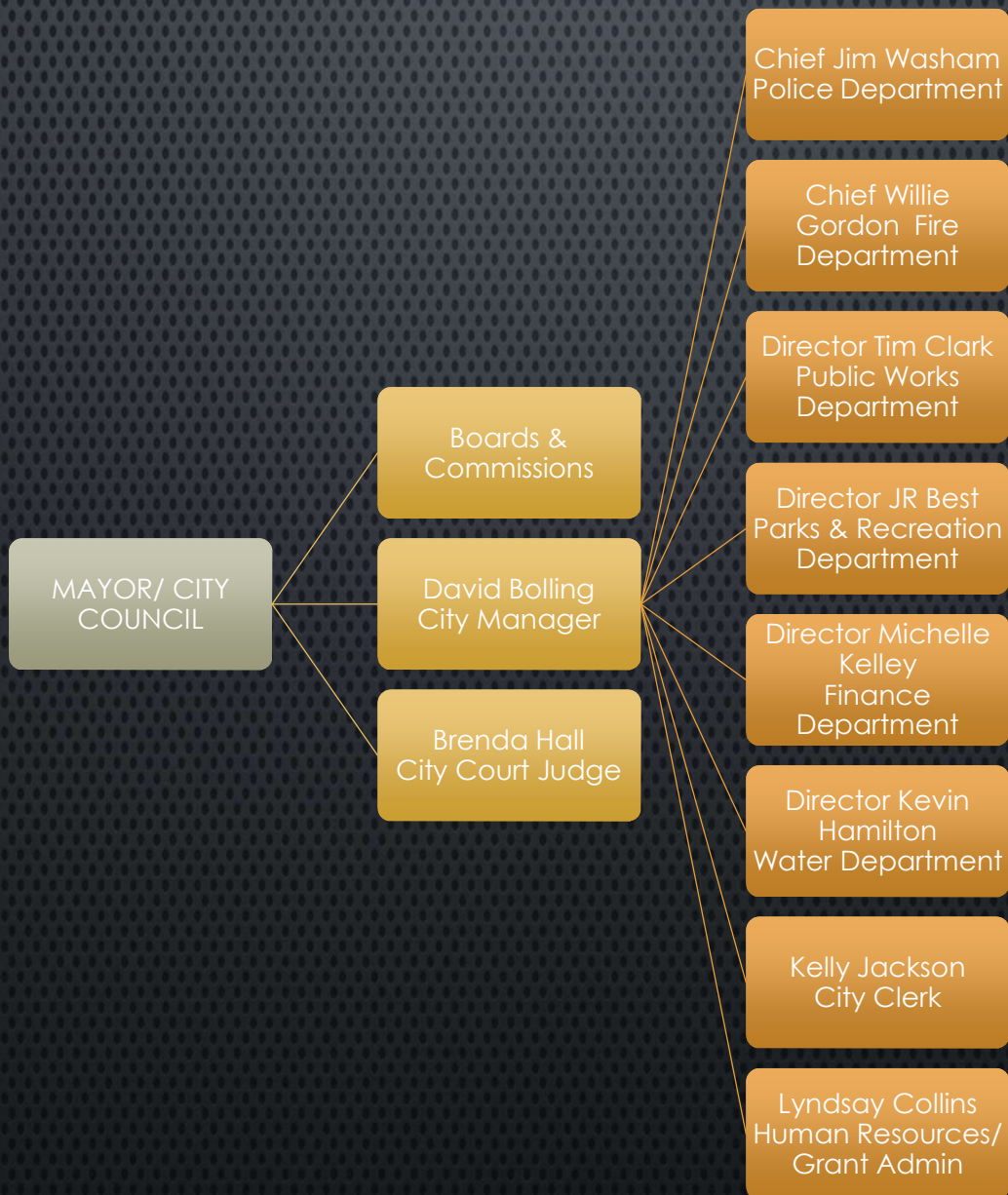
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

CITY OF KINGSTON GOVERNMENT



CITY OF KINGSTON, TENNESSEE

FORM OF GOVERNMENT

June 30, 2023

City of Kingston, Tennessee was incorporated in 1903 under the provisions of the State of Tennessee and operates under a Council-Manager form of government. It has the usual corporate powers of municipalities, including taxation, entering into contracts, and issuing bonds. The following services are authorized by Charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water and sewer, and general administrative duties.

See the accompanying independent accountants' audit report.

CITY OF KINGSTON, TENNESSEE

PRINCIPAL OFFICIALS

June 30, 2023

Timothy Neal, Mayor
Tony Brown, Vice-Mayor
Philip Bredwell, Council Member
Tommy Guinn, Council Member
Randy Childs, Council Member
Lucy Johnson, Council Member
Stephanie Wright, Council Member
David Bolling, City Manager
Michelle Kelley, Finance Director, CMFO

See the accompanying independent accountants' audit report.

Financial Section

**CITY OF KINGSTON,
TENNESSEE**

**Annual Comprehensive
Financial Report**

For the Fiscal Year Ending June 30, 2023

**Prepared by:
MITCHELL EMERT & HILL, P.C.**



INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Mayor and City Council
City of Kingston, Tennessee
Kingston, Tennessee

Report on the Audit of the Basic Financial Statements

Opinions

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities and each major fund of City of Kingston, Tennessee as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise City of Kingston, Tennessee's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of City of Kingston, Tennessee as of June 30, 2023, the respective changes in its financial position and the respective budgetary comparisons of the general fund and drug enforcement fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Basic Financial Statements section of our report. We are required to be independent of City of Kingston, Tennessee and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Basic Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Basic Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the basic financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Kingston, Tennessee's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Kingston, Tennessee's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information/Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 to 14, the schedule of changes in net pension liability(asset) on pages 74 to 77, the schedule of pension contributions on pages 78 to 80 and the schedule of changes in total OPEB liability on pages 81 to 82 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 information 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 Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise City of Kingston, Tennessee's basic financial statements. The accompanying information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedules of property taxes receivable, long-term debt requirements, changes in long-term debt by individual issue, and expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information and Introductory Section and Statistical Section

Management is responsible for the introductory section, statistical section and the other information included in the basic financial statements. The other information comprises the schedules of utility rates and metered customers. The introductory section, statistical section and other information does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the introductory section, statistical section and other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023 on our consideration of City of Kingston, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of City of Kingston, Tennessee's 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 City of Kingston, Tennessee's internal control over financial reporting and compliance.

Mitchell Emert & Hill

December 11, 2023



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

The management of City of Kingston, Tennessee (the City) presents this management's discussion and analysis (MD&A) of the City's financial condition and results of operations for the fiscal year ended June 30, 2023. This information should be read in conjunction with the accompanying financial statements.

This MD&A also presents an overview of the City and the water and sewer fund, known as the primary government. The government-wide financial statements include only the primary government which is the total reporting entity.

Financial Highlights

The following are key financial highlights:

- The assets and deferred outflows of the City exceeded liabilities and deferred inflows at the end of the fiscal year by \$28,247,068 (net position). Of this amount, \$7,419,750 represents unrestricted net position.
- The City's net position increased by \$1,320,308 (increased by \$1,250,561 in 2022) or 5 percent during the year ended June 30, 2023 (5 percent during 2022).
- At June 30, 2023 the City's governmental funds reported combined ending fund balances of \$4,562,721; a decrease of \$169,875 for the year ended June 30, 2023. At June 30, 2022 the City's governmental funds reported combined ending fund balances of \$4,732,595; an increase of \$1,927,448 for the year ended June 30, 2022. As of June 30, 2023 \$3,770,683 (\$4,065,408 in 2022) of governmental fund balances is unassigned and available for ongoing operations.
- At June 30, 2023 the unassigned general fund balance was \$3,770,683 (\$4,065,408 in 2022) or 46 percent (41 percent in 2022) of general fund expenditures. These unassigned fund balances demonstrate the City's fiscal discipline and will help meet unexpected emergencies and other uncertainties the City may face during the course of everyday operations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, including budget comparisons, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all the City's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include the following:

- General government
- Public safety
- Public welfare
- Streets and highways
- Solid waste management

The business-type activities of the City include water and sewer services provided by the water and sewer fund.

The government-wide financial statements can be found on pages 15 to 20 of this report.

Fund Financial Statements - 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheets and in the governmental funds statement of revenue, expenditures and changes in fund balances for the general fund and drug enforcement fund, both of which are considered to be major funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for all major funds and are presented on pages 27 to 37.

Proprietary Funds - Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The City maintains one type of proprietary fund - enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has one enterprise fund to account for water distribution and sewer collection.

The City's enterprise fund, the water and sewer fund, is a major fund and is reported separately in the government-wide and fund financial statements. The proprietary fund financial statements are presented on pages 38 to 44 in the basic financial statements.

Notes to the Financial Statements - The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Internal Control and Compliance Section - This includes the auditors' report on the City's internal controls and compliance.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2023 the City's net position was \$28,247,068 (\$26,926,764 at June 30, 2022).

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, water facilities, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services; consequently, these assets are *not* available for future spending.

Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate long-term debt.

At June 30, 2023 the City's statement of net position consisted of the following:

	Governmental Activities	Business- Type Activities	Totals
ASSETS			
Current assets	\$ 8,372,463	\$ 3,930,801	\$ 12,303,264
Capital assets, net of accumulated depreciation	11,407,483	16,632,062	28,039,545
Other assets	<u>404,482</u>	<u>161,899</u>	<u>566,381</u>
	20,184,428	20,724,762	40,909,190
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	760,059	310,853	1,070,912
Deferred outflows related to other postemployment benefits	<u>411</u>	<u>0</u>	<u>411</u>
	760,470	310,854	1,071,324
	<u>\$ 20,944,898</u>	<u>\$ 21,035,615</u>	<u>\$ 41,980,514</u>
LIABILITIES			
Current liabilities	\$ 422,002	\$ 570,619	\$ 992,621
Noncurrent liabilities	<u>4,698,233</u>	<u>4,170,810</u>	<u>8,869,043</u>
	5,120,235	4,741,429	9,861,665
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	2,259,352	0	2,259,352
Deferred inflows related to pension	337,607	176,002	513,609
Deferred grant revenue	<u>1,098,822</u>	<u>0</u>	<u>1,098,822</u>
	3,695,782	176,002	3,871,783
NET POSITION			
Net investment in capital assets	6,808,037	12,195,842	19,003,879
Restricted	951,978	871,460	1,823,438
Unrestricted	<u>4,368,867</u>	<u>3,050,883</u>	<u>7,419,750</u>
	12,128,882	16,118,185	28,247,068
	<u>\$ 20,944,898</u>	<u>\$ 21,035,615</u>	<u>\$ 41,980,514</u>

At June 30, 2022 the City's statement of net position consisted of the following:

	Governmental Activities	Business- Type Activities	Totals
ASSETS			
Current assets	\$ 8,268,167	\$ 3,408,951	\$ 11,677,118
Capital assets, net of accumulated depreciation	10,413,665	17,183,919	27,597,584
Other assets	<u>987,904</u>	<u>398,524</u>	<u>1,386,428</u>
	19,669,736	20,991,394	40,661,130
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>839,555</u>	<u>343,095</u>	<u>1,182,650</u>
	<u>\$ 20,509,291</u>	<u>\$ 21,334,489</u>	<u>\$ 41,843,781</u>
LIABILITIES			
Current liabilities	\$ 382,838	\$ 525,840	\$ 908,678
Noncurrent liabilities	<u>4,858,500</u>	<u>4,573,458</u>	<u>9,431,958</u>
	5,241,339	5,099,298	10,340,638
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	2,195,488	0	2,195,488
Deferred inflows related to pension	1,052,636	466,004	1,518,640
Deferred grant revenue	<u>862,250</u>	<u>0</u>	<u>862,250</u>
	4,110,375	466,004	4,576,378
NET POSITION			
Net investment in capital assets	5,562,305	12,270,002	17,832,307
Restricted	1,434,464	1,033,427	2,467,891
Unrestricted	<u>4,160,808</u>	<u>2,465,757</u>	<u>6,626,565</u>
	<u>11,157,577</u>	<u>15,769,183</u>	<u>26,926,763</u>
	<u>\$ 20,509,291</u>	<u>\$ 21,334,489</u>	<u>\$ 41,843,781</u>

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position may be used to meet the obligations to employees and creditors and to help fund next year's budget.

Following is a summary of financial activities for the City during the year ended June 30, 2023:

	Governmental Activities	Business- Type Activities	Totals
REVENUE			
Program Revenue:			
Fees, fines and charges for services	\$ 1,269,426	\$ 4,254,553	\$ 5,523,979
Operating grants and contributions	1,147,510	0	1,147,510
Capital grants and contributions	0	53,559	53,559
General Revenue:			
Local taxes	4,622,843	0	4,622,843
Unrestricted intergovernmental	927,151	0	927,151
Investment income	<u>18,912</u>	<u>9,758</u>	<u>28,670</u>
	7,985,842	4,317,870	12,303,712
EXPENSES			
General government	1,435,445	0	1,435,445
Public safety	2,523,862	0	2,523,862
Public welfare	1,432,240	0	1,432,240
Streets and highways	1,170,474	0	1,170,474
Solid waste management	353,730	0	353,730
Interest on long-term debt	98,786	0	98,786
Water and sewer	<u>0</u>	<u>3,968,865</u>	<u>3,968,865</u>
	<u>7,014,537</u>	<u>3,968,865</u>	<u>10,983,402</u>
Change in net position	971,305	349,003	1,320,308
Net position at the beginning of the year	<u>11,157,577</u>	<u>15,769,183</u>	<u>26,926,764</u>
Net position at the end of the year	<u>\$ 12,128,882</u>	<u>\$ 16,118,185</u>	<u>\$ 28,247,068</u>

Following is a summary of financial activities for the City during the year ended June 30, 2022:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>
REVENUE			
Program Revenue:			
Fees, fines and charges for services	\$ 1,182,239	\$ 4,096,854	\$ 5,279,093
Operating grants and contributions	491,613	0	491,613
General Revenue:			
Local taxes	4,305,048	0	4,305,048
Unrestricted intergovernmental	867,086	0	867,086
Investment income	<u>1,438</u>	<u>576</u>	<u>2,014</u>
	6,847,424	4,097,430	10,944,854
EXPENSES			
General government	1,094,313	0	1,094,313
Public safety	2,092,742	0	2,092,742
Public welfare	1,131,146	0	1,131,146
Streets and highways	1,185,227	0	1,185,227
Solid waste management	330,622	0	330,622
Interest on long-term debt	180,090	0	180,090
Water and sewer	<u>0</u>	<u>3,680,152</u>	<u>3,680,152</u>
	<u>6,014,140</u>	<u>3,680,152</u>	<u>9,694,292</u>
Change in net position	833,284	417,277	1,250,561
Net position at the beginning of the year	<u>10,324,293</u>	<u>15,351,907</u>	<u>25,676,204</u>
Net position at the end of the year	<u>\$ 11,157,577</u>	<u>\$ 15,769,183</u>	<u>\$ 26,926,764</u>

Governmental Activities - For the year ended June 30, 2023, governmental activities increased the City's net position by \$971,305 (increased by \$833,284 in 2022). Revenue increased during fiscal year 2023 is due to increased American Rescue Plan Act funds as well as increases in local and state shared tax revenues. General government, public safety and public welfare expenses increased in 2023 due to higher salaries and related expenses and a general increase in the costs of goods and services due to inflation.

The City's main sources of revenue are from property tax, local option sales tax, local and state-shared taxes which consist of tax revenue shared by the State of Tennessee, and water and sewer charges.

Business-Type Activities - For the year ended June 30, 2023, business-type activities increased the City's net position by \$349,003 (increased by \$417,277 in 2022). The increase is due primarily to increased water rates.

Capital Assets

The City's investment in capital assets as of June 30, 2023 was \$28,039,545 (\$27,597,584 in 2022) net of accumulated depreciation.

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 5,290,261	\$ 4,937,457
Building and building improvements	8,387,770	8,087,231
Machinery and equipment	2,330,095	2,036,250
Vehicles	3,698,183	3,750,812
Other improvements	2,598,016	2,410,405
Plant	27,998,578	27,998,578
Water line infrastructure	4,587	0
Sewer line infrastructure	54,463	0
Construction in process	21,527	0
Accumulated depreciation	<u>(22,343,937)</u>	<u>(21,623,150)</u>
	<u>\$ 28,039,545</u>	<u>\$ 27,597,584</u>

The major capital asset additions during the year ended June 30, 2023 were as follows:

Land	\$ 352,804
Buildings and improvements	300,540
Vehicles	487,567
Other improvements	187,611

Additional information on capital assets can be found in Note E to the financial statements.

Debt Administration

At June 30, 2023 the City's proprietary fund had outstanding debt of \$4,231,517 (\$4,697,841 in 2022) consisting of the following:

	<u>2023</u>	<u>2022</u>
Rural Development bonds	\$ 1,821,517	\$ 1,862,841
Tennessee Municipal bonds	<u>2,410,000</u>	<u>2,835,000</u>
Total debt-principal	4,231,517	4,697,841
Less: current portion due	<u>(453,767)</u>	<u>(467,753)</u>
Total long-term debt-principal	<u>\$ 3,777,750</u>	<u>\$ 4,230,088</u>

During the year ended June 30, 2023, the City retired \$466,324 (\$3,987,310 in 2022) of its proprietary fund debt. The City issued \$3,305,000 in proprietary fund debt during the year ended June 30, 2022. No proprietary fund debt was issued during the year ended June 30, 2023. Long-term debt on the statement of net position includes unamortized premium of \$204,703 at June 30, 2023 (\$216,075 at June 30, 2022).

At June 30, 2023, the City's governmental funds had outstanding debt of \$4,385,000 (\$4,625,000 at June 30, 2022) consisting of the following:

	<u>2023</u>	<u>2022</u>
Bonds payable	\$ 4,385,000	\$ 4,625,000
Less: current portion due	<u>(245,000)</u>	<u>(240,000)</u>
Total long-term debt-principal	<u>\$ 4,140,000</u>	<u>\$ 4,385,000</u>

During the year ended June 30, 2023, the City retired \$240,000 (\$2,641,000 in 2022) of debt of its governmental funds. The City issued \$0 governmental fund debt during the year ended June 30, 2023. The City issued \$4,795,000 governmental fund debt was issued during the year ended June 30, 2022. Long-term debt on the statement of net position includes unamortized premium of \$214,446 at June 30, 2023 (\$226,560 at June 30, 2022).

Additional information on debt can be found in Note H to the financial statements.

Financial Analysis of the City's Funds

As previously discussed, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The general fund's fund balance decreased by \$174,097 for the year ended June 30, 2023 due to increased capital outlay expenditures.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position for the water and sewer fund was \$3,050,883 for the year ended June 30, 2023 and \$2,465,757 for the year ended June 30, 2022, which is 19% (16% in 2022) of total net position of the water and sewer fund. The proprietary fund unrestricted net position increased by \$585,126 due primarily to an increase in water rates.

Budgetary Highlights

There were no changes between original budgeted revenue or expenditures and the final amended budgeted revenue or expenditures for the drug enforcement fund.

During the year ended June 30, 2023, there were no amendments to original general fund budgeted revenue. Final amended budgeted expenditures of the general fund increased from original budgeted expenditures due to increases for salaries and related expenses.

Economic Factors and Next Year's Budgets and Rates

The Mayor and City Council approved the budget for the year ending June 30, 2024. The estimated revenue and appropriations did not vary significantly from the budget for the year ended June 30, 2023.

Requests for Information

This MD&A and accompanying financial statements and notes are designed to provide our citizens, employees, creditors and regulatory agencies with an overview of the City's finances. If you have any questions or need additional information, you may contact David Bolling, City Manager, City of Kingston, 900 Waterford Place, Kingston, TN 37763.

CITY OF KINGSTON, TENNESSEE

STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash	\$ 5,431,976	\$ 2,260,822	\$ 7,692,798
Restricted cash	0	709,561	709,561
Accounts receivable, net of allowance for uncollectible accounts	0	803,347	803,347
Notes receivable	0	25,887	25,887
Property taxes receivable, net of allowance for uncollectible accounts	2,352,776	0	2,352,776
Other taxes receivable	172,362	0	172,362
Other accounts receivable	10,328	0	10,328
Due from other governments	405,021	0	405,021
Materials and supplies	0	131,184	131,184
Net pension asset	404,482	161,899	566,381
Capital assets not being depreciated	1,204,888	292,146	1,497,034
Capital assets being depreciated, net of accumulated depreciation	<u>10,202,595</u>	<u>16,339,916</u>	<u>26,542,511</u>
	20,184,428	20,724,762	40,909,190
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	760,059	310,853	1,070,912
Deferred outflows related to other postemployment benefits	<u>411</u>	<u>0</u>	<u>411</u>
	<u>760,470</u>	<u>310,854</u>	<u>1,071,324</u>
	<u>\$ 20,944,898</u>	<u>\$ 21,035,615</u>	<u>\$ 41,980,514</u>

See the accompanying notes to the financial statements.

	Governmental Activities	Business-Type Activities	Totals
LIABILITIES			
Accounts payable	\$ 13,676	\$ 52,853	\$ 66,529
Accrued salaries	44,962	17,254	62,216
Current portion of compensated absences	60,000	20,000	80,000
Current portion of long-term debt	245,000	453,767	698,767
Long-term compensated absences	343,787	188,357	532,144
Other post employment benefits payable	58,363	26,745	85,108
Long-term debt, net of current portion	<u>4,354,446</u>	<u>3,982,453</u>	<u>8,336,899</u>
	5,120,235	4,741,429	9,861,665
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	2,259,352	0	2,259,352
Deferred inflows related to pension	337,607	176,002	513,609
Deferred grant revenue	<u>1,098,822</u>	<u>0</u>	<u>1,098,822</u>
	3,695,782	176,002	3,871,783
NET POSITION			
Net investment in capital assets	6,808,037	12,195,842	19,003,879
Restricted:			
Drug enforcement	11,591	0	11,591
Library	44,237	0	44,237
Solid waste collection and disposal	218,138	0	218,138
Street repairs	273,530	0	273,530
Debt retirement	0	709,561	709,561
Pension	404,482	161,899	566,381
Unrestricted	<u>4,368,867</u>	<u>3,050,883</u>	<u>7,419,750</u>
	<u>12,128,882</u>	<u>16,118,185</u>	<u>28,247,068</u>
	<u>\$ 20,944,898</u>	<u>\$ 21,035,615</u>	<u>\$ 41,980,514</u>

CITY OF KINGSTON, TENNESSEE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

		Program Revenue		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	<u>Expenses</u>			
Governmental Activities:				
General government	\$ 1,435,445	\$ 692,858	\$ 676,838	0
Public safety	2,523,862	101,825	9,125	0
Public welfare	1,432,240	71,167	255,400	0
Streets and highways	1,170,474	56,679	206,147	0
Solid waste management	353,730	346,897	0	0
Interest on long-term debt	<u>98,786</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total governmental activities	7,014,537	1,269,426	1,147,510	0
Business-Type Activities:				
Water and sewer	<u>3,968,865</u>	<u>4,254,553</u>	<u>0</u>	<u>53,559</u>
	<u>\$ 10,983,402</u>	<u>\$ 5,523,979</u>	<u>\$ 1,147,510</u>	<u>\$ 53,559</u>

See the accompanying notes to the financial statements.

Net (Expense)Revenue and
Changes In Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (65,749)	\$ 0	\$ (65,749)
(2,412,913)	0	(2,412,913)
(1,105,673)	0	(1,105,673)
(907,648)	0	(907,648)
(6,833)	0	(6,833)
<u>(98,786)</u>	<u>0</u>	<u>(98,786)</u>
(4,597,601)	0	(4,597,602)
<u>0</u>	<u>339,247</u>	<u>339,247</u>
<u>\$ (4,597,601)</u>	<u>\$ 339,247</u>	<u>\$ (4,258,354)</u>

CITY OF KINGSTON, TENNESSEE

STATEMENT OF ACTIVITIES

(continued)

Year Ended June 30, 2023

NET (EXPENSE)REVENUE FROM PROGRAM ACTIVITIES

General Revenue:

Taxes:

Property taxes

Interest and penalty

In-Lieu of tax payments

Local sales tax

Business taxes

Wholesale beer taxes

Wholesale liquor taxes

Unrestricted intergovernmental

Investment earnings

Total general revenue

CHANGES IN NET POSITION

NET POSITION AT THE BEGINNING OF THE YEAR

NET POSITION AT THE END OF THE YEAR

Net (Expense)Revenue and
Changes In Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (4,597,601)	\$ 339,247	\$ (4,258,354)
2,218,900	0	2,218,900
22,356	0	22,356
55,440	0	55,440
1,904,873	0	1,904,873
146,866	0	146,866
231,264	0	231,264
43,144	0	43,144
927,151	0	927,151
18,912	9,758	28,670
<u>5,568,906</u>	<u>9,758</u>	<u>5,578,664</u>
971,305	349,003	1,320,308
<u>11,157,577</u>	<u>15,769,183</u>	<u>26,926,764</u>
<u>\$ 12,128,882</u>	<u>\$ 16,118,185</u>	<u>\$ 28,247,068</u>

CITY OF KINGSTON, TENNESSEE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Drug Enforcement Fund	Totals
ASSETS			
Cash	\$ 5,420,386	\$ 11,590	\$ 5,431,976
Property taxes receivable, net of allowance for uncollectible accounts of \$20,000	2,352,776	0	2,352,776
Other taxes receivable	172,362	0	172,362
Due from other governments	405,021	0	405,021
Other accounts receivable	10,328	0	10,328
	<u>\$ 8,360,872</u>	<u>\$ 11,590</u>	<u>\$ 8,372,463</u>
LIABILITIES			
Accounts payable	\$ 13,679	\$ 0	\$ 13,679
Accrued employee benefits	60,000	0	60,000
Accrued salaries	44,962	0	44,962
	<u>118,637</u>	<u>0</u>	<u>118,637</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	2,352,776	0	2,352,776
Deferred grant revenue	1,098,822	0	1,098,822
Deferred state shared and local taxes	239,507	0	239,507
	<u>3,691,104</u>	<u>0</u>	<u>3,691,105</u>
FUND BALANCES			
Restricted	530,904	11,590	542,494
Assigned	249,542	0	249,542
Unassigned	3,770,683	0	3,770,683
	<u>4,551,132</u>	<u>11,590</u>	<u>4,562,721</u>
	<u>\$ 8,360,872</u>	<u>\$ 11,590</u>	<u>\$ 8,372,463</u>

See the accompanying notes to the financial statements.

CITY OF KINGSTON, TENNESSEE

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2023

Total Fund Balance - Governmental Funds	\$ 4,562,721
Capital assets used in governmental activities are reported in the statement of net position; however, they are not current financial resources and therefore are not reported in the governmental funds balance sheet.	11,407,483
Net pension assets and liabilities, and the related deferred outflows and deferred inflows are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	
Net pension asset	404,482
Deferred outflows of resources	760,059
Deferred inflows of resources	(337,607)
Net other postemployment benefits assets and liabilities, and the related deferred outflows and deferred inflows are reported in the statement of net position; however, they are not current financial resources; therefore, they are not reported in the governmental funds balance sheet.	
Net other postemployment benefit liability	(58,363)
Deferred outflows of resources	411
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures; therefore, they are reported as deferred revenue in the governmental funds balance sheet.	332,930
Long-term liabilities are not due in the current period; therefore, they are not reported in the governmental funds balance sheet.	
Compensated absences	(343,787)
Long-term debt	<u>(4,599,446)</u>
Net Position of Governmental Activities	<u>\$ 12,128,882</u>

See the accompanying notes to the financial statements.

CITY OF KINGSTON, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year Ended June 30, 2023

	General Fund	Drug Enforcement Fund	Totals
REVENUE			
Taxes:			
Property tax	\$ 2,222,147	\$ 0	\$ 2,222,147
Interest and penalty	22,356	0	22,356
In-Lieu of tax payments	55,440	0	55,440
Local sales tax	1,905,576	0	1,905,576
Business tax	146,318	0	146,318
Wholesale beer tax	231,264	0	231,264
Wholesale liquor tax	43,144	0	43,144
Intergovernmental	1,821,700	0	1,821,700
Licenses, permits and fees	3,900	0	3,900
Charges for services	1,181,266	0	1,181,266
Fines and forfeitures	84,141	8,733	92,874
Investment earnings	18,912	0	18,912
Donations	247,954	0	247,954
TOTAL REVENUE	7,984,120	8,733	7,992,851
EXPENDITURES			
Current:			
General government	1,166,130	0	1,166,130
Public safety	2,310,098	4,508	2,314,606
Public welfare	1,208,003	0	1,208,003
Streets and highways	1,088,851	0	1,088,851
Solid waste management	353,730	0	353,730
Debt service	350,700	0	350,700
Capital outlay	1,680,706	0	1,680,706
TOTAL EXPENDITURES	8,158,217	4,508	8,162,726

See the accompanying notes to the financial statements.

CITY OF KINGSTON, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

(continued)

Year Ended June 30, 2023

	General Fund	Drug Enforcement Fund	Totals
NET CHANGE IN FUND BALANCES	(174,097)	4,225	(169,875)
FUND BALANCES AT THE BEGINNING OF THE YEAR	<u>4,725,229</u>	<u>7,365</u>	<u>4,732,594</u>
FUND BALANCES AT THE END OF THE YEAR	<u>\$ 4,551,132</u>	<u>\$ 11,590</u>	<u>\$ 4,562,721</u>

CITY OF KINGSTON, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2023

Net Change in Fund Balance \$ (169,875)

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:

Acquisition of capital assets	1,680,706
Depreciation expense	(681,942)
Loss on disposal of equipment	(4,946)

Retirement contributions made after the actuarial measurement date are an expenditure in the governmental funds, but increase deferred outflows for governmental activities. 102,764

Accruals for long-term compensated absences reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the statement of revenue, expenditures and changes in fund balances of governmental funds. (96,647)

Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental fund financial statements:

Deferred tax revenue - June 30, 2022	(335,002)
Deferred tax revenue - June 30, 2023	332,930

Pension expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental fund financial statements. (50,653)

See the accompanying notes to the financial statements.

CITY OF KINGSTON, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

(continued)

Year Ended June 30, 2023

Other postemployment benefits expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental fund financial statements.	(57,952)
Bond premiums are amortized for governmental activities but are not recognized in the governmental funds	11,914
Repayment of long-term debt is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities.	<u>240,000</u>
Change in Net Position of Governmental Activities	<u>\$ 971,297</u>

CITY OF KINGSTON, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND**

Year Ended June 30, 2023

	Budget			Variance
	Original	Final	Actual	Over (Under)
REVENUE				
Taxes:				
Property taxes	\$ 2,149,000	\$ 2,149,000	\$ 2,222,147	\$ 73,147
Interest and penalty	25,000	25,000	22,356	(2,644)
In-Lieu of tax payments	89,564	89,564	55,440	(34,124)
Local sales tax	1,523,098	1,523,098	1,905,576	382,478
Business tax	75,000	75,000	146,318	71,318
Wholesale beer tax	205,000	205,000	231,264	26,264
Wholesale liquor tax	62,000	62,000	43,144	(18,856)
	<u>4,128,662</u>	<u>4,128,662</u>	<u>4,626,247</u>	<u>497,583</u>
Intergovernmental:				
TVA In-Lieu of tax payments	75,000	75,000	74,394	(606)
State income tax	0	0	908	908
State gas tax	220,000	220,000	206,804	(13,196)
State beer tax	2,800	2,800	2,718	(82)
State liquor tax	6,000	6,000	11,804	5,804
State sales tax	650,000	650,000	708,243	58,243
State telecommunications tax	5,000	5,000	5,521	521
Corporate excise tax	20,000	20,000	10,217	(9,783)
Sports betting tax	2,000	2,000	10,613	8,613
Hotel and motel tax	45,000	45,000	48,516	3,516
COVID relief grants	0	0	13,257	13,257
Library grant	0	0	3,777	3,777
FEMA grant	0	0	64,462	64,462
ARPA grant	0	0	599,119	599,119
TML safety grant	6,000	6,000	9,125	3,125

See the accompanying notes to the financial statements.

CITY OF KINGSTON, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND

(continued)

Year Ended June 30, 2023

	Budget			Variance Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Police equipment grant	10,400	10,400	9,600	(800)
City streets and transportation	11,800	11,800	10,906	(894)
Special impact area fund	<u>0</u>	<u>0</u>	<u>31,715</u>	<u>31,715</u>
	1,054,000	1,054,000	1,821,700	767,699
 Licenses and permits:				
Beer and liquor licenses	2,000	2,000	3,650	1,650
Building permits	<u>75</u>	<u>75</u>	<u>250</u>	<u>175</u>
	2,075	2,075	3,900	1,825
 Charges for services:				
Cable fees	87,500	87,500	90,544	3,044
Sale of materials	13,045	13,045	81,449	68,404
Parks and recreation	50,500	50,500	65,088	14,588
Police services	500	500	150	(350)
Swimming pool	10,000	10,000	6,079	(3,921)
Highway and street charges	45,000	45,000	56,679	11,679
Water and gas contracts	506,668	506,668	506,668	0
Special fire protection fees	11,600	11,600	8,800	(2,800)
Miscellaneous charges	4,500	4,500	18,912	14,412
Garbage collection fees	<u>350,000</u>	<u>350,000</u>	<u>346,897</u>	<u>(3,103)</u>
	1,079,313	1,079,313	1,181,266	101,953
 Fines and forfeitures	26,000	26,000	84,141	58,141
 Other revenue:				
Donations	52,500	52,500	247,954	195,454
Interest	<u>5,000</u>	<u>5,000</u>	<u>18,912</u>	<u>13,912</u>
	57,500	57,500	266,866	209,366

CITY OF KINGSTON, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND

(continued)

Year Ended June 30, 2023

	<u>Budget</u>			<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
TOTAL REVENUE	6,347,550	6,347,550	7,984,120	1,636,570
EXPENDITURES				
Legislative:				
Salaries and wages	33,500	35,750	35,707	(43)
Payroll taxes	2,596	2,646	2,642	(4)
Health insurance	9,800	8,226	4,603	(3,623)
Retirement	1,407	1,407	876	(531)
Dues	4,450	4,548	4,548	0
Donations	10,475	10,075	10,000	(75)
Legal notices	5,700	6,270	6,266	(4)
Education	2,000	4,129	4,123	(6)
Public relations	19,000	15,714	15,276	(438)
Reappraisal	4,400	4,439	4,439	0
Telephone	2,000	2,124	2,124	0
	<u>95,328</u>	<u>95,328</u>	<u>90,605</u>	<u>(4,724)</u>
City Court:				
Salaries and wages	15,270	15,270	14,541	(729)
Payroll taxes	1,183	1,183	1,112	(71)
Retirement	642	642	0	(642)
Court costs	5,000	11,600	11,254	(346)
Repairs and maintenance	3,300	3,300	2,828	(472)
Operating supplies	200	400	319	(81)
Travel	900	100	89	(11)
Training	1,100	1,100	557	(543)
	<u>27,595</u>	<u>33,595</u>	<u>30,700</u>	<u>(2,895)</u>
City Manager's office:				
Salaries and wages	94,605	95,266	94,753	(513)
Payroll taxes	7,332	7,265	7,265	0

CITY OF KINGSTON, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**
GENERAL FUND
(continued)

Year Ended June 30, 2023

	<u>Budget</u>			<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Health insurance	14,170	14,080	14,080	0
Retirement	3,973	3,835	3,835	0
Employee training	120	0	0	0
Travel	1,137	891	891	0
	<u>121,337</u>	<u>121,337</u>	<u>120,823</u>	<u>(513)</u>
Financial administration:				
Salaries and wages	221,490	218,990	215,421	(3,569)
Payroll taxes	17,165	16,765	15,969	(796)
Health insurance	72,500	72,900	72,816	(84)
Retirement	9,219	9,219	8,678	(541)
Data processing services	45,300	40,900	40,671	(229)
Office supplies	4,500	10,900	8,792	(2,108)
Professional services	15,000	34,750	34,750	0
Postage	8,000	7,000	5,729	(1,271)
Training	5,000	2,800	2,501	(299)
Education	500	500	0	(500)
Travel	4,500	5,700	5,654	(46)
Telephone	2,000	2,400	2,375	(25)
Operating supplies	4,500	5,992	5,978	(14)
Repairs and maintenance	15,000	17,000	17,000	0
	<u>424,674</u>	<u>445,816</u>	<u>436,336</u>	<u>(9,482)</u>
Planning and zoning:				
State planning office	10,175	10,175	10,175	0
Operating supplies	200	200	0	(200)
	<u>10,375</u>	<u>10,375</u>	<u>10,175</u>	<u>(200)</u>
City Hall:				
Utilities	42,000	55,480	54,291	(1,189)
Telephone	22,000	21,990	21,987	(3)

CITY OF KINGSTON, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND
(continued)

Year Ended June 30, 2023

	Budget			Variance Over (Under)
	Original	Final	Actual	
Repairs and maintenance	25,000	39,898	36,842	(3,056)
Operating supplies	7,000	6,980	6,583	(397)
	96,000	124,348	119,705	(4,645)
General government:				
Salaries and wages	0	112,615	112,615	0
Payroll taxes	0	8,615	8,615	0
Workers compensation	55,000	40,968	40,925	(43)
Unemployment insurance	2,500	300	0	(300)
Insurance	86,600	95,828	95,628	(200)
Small equipment	300	300	100	(200)
E-911	89,500	89,500	87,705	(1,795)
Miscellaneous	8,200	15,204	12,199	(3,005)
	242,100	363,330	357,786	(5,543)
Police department:				
Salaries and wages	730,800	754,428	753,823	(605)
Payroll taxes	56,637	56,637	56,334	(303)
Health insurance	198,000	173,206	166,712	(6,494)
Retirement	29,854	29,854	29,333	(521)
Office expense	7,500	9,268	9,262	(6)
Telephone	17,000	22,000	21,903	(97)
Gasoline	37,000	39,600	39,600	0
Travel	5,000	7,100	7,048	(52)
Training	4,200	3,500	3,447	(53)
Uniforms	9,000	8,500	8,287	(213)
Data processing services	10,000	12,000	11,952	(48)

CITY OF KINGSTON, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND

(continued)

Year Ended June 30, 2023

	<u>Budget</u>			<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating supplies	17,800	35,506	22,329	(13,177)
Small equipment	23,500	39,915	39,504	(411)
	<u>1,146,291</u>	<u>1,191,514</u>	<u>1,169,532</u>	<u>(21,980)</u>
Automotive services:				
Repairs and maintenance	90,000	90,000	81,467	(8,533)
Fire department:				
Salaries and wages	692,800	716,000	711,512	(4,488)
Payroll taxes	52,995	52,995	51,561	(1,434)
Health insurance	261,050	246,150	212,865	(33,285)
Retirement	28,551	28,551	27,140	(1,411)
Training	9,000	5,650	15,515	9,865
Utilities	23,700	25,700	7,399	(18,301)
Telephone	8,800	8,800	7,852	(948)
Gasoline	15,000	17,500	17,500	0
Repairs and maintenance	15,000	69,300	28,917	(40,383)
Operating supplies	8,800	10,200	10,199	(1)
Office supplies	4,500	3,350	2,610	(740)
Safety supplies and incentives	10,000	6,000	5,789	(211)
Equipment	5,000	5,000	1,879	(3,121)
Uniforms	10,000	6,000	5,990	(10)
Travel	2,500	800	771	(29)
Miscellaneous	33,000	33,000	33,066	66
	<u>1,180,696</u>	<u>1,234,996</u>	<u>1,140,566</u>	<u>(94,431)</u>
Public works:				
Salaries and wages	452,400	428,400	409,781	(18,619)
Payroll taxes	35,061	35,061	29,589	(5,472)
Health insurance	150,000	160,000	158,765	(1,235)

CITY OF KINGSTON, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**
GENERAL FUND

(continued)

Year Ended June 30, 2023

	Budget			Variance Over (Under)
	Original	Final	Actual	
Retirement	17,741	17,741	15,842	(1,899)
Utilities	14,200	22,800	21,134	(1,666)
Telephone	6,000	5,000	2,504	(2,496)
Repairs and maintenance	17,000	21,500	20,202	(1,298)
Gasoline	38,000	45,360	45,360	0
Operating supplies	57,626	42,678	37,882	(4,796)
Uniforms	6,000	6,000	5,563	(437)
Traffic lights	11,000	11,000	10,884	(116)
Signs	6,000	6,000	3,730	(2,270)
Sidewalks	15,000	14,640	14,640	0
Street paving	50,000	31,000	29,787	(1,213)
Storm drains	17,000	16,500	15,014	(1,486)
Brush removal	7,000	4,498	3,375	(1,123)
Snow removal and salt	14,394	4,394	3,832	(562)
	914,422	872,572	827,883	(44,688)
State street aid:				
Utilities	161,500	179,500	179,500	0
Waste disposal	350,000	355,000	353,730	(1,270)
Animal control:				
Salaries and wages	16,000	14,300	12,825	(1,475)
Payroll taxes	1,240	1,240	929	(311)
Health insurance	4,300	4,300	3,448	(852)
Retirement	672	672	516	(156)
Vet services	3,000	3,000	3,000	0
Professional services	0	1,200	1,050	(150)
Operating supplies	800	2,500	2,500	0
	26,012	27,212	24,268	(2,944)

CITY OF KINGSTON, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND

(continued)

Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Swimming pool:				
Salaries and wages	25,000	19,900	19,755	(145)
Payroll taxes	1,938	1,938	1,511	(427)
Utilities	3,000	4,400	4,082	(318)
Repairs and maintenance	6,000	6,000	4,622	(1,378)
Operating supplies	13,500	17,200	14,400	(2,800)
	<u>49,438</u>	<u>49,438</u>	<u>44,371</u>	<u>(5,068)</u>
Parks and recreation:				
Salaries and wages	363,700	354,964	352,121	(2,843)
Payroll taxes	28,187	28,187	26,050	(2,137)
Health insurance	94,000	70,200	70,108	(92)
Retirement	13,595	13,595	12,920	(675)
Utilities	79,800	100,780	99,856	(924)
Telephone	7,200	7,200	7,161	(39)
Repairs and maintenance	142,800	178,427	176,895	(1,532)
Gasoline	12,000	10,400	10,400	0
Operating supplies	25,300	134,605	60,205	(74,400)
Office supplies	8,000	8,000	7,019	(981)
Uniforms	2,500	2,900	2,863	(37)
Special events	71,500	85,850	85,825	(25)
Travel	1,500	0	0	0
Training	1,500	1,500	0	(1,500)
	<u>851,582</u>	<u>996,608</u>	<u>911,424</u>	<u>(85,185)</u>
Library:				
Salaries and wages	138,800	142,384	142,384	0
Payroll taxes	10,400	10,799	10,799	0
Health insurance	17,800	17,477	17,477	0
Retirement	4,400	3,625	3,625	0
Utilities	13,800	11,341	11,341	0

CITY OF KINGSTON, TENNESSEE

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND
(continued)

Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Telephone	1,700	851	851	0
Repairs and maintenance	4,820	5,656	5,656	0
Books	10,830	13,235	13,219	(16)
Library programs	2,500	2,637	2,637	0
Subscriptions	1,850	1,840	1,840	0
Office supplies	7,000	16,442	16,442	0
Cleaning	1,500	1,163	1,163	0
Program supplies	1,100	506	506	0
	<u>216,500</u>	<u>227,956</u>	<u>227,940</u>	<u>(16)</u>
Capital outlay:				
General government	28,000	391,629	363,629	(28,000)
Police department	0	172,951	185,251	12,300
Fire department	475,000	496,778	496,778	0
Public works	0	73,884	76,233	2,349
Parks and recreation	650,000	621,149	558,816	(62,333)
	<u>1,153,000</u>	<u>1,756,391</u>	<u>1,680,706</u>	<u>(75,684)</u>
Debt service:				
Principal	240,000	240,000	240,000	0
Interest	110,700	110,700	110,700	0
	<u>350,700</u>	<u>350,700</u>	<u>350,700</u>	<u>0</u>
TOTAL EXPENDITURES	<u>7,507,550</u>	<u>8,526,016</u>	<u>8,158,217</u>	<u>(367,801)</u>

CITY OF KINGSTON, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**
GENERAL FUND
(continued)

Year Ended June 30, 2023

	Budget			Variance Over (Under)
	Original	Final	Actual	
NET CHANGE IN FUND BALANCE	(1,160,000)	(2,178,466)	(174,097)	2,004,371
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>1,160,000</u>	<u>2,178,466</u>	<u>4,725,229</u>	<u>2,546,763</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,551,132</u>	<u>\$ 4,551,134</u>

CITY OF KINGSTON, TENNESSEE

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
DRUG ENFORCEMENT FUND**

Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Drug related fines	\$ 15,000	\$ 15,000	\$ 8,733	\$ (6,267)
EXPENDITURES				
Education	1,000	1,000	0	(1,000)
Contractual services	1,000	1,000	0	(1,000)
Machinery and equipment	8,000	7,300	0	(7,300)
Operating supplies	4,000	4,700	4,508	(192)
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
TOTAL EXPENDITURES	<u>15,000</u>	<u>15,000</u>	<u>4,508</u>	<u>(10,492)</u>
NET CHANGE IN FUND BALANCE	0	0	4,225	4,225
FUND BALANCE AT THE BEGINNING OF THE YEAR	<u>0</u>	<u>0</u>	<u>7,365</u>	<u>7,365</u>
FUND BALANCE AT THE END OF THE YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,590</u>	<u>\$ 11,590</u>

See the accompanying notes to the financial statements.

CITY OF KINGSTON, TENNESSEE

STATEMENT OF NET POSITION
WATER AND SEWER FUND

June 30, 2023

CURRENT ASSETS

Cash	\$	2,260,822
Restricted cash - Bond sinking and reserve fund		709,561
Accounts receivable, net of allowance for uncollectible accounts of \$355,000		803,347
Other receivable		25,887
Materials and supplies		<u>131,184</u>

TOTAL CURRENT ASSETS 3,930,801

CAPITAL ASSETS

Land	\$	270,618
Vehicles		392,945
Machinery and equipment		696,937
Utility plant		28,141,497
Construction in process		<u>21,527</u>
		29,523,524
Accumulated depreciation		<u>(12,891,464)</u>
		16,632,060

OTHER ASSET

Net pension asset		<u>161,899</u>
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TOTAL NONCURRENT ASSETS 16,793,959

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension		<u>310,853</u>
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\$ 21,035,615

See the accompanying notes to the financial statements.

CURRENT LIABILITIES

Accounts payable	\$	52,853	
Accrued salaries		17,254	
Accrued employee benefits		<u>20,000</u>	
			90,107

**CURRENT LIABILITY PAYABLE
FROM RESTRICTED ASSETS**

Current portion of long-term debt		<u>453,767</u>	
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TOTAL CURRENT LIABILITIES 543,874

OTHER LIABILITY

Net postemployment benefit liability			26,745
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LONG-TERM LIABILITIES

Bonds payable	\$	3,982,453	
Long-term compensated absences		<u>188,357</u>	4,170,809

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension			176,002
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NET POSITION

Net investment in capital assets		12,195,842	
Restricted:			
Debt retirement		709,561	
Pension		161,899	
Unrestricted		<u>3,050,883</u>	<u>16,118,185</u>
			<u>\$ 21,035,615</u>

CITY OF KINGSTON, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
WATER AND SEWER FUND

Year Ended June 30, 2023

OPERATING REVENUE

Charges for services	\$ 4,204,721
Other operating revenue	<u>49,832</u>

TOTAL OPERATING REVENUE 4,254,553

OPERATING EXPENSES

Water operations:

Salaries	\$ 430,407	
Payroll taxes	31,829	
Hospital and health insurance	128,273	
Retirement	8,136	
Utilities	98,542	
Repairs and maintenance	35,507	
Chemicals	121,756	
Operating supplies	5,849	
Gasoline	<u>12,786</u>	873,087

Sewer operations:

Salaries	388,301	
Payroll taxes	30,517	
Hospital and health insurance	112,967	
Retirement	7,165	
Waste disposal	24,780	
Repairs and maintenance	49,507	
Operating supplies	25,150	
Chemicals	91,514	
Gasoline	<u>2,802</u>	732,705

See the accompanying notes to the financial statements.

CITY OF KINGSTON, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION

WATER AND SEWER FUND

(continued)

Year Ended June 30, 2023

Distribution and collection:

Utilities	145,099	
Repairs and maintenance	169,564	
Uniforms	<u>15,432</u>	330,096

General and administration:

Contract operations	485,168	
Salaries	369,814	
Payroll taxes	20,510	
Hospital and health insurance	109,401	
Retirement	5,243	
Property and liability insurance	93,122	
Workers' compensation	38,919	
Utilities	27,635	
Data processing services	37,080	
Professional services	27,625	
Travel	4,504	
Supplies	467	
Education	8,003	
TML dues	<u>15,409</u>	1,242,899

CITY OF KINGSTON, TENNESSEE

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
WATER AND SEWER FUND

(continued)

Year Ended June 30, 2023

Depreciation		<u>673,451</u>
TOTAL OPERATING EXPENSES		<u>3,852,238</u>
INCOME FROM OPERATIONS		402,315
NONOPERATING REVENUE(EXPENSE)		
Interest income	9,758	
Interest expense	<u>(116,628)</u>	<u>(106,870)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS		295,444
Capital contributions		<u>53,559</u>
CHANGE IN NET POSITION		349,003
NET POSITION AT THE BEGINNING OF THE YEAR		<u>15,769,183</u>
NET POSITION AT THE END OF THE YEAR		<u><u>\$ 16,118,185</u></u>

CITY OF KINGSTON, TENNESSEE

STATEMENT OF CASH FLOWS
WATER AND SEWER FUND

Year Ended June 30, 2023

**CASH PROVIDED(USED) BY
OPERATING ACTIVITIES**

Cash received from customers	\$ 4,222,442
Cash paid to suppliers	(1,925,525)
Cash paid to employees	<u>(1,184,480)</u>

**NET CASH PROVIDED BY
OPERATING ACTIVITIES**

1,112,437

**CASH PROVIDED(USED) BY CAPITAL AND
RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	\$ (121,594)
Capital contributions	53,559
Principal payments on long-term debt	(466,324)
Interest paid on debt	<u>(128,000)</u>

**NET CASH (USED) BY CAPITAL AND
RELATED FINANCING ACTIVITIES**

(662,359)

**CASH PROVIDED(USED) BY
INVESTING ACTIVITIES**

Interest received	<u>9,758</u>
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NET INCREASE IN CASH

459,836

**CASH AND CASH EQUIVALENTS
AT THE BEGINNING OF THE YEAR**

2,510,545

**CASH AND CASH EQUIVALENTS
AT THE END OF THE YEAR**

\$ 2,970,383

See the accompanying notes to the financial statements.

CITY OF KINGSTON, TENNESSEE

STATEMENT OF CASH FLOWS

WATER AND SEWER FUND

(continued)

Year Ended June 30, 2023

**RECONCILIATION OF INCOME
FROM OPERATIONS TO NET CASH
PROVIDED(USED) BY OPERATING ACTIVITIES**

Income from operations		\$	402,315
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	\$	673,451	
Deferred retirement contributions		(41,679)	
Pension expense		20,544	
Other postemployment benefits expense		26,745	
(Increase) in:			
Accounts receivable		(32,112)	
Materials and supplies		(29,901)	
Increase in:			
Accounts payable		27,971	
Accrued salaries		4,041	
Long-term compensated absences		61,062	710,122
			<u>710,122</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			<u>\$ 1,112,437</u>

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE A - DESCRIPTION OF ORGANIZATION

City of Kingston, Tennessee (the City) was incorporated in 1903 under the provisions of the State of Tennessee and operated under a Council-Manager form of government. It has the usual corporate powers of municipalities, including taxation, entering into contracts, and issuing bonds. The following services are authorized by Charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water and sewer, and general administrative duties.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City, for financial reporting purposes, includes all funds relevant to the operations of City of Kingston, Tennessee. The financial statements presented herein do not include agencies that have been formed under applicable state laws, or separate and distinct units of government apart from the City. As of June 30, 2023 and for the year then ended, the City had no discretely presented component units which were required to be included in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements, which consist of the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met. Intergovernmental revenues with restrictions are reported as program revenue in the statement of activities, those without restrictions are reported as general revenue.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 30 days of the end of the current fiscal period. Property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. However, debt service expenditures and expenditures related to claims and judgments, are recorded only when the payment is due.

All trade receivables are shown net of an allowance for uncollectible accounts. Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. In Tennessee, this date is January 1, and is referred to as the lien date. Revenue from property taxes, however, is recognized in the period for which the taxes are levied, which for the City is October 1 of the ensuing fiscal year. Since the receivable for property taxes is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated amount for uncollectible taxes, is reported as deferred revenue in the fund financial statements and unearned revenue in the government-wide financial statements as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied and uncollected during the current fiscal year as well as the previous eight fiscal years. These property tax receivables are presented on the general fund balance sheet with offsetting deferred revenue to reflect the amounts not available as of June 30. Property taxes collected within 60 days of year-end are considered available and are accrued as revenue. Property taxes collected later than 60 days after year-end are not considered available and are accrued and reported as deferred revenue. An allowance for uncollectible taxes is also recorded representing the estimated amount of delinquent taxes receivable that will be filed with the Roane County Clerk for collection.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2023

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *drug enforcement fund* is used to account for costs associated with drug investigation and control and officers' training.

The City reports the following major proprietary fund:

The *water and sewer fund* accounts for the activities of the water and sewer departments, which operate and maintain a water distribution and sewer collection system for residents and businesses on a user charge basis.

All activities necessary to provide these services are accounted for in such a manner as to show profit or loss similar to comparable private enterprises.

The City had no internal service funds or fiduciary funds as of or for the year ended June 30, 2023.

Proprietary fund financial statements include a statement of net position, a statement of revenue, expenses and change in net position and a statement of cash flows for each major proprietary fund. Proprietary funds are accounts for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the statement of net position. The statement of revenue, expenses and change in net position presents increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenue is recognized in the period in which it is earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the City's proprietary funds is charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2023

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the City's water and sewer function, and various other functions of the City. Elimination of these charges would distort the direct costs and program revenue reported in the various functions concerned.

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting reporting purposes into the following three net position groups:

Net Investment in Capital Assets

This category includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Net investment in capital assets at June 30, 2023 has been calculated as follows:

Governmental activities:

Capital assets	\$ 20,859,956
Accumulated depreciation	(9,452,473)
Principal balance on long-term debt	(4,385,000)
Unamortized bond premium	<u>(214,446)</u>
	<u>\$ 6,808,037</u>

Business-Type activities:

Capital assets	\$ 29,523,522
Accumulated depreciation	(12,891,464)
Principal balance on long-term debt	(4,231,517)
Unamortized bond premium	<u>(204,703)</u>
	<u>\$ 12,195,842</u>

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Restricted

This category includes net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the City pursuant to those stipulations or that expire by the passage of time. Net position of the general fund is restricted for the library and for the solid waste collection and disposal. Net position of the drug enforcement fund is classified as restricted net position because its use is limited to drug enforcement. Net position of the water and sewer fund is restricted for construction projects, debt services and pension. Governmental activities also report restricted net position for pension. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted

This category includes net position that is not subject to externally imposed stipulations and that does not meet the definition of "Restricted" or "Net Investment in Capital Assets". Unrestricted net position may be designated for specific purposes by action of management or the city council or may otherwise be limited by contractual agreements with outside parties.

Fund Balances

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes standards for fund balance classifications for state and local governments and requires that resources be classified for accounting reporting purposes into the following fund balances:

Nonspendable Fund Balances

Fund balances reported as nonspendable in the accompanying financial statements represent amounts for prepaid expenses or inventory.

Restricted Fund Balances

Fund balances reported as restricted in the accompanying financial statements represent amounts restricted to specific purposes by externally imposed restrictions or imposed by law through constitutional provisions or enabling legislation.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Committed Fund Balances

Fund balances reported as committed in the accompanying financial statements represent amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The city council commits resources for specific purposes by passing ordinances.

Assigned Fund Balances

Fund balances reported as assigned in the accompanying financial statements represent amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by the city council. At June 30, 2023, the City had fund balances of \$249,542 assigned to capital improvement projects.

Unassigned Fund Balances

In accordance with generally accepted accounting principles, the general fund is the only fund of the City that reports positive unassigned fund balance. This classification represents fund balance that is not nonspendable and has not been committed to specific purposes within the general fund. In the event that governmental funds other than the general fund expend more than the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City would typically use restricted resources first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Budgets and Budgetary Accounting

The city council is required to adopt, by ordinance, total budget appropriations by line item for all funds. The City's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP). All budget amendments must be approved by the city council. Unused appropriations lapse at the end of the year.

Materials and Supplies

Materials and supplies of the proprietary fund are valued at cost (determined on a first-in, first-out basis). The cost of inventory items of the governmental fund types (primarily materials and supplies) are recorded as expenditures when purchased.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns on the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are valued at acquisition value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 50 years.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Compensated Absences

City employees are granted vacation and sick leave in varying amounts based on years of employment, and may accumulate a maximum of one year's vacation leave and 960 hours sick leave. In the event of termination, employees who have completed at least six months of service are paid for any unused vacation leave. Employees who have not completed six months of service are not paid for unused vacation leave. In the event of retirement, employees are compensated for 50% of accumulated unused sick leave.

Accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as expenditures and a fund liability of the governmental fund that will pay it. Governmental activities report accumulated vacation and sick leave as expenditures and liability, regardless of the timing of the related cash flow. Accumulated vacation and sick leave of the proprietary fund is recorded as an expense and liability of the fund as the benefits accrue to the employees.

Compensated absences at June 30, 2023 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Current portion of compensated absences	\$ 60,000	\$ 20,000	\$ 80,000
Long-term compensated absences	<u>343,787</u>	<u>188,357</u>	<u>532,144</u>
Totals	<u>\$ 403,787</u>	<u>\$ 208,357</u>	<u>\$ 612,144</u>

Changes to compensated balances during the year ended June 30, 2023 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Beginning balance	\$ 307,140	\$ 147,295	\$ 454,435
Earned	232,324	160,315	392,639
Used	<u>(135,677)</u>	<u>(99,253)</u>	<u>(234,930)</u>
Ending balance	<u>\$ 403,787</u>	<u>\$ 208,357</u>	<u>\$ 612,144</u>

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Allowance for Uncollectible Accounts

Allowances for uncollectible accounts and taxes receivable are provided based upon historical trends. Allowances for uncollectible accounts at June 30, 2023 were as follows:

Governmental funds	\$ 20,000
Proprietary fund	355,000

Property Taxes

Property taxes are levied on October 1, and are due and payable at that time. Taxes become delinquent and begin accumulating interest and penalties the following March 1, and attach as an enforceable lien on property after one year of delinquency.

Pension

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 City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

The fund financial statements report retirement expense based on contributions made to the plan.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE C - CASH AND INVESTMENTS

Investments that have maturities of three months or less at the date of purchase are classified as cash equivalents. Cash and investments are stated at cost, which approximates market value. Carrying amounts at June 30, 2023 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Cash on hand	\$ 500	\$ 200	\$ 700
Bank deposits (checking and savings accounts)	<u>5,431,476</u>	<u>2,970,183</u>	<u>8,401,659</u>
Totals	<u>\$ 5,431,976</u>	<u>\$ 2,970,383</u>	<u>\$ 8,402,359</u>
Unrestricted assets	\$ 5,431,976	\$ 2,260,822	\$ 7,692,798
Restricted assets	<u>0</u>	<u>709,561</u>	<u>709,561</u>
Totals	<u>\$ 5,431,976</u>	<u>\$ 2,970,383</u>	<u>\$ 8,402,359</u>

State of Tennessee law authorizes the City to invest in obligations of the United States of America or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States of America or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the Tennessee Department of Treasury Local Government Investment Pool (LGIP). The LGIP contains investments in certificates of deposit, U.S. Treasury securities and repurchase agreements, backed by the U.S. Treasury securities. The Treasurer of the State of Tennessee administers the investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee Bank Collateral Pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

All cash balances at June 30, 2023 were entirely insured through the Federal Deposit Insurance Corporation or the State of Tennessee Bank Collateral Pool.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE D - 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 Tennessee Municipal League Risk Management Pool (the Pool) and pays an annual premium to the Pool for its workers' compensation and general liability coverage, destruction of property and employee dishonesty bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows the Pool to make additional assessments or refund surplus revenue to the City. It is not possible to estimate the amount of such additional assessments or refunds, if any.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE E - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>7/1/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/23</u>
Governmental Activities:				
<u>Capital assets not being depreciated</u>				
Land	\$ 852,084	\$ 352,804	\$ 0	\$ 1,204,888
<u>Capital assets being depreciated</u>				
Land improvements	3,814,754	0	0	3,814,754
Buildings and improvements	8,044,378	259,523	0	8,303,901
Other improvements	2,410,405	187,611	0	2,598,016
Vehicles	3,167,331	487,567	(349,658)	3,305,239
Machinery and equipment	<u>1,295,313</u>	<u>393,202</u>	<u>(55,357)</u>	<u>1,633,158</u>
	18,732,181	1,327,902	(405,015)	19,655,068
<u>Accumulated depreciation</u>				
Land improvements	(827,985)	(110,704)	0	(938,690)
Buildings and improvements	(4,182,491)	(257,107)	0	(4,439,597)
Other improvements	(756,330)	(76,781)	0	(833,112)
Vehicles	(2,642,033)	(146,235)	348,042	(2,440,226)
Machinery and equipment	<u>(761,761)</u>	<u>(91,115)</u>	<u>52,027</u>	<u>(800,848)</u>
	<u>(9,170,600)</u>	<u>(681,942)</u>	<u>400,069</u>	<u>(9,452,473)</u>
	<u>\$ 10,413,665</u>	<u>\$ 998,764</u>	<u>\$ (4,946)</u>	<u>\$ 11,407,483</u>

Depreciation expense is charged to the various governmental functions as follows:

General government	\$ 257,099
Public safety	155,585
Public welfare	207,078
Public works	<u>62,180</u>
	<u>\$ 681,942</u>

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

	Balance <u>7/1/22</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/23</u>
Business-Type Activities:				
<u>Capital assets not being depreciated</u>				
Land	\$ 270,618	\$ 0	\$ 0	\$ 270,618
Construction in process	<u>0</u>	<u>61,756</u>	<u>(40,229)</u>	<u>21,527</u>
	270,618	61,756	(40,229)	292,145
<u>Capital assets being depreciated</u>				
Buildings and improvements	42,852	41,017	0	83,869
Vehicles	583,481	0	(190,537)	392,944
Machinery and equipment	740,937	0	(44,000)	696,937
Water line infrastructure	0	4,587	0	4,587
Sewer line infrastructure	0	54,463	0	54,463
Utility plant	<u>27,998,579</u>	<u>0</u>	<u>0</u>	<u>27,998,579</u>
	29,365,848	100,067	(234,537)	29,231,376
<u>Accumulated depreciation</u>				
Buildings and improvements	(32,681)	(3,204)	0	(35,885)
Vehicles	(525,963)	(15,632)	190,537	(351,058)
Machinery and equipment	(494,176)	(35,220)	44,000	(485,397)
Water line infrastructure	0	(153)	0	(153)
Utility plant	<u>(11,399,730)</u>	<u>(619,242)</u>	<u>0</u>	<u>(12,018,972)</u>
	(12,452,550)	(673,451)	234,537	(12,891,464)
	<u>\$ 17,183,917</u>	<u>\$ (511,628)</u>	<u>\$ (40,229)</u>	<u>\$ 16,632,060</u>

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2023

NOTE F - PENSION PLAN

Plan Description

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than .5%. A 1% COLA is granted if the CPI change is between .5% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Employees Covered by Benefit Terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	60
Active employees	<u>69</u>
	<u>148</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for the City were \$144,444 based on a rate of 4.12% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability(Asset)

The City's net pension liability(asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability(asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.125%

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Mortality rates were based on actual including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.25%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31.00%
Developed market international equity	5.37	14.00
Emerging market international equity	6.09	4.00
Private equity and strategic lending	6.57	20.00
U.S. fixed income	1.20	20.00
Real estate	4.38	10.00
Short-term securities	0.00	1.00
		<u>100.00%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% based on a blending of the future capital market projections, historical market returns and expected inflation rate, as described above.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive 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.

Changes in Net Pension Liability(Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Changes for the year ended June 30, 2022:			
Increase(decrease):			
Service cost	\$ 298,819	\$ 0	\$ 298,819
Interest	544,006	0	544,006
Differences between expected and actual experience	(103,038)	0	(103,038)
Changes of assumptions	0	0	0
Contributions - employer	0	118,445	(118,445)
Contributions - employees	0	163,148	(163,148)
Net investment income	0	(355,187)	355,187
Benefit payments, including refunds of employee contributions	(260,362)	(260,362)	0
Administrative expense	0	(6,666)	6,666
Net changes for the year ended June 30, 2022	479,425	(340,622)	820,047
Balances at June 30, 2021	7,890,713	9,277,141	(1,386,428)
Balances at June 30, 2022	\$ 8,370,138	\$ 8,936,519	\$ (566,381)

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Sensitivity of the Net Pension Liability(Asset) to Changes in the Discount Rate

The following presents the net pension liability(asset) of the City calculated using the discount rate of 6.75%, as well as what the net pension liability(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1% Increase <u>7.75%</u>
Net pension liability(asset)	\$ 750,703	\$ (566,381)	\$ (1,637,458)

Pension Expense

For the year ended June 30, 2023, the City recognized negative pension expense of \$71,251.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the City reported deferred outflows or 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	\$ 83,808	\$ 513,609
Net difference between projected and actual earnings on pension plan investments	29,355	0
Changes in assumptions	813,306	0
Contributions subsequent to the measurement date of June 30, 2022	<u>144,444</u>	<u>not applicable</u>
Totals	<u>\$ 1,070,912</u>	<u>\$ 513,609</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2022," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30:</u>	
2024	\$ 23,470
2025	32,064
2026	(5,358)
2027	251,330
2028	37,119
Thereafter	74,234

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE G - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

Employees of the City of Kingston, Tennessee are provided with pre-65 retiree health insurance benefits through the Local Government OPEB plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multi-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the Plan. The Plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits Provided

The City offers the Plan to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. Retired plan members receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Retired employees are required to pay at least 100% of the monthly medical contributions as paid by active employees. The Plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	0
Active employees	<u>57</u>
	<u>57</u>

An insurance committee establishes the required payments to the Plan by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the Plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2023, the City paid \$411 to the Plan for OPEB benefits as they came due.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS
(continued)

June 30, 2023

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72% based on age, including inflation, averaging 4%
Healthcare cost trend rates	8.37% for pre-65 in 2022, decreasing annually over a 7 year period to an ultimate rate of 4.5%. 8.99% for post-65 in 2022, decreasing annually over a 8 year period to an ultimate rate of 4.5%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022 valuations were the same as those employed in the July 1, 2021 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by the TCRS based on the results of an actuarial experience study for the period July 1, 2016-June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for the General Employees for non-disabled pre-retirement mortality, with mortality improvements projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This rate reflects the interest rate derived from yields on a 20-year, tax exempt general obligation municipal bonds prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index..

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Changes in Net OPEB Liability(Asset)

	<u>Total OPEB Liability</u>
Changes for the year ended June 30, 2022:	
Increase(decrease):	
Service cost	\$ 0
Interest	0
Changes of benefit terms	85,108
Differences between expected and actual experience	0
Change of assumptions	0
Benefit payments	<u>0</u>
Net changes for the year ended June 30, 2022	85,108
Balance at June 30, 2021	<u>0</u>
Balance at June 30, 2022	<u>\$ 85,108</u>

Changes of assumptions:

The discount rate was changed from 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability. Other changes of assumptions include adjustments to initial per capita costs and slight changes to the near term health trend rates.

Sensitivity of the total OPEB liability to Changes in the Discount Rate

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Net OPEB liability	\$ 92,102	\$ 85,108	\$ 78,577

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Sensitivity of the total OPEB liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend.

	1% Decrease (7.37%/7.99% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.37%/8.99% decreasing to 4.50%)	1% Increase (9.37%/9.99% decreasing to (5.50%)
Net OPEB liability	\$ 74,961	\$ 85,108	\$ 97,066

OPEB Expense

For the year ended June 30, 2023, the City recognized OPEB expense of \$85,108.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the City reported deferred outflows or resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Changes in assumptions	0	0
Employer payments subsequent to the measurement date of June 30, 2022	411	0
Totals	\$ 411	\$ 0

The amount shown above for "Employer payments subsequent to the measurement date of June 30, 2022," will be recognized as a reduction to total OPEB liability in the following measurement period.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE H - LONG-TERM DEBT

Long-term debt at June 30, 2023 consisted of the following:

Governmental Activities:

General Obligation Bonds, Series 2021, payable in annual installments, ranging from \$245,000 in 2024 to \$135,000 in 2041, interest rate is 2%, including premium of \$214,446	\$ 4,599,446
Less current maturities	<u>(245,000)</u>
	<u>\$ 4,354,446</u>

Business-Type Activities:

USDA Rural Development, Water Revenue and Tax Bond Series 2010, payable in annual installments of \$52,720, including interest at 2.5% through March 2051	\$ 1,059,345
USDA Rural Development, Water Revenue and Tax Bond Series 2010B, payable in annual installments of \$36,112 including interest at 2.5% through June 2053	762,172
General Obligation Bonds, Series 2021, payable in annual installments ranging from \$410,000 in 2024 to \$105,000 in 2032, interest rate is 2%, including premium of \$204,703	<u>2,614,703</u>
	4,436,220
Less current maturities	<u>(453,767)</u>
	<u>\$ 3,982,453</u>

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Maturities of long-term debt as of June 30, 2023 are as follows:

Governmental Activities:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 245,000	\$ 103,500	\$ 348,500
2025	250,000	96,150	346,150
2026	260,000	88,650	348,650
2027	265,000	80,850	345,850
2028	275,000	72,900	347,900
2029	285,000	64,650	349,650
2030	290,000	56,100	346,100
2031	295,000	50,300	345,300
2032	285,000	44,400	329,400
2033	285,000	38,700	323,700
2034	280,000	33,000	313,000
2035	275,000	27,400	302,400
2036	275,000	21,900	296,900
2037	275,000	16,400	291,400
2038	140,000	10,900	150,900
2039	135,000	8,100	143,100
2040	135,000	5,400	140,400
2041	<u>135,000</u>	<u>2,700</u>	<u>137,700</u>
	<u>\$ 4,385,000</u>	<u>\$ 822,000</u>	<u>\$ 5,207,000</u>

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Business-Type Activities:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 453,767	\$ 112,825	\$ 566,592
2025	414,941	99,347	514,288
2026	386,078	87,111	473,189
2027	362,239	75,745	437,984
2028	318,373	65,164	383,537
2029	299,660	55,777	355,437
2030	250,916	47,022	297,938
2031	202,203	41,734	243,937
2032	158,468	37,469	195,937
2033	54,875	33,962	88,837
2034	56,261	32,574	88,835
2035	57,682	31,151	88,833
2036	59,096	29,738	88,834
2037	60,639	28,198	88,837
2038	62,171	26,665	88,836
2039	63,743	25,093	88,836
2040	65,321	23,516	88,837
2041	67,006	21,829	88,835
2042	68,700	20,134	88,834
2043	70,437	18,397	88,834
2044	72,195	16,639	88,834
2045	74,044	14,790	88,834
2046	75,917	12,918	88,835
2047	77,839	10,998	88,837
2048	79,795	9,040	88,835
2049	81,823	7,011	88,834
2050	83,896	4,942	88,838
2051	82,609	2,821	85,430
2052	34,752	1,363	36,115
2053	<u>36,071</u>	<u>484</u>	<u>36,555</u>
	<u>\$ 4,231,517</u>	<u>\$ 994,456</u>	<u>\$ 5,225,973</u>

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

Changes in long-term debt for the year ended June 30, 2023 were as follows:

	Balance <u>7/1/22</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>6/30/23</u>	Amounts Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
General Obligation					
Bonds, Series 2021	<u>\$ 4,625,000</u>	<u>\$ 0</u>	<u>\$ 240,000</u>	<u>\$ 4,385,000</u>	<u>\$ 245,000</u>

The ad valorem taxes levied on all taxable property within the City of Kingston, Tennessee are pledged for the repayment of the principal and interest maturities of all Tennessee Municipal Bond Fund loans.

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

	Balance <u>7/1/22</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>6/30/23</u>	Amounts Due Within <u>One Year</u>
<u>Business-Type Activities:</u>					
Rural Development Series 2010	\$ 1,084,261	\$ 0	\$ 24,916	\$ 1,059,345	\$ 26,492
General Obligation Bonds, Series 2021	2,835,000	0	425,000	2,410,000	410,000
Rural Development Series 2010B	<u>778,580</u>	<u>0</u>	<u>16,408</u>	<u>762,172</u>	<u>17,275</u>
	<u>\$ 4,697,841</u>	<u>\$ 0</u>	<u>\$ 466,324</u>	<u>\$ 4,231,517</u>	<u>\$ 453,767</u>

The income and revenue derived from the operation of the water and sewer system and the ad valorem taxes levied on all taxable property within the City of Kingston, Tennessee are pledged for the repayment of the principal and interest maturities of the General Obligation Bonds and the Rural Development loans.

Interest costs are expensed and reported as a direct expense of the program for which the borrowing is related. Interest costs incurred for the year ended June 30, 2023 were \$110,700 for governmental activities and \$116,628 for business-type activities.

NOTE I - STATE STREET AID FUNDS

Tennessee Code Annotated Section 54-4-204 restricts funds generated from certain gasoline taxes for use on street repairs and maintenance. At June 30, 2023 the City held the following funds restricted for these purposes:

Beginning restricted balance	\$ 246,226
Gasoline tax proceeds	206,804
Street repairs and maintenance expenditures	<u>(179,500)</u>
	<u>\$ 273,530</u>

CITY OF KINGSTON, TENNESSEE

NOTES TO THE FINANCIAL STATEMENTS

(continued)

June 30, 2023

NOTE J - SOLID WASTE COLLECTION FEES

Tennessee Code Annotated Section 68-211-835 restricts funds generated from solid waste collection fees for use in establishing and maintaining solid waste collection and disposal services. At June 30, 2023 the City held the following funds restricted for these purposes:

Beginning restricted balance	\$ 224,970
Solid waste collection fees	346,897
Solid waste expenditures	<u>(353,730)</u>
	<u>\$ 218,138</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KINGSTON, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET)

June 30, 2023

	Measurement Date at June 30,		
	2022	2021	2020
<u>Total pension liability</u>			
Service cost	\$ 298,819	\$ 263,197	\$ 254,285
Interest	544,006	491,219	459,622
Differences between actual and expected experience	(103,038)	(311,452)	(110,943)
Changes of assumptions	0	1,023,090	0
Benefit payments, including refunds of employee contributions	(260,362)	(175,168)	(176,927)
Net change in total pension liability	479,425	1,290,886	426,037
Total pension liability - beginning	7,890,713	6,599,827	6,173,790
 Total pension liability - ending (a)	 8,370,138	 7,890,713	 6,599,827
<u>Plan fiduciary net position</u>			
Contributions - employer	118,445	110,753	116,720
Contributions - employee	163,148	153,913	160,771
Net investment income	(355,187)	1,893,868	342,720
Benefit payments, including refunds of employee contributions	(260,362)	(175,168)	(176,927)
Administrative expense	(6,666)	(5,861)	(5,850)
Net change in plan fiduciary net position	(340,622)	1,977,505	437,434
Plan fiduciary net position - beginning	9,277,141	7,299,636	6,862,202
Plan fiduciary net position - ending (b)	8,936,519	9,277,141	7,299,636
 Net pension liability(asset) - ending (a) - (b)	 \$ (566,381)	 \$ (1,386,428)	 \$ (699,809)

See the accompanying independent accountants' audit report.

Measurement Date at June 30,					
2019	2018	2017	2016	2015	2014
\$ 261,276	\$ 244,038	\$ 231,969	\$ 213,345	\$ 206,306	\$ 194,838
435,630	384,562	350,092	313,553	283,226	260,177
(209,220)	160,504	2,741	51,990	116	(61,302)
0	0	137,968	0	0	0
(122,626)	(81,280)	(115,574)	(105,077)	(79,589)	(116,127)
365,060	707,824	607,196	473,811	410,059	277,586
5,808,730	5,100,906	4,493,710	4,019,899	3,609,840	3,332,254
6,173,790	5,808,730	5,100,906	4,493,710	4,019,899	3,609,840
111,149	192,972	176,899	185,303	178,814	174,516
161,086	160,810	147,171	141,150	136,274	128,510
470,564	468,652	550,830	119,851	128,289	566,249
(122,626)	(81,280)	(115,574)	(105,077)	(79,589)	(116,127)
(5,804)	(6,188)	(5,455)	(4,811)	(3,238)	(2,302)
614,369	734,966	753,871	336,416	360,550	750,846
6,247,833	5,512,867	4,758,996	4,422,580	4,062,030	3,311,184
6,862,202	6,247,833	5,512,867	4,758,996	4,422,580	4,062,030
<u>\$ (688,412)</u>	<u>\$ (439,103)</u>	<u>\$ (411,961)</u>	<u>\$ (265,286)</u>	<u>\$ (402,681)</u>	<u>\$ (452,190)</u>

CITY OF KINGSTON, TENNESSEE

CHANGES IN NET PENSION LIABILITY(ASSET)

(continued)

June 30, 2023

	Measurement Date at June 30,		
	2022	2021	2020
Plan fiduciary net position as a percentage of total net pension liability	106.77%	117.57%	110.60%
Covered payroll	\$ 3,262,945	\$ 3,078,257	\$ 3,215,415
Net pension liability(asset) as a percentage of covered payroll	(17.36)%	(45.04)%	(21.76)%

Notes to Changes in Net Pension Liability(Asset)

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Changes of Assumptions

During the year ended June 30, 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. During the year ended June 30, 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

		Measurement Date at June 30,			
<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
111.15%	107.56%	108.08%	105.90%	110.02%	112.53%
\$3,221,707	\$3,216,193	\$2,943,407	\$2,823,982	\$2,725,468	\$ 2,570,198
(21.37)%	13.65%	14.00%	9.39%	14.77%	17.59%

CITY OF KINGSTON, TENNESSEE

PENSION CONTRIBUTIONS

June 30, 2023

	2023	Year Ended June 30,		2020
		2022	2021	
Actuarially determined contributions	\$ 144,444	\$ 102,783	\$ 110,753	\$ 116,720
Contributions in relation to the actuarially determined contributions	<u>(144,444)</u>	<u>(118,445)</u>	<u>(110,753)</u>	<u>(116,720)</u>
Contribution deficiency(excess)	<u>\$ 0</u>	<u>\$ (15,662)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 3,505,339	\$ 3,262,945	\$ 3,078,257	\$ 3,215,415
Contributions as a percentage of covered payroll	4.12%	3.63%	3.60%	3.63%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

See the accompanying independent accountants' audit report.

<u>2019</u>	<u>2018</u>	<u>Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>
<u>2017</u>	<u>2016</u>				
\$ 111,149	\$ 192,987	\$ 176,898	\$ 185,231	\$ 178,814	\$ 174,516
<u>(111,149)</u>	<u>(192,987)</u>	<u>(176,898)</u>	<u>(185,231)</u>	<u>(178,814)</u>	<u>(174,516)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,221,707	\$ 3,216,193	\$ 2,943,407	\$ 2,823,641	\$ 2,725,468	\$ 2,570,198
3.45%	6.00%	6.01%	6.56%	6.56%	6.79%

CITY OF KINGSTON, TENNESSEE

PENSION CONTRIBUTIONS

(continued)

June 30, 2023

Notes to Pension Contributions

Valuation date: Actuarially determined contribution rates for the year ended June 30, 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determined contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	6.75%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.13%

Changes of Assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.5% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3% to 2.5%; decreased the investment rate of return from 7.5% to 7.25%; decreased the cost-of-living adjustment from 2.5% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4%; and modified mortality assumptions.

CITY OF KINGSTON, TENNESSEE

CHANGES IN TOTAL OPEB LIABILITY

June 30, 2023

	Measurement Date at June 30,	
	2022	2021
<u>Total OPEB liability</u>		
Service cost	\$ 0	\$ 17,336
Interest	0	3,602
Changes of benefit terms	85,108	(166,280)
Differences between expected and actual experience	0	0
Changes of assumptions	0	0
Benefit payments	0	(597)
Net change in total OPEB liability	85,108	(145,939)
Total OPEB liability - beginning	0	145,939
Total OPEB liability - ending	<u>\$ 85,108</u>	<u>\$ 0</u>
Covered payroll	\$ 0	\$ 0
Net pension liability(asset) as a percentage of covered employee payroll	0.00%	0.00%

Notes to Changes in Total OPEB Liability

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See the accompanying independent accountants' audit report.

	Measurement Date at June 30,			
2020	2019	2018	2017	
\$ 13,706	\$ 14,003	\$ 13,467	\$ 14,379	
4,686	7,344	5,902	4,838	
0	0	0	0	
(3,973)	(85,213)	12,844	0	
14,831	3,712	14,132	(9,482)	
(6,192)	(11,574)	(8,104)	(9,341)	
23,058	(71,728)	38,241	394	
122,881	194,609	156,368	155,974	
<u>\$ 145,939</u>	<u>\$ 122,881</u>	<u>\$ 194,609</u>	<u>\$ 156,368</u>	
\$ 3,078,257	\$ 3,215,415	\$ 3,222,422	\$ 3,216,193	
3.82%	3.82%	6.03%	4.86%	

SUPPLEMENTARY INFORMATION

CITY OF KINGSTON, TENNESSEE

PROPERTY TAXES RECEIVABLE

June 30, 2023

<u>Year of Levy</u>	<u>Rate</u>	<u>Total Assessment</u>	<u>Levy</u>	<u>Balance June 30, 2022</u>
2023	\$1.3109	\$ 173,027,741	\$ 2,259,352	\$ 0
2022	1.3109	168,238,920	2,207,373	2,175,488
2021	1.3109	165,801,410	2,173,518	40,894
2020	1.3109	163,229,154	2,143,931	18,956
2019	1.4500	146,180,339	2,120,864	14,988
2018	1.4500	145,532,352	2,110,255	8,925
2017	1.4500	145,326,326	2,107,250	3,616
2016	1.4500	146,545,253	2,117,244	1,297
2015	1.4500	146,959,367	2,123,227	1,264
2014	1.1734	151,044,293	1,772,332	2,173
2013	1.1734	149,685,658	1,756,395	19,750
2012	1.1734	147,885,063	1,529,178	<u>3,632</u>
				<u>\$ 2,290,983</u>

Property taxes unpaid for 2012 through 2021 have been filed with the Roane County Clerk and Master.

See the accompanying independent accountants' audit report.

<u>Taxes Levied</u>	<u>Adjustments</u>	<u>Collections</u>	<u>Balance June 30, 2023</u>
\$ 2,259,352	\$ 0	\$ 0	\$ 2,259,352
0	24,588	2,128,348	71,728
0	0	32,370	8,524
0	0	13,112	5,844
0	0	9,254	5,734
0	0	5,441	3,484
0	0	2,508	1,108
0	0	24	1,274
0	0	0	1,264
0	0	0	2,173
0	0	7,459	12,291
<u>0</u>	<u>0</u>	<u>3,632</u>	<u>0</u>
<u>\$ 2,259,352</u>	<u>\$ 24,588</u>	<u>\$ 2,202,147</u>	<u>\$ 2,372,776</u>

CITY OF KINGSTON, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Governmental Activities:</u>			
General Obligation Bonds, Series 2021			
<u>Year Ending</u> <u>June 30:</u>			
2024	\$ 245,000	\$ 103,500	\$ 348,500
2025	250,000	96,150	346,150
2026	260,000	88,650	348,650
2027	265,000	80,850	345,850
2028	275,000	72,900	347,900
2029	285,000	64,650	349,650
2030	290,000	56,100	346,100
2031	295,000	50,300	345,300
2032	285,000	44,400	329,400
2033	285,000	38,700	323,700
2034	280,000	33,000	313,000
2035	275,000	27,400	302,400
2036	275,000	21,900	296,900
2037	275,000	16,400	291,400
2038	140,000	10,900	150,900
2039	135,000	8,100	143,100
2040	135,000	5,400	140,400
2041	135,000	2,700	137,700
	<u>\$ 4,385,000</u>	<u>\$ 822,000</u>	<u>\$ 5,207,000</u>

See the accompanying independent accountants' audit report.

CITY OF KINGSTON, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Business-Type Activities:</u>			
General Obligation Bonds, Series 2021			
Year Ending <u>June 30:</u>			
2024	\$ 410,000	\$ 67,750	\$ 477,750
2025	370,000	55,450	425,450
2026	340,000	44,350	384,350
2027	315,000	34,150	349,150
2028	270,000	24,700	294,700
2029	250,000	16,600	266,600
2030	200,000	9,100	209,100
2031	150,000	5,100	155,100
2032	<u>105,000</u>	<u>2,100</u>	<u>107,100</u>
	<u>\$ 2,410,000</u>	<u>\$ 259,300</u>	<u>\$ 2,669,300</u>

CITY OF KINGSTON, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
USDA Rural Development, Water Revenue and Tax Bond, Series 2010			
<u>Year Ending June 30:</u>			
2024	\$ 26,492	\$ 26,229	\$ 52,721
2025	27,231	25,488	52,719
2026	27,921	24,799	52,720
2027	28,624	24,093	52,717
2028	29,287	23,432	52,719
2029	30,092	22,628	52,720
2030	30,852	21,867	52,719
2031	31,631	21,087	52,718
2032	32,377	20,342	52,719
2033	33,250	19,469	52,719
2034	34,090	18,628	52,718
2035	34,952	17,766	52,718
2036	35,792	16,927	52,719
2037	36,742	15,977	52,719
2038	37,671	15,048	52,719
2039	38,625	14,095	52,720
2040	39,567	13,153	52,720
2041	40,601	12,117	52,718
2042	41,627	11,091	52,718
2043	42,680	10,038	52,718
2044	43,736	8,982	52,718
2045	44,865	7,853	52,718
2046	46,000	6,718	52,718

CITY OF KINGSTON, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
USDA Rural Development, Water Revenue and Tax Bond, Series 2010 (continued)			
Year Ending <u>June 30:</u>			
2047	47,166	5,555	52,721
2048	48,346	4,373	52,719
2049	49,579	3,140	52,719
2050	50,835	1,886	52,721
2051	<u>48,714</u>	<u>600</u>	<u>49,314</u>
	<u>\$ 1,059,345</u>	<u>\$ 413,380</u>	<u>\$ 1,472,724</u>

USDA Rural Development, Water Revenue
and Tax Bond, Series 2010B

Year Ending <u>June 30:</u>			
2024	\$ 17,275	\$ 18,846	\$ 36,121
2025	17,710	18,409	36,119
2026	18,157	17,962	36,119
2027	18,615	17,502	36,117
2028	19,086	17,032	36,118
2029	19,568	16,549	36,117
2030	20,064	16,054	36,118
2031	20,572	15,547	36,119
2032	21,091	15,027	36,118
2033	21,625	14,493	36,118
2034	22,171	13,946	36,117
2035	22,730	13,386	36,116

CITY OF KINGSTON, TENNESSEE

LONG-TERM DEBT REQUIREMENTS

(continued)

June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
USDA Rural Development, Water Revenue and Tax Bond, Series 2010B (continued)			
Year Ending <u>June 30:</u>			
2036	23,304	12,811	36,115
2037	23,897	12,222	36,119
2038	24,500	11,617	36,117
2039	25,118	10,998	36,116
2040	25,754	10,362	36,116
2041	26,405	9,711	36,116
2042	27,073	9,043	36,116
2043	27,757	8,359	36,116
2044	28,459	7,657	36,116
2045	29,179	6,937	36,116
2046	29,917	6,199	36,116
2047	30,673	5,443	36,116
2048	31,449	4,667	36,116
2049	32,244	3,872	36,116
2050	33,061	3,056	36,117
2051	33,895	2,220	36,115
2052	34,752	1,363	36,115
2053	<u>36,071</u>	<u>484</u>	<u>36,555</u>
	<u>\$ 762,172</u>	<u>\$ 321,776</u>	<u>\$ 1,083,946</u>

CITY OF KINGSTON, TENNESSEE

CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2023

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>
Governmental Activities			
<u>Notes Payable</u>			
TMBF General Obligation Bonds Series 2021	\$ 4,795,000	2.000 %	11/19/2021
Business-Type Activities			
<u>Bonds Payable</u>			
General Obligation Bonds, Series 2021	\$ 3,305,000	2.000 %	11/19/2021
Water Revenue and Tax Bond, Series 2010	1,292,000	2.500	3/14/2013
Water Revenue and Tax Bond, Series 2010B	486,000	2.500	3/14/2013

See the accompanying independent accountant's audit report.

<u>Last Maturity Date</u>	<u>Outstanding 7/1/2022</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2023</u>
6/1/2041	\$ 4,625,000	\$ 0	240,000	\$ 0	\$ 4,385,000
6/1/2032	\$ 2,835,000	\$ 0	\$ 425,000	\$ 0	\$ 2,410,000
3/31/2051	1,084,261	0	24,916	0	1,059,345
6/30/2053	<u>778,580</u>	<u>0</u>	<u>16,408</u>	<u>0</u>	<u>762,172</u>
	<u>\$ 4,697,841</u>	<u>\$ 0</u>	<u>\$ 466,324</u>	<u>\$ 0</u>	<u>\$ 4,231,517</u>

CITY OF KINGSTON, TENNESSEE

**EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2023

<u>Federal Grantor/ Pass-Through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Name/ Contract Number</u>	<u>Expenditures</u>
<u>Federal Awards</u>			
U.S. Department of Transportation/ Tennessee Department of Safety and Homeland Security	20.600	State and Community Highway Safety/ Z-22-THS-151	\$ 13,257
Federal Emergency Management Administration/Tennessee Emergency Management Administration	97.036	Disaster Grants - Public Assistance/ FEMA-4427-DR-TN	64,462
U.S. Department of Treasury	21.027	Cornavirus State and Local Fiscal Recovery/NA	<u>652,678</u>
Total Federal Awards			730,397
<u>State Financial Assistance</u>			
National Foundation on the Arts and the Humanities/State of Tennessee	NA	NA	<u>3,777</u>
			<u>\$ 734,174</u>

See the accompanying independent accountants' audit report.

CITY OF KINGSTON, TENNESSEE

EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

(continued)

Year Ended June 30, 2023

BASIS OF PRESENTATION

This schedule summarizes the expenditures of City of Kingston, Tennessee under programs of the federal and state government for the year ended June 30, 2023. This schedule is presented using the full accrual basis of accounting. Because this schedule presents only a portion of the operations of City of Kingston, Tennessee, it is not intended to and does not present the net position of City of Kingston, Tennessee.

INDIRECT COST RATE

City of Kingston, Tennessee did not elect to use the 10% de minimis indirect cost rate: however, no indirect costs were allocated to the federal awards during the year ended June 30, 2023.

OUTSTANDING LOAN BALANCES

City of Kingston, Tennessee had no outstanding federal loan balances at June 30, 2023.

OTHER INFORMATION

CITY OF KINGSTON, TENNESSEE

UTILITY RATES AND METERED CUSTOMERS

June 30, 2023

WATER

Inside City limits:

First 1,000 gallons (minimum billing)	\$ 13.65
Over 1,000 gallons (per thousand)	9.46

Outside City limits:

First 1,000 gallons (minimum billing)	13.65
Over 1,000 gallons (per thousand)	9.46

East Roane:

First 1,000 gallons (minimum billing)	2.06
Over 1,000 gallons	N/A

SEWER

Inside City limits:

First 1,000 gallons (minimum billing)	\$ 13.78
Over 1,000 gallons (per thousand)	12.95

Outside City limits:

First 1,000 gallons (minimum billing)	13.78
Over 1,000 gallons (per thousand)	12.95

Number of Metered Customers:

Water	4,011
Sewer	2,556

See the accompanying independent accountants' audit report.



Statistical Section

**CITY OF KINGSTON,
TENNESSEE**

**Annual Comprehensive
Financial Report**

For the Fiscal Year Ending June 30, 2023

**Prepared by:
MITCHELL EMERT & HILL, P.C.**



CITY OF KINGSTON, TENNESSEE

STATISTICAL SECTION (UNAUDITED)
TABLE OF CONTENTS

This section of the Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about City of Kingston, Tennessee's (the City's) overall financial health.

	<u>Page Nos.</u>
FINANCIAL TRENDS	95-110
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
REVENUE CAPACITY	111-118
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
DEBT CAPACITY	119-122
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	123-125
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
OPERATING INFORMATION	126-131
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the audited financial statements for the relevant year.

CITY OF KINGSTON, TENNESSEE

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

	2023	Year Ended June 30, 2022	2021	2020
Governmental Activities:				
Net investment in capital assets	\$ 6,808,037	\$ 5,562,305	\$ 6,931,495	\$ 7,242,045
Restricted	3,413,978	1,434,464	961,129	879,763
Unrestricted	4,368,867	4,160,808	2,431,672	1,524,649
Total governmental activities	<u>\$ 14,590,882</u>	<u>\$ 11,157,577</u>	<u>\$ 10,324,293</u>	<u>\$ 9,646,457</u>
Business-Type Activities:				
Net investment in capital assets	\$ 12,195,842	\$ 12,269,002	\$ 12,355,342	\$ 12,539,397
Restricted	871,460	1,033,427	922,268	1,177,227
Unrestricted	3,050,883	2,465,757	2,074,298	1,463,606
Total business-type activities	<u>\$ 16,118,185</u>	<u>\$ 15,768,183</u>	<u>\$ 15,351,907</u>	<u>\$ 15,180,228</u>
Primary Government:				
Net investment in capital assets	\$ 19,003,879	\$ 17,831,307	\$ 19,286,837	\$ 19,781,442
Restricted	4,285,438	2,467,891	1,883,397	2,056,990
Unrestricted	7,419,750	6,626,565	4,505,970	2,988,255
Total primary government	<u>\$ 30,709,068</u>	<u>\$ 26,925,764</u>	<u>\$ 25,676,204</u>	<u>\$ 24,826,688</u>

In 2015, the City implemented GASB Statement No. 68 which revised the reporting for its liability related to pensions. Amounts for prior years have not been restated.

<u>2019</u>	<u>2018</u>	<u>Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>
		<u>2017</u>	<u>2016</u>		
\$ 7,030,436	\$ 6,766,027	\$ 7,005,026	\$ 6,226,869	\$ 6,272,051	\$ 6,503,544
677,502	675,208	503,014	934,386	112,673	66,336
<u>1,553,315</u>	<u>1,498,364</u>	<u>1,786,138</u>	<u>1,939,793</u>	<u>1,564,842</u>	<u>1,225,484</u>
<u>\$ 9,261,252</u>	<u>\$ 8,939,599</u>	<u>\$ 9,294,178</u>	<u>\$ 9,101,048</u>	<u>\$ 7,949,566</u>	<u>\$ 7,795,364</u>
\$ 12,692,252	\$ 12,408,789	\$ 11,070,415	\$ 10,504,808	\$ 10,310,273	\$ 10,565,038
668,400	844,181	1,909,141	2,324,557	2,062,226	2,127,349
<u>1,998,950</u>	<u>2,171,904</u>	<u>2,500,509</u>	<u>2,086,952</u>	<u>2,233,077</u>	<u>1,924,035</u>
<u>\$ 15,359,602</u>	<u>\$ 15,424,874</u>	<u>\$ 15,480,065</u>	<u>\$ 14,916,317</u>	<u>\$ 14,605,576</u>	<u>\$ 14,616,422</u>
\$ 19,722,688	\$ 19,174,816	\$ 18,075,441	\$ 16,731,677	\$ 16,582,324	\$ 17,068,582
1,345,902	1,519,389	2,412,155	3,258,943	2,174,899	2,193,685
<u>3,552,265</u>	<u>3,670,268</u>	<u>4,286,647</u>	<u>4,026,745</u>	<u>3,797,919</u>	<u>3,149,519</u>
<u>\$ 24,620,855</u>	<u>\$ 24,364,473</u>	<u>\$ 24,774,243</u>	<u>\$ 24,017,365</u>	<u>\$ 22,555,142</u>	<u>\$ 22,411,786</u>

CITY OF KINGSTON, TENNESSEE

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

	<u>2023</u>	<u>Year Ended June 30,</u> <u>2022</u>	<u>2021</u>	<u>2020</u>
Expenses				
Governmental Activities:				
General government	\$ 1,435,445	\$ 1,094,313	\$ 1,101,693	\$ 1,229,499
Public safety	2,523,862	2,092,742	2,196,537	2,221,507
Public welfare	1,432,240	1,131,146	1,192,839	998,329
Streets and highways	1,170,474	1,185,227	988,099	1,009,669
Solid waste management	353,730	330,622	318,768	311,934
Interest on long-term debt	98,786	180,090	61,766	75,860
	<u>7,014,537</u>	<u>6,014,140</u>	<u>5,859,702</u>	<u>5,846,798</u>
Total governmental activities	7,014,537	6,014,140	5,859,702	5,846,798
Business-Type Activities:				
Water and sewer	3,968,865	3,681,152	3,624,903	3,579,244
	<u>3,968,865</u>	<u>3,681,152</u>	<u>3,624,903</u>	<u>3,579,244</u>
Total primary government	<u>\$ 10,983,402</u>	<u>\$ 9,695,292</u>	<u>\$ 9,484,605</u>	<u>\$ 9,426,042</u>
Program Revenue				
Governmental Activities:				
Charges for services:				
General government	\$ 692,858	\$ 663,948	\$ 670,663	\$ 647,318
Public safety	101,825	56,806	34,042	36,137
Public welfare	71,167	79,598	65,939	65,777
Streets and highways	56,679	40,328	39,583	40,619
Solid waste management	346,897	341,559	338,514	335,978
Operating grants and contributions	1,147,510	491,613	318,425	241,369
Capital grants and contributions	0	0	250,762	385,828
	<u>2,416,936</u>	<u>1,673,852</u>	<u>1,717,928</u>	<u>1,753,026</u>
Total governmental activities	2,416,936	1,673,852	1,717,928	1,753,026

2019	2018	Year Ended June 30,		2015	2014
		2017	2016		
\$ 1,200,751	\$ 1,475,180	\$ 1,412,846	\$ 1,371,548	\$ 1,210,179	\$ 1,268,877
2,130,067	2,047,757	1,948,270	1,840,615	1,833,879	2,007,100
1,017,143	1,099,240	1,049,880	873,150	862,875	971,084
1,158,870	1,074,764	1,077,568	1,054,399	999,208	993,583
308,976	297,410	287,988	287,276	294,244	295,916
87,366	79,244	72,032	41,268	41,195	54,685
5,903,173	6,073,595	5,848,584	5,468,256	5,241,580	5,591,246
3,596,564	3,362,742	3,363,076	3,213,085	2,937,703	2,890,320
<u>\$ 9,499,737</u>	<u>\$ 9,436,337</u>	<u>\$ 9,211,660</u>	<u>\$ 8,681,341</u>	<u>\$ 8,179,283</u>	<u>\$ 8,481,566</u>
\$ 597,082	\$ 574,549	\$ 552,344	\$ 554,632	\$ 506,580	\$ 461,005
123,039	53,028	80,632	87,407	69,146	78,837
77,973	58,733	37,460	28,064	31,043	28,750
45,208	44,704	44,719	47,974	48,105	44,103
332,978	332,584	328,824	324,979	326,775	327,030
414,926	486,906	318,204	365,330	376,728	316,985
140,650	0	349,887	791,834	3,255	155,087
1,731,856	1,550,504	1,712,070	2,200,220	1,361,632	1,411,797

CITY OF KINGSTON, TENNESSEE

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(continued)

Unaudited - See the accompanying independent accountants' audit report.

	2023	Year Ended June 30, 2022	2021	2020
Program Revenue (continued)				
Business-Type Activities:				
Charges for services:				
Water and sewer	4,254,553	4,096,854	3,790,680	3,393,361
Capital grants and contributions	53,559	0	0	0
Total business-type activities	4,308,112	4,096,854	3,790,680	3,393,361
Total primary government	<u>\$ 6,725,048</u>	<u>\$ 5,770,706</u>	<u>\$ 5,508,608</u>	<u>\$ 5,146,387</u>
Net (Expense)Revenue				
Governmental Activities	\$ (4,597,601)	\$ (4,340,288)	\$ (4,141,775)	\$ (4,093,773)
Business-Type Activities	339,247	415,702	165,777	(185,883)
Total primary government	<u>\$ (4,258,354)</u>	<u>\$ (3,924,586)</u>	<u>\$ (3,975,997)</u>	<u>\$ (4,279,655)</u>
General Revenue and Other				
Changes in Net Position				
Governmental Activities:				
Property tax	\$ 2,218,900	\$ 2,169,450	\$ 2,096,107	\$ 2,112,080
Interest and penalty	22,356	25,245	29,122	27,650
In-Lieu of tax payments	55,440	89,645	77,273	76,431
Local sales tax	1,904,873	1,634,300	1,391,175	1,176,288
Other local taxes	421,274	386,408	390,490	339,591
Intergovernmental	927,151	867,086	829,413	740,959
Licenses and permits	0	0	0	0
Investment earnings	18,912	1,438	6,030	5,979

2019	2018	Year Ended June 30,		2015	2014
		2017	2016		
3,525,088	3,333,156	3,338,780	3,362,551	3,081,350	3,025,375
0	0	576,102	153,065	228,559	192,850
3,525,088	3,333,156	3,914,882	3,515,616	3,309,909	3,218,225
<u>\$ 5,256,944</u>	<u>\$ 4,883,660</u>	<u>\$ 5,626,952</u>	<u>\$ 5,715,836</u>	<u>\$ 4,671,541</u>	<u>\$ 4,630,022</u>
\$(4,171,318)	\$(4,523,092)	\$(4,136,515)	\$(3,268,036)	\$(3,879,948)	\$(4,179,450)
(71,476)	(29,586)	551,806	302,531	372,206	327,905
<u>\$(4,242,793)</u>	<u>\$(4,552,678)</u>	<u>\$(3,584,709)</u>	<u>\$(2,965,505)</u>	<u>\$(3,507,742)</u>	<u>\$(3,851,546)</u>
\$ 2,121,921	\$ 2,081,591	\$ 2,151,613	\$ 2,060,905	\$ 1,769,157	\$ 1,764,506
49,205	26,434	41,325	15,515	24,077	25,959
84,506	81,944	82,705	76,267	60,042	29,463
1,162,087	1,032,307	996,949	1,026,933	972,633	941,642
311,539	302,250	307,129	315,533	304,764	283,664
757,625	752,609	744,387	811,630	785,138	697,687
0	0	0	0	0	0
6,087	4,674	5,537	3,537	656	706

CITY OF KINGSTON, TENNESSEE

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(continued)

Unaudited - See the accompanying independent accountants' audit report.

	<u>2023</u>	<u>Year Ended June 30, 2022</u>	<u>2021</u>	<u>2020</u>
Other revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total governmental activities	5,568,906	5,173,572	4,819,610	4,478,978
General Revenue and Other Changes in Net Position (continued)				
Business-Type Activities:				
Investment earnings	9,758	576	5,904	6,511
Other revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total business-type activities	<u>9,758</u>	<u>576</u>	<u>5,904</u>	<u>6,511</u>
Total primary government	<u><u>\$ 5,578,664</u></u>	<u><u>\$ 5,174,148</u></u>	<u><u>\$ 4,825,514</u></u>	<u><u>\$ 4,485,489</u></u>
Changes in Net Position				
Governmental Activities	\$ 971,305	\$ 833,285	\$ 677,836	\$ 385,206
Business-Type Activities	<u>349,003</u>	<u>416,277</u>	<u>171,680</u>	<u>(179,373)</u>
Total primary government	<u><u>\$ 1,320,308</u></u>	<u><u>\$ 1,249,562</u></u>	<u><u>\$ 849,516</u></u>	<u><u>\$ 205,833</u></u>

2019	2018	Year Ended June 30,		2015	2014
		2017	2016		
<u>0</u>	<u>0</u>	<u>0</u>	<u>109,197</u>	<u>0</u>	<u>1,653</u>
4,492,970	4,281,809	4,329,645	4,419,517	3,916,467	3,745,280
6,205	7,732	11,941	8,210	2,830	3,133
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,363</u>
<u>6,205</u>	<u>7,732</u>	<u>11,941</u>	<u>8,210</u>	<u>2,830</u>	<u>7,496</u>
<u>\$ 4,499,175</u>	<u>\$ 4,289,541</u>	<u>\$ 4,341,586</u>	<u>\$ 4,427,727</u>	<u>\$ 3,919,297</u>	<u>\$ 3,752,776</u>
\$ 321,653	\$ (241,283)	\$ 193,130	\$ 1,151,481	\$ 36,519	\$ (434,169)
<u>(65,271)</u>	<u>(21,854)</u>	<u>563,748</u>	<u>310,741</u>	<u>375,036</u>	<u>335,401</u>
<u>\$ 256,382</u>	<u>\$ (263,137)</u>	<u>\$ 756,878</u>	<u>\$ 1,462,222</u>	<u>\$ 411,555</u>	<u>\$ (98,769)</u>

CITY OF KINGSTON, TENNESSEE

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

	2023	Year Ended June 30,		2020
		2022	2021	
General Fund				
Restricted	\$ 530,904	\$ 512,551	\$ 414,508	\$ 362,216
Assigned	249,542	147,268	226,492	148,821
Unassigned	<u>3,770,683</u>	<u>4,065,408</u>	<u>2,156,888</u>	<u>1,134,722</u>
	4,551,132	4,725,229	2,797,890	1,645,762
Drug Enforcement Fund				
Restricted	<u>11,590</u>	<u>7,366</u>	<u>7,255</u>	<u>10,691</u>
Total governmental funds	<u>\$ 4,562,721</u>	<u>\$ 4,732,595</u>	<u>\$ 2,805,145</u>	<u>\$ 1,656,452</u>

<u>2019</u>	<u>2018</u>	<u>Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>
		<u>2017</u>	<u>2016</u>		
\$ 300,094	\$ 261,864	\$ 284,671	\$ 611,331	\$ 102,964	\$ 57,515
0	0	0	0	0	0
<u>1,183,450</u>	<u>1,305,406</u>	<u>1,321,971</u>	<u>1,611,251</u>	<u>1,117,121</u>	<u>1,019,991</u>
1,483,544	1,567,270	1,606,642	2,222,582	1,220,085	1,077,506
<u>7,407</u>	<u>5,426</u>	<u>14,834</u>	<u>15,695</u>	<u>9,709</u>	<u>8,821</u>
<u><u>\$ 1,490,951</u></u>	<u><u>\$ 1,572,696</u></u>	<u><u>\$ 1,621,476</u></u>	<u><u>\$ 2,238,277</u></u>	<u><u>\$ 1,229,794</u></u>	<u><u>\$ 1,086,327</u></u>

CITY OF KINGSTON, TENNESSEE

FUND BALANCES OF BUDGETED GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

	2023	Year Ended June 30,		2020
		2022	2021	
General Fund				
Restricted	\$ 530,904	\$ 512,551	\$ 414,508	\$ 362,216
Assigned	249,542	147,268	226,492	148,821
Unassigned	<u>3,770,683</u>	<u>4,065,408</u>	<u>2,156,888</u>	<u>1,134,722</u>
Total general fund	4,551,132	4,725,229	2,797,890	1,645,762
Drug Enforcement Fund				
Restricted	<u>11,590</u>	<u>7,366</u>	<u>7,255</u>	<u>10,691</u>
Total budgeted governmental funds	<u>\$ 4,562,721</u>	<u>\$ 4,732,595</u>	<u>\$ 2,805,145</u>	<u>\$ 1,656,450</u>

The schedule above reflects fund balances for those governmental funds for which legally required budgets are prepared and approved. Both of these funds are considered major funds of the City.

<u>2019</u>	<u>2018</u>	<u>Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>
		<u>2017</u>	<u>2016</u>		
\$ 300,094	\$ 261,864	\$ 284,671	\$ 611,331	\$ 102,964	\$ 57,515
0	0	0	0	0	0
<u>1,183,450</u>	<u>1,305,406</u>	<u>1,321,971</u>	<u>1,611,251</u>	<u>1,117,121</u>	<u>1,019,991</u>
1,483,544	1,567,270	1,606,642	2,222,582	1,220,085	1,077,506
<u>7,407</u>	<u>5,426</u>	<u>14,834</u>	<u>15,695</u>	<u>9,709</u>	<u>8,821</u>
<u><u>\$ 1,490,951</u></u>	<u><u>\$ 1,572,696</u></u>	<u><u>\$ 1,621,476</u></u>	<u><u>\$ 2,238,277</u></u>	<u><u>\$ 1,229,794</u></u>	<u><u>\$ 1,086,327</u></u>

CITY OF KINGSTON, TENNESSEE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

	2023	Year Ended June 30, 2022	2021	2020
REVENUE				
Taxes:				
Property tax	\$ 2,222,147	\$ 2,217,026	\$ 2,205,073	\$ 2,090,415
Interest and penalty	22,356	25,245	29,122	27,650
In-Lieu of tax payments	55,440	89,645	77,273	76,431
Local sales tax	1,905,576	1,610,432	1,375,983	1,212,812
Business tax	146,318	113,130	117,214	90,964
Wholesale beer tax	231,264	213,033	209,927	202,459
Wholesale liquor tax	43,144	59,807	62,968	50,145
Intergovernmental	1,821,700	1,172,532	1,338,479	1,310,052
Public welfare	0	0	0	0
Charges for services	1,181,266	1,135,900	1,124,710	1,090,726
Licenses and permits	3,900	2,200	2,537	2,333
Fines and forfeitures	92,874	47,706	24,942	36,137
Other revenue	0	0	0	0
Donations	247,954	182,385	71,256	23,116
Investment earnings	18,912	1,438	6,030	5,979
TOTAL REVENUE	7,992,851	6,870,479	6,645,514	6,219,219
EXPENDITURES				
Current:				
General government	1,166,130	867,081	836,740	943,394
Public safety	2,314,606	2,088,865	2,008,582	2,063,531
Public welfare	1,208,003	1,022,017	1,037,196	855,698
Streets and highways	1,088,851	1,186,508	926,506	956,842
Solid waste management	353,730	330,622	318,768	311,934
Debt service				
Principal	240,000	2,641,000	298,900	319,600
Interest	110,700	192,004	61,766	75,860

		Year Ended June 30,			
2019	2018	2017	2016	2015	2014
\$ 2,108,607	\$ 2,102,518	\$ 2,151,302	\$ 2,036,168	\$ 1,786,182	\$ 1,753,293
49,205	26,434	41,325	15,515	24,077	25,959
84,506	81,944	82,705	76,267	60,042	29,463
1,098,286	1,030,558	1,008,641	1,019,636	972,501	939,795
69,259	75,582	76,970	78,609	71,344	68,598
191,041	181,205	169,514	191,295	180,176	179,834
48,659	47,485	58,705	46,963	53,921	32,659
1,160,690	1,153,723	1,360,100	1,461,097	1,085,088	1,014,886
0	0	0	0	0	0
1,109,230	1,024,250	992,492	974,895	903,902	843,094
2,375	2,525	1,400	1,150	11,321	17,794
65,409	42,741	53,396	67,666	66,426	78,837
0	0	0	0	0	1,653
150,018	74,455	50,424	613,397	76,820	70,022
6,087	4,674	5,537	3,567	656	706
6,143,372	5,848,094	6,052,511	6,586,225	5,292,456	5,056,593
924,675	1,153,257	1,086,285	1,056,570	891,073	919,478
2,017,104	1,974,420	1,927,194	1,883,359	1,842,678	1,829,007
905,690	990,293	966,432	861,667	809,369	887,992
1,137,982	1,050,023	1,044,100	1,002,349	981,357	929,628
308,976	297,410	287,988	287,276	294,244	295,916
365,500	311,526	2,184,032	288,894	277,834	512,524
87,366	79,244	72,032	41,268	41,195	0

CITY OF KINGSTON, TENNESSEE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(continued)

Unaudited - See the accompanying independent accountants' audit report.

	<u>2023</u>	<u>Year Ended June 30, 2022</u>	<u>2021</u>	<u>2020</u>
Capital outlay	<u>1,680,706</u>	<u>1,648,208</u>	<u>8,365</u>	<u>526,859</u>
TOTAL EXPENDITURES	<u>8,162,726</u>	<u>9,976,305</u>	<u>5,496,823</u>	<u>6,053,718</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	(169,875)	(3,105,826)	1,148,691	165,501
OTHER FINANCING SOURCES				
Debt proceeds	0	5,033,274	0	0
Line of credit proceeds	0	0	0	0
Capital lease proceeds	0	0	0	0
Capital note proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>5,033,274</u>	<u>0</u>	<u>0</u>
NET CHANGES IN FUND BALANCES	<u>\$ (169,875)</u>	<u>\$ 1,927,448</u>	<u>\$ 1,148,691</u>	<u>\$ 165,501</u>
Debt service as a percentage of noncapitalized expenditures	5.41%	34.02%	6.57%	7.16%

<u>2019</u>	<u>2018</u>	<u>Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>
		<u>2017</u>	<u>2016</u>		
<u>477,824</u>	<u>538,900</u>	<u>791,774</u>	<u>801,861</u>	<u>54,123</u>	<u>542,974</u>
<u>6,225,117</u>	<u>6,395,073</u>	<u>8,359,837</u>	<u>6,223,244</u>	<u>5,191,873</u>	<u>5,917,519</u>
(81,745)	(546,979)	(2,307,326)	362,981	100,583	(860,926)
0	0	0	0	0	0
0	0	0	0	42,885	0
0	0	0	0	0	52,167
<u>0</u>	<u>498,200</u>	<u>1,690,526</u>	<u>645,502</u>	<u>0</u>	<u>267,000</u>
<u>0</u>	<u>498,200</u>	<u>1,690,526</u>	<u>645,502</u>	<u>42,885</u>	<u>319,167</u>
<u>\$ (81,745)</u>	<u>\$ (48,780)</u>	<u>\$ (616,800)</u>	<u>\$ 1,008,483</u>	<u>\$ 143,468</u>	<u>\$ (541,759)</u>
7.88%	6.67%	29.81%	6.09%	6.21%	9.54%

CITY OF KINGSTON, TENNESSEE

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

Fiscal Year Ended June 30:	Real Property	Personal Property	Public Utility Property	Total Taxable Assessed Value	Estimated Market Value
2014	\$ 143,992,270	\$ 4,705,057	\$ 2,784,475	\$151,481,802	\$534,654,118
2015	138,173,071	5,249,686	2,730,417	146,153,174	508,513,795
2016	138,793,110	4,491,841	2,336,446	145,621,397	507,373,552
2017	138,765,395	4,224,485	1,552,274	144,542,154	509,023,790
2018	138,993,955	4,186,123	2,147,965	145,328,043	504,352,152
2019	139,855,435	4,176,939	2,849,179	146,881,553	507,258,187
2020	156,212,768	4,665,469	2,666,793	163,545,030	569,025,924
2021	157,965,550	5,114,035	2,432,358	165,511,943	577,985,928
2022	160,811,895	4,994,667	1,871,282	167,677,844	593,104,960
2023	165,599,100	5,039,335	2,222,184	172,860,619	610,394,018

Sources: State of Tennessee - Division of Property Assessments and Annual Tax Aggregate Report of Tennessee

<u>City Property Tax Rate</u>	<u>Taxable Assessed Value as a % of Actual Taxable Value</u>
1.1734	28.3%
1.4500	28.7
1.4450	28.7
1.4500	28.4
1.4500	28.8
1.4500	28.8
1.3100	28.7
1.3109	28.6
1.3100	28.3
1.3100	28.0

CITY OF KINGSTON, TENNESSEE

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

<u>Fiscal Year Ended June 30:</u>	<u>City (Direct Rate)</u>	<u>County (Overlapping Rate)</u>	<u>Totals</u>
2014	\$ 1.1734	\$ 2.1300	\$ 3.3034
2015	1.4500	2.5150	3.9650
2016	1.4500	2.5150	3.9650
2017	1.4500	2.5150	3.9650
2018	1.4500	2.5150	3.9650
2019	1.4500	2.6150	4.0650
2020	1.3109	2.4066	3.7175
2021	1.3109	2.4100	3.7209
2022	1.3109	2.4000	3.7109
2023	1.3109	2.4000	3.7109

Tax rates are per \$100 of assessed valuation.

Sources: State of Tennessee - Division of Property Assessments and Annual Tax Aggregate Report of Tennessee

CITY OF KINGSTON, TENNESSEE

PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND TEN YEARS AGO

Unaudited - See the accompanying independent accountants' audit report.

Taxpayer	June 30, 2023	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Old Capital Town LLC	\$ 3,076,390	1.80%
Duff Properties	1,825,520	1.07
Durateck Services, Inc.	1,825,520	1.07
Diversified Scientific Services	1,738,760	1.02
Kingston Partners	1,724,350	1.01
James W. Pickel	1,281,740	0.75
GSL Jamestowne LLC.	1,280,880	0.75
C&A Bunch Properties LLC	997,440	0.58
Sugarman, Norman	936,840	0.55
Kingston Four Apts LMD	857,720	0.50

Sources: City Finance Department, Tax Rolls

Taxpayer	June 30, 2013	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Old Capital Town LLC	\$ 2,361,200	1.40%
GSL Jamestowne LLC.	1,489,320	0.90
Diversified Scientific Services	1,382,657	0.80
Hittman Transport Service	1,381,736	0.80
Duratek Services, Inc.	1,224,040	0.70
BLC Wellington	1,179,640	0.70
James W. Pickel	968,065	0.60
Kingston Four Apt LMD	727,240	0.40
WI & MC Development	706,680	0.40
H Frog Living Trust	673,240	0.40

CITY OF KINGSTON, TENNESSEE

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

Fiscal Year Ended June 30:	Taxes Levied for the Fiscal 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
2014	\$ 1,772,332	\$ 1,667,199	94.07%	\$ 102,960	\$ 1,770,159	99.88%
2015	2,123,227	2,004,679	94.42	117,284	2,121,963	99.94
2016	2,117,244	2,036,168	96.17	79,803	2,115,971	99.94
2017	2,107,250	1,970,135	93.49	133,508	2,103,643	99.83
2018	2,110,255	1,950,852	92.45	151,146	2,101,998	99.61
2019	2,120,864	2,015,111	95.01	91,657	2,106,768	99.34
2020	2,108,972	2,025,080	96.02	68,770	2,093,850	99.28
2021	2,138,559	2,096,862	98.05	5,577	2,102,439	98.31
2022	2,175,488	2,113,014	97.13	9,169	2,122,044	97.54
2023	2,234,838	0	0.00	0	0	0.00

CITY OF KINGSTON, TENNESSEE

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

Fiscal Year Ended June 30:	Governmental Activities			Total Governmental Activities	Business-Type Activities
	Bonds and Notes	Capital Leases	Line of Credit		Revenue Bonds
2014	\$ 3,503,445	\$ 136,728	\$ 0	\$ 3,640,173	\$ 7,066,000
2015	3,292,444	69,894	42,885	3,405,223	6,657,000
2016	3,556,219	0	205,612	3,761,831	6,228,000
2017	3,268,326	0	0	3,268,326	5,778,000
2018	3,455,000	0	0	3,455,000	4,041,000
2019	3,089,500	0	0	3,089,500	3,636,000
2020	2,769,900	0	0	2,769,900	3,213,500
2021	2,471,000	0	0	2,471,000	2,770,000
2022	4,625,000	0	0	4,625,000	2,835,000
2023	4,385,000	0	0	4,385,000	2,410,000

Details regarding City of Kingston, Tennessee's outstanding debt can be found in the notes to the financial statements. Amounts reported on this schedule do not include unamortized bond premium of \$214,446 for governmental activities and \$204,703 for business-type activities.

Business-Type
Activities (continued)

Revenue and Tax Bonds	Loan Commitments	Capital Leases	Total Business-Type Activities	Total Primary Government	Percent of Personal Income	Per Capita
\$ 2,535,957	\$ 0	\$ 0	\$ 9,601,957	\$ 13,242,130	8.64%	\$ 2,232
3,380,627	0	0	10,037,627	13,442,850	8.86	2,265
3,325,291	0	0	9,553,291	13,315,122	6.37	2,244
3,268,105	0	0	9,046,105	12,314,431	7.81	2,075
3,209,321	0	0	7,250,321	10,705,321	6.04	1,804
2,714,735	0	0	6,350,735	9,440,235	5.25	1,591
2,692,522	0	0	5,906,022	8,675,922	5.47	1,462
2,610,152	0	0	5,380,152	7,851,152	4.13	1,319
1,862,841	0	0	4,697,841	9,322,841	4.22	1,566
1,820,088	0	0	4,230,088	8,615,088	3.94	1,447

CITY OF KINGSTON, TENNESSEE

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Unaudited - See the accompanying independent accountants' audit report.

	<u>Debt Outstanding</u>	<u>Estimated % Applicable</u>	<u>Estimated Share Direct/Overlapping</u>
<u>Direct governmental indebtedness</u>			
City of Kingston	\$ 4,385,000	100.00%	\$ 4,385,000
<u>Overlapping bonded indebtedness</u>			
Roane County	<u>20,835,000</u>	11.15%	<u>2,272,928</u>
Total direct and overlapping debt	<u>\$ 25,220,000</u>		<u>\$ 6,657,928</u>

Overlapping debt is calculated using the City and County populations. City of Kingston, Tennessee has a population of 5,393 compared to Roane County's population of 53,404. Amounts reported on this schedule for City of Kingston, Tennessee debt do not include unamortized bond premiums of \$214,446.

CITY OF KINGSTON, TENNESSEE

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

The State of Tennessee imposes no legal debt margin on municipalities. City of Kingston, Tennessee has not established a legal debt margin; therefore, this schedule is not applicable.

CITY OF KINGSTON, TENNESSEE

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

Fiscal Year Ended June 30:	Revenue (a)	Less: Operating Expenses (b)	Net Revenue Available	Principal	Debt Service Interest (c)
2014	\$ 3,032,871	\$ 2,202,426	\$ 830,445	\$ 661,224	\$ 235,008
2015	3,084,180	2,235,741	848,439	449,333	165,498
2016	3,370,761	2,417,053	953,708	484,336	158,822
2017	3,350,721	2,506,337	844,384	507,186	187,916
2018	3,340,889	2,503,772	837,117	465,429	140,301
2019	3,531,293	2,740,328	790,965	475,832	130,584
2020	3,393,361	2,746,884	646,477	497,547	82,522
2021	3,796,584	2,838,200	958,384	494,752	107,898
2022	4,069,530	2,844,887	1,224,643	682,310	112,157
2023	4,264,311	3,178,787	1,085,524	466,324	116,628

(a) Revenue includes operating revenue and interest income.

(b) Operating expenses excludes depreciation.

(c) Debt service interest for the year ended June 30, 2022 does not include debt closing costs of \$57,133.

(d) Net revenue available divided by total debt service (principal plus debt service interest).

<u>Total</u>	<u>Coverage Ratio (d)</u>
\$ 896,232	0.93%
614,831	1.38
643,158	1.48
695,102	1.21
605,730	1.38
606,415	1.30
580,068	1.11
602,650	1.59
794,467	1.54
582,952	1.69

CITY OF KINGSTON, TENNESSEE

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

<u>Fiscal Year Ended June 30:</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2014	5,934	\$ 25,824	\$153,239,616	49.0	1,707	8.00%
2015	5,934	25,561	151,678,974	48.8	1,881	6.70
2016	5,934	25,824	153,239,616	48.9	1,882	6.50
2017	5,934	26,586	157,761,324	49.0	1,890	3.80
2018	5,934	29,858	177,177,372	49.5	1,888	2.90
2019	5,934	30,319	179,912,946	50.0	1,952	4.00
2020	5,934	26,731	158,621,754	48.7	1,864	7.80
2021	5,953	31,910	189,960,230	49.0	1,872	5.60
2022	5,953	37,148	221,142,044	48.7	1,906	5.50
2023	5,953	36,765	218,862,045	46.6	1,935	3.60

Sources:

www.tennessee.hometownlocator.com
www.census.gov
www.areavibes.com
www.usnews.com

CITY OF KINGSTON, TENNESSEE

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Unaudited - See the accompanying independent accountants' audit report.

Employer	June 30, 2023			June 30, 2014		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
Roane Co. government	372	1	6.25%	451	1	7.60%
Michael Dunn Center	290	2	4.87	322	2	5.43
Roane County Schools	207	3	3.48	251	3	4.23
Food City grocery store	150	4	2.52	110	4	1.85
City of Kingston	111	5	1.86	80	5	1.35
Diversified Scientific	69	6	1.16	78	6	1.31
McDonald's restaurant	57	7	0.96	47	7	0.79
Roane County News	53	8	0.89			
Earl Duff Subaru	40	9	0.67			
Jamestowne Assisted Living	35	10	0.59			
Taco Bell restaurant				38	8	0.64
Kiddie Korner Daycare				29	9	0.49
Brookdale Senior Living				22	10	0.37
	<u>1,384</u>		<u>23.25%</u>	<u>1,428</u>		<u>24.10%</u>

Sources: various city businesses; Roane County government; Roane County schools

CITY OF KINGSTON, TENNESSEE

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

	Full-Time Equivalent Employees as of June 30,									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental Activities:										
City Manager	1	1	1	1	1	1	1	1	1	1
City Manager's Assistant	1	1	1	1	1	1	1	1	1	1
Human Resources	0	0	0	0	0	0	0	0	0	1
Finance	6	6	6	6	6	6	6	4	3	5
Purchasing	1	1	1	1	1	1	1	1	1	1
Police	14	14	14	14	16	15	15	15	15	15
Fire	15	15	15	15	16	16	14	13	16	15
Parks and Recreation	7	7	8	8	14	10	14	14	14	14
Public Works/Street	12	12	13	13	9	12	8	9	9	10
Library	6	6	5	5	6	6	5	5	5	4
	63	63	64	64	70	68	65	63	65	67
Business-Type Activities:										
Utility Water and Sewer	14	13	13	13	14	14	14	14	14	13
Total primary government	<u>77</u>	<u>76</u>	<u>77</u>	<u>77</u>	<u>84</u>	<u>82</u>	<u>79</u>	<u>77</u>	<u>79</u>	<u>80</u>

Source: City Finance Department

CITY OF KINGSTON, TENNESSEE

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

	<u>2023</u>	<u>Year Ended June 30,</u> <u>2022</u>	<u>2021</u>	<u>2020</u>
Governmental Activities:				
General government:				
Building permits issued	68	80	82	107
Police:				
Arrests	138	166	109	171
Traffic citations	678	581	179	147
Fire:				
Fire calls	1017	1115	1022	1025
Fire inspections	214	260	375	99
Parks and recreation rentals:				
Community center	686	379	111	102
Swimming pool	50	67	47	67
Pavillion	95	70	70	50
Business-Type Activities:				
Water and sewer:				
Water sales (millions of gallons)	263	258	256	239
Water produced (millions of gallons)	328	351	325	298

Source: various city departments

<u>2019</u>	<u>2018</u>	<u>Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>
		<u>2017</u>	<u>2016</u>		
101	75	55	54	51	62
188	233	246	333	288	340
241	225	224	355	359	495
1115	940	840	750	835	776
120	221	368	368	368	364
105	117	127	128	112	116
80	110	112	76	106	101
50	52	62	71	58	47
271	267	262	266	259	246
351	368	367	384	346	323

CITY OF KINGSTON, TENNESSEE

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Unaudited - See the accompanying independent accountants' audit report.

	<u>2023</u>	<u>Year Ended June 30,</u> <u>2022</u>	<u>2021</u>	<u>2020</u>
Governmental Activities:				
Police:				
Stations	1	1	1	1
Patrol units	19	17	13	13
UTV's	6	5	4	0
Boats	1	1	1	1
Fire:				
Stations	2	2	2	2
Fire trucks	4	5	4	4
ERV	2	2	3	3
Emergency vehicles	3	3	3	2
Mules	1	1	1	1
Boats	1	2	2	2
Parks and recreation:				
Community center	1	1	1	1
SWP fort and visitors center	1	1	1	1
Public restroom facilities	1	1	1	1
Pavilion	4	4	4	4
Storage buildings	7	7	7	7
Concession buildings	1	1	1	1
Parks	10	10	8	8
Parks (acreage)	54.9	54.9	54.9	54.9
Amphitheater	1	1	1	0
Dog park	1	1	1	1
Boat slips for rent	18	18	18	18
Boat ramps	4	4	4	4
Pickle Ball courts	0	2	2	2
Tennis courts	6	0	0	0
Baseball fields	2	2	2	2
Softball fields	2	2	2	2
Soccer fields	2	2	2	2

<u>2019</u>	<u>2018</u>	<u>Year Ended June 30,</u>		<u>2015</u>	<u>2014</u>
<u>2017</u>	<u>2016</u>				
1	1	1	1	1	1
13	13	13	13	13	13
0	0	0	0	0	0
1	1	1	1	1	1
2	2	2	2	2	2
4	4	4	3	3	3
3	3	2	2	1	1
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4
7	7	7	7	7	7
1	1	1	1	1	1
5	5	5	4	4	4
33.9	33.9	33.9	33.9	33.9	33.9
0	0	0	0	0	0
1	0	0	0	0	0
18	0	0	0	0	0
4	4	4	4	4	4
2	2	2	2	2	2
0	0	0	0	0	0
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2

CITY OF KINGSTON, TENNESSEE

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

(continued)

Unaudited - See the accompanying independent accountants' audit report.

Track	1	1	1	1
Walking trails	2	2	2	2
Swimming pool	1	1	1	1
Playgrounds	4	4	4	4
18 hole Disc Golf	1	1	1	1
Basketball courts	2	2	2	2
Public works:				
Building	5	1	1	1
Streets (miles)	60	60	60	60
Sidewalks	6	6	6	6
Traffic signals	8	8	8	8
Stop and yield signs	289	289	289	289
Street lights	685	642	642	592
Library:				
Building	1	1	1	1
Business-Type Activities:				
Water and sewer:				
Buildings	5	5	5	5
Water Lift Stations	2	2	2	2
Sewer Lift Stations	3	3	3	3
Water pipe (miles)	152	152	152	152
Sewer pipe (miles)	61	60	59	59
Water treatment capacity (millions of gallons)	3	3	3	3
Water storage capacity (millions of gallons)	2	2	2	2

Sources: various city departments and Rockwood Electric Utility

1	1	1	1	1	1	1
2	2	2	2	2	2	1
1	1	1	1	1	1	1
4	4	4	4	4	4	4
1	1	1	1	1	1	1
2	2	2	2	2	2	2
1	1	1	1	1	1	1
60	60	60	60	60	60	60
6	6	6	6	6	6	6
8	8	8	8	8	8	8
289	289	289	289	288	288	288
592	592	592	591	589	589	589
1	1	1	1	1	1	1
5	5	4	4	4	4	4
2	2	2	2	2	2	2
3	3	3	3	3	3	3
151	150	150	150	150	150	150
59	59	59	59	59	59	59
3	3	3	3	3	3	3
2	2	2	2	2	2	2

Internal Control and Compliance

**CITY OF KINGSTON,
TENNESSEE**

**Annual Comprehensive
Financial Report**

For the Fiscal Year Ending June 30, 2023

**Prepared by:
MITCHELL EMERT & HILL, P.C.**

Photo by: AJM Aerial



INDEPENDENT ACCOUNTANTS' 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*

Mayor and City Council
City of Kingston, Tennessee
Kingston, Tennessee

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 of America, the financial statements of the governmental activities, the business-type activities and each major fund of City of Kingston, Tennessee as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Kingston, Tennessee's basic financial statements, and have issued our report thereon dated December 11, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Kingston, Tennessee's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Kingston, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Kingston, Tennessee'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 City of Kingston, Tennessee'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 City of Kingston, Tennessee'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 financial statements. 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 instances 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 City of Kingston, Tennessee's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kingston, Tennessee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mitchell Emert & Hill". The script is cursive and fluid, with the ampersand clearly visible between the two names.

December 11, 2023

CITY OF KINGSTON, TENNESSEE

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2023

No findings were reported in the prior year.