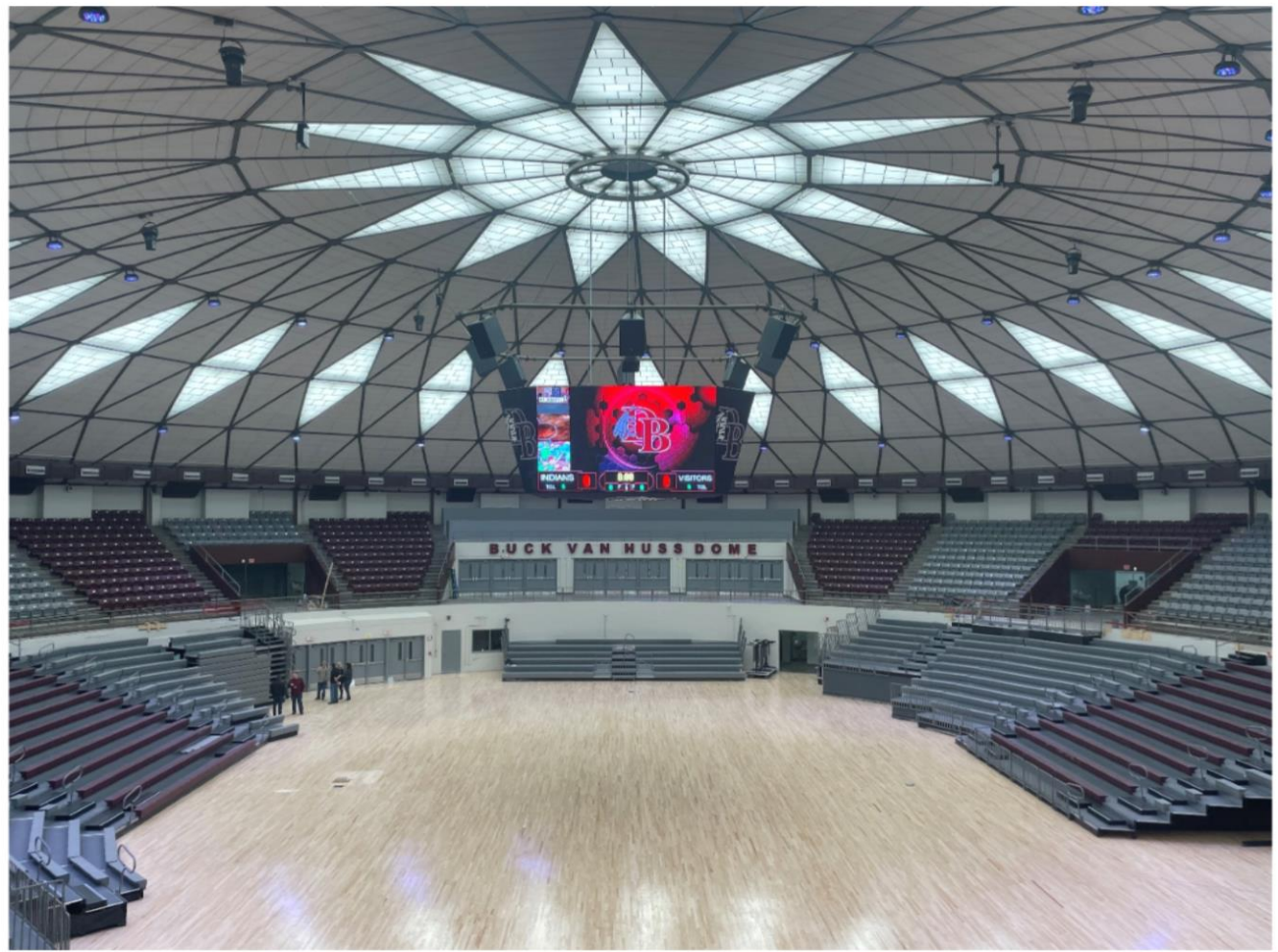


CITY OF KINGSPORT, TENNESSEE



*ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 2024*



City of Kingsport, Tennessee
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024

Prepared By
The Finance Department
Lisa Winkle, City Recorder/Treasurer

**CITY OF KINGSPORT, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2024**

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**CITY OF KINGSPORT, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

I. INTRODUCTORY SECTION (UNAUDITED)



Administration

December 31, 2024

To the Honorable Mayor, Members of the Board of Mayor and Aldermen, and Citizens of the City of Kingsport, Tennessee:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the City of Kingsport for the fiscal year ended June 30, 2024.

This report consists of management’s representations concerning the finances of the City of Kingsport. Consequently, 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 Kingsport has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Kingsport’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Kingsport’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Brown, Edwards & Company, L.L.P., a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on the City of Kingsport’s financial statements for the fiscal year ended June 30, 2024. The independent auditors’ report is located at the front of the financial section of this report.

The independent audit of the financial statements of the City of Kingsport was part of a broader, federally mandated Uniform Guidance audit designed to meet the special needs of federal grantor agencies. The standards governing Uniform Guidance engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance report section of this ACFR.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction. The City of Kingsport’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Kingsport was incorporated in the year 1917. The city has a population of 56,150 and operates under a council-manager form of government. Policymaking and legislative authority are vested in the Board of Mayor and Aldermen (BMA) consisting of a mayor and six aldermen. The BMA is responsible, among other things, for passing ordinances, resolutions, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the BMA, for overseeing the day-to-day

operations and appointing the heads of various departments. The BMA is elected on a non-partisan basis. Board members serve four-year staggered terms, with an election every two years. The Mayor is elected to serve a two-year term. The City Manager serves at the pleasure of the Board.

The City of Kingsport provides a full range of services, including police, fire and rescue, elementary and secondary education, street construction and maintenance, planning and zoning, parks and recreation, cultural events, public transportation and general administrative services. In addition, water and sewer service, storm water management, solid waste collection, Kingsport Aquatic Center, MeadowView Convention Center and Cattails golf course are provided under an Enterprise Fund concept with user charges established by the BMA to ensure adequate coverage of operating expenses and payments on outstanding debt. Vehicle maintenance and replacement and self-insurance activities are provided through Internal Service Funds. The City of Kingsport also provides water and sewer service and solid waste collection service outside the city limits.

The City is financially accountable for two legally separate organizations, the Industrial Development Board of Kingsport and the Emergency Communications District of Kingsport. Both of these organizations are reported separately within the City's financial statements. Additional information on these legally separate entities can be found in the notes to the financial statements (see note 1.A).

The annual budget serves as the foundation for the City of Kingsport's financial planning and control. All departments of the City of Kingsport are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the BMA for review by May 15. The BMA is required to hold two public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City of Kingsport's fiscal year. The appropriation budget is prepared by fund, function and department. The City Manager may make transfers of appropriations within a department and between departments within any fund. Transfers of appropriations between funds, however, require the approval of the BMA. Budget-to-actual comparisons are provided in this report. The general fund comparison is presented on pages 38 through 40 as part of the basic financial statements for the City's funds.

Factors Affecting Financial Condition

Local Economy

Kingsport, along with the cities of Johnson City and Bristol, Tennessee and Virginia, are known as the "Tri-Cities" area of Northeast Tennessee. The combined Metropolitan Statistical Areas (MSAs) have a population of 521,528. Kingsport's per capita personal income is \$34,878.

In June 2020, the unemployment rate was 9.1% and is currently at 3.8% as of June 2024. The City enjoys a very diverse business and industry community with manufacturing serving as the lead in employment. The City economic base is led by the manufacturing sector which includes Eastman Chemical Company, BAE Systems, Domtar and others.

The City continues to grow through local development efforts. Total taxable assessed value for property in the City has increased approximately 11.4% over the last five years. The City's property tax rate for fiscal year 2024 was \$1.9983 per \$100 of assessed value for Sullivan County portion of Kingsport and \$1.9983 per \$100 of assessed value for the Hawkins County portion of Kingsport. Property tax collections were \$41,026,744 representing 97.63% of the current year tax levy, at June 30, 2024.

One of the most notable ongoing regional developments is Aerospace Park. The state, TVA, two counties and three cities came together to create a 160-acre, build-ready site for maintenance and repair of any size aircraft ranging from corporate jets to commercial fleets.

In the past few years:

- Eastman Chemical Company completed a \$250M investment to their Kingsport plant. The investment is in a process known as Methanolysis, which returns certain plastics back to their raw form. This project gained Eastman international attention.
- Domtar has opened its new \$350 million plant converting the Kingsport Mill from an uncoated free-sheet to packaging plant. The investment aligns with international trends in the paper industry.
- The Robinette Company announced they will invest \$10.3 million to construct a new 100,000SF facility in Piney Flats, Tennessee, creating 70 new jobs.
- Stone Mountain Technologies, Inc. (SMTI) officials announced the company will invest \$13.9 million to establish manufacturing operations in Piney Flats, Tennessee. SMTI will create 111 new jobs in Sullivan County and launch production of ANESI, its brand of high efficiency gas-fired heat pumps.
- Seaman Corporation officials announced the company will build a new 350,000-square-foot facility in Bristol, Tennessee. Seaman Corp will create 58 new jobs at its new manufacturing and distribution facility.
- Cardinal Glass acquires AGC's Hawkins County Plant. The company has committed to growth at the local facility and has already invested more than \$7 million in plant upgrades.
- Advanced Call Center Technologies announces two new projects in Kingsport and Bristol and has leased space in both cities to accommodate the company's growth. The two projects will ultimately produce more than 650 new jobs in Sullivan County.
- Tri-City Extrusion, Inc invest announces a \$33 million expansion that will see the company build a new 120,000SF building. This expansion will increase the company's local presence and create an additional 51 new jobs.
- Final Forge announced their intention to build two facilities totaling more than 50,000SF at the Tri-Cities Airport's Aerospace Park. The company is a head-borne protective equipment developer and manufacturer for military, law enforcement, first responder and homeland security use.
- Symmco announced its intent to invest more than \$13 million and locate in the Phipps Bend Industrial Park. The company is purchasing the former 70,000SF Hawkins County Spec Building and plans to hire 86 people.
- O'Neal Manufacturing Services announced that it will be locating its first Tennessee facility in Kingsport. The project represents a \$8.5 million dollar investment and 29 new jobs to support medium-to-heavy-gauge steel fabrication including steel plate burning, machining, shot blasting and flattening.
- Share Logistics officially announced the company will locate new operations in both Hawkins and Sullivan Counties. The company will invest nearly \$400,000 across the two locations, creating at least 21 new jobs in Surgoinsville and 36 new jobs in Kingsport within the next 5 years.

Other notable developments include:

- Brickyard Village is under construction and is slated to have over 450 housing units in our downtown, approximately a \$100 million investment.
- Fieldcrest is a 243-unit housing development, set to be completed over 5 phases. Phase 1 of the development is under construction and phase 2 is coming soon.
- Bradley Hills is an apartment development of approximately 196-units that is under construction and set to open mid-2025.
- Kingsport currently has approximately 17 residential projects in process. Most notably, three of these proposed projects will provide more than 2,000 housing units over the next 5 years.
- Fort Henry Mall announced construction will begin on a new 7,000SF IMAX theatre and it would be open in 2025, adjoining the existing NCG cinemas along with upgrades to the existing facilities.
- Rural King is under construction and set to open Spring 2025.
- Friendship Hyundai has started demo at 1017 W. Stone Drive and construction is set to begin 2025.
- Academy Sports opened Fall 2024 in the Pavilion Shopping Center.
- Magnolia Ridge, a 100-unit housing development, is now in phase 2 with approximately 88 new homes built or under construction.
- Several pocket neighborhoods were completed and/or under construction including Caymus Court (28-units), Saint Andrews Garth Phase 2 (15-units) and Lebanon Meadows (13-units).
- Riverbend "The Arbor" a townhome development of 45 units began construction and phase 2 (40-units) is currently under staff review with construction set to begin early 2025.

Long-term Financial Planning

As a part of the City's annual budget process, the BMA re-evaluates the adopted multi-year Capital Improvement Plan (CIP) for utility, general government and school related activities to address needed improvements to existing City facilities, roads and infrastructure. The CIP currently includes plans for several significant projects scheduled over the next few years. While the CIP generally looks out over a 5-year period, the plan for the water and sewer utility systems encompasses a 10-year period. These projects will be funded mostly by the issuance of new debt. Even with a significant amount of new debt, the total outstanding debt is expected to be in line with debt roll-off and be well within the parameters of the adopted debt limits as specified in the BMA's debt management policy.

The City of Kingsport has adopted a comprehensive set of financial policies to guide its operations. One of the primary policies that has given the City the flexibility to address cash flow, emergency needs and to take advantage of significant grant opportunities that have matching requirements, is the adoption of a General Fund minimum unassigned fund balance policy of 15% of General Fund expenditures, with a further restriction that the City will not fund any recurring operating expenditures with the use of one-time revenues. Funding for the water and sewer CIP consists of gradual annual rate increases and savings realized from declining annual debt service expenditures. This strategy, confirmed by a completed rate study by Raftelis, is utilized to provide an annual funding source for non-major capital expenditures and to reserve issuance of new debt obligations for large major capital projects.

Moody's and S&P continue to reaffirm Kingsport's bond ratings of AA and Aa2 respectively. Moody's cites the City's large and expanding tax base, past tax rate increase, adoption of sanitation fee, and healthy reserves as rationale for its rating. S&P comments include an adequate economy, very strong management with strong financial policies and practices, strong budgetary flexibility with available fund balance, and very strong institutional framework score.

In August 2023, the City issued General Obligation Bonds, Series 2023 in the amount of \$61,945,000. The breakout was \$40,770,000 for general governmental projects, \$11,425,000 for sewer projects and \$9,750,000 for water projects. The biggest projects funded from this issue are DB Dome Replacement at \$21,000,000; Justice Center Expansion at \$13,400,000; combined water and sewer line relocation related to the State's Memorial Blvd Project at \$7,500,000; Library Renovation at \$4,400,000 and combined water and sewer lines for the Fieldcrest Annexation area at \$3,700,000. Bonding plans have been revised to plan for a smaller than previously planned issue in Spring 2026 which will fund Fire Station 2 replacement and various utility projects. The larger bond issue is delayed until Spring 2027 to provide funding for construction of a new elementary and renovation of the old North High School building into an elementary. This plan was developed so both new schools could open August 2029.

City Utilities

In FY20 the City hired Raftelis to perform an in-depth rate study and financial plan for city utilities. The goal of the study was to provide a new rate structure that would be simpler and more equitable than what was in use and to set rates that would provide for financial sufficiency, debt service coverage, and equity financed capital. The City's rate structure had been complicated by trying to accommodate rate structures of utility districts that had been absorbed into the city system in past years.

The implementation of the rate study was delayed during Covid, and the City went a year without raising rates. The rate study and rate restructuring plan was presented to the BMA during discussions for the FY2023 Budget. The old rate structure had a minimum bill and 4 or 6 declining block tiers depending on whether the customer was inside city limits or outside. The new rate structure keeps the inside/outside difference but only has 2 tiers and a base charge which varies by meter size. FY2023 was the first year of a four-year phase in of the new rate structure. For FY2023 the base charge also covered the first 1500 gallons used. For FY2024 the base charge covered the first 1000 gallons used. For FY2025 the base charge will cover the first 500 gallons used. In FY2026 the base charge will just cover the available service and all usage will be charged based on the 2 tiers.

In FY23 the City was awarded ARP grant funds through TDEC totaling approximately \$7,000,000 for various city utility projects. In addition, the City is partnering with Sullivan County and Washington County for projects using ARP grant funds through TDEC awarded to them with a combined total of approximately \$4,600,000 that will serve their residents and increase our utility customer base.

Major Initiatives

The Board of Mayor and Aldermen, through community input, has developed and invested in several major initiatives. This includes projects related not only to the City's infrastructure but also includes projects to distinguish Kingsport as a great place to live, work, play and for businesses to grow and prosper. Examples include the following:

- Kingsport began the process of creating a new Strategic Plan, helping to define Kingsport's vision and mission and identifying the city's goals and objectives for the future. The plan will be complete in February 2025.
- The Dental Clinic of the Appalachian Highlands opened in 2024 through a partnership with University of Tennessee, Ballad Health, East Tennessee University and private corporate sponsors.
- PaveKingsport is in the fifth year of a multi-phase plan to get all local roads on an industry standard 25-year paving cycle. The plan is data-driven, based on need, and is divided into three broad categories: (1) neighborhoods, (2) main roads, and (3) worst roads. This year, Kingsport experienced approximately \$10.8 million in street resurfacing projects, paving approximately 16 miles of roadway between contractors and in-house crews.
- Upgrades and enhancements at Bays Mountain Park & Planetarium, include a new fox habitat, nature center and planetarium renovations, and upcoming construction on the Fox Den Playground.
- The city's holiday initiative, Christmas in Kingsport, hosted three weekends of events, featured over 100 decorated trees, and over a dozen displays in downtown.
- An impactful infrastructure project, the Main Street Rebuild Project, will be completed in early 2025 and will beautify a major gateway road into our downtown.
- ConnectKingsport is a free app for residents to download and use to report nonemergency issues to City departments. Issues such as potholes, streetlight outages, fallen tree, and code enforcement issues, are reported directly to the department responsible. The app currently has over 12,000 active users.
- To help residents learn about day-to-day city operations within their local government, the Model City 101 program was started. A free 8-week program provides an overview of various city departments and services.
- Through a partnership with Sullivan County, a new recycling convenience center opened, accepting cardboard, tin, aluminum and mixed paper.
- The Kingsport Aquatic Center underwent needed maintenance and key improvements to the locker rooms, family bathrooms, lazy river and all of the pools at the facility, continuing its goal of being a world-class facility.

Downtown continues to be a major focus. Since Kingsport's downtown was planned in advance, it has an extraordinarily large footprint. Downtown Kingsport contains 367 acres (excluding any land at Brickyard Park/General Shale). By comparison, downtown Johnson City has 169 acres and downtown Bristol, TN-VA has 79 acres. This gives Kingsport ample opportunity to create a vibrant, mixed-use community in the heart of the city. Property values in Downtown Kingsport total approximately \$144,000,000 – almost doubling from \$73,000,000 in 2000. The transformation has drawn the attention of current and former residents alike. It's hard not to notice how many buildings all over downtown have been adaptively reused, while others have been replaced with new buildings that complement our City's heart.

Awards and Acknowledgements

Awards The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kingsport for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2023. This was the 24th consecutive year that the City of Kingsport has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit 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 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.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2022. The annual budget document dated July 1, 2023 has been submitted to the GFOA for review and has already been notified it will also receive this award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The audit for the year ended June 30, 2024 is the 26th year in a row that the City has received a clean, unmodified opinion. The FY 2024 annual audit reported no material weaknesses or significant deficiencies in financial controls and operations. By any measure, our citizens can rest assured that the Board and staff are safeguarding the assets that have been placed in their care.

The City's Public Information and Communications Department received two awards from the Public Relations Society of America Tri-Cities Chapter – Award of Quality for a community blog post, and an Award of Merit for Special Events – 8 Days or More.

The Kingsport Fire Department Hazardous Materials (HazMat) Team earned a new Type II designation, becoming the first team in the State of Tennessee to receive this designation from the Tennessee Emergency Management Agency (TEMA).

The Kingsport Farmers Market was named one of the 2024 '12 Farmers Markets in the South You Should Visit This Season.'

Kingsport received a \$7.8 million grant from the BlueCross BlueShield of Tennessee Foundation earlier this year for the enhancement of a city park along the South Fork of the Holston River.

Kingsport received \$2.9 million from the Tennessee Department of Environment & Conservation's Local Parks and Recreation Fund earlier in 2024 with improvements slated at Bays Mountain Park and the Brickyard Complex.

The City of Kingsport has been awarded \$75,000 in grant funds from the Tennessee State Museum with proceeds allocated for ADA improvements to the Farmstead Museum at Bays Mountain Park.

Acknowledgments The preparation of this ACFR could not have been accomplished without the efforts and dedication of the staff of the Department of Finance. We would like to express our appreciation to all staff members and other personnel from various departments, agencies, and authorities that assisted in its preparation. We would also like to thank the Board of Mayor and Aldermen for their guidance and support.

Respectfully submitted,



Chris McCart
City Manager



Lisa Winkle
City Recorder/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kingsport
Tennessee**

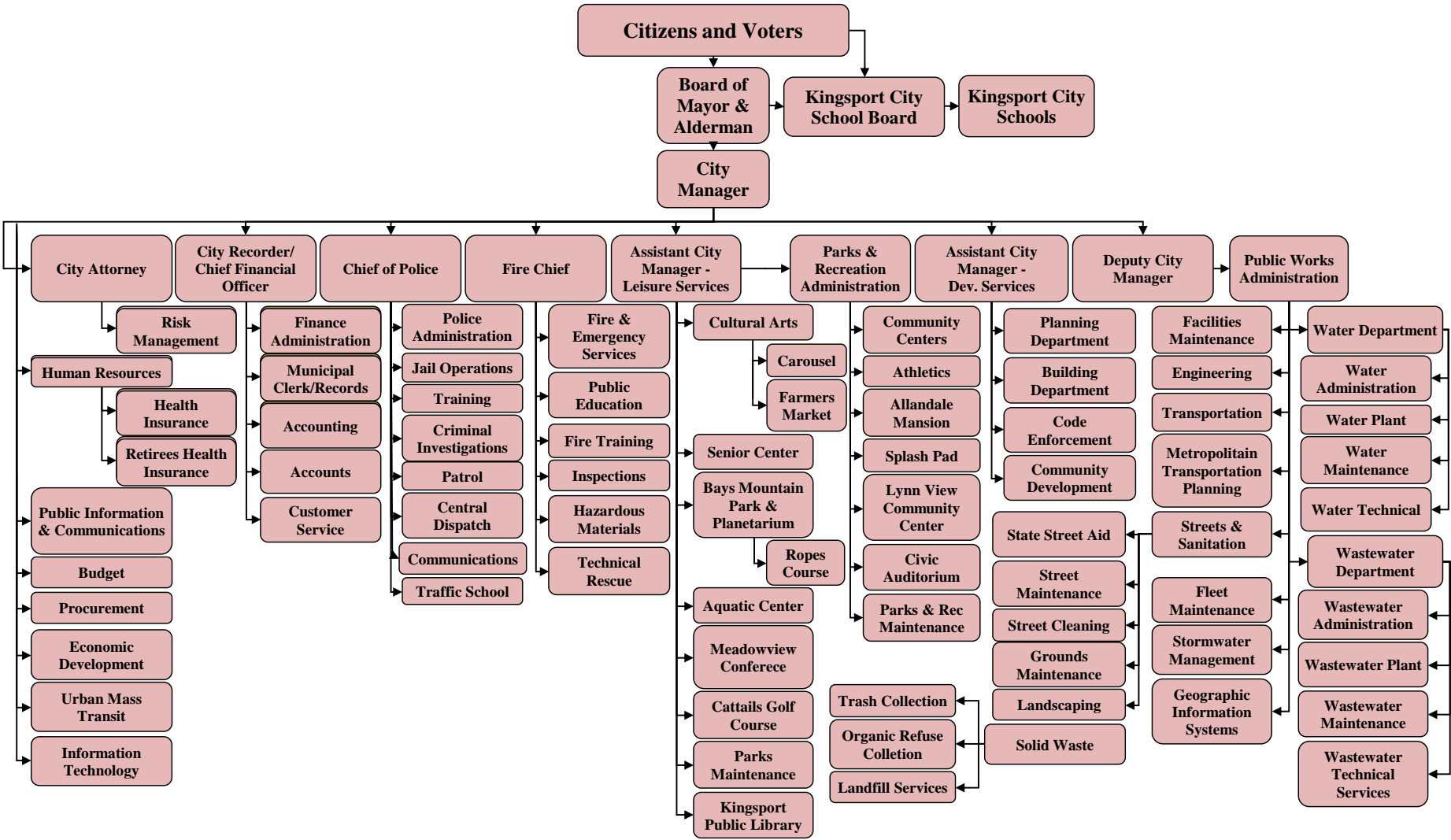
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

CITY OF KINGSPORT ORGANIZATION CHART





CITY OF KINGSPORT, TENNESSEE

HISTORY AND ORGANIZATION

The City of Kingsport incorporated in 1917 and has operated under the Council-Manager form of government since that time. The Board of Mayor and Aldermen was expanded from five to seven members through a Charter amendment effective May 15, 1973. On the third Tuesday in May of each odd numbered year three members are elected by the qualified voters of the City for a four-year term and the mayor is elected for a two-year term beginning at the first regular meeting of the Board in July following the election. The Board appoints a City Manager who is responsible for the administration of the City according to the Charter and Ordinances in effect. The City Manager appoints various department heads, officials, and employees to operate the City except for the Education Department. The Board of Education, consisting of five members with two or three elected by the qualified voters of the City each odd number year, is responsible for the hiring of a Director of Schools and other personnel, formulating policies and operating the school system within the framework of State statutes and the City Charter and Code.

Pay scales for employees and officials of all departments are approved by the Board of Mayor and Aldermen, and all appropriations of funds are made by the Board.



In 2021, the City of Kingsport's City Hall relocated to 415 Broad Street. The City renovated a six-story former bank building near the iconic Church Circle in the heart of Downtown Kingsport. The new City Hall consolidates more than 100 employees from six offices into one convenient, renovated, ADA-compliant building.

CITY OF KINGSPORT, TENNESSEE

PRINCIPAL OFFICIALS

AS OF

June 30, 2024

BOARD OF MAYOR AND ALDERMEN

Patrick Shull	Mayor
Colette George	Vice-Mayor
Betsy Cooper	Alderman
Darrell Duncan	Alderman
Paul Montgomery	Alderman
Tommy Olterman	Alderman
James Phillips	Alderman

CHARTER OFFICERS

Christopher W. McCart	City Manager
Lisa E. Winkle	City Recorder/Treasurer
Rodney B. Rowlett	City Attorney
Anthony D. Phipps	Police Chief
Steven C. Rose	City Judge
Christopher M. Hampton	Superintendent of Schools

DEPARTMENT HEADS

Ryan O. McReynolds	Deputy City Manager
Scott A. Boyd	Fire Chief
John P. Morris	Budget Officer

**CITY OF KINGSFORT, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

II. FINANCIAL SECTION

CITY OF KINGSPORT, TENNESSEE

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended June 30, 2024

Independent Auditor's Report

To the Honorable Mayor and Board of Aldermen
City of Kingsport, Tennessee

Report on the Audit of the Financial Statements

Opinions


We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kingsport, Tennessee (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Emergency Communications District (the ECD), which represents 21 percent, 54 percent, and 26 percent, respectively, of the assets, net positions, and revenues of the aggregate discretely presented component units as of June 30, 2024. Also, we did not audit the financial statements of the Phipps Bend Joint Venture, a joint venture with the Industrial Development Board of Kingsport, a discretely presented component unit, which represents 2 percent and 5 percent, respectively, of the assets and net positions of the aggregate discretely presented component units as of June 30, 2024. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the ECD and the Phipps Bend Joint Venture, are based solely on the reports of the other auditors.

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



Responsibilities of Management for the Financial Statements

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


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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.



Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, 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 knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the schedule of changes in long term debt by individual issue, the schedule of changes in long term lease obligations, the capital assets used in the operation of governmental funds: comparative schedules by source, schedule by function and activity, and schedule of changes by function and activity, schedule of operating costs – enterprise funds, schedule of operating costs – non-major enterprise funds, schedule of inter-fund transfer details, schedule of transportation expenditures by object classification, schedule of highways and streets expenditures by object classification, schedule of expenditures of state awards, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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.



Supplementary Information (Continued)

In our opinion, the combining and individual nonmajor fund financial statements, the schedule of changes in long term debt by individual issue, the schedule of changes in long term lease obligations, the capital assets used in the operation of governmental funds: comparative schedules by source, schedule by function and activity, and schedule of changes by function and activity, schedule of operating costs – enterprise funds, schedule of operating costs – non-major enterprise funds, schedule of inter-fund transfer details, schedule of transportation expenditures by object classification, schedule of highways and streets expenditures by object classification schedule of expenditures of state awards, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the City'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 the City's internal control over financial reporting and compliance.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee
December 31, 2024

A. MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

As management of the City of Kingsport (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 7 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$524,649,931 (net position).
- The City's total net position increased by \$31,982,419 for the fiscal year ended June 30, 2024.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$107,687,140 an increase of \$29,750,806.
- The increase is directly related to an August 2023 GO Bond Issue of \$40,770,000 for general governmental capital projects.
- Approximately 23% of this total fund balance, \$24,759,978, is unassigned and therefore available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$24,759,978 or approximately 25% of total general fund expenditures including transfers out.
- The City's total gross debt increased by \$42,276,108 during the current fiscal year. The increase relates directly to 30 year General Obligation Public Improvement Bonds, Series 2023 issued August 25, 2023 for \$61,945,000 with average interest rate of 4.23%.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the assets plus deferred outflows of resources less liabilities and deferred inflows of resources 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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes or earned but unused vacation leave, etc.).

**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (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 general government, public safety, public works, highway and transportation, economic and physical development, culture and recreation, and education. The business-type activities of the City include water, sewer, solid waste management, storm water management, aquatic center, conference center and golf course. The government-wide financial statements can be found on pages 29 to 31 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 City's near-term financing requirements. Because the focus of 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-six (26) individual governmental funds. Twenty-two (22) of these governmental funds are classified as nonmajor and are summarized under the heading "Other Governmental Funds" in the governmental fund presentation. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the general purpose school fund, the capital project fund, the debt service fund and nonmajor governmental funds, all of which are combined into a single, aggregated presentation. Individual fund data for nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 32 to 42 of this report.

The City adopts an annual appropriation budget for its general and other major special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

Proprietary funds

The City maintains eleven (11) different types of proprietary funds, including enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, solid waste management, storm water management, aquatic center, convention center and golf course activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for vehicle maintenance and replacement and self-insurance activities.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the water, sewer, aquatic center, and convention center activities, which are considered to be major funds of the City. In addition the proprietary fund financial statements include a column for other enterprise funds. This column presents the information for the City's solid waste management, storm water management, and golf course activities. Individual fund data for these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 43 to 47 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 48 to 196 of this report.

Other information

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 212 to 246 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$524,649,931 at the close of the most recent fiscal year.

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

**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 217,891,634	\$ 188,676,425	\$ 57,347,115	\$ 34,799,249	\$ 275,238,749	\$ 223,475,674
Capital Assets	393,816,519	368,359,401	308,422,477	304,494,647	702,238,996	672,854,048
Total Assets	<u>611,708,153</u>	<u>557,035,826</u>	<u>365,769,592</u>	<u>339,293,896</u>	<u>977,477,745</u>	<u>896,329,722</u>
Total Deferred Outflows of Resources	54,339,092	48,935,032	5,058,830	5,038,500	59,397,922	53,973,532
Long-term Liabilities Outstanding	246,031,015	196,332,785	142,665,329	129,224,127	388,696,344	325,556,912
Other Liabilities	33,662,065	31,385,200	4,760,501	5,420,160	38,422,566	36,805,360
Total Liabilities	<u>279,693,080</u>	<u>227,717,985</u>	<u>147,425,830</u>	<u>134,644,287</u>	<u>427,118,910</u>	<u>362,362,272</u>
Total Deferred Inflows of Resources	83,537,440	92,942,791	1,569,386	2,330,679	85,106,826	95,273,470
Net Position:						
Net Investment in Capital Assets	302,151,563	273,487,359	208,800,023	200,142,606	510,951,586	473,629,965
Restricted	15,330,681	17,089,975	2,044,750	1,815,357	17,375,431	18,905,332
Unrestricted	(14,665,519)	(5,267,252)	10,988,433	5,399,467	(3,677,086)	132,215
Total Net Position	<u>\$ 302,816,725</u>	<u>\$ 285,310,082</u>	<u>\$ 221,833,206</u>	<u>\$ 207,357,430</u>	<u>\$ 524,649,931</u>	<u>\$ 492,667,512</u>

A portion of the City's net position, \$17,375,431 (3%) represents resources that are subject to external restrictions on how they may be used.

During the current fiscal year, the government's net position increased by \$31,982,419. Net position for governmental activities increased by \$17,506,643 while net position for business-type activities increased by \$14,475,776.

The \$17,506,643 current year increase in net position for governmental activities was primarily a result of increases in federal grant revenue.

The \$14,475,776 increase in net position in the business-type activities was a result of federal grant revenue and rate increases affecting charges for services.

**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

The following is a summary of activities for the City during the fiscal year ended June 30, 2024:

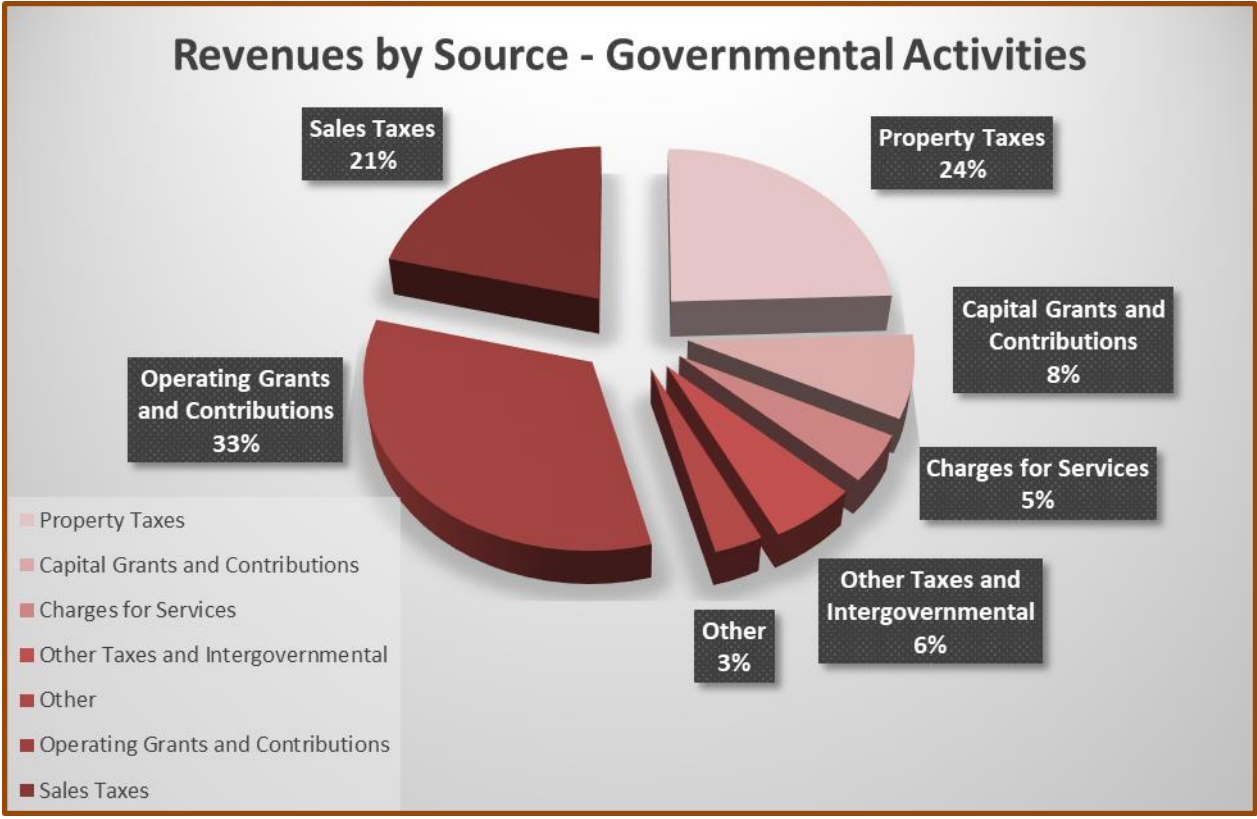
City of Kingsport's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 10,836,536	\$ 9,793,161	\$ 46,202,141	\$ 42,139,427	\$ 57,038,677	\$ 51,932,588
Operating Grants and Contributions	78,379,126	62,146,782	0	0	78,379,126	62,146,782
Capital Grants and Contributions	18,762,965	13,697,996	9,417,623	1,211,477	28,180,588	14,909,473
General Revenues						
Property Taxes	57,861,472	64,537,940	0	0	57,861,472	64,537,940
Sales Taxes	49,811,840	49,916,865	0	0	49,811,840	49,916,865
Other Taxes and Intergovernmental	13,734,573	13,846,736	0	0	13,734,573	13,846,736
Unrestricted Investment Earnings	4,846,993	1,835,591	2,210,680	660,800	7,057,673	2,496,391
Grants and Contributions Not Restricted to Specific Programs	2,046,470	1,317,032	0	0	2,046,470	1,317,032
Other	723,480	2,170,238	0	0	723,480	2,170,238
Total Revenues	<u>237,003,455</u>	<u>219,262,341</u>	<u>57,830,444</u>	<u>44,011,704</u>	<u>294,833,899</u>	<u>263,274,045</u>
Expenses:						
General Government	22,289,630	21,389,215	0	0	22,289,630	21,389,215
Public Safety	29,471,289	26,676,165	0	0	29,471,289	26,676,165
Public Works	27,067,764	22,617,812	0	0	27,067,764	22,617,812
Highway Transportation Planning	5,232,903	5,050,087	0	0	5,232,903	5,050,087
Economic and Physical Development	2,852,843	2,405,551	0	0	2,852,843	2,405,551
Culture and Recreation	10,393,153	10,125,763	0	0	10,393,153	10,125,763
Education	113,378,002	100,044,821	0	0	113,378,002	100,044,821
Interest on Long-term Debt	4,295,031	3,183,790	0	0	4,295,031	3,183,790
Water	0	0	15,003,447	13,651,930	15,003,447	13,651,930
Sewer	0	0	16,697,917	14,862,315	16,697,917	14,862,315
Solid Waste Management	0	0	6,580,015	6,555,868	6,580,015	6,555,868
Storm Water Management	0	0	1,492,860	1,921,721	1,492,860	1,921,721
Aquatic Center	0	0	3,391,215	3,360,127	3,391,215	3,360,127
MeadowView Conference Resort and Convention Center	0	0	3,087,819	2,957,802	3,087,819	2,957,802
Cattails at MeadowView Golf Course	0	0	1,617,592	1,469,204	1,617,592	1,469,204
Total Expenses	<u>214,980,615</u>	<u>191,493,204</u>	<u>47,870,865</u>	<u>44,778,967</u>	<u>262,851,480</u>	<u>236,272,171</u>
Increase (Decrease) in Net Position before Transfers	22,022,840	27,769,137	9,959,579	(767,263)	31,982,419	27,001,874
Transfers	(4,516,197)	(3,688,619)	4,516,197	3,688,619	0	0
Change in Net Position	<u>17,506,643</u>	<u>24,080,518</u>	<u>14,475,776</u>	<u>2,921,356</u>	<u>31,982,419</u>	<u>27,001,874</u>
Net Position, beginning of period	<u>285,310,082</u>	<u>261,229,564</u>	<u>207,357,430</u>	<u>204,436,074</u>	<u>492,667,512</u>	<u>465,665,638</u>
Net Position, end of period	<u>\$ 302,816,725</u>	<u>\$ 285,310,082</u>	<u>\$ 221,833,206</u>	<u>\$ 207,357,430</u>	<u>\$ 524,649,931</u>	<u>\$ 492,667,512</u>

**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

Governmental Activities – Revenue

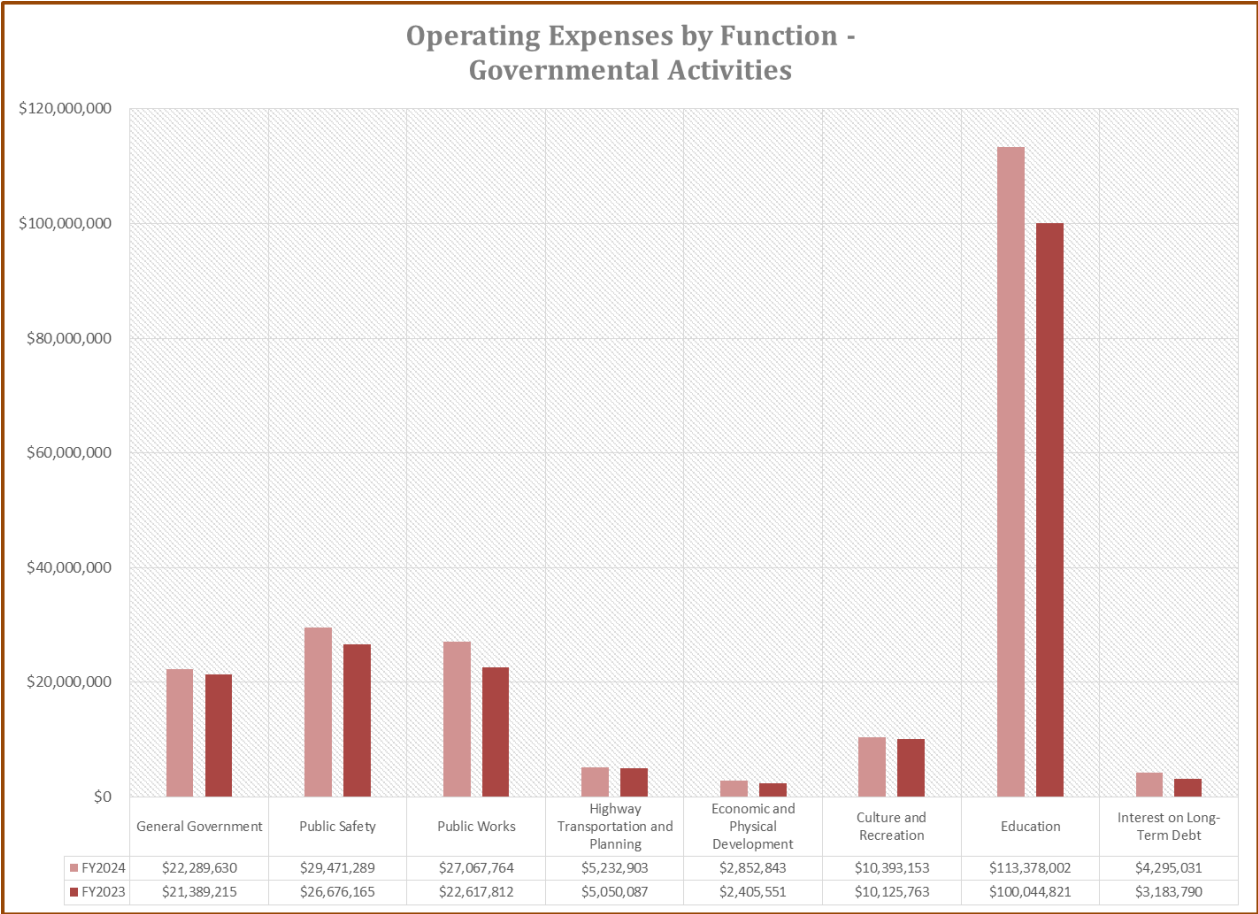
The City's governmental revenues totaling \$237,003,455 were more than the prior year by \$17,741,114. The main factor of this increase is the \$16,232,344 increase of operating grants and contributions. Much of this can be attributed to federal and state grants to help local governments and school systems recover from COVID-19. Capital grants and contributions increased by \$5,064,969 which can be attributed to grant funds for the City's Main Street Rebuild project. The increase in grant revenue helped offset the reduction of property tax revenue which was \$6,676,468.



**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

Governmental Activities – Operating Expenses

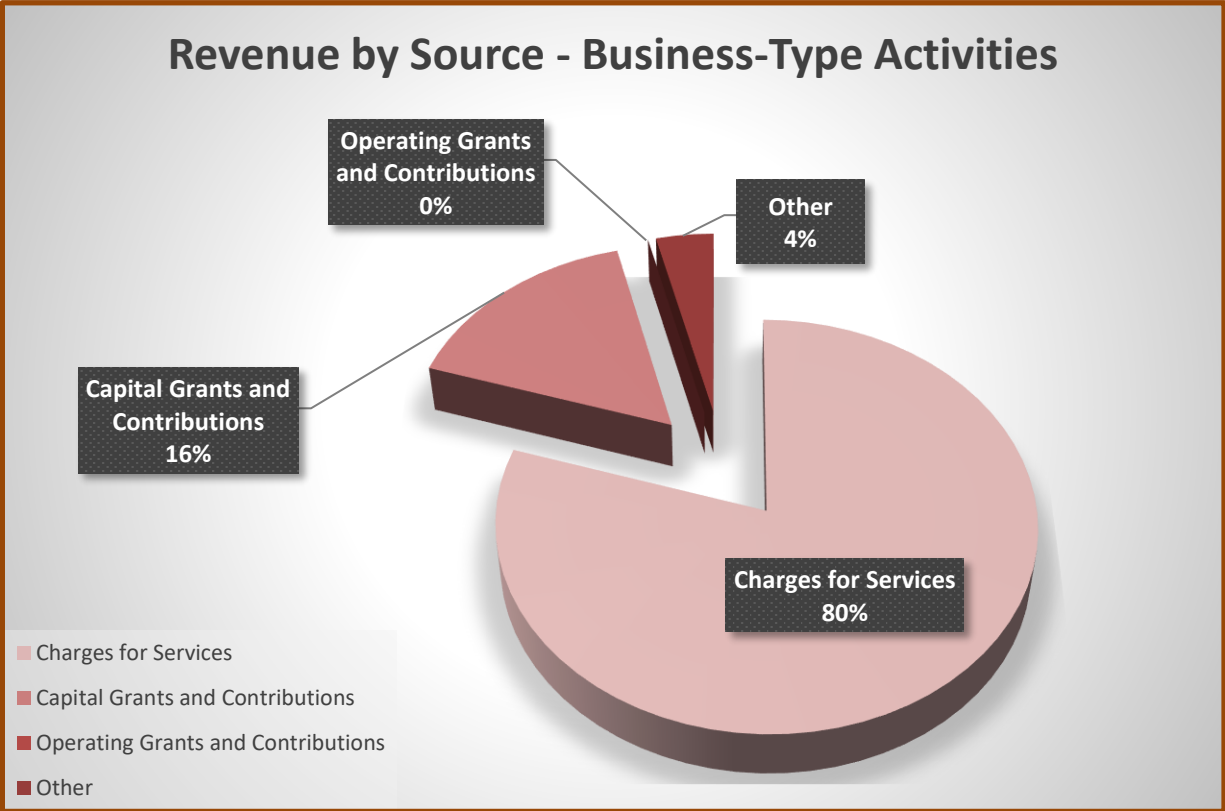
Operating expenses for governmental activities were more than the prior year by \$23,487,411. This increase in expenditures can be attributed to several factors. City Staff levels have returned to normal after unprecedented high vacancies during COVID, salary increases for employees that went into effect July 2022 and 2023, ability to purchase items that had been delayed due to supply chain issues, electricity fee increases and expenditures directly related to ARPA and ESSER grant revenues. The chart below shows how the City’s governmental revenue has been spent by function. By far the largest increase was in education which was higher by \$13,333,181.



**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

Business-Type Activities - Revenue

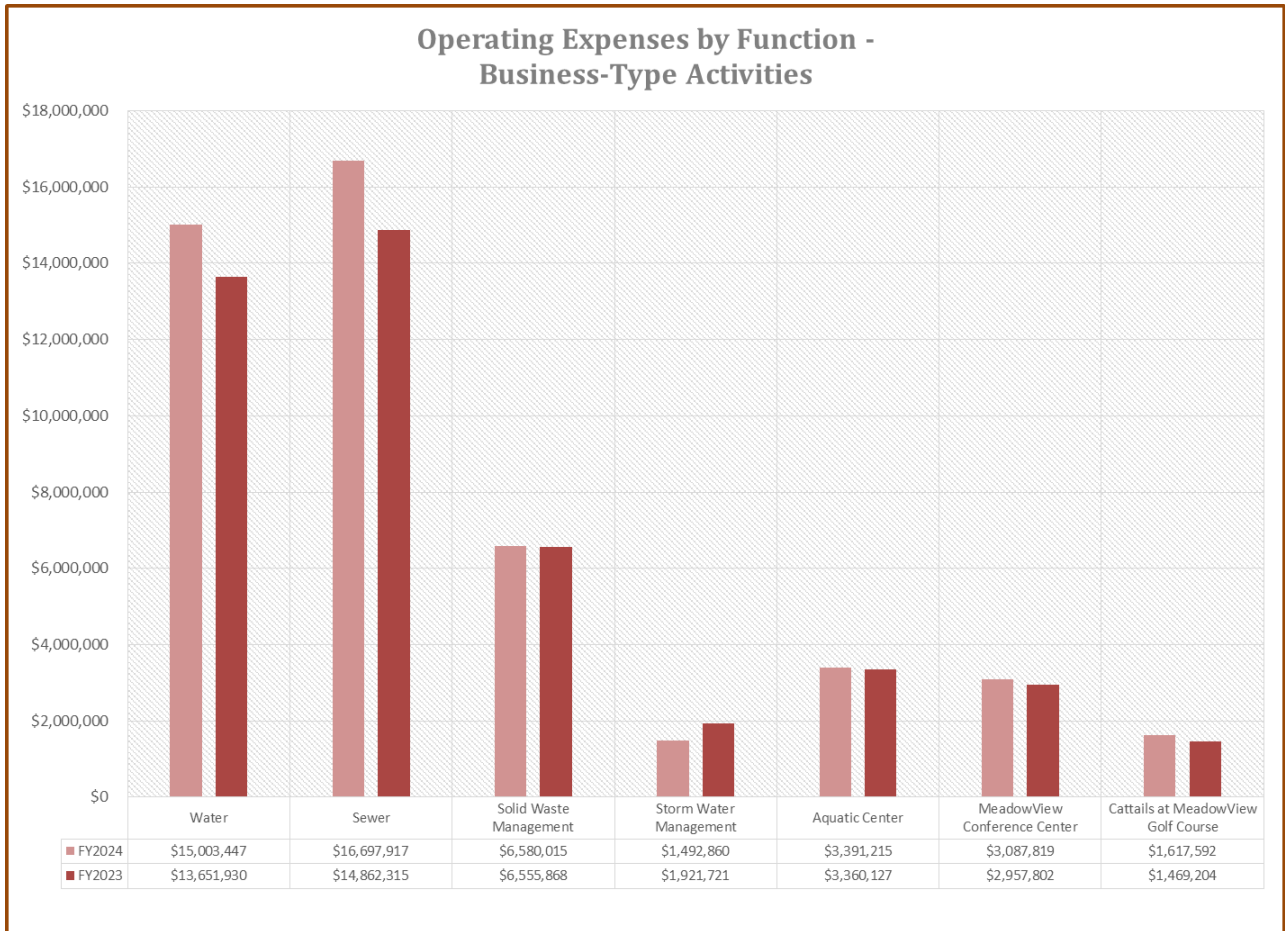
The City's business-type revenues totaling \$57,830,444 were more than the prior year by \$13,818,740. Capital grants and contributions increased by \$8,206,146 which relates to federal ARP grant money from TDEC for utility projects. The \$4,062,714 increase in charges for services can be attributed to utility rate increases. For FY2023 water and sewer rates were restructured to have a base fee for service by meter size with less rate tiers for gallons used. The new rate structure was recommended by a study completed by Raftelis. The rates from the study are being phased in over 4 years. FY24 was the second year if the phase in period.



**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

Business-Type Activities – Operating Expenses

Operating expenses for business-type activities totaled \$47,870,865 and was more than the prior year by \$3,091,898. Sewer operations had the largest increase of \$1,835,602. This can be attributed to maintenance projects that did not meet the threshold for capitalization.



**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

Financial Analysis of the City's Funds

As noted earlier, 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 is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Kingsport's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City of Kingsport's governmental funds reported combined ending fund balances of \$107,687,140 a net increase of \$29,750,806 in comparison with the prior year. Approximately 23% of the total fund balance, \$24,759,978 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance consists of \$476,339 nonspendable primarily attributed to inventories and a perpetual care trust, \$52,466,929 restricted primarily for capital projects, \$12,879,483 committed to special revenue purposes, and \$17,104,411 assigned primarily to the City's various governmental funds most significantly for education, capital projects, and debt service.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$24,759,978 while total fund balance was \$25,584,464. Of the total fund balance \$17,906 is considered nonspendable while \$319,596 is restricted for future pension costs and \$486,984 is considered assigned. The majority of the assigned fund balance represents encumbrance carryovers from fiscal year 2024 to fiscal year 2025. As a matter of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out.

Unassigned fund balance represents approximately 25% of total general fund expenditures and transfers out, while total fund balance represents 26% of that same amount. During fiscal year 2024, the fund balance of the City's General Fund increased by \$7,420. This increase is a net of increases in various revenues and transfers in and increases in expenditures and transfers out. The most noteworthy fact behind the net increase is that it was achieved even after the Board of Mayor and Aldermen appropriated \$2,616,239 of fund balance to various projects in June 2024.

The general purpose school fund has a total fund balance of \$15,573,280. Of this \$1,338,118 is restricted for future pension costs while the remaining \$14,235,162 is assigned to education. The net increase in fund balance during the current year in the general purpose school fund was \$1,910,193. This increase is directly related to increases in state funding.

The capital project fund has a total fund balance of \$49,832,774. Of this amount, \$48,420,254 represents unspent bond proceeds restricted for capital projects. The remainder of \$1,412,520 is assigned to the capital project fund. The net increase in this fund balance of \$27,795,675 was primarily due to the bonds issued in August 2023.

The debt service fund has a total fund balance of \$969,745. Debt service expenditures (principal and interest) totaled \$14,801,130 for fiscal year 2023. This was \$1,013,635 more than the debt service expenditures paid in fiscal year 2023.

Nonmajor (other) governmental funds have a fund balance of \$15,726,877. The net decrease in fund balance during the current year in nonmajor governmental funds was \$372,498. One source of the decrease was project expenditures from prior year transfers.

**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer funds at the end of the fiscal year amounted to \$5,919,513 and \$5,591,270 respectively. Other factors concerning the financial position of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original revenue budget and the final amended revenue budget represent an \$6,992,501 increase and are detailed as follows:

\$ 2,132,850	Appropriation of Fund Balance to transfer to projects
1,232,321	Increases in State Revenue most notably appropriation for School Resource Officers
1,368,515	Increase in Charges for Services most notably in house engineering services
764,642	Increases in Earnings on Investments
796,752	Increases in Property Taxes
<u>697,421</u>	Other Net Revenue Increases
<u>\$ 6,992,501</u>	

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$702,238,996 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure and construction in progress.

Major capital asset events during the current fiscal year included the following:

- The most significant business-type construction projects during fiscal year 2024 were various water and sewer improvement projects throughout the city. Business-type construction in progress at the close of the fiscal year was \$24,088,369. Utility Projects under way in FY2024 include several projects funded by ARP grant money through TDEC directly to Kingsport in addition to two water projects funded by ARP grant money through TDEC passed through Sullivan County and Washington County.
- Construction continued and/or began on a variety of general governmental projects including various road improvement projects. Governmental-type construction in progress at the close of the fiscal year was \$70,714,618. The largest of these projects are the Main Street Rebuild Project with a budget of \$19,569,037 and the DB Dome Replacement Project with a budget of \$23,881,529.

**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

Additional information on the City's capital assets can be found in Note 4.C on pages 72 to 75 of this report.

**City of Kingsport's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 39,071,592	\$ 38,933,725	\$ 9,099,323	\$ 9,037,457	\$ 48,170,915	\$ 47,971,182
Buildings and Systems	119,503,450	125,057,380	270,881,570	272,853,695	390,385,020	397,911,075
Improvements other than Buildings	26,638,984	25,395,503	2,560,690	3,026,494	29,199,674	28,421,997
Machinery and Equipment	26,452,201	23,392,450	1,792,523	1,641,180	28,244,724	25,033,630
Software	68,756	151,026	2	2	68,758	151,028
Infrastructure	111,366,918	117,297,811	0	0	111,366,918	117,297,811
Construction in Progress	70,714,618	38,131,506	24,088,369	17,935,819	94,802,987	56,067,325
Total Capital Assets	\$ 393,816,519	\$ 368,359,401	\$ 308,422,477	\$ 304,494,647	\$ 702,238,996	\$ 672,854,048

Long-term debt

At the end of the current fiscal year, the City had total gross debt outstanding of \$257,891,457. All of this debt is backed by the full faith and credit of the government.

**City of Kingsport's Outstanding Debt
(Gross Amounts)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Notes Payable	\$ 1,499,999	\$ 1,666,666	\$ 0	\$ 0	\$ 1,499,999	\$ 1,666,666
General Obligation Bonds	129,792,041	98,642,708	112,656,157	100,360,489	242,448,198	199,003,197
Loans from Other Governments	3,232,187	3,962,093	10,711,073	10,983,393	13,943,260	14,945,486
Total Long-term Debt	\$ 134,524,227	\$ 104,271,467	\$ 123,367,230	\$ 111,343,882	\$ 257,891,457	\$ 215,615,349

During the current fiscal year, the City's total gross debt increased by \$42,276,108. The governmental activities long-term debt increased by \$30,252,760 while business-type activities long-term debt increased by \$12,023,348. On August 25, 2023, Kingsport issued General Obligation Public Improvement Bonds, Series 2023 with a par value of \$61,945,000. Of this amount \$40,770,000 was for governmental activities while \$21,175,000 was for business activities. The bonds have an average interest rate of 4.23% and mature on March 1, 2053.

The City currently has a rating of AA from Standard & Poor's Rating Services and a rating of Aa2 from Moody's Investors Service. Both the Standard & Poor's rating and the Moody's rating were reaffirmed in August 2023 in conjunction with the most recent bond sale. The next bond issue is planned for spring 2026. The City was approved for a State Revolving Fund Loan of up to \$7,000,000 to fund Upgrades to the High Service Pump Station at an interest rate of 2.13% to be repaid over 20 years after completion of the project. The City received the first draw of \$1,498,120 on December 17, 2024.

The City is subject to debt limitations imposed by its Charter. The total bonded indebtedness (excluding general obligation debt supported by utility operations and assessments) shall not exceed 20% of the assessed taxable value of property within the City. The current outstanding general obligation debt is less than the City's debt limitation. Additional information on the City's long-term debt can be found in Note 4.E on pages 82 to 141 of this report.

**CITY OF KINGSPORT, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2024**

Economic Factors and Next Year's Budgets and Rates

- The City's unemployment rate was 3.8% as of June 2024.
- Inflationary trends in the region are comparable to national indices.
- 695 building permits with an estimated value of \$147,189,892 were issued during this fiscal year, compared to 819 building permits with an estimated value of \$160,758,908 for the previous year.

Interest rates on investments for the City's operating funds ranged from 4.60% to 5.33% at the end of fiscal year 2024. For the year ended June 30, 2024, the City had earnings on investments totaling \$7,057,673. However, we anticipate interest declines in the second half of FY2025.

All of these factors were considered in preparing the City's budget for the 2025 fiscal year.

During the current fiscal year, fund balance in the general fund increased to \$25,584,464. Of this amount the City has assigned fund balance of \$466,057 to cover encumbrances remaining from FY2024.

The FY2025 general fund budget was adopted with no appropriation of fund balance. The FY2025 school fund budget was also adopted with no appropriation of fund balance. However the school fund budget was amended to appropriate \$2,519,600 on August 6, 2024 to increase salaries to stay competitive with other local school systems.

Beginning with the FY2023 budget year, water and sewer rates have been restructured to have a base fee for service varying by meter size with less rate tiers for gallons used. The new rate structure was recommended by a study completed by Raftelis and will be phased in over 4 years. For FY2025 the third phase of the rate restructuring went into effect. The amount of free water included with the base fee was reduced from 1,000 gallons to 500 gallons.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in such. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Kingsport, Finance Department, 415 Broad Street, Kingsport, TN 37660.

B. BASIC FINANCIAL STATEMENTS

CITY OF KINGSPORT, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government			Component Units	
	Governmental Activities	Business - Type Activities	Total	Industrial Development Board	Emergency Communications District
ASSETS:					
Cash	\$ 4,363,319	\$ 50,142	\$ 4,413,461	\$ 2,853,287	\$ 4,827,441
Equity in Pooled Cash and Investments	50,881,434	10,205,798	61,087,232	0	0
Long Term Certificates of Deposit	250,692	0	250,692	0	0
Investments	1,086,368	0	1,086,368	0	0
Accounts Receivable, Net	44,652,996	7,713,202	52,366,198	39,575	17,600
Accrued Interest Receivable	1,261,915	687,144	1,949,059	0	0
Due from Other Governments	39,720,073	5,985,796	45,705,869	0	0
Internal Balances	1,383,639	(1,383,639)	0	0	0
Inventories	728,218	2,665,753	3,393,971	0	0
Prepays	2,910,586	39,322	2,949,908	0	54,841
Lease Receivable	0	0	0	6,059,481	0
Land Held for Sale or Development	0	0	0	4,427,804	0
Restricted Assets:					
Cash	51,526,742	29,535,715	81,062,457	0	0
Long Term Certificates of Deposit	1,000,000	0	1,000,000	0	0
Investments	6,953,889	1,838,203	8,792,092	181,945	0
Pension Asset	11,117,769	9,679	11,127,448	0	0
Receivables	0	0	0	464,057	0
Capital Assets:					
Land	39,071,592	9,099,323	48,170,915	591,134	242,010
Buildings and Systems	250,768,278	492,404,329	743,172,607	8,991,462	2,022,110
Improvements Other Than Buildings	55,937,978	12,183,523	68,121,501	297,625	0
Machinery and Equipment	86,758,128	8,613,574	95,371,702	0	1,146,952
Software	932,792	303,855	1,236,647	0	0
Infrastructure	303,330,774	0	303,330,774	0	0
Construction in Progress	70,714,618	24,088,369	94,802,987	1,185,040	4,988
Less: Accumulated Depreciation	(413,697,641)	(238,270,496)	(651,968,137)	(1,734,717)	(1,471,691)
Right to use Leased Asset, Net	0	0	0	1,983,570	0
Other Assets, Net	53,994	0	53,994	0	0
Total Assets	611,708,153	365,769,592	977,477,745	25,340,263	6,844,251
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Outflows Related to Refunding	1,640,200	1,037,780	2,677,980	0	0
Deferred Outflows Related to OPEB	26,922,826	1,178,289	28,101,115	0	0
Deferred Outflows Related to Pensions	25,776,066	2,842,761	28,618,827	0	0
Total Deferred Outflows of Resources	54,339,092	5,058,830	59,397,922	0	0
LIABILITIES:					
Accounts Payable and Other Current Liabilities	25,005,942	2,252,915	27,258,857	156,070	83,943
Due to Other Governments	276,965	245,777	522,742	0	0
Compensated Absences Payable	4,410,913	766,969	5,177,882	0	0
Accrued Interest Payable	1,583,123	1,244,900	2,828,023	38,451	0
Unearned Revenue	2,385,122	63,487	2,448,609	156,090	0
Liabilities Payable from Restricted Assets	0	186,453	186,453	0	0
Noncurrent Liabilities:					
Due Within One Year	11,206,063	10,148,496	21,354,559	3,597,641	0
Due in More Than One Year	130,519,347	119,702,898	250,222,245	7,757,857	0
Lease Liability Due Within One Year	0	0	0	105,606	0
Lease Liability Due in More Than One Year	0	0	0	1,904,148	0
Pension Liability	32,250,843	6,313,395	38,564,238	0	0
OPEB Liability	72,054,762	5,867,037	77,921,799	0	0
Post Closure Liability	0	633,503	633,503	0	0
Total Liabilities	279,693,080	147,425,830	427,118,910	13,715,863	83,943

(continued)

CITY OF KINGSPORT, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government			Component Units	
	Governmental Activities	Business - Type Activities	Total	Industrial Development Board	Emergency Communications District
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows Related to Leases	0	0	0	5,896,684	0
Deferred Inflows Related to Property Taxes	55,679,360	0	55,679,360	0	0
Deferred Inflows Related to OPEB	27,112,312	1,569,386	28,681,698	0	0
Deferred Inflows Related to Pensions	745,768	0	745,768	0	0
Total Deferred Inflows of Resources	83,537,440	1,569,386	85,106,826	5,896,684	0
NET POSITION:					
Net Investment in Capital Assets	302,151,563	208,800,023	510,951,586	1,732,779	1,944,369
Restricted for Debt Service	0	1,005,575	1,005,575	0	0
Restricted for Capital Improvements	0	950,692	950,692	0	0
Restricted for Perpetual Care (Nonexpendable)	152,692	0	152,692	0	0
Restricted for Public Safety	667,818	0	667,818	0	0
Restricted for State Street Aid	22,767	0	22,767	0	0
Restricted for Tourism	221,773	0	221,773	0	0
Restricted for Pension asset	11,117,769	9,679	11,127,448	0	0
Restricted for Future Pension Cost	1,678,068	78,804	1,756,872	0	0
Restricted for Internal School Activities	1,469,794	0	1,469,794	0	0
Unrestricted	(14,665,519)	10,988,433	(3,677,086)	3,994,937	4,815,939
Total Net Position	\$ 302,816,725	\$ 221,833,206	\$ 524,649,931	\$ 5,727,716	\$ 6,760,308

See accompanying notes to the basic financial statements.

CITY OF KINGSPORT, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business - Type Activities	Total	Industrial Development Board	Emergency Communications District
Primary Government:									
Governmental Activities:									
General Government	\$ 22,289,630	\$ 1,907,824	\$ 5,280,233	\$ 13,651,463	\$ (1,450,110)	\$ 0	\$ (1,450,110)		
Public Safety	29,471,289	2,119,394	539,344	0	(26,812,551)	0	(26,812,551)		
Public Works	27,067,764	1,174,940	0	0	(25,892,824)	0	(25,892,824)		
Transportation	5,232,903	110,315	3,793,629	28,416	(1,300,543)	0	(1,300,543)		
Economic and Physical Development	2,852,843	0	654,669	0	(2,198,174)	0	(2,198,174)		
Culture and Recreation	10,393,153	1,951,825	336,355	0	(8,104,973)	0	(8,104,973)		
Education	113,378,002	3,572,238	67,774,896	5,083,086	(36,947,782)	0	(36,947,782)		
Interest on Long Term Debt	4,295,031	0	0	0	(4,295,031)	0	(4,295,031)		
Total Governmental Activities	<u>214,980,615</u>	<u>10,836,536</u>	<u>78,379,126</u>	<u>18,762,965</u>	<u>(107,001,988)</u>	<u>0</u>	<u>(107,001,988)</u>		
Business - Type Activities:									
Water	15,003,447	16,855,262	0	6,979,113	0	8,830,928	8,830,928		
Sewer	16,697,917	19,764,526	0	2,345,469	0	5,412,078	5,412,078		
Solid Waste Management	6,580,015	4,324,402	0	0	0	(2,255,613)	(2,255,613)		
Storm Water Management	1,492,860	1,881,442	0	84,976	0	473,558	473,558		
Aquatic Center	3,391,215	1,791,487	0	0	0	(1,599,728)	(1,599,728)		
MeadowView Conference Resort and Convention Center	3,087,819	330,757	0	8,065	0	(2,748,997)	(2,748,997)		
Cattails at MeadowView Golf Course	1,617,592	1,254,265	0	0	0	(363,327)	(363,327)		
Total Business - Type Activities	<u>47,870,865</u>	<u>46,202,141</u>	<u>0</u>	<u>9,417,623</u>	<u>0</u>	<u>7,748,899</u>	<u>7,748,899</u>		
Total Primary Government	<u>\$ 262,851,480</u>	<u>\$ 57,038,677</u>	<u>\$ 78,379,126</u>	<u>\$ 28,180,588</u>	<u>(107,001,988)</u>	<u>7,748,899</u>	<u>(99,253,089)</u>		
Component Units:									
Industrial Development Board	\$ 1,902,573	\$ 1,090,027	\$ 488,794	\$ 1,441,064			\$ 1,117,312	\$ 0	
Emergency Communications District	639,480	734,294	173,544	0			0	268,358	
Total Component Units	<u>\$ 2,542,053</u>	<u>\$ 1,824,321</u>	<u>\$ 662,338</u>	<u>\$ 1,441,064</u>			<u>1,117,312</u>	<u>268,358</u>	
General Revenues:									
Property Taxes					57,861,472	0	57,861,472	0	0
Sales Taxes					49,811,840	0	49,811,840	0	0
Alcoholic Beverage Taxes					2,320,710	0	2,320,710	0	0
Occupational Licenses and Business Taxes					9,305,189	0	9,305,189	0	0
Hotel / Motel Taxes					2,107,493	0	2,107,493	0	0
Income Taxes					1,181	0	1,181	0	0
Grants and Contributions Not Restricted to Specific Programs					2,046,470	0	2,046,470	0	289,536
Unrestricted Investment Earnings					4,846,993	2,210,680	7,057,673	323,880	446
Miscellaneous					723,480	0	723,480	0	0
Transfers					(4,516,197)	4,516,197	0	0	0
Total General Revenues and Transfers					<u>124,508,631</u>	<u>6,726,877</u>	<u>131,235,508</u>	<u>323,880</u>	<u>289,982</u>
Change in Net Position					17,506,643	14,475,776	31,982,419	1,441,192	558,340
Net Position - Beginning					285,310,082	207,357,430	492,667,512	4,286,524	6,201,968
Net Position - Ending					<u>\$ 302,816,725</u>	<u>\$ 221,833,206</u>	<u>\$ 524,649,931</u>	<u>\$ 5,727,716</u>	<u>\$ 6,760,308</u>

See accompanying notes to the basic financial statements.

CITY OF KINGSPORT, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:						
Cash	\$ 29,033	\$ 81,301	\$ 0	\$ 5,501	\$ 4,247,484	\$ 4,363,319
Equity in Pooled Cash and Investments	15,631,745	13,067,731	0	149,193	9,458,361	38,307,030
Long-Term Certificates of Deposit	0	0	0	0	250,692	250,692
Investments	0	0	0	0	1,086,368	1,086,368
Taxes Receivable, net	42,294,547	0	0	0	0	42,294,547
Accounts Receivable, net	1,515,038	48,978	0	29,582	122,342	1,715,940
Accrued Interest Receivable	10	0	1,261,088	0	244	1,261,342
Due from Other Governments	7,331,359	20,913,855	0	5,041,363	6,433,496	39,720,073
Due from Other Funds	3,862,716	3,393,617	0	0	0	7,256,333
Inventories	1,058	0	0	0	299,684	300,742
Prepays	16,848	0	0	0	6,057	22,905
Cash - Restricted	521,010	0	39,162	50,285,970	680,600	51,526,742
Investments - Restricted	319,596	1,338,118	0	2,541,709	200,862	4,400,285
Total Assets	<u>\$ 71,522,960</u>	<u>\$ 38,843,600</u>	<u>\$ 1,300,250</u>	<u>\$ 58,053,318</u>	<u>\$ 22,786,190</u>	<u>\$ 192,506,318</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 1,194,541	\$ 667,410	\$ 1,500	\$ 5,364,251	\$ 1,654,460	\$ 8,882,162
Compensated Absences Payable	0	184,230	0	0	71,268	255,498
Due to Other Governments	274,655	0	0	0	2,310	276,965
Due to Other Funds	0	0	329,005	0	4,385,104	4,714,109
Due to Component Units	0	0	0	0	0	0
Contracts Payable	0	0	0	1,015,164	402,607	1,417,771
Other Liabilities	2,397,406	7,768,280	0	0	0	10,165,686
Unearned Revenue	29	400	0	1,841,129	543,564	2,385,122
Total Liabilities	<u>3,866,631</u>	<u>8,620,320</u>	<u>330,505</u>	<u>8,220,544</u>	<u>7,059,313</u>	<u>28,097,313</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes	42,071,865	14,650,000	0	0	0	56,721,865
Total Deferred Inflows of Resources	<u>42,071,865</u>	<u>14,650,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>56,721,865</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:						
Nonspendable:						
Inventories	1,058	0	0	0	299,684	300,742
Prepays	16,848	0	0	0	6,057	22,905
Allendale Trust Principal	0	0	0	0	152,692	152,692
Restricted for:						
Stabilization Reserve Trust Restricted for Future Pension Costs	319,596	1,338,118	0	0	6,809	1,664,523
Bond Proceeds Restricted for Capital Projects	0	0	0	48,420,254	0	48,420,254
Federal Forfeitures Restricted for Public Safety	0	0	0	0	62,075	62,075
Drug Fund Restricted per State Law	0	0	0	0	605,743	605,743
State Street Aid Restricted per State Law	0	0	0	0	22,767	22,767
Hotel Tax Restricted for Tourism	0	0	0	0	221,773	221,773
Internal School Activities	0	0	0	0	1,469,794	1,469,794
Committed to:						
Education	0	0	0	0	3,341,322	3,341,322
Community Development	0	0	0	0	16,471	16,471
Other Projects	0	0	0	0	7,333,725	7,333,725
Public Safety	0	0	0	0	67,227	67,227
Transportation	0	0	0	0	229,868	229,868
Culture and Recreation	0	0	0	0	1,806,003	1,806,003
Allendale	0	0	0	0	84,867	84,867
Assigned to:						
Fund Balance Allocations	466,057	0	0	0	0	466,057
Future Industrial Park	20,927	0	0	0	0	20,927
Education	0	14,235,162	0	0	0	14,235,162
Debt Service	0	0	969,745	0	0	969,745
Capital Projects	0	0	0	1,412,520	0	1,412,520
Unassigned	<u>24,759,978</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,759,978</u>
Total Fund Balances	<u>25,584,464</u>	<u>15,573,280</u>	<u>969,745</u>	<u>49,832,774</u>	<u>15,726,877</u>	<u>107,687,140</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 71,522,960</u>	<u>\$ 38,843,600</u>	<u>\$ 1,300,250</u>	<u>\$ 58,053,318</u>	<u>\$ 22,786,190</u>	<u>\$ 192,506,318</u>

See accompanying notes to the basic financial statements.

CITY OF KINGSPORT, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

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

Total Fund Balance of Governmental Funds	\$ 107,687,140
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	380,466,576
Property tax assessments are reported as revenue in the government - wide statements in the period in which an enforceable legal claim arises against property owners. In governmental funds, these assessments are not available to finance current period expenditures and are reported as unearned revenue until paid by property owners.	1,042,505
Net pension asset related to the retirement plans is reported on statement of net position.	11,117,769
Deferred outflows related to refunding is reported is on statement of net position.	1,640,200
Deferred outflows related to OPEB is reported on the statement of net position.	26,922,826
Deferred outflows related to pensions is reported on the statement of net position.	25,776,066
Deferred inflows related to OPEB is reported on the statement of net position.	(27,112,312)
Deferred inflows related to pensions is reported on the statement of net position.	(745,768)
Internal service funds are used by management to charge the costs of fleet maintenance, liability insurance, city employee health insurance, city retiree's insurance, school employee health insurance and school retiree's health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	27,689,299
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(251,667,576)</u>
Net Position of Governmental Activities	<u><u>\$ 302,816,725</u></u>

See accompanying notes to the basic financial statements.

CITY OF KINGSPORT, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:						
Taxes	\$ 53,682,905	\$ 31,113,806	\$ 0	\$ 0	\$ 5,336,100	\$ 90,132,811
Licenses and Permits	903,001	0	0	0	0	903,001
Intergovernmental	33,549,551	48,742,997	0	16,148,646	25,990,988	124,432,182
Charges for Services	3,167,315	1,715,552	0	0	2,050,284	6,933,151
Fines and Forfeitures	1,231,284	0	0	0	91,853	1,323,137
Investment Earnings	1,584,250	109,450	2,426,071	88,256	85,999	4,294,026
Internal School Collections	0	0	0	0	3,382,820	3,382,820
Contributions and Donations	181,508	0	0	18,293	561,767	761,568
Miscellaneous	617,929	1,497,422	0	4,500	13,233	2,133,084
Total Revenues	<u>94,917,743</u>	<u>83,179,227</u>	<u>2,426,071</u>	<u>16,259,695</u>	<u>37,513,044</u>	<u>234,295,780</u>
EXPENDITURES:						
Current:						
General Government	12,752,562	0	0	0	4,057,369	16,809,931
Public Safety	26,416,432	0	0	0	50,705	26,467,137
Public Works	14,453,868	0	0	0	0	14,453,868
Economic and Physical Development	2,110,433	0	0	0	654,668	2,765,101
Transportation	0	0	0	0	5,232,903	5,232,903
Culture and Recreation	4,770,207	0	0	0	2,212,234	6,982,441
Education	0	86,551,241	0	0	17,788,079	104,339,320
Miscellaneous	1,449,011	0	0	0	0	1,449,011
Debt Service:						
Principal	0	0	10,474,240	0	0	10,474,240
Interest	0	0	4,326,890	0	0	4,326,890
Bond Issuance Costs	0	0	0	428,361	0	428,361
Other Costs	0	0	11,432	0	0	11,432
Capital Outlay	231,082	584,927	0	37,709,123	9,432,528	47,957,660
Total Expenditures	<u>62,183,595</u>	<u>87,136,168</u>	<u>14,812,562</u>	<u>38,137,484</u>	<u>39,428,486</u>	<u>241,698,295</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,734,148</u>	<u>(3,956,941)</u>	<u>(12,386,491)</u>	<u>(21,877,789)</u>	<u>(1,915,442)</u>	<u>(7,402,515)</u>

(continue)

CITY OF KINGSPORT, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):						
Transfers In	4,338,802	15,018,758	12,796,507	7,843,946	7,730,286	47,728,299
Transfers Out	(37,065,530)	(9,151,624)	0	0	(6,187,342)	(52,404,496)
Issuance of Debt	0	0	0	40,770,000	0	40,770,000
Premiums on Debt Issued	0	0	0	1,059,518	0	1,059,518
Total Other Financing Sources (Uses)	<u>(32,726,728)</u>	<u>5,867,134</u>	<u>12,796,507</u>	<u>49,673,464</u>	<u>1,542,944</u>	<u>37,153,321</u>
Net Change in Fund Balances	7,420	1,910,193	410,016	27,795,675	(372,498)	29,750,806
Fund Balances, July 1, 2023	<u>25,577,044</u>	<u>13,663,087</u>	<u>559,729</u>	<u>22,037,099</u>	<u>16,099,375</u>	<u>77,936,334</u>
Fund Balances, June 30, 2024	<u>\$ 25,584,464</u>	<u>\$ 15,573,280</u>	<u>\$ 969,745</u>	<u>\$ 49,832,774</u>	<u>\$ 15,726,877</u>	<u>\$ 107,687,140</u>

See accompanying notes to the basic financial statements.

CITY OF KINGSPORT, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

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

Net Change in Fund Balance of Governmental Funds	\$ 29,750,806
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period were more than depreciation of capital assets.	29,449,890
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is a decrease to net position.	(5,704,734)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(31,725)
Internal service funds are used by management to charge the costs of fleet maintenance, liability insurance, employee health insurance, and retiree health insurance to individual funds. The net expense of certain activities of internal service funds is reported with governmental activities.	(179,184)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds:	
Increase in Compensated Absences	(114,950)
Increase in Accrued Interest	(467,840)
Increase in OPEB Liabilities and Deferrals	(191,975)
Increase in Pension Liabilities and Deferrals net of pension asset	(4,191,065)
The issuance of long term debt (e.g. bonds) provide current financial resources to governmental funds, while the repayment of the principal of long term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items.	<u>(30,812,580)</u>
Change in Net Position of Governmental Activities	<u>\$ 17,506,643</u>

See accompanying notes to the basic financial statements.

CITY OF KINGSPORT, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes:				
General Property	\$ 41,045,500	\$ 41,842,252	\$ 41,896,999	\$ 54,747
Gross Receipts	12,293,500	11,809,842	11,785,906	(23,936)
Licenses and Permits	835,400	903,002	903,001	(1)
Intergovernmental:				
Federal	11,500	21,703	21,702	(1)
State	8,474,200	9,706,521	9,459,225	(247,296)
County	23,914,500	23,822,263	23,745,256	(77,007)
Local	306,500	296,502	323,368	26,866
Charges for Services	1,749,600	3,118,115	3,167,315	49,200
Fines and Forfeitures	792,700	1,231,288	1,231,284	(4)
Investment Earnings	800,000	1,564,642	1,584,250	19,608
Contributions and Donations	150,000	181,508	181,508	0
Miscellaneous	196,200	619,510	617,929	(1,581)
	<u>90,569,600</u>	<u>95,117,148</u>	<u>94,917,743</u>	<u>(199,405)</u>
EXPENDITURES:				
General Government:				
Board of Mayor and Aldermen	161,800	173,036	173,031	5
Judicial	29,000	28,916	28,913	3
City Attorney	616,700	574,458	570,876	3,582
City Manager	424,700	418,680	418,047	633
Assistant City Manager	173,800	159,027	157,745	1,282
Budget Office	259,100	299,622	299,065	557
Special Programs	3,549,600	4,111,950	4,009,208	102,742
Public Information Office	564,100	540,243	537,905	2,338
Personnel	1,276,300	1,265,791	1,263,681	2,110
Purchasing	336,200	338,951	337,748	1,203
Finance Administration	2,712,100	2,649,785	2,639,708	10,077
Records Administration	124,300	120,456	120,451	5
Information Technology	2,154,300	2,202,821	2,196,184	6,637
	<u>12,382,000</u>	<u>12,883,736</u>	<u>12,752,562</u>	<u>131,174</u>

(continued)

**CITY OF KINGSPORT, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Safety:				
Police Administration	2,336,600	2,227,918	2,226,076	1,842
Jail Operations	577,600	529,786	526,461	3,325
Training	480,000	376,615	375,707	908
Traffic School	23,900	22,325	22,321	4
Investigations	1,991,800	1,899,141	1,890,081	9,060
Patrol Division	7,831,100	7,291,722	7,186,245	105,477
Central Dispatch	1,710,500	1,701,057	1,558,979	142,078
Communications	286,600	276,732	188,234	88,498
Fire Control and Prevention	12,201,200	12,801,732	12,442,328	359,404
Total Public Safety	<u>27,439,300</u>	<u>27,127,028</u>	<u>26,416,432</u>	<u>710,596</u>
Public Works:				
Administration	362,300	334,697	334,679	18
Engineering	1,433,800	1,418,792	1,411,430	7,362
Transportation	1,480,000	1,482,063	1,452,783	29,280
Streets and Sanitation Administration	422,000	379,683	379,326	357
Street Cleaning	653,000	628,942	628,495	447
Street Maintenance	2,934,900	2,984,780	2,828,168	156,612
Building Maintenance	2,548,600	2,365,706	2,361,881	3,825
Grounds Maintenance	2,141,900	2,163,594	2,038,167	125,427
Park Maintenance	2,312,200	2,315,828	2,204,492	111,336
Landscaping	775,000	818,271	814,447	3,824
Total Public Works	<u>15,063,700</u>	<u>14,892,356</u>	<u>14,453,868</u>	<u>438,488</u>
Economic and Physical Development:				
Administration	373,100	302,400	301,028	1,372
Planning	384,600	376,674	374,669	2,005
Geographic Information	492,800	547,009	547,004	5
Code Enforcement	881,900	890,874	887,732	3,142
Total Economic and Physical Development	<u>2,132,400</u>	<u>2,116,957</u>	<u>2,110,433</u>	<u>6,524</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture and Recreation:				
Administration	384,200	371,946	371,532	414
Parks and Recreation Centers	624,500	606,430	605,184	1,246
Civic Auditorium	112,700	66,041	66,035	6
Lynn View	84,300	68,040	68,036	4
Farmers Market	74,300	49,142	49,132	10
Program Director	396,200	322,130	320,771	1,359
Carousel	119,900	120,926	120,491	435
Athletics	864,700	722,963	722,277	686
Cultural Arts	156,300	135,538	135,531	7
Allandale	264,600	244,892	244,398	494
Senior Citizens Center	918,800	952,679	950,623	2,056
Bays Mountain Park	1,144,000	1,119,487	1,116,197	3,290
Total Culture and Recreation	<u>5,144,500</u>	<u>4,780,214</u>	<u>4,770,207</u>	<u>10,007</u>
Miscellaneous	<u>492,200</u>	<u>1,449,256</u>	<u>1,449,011</u>	<u>245</u>
Capital Outlay	<u>307,000</u>	<u>354,065</u>	<u>231,082</u>	<u>122,983</u>
Total Expenditures	<u>62,961,100</u>	<u>63,603,612</u>	<u>62,183,595</u>	<u>1,420,017</u>
Excess of Revenues Over Expenditures	<u>27,608,500</u>	<u>31,513,536</u>	<u>32,734,148</u>	<u>1,220,612</u>
Other Financing Sources (Uses):				
Transfers In	4,593,400	3,905,503	4,338,802	433,299
Transfers Out	<u>(31,201,900)</u>	<u>(37,551,889)</u>	<u>(37,065,530)</u>	<u>486,359</u>
Net Other Financing Sources (Uses)	<u>(26,608,500)</u>	<u>(33,646,386)</u>	<u>(32,726,728)</u>	<u>919,658</u>
Net Change in Fund Balances	1,000,000	(2,132,850)	7,420	2,140,270
Fund Balances, July 1, 2023	<u>(1,000,000)</u>	<u>2,132,850</u>	<u>25,577,044</u>	<u>23,444,194</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,584,464</u>	<u>\$ 25,584,464</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGSPORT, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
County Taxes:				
Property Taxes	\$ 19,465,000	\$ 17,336,000	\$ 15,986,525	\$ (1,349,475)
Gross Receipts Taxes	14,800,000	14,800,000	15,016,556	216,556
Other Taxes	64,000	64,000	110,725	46,725
Intergovernmental:				
Federal	65,000	201,843	246,091	44,248
State	46,718,700	47,482,245	48,496,906	1,014,661
Charges for Services	1,956,200	1,956,200	1,715,552	(240,648)
Investment Earnings	0	0	109,450	109,450
Miscellaneous	780,000	1,323,713	1,497,422	173,709
Total Revenues	<u>83,848,900</u>	<u>83,164,001</u>	<u>83,179,227</u>	<u>15,226</u>
EXPENDITURES:				
Instruction:				
Regular	44,483,200	45,335,648	43,942,878	1,392,770
Special Education	7,090,800	7,232,403	6,836,038	396,365
Vocational	1,743,400	1,774,063	1,565,807	208,256
Total Instruction	<u>53,317,400</u>	<u>54,342,114</u>	<u>52,344,723</u>	<u>1,997,391</u>
Student Support Services:				
Attendance	100,900	101,458	100,549	909
Health Services	1,439,980	1,581,452	1,541,719	39,733
Other	3,510,400	3,728,602	3,674,530	54,072
Total Student Support Services	<u>5,051,280</u>	<u>5,411,512</u>	<u>5,316,798</u>	<u>94,714</u>
Instructional Staff Support Services:				
Regular	3,926,920	3,203,542	3,011,313	192,229
Special Education	1,271,200	1,277,200	1,240,823	36,377
Vocational	209,500	209,500	204,862	4,638
Technology	2,388,800	2,909,917	2,901,678	8,239
Total Instructional Staff Support Services	<u>7,796,420</u>	<u>7,600,159</u>	<u>7,358,676</u>	<u>241,483</u>
General Administrative Support Services:				
Board of Education	1,276,800	1,215,100	1,141,218	73,882
Office of Superintendent	1,150,600	1,097,194	1,008,876	88,318
Total General Administrative Support Services	<u>2,427,400</u>	<u>2,312,294</u>	<u>2,150,094</u>	<u>162,200</u>
School Administrative Support Services	<u>4,881,600</u>	<u>4,813,809</u>	<u>4,673,511</u>	<u>140,298</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Business Administrative Support Services:				
Fiscal Services	631,700	632,790	598,919	33,871
Human Resources	472,600	472,600	436,385	36,215
Total Business Administrative Support Services	<u>1,104,300</u>	<u>1,105,390</u>	<u>1,035,304</u>	<u>70,086</u>
Operations and Maintenance Support Services:				
Operations	6,386,200	6,406,997	5,954,734	452,263
Plant Maintenance	3,243,700	3,751,798	3,516,438	235,360
Total Operations and Maintenance Support Services	<u>9,629,900</u>	<u>10,158,795</u>	<u>9,471,172</u>	<u>687,623</u>
Student Transportation Support Services	<u>3,059,700</u>	<u>3,199,547</u>	<u>2,785,312</u>	<u>414,235</u>
Noninstructional Services:				
After School Programs	767,700	792,440	682,249	110,191
Community Service	792,600	782,642	733,402	49,240
Total Noninstructional Services	<u>1,560,300</u>	<u>1,575,082</u>	<u>1,415,651</u>	<u>159,431</u>
Capital Outlay	<u>5,256,500</u>	<u>1,938,648</u>	<u>584,927</u>	<u>1,353,721</u>
Total Expenditures	<u>94,084,800</u>	<u>92,457,350</u>	<u>87,136,168</u>	<u>5,321,182</u>
Deficiency of Revenues Under Expenditures	(10,235,900)	(9,293,349)	(3,956,941)	5,336,408
OTHER FINANCING SOURCES (USES):				
Transfers In	15,019,900	15,019,900	15,018,758	(1,142)
Transfers Out	(5,694,000)	(9,502,339)	(9,151,624)	350,715
Total Other Financing Sources (Uses)	<u>9,325,900</u>	<u>5,517,561</u>	<u>5,867,134</u>	<u>349,573</u>
Net Change in Fund Balances	(910,000)	(3,775,788)	1,910,193	5,685,981
Fund Balances, July 1, 2023	<u>910,000</u>	<u>3,775,788</u>	<u>13,663,087</u>	<u>9,887,299</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,573,280</u>	<u>\$ 15,573,280</u>

See accompanying notes to the basic financial statements.

CITY OF KINGSPORT, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	Business - Type Activities - Enterprise Funds						
	Water Fund	Sewer Fund	Aquatic Center Fund	MeadowView Conference Resort and Convention Center Fund	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
ASSETS:							
Current Assets:							
Cash	\$ 0	\$ 0	\$ 47,201	\$ 0	\$ 2,941	\$ 50,142	\$ 0
Equity in Pooled Cash and Investments	1,335,089	5,533,681	0	0	3,337,028	10,205,798	12,574,404
Accounts Receivable, Net	3,107,183	2,848,522	80,005	0	1,677,492	7,713,202	642,509
Accrued Interest Receivable	306,196	376,813	53	4,082	0	687,144	573
Due from Other Governments	4,354,670	1,582,122	0	0	49,004	5,985,796	0
Inventories	2,553,117	0	24,936	0	87,700	2,665,753	427,476
Prepays	39,322	0	0	0	0	39,322	2,887,681
Total Current Assets	11,695,577	10,341,138	152,195	4,082	5,154,165	27,347,157	16,532,643
Noncurrent Assets:							
Restricted Assets:							
Cash	119,130	57,425	0	85,000	83,000	344,555	0
Cash from Unspent Bonds	12,005,671	16,821,753	65,623	202,469	95,644	29,191,160	0
Long Term Certificates of Deposit	0	0	0	0	0	0	1,000,000
Investments	410,594	526,364	103,836	765,155	32,254	1,838,203	2,553,604
Pension Asset	3,683	3,221	105	0	2,670	9,679	0
Total Restricted Assets	12,539,078	17,408,763	169,564	1,052,624	213,568	31,383,597	3,553,604
Capital Assets:							
Land	852,438	1,581,496	845,711	1,515,497	4,304,181	9,099,323	14,695
Buildings and Systems	165,867,824	255,890,627	21,624,296	44,167,200	4,854,382	492,404,329	0
Improvements Other Than Buildings	0	0	0	3,000,568	9,182,955	12,183,523	0
Software	141,493	88,304	0	0	74,058	303,855	0
Machinery and Equipment	1,555,424	2,383,823	320,472	1,799,736	2,554,119	8,613,574	41,670,781
Construction in Progress	11,323,797	11,792,620	79,193	4,118	888,641	24,088,369	0
Less: Accumulated Depreciation	<u>(74,328,523)</u>	<u>(119,836,462)</u>	<u>(7,627,763)</u>	<u>(25,301,972)</u>	<u>(11,175,776)</u>	<u>(238,270,496)</u>	<u>(28,335,533)</u>
Total Capital Assets	105,412,453	151,900,408	15,241,909	25,185,147	10,682,560	308,422,477	13,349,943
Other Assets:							
Deposits	0	0	0	0	0	0	53,994
Total Other Assets	0	0	0	0	0	0	53,994
Total Noncurrent Assets	117,951,531	169,309,171	15,411,473	26,237,771	10,896,128	339,806,074	16,957,541
Total Assets	129,647,108	179,650,309	15,563,668	26,241,853	16,050,293	367,153,231	33,490,184
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows Related to Refunding	125,313	191,985	325,333	353,255	41,894	1,037,780	0
Deferred Outflows Related to Pensions	1,087,459	950,186	24,870	0	780,246	2,842,761	0
Deferred Outflows Related to OPEB	447,956	391,795	13,223	0	325,315	1,178,289	0
Total Deferred Outflows of Resources	1,660,728	1,533,966	363,426	353,255	1,147,455	5,058,830	0

(continued)

CITY OF KINGSPORT, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

Business - Type Activities - Enterprise Funds							
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Aquatic Center Fund</u>	<u>MeadowView Conference Resort and Convention Center Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
LIABILITIES:							
Current Liabilities:							
Accounts Payable	616,738	459,007	187,182	23,689	181,235	1,467,851	759,778
Due to Other Governments	135,046	98,599	12,132	0	0	245,777	0
Due to Other Funds	0	0	1,379,878	3,761	0	1,383,639	1,158,585
Compensated Absences Payable	255,186	209,532	27,652	0	274,599	766,969	101,977
Retainages Payable	122,371	63,788	0	0	294	186,453	0
Accrued Interest Payable	378,804	630,143	104,550	96,295	35,108	1,244,900	0
General Obligation Bonds - Current	2,484,230	4,167,889	1,295,217	1,199,813	298,831	9,445,980	0
State Revolving Loan Current	702,516	0	0	0	0	702,516	0
Unearned Revenue	0	0	63,487	0	0	63,487	0
Other Payables	679,977	105,087	0	0	0	785,064	3,780,545
Total Current Liabilities	<u>5,374,868</u>	<u>5,734,045</u>	<u>3,070,098</u>	<u>1,323,558</u>	<u>790,067</u>	<u>16,292,636</u>	<u>5,800,885</u>
Noncurrent Liabilities:							
General Obligation Bonds Payable (Net of Discounts and Premiums)	31,269,931	57,801,416	9,385,036	8,293,680	2,944,278	109,694,341	0
State Revolving Loan Payable	10,008,557	0	0	0	0	10,008,557	0
OPEB Liability	2,230,497	1,950,855	65,844	0	1,619,841	5,867,037	0
Post Closure Liability	0	0	0	0	633,503	633,503	0
Pension Liability	2,415,350	2,110,424	54,970	0	1,732,651	6,313,395	0
Total Noncurrent Liabilities	<u>45,924,335</u>	<u>61,862,695</u>	<u>9,505,850</u>	<u>8,293,680</u>	<u>6,930,273</u>	<u>132,516,833</u>	<u>0</u>
Total Liabilities	<u>51,299,203</u>	<u>67,596,740</u>	<u>12,575,948</u>	<u>9,617,238</u>	<u>7,720,340</u>	<u>148,809,469</u>	<u>5,800,885</u>
DEFERRED INFLOWS OF RESOURCES:							
Deferred Inflows Related to Pensions	0	0	0	0	0	0	0
Deferred Inflows Related to OPEB	596,640	521,839	17,613	0	433,294	1,569,386	0
Total Deferred Inflows of Resources	<u>596,640</u>	<u>521,839</u>	<u>17,613</u>	<u>0</u>	<u>433,294</u>	<u>1,569,386</u>	<u>0</u>
NET POSITION:							
Net Investment in Capital Assets	73,078,203	106,944,841	4,952,612	16,247,378	7,576,989	208,800,023	13,349,943
Restricted for Pension Asset	3,683	3,221	105	0	2,670	9,679	0
Restricted for Future Pension Costs	31,217	25,534	5,057	0	16,996	78,804	13,545
Restricted for Debt Service	379,377	500,830	98,779	14,791	11,798	1,005,575	0
Restricted for Capital Improvements	0	0	0	864,232	86,460	950,692	0
Unrestricted	5,919,513	5,591,270	(1,723,020)	(148,531)	1,349,201	10,988,433	14,325,811
Total Net Position	<u>\$ 79,411,993</u>	<u>\$ 113,065,696</u>	<u>\$ 3,333,533</u>	<u>\$ 16,977,870</u>	<u>\$ 9,044,114</u>	<u>\$ 221,833,206</u>	<u>\$ 27,689,299</u>

See accompanying notes to the basic financial statements.

CITY OF KINGSPORT, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

	Business - Type Activities - Enterprise Funds						
	Water Fund	Sewer Fund	Aquatic Center Fund	MeadowView Conference Resort and Convention Center Fund	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
OPERATING REVENUES:							
Charges and Fees	\$ 16,517,175	\$ 19,491,206	\$ 1,767,016	\$ 330,757	\$ 7,460,109	\$ 45,566,263	\$ 22,431,844
Penalties and Fines	317,501	263,154	0	0	0	580,655	0
Miscellaneous	20,586	10,166	24,471	0	0	55,223	1,596,249
Total Operating Revenue	16,855,262	19,764,526	1,791,487	330,757	7,460,109	46,202,141	24,028,093
OPERATING EXPENSES:							
Operating Costs	9,787,454	9,262,121	2,244,627	1,270,030	9,136,160	31,700,392	22,401,747
Depreciation	3,844,097	5,569,111	827,152	1,546,272	589,538	12,376,170	2,814,546
Total Operating Expenses	13,631,551	14,831,232	3,071,779	2,816,302	9,725,698	44,076,562	25,216,293
Operating Income (Loss)	3,223,711	4,933,294	(1,280,292)	(2,485,545)	(2,265,589)	2,125,579	(1,188,200)
NONOPERATING REVENUES (EXPENSES):							
Investment Earnings	901,133	1,118,887	8,805	63,202	118,653	2,210,680	552,967
Interest Expense	(1,269,455)	(1,746,395)	(319,436)	(271,517)	(90,209)	(3,697,012)	0
Gain (Loss) on Disposal of Capital Assets	0	(250)	0	0	125,440	125,190	296,049
Bond Issue Cost	(102,441)	(120,040)	0	0	0	(222,481)	0
Total Nonoperating Revenues (Expenses)	(470,763)	(747,798)	(310,631)	(208,315)	153,884	(1,583,623)	849,016
Income (Loss) Before Capital Contributions and Transfers	2,752,948	4,185,496	(1,590,923)	(2,693,860)	(2,111,705)	541,956	(339,184)
Capital Contributions	6,979,113	2,345,469	0	8,065	84,976	9,417,623	0
Transfers In	265,705	0	2,589,624	2,627,327	3,204,747	8,687,403	160,000
Transfers Out	(2,033,100)	(1,920,603)	(64,767)	0	(152,736)	(4,171,206)	0
Change in Net Position	7,964,666	4,610,362	933,934	(58,468)	1,025,282	14,475,776	(179,184)
Net Position, July 1, 2023	71,447,327	108,455,334	2,399,599	17,036,338	8,018,832	207,357,430	27,868,483
Net Position, June 30, 2024	\$ 79,411,993	\$ 113,065,696	\$ 3,333,533	\$ 16,977,870	\$ 9,044,114	\$ 221,833,206	\$ 27,689,299

See accompanying notes to the basic financial statements.

CITY OF KINGSPORT, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

	Business - Type Activities - Enterprise Funds						
	Water Fund	Sewer Fund	Aquatic Center	MeadowView Conference Resort and Convention Center Fund	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from Customers and Users	\$ 15,734,401	\$ 19,208,847	\$ 1,759,292	\$ 330,757	\$ 7,101,717	\$ 44,135,014	\$ 0
Receipts from Interfund Services Provided	178,681	245,111	11,454	0	172,118	607,364	23,934,107
Payments to Suppliers	(6,477,993)	(5,830,393)	(1,834,250)	(1,626,527)	(5,097,558)	(20,866,721)	(18,680,326)
Payments to Employees	(4,506,684)	(3,924,055)	(353,936)	0	(3,691,553)	(12,476,228)	(1,911,347)
Net Cash Provided (Used) by Operating Activities	<u>4,928,405</u>	<u>9,699,510</u>	<u>(417,440)</u>	<u>(1,295,770)</u>	<u>(1,515,276)</u>	<u>11,399,429</u>	<u>3,342,434</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers from Other Funds	265,705	0	2,589,624	2,627,327	3,204,747	8,687,403	160,000
Transfers to Other Funds	(2,033,100)	(1,920,603)	(64,767)	0	(152,736)	(4,171,206)	0
Advances (to) from Other Funds	0	0	(397,018)	3,761	(25,011)	(418,268)	169,814
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,767,395)</u>	<u>(1,920,603)</u>	<u>2,127,839</u>	<u>2,631,088</u>	<u>3,027,000</u>	<u>4,097,929</u>	<u>329,814</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from Capital Debt	10,310,360	11,601,660	0	0	0	21,912,020	0
Grant Revenue for Capital Projects	2,599,698	977,208	0	0	0	3,576,906	0
Acquisition and Construction of Capital Assets	(9,683,680)	(5,535,413)	(50,873)	(219,111)	(580,443)	(16,069,520)	(4,526,509)
Principal Paid on Capital Debt	(2,964,439)	(3,892,016)	(1,258,857)	(1,155,009)	(289,832)	(9,560,153)	0
Interest Paid on Capital Debt	(1,272,747)	(1,917,329)	(372,526)	(336,044)	(115,189)	(4,013,835)	0
Proceeds from Sales of Capital Assets	0	(250)	0	0	125,440	125,190	296,049
Net Cash Used by Capital and Related Financing Activities	<u>(1,010,808)</u>	<u>1,233,860</u>	<u>(1,682,256)</u>	<u>(1,710,164)</u>	<u>(860,024)</u>	<u>(4,029,392)</u>	<u>(4,230,460)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from Sales and Maturities of Investments	0	0	0	26,275	0	26,275	0
Purchase of Investments	(94,335)	(109,101)	(12,712)	0	(12,376)	(228,524)	(707,900)
Interest Received	625,818	793,273	9,295	62,203	118,653	1,609,242	552,957
Net Cash Provided (Used) by Investing Activities	<u>531,483</u>	<u>684,172</u>	<u>(3,417)</u>	<u>88,478</u>	<u>106,277</u>	<u>1,406,993</u>	<u>(154,943)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	2,681,685	9,696,939	24,726	(286,368)	757,977	12,874,959	(713,155)
Cash and Cash Equivalents, July 1, 2023	<u>10,778,205</u>	<u>12,715,920</u>	<u>88,098</u>	<u>573,837</u>	<u>2,760,636</u>	<u>26,916,696</u>	<u>13,287,559</u>
Cash and Cash Equivalents, June 30, 2024	<u>\$ 13,459,890</u>	<u>\$ 22,412,859</u>	<u>\$ 112,824</u>	<u>\$ 287,469</u>	<u>\$ 3,518,613</u>	<u>\$ 39,791,655</u>	<u>\$ 12,574,404</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

	Business - Type Activities - Enterprise Funds						
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Aquatic Center</u>	<u>MeadowView Conference Resort and Convention Center Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating Income (Loss)	\$ 3,223,711	\$ 4,933,294	\$ (1,280,292)	\$ (2,485,545)	\$ (2,265,589)	\$ 2,125,579	\$ (1,188,200)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation	3,844,097	5,569,111	827,152	1,546,272	589,538	12,376,170	2,814,546
(Increase) Decrease in Assets:							
Accounts Receivable	(893,417)	(305,923)	(16,178)	0	(186,274)	(1,401,792)	(93,986)
Inventory	(1,464,068)	0	(711)	0	(4,438)	(1,469,217)	56,603
Prepays and Deposits	0	0	0	0	0	0	1,243,237
Increase (Decrease) in Liabilities:							
Accounts Payable	74,487	(613,197)	71,916	(308,457)	(142,816)	(918,067)	257,428
Benefits Payable	0	0	0	0	0	0	401,181
Pension Liabilities and Deferrals	192,925	205,467	(877)	0	215,479	612,994	0
Compensated Absences Payable	23,367	(32,133)	8,122	0	25,198	24,554	24,322
OPEB Liabilities and Deferrals	(181,674)	(76,200)	(18,654)	0	39,313	(237,215)	0
Other Payables	7,301	45,295	0	0	226,629	279,225	(172,697)
Unearned Revenue	0	0	(7,918)	0	0	(7,918)	0
Retainages Payable	101,676	(26,204)	0	(48,040)	(12,316)	15,116	0
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,928,405</u>	<u>\$ 9,699,510</u>	<u>\$ (417,440)</u>	<u>\$ (1,295,770)</u>	<u>\$ (1,515,276)</u>	<u>\$ 11,399,429</u>	<u>\$ 3,342,434</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:							
Cash	\$ 0	\$ 0	\$ 47,201	\$ 0	\$ 2,941	\$ 50,142	\$ 0
Equity in Pooled Cash and Investments	1,335,089	5,533,681	0	0	3,337,028	10,205,798	12,574,404
Restricted Cash from Unspent Bonds	12,005,671	16,821,753	65,623	202,469	95,644	29,191,160	0
Restricted Cash	119,130	57,425	0	85,000	83,000	344,555	0
Cash and Cash Equivalents, June 30, 2024	<u>\$ 13,459,890</u>	<u>\$ 22,412,859</u>	<u>\$ 112,824</u>	<u>\$ 287,469</u>	<u>\$ 3,518,613</u>	<u>\$ 39,791,655</u>	<u>\$ 12,574,404</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:							
Capital Assets Contributed by Developers	<u>\$ 64,415</u>	<u>\$ 162,000</u>	<u>\$ 0</u>	<u>\$ 8,065</u>	<u>\$ 0</u>	<u>\$ 234,480</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

The City of Kingsport, Tennessee (the City) was incorporated in 1917 and operates under a Council-Manager form of government. The City is an industrial community in the foothills of the Appalachian Mountains. Along with two other comparably sized cities within a 20-mile radius, the City is part of a 12 county area in northeast Tennessee and southwest Virginia known as the Tri-Cities Tennessee/Virginia region.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting entity

Primary Government

The City is a Tennessee municipal corporation governed by a Board of Mayor and Aldermen (BMA). A mayor is elected every two years and six aldermen are elected every four years. A vice mayor is appointed by the BMA from within its membership. The accompanying financial statements present the City (primary government) and its component units, entities for which the City is considered to be financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on the organization or (2) there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Units

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that those entities are legally separate from the City.

Proprietary Fund Type

The Industrial Development Board of the City of Kingsport, Tennessee (IDBK) – The IDBK was incorporated on February 11, 1986, under the provisions of the State of Tennessee constitution and general statutes. The purpose of the IDBK is to finance, acquire, own, lease, and/or dispose of properties to maintain and increase employment opportunities in the City. The IDBK consists of nine members, all of whom are appointed by the City's BMA. A significant amount of the IDBK's revenue is derived from the City. Additionally, City employees provide significant oversight of IDBK projects. Due to the close relationship between the City and the IDBK, it seems likely the City could impose their will on the IDBK, and therefore IDBK is considered a component unit of the City of Kingsport. Separately issued financial statements of the IDBK are not available.

Emergency Communications District of the City of Kingsport, Tennessee (ECD) – The ECD was created by referendum on January 11, 1994, the results of which were certified on January 20, 1994. The purpose of the ECD is to oversee the operations of the 911 emergency telephone services. Their Board consists of nine members, all of whom are appointed by the City's BMA. The operations of the ECD are managed directly by employees of the City. Due to the close relationship between the City and the ECD, it seems likely the City could impose their will on the ECD, and therefore ECD is considered a component unit of the City of Kingsport.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting entity (continued)

Discretely Presented Component Units

Proprietary Fund Type

Separately issued financial statements may be requested from the ECD administrative offices.

Emergency Communications District of the City of Kingsport
P O Box 1326
141 Unicoi Street
Kingsport, Tennessee 37662

Joint Ventures and Jointly Governed Organizations

The IDBK is a participant with the Hawkins County Industrial Development Board (HCIDB) in a joint venture to purchase and develop land for industrial purposes known as the Phipps Bend Venture. The IDBK holds a 20% interest in the venture while the HCIDB holds an 80% interest.

Jointly governed organizations of the City include the Tri-Cities Airport Authority.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are various charges between the City's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) 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 revenues are reported instead as *general revenues*.

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.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period for local revenues, 120 days for state-shared revenues, and 365 days for grant revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In general, taxes, licenses, federal and state grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for and reported in another fund. The primary financial resources reported in the general fund are, local property taxes, local option sales taxes, and state shared revenues.

The *general purpose school fund* is used to account for and report transactions of the City School System. The major sources of funding are state-shared revenues, local property taxes, and local option sales taxes.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets related to the general operation of the City (excluding types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments).

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt other than that payable from enterprise funds.

The City reports the following non-major governmental funds:

The *school nutrition services fund* is a special revenue fund used to account for and report federal and state financial resources, as well as user fees for the specific activities associated with the operation of the City School System cafeterias.

The *special school projects fund* is a special revenue fund used to account for and report financial resources derived from federal and state grants related to school projects.

The *public law 93-380 fund* is a special revenue fund used to account for and report restricted federal financial resources, specific to academic programs associated with federal grant entitlements.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Palmer Center fund* is a special revenue fund used to account for and report a contribution from the heirs of the late Mary L. Robinson estate, for the support of educational and other services provided to physically challenged children, by the Palmer Center.

The *internal school fund* is a special revenue fund used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

The *special revenue general projects fund* is a special revenue fund used to account for and report federal and state grants matched with local revenues to fund general government programs or non-capital improvement projects.

The *community development fund* is a special revenue fund used to account for and report activities funded by community block grant entitlements from the United States Department of Housing and Urban Development.

The *federal transit administration fund* is a special revenue fund used to account for and report activities funded by federal and state grants for support of local government transportation programs.

The *state street aid fund* is a special revenue fund used to account for and report activities funded by state gasoline taxes.

The *drug fund* is a special revenue fund used to account for and report financial resources primarily derived from fines and forfeitures and used to support the City's police department drug investigations and enforcement programs.

The *criminal forfeiture fund* is a special revenue fund used to account for and report activities related to seized property and money with the exception of those related to drug activities. In addition, this fund accounts for funds received from the United States Department of Justice under the Equitable Sharing of Federally Forfeited Property program. Federal revenue is restricted in use for the purchase of equipment.

The *regional sales tax revenue fund* is a special revenue fund used to account for and report the proceeds from a \$.0025 (1/4 ¢) local option sales tax previously approved by local referendum. These funds are used for the retirement of debt issued to fund construction of the MeadowView Conference Resort and Convention Center and to support the operations of the complex including the Cattails Golf Course and Aquatic Center.

The *public library commission fund* is a special revenue fund used to account for and report contributions from patrons, civic organizations, private corporations, and other supporters of the Kingsport Public Library.

The *Bays Mountain Park fund* is a special revenue fund used to account for and report contributions from individuals, civic organizations and private corporations for the support and continued development of the Bays Mountain Park.

The *Public Art Commission fund* is a special revenue fund used to account for and report contributions from individuals, civic organizations and private corporations for the support and continued development of cultural arts in Kingsport.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Steadman cemetery fund* is a special revenue fund used to account for and report a contribution from the heirs of Bonnie M. Steadman to provide for the maintenance of the Steadman family cemetery.

The *senior citizens advisory board fund* is a special revenue fund used to account for and report financial resources derived from various programs and events conducted by participating senior citizens and contributions from individuals, civic organizations, and private corporations.

The *metropolitan planning office fund* is a special revenue fund used to account for and report grant funds received from the federal highway administration, federal transit administration, and State of Tennessee for support of local MPO programs.

The *justice assistance grant fund* is a special revenue fund used to account for and report direct federal grant funds received from the Edward Byrne Memorial Justice Assistance Grant Program. These funds are restricted for certain law enforcement programs.

The *visitors enhancement fund* is a special revenue fund used to account for and report 25% of the hotel and motel taxes collected in Kingsport from hotel and motel room rentals. This revenue is restricted in use for tourism purposes.

The *library governing board fund* is a special revenue fund used to account for intergovernmental financial resources, as well as user fees for the specific activities associated with the operation of the City Library.

The City reports the following major proprietary funds:

The *water fund* accounts for the activities of the City's production, storage and transportation of potable water.

The *sewer fund* accounts for the activities of the City's collection, transportation, treatment and disposal of wastewater.

The *aquatic center fund* accounts for the activities related to the City's operation of an aquatic facility offering indoor and outdoor recreational swimming for the region.

The *MeadowView Conference Resort and Convention Center fund* accounts for the activities of the City's outsourced operation (through Marriott) of the convention center.

The City reports the following non-major proprietary funds:

The *solid waste management fund* accounts for the activities of the City's collection of residential garbage, refuse collection, recycling, and demolition landfill activities.

The *storm water management fund* accounts for the activities of the City's management of storm water run-off, efforts to improve the water quality of rivers and streams and to reduce incidences of flooding.

The *Cattails at MeadowView Golf Course fund* accounts for the activities of the City's outsourced operation (through Marriott Golf) of the 18-hole championship golf course.

Additionally, the City reports the following fund types:

Internal service funds account for risk management, self-insured health insurance, retiree's health insurance, and fleet maintenance services provided to other departments or agencies of the government on a cost reimbursement basis.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Allandale Trust fund* is a permanent fund used to account for and report restricted, non-expendable assets left to the City by the late Harvey Brooks, consisting of his home (Allandale Mansion) and other tangible and intangible assets.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds of a government, which traditionally provide services primarily to other funds of the government, are presented in summary form, as part of the proprietary fund financial statements. The City's governmental activities are the principal users of the internal services activities, therefore, financial statements of internal service funds are consolidated into the governmental column at the government-wide level. The costs of the services provided by internal service funds are allocated to the appropriate functional activity (police, fire, public works, etc.).

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or fund equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes impose various restrictions on the City's, IDBK's, and ECD's deposits and investments, including repurchase agreements. These restrictions are summarized as follows:

DEPOSITS - All deposits with financial institutions must be collateralized in an amount equal to 105% of the fair value of uninsured deposits.

INVESTMENTS - State statutes authorize the City to invest in treasury bonds, notes or bills of the United States of America; non-convertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the State Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; Certificates of Deposit and other evidences of deposit at State and Federal chartered banks and Savings and Loan Associations; obligations of the United States of America or its agencies under a repurchase agreement and money market funds whose portfolios consist of any of the foregoing investments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; the State of Tennessee Local Government Investment Pool (LGIP); obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or fund equity (continued)

1. Deposits and investments (continued)

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. In general, cash overdrafts are reflected in the financial statements as due to other funds. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments. Investments for the City, as well as for its component units, are reported at fair value based on quoted market prices.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables shown are net of an allowance for un-collectibles. The property tax receivable and trade receivables allowance accounts are based on prior years' collection experience.

All property values are assessed on January 1 of each year. Property taxes receivable are recorded at this lien date. All real and personal property taxes are due and payable on the levy date of November 1 of each year, at which time the receivable is recognized as revenue. All unpaid property taxes become delinquent on December 1 (30 days from date of levy). A penalty of 2% is imposed on unpaid property taxes as of December 1. A penalty of 2% is imposed for the next month and an additional penalty of 1% is imposed for each month thereafter until paid, or the property is sold as authorized by law.

3. Inventories and prepaid items

All inventories are valued at larger of cost or net realizable value, utilizing the weighted average method of valuation. Inventories of governmental and proprietary funds are recorded as expenditures or expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures or expenses when they are consumed.

4. Restricted assets

Certain cash and investment balances of the City are classified as restricted assets at the government-wide and fund level because they are maintained in separate accounts and their use is limited by certain agreements and contracts with third parties. Restricted cash includes escrow for construction contractors established to fund retainage of outstanding construction projects upon their completion and working capital for outsourced operations of City facilities. Restricted investments include borrowed funds obligated for construction projects that have not been completed at the end of the fiscal year.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or fund equity (continued)

5. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years for property, plant and equipment and assets with an initial, individual cost of more than \$100,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units are, depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Roads and bridges	50
Utility lines	45
Buildings and building improvements	30
Landfill improvements	25
Golf course improvements	15
Machinery, equipment and heavy vehicles	10
Automobiles	5

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation days and sick leave benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. However, for employees eligible for TCRS retirement, it is the City's policy to apply the accumulated sick leave toward years for retirement. All vacation pay is accrued when incurred in the government-wide, internal service and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

It is also the City's policy to permit employees from certain departments of the City to accumulate earned but unused compensation time (comp time) for excess hours worked in lieu of overtime payments. The unpaid balance of reimbursable unused comp time is accrued when incurred in the government-wide, internal service and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Because of the City's policy limits on the amount of accumulated compensated absences an employee can carry forward and the fact that this benefit is available to be taken as soon as it is earned, the entire outstanding balance is considered a current liability and recorded as compensated absences payable on the statement of net position rather than as long-term debt. Compensated absences accrued in proprietary or internal service funds are liquidated from the individual fund where they are accrued. Compensated absences accrued on the statement of net position as governmental activities will primarily be liquidated from the general fund. Compensated absences accrued as Business type activities will be liquidated from the appropriate operating fund.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or fund equity (continued)

6. *Compensated absences (continued)*

Changes in compensated absences for the fiscal year ending June 30, 2024 are as follows:

	Governmental Activities	Business-Type Activities
Compensated Absences, July 1, 2023	\$ 4,197,114	\$ 742,415
Compensated Absences Earned - FY 2024	4,304,465	748,461
Compensated Absences Used - FY 2024	(4,090,666)	(723,907)
Compensated Absences, June 30, 2024	\$ 4,410,913	\$ 766,969

7. *Leases*

Key estimates and judgements include how the City determines (1) the discount rate it uses to discount the expected lease receipts and/or payments to present value, (2) lease term, and (3) lease receipts and/or payments.

- The City uses an estimated incremental borrowing rate as the discount rate for the lease.
- The lease term includes the noncancellable periods of the lease. Lease receipts and payments are included in the measurement of the lease receivable or liability, respectively, and are composed of fixed payments.
- The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease receivable or liability.

8. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as losses on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed during the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or fund equity (continued)

9. Net position

The City's net position is classified as follows:

Net Investment in Capital Assets: Consists of capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. When debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Any deferred outflows of resources related to refunding of debt obligations are also included as a component of net investment in capital assets.

Restricted Net Position: Restricted net position reflects the resources that are subject to restricted use and have been externally imposed by creditors, grantors or contributors, or by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: Unrestricted net position includes resources that are available for transactions relating to the general operations of the City and may be used at the discretion of the City to meet current expenses for any purpose.

10. Fund equity

Effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Governmental fund equity is classified as fund balance. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash (for example: inventories, prepaid amounts, and long-term notes receivable).

Restricted Fund Balance – includes amounts that are, (a) externally restricted by creditors, grantors, contributors, or laws or regulations of other governments, or (b) restricted by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision making authority. The Board of Mayor and Aldermen is the highest level of decision making authority for the City that can, by adoption of an ordinance, commit fund balance. Commitments of fund balance can be changed or lifted only by the City taking the same formal action through adoption of an ordinance.

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted, or committed. The Board of Mayor and Aldermen has not authorized a specific party at this time to assign fund balance. Intent to assign fund balance is expressed by formal action of the Board of Mayor and Aldermen through adoption of an ordinance.

Unassigned Fund Balance – is a residual classification for the general fund and includes all spendable amounts not contained in the other classifications. It is also used for any negative fund balances in other funds.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or fund equity (continued)

10. Fund equity (continued)

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

11. Fund Balance Policy

An appropriate level of Unassigned Fund Balance shall be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls. Such fund balance shall serve cash flow needs, protect against unforeseen emergencies and enhance the credit worthiness of the City. The Fund Balance Policy establishes a minimum General Fund Unassigned Fund Balance equal to 15% of General Fund expenditures.

12. Deferred outflows and inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The City has three items that qualify for reporting in this category; deferred outflows related to refunding, deferred outflows related to pensions and deferred outflows related to OPEB. Deferred outflows for pensions and OPEB occur when there are differences between expected and actual experience, change in assumptions or contributions made after the measurement date. All three are reported in the government-wide statement of net position and the statement of net position for proprietary funds.

These items result from the differences in the carrying value of refunded debt and its reacquisition price as well as from the requirements recognized under GASB 68 for pensions and GASB 75 for OPEB. The deferred outflows related to refunding amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions reflect payments made by the City not currently recognized by the pension plans and the deferred outflows related to OPEB reflect the present value of projected future benefits.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of deferred inflows. One item occurs only under a modified accrual basis of accounting. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes in both the General Fund and General Purpose School Fund, as well as other receivables not collected within 60 days of year-end, and property taxes collected in advance of their due date. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to unearned property taxes recorded in advance of the year in which they are intended to fund operations. This item is a deferred inflow in both the governmental fund balance sheet and the entity wide statement of net position. The third and fourth items are related to the recognition of employee pensions and OPEB as required under GASB 68 and GASB 75 respectively.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or fund equity (continued)

12. Deferred outflows and inflows of resources (continued)

Deferred inflows for pension and OPEB occur when there are differences in expected and actual experience, differences in expected and actual investment earnings, and changes in assumptions. These items are deferred inflows found in the entity wide statement of net position.

	Entity- Wide Statements	Governmental Funds
	Governmental	Statements
Property Taxes Receivable - General Fund (unavailable)	\$ 0	\$ 1,042,505
Property Taxes Receivable - General Fund (unearned / unavailable)	41,029,360	41,029,360
Property Taxes Receivable - School Fund (unearned / unavailable)	14,650,000	14,650,000
	\$55,679,360	\$56,721,865

13. Pensions

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 of Kingsport's participation in the Public Employee Retirement Plan, and Kingsport City School's participation in the Teacher Legacy Pension Plan and Teacher Retirement Plan all included in the Tennessee Consolidated Retirement System (TCRS) and additions to /deductions from the plans' 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, Teacher Legacy Pension Plan, and Teacher Retirement Plan. Investments are reported at fair value. Pension expense is paid out of funds that include salaries. Governmental pension expense is paid out of the General Fund and General Purpose School Fund. Proprietary pension expense is paid for out of the Water, Sewer, Solid Waste, Storm Water, and Aquatics fund where the salary was incurred.

14. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

15. New Accounting Standards

The City adopted GASB Statement No. 91, Conduit Debt Obligations, effective immediately in fiscal year 2024. This Statement improved the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$380,466,576 difference are as follows:

Governmental funds capital assets	\$ 765,828,684
Less: accumulated depreciation	<u>(385,362,108)</u>
 Net adjustment to increase <i>fund balances – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	 <u>\$ 380,466,576</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$(251,667,576) difference are as follows:

Bonds payable, net of premiums and discounts	\$ (136,993,224)
Notes payable	(4,732,186)
Compensated absences	(4,053,438)
OPEB liability	(72,054,762)
Pension liability	(32,250,843)
Accrued interest payable	<u>(1,583,123)</u>
 Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	 <u>\$ (251,667,576)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures”. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period were exceeded by depreciation of general capital assets. The details of this \$29,449,890 difference are as follows:

Capital outlays	\$ 47,957,660
Depreciation expense	<u>(18,507,770)</u>
 Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$ 29,449,890</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is a decrease to net position.” The details of this \$(5,704,734) difference are as follows:

Capital asset donations reported in statement of activities	\$ 590,186
Capital asset roads annexed reported in statement of activities	0
Forfeited vehicles reported in statement of activities	0
Capital project expenditures not meeting capitalization requirements	(6,088,252)
Asset disposals	<u>(206,668)</u>
 Net adjustment to reduce <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$ (5,704,734)</u>

Another element of that reconciliation states that, “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds”. The details of this \$(31,725) difference are as follows:

Unearned property taxes as of June 30, 2024	\$ 1,042,505
Prior years’ unearned property taxes	<u>(1,074,230)</u>
 Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$ (31,725)</u>

Another element of that reconciliation states that, “the net revenue of certain activities of internal service funds is reported with governmental activities”. The details of this \$(179,184) difference are as follows:

Investment earnings	\$ 552,967
Gain (loss) on disposal of capital assets	296,049
Operating gain (loss)	(1,188,200)
Net transfers in	<u>160,000</u>
 Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u>\$ (179,184)</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$(30,812,580) difference are as follows:

Principal payments	\$ 10,474,240
Principal payments on HUD Loan	43,000
Issuance of general obligation bonds and notes payable	(40,770,000)
Premium on issuance of general obligation bonds	(1,059,518)
Amortization of premiums, discounts and refunding costs	<u>499,698</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (30,812,580)</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

C. Fund Balance Classification

As provided for in GASB Statement No. 54, governmental fund balances by classification, as of June 30, 2024 are as follows:

	Major Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	General Purpose Schools Fund	Debt Service Fund	Capital Projects Fund		
Fund Balances:						
<i>Non-spendable:</i>						
Inventory	\$ 1,058	\$ 0	\$ 0	\$ 0	\$ 299,684	\$ 300,742
Prepays	16,848	0	0	0	6,057	22,905
Allandale Trust Principal	0	0	0	0	152,692	152,692
Total Non-spendable	17,906	0	0	0	458,433	476,339
<i>Restricted for:</i>						
Stabilization Reserve Trust						
Restricted for Future Pension Costs	319,596	1,338,118	0	0	6,809	1,664,523
Unspent Bond Proceeds						
Restricted for Capital Projects	0	0	0	48,420,254	0	48,420,254
Unspent Federal Forfeitures						
Restricted for Public Safety	0	0	0	0	62,075	62,075
Unspent Hotel Tax						
Restricted for Tourism	0	0	0	0	221,773	221,773
Restricted by State						
State Street Aid Fund	0	0	0	0	22,767	22,767
Drug Fund	0	0	0	0	605,743	605,743
Internal School Fund	0	0	0	0	1,469,794	1,469,794
Total Restricted	319,596	1,338,118	0	48,420,254	2,388,961	52,466,929
<i>Committed for:</i>						
Other Projects	0	0	0	0	7,333,725	7,333,725
Community Development	0	0	0	0	16,471	16,471
Allandale	0	0	0	0	84,867	84,867
Education:						
School Nutrition Fund	0	0	0	0	3,264,629	3,264,629
School Projects Fund	0	0	0	0	0	0
Palmer Center Fund	0	0	0	0	76,693	76,693
Public Safety:						
Criminal Forfeiture Fund	0	0	0	0	67,227	67,227
Transportation:						
Federal Transit Fund	0	0	0	0	93,212	93,212
MPO Fund	0	0	0	0	136,656	136,656
Culture and Recreation:						
Regional Sales Tax Fund	0	0	0	0	575,259	575,259
Steadman Cemetary Fund	0	0	0	0	2,579	2,579
Public Art Commission Fund	0	0	0	0	1,181	1,181
Library Commission Fund	0	0	0	0	5,498	5,498
Library Governing Board Fund	0	0	0	0	285,827	285,827
Bays Mountain Park Fund	0	0	0	0	538,945	538,945
Senior Citizens Fund	0	0	0	0	396,714	396,714
Total Committed	0	0	0	0	12,879,483	12,879,483
<i>Assigned to:</i>						
Fund Balance Allocations	466,057	0	0	0	0	466,057
Future Industrial Park	20,927	0	0	0	0	20,927
Debt Service	0	0	969,745	0	0	969,745
Capital Projects	0	0	0	1,412,520	0	1,412,520
Education	0	14,235,162	0	0	0	14,235,162
Total Assigned	486,984	14,235,162	969,745	1,412,520	0	17,104,411
<i>Unassigned:</i>	24,759,978	0	0	0	0	24,759,978
Total Fund Balances	\$ 25,584,464	\$ 15,573,280	\$ 969,745	\$ 49,832,774	\$ 15,726,877	\$ 107,687,140

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the capital projects fund and certain special revenue funds associated with grant awards, which are adopted on a project-by-project basis and normally span a multi-year period.

The City Manager is required by charter to present to the BMA a preliminary budget for the upcoming fiscal year by May 15th. The preliminary budget is compiled from revenue and expense projections as well as requests submitted by each department. The BMA must pass the preliminary budget on two readings before it is adopted and becomes the approved spending plan for the City.

The City Manager has the authority to transfer the unused portion of any item or appropriation within the same department, between departments in any given fund, and across departments and/or funds for fleet, risk management and health insurance. The City Manager also has the authority to transfer funds from the vehicle repair and maintenance account of one department to the vehicle repair and maintenance account of another department. Any revisions that alter the total expenditures of any fund must be approved by the BMA. Expenditures may not exceed appropriations at the fund level. Supplemental appropriations may be authorized by the BMA through the adoption of appropriate ordinances during the fiscal year.

Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund, general purpose school fund, certain special revenue funds (criminal forfeiture, drug, state street aid, regional sales tax revenue, visitors enhancement, Steadman cemetery, public library commission, library governing board, Bays Mountain Park, senior citizens advisory board, school nutrition services, and Palmer Center), debt service fund, proprietary funds and the permanent fund. Budgets for the remaining special revenue funds and capital projects funds are made on a project basis, spanning more than one fiscal year. Budgetary control is exercised at the departmental level or by project.

Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as Assigned Fund Balance and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Excess of expenditures over appropriations

For the fiscal year ended June 30, 2024, there were no instances of expenditures exceeding appropriations in any funds.

C. Deficit fund equity

For the fiscal year ended June 30 2024, there were no instances of deficit fund equity in any funds of the City.

D. Legal Debt Limit

City Charter limits total bonded indebtedness to twenty (20) percent of the assessed value of taxable property. Bonds paid from utility revenues are excluded from this limit. The Board maintains a stricter unwritten self-imposed limit of ten (10) percent.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Cash deposits on the statement of net position include demand deposits, certificates of deposit, savings accounts, cash on deposit with the State of Tennessee and cash deposited in escrow accounts.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of bank failure, deposits may not be returned to the City. The policy for custodial credit risk on deposits is to follow state statutes. As of June 30, 2024, all deposits were insured through FDIC or collateralized as required by Tennessee Code Annotated (TCA) 9-1-118. Total demand deposits and certificates of deposit for the City are held in financial institutions which are members of the Tennessee Bank Collateral Pool (the pool) administered by the State of Tennessee Treasurer. The pool is a multiple financial institution collateral pool in which member financial institutions holding public funds pledge collateral securities. In the event any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. The pool also has the ability to make additional assessments on a pro rata basis to the pool if the value of collateral is inadequate to cover a loss.

At June 30, 2024, the City's carrying amount of deposits was \$146,359,377 and the bank balance was \$153,476,332. The book amount consists of cash, equity in pooled cash, and restricted cash less change funds and cash on hand at various locations of \$203,773.

The carrying amount of deposits at June 30, 2024 for the IDBK, a discretely presented component unit, was \$2,853,287, and the bank balance was \$2,853,287. The IDBK's deposits in financial institutions were entirely insured through FDIC or collateralized through the Tennessee Bank Collateral Pool at June 30, 2024.

Total demand deposits and certificates of deposit for the ECD, also a discretely presented component unit, were held in financial institutions, which were members of the Tennessee Bank Collateral Pool. The ECD's deposits in financial institutions were entirely insured through FDIC or collateralized through the Tennessee Bank Collateral Pool at June 30, 2024.

The carrying amount of deposits at June 30, 2024 for the ECD was \$4,827,441 and the deposits in financial institutions were \$4,840,774.

Investments

The City's investment policy is to ensure the preservation of capital in the overall investment portfolio. The City will emphasize the safety of capital first, maintain sufficient liquidity to meet obligations second, and gain the highest possible yield third.

The City's investments generally include long term certificates of deposit placed at local banks or money market deposits with the State of Tennessee Local Government Investment Pool (LGIP).

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and investments (continued)

Investments (continued)

Specifically, the LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the LGIP is required to maintain a 90-day or less weighted-average-maturity. The fair value of shares held in the LGIP is the same as the value of the LGIP shares. The TN LGIP has not been rated by a nationally recognized statistical rating organization.

At June 30, 2024, the City's carrying amount for investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in Years)</u>
Certificate of Deposit	\$ 1,250,692	0.94
Tennessee Local Government Investment Pool	8,121,588	0.13
TCRS Stabilization Trust	<u>1,756,872</u>	n/a
 Total	 <u>\$ 11,129,152</u>	

The City does not have a policy for determining which investments will be recorded at amortized cost. No investments are recorded at amortized cost at June 30, 2024.

Concentration of Credit Risk

The City's investment policy does not allow for an investment in any issuer that is in excess of five percent of the City's total investments.

Restricted Investments – TCRS Stabilization Trust

Legal Provisions. The City is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The City has placed funds into the irrevocable trust as authorized by statute under Tennessee Code Annotated (TCA), Title 8, and Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the City or the School Department.

The following plans are part of the TCRS Stabilization Reserve Trust: Kingsport City Schools - Teachers, and the City of Kingsport Hybrid Plan with Cost Controls.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The City may not impose any restrictions on investments placed by the trust on their behalf.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and investments (continued)

Investments (continued)

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized cost which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2024, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and investments (continued)

Investments (continued)

US Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method but was classified in Level 3.

At June 30, 2024, the City had the following investments held by the trust on its behalf:

<u>Investment Type</u>	<u>Weighted Average Maturity (days)</u>	<u>Maturities</u>	<u>KCS Teachers Fair Value</u>	<u>City Hybrid WCC Fair Value</u>	<u>Combined Total Fair Value</u>
Investments at Fair Value:					
U.S. Equity	NA	NA	\$ 378,752	\$ 165,877	\$ 544,629
Developed Market International Equity	NA	NA	171,050	74,912	245,962
Emerging Market International Equity	NA	NA	48,871	21,404	70,275
U.S. Fixed Income	NA	NA	244,357	107,018	351,375
Real Estate	NA	NA	122,178	53,509	175,687
Short-term Securities	NA	NA	12,218	5,351	17,569
Investments at Amortize Cost using the NAV:					
Private Equity and Strategic Lending:	NA	NA	244,357	107,018	351,375
Total			<u>\$1,221,783</u>	<u>\$ 535,089</u>	<u>\$ 1,756,872</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and investments (continued)

Investments (continued)

Investment Type	Fair Value	Kingsport City Schools - Teachers Fair Value Measurement Using			Amortized Cost
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 378,752	\$ 378,752	\$ 0	\$ 0	\$ 0
Developed Market International Equity	171,050	171,050	0	0	0
Emerging Market International Equity	48,871	48,871	0	0	0
U.S. Fixed Income	244,357	0	244,357	0	0
Real Estate	122,178	0	0	122,178	0
Short-term Securities	12,218	0	12,218	0	0
Private Equity and Strategic Lending	244,357	0	0	0	244,357
	<u>\$ 1,221,783</u>	<u>\$ 598,673</u>	<u>\$ 256,575</u>	<u>\$ 122,178</u>	<u>\$ 244,357</u>

Investment Type	Fair Value	City of Kingsport Hybrid With Cost Controls Fair Value Measurement Using			Amortized Cost
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 165,877	\$ 165,877	\$ 0	\$ 0	\$ 0
Developed Market International Equity	74,912	74,912	0	0	0
Emerging Market International Equity	21,404	21,404	0	0	0
U.S. Fixed Income	107,018	0	107,018	0	0
Real Estate	53,509	0	0	53,509	0
Short-term Securities	5,351	0	5,351	0	0
Private Equity and Strategic Lending	107,018	0	0	0	107,018
	<u>\$ 535,089</u>	<u>\$ 262,193</u>	<u>\$ 112,369</u>	<u>\$ 53,509</u>	<u>\$ 107,018</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and investments (continued)

Restricted Investments – TCRS Stabilization Trust (continued)

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. The City places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the City to pay retirement benefits of the City employees.

For further information concerning the City's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://publicreports.treasury.tn.gov>.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Receivables as of June 30, 2024, for the City's individual major funds, non-major funds, and internal service funds in the aggregate, and for the component units in total, including the applicable allowances for uncollectible accounts, are as follows:

	General	General Purpose School	Capital Projects	Water	Sewer	Aquatic Center	MeadowView Conference Resort and Convention Center	Non-Major Governmental	Non-Major Business-Type	Internal Service	Total Primary Government	Component Units
Receivables:												
Taxes	\$ 43,204,594	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 43,204,594	\$ 0
Accounts	1,942,754	170,807	29,582	3,391,483	3,357,845	80,005	0	122,342	2,070,039	642,509	11,807,366	57,175
Intergovernmental	7,331,359	20,913,855	5,041,363	4,354,670	1,582,122	0	0	6,433,496	49,004	0	45,705,869	0
Gross receivables	52,478,707	21,084,662	5,070,945	7,746,153	4,939,967	80,005	0	6,555,838	2,119,043	642,509	100,717,829	57,175
Less: Allowances for uncollectibles	(1,337,763)	(121,829)	0	(284,300)	(509,323)	0	0	0	(392,547)	0	(2,645,762)	0
Net total receivables	<u>\$ 51,140,944</u>	<u>\$ 20,962,833</u>	<u>\$ 5,070,945</u>	<u>\$ 7,461,853</u>	<u>\$ 4,430,644</u>	<u>\$ 80,005</u>	<u>\$ 0</u>	<u>\$ 6,555,838</u>	<u>\$ 1,726,496</u>	<u>\$ 642,509</u>	<u>\$ 98,072,067</u>	<u>\$ 57,175</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets

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

Primary government

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 38,933,725	\$ 137,867	\$ 0	\$ 0	\$ 39,071,592
Construction in Progress	38,131,506	39,648,643	(7,016,254)	(49,277)	70,714,618
Total capital assets, not being depreciated	77,065,231	39,786,510	(7,016,254)	(49,277)	109,786,210
Capital assets, being depreciated:					
Buildings	250,305,993	1,293,869	(831,584)	0	250,768,278
Improvements other than buildings	51,978,754	4,020,945	(61,721)	0	55,937,978
Equipment	81,449,938	8,707,099	(3,398,909)	0	86,758,128
Software	1,082,501	0	(149,709)	0	932,792
Infrastructure	303,089,694	241,080	0	0	303,330,774
Total capital assets, being depreciated	687,906,880	14,262,993	(4,441,923)	0	697,727,950
Less accumulated depreciation for:					
Buildings	(125,248,613)	(6,672,895)	656,680	0	(131,264,828)
Improvements other than buildings	(26,583,251)	(2,772,430)	56,687	0	(29,298,994)
Equipment	(58,057,488)	(5,622,748)	3,374,309	0	(60,305,927)
Software	(931,475)	(82,270)	149,709	0	(864,036)
Infrastructure	(185,791,883)	(6,171,973)	0	0	(191,963,856)
Total accumulated depreciation	(396,612,710)	(21,322,316)	4,237,385	0	(413,697,641)
Total capital assets, being depreciated, net	291,294,170	(7,059,323)	(204,538)	0	284,030,309
Governmental activities capital assets, net	\$ 368,359,401	\$ 32,727,187	\$ (7,220,792)	\$ (49,277)	\$ 393,816,519

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

Governmental activities:	
General government	\$ 2,227,938
Economic and physical development	33,297
Public safety	1,241,395
Public works	8,645,584
Culture and recreation	3,093,209
Education	6,080,893
	<hr/>
Total depreciation expense - governmental activities	\$ 21,322,316

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

Primary government (continued)

	Amount	Additions	Deletions	Adjustments	Amount
Business-type activities:					
Capital assets, not being depreciated:					
<u>Water</u>					
Land	\$ 852,438	\$ 0	\$ 0	\$ 0	\$ 852,438
Construction in Progress	9,131,247	9,660,650	(7,468,100)	0	11,323,797
<u>Sewer</u>					
Land	1,519,630	61,866	0	0	1,581,496
Construction in Progress	6,969,969	7,192,933	(2,370,282)	0	11,792,620
<u>Solid Waste Management</u>					
Land	1,716,309	0	0	0	1,716,309
Construction in Progress	38,500	391,241	(274,769)	0	154,972
<u>Storm Water</u>					
Land	1,606,272	0	0	0	1,606,272
Construction in Progress	452,706	131,523	0	0	584,229
<u>Aquatic Center</u>					
Land	845,711	0	0	0	845,711
Construction in Progress	42,350	79,193	(42,350)	0	79,193
<u>Meadowview Conference Resort and Convention Center</u>					
Land	1,515,497	0	0	0	1,515,497
Construction in Progress	1,113,874	261	(1,110,017)	0	4,118
<u>Cattails at Meadowview Golf Course</u>					
Land	981,600	0	0	0	981,600
Construction in Progress	187,173	22,698	(60,431)	0	149,440
Total capital assets, not being depreciated	26,973,276	17,540,365	(11,325,949)	0	33,187,692
Capital assets, being depreciated:					
<u>Water</u>					
Buildings and system	158,397,976	7,469,848	0	0	165,867,824
Equipment and machinery	1,527,435	85,697	(57,708)	0	1,555,424
Software	141,493	0	0	0	141,493
<u>Sewer</u>					
Buildings and system	255,350,134	673,857	(133,364)	0	255,890,627
Equipment and machinery	2,284,452	201,156	(101,785)	0	2,383,823
Software	88,304	0	0	0	88,304
<u>Solid Waste Management</u>					
Buildings and system	519,836	0	0	0	519,836
Improvements other than Buildings	2,565,154	0	0	0	2,565,154
Equipment and machinery	1,943,209	6,790	(500,558)	0	1,449,441
Software	6,750	0	0	0	6,750
<u>Storm Water</u>					
Buildings and system	2,553,056	315,523	0	0	2,868,579
Improvements other than Buildings	534,297	0	0	0	534,297
Equipment and machinery	609,014	0	0	0	609,014
Software	67,308	0	0	0	67,308
<u>Aquatic Center</u>					
Buildings and system	21,624,296	0	0	0	21,624,296
Equipment and machinery	313,506	14,030	(7,064)	0	320,472
<u>MeadowView Conference Resort and Convention Center</u>					
Buildings	43,097,183	1,070,017	0	0	44,167,200
Improvements other than Buildings	2,975,392	25,176	0	0	3,000,568
Equipment	1,557,997	241,739	0	0	1,799,736
<u>Cattails at MeadowView Golf Course</u>					
Buildings	1,434,547	31,420	0	0	1,465,967
Improvements other than Buildings	6,058,934	24,570	0	0	6,083,504
Equipment	498,444	5,238	(8,018)	0	495,664
Total capital assets, being depreciated	504,148,717	10,165,061	(808,497)	0	513,505,281

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

Primary government (continued)

	Amount	Additions	Deletions	Adjustments	Amount
Less accumulated depreciation for:					
<u>Water</u>					
Buildings and system	(68,970,461)	(3,813,119)	0	0	(72,783,580)
Equipment and machinery	(1,430,181)	(30,978)	57,708	0	(1,403,451)
Software	(141,492)	0	0	0	(141,492)
<u>Sewer</u>					
Buildings and system	(113,002,942)	(5,411,091)	71,497	0	(118,342,536)
Equipment and machinery	(1,349,137)	(158,020)	101,535	0	(1,405,622)
Software	(88,304)	0	0	0	(88,304)
<u>Solid Waste Management</u>					
Buildings and system	(246,734)	(14,541)	0	0	(261,275)
Improvements other than Buildings	(1,408,578)	(115,657)	0	0	(1,524,235)
Equipment and machinery	(1,768,383)	(54,913)	487,448	0	(1,335,848)
Software	(6,750)	0	0	0	(6,750)
<u>Storm Water</u>					
Buildings and system	(406,014)	(80,304)	0	0	(486,318)
Improvements other than Buildings	(391,819)	(35,620)	0	0	(427,439)
Equipment and machinery	(429,551)	(56,995)	0	0	(486,546)
Software	(67,307)	0	0	0	(67,307)
<u>Aquatic Center</u>					
Buildings and system	(6,611,036)	(797,026)	0	0	(7,408,062)
Equipment and machinery	(196,639)	(30,126)	7,064	0	(219,701)
<u>MeadowView Conference Resort and Convention Center</u>					
Buildings	(20,172,954)	(1,312,038)	0	0	(21,484,992)
Improvements other than Buildings	(2,140,979)	(177,575)	0	0	(2,318,554)
Equipment	(1,441,767)	(56,659)	0	0	(1,498,426)
<u>Cattails at MeadowView Golf Course</u>					
Buildings	(713,192)	(42,804)	0	0	(755,996)
Improvements other than Buildings	(5,165,907)	(186,698)	0	0	(5,352,605)
Equipment	(477,219)	(2,006)	7,768	0	(471,457)
Total accumulated depreciation	<u>(226,627,346)</u>	<u>(12,376,170)</u>	<u>733,020</u>	<u>0</u>	<u>(238,270,496)</u>
Total capital assets, being depreciated, net	<u>277,521,371</u>	<u>(2,211,109)</u>	<u>(75,477)</u>	<u>0</u>	<u>275,234,785</u>
Business-type activities capital assets, net	<u>\$ 304,494,647</u>	<u>\$ 15,329,256</u>	<u>\$ (11,401,426)</u>	<u>\$ 0</u>	<u>\$ 308,422,477</u>

Depreciation expense was charged to business-type activities functions/programs of the primary government as follows:

Business-type activities:	
Water	\$ 3,844,097
Sewer	5,569,111
Solid Waste Management	185,111
Storm Water	172,919
Aquatic Center	827,152
MeadowView Conference Resort and Convention Center	1,546,272
Cattails at MeadowView Golf Course	<u>231,508</u>
Total depreciation expense - business-type activities	<u>\$ 12,376,170</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

Primary government (continued)

Construction commitments

The City has active construction projects as of June 30, 2024. The governmental projects of the City are reflected in the capital projects fund and the City has provided funding for the future commitments in the amount of, \$48,420,254 through city bonded debt. In the proprietary funds, funding for construction projects has been provided and is in segregated deposit and investment accounts totaling \$29,191,160. Except for projects which are shared with counties or the State of Tennessee, the City could terminate any project at their discretion.

Net Investment in Capital Assets

The net investment in capital assets is composed of the following items at June 30, 2024:

	Business-Type						Total Business-Type
	Governmental	Water	Sewer	Aquatic Center	MeadowView Conference Center	Other Enterprise Funds	
Capital Assets	\$807,514,160	\$179,740,976	\$271,736,870	\$22,869,672	\$50,487,119	\$21,858,336	\$546,692,973
Less Accumulated Depreciation	<u>(413,697,641)</u>	<u>(74,328,523)</u>	<u>(119,836,462)</u>	<u>(7,627,763)</u>	<u>(25,301,972)</u>	<u>(11,175,776)</u>	<u>(238,270,496)</u>
Net Capital Assets	<u>393,816,519</u>	<u>105,412,453</u>	<u>151,900,408</u>	<u>15,241,909</u>	<u>25,185,147</u>	<u>10,682,560</u>	<u>308,422,477</u>
Deferred Outflows Related to Refunding	<u>1,640,200</u>	<u>125,313</u>	<u>191,985</u>	<u>325,333</u>	<u>353,255</u>	<u>41,894</u>	<u>1,037,780</u>
Total Debt	141,725,410	44,465,234	61,969,305	10,680,253	9,493,493	3,243,109	129,851,394
Less Debt not related to Capital Assets	0	0	0	0	0	0	0
Less Capital related unspent debt proceeds	<u>(48,420,254)</u>	<u>(12,005,671)</u>	<u>(16,821,753)</u>	<u>(65,623)</u>	<u>(202,469)</u>	<u>(95,644)</u>	<u>(29,191,160)</u>
Total Capital Debt	<u>93,305,156</u>	<u>32,459,563</u>	<u>45,147,552</u>	<u>10,614,630</u>	<u>9,291,024</u>	<u>3,147,465</u>	<u>100,660,234</u>
Net Investment in Capital Assets	<u>\$302,151,563</u>	<u>\$ 73,078,203</u>	<u>\$106,944,841</u>	<u>\$ 4,952,612</u>	<u>\$16,247,378</u>	<u>\$ 7,576,989</u>	<u>\$208,800,023</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

Discretely presented component units

Activity for the IDBK for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 439,994	\$ 151,140	\$ 0	\$ 591,134
Construction in Progress	14,400	1,170,640	0	1,185,040
Total capital assets, not being depreciated	454,394	1,321,780	0	1,776,174
Capital assets, being depreciated:				
Buildings	8,101,744	889,718	0	8,991,462
Improvements other than buildings	242,203	0	0	242,203
Signs	55,422	0	0	55,422
Total capital assets, being depreciated	8,399,369	889,718	0	9,289,087
Less accumulated depreciation for:				
Buildings	(1,280,941)	(222,085)	0	(1,503,026)
Improvements other than buildings	(160,123)	(16,146)	0	(176,269)
Signs	(55,422)	0	0	(55,422)
Total accumulated depreciation	(1,496,486)	(238,231)	0	(1,734,717)
Total capital assets, being depreciated, net	6,902,883	651,487	0	7,554,370
IDBK capital assets, net	<u>\$ 7,357,277</u>	<u>\$ 1,973,267</u>	<u>\$ 0</u>	<u>\$ 9,330,544</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

Discretely presented component units (continued)

Right-to-use leased asset activity for IDBK for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Right-to-use leased assets, being amortized:				
Right-to-use leased land	\$ 0	\$ 0	\$ 0	\$ 0
Right-to-use leased structures and improvements	478,862	1,592,160	0	2,071,022
Right-to-use leased equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total right-to-use leased assets, being amortized	 <u>478,862</u>	 <u>1,592,160</u>	 <u>0</u>	 <u>2,071,022</u>
 Less accumulated amortization for:				
Right-to-use leased land	0	0	0	0
Right-to-use leased structures and improvements	(7,981)	(79,471)	0	(87,452)
Right-to-use leased equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total accumulated amortization	 <u>(7,981)</u>	 <u>(79,471)</u>	 <u>0</u>	 <u>(87,452)</u>
 Total right-to-use leased assets, being amortized, net	 <u>\$ 470,881</u>	 <u>\$ 1,512,689</u>	 <u>\$ 0</u>	 <u>\$ 1,983,570</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital assets (continued)

Discretely presented component units (continued)

Activity for the ECD for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 242,010	\$ 0	\$ 0	\$ 242,010
Construction in Progress	0	4,988	0	4,988
Total capital assets, not being depreciated	242,010	4,988	0	246,998
Capital assets, being depreciated:				
Building	2,022,110	0	0	2,022,110
Furniture and Fixtures	241,259	0	0	241,259
Office Equipment	9,332	0	0	9,332
Communications Equipment	789,557	0	0	789,557
Other Capital Assets	104,339	2,465	0	106,804
Total capital assets, being depreciated	3,166,597	2,465	0	3,169,062
Less accumulated depreciation for:				
Building	(391,784)	(50,553)	0	(442,337)
Furniture and Fixtures	(175,590)	(24,584)	0	(200,174)
Office Equipment	(9,332)	0	0	(9,332)
Communications Equipment	(688,735)	(75,526)	0	(764,261)
Other Capital Assets	(47,880)	(7,707)	0	(55,587)
Total accumulated depreciation	(1,313,321)	(158,370)	0	(1,471,691)
Total capital assets, being depreciated, net	1,853,276	(155,905)	0	1,697,371
ECD capital assets, net	\$2,095,286	\$ (150,917)	\$ 0	\$1,944,369

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Inter-fund receivables, payables, and transfers

The composition of Inter-fund balances as of June 30, 2024, is as follows:

The outstanding balances between funds result mainly from the time lag between the dates that inter-fund goods and services are provided, reimbursable expenditures occur, transactions are recorded in the accounting system, and / or payments between funds are made.

Inter-fund transfers

Transfers are used to move revenue from the fund with collection authorization or resolution, to the debt service fund as debt service principal and interest payments become due and move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

The composition of interfund balances as of June 30, 2024, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund (major)	Aquatic Center Fund (major)	\$ 1,379,878
	Fleet Maintenance Fund (internal service)	1,158,585
	Federal Transit (nonmajor)	342,550
	Debt Service Fund (major)	329,005
	Regional Sales Tax Fund (nonmajor)	275,604
	Community Development Fund (nonmajor)	156,482
	State Street Aid Fund (nonmajor)	136,604
	Visitors Enhancement Fund (nonmajor)	80,247
	MeadowView Convention Center Fund (major)	3,761
		<u>3,862,716</u>
General Purpose School Fund (major)	Public Law 93-380 Fund (nonmajor)	3,237,782
	Special School Projects Fund (nonmajor)	155,835
		<u>3,393,617</u>
Total		<u>\$ 7,256,333</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Inter-fund receivables, payables, and transfers (continued)

Inter-fund transfers (continued)

Transfers in:						
Transfers out:	General	General Purpose School	Debt Service	Capital Projects	Nonmajor Governmental	Total Governmental
General	\$ 0	\$ 14,932,435	\$ 8,284,572	\$ 3,668,887	\$ 7,441,236	\$ 34,327,130
General Purpose School	433,301	0	4,511,935	4,137,338	69,050	9,151,624
Nonmajor Governmental	<u>0</u>	<u>86,323</u>	<u>0</u>	<u>37,721</u>	<u>220,000</u>	<u>344,044</u>
Total Governmental	<u>\$ 433,301</u>	<u>\$ 15,018,758</u>	<u>\$ 12,796,507</u>	<u>\$ 7,843,946</u>	<u>\$ 7,730,286</u>	<u>\$ 43,822,798</u>
Water	\$ 2,033,100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,033,100
Sewer	1,686,911	0	0	0	0	1,686,911
Storm Water	120,723	0	0	0	0	120,723
Aquatic Center	64,767	0	0	0	0	64,767
Cattails at Meadow View	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Proprietary	<u>\$ 3,905,501</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,905,501</u>
Fleet Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Health Insurance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Internal Service	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 4,338,802</u>	<u>\$ 15,018,758</u>	<u>\$ 12,796,507</u>	<u>\$ 7,843,946</u>	<u>\$ 7,730,286</u>	<u>\$ 47,728,299</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Inter-fund receivables, payables, and transfers (continued)

Inter-fund transfers (continued)

Transfers out:	Transfers in:							
	Water	Aquatic Center	Meadow View Conference Resort and Convention Center	Nonmajor Proprietary	Total Proprietary	Fleet Maintenance	Total Internal Service	Total
General	\$ 0	\$ 0	\$ 0	\$ 2,578,400	\$ 2,578,400	\$ 160,000	\$ 160,000	\$ 37,065,530
General Purpose School	0	0	0	0	0	0	0	9,151,624
Nonmajor Governmental	0	2,589,624	2,627,327	626,347	5,843,298	0	0	6,187,342
Total Governmental	\$ 0	\$ 2,589,624	\$ 2,627,327	\$ 3,204,747	\$ 8,421,698	160,000	160,000	52,404,496
Water	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0	2,033,100
Sewer	233,692	0	0	0	233,692	0	0	1,920,603
Storm Water	32,013	0	0	0	32,013	0	0	152,736
Aquatic Center	0	0	0	0	0	0	0	64,767
Cattails at Meadow View	0	0	0	0	0	0	0	0
Total Proprietary	\$ 265,705	\$ 0	\$ 0	\$ 0	\$ 265,705	0	0	4,171,206
Fleet Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0	0
Health Insurance	0	0	0	0	0	0	0	0
Total Internal Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	0	0
Total	\$ 265,705	\$ 2,589,624	\$ 2,627,327	\$ 3,204,747	\$ 8,687,403	\$ 160,000	\$ 160,000	\$ 56,575,702

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities

The City routinely issues and retires long-term debt instruments each year for both general governmental activities and business-type activities. Long-term debt for general governmental activities is reported in the Government Wide Statement of Net Position and paid from the Debt Service Fund. Long-term debt for business-type activities is recorded in and paid from the applicable enterprise fund.

Issued Debt

On August 25, 2023, the City of Kingsport issued General Obligation Public Improvement Bonds, Series 2023 at a total par value of \$61,945,000. The portion of these bonds related to general government activities totals \$40,770,000 while the remaining \$21,175,000 is related to water and sewer activities. The bonds are 30 year bonds with final maturity date of March 1, 2053 and have an average interest rate of 4.23%. The bonds were issued for the purpose of financing a portion of the costs of certain public works projects, consisting of the acquisition of public art; acquisition, construction, improvement and renovation of public school facilities, including replacement of the Dobyns-Bennett High School dome; acquisition, construction, renovation, improvement and equipping of public buildings within the Municipality, including expansion of the justice center and renovation of the library; construction, expansion and improvement of roads, streets, bridges and infrastructure; construction, expansion and improvement of the Municipality's water system; construction, expansion and improvement of the Municipality's sewer system; acquisition of all property real and personal, appurtenant thereto or connected with such work; and to pay legal, fiscal, administrative, and engineering costs (collectively, the "Project"); to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of the Bonds.

Governmental Activities:

Notes Payable

In December 2009, the City issued a loan with the State of Tennessee for Qualified School Construction Bonds in the amount of \$1,240,000, with a variable interest rate and a maturity date of September 2026. As of June 30, 2024, \$163,212 is outstanding.

In July 2010, the City issued a loan with the U.S. Department of Housing and Urban Development in the amount of \$856,000 with a maturity date of August 2030. Annual principal payments are \$43,000 and the interest rate ranges from 4.00% to 5.00%. As of June 30, 2024, \$297,000 is outstanding.

In December 2010, the City issued a loan with the State of Tennessee Energy Efficient Schools Initiative in the amount of \$5,000,000 with an annual interest rate of .75%. Repayment began December 4, 2012. As of June 30, 2024, \$146,361 is outstanding.

In October 2020, the City issued a General Obligation Capital Outlay Note, Series 2020 in the amount of \$2,000,000, with an interest rate of 1.99% and a maturity date of October 2032. As of June 30, 2024, \$1,499,999 is outstanding.

In June 2021, the City was approved for a loan with the State of Tennessee Energy Efficient Schools Initiative in the amount of \$2,866,134 with an annual interest rate of .50%. As of June 30, 2024, \$2,625,614 is outstanding.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Notes Payable (continued)

Payments to maturity on notes payable are as follows:

Fiscal Year Ending June 30	2009 QSCB	2010 HUD 108 Loan	2010 School Energy Efficiency Loan	2020 Capital Outlay Notes	2021 School Energy Efficiency Loan
2025	\$ 77,374	\$ 43,000	\$ 146,361	\$ 166,667	\$ 173,641
2026	77,374	43,000	0	166,667	174,517
2027	8,464	43,000	0	166,667	175,393
2028	0	43,000	0	166,667	176,269
2029	0	43,000	0	166,667	177,146
2030	0	43,000	0	166,667	178,035
2031	0	39,000	0	166,667	178,934
2032	0	0	0	166,667	179,823
2033	0	0	0	166,663	180,724
2034	0	0	0	0	181,636
2035	0	0	0	0	182,548
2036	0	0	0	0	183,461
2037	0	0	0	0	184,384
2038	0	0	0	0	185,288
2039	0	0	0	0	113,815
	<u>\$ 163,212</u>	<u>\$ 297,000</u>	<u>\$ 146,361</u>	<u>\$ 1,499,999</u>	<u>\$ 2,625,614</u>

Bonds Payable

The City issues general obligation bonds to provide funds for the acquisition, construction, improvement and renovation of public works projects. General obligation bonds have been issued for both governmental and business-type activities. The general obligation bonds issued for business-type activities have been reflected in the appropriate enterprise fund.

As previously mentioned, during the fiscal year ended June 30, 2024, the City issued General Obligation Improvement Bonds, Series 2023 at par value of \$61,945,000. The portion of these bonds related to general governmental activities totals \$40,770,000 while \$21,175,000 related to Water and Sewer activities and carry an average coupon rate of 4.23%.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding and to be repaid by governmental activities are as follows:

Debt Service Fund	Interest Payable Dates	Issue Date	Amount Authorized and Issued	Interest Rates	Outstanding June 30, 2024
2013 General Obligation Refunding	02/01, 05/01	02/08/13	\$ 12,177,052	2.500%-3.750%	\$ 2,824,166
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	13,406,846	2.000%-5.000%	7,721,973
2014A General Obligation Public Improvement	03/01, 09/01	10/31/14	14,596,848	2.000%-5.000%	8,904,574
2015 General Obligation Refunding	03/01, 09/01	02/06/15	17,695,000	2.000%-4.000%	9,085,000
2015A General Obligation Refunding and Improvement	03/01, 09/01	10/27/15	8,054,686	1.000%-4.000%	3,687,398
2016A General Obligation Refunding	03/01, 09/01	06/03/16	6,928,927	2.000%-4.000%	3,788,343
2016B General Obligation Refunding	03/01, 09/01	06/03/16	4,330,138	2.000%-4.000%	2,643,134
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	7,821,325	3.000%-4.000%	5,509,938
2017A General Obligation Public Improvement	03/01, 09/01	09/08/17	14,690,288	2.000%-5.000%	11,060,982
2018A General Obligation Public Improvement	03/01, 09/01	09/28/18	7,040,000	3.000%-5.000%	5,475,000
2019 General Obligation Refunding	03/01, 09/01	05/01/19	7,377,513	3.000%-5.000%	4,777,070
2019 General Obligation Public Improvement	03/01, 09/01	11/15/19	8,906,518	3.000%-5.000%	7,514,202
2020 General Obligation Refunding	03/01, 09/01	11/20/20	9,250,917	1.300%-2.000%	7,447,221
2021 General Obligation Public Improvement	03/01, 09/01	11/19/21	9,205,000	2.000%-5.000%	8,583,040
2023 General Obligation Public Improvement	03/01, 09/01	08/25/23	40,770,000	4.000%-5.000%	<u>40,770,000</u>
Total General Obligation Bonds (before net premiums and discounts of \$7,201,183)					<u>\$ 129,792,041</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2013, issued February 08, 2013 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 915,010	\$ 76,626	\$ 991,636
2026	939,740	53,751	993,491
2027	969,416	29,082	998,498
	<u>\$ 2,824,166</u>	<u>\$ 159,459</u>	<u>\$ 2,983,625</u>

General Obligation Public Improvement Bonds, Series 2013B, issued October 21, 2013 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 638,421	\$ 317,830	\$ 956,251
2026	665,225	291,495	956,720
2027	692,029	263,223	955,252
2028	723,707	233,812	957,519
2029	752,947	204,864	957,811
2030	784,625	172,864	957,489
2031	816,302	139,517	955,819
2032	850,416	106,865	957,281
2033	882,093	72,848	954,941
2034	916,208	37,565	953,773
	<u>\$ 7,721,973</u>	<u>\$ 1,840,883</u>	<u>\$ 9,562,856</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Public Improvement Bonds, Series 2014A, issued October 31, 2014 debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 653,002	\$ 316,664	\$ 969,666
2026	686,925	283,165	970,090
2027	720,847	251,575	972,422
2028	750,528	222,148	972,676
2029	780,210	191,533	971,743
2030	809,892	159,731	969,623
2031	843,814	126,657	970,471
2032	873,496	96,678	970,174
2033	898,938	70,092	969,030
2034	928,620	42,678	971,298
2035	958,302	14,374	972,676
	<u>\$ 8,904,574</u>	<u>\$ 1,775,295</u>	<u>\$ 10,679,869</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2015, issued February 06, 2015 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 2,485,000	\$ 323,200	\$ 2,808,200
2026	2,580,000	223,800	2,803,800
2027	2,695,000	120,600	2,815,600
2028	1,325,000	39,750	1,364,750
	<u>\$ 9,085,000</u>	<u>\$ 707,350</u>	<u>\$ 9,792,350</u>

General Obligation Refunding and Improvement Bonds, Series 2015A, issued October 27, 2015 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 258,625	\$ 112,382	\$ 371,007
2026	266,623	104,623	371,246
2027	277,288	96,624	373,912
2028	285,287	88,306	373,593
2029	293,286	79,747	373,033
2030	301,284	70,948	372,232
2031	309,283	61,910	371,193
2032	319,948	52,631	372,579
2033	327,946	43,033	370,979
2034	338,611	33,195	371,806
2035	349,276	22,613	371,889
2036	359,941	11,698	371,639
	<u>\$ 3,687,398</u>	<u>\$ 777,710</u>	<u>\$ 4,465,108</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2016A, issued June 03, 2016 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 706,266	\$ 120,190	\$ 826,456
2026	733,430	91,940	825,370
2027	760,594	62,603	823,197
2028	785,668	39,785	825,453
2029	802,385	24,072	826,457
	<u>\$ 3,788,343</u>	<u>\$ 338,590</u>	<u>\$ 4,126,933</u>

General Obligation Refunding Bonds, Series 2016B, issued June 03, 2016 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 431,069	\$ 83,297	\$ 514,366
2026	448,895	66,054	514,949
2027	466,721	48,098	514,819
2028	479,686	34,097	513,783
2029	491,030	24,503	515,533
2030	325,733	9,772	335,505
	<u>\$ 2,643,134</u>	<u>\$ 265,821</u>	<u>\$ 2,908,955</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Public Improvement Bonds, Series 2016, issued November 04, 2016 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 386,759	\$ 185,718	\$ 572,477
2026	401,423	170,247	571,670
2027	401,423	154,190	555,613
2028	417,919	138,133	556,052
2029	434,416	121,417	555,833
2030	452,746	104,040	556,786
2031	467,410	90,458	557,868
2032	482,074	76,435	558,509
2033	493,072	61,973	555,045
2034	509,568	47,181	556,749
2035	524,232	31,894	556,126
2036	538,896	16,167	555,063
	<u>\$ 5,509,938</u>	<u>\$ 1,197,853</u>	<u>\$ 6,707,791</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Public Improvement Bonds, Series 2017A, issued September 08, 2017 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 716,961	\$ 314,956	\$ 1,031,917
2026	751,573	279,108	1,030,681
2027	766,407	264,077	1,030,484
2028	786,185	246,832	1,033,017
2029	801,019	231,109	1,032,128
2030	815,853	213,086	1,028,939
2031	840,575	192,690	1,033,265
2032	865,298	167,472	1,032,770
2033	890,021	141,513	1,031,534
2034	914,744	114,813	1,029,557
2035	944,411	87,370	1,031,781
2036	969,134	59,038	1,028,172
2037	998,801	29,964	1,028,765
	<u>\$ 11,060,982</u>	<u>\$ 2,342,028</u>	<u>\$ 13,403,010</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Public Improvement Bonds, Series 2018A, issued September 28, 2018 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 360,000	\$ 188,450	\$ 548,450
2026	375,000	170,450	545,450
2027	395,000	151,700	546,700
2028	405,000	139,850	544,850
2029	340,000	127,700	467,700
2030	350,000	117,500	467,500
2031	365,000	107,000	472,000
2032	375,000	96,050	471,050
2033	385,000	84,331	469,331
2034	400,000	71,819	471,819
2035	410,000	58,819	468,819
2036	425,000	45,494	470,494
2037	440,000	31,150	471,150
2038	450,000	15,750	465,750
	<u>\$ 5,475,000</u>	<u>\$ 1,406,063</u>	<u>\$ 6,881,063</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2019, issued May 01, 2019 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 708,974	\$ 238,854	\$ 947,828
2026	737,751	203,405	941,156
2027	774,377	166,517	940,894
2028	811,003	127,798	938,801
2029	850,245	87,248	937,493
2030	894,720	44,736	939,456
	<u>\$ 4,777,070</u>	<u>\$ 868,558</u>	<u>\$ 5,645,628</u>

General Obligation Improvement Bonds, Series 2019, issued November 15, 2019 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 442,575	\$ 261,394	\$ 703,969
2026	464,105	239,265	703,370
2027	488,028	216,060	704,088
2028	511,951	191,659	703,610
2029	533,482	166,061	699,543
2030	550,228	150,057	700,285
2031	397,121	133,550	530,671
2032	409,083	121,636	530,719
2033	421,044	109,364	530,408
2034	433,006	96,733	529,739
2035	444,967	85,907	530,874
2036	456,929	72,558	529,487
2037	471,282	58,851	530,133
2038	483,244	44,712	527,956
2039	497,598	30,215	527,813
2040	509,559	15,287	524,846
	<u>\$ 7,514,202</u>	<u>\$ 1,993,309</u>	<u>\$ 9,507,511</u>

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2020, issued November 20, 2020 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 877,055	\$ 131,251	\$ 1,008,306
2026	886,353	113,710	1,000,063
2027	908,046	95,983	1,004,029
2028	926,641	77,822	1,004,463
2029	942,137	59,290	1,001,427
2030	954,534	47,042	1,001,576
2031	966,930	33,201	1,000,131
2032	985,525	17,247	1,002,772
	<u>\$ 7,447,221</u>	<u>\$ 575,546</u>	<u>\$ 8,022,767</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2021, issued November 19, 2021 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 334,303	\$ 269,377	\$ 603,680
2026	352,444	252,661	605,105
2027	370,584	235,039	605,623
2028	391,316	216,510	607,826
2029	404,274	196,944	601,218
2030	430,189	176,730	606,919
2031	450,921	155,221	606,142
2032	463,878	137,184	601,062
2033	479,427	123,268	602,695
2034	494,976	108,885	603,861
2035	507,934	94,036	601,970
2036	523,482	78,798	602,280
2037	536,440	68,328	604,768
2038	544,214	57,599	601,813
2039	559,763	46,715	606,478
2040	567,538	35,520	603,058
2041	577,904	24,169	602,073
2042	593,453	12,611	606,064
	<u>\$ 8,583,040</u>	<u>\$ 2,289,595</u>	<u>\$ 10,872,635</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2023, issued August 25, 2023 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 685,000	\$ 1,789,537	\$ 2,474,537
2026	720,000	1,755,288	2,475,288
2027	755,000	1,719,287	2,474,287
2028	790,000	1,681,538	2,471,538
2029	830,000	1,642,037	2,472,037
2030	870,000	1,600,538	2,470,538
2031	915,000	1,557,037	2,472,037
2032	960,000	1,511,288	2,471,288
2033	1,010,000	1,463,287	2,473,287
2034	1,060,000	1,412,788	2,472,788
2035	1,115,000	1,359,787	2,474,787
2036	1,170,000	1,304,038	2,474,038
2037	1,230,000	1,245,537	2,475,537
2038	1,290,000	1,184,038	2,474,038
2039	1,355,000	1,119,537	2,474,537
2040	1,420,000	1,051,788	2,471,788
2041	1,480,000	994,987	2,474,987
2042	1,535,000	935,788	2,470,788
2043	1,600,000	874,387	2,474,387
2044	1,660,000	810,388	2,470,388
2045	1,730,000	743,987	2,473,987
2046	1,800,000	674,788	2,474,788
2047	1,870,000	602,787	2,472,787
2048	1,945,000	527,988	2,472,988
2049	2,025,000	450,187	2,475,187
2050	2,105,000	369,188	2,474,188
2051	2,190,000	282,356	2,472,356
2052	2,280,000	192,019	2,472,019
2053	2,375,000	97,969	2,472,969
	<u>\$ 40,770,000</u>	<u>\$ 30,954,169</u>	<u>\$ 71,724,169</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Governmental Activities (continued):

Bonds Payable (continued)

Total annual debt service requirements for general obligation bonds related to Governmental Activities is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 10,599,020	\$ 4,729,726	\$ 15,328,746
2026	11,009,487	4,298,962	15,308,449
2027	11,440,760	3,874,658	15,315,418
2028	9,389,891	3,478,040	12,867,931
2029	8,255,431	3,156,525	11,411,956
Next Five Years	32,280,152	11,983,137	44,263,289
Next Five Years	18,553,846	7,274,987	25,828,833
Next Five Years	9,943,454	4,754,925	14,698,379
Next Five Years	9,370,000	2,999,737	12,369,737
Next Five Years	8,950,000	941,532	9,891,532
	<u>\$ 129,792,041</u>	<u>\$ 47,492,229</u>	<u>\$ 177,284,270</u>

The total on the statement of net assets has been adjusted by net premiums and discounts of \$7,201,183.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities:

Long-term debt issued by the City for capital improvement projects related to business-type activities is recorded and to be paid from the applicable enterprise fund. Maturities on July 1 are considered as maturing on the preceding June 30th.

Loans Payable

On July 1, 2014, the City approved Resolution Number 2015-011, authorizing the financing and construction of a water facilities project known as the, Water Intake Project. The total amount of the project is estimated to be \$16,500,000 and will be funded through a Drinking Water Revolving Fund Loan in the amount of \$15,000,000, and a \$1,500,000 Economic Development Administration Grant, with the State of Tennessee. The loan will be drawn upon as funds are needed to complete the project and will be structured on a monthly re-payment plan. The total draws on the loan were \$13,556,601. At June 30, 2024 the outstanding principal balance was \$9,459,913. Principal and interest is paid monthly.

State Revolving Fund, DWF 2014-140, issued September 2017 debt service requirements to maturity for the Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 643,332	\$ 163,152	\$ 806,484
2026	654,876	151,608	806,484
2027	666,624	139,860	806,484
2028	678,588	127,896	806,484
2029	690,768	115,716	806,484
2030	703,164	103,320	806,484
2031	715,788	90,696	806,484
2032	728,628	77,856	806,484
2033	741,708	64,776	806,484
2034	755,016	51,468	806,484
2035	768,564	37,920	806,484
2036	782,352	24,132	806,484
2037	796,392	10,092	806,484
2038	134,113	299	134,412
	<u>\$ 9,459,913</u>	<u>\$ 1,158,791</u>	<u>\$ 10,618,704</u>

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Loans Payable (continued)

On March 7, 2023 the City approved Resolution 2022-274, authorizing the financing of and purchase of additional water meters for the project known Replacement Meters Project. The total amount of the loan is estimated to be \$1,300,000 and will be funded through a Drinking Water Revolving Fund Loan in the amount of \$1,300,000 with the State of Tennessee. The loan will be drawn upon as funds are needed to complete the project and will be structured on a monthly re-payment plan. The total draws on the loan were \$891,500. At June 30, 2024 the outstanding principal balance was \$1,251,160. No payments were made prior to June 30, 2023. The final draw of \$408,500 was received on July 21, 2023. The first payment was due September 20, 2023. The amortization schedule is as follows.

State Revolving Fund, DG8 2022-249, issued July 2023 debt service requirements to maturity for the Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 59,184	\$ 12,972	\$ 72,156
2026	59,808	12,348	72,156
2027	60,444	11,712	72,156
2028	61,092	11,064	72,156
2029	61,740	10,416	72,156
2030	62,400	9,756	72,156
2031	63,060	9,096	72,156
2032	63,732	8,424	72,156
2033	64,416	7,740	72,156
2034	65,100	7,056	72,156
2035	65,796	6,360	72,156
2036	66,492	5,664	72,156
2037	67,200	4,956	72,156
2038	67,920	4,236	72,156
2039	68,640	3,516	72,156
2040	69,372	2,784	72,156
2041	70,116	2,040	72,156
2042	70,860	1,296	72,156
2043	71,616	540	72,156
2044	12,172	16	12,188
	<u>\$ 1,251,160</u>	<u>\$ 131,992</u>	<u>\$ 1,383,152</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable

As previously mentioned, during the fiscal year ended June 30, 2024, the City issued General Obligation Improvement Bonds, Series 2023 at par value of \$61,945,000. The portion of these bonds related to general governmental activities totals \$40,770,000 while \$9,750,000 was for water projects and \$11,425,000 was for sewer projects. The bonds carry an average coupon rate of 4.23%.

Most of the City of Kingsport's bonds payable including those supporting business-type activities are general obligation bonds with the City's full faith and credit pledge.

Bonds currently outstanding to be repaid from business-type activities and the enterprise funds from which they will be paid are as follows:

<u>Solid Waste Management Fund</u>	<u>Interest Payable Dates</u>	<u>Issue Date</u>	<u>Amount Authorized and Issued</u>	<u>Interest Rates</u>	<u>Outstanding June 30, 2024</u>
2013 General Obligation Refunding	05/01, 11/01	02/08/13	\$ 132,948	2.500%-4.000%	\$ 30,834
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	289,856	2.000%-5.000%	166,949
2014A General Obligation Public Improvement	03/01, 09/01	10/31/14	2,371,107	2.000%-5.000%	1,595,427
2019 General Obligation Refunding	03/01, 09/01	05/01/19	161,953	3.000%-5.000%	<u>104,867</u>
Total Solid Waste Management Fund (before net premiums and discounts of \$146,675)					<u>\$ 1,898,077</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

<u>MeadowView Conference Resort and Convention Center Fund</u>	<u>Interest Payable Dates</u>	<u>Issue Date</u>	<u>Amount Authorized and Issued</u>	<u>Interest Rates</u>	<u>Outstanding June 30, 2024</u>
2016A General Obligation Refunding	03/01, 09/01	06/03/16	\$ 9,221,015	2.000%-4.000%	\$ 5,041,525
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	3,266,427	3.000%-4.000%	2,301,120
2019 General Obligation Refunding	03/01, 09/01	05/01/19	542,374	3.000%-5.000%	351,196
2019 (NOV) General Obligation Improvement	03/01, 09/01	11/15/19	324,543	3.000%-5.000%	273,809
2021 General Obligation Improvement	03/01, 09/01	11/19/21	830,000	2.000%-5.000%	<u>773,920</u>
Total MeadowView Conference Resort and Convention Center Fund (before net premiums and discounts of \$751,923)					<u>\$ 8,741,570</u>
<u>Cattails at MeadowView Golf Course Fund</u>					
2019 (NOV) General Obligation Improvement	03/01, 09/01	11/15/19	\$ 231,817	3.000%-5.000%	\$ 195,577
2020 General Obligation Refunding	03/01, 09/01	11/20/20	334,626	1.300%-2.000%	<u>269,384</u>
Total Cattails at MeadowView Golf Course Fund (before net premiums and discounts of \$23,157)					<u>\$ 464,961</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

<u>Storm Water Fund</u>	<u>Interest Payable Dates</u>	<u>Issue Date</u>	<u>Amount Authorized and Issued</u>	<u>Interest Rates</u>	<u>Outstanding June 30, 2024</u>
2016A General Obligation Refunding	03/01, 09/01	06/03/16	\$ 430,058	2.000%-4.000%	\$ 235,131
2019 General Obligation Refunding	03/01, 09/01	05/01/19	323,907	3.000%-5.000%	209,736
2020 General Obligation Refunding	03/01, 09/01	11/20/20	255,992	1.300%-2.000%	<u>206,080</u>
Total Storm Water Fund (before net premiums and discounts of \$59,292)					<u>\$ 650,947</u>

<u>Aquatic Center Fund</u>	<u>Interest Payable Dates</u>	<u>Issue Date</u>	<u>Amount Authorized and Issued</u>	<u>Interest Rates</u>	<u>Outstanding June 30, 2024</u>
2012A General Obligation Public Improvement	04/01, 10/01	06/22/12	\$ 3,110,000	2.000%-5.000%	\$ 1,580,000
2013A General Obligation Public Improvement	03/01, 09/01	10/21/13	1,310,000	3.000%-4.000%	765,000
2016B General Obligation Refunding	03/01, 09/01	06/03/16	9,029,862	2.000%-4.000%	5,511,866
2017A General Obligation Public Improvement	03/01, 09/01	09/08/17	164,712	2.000%-5.000%	124,018
2018C General Obligation Public Improvement	03/01, 09/01	09/28/18	2,360,000	3.000%-5.000%	1,860,000
2019 General Obligation Refunding	03/01, 09/01	05/01/19	295,809	3.000%-5.000%	191,542
2020 General Obligation Refunding	03/01, 09/01	11/20/20	103,584	1.300%-2.000%	<u>83,388</u>
Total Aquatic Center Fund (before net premiums and discounts of \$564,439)					<u>\$ 10,115,814</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

<u>Water Fund</u>	<u>Interest Payable Dates</u>	<u>Issue Date</u>	<u>Amount Authorized and Issued</u>	<u>Interest Rates</u>	<u>Outstanding June 30, 2024</u>
2008 Tennessee Municipal Bond Fund	Monthly	10/17/08	\$ 9,698,196	Variable	\$ 1,393,196
2013 General Obligation Refunding	05/01, 11/01	02/08/13	3,025,000	2.500%-3.750%	30,000
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	4,262,308	2.000%-5.000%	2,454,971
2014B General Obligation Public Improvement	03/01, 09/01	10/31/14	2,717,899	2.000%-3.000%	1,737,410
2015A General Obligation Refunding and Improvement	03/01, 09/01	10/27/15	2,226,420	1.000%-4.000%	1,019,245
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	3,294,425	3.000%-4.000%	2,320,844
2017B General Obligation Public Improvement	03/01, 09/01	09/08/17	1,167,095	2.000%-5.000%	875,580
2018B General Obligation Public Improvement	03/01, 09/01	09/28/18	3,966,023	3.000%-5.000%	3,191,615
2019 General Obligation Refunding	03/01, 09/01	05/01/19	2,159,378	3.000%-5.000%	1,398,236
2019 (NOV) General Obligation Improvement	03/01, 09/01	11/15/19	5,730,508	3.000%-5.000%	4,834,683
2020 General Obligation Refunding	03/01, 09/01	11/20/20	2,337,395	1.300%-2.000%	1,881,661
2021 General Obligation Public Improvement	03/01, 09/01	11/19/21	1,380,000	2.000%-5.000%	1,286,756
2023 General Obligation Public Improvement	03/01, 09/01	08/25/23	9,750,000	4.000%-5.000%	<u>9,750,000</u>
Total Water Fund (before net premiums and discounts of \$1,579,964)					<u>\$ 32,174,197</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

<u>Sewer Fund</u>	<u>Interest Payable Dates</u>	<u>Issue Date</u>	<u>Amount Authorized and Issued</u>	<u>Interest Rates</u>	<u>Outstanding June 30, 2024</u>
2013 General Obligation Refunding	05/01, 11/01	02/08/13	\$ 27,760,000	2.500%-4.000%	\$ 8,725,000
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	9,550,990	2.000%-5.000%	5,501,106
2014B General Obligation Public Improvement	03/01, 09/01	10/31/14	6,582,101	2.000%-3.000%	4,207,591
2015A General Obligation Refunding and Improvement	03/01, 09/01	10/27/15	4,823,895	1.000%-4.000%	2,208,357
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	6,952,823	3.000%-4.000%	4,898,100
2017B General Obligation Public Improvement	03/01, 09/01	09/08/17	10,082,905	2.000%-5.000%	7,564,420
2018B General Obligation Public Improvement	03/01, 09/01	09/28/18	1,308,977	3.000%-5.000%	1,053,385
2019 General Obligation Refunding	03/01, 09/01	05/01/19	3,239,067	3.000%-5.000%	2,097,354
2019 (NOV) General Obligation Improvement	03/01, 09/01	11/15/19	3,421,614	3.000%-5.000%	2,886,728
2020 General Obligation Refunding	03/01, 09/01	11/20/20	2,642,486	3.000%-5.000%	2,127,268
2021 General Obligation Public Improvement	03/01, 09/01	11/19/21	6,345,000	2.000%-5.000%	5,916,282
2023 General Obligation Public Improvement	03/01, 09/01	08/25/23	11,425,000	4.000%-5.000%	<u>11,425,000</u>
Total Sewer Fund (before net premiums and discounts of \$3,358,714)					<u>\$ 58,610,591</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2013, issued February 08, 2013 debt service requirements to maturity for the Solid Waste Management Fund are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 9,990	\$ 837	\$ 10,827
2026	10,260	587	10,847
2027	10,584	317	10,901
	<u>\$ 30,834</u>	<u>\$ 1,741</u>	<u>\$ 32,575</u>

General Obligation Public Improvement Bonds, Series 2013B, issued October 21, 2013 debt service requirements to maturity for the Solid Waste Management Fund are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 13,803	\$ 6,871	\$ 20,674
2026	14,382	6,302	20,684
2027	14,962	5,691	20,653
2028	15,646	5,055	20,701
2029	16,279	4,429	20,708
2030	16,964	3,737	20,701
2031	17,648	3,016	20,664
2032	18,386	2,310	20,696
2033	19,071	1,575	20,646
2034	19,808	813	20,621
	<u>\$ 166,949</u>	<u>\$ 39,799</u>	<u>\$ 206,748</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Public Improvement Bonds, Series 2014A, issued October 31, 2014 debt service requirements to maturity for the Solid Waste Management Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 116,998	\$ 56,736	\$ 173,734
2026	123,076	50,735	173,811
2027	129,153	45,075	174,228
2028	134,472	39,802	174,274
2029	139,790	34,317	174,107
2030	145,108	28,619	173,727
2031	151,186	22,693	173,879
2032	156,504	17,322	173,826
2033	161,062	12,558	173,620
2034	166,380	7,647	174,027
2035	171,698	2,576	174,274
	<u>\$ 1,595,427</u>	<u>\$ 318,080</u>	<u>\$ 1,913,507</u>

General Obligation Refunding Bonds, Series 2019, issued May 01, 2019 debt service requirements to maturity for the Solid Waste Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 15,564	\$ 5,243	\$ 20,807
2026	16,195	4,465	20,660
2027	16,999	3,655	20,654
2028	17,803	2,806	20,609
2029	18,665	1,915	20,580
2030	19,641	982	20,623
	<u>\$ 104,867</u>	<u>\$ 19,066</u>	<u>\$ 123,933</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2016A, issued June 03, 2016 debt service requirements to maturity for the MeadowView Conference Resort and Convention Center Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 939,898	\$ 159,950	\$ 1,099,848
2026	976,048	122,354	1,098,402
2027	1,012,198	83,312	1,095,510
2028	1,045,567	52,946	1,098,513
2029	1,067,814	32,034	1,099,848
	<u>\$ 5,041,525</u>	<u>\$ 450,596</u>	<u>\$ 5,492,121</u>

General Obligation Public Improvement Bonds, Series 2016 (Nov), issued November 04, 2016 debt service requirements to maturity for the MeadowView Conference Resort and Convention Center Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 161,522	\$ 77,561	\$ 239,083
2026	167,646	71,100	238,746
2027	167,646	64,395	232,041
2028	174,536	57,689	232,225
2029	181,426	50,707	232,133
2030	189,081	43,450	232,531
2031	195,205	37,778	232,983
2032	201,329	31,922	233,251
2033	205,922	25,882	231,804
2034	212,812	19,704	232,516
2035	218,936	13,320	232,256
2036	225,059	6,752	231,811
	<u>\$ 2,301,120</u>	<u>\$ 500,260</u>	<u>\$ 2,801,380</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2019, issued May 01, 2019 debt service requirements to maturity for the MeadowView Conference Resort and Convention Center Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 52,122	\$ 17,560	\$ 69,682
2026	54,237	14,954	69,191
2027	56,930	12,242	69,172
2028	59,623	9,395	69,018
2029	62,507	6,414	68,921
2030	65,777	3,289	69,066
	<u>\$ 351,196</u>	<u>\$ 63,854</u>	<u>\$ 415,050</u>

General Obligation Improvement Bonds, Series 2019, issued November 15, 2019 debt service requirements to maturity for the MeadowView Conference Resort and Convention Center Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 16,127	\$ 9,525	\$ 25,652
2026	16,911	8,719	25,630
2027	17,783	7,873	25,656
2028	18,655	6,984	25,639
2029	19,439	6,051	25,490
2030	20,050	5,468	25,518
2031	14,471	4,866	19,337
2032	14,907	4,432	19,339
2033	15,342	3,985	19,327
2034	15,778	3,525	19,303
2035	16,214	3,130	19,344
2036	16,650	2,644	19,294
2037	17,173	2,145	19,318
2038	17,609	1,629	19,238
2039	18,132	1,101	19,233
2040	18,568	557	19,125
	<u>\$ 273,809</u>	<u>\$ 72,634</u>	<u>\$ 346,443</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2021, issued November 19, 2021 debt service requirements to maturity for the MeadowView Conference Resort and Convention Center Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 30,144	\$ 24,289	\$ 54,433
2026	31,779	22,782	54,561
2027	33,415	21,193	54,608
2028	35,284	19,522	54,806
2029	36,453	17,758	54,211
2030	38,789	15,936	54,725
2031	40,659	13,996	54,655
2032	41,827	12,370	54,197
2033	43,229	11,115	54,344
2034	44,631	9,818	54,449
2035	45,799	8,479	54,278
2036	47,202	7,105	54,307
2037	48,370	6,161	54,531
2038	49,071	5,194	54,265
2039	50,473	4,212	54,685
2040	51,174	3,203	54,377
2041	52,109	2,179	54,288
2042	53,512	1,137	54,649
	<u>\$ 773,920</u>	<u>\$ 206,449</u>	<u>\$ 980,369</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2019, issued November 15, 2019 debt service requirements to maturity for the Cattails at MeadowView Golf Course Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 11,519	\$ 6,803	\$ 18,322
2026	12,080	6,228	18,308
2027	12,702	5,624	18,326
2028	13,325	4,988	18,313
2029	13,885	4,322	18,207
2030	14,321	3,906	18,227
2031	10,336	3,476	13,812
2032	10,647	3,166	13,813
2033	10,959	2,846	13,805
2034	11,270	2,518	13,788
2035	11,582	2,236	13,818
2036	11,893	1,889	13,782
2037	12,266	1,532	13,798
2038	12,578	1,164	13,742
2039	12,951	786	13,737
2040	13,263	398	13,661
	<u>\$ 195,577</u>	<u>\$ 51,882</u>	<u>\$ 247,459</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2020, issued November 20, 2020 debt service requirements to maturity for the Cattails at MeadowView Golf Course Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 31,725	\$ 4,748	\$ 36,473
2026	32,061	4,113	36,174
2027	32,846	3,472	36,318
2028	33,519	2,815	36,334
2029	34,079	2,145	36,224
2030	34,528	1,702	36,230
2031	34,976	1,201	36,177
2032	35,650	624	36,274
	<u>\$ 269,384</u>	<u>\$ 20,820</u>	<u>\$ 290,204</u>

General Obligation Refunding Bonds, Series 2016A, issued June 03, 2016 debt service requirements to maturity for the Storm Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 43,836	\$ 7,460	\$ 51,296
2026	45,522	5,706	51,228
2027	47,208	3,886	51,094
2028	48,764	2,469	51,233
2029	49,801	1,494	51,295
	<u>\$ 235,131</u>	<u>\$ 21,015</u>	<u>\$ 256,146</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2019, issued May 01, 2019 debt service requirements to maturity for the Storm Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 31,127	\$ 10,487	\$ 41,614
2026	32,391	8,930	41,321
2027	33,999	7,311	41,310
2028	35,607	5,611	41,218
2029	37,330	3,831	41,161
2030	39,282	1,964	41,246
	<u>\$ 209,736</u>	<u>\$ 38,134</u>	<u>\$ 247,870</u>

General Obligation Refunding Bonds, Series 2020, issued November 20, 2020 debt service requirements to maturity for the Storm Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 24,270	\$ 3,632	\$ 27,902
2026	24,527	3,147	27,674
2027	25,127	2,656	27,783
2028	25,642	2,153	27,795
2029	26,071	1,641	27,712
2030	26,414	1,302	27,716
2031	26,757	919	27,676
2032	27,272	477	27,749
	<u>\$ 206,080</u>	<u>\$ 15,927</u>	<u>\$ 222,007</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation, Series 2012A, issued June 22, 2012 debt service requirements to maturity for the Aquatic Center Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 175,000	\$ 48,981	\$ 223,981
2026	185,000	43,731	228,731
2027	190,000	38,181	228,181
2028	195,000	32,482	227,482
2029	200,000	26,631	226,631
2030	205,000	20,382	225,382
2031	210,000	13,975	223,975
2032	220,000	7,150	227,150
	<u>\$ 1,580,000</u>	<u>\$ 231,513</u>	<u>\$ 1,811,513</u>

General Obligation, Series 2013A, issued October 21, 2013 debt service requirements to maturity for the Aquatic Center Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 65,000	\$ 29,463	\$ 94,463
2026	65,000	27,431	92,431
2027	70,000	25,400	95,400
2028	70,000	22,600	92,600
2029	75,000	19,800	94,800
2030	80,000	16,800	96,800
2031	80,000	13,600	93,600
2032	85,000	10,400	95,400
2033	85,000	7,000	92,000
2034	90,000	3,600	93,600
	<u>\$ 765,000</u>	<u>\$ 176,094</u>	<u>\$ 941,094</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2016B, issued June 03, 2016 debt service requirements to maturity for the Aquatic Center Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 898,931	\$ 173,703	\$ 1,072,634
2026	936,105	137,746	1,073,851
2027	973,279	100,302	1,073,581
2028	1,000,314	71,103	1,071,417
2029	1,023,970	51,097	1,075,067
2030	679,267	20,378	699,645
	<u>\$ 5,511,866</u>	<u>\$ 554,329</u>	<u>\$ 6,066,195</u>

General Obligation, Series 2017A, issued September 08, 2017 debt service requirements to maturity for the Aquatic Center Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 8,039	\$ 3,531	\$ 11,570
2026	8,427	3,129	11,556
2027	8,593	2,961	11,554
2028	8,815	2,768	11,583
2029	8,981	2,591	11,572
2030	9,148	2,389	11,537
2031	9,425	2,160	11,585
2032	9,702	1,878	11,580
2033	9,979	1,587	11,566
2034	10,256	1,287	11,543
2035	10,589	980	11,569
2036	10,866	662	11,528
2037	11,198	336	11,534
	<u>\$ 124,018</u>	<u>\$ 26,259</u>	<u>\$ 150,277</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation, Series 2018C, issued September 28, 2018 debt service requirements to maturity for the Aquatic Center Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 110,000	\$ 59,169	\$ 169,169
2026	110,000	55,869	165,869
2027	115,000	52,568	167,568
2028	120,000	49,119	169,119
2029	125,000	45,518	170,518
2030	125,000	41,769	166,769
2031	130,000	38,018	168,018
2032	135,000	34,119	169,119
2033	140,000	29,900	169,900
2034	140,000	25,350	165,350
2035	145,000	20,800	165,800
2036	150,000	16,087	166,087
2037	155,000	11,025	166,025
2038	160,000	5,600	165,600
	<u>\$ 1,860,000</u>	<u>\$ 484,911</u>	<u>\$ 2,344,911</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2019, issued May 01, 2019 debt service requirements to maturity for the Aquatic Center Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 28,427	\$ 9,577	\$ 38,004
2026	29,581	8,156	37,737
2027	31,049	6,677	37,726
2028	32,518	5,124	37,642
2029	34,092	3,498	37,590
2030	35,875	1,794	37,669
	<u>\$ 191,542</u>	<u>\$ 34,826</u>	<u>\$ 226,368</u>

General Obligation Refunding Bonds, Series 2020, issued November 20, 2020 debt service requirements to maturity for the Aquatic Center Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 9,820	\$ 1,470	\$ 11,290
2026	9,925	1,273	11,198
2027	10,168	1,075	11,243
2028	10,376	871	11,247
2029	10,549	664	11,213
2030	10,688	527	11,215
2031	10,827	372	11,199
2032	11,035	193	11,228
	<u>\$ 83,388</u>	<u>\$ 6,445</u>	<u>\$ 89,833</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

Water Bonds, Series 2008 were issued through the Tennessee Municipal Bond Fund (TMBF) totaling \$9,698,196. These bonds funded the acquisition and installation of an automated meter reading and leak detection system. The debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest *	Total
2025	\$ 735,000	\$ 56,733	\$ 791,733
2026	658,196	26,803	684,999
	\$ 1,393,196	\$ 83,536	\$ 1,476,732

Principal payments are made on an annual basis, while interest is paid monthly.

* The interest rate on the TMBF Water Bonds is a variable monthly rate, based on the average daily rate for the period, plus a 0.15% administrator's fee. The annual interest expense requirements to maturity are estimated using the monthly interest amount and other monthly loan expenses, as of June 30, 2024, to calculate an estimated annual effective interest rate of 04.072%.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2013, issued February 08, 2013 debt service requirements to maturity for the Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 10,000	\$ 812	\$ 10,812
2026	10,000	563	10,563
2027	10,000	300	10,300
	<u>\$ 30,000</u>	<u>\$ 1,675</u>	<u>\$ 31,675</u>

General Obligation Public Improvement Bonds, Series 2013B, issued October 21, 2013 debt service requirements to maturity for the Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 202,967	\$ 101,045	\$ 304,012
2026	211,489	92,672	304,161
2027	220,010	83,684	303,694
2028	230,081	74,334	304,415
2029	239,377	65,130	304,507
2030	249,448	54,957	304,405
2031	259,519	44,355	303,874
2032	270,364	33,975	304,339
2033	280,435	23,160	303,595
2034	291,281	11,942	303,223
	<u>\$ 2,454,971</u>	<u>\$ 585,254</u>	<u>\$ 3,040,225</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Public Improvement Bonds, Series 2014B, issued October 31, 2014 debt service requirements to maturity for the Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 135,895	\$ 50,084	\$ 185,979
2026	140,279	45,941	186,220
2027	144,662	41,667	186,329
2028	149,046	37,262	186,308
2029	153,430	32,724	186,154
2030	156,352	28,078	184,430
2031	160,736	23,321	184,057
2032	166,581	18,412	184,993
2033	170,965	13,348	184,313
2034	176,809	8,132	184,941
2035	182,655	2,740	185,395
	\$ 1,737,410	\$ 301,709	\$ 2,039,119

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding & Improvement Bonds, Series 2015A, issued October 27, 2015 debt service requirements to maturity for the Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 71,487	\$ 31,064	\$ 102,551
2026	73,698	28,919	102,617
2027	76,646	26,708	103,354
2028	78,857	24,409	103,266
2029	81,068	22,043	103,111
2030	83,279	19,611	102,890
2031	85,490	17,113	102,603
2032	88,438	14,548	102,986
2033	90,649	11,895	102,544
2034	93,597	9,175	102,772
2035	96,545	6,250	102,795
2036	99,491	3,234	102,725
	\$ 1,019,245	\$ 214,969	\$ 1,234,214

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Public Improvement Bonds, Series 2016 (Nov), issued November 04, 2016 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 162,907	\$ 78,226	\$ 241,133
2026	169,083	71,710	240,793
2027	169,083	64,947	234,030
2028	176,032	58,183	234,215
2029	182,981	51,142	234,123
2030	190,701	43,823	234,524
2031	196,878	38,102	234,980
2032	203,055	32,195	235,250
2033	207,687	26,104	233,791
2034	214,636	19,873	234,509
2035	220,812	13,434	234,246
2036	226,989	6,810	233,799
	\$ 2,320,844	\$ 504,549	\$ 2,825,393

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation, Series 2017B, issued September 08, 2017 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 56,539	\$ 24,930	\$ 81,469
2026	59,652	22,103	81,755
2027	60,689	20,910	81,599
2028	61,726	19,545	81,271
2029	63,282	18,310	81,592
2030	64,839	16,887	81,726
2031	66,395	15,266	81,661
2032	68,470	13,274	81,744
2033	70,544	11,220	81,764
2034	72,619	9,103	81,722
2035	74,694	6,925	81,619
2036	76,769	4,684	81,453
2037	79,362	2,381	81,743
	<u>\$ 875,580</u>	<u>\$ 185,538</u>	<u>\$ 1,061,118</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation, Series 2018B, issued September 28, 2018 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 180,445	\$ 108,953	\$ 289,398
2026	187,963	99,931	287,894
2027	199,241	90,532	289,773
2028	203,000	84,555	287,555
2029	210,519	78,465	288,984
2030	218,037	72,150	290,187
2031	221,797	65,609	287,406
2032	229,315	58,955	288,270
2033	236,834	51,789	288,623
2034	244,352	44,091	288,443
2035	251,871	36,150	288,021
2036	259,389	27,964	287,353
2037	270,667	19,210	289,877
2038	278,185	9,736	287,921
	<u>\$ 3,191,615</u>	<u>\$ 848,090</u>	<u>\$ 4,039,705</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2019, issued May 01, 2019 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 207,515	\$ 69,912	\$ 277,427
2026	215,938	59,536	275,474
2027	226,658	48,739	275,397
2028	237,378	37,406	274,784
2029	248,865	25,537	274,402
2030	261,882	13,094	274,976
	\$ 1,398,236	\$ 254,224	\$ 1,652,460

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2019, issued November 15, 2019 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 284,755	\$ 168,183	\$ 452,938
2026	298,608	153,945	452,553
2027	314,000	139,014	453,014
2028	329,393	123,314	452,707
2029	343,246	106,845	450,091
2030	354,020	96,547	450,567
2031	255,510	85,927	341,437
2032	263,206	78,262	341,468
2033	270,902	70,365	341,267
2034	278,599	62,238	340,837
2035	286,295	55,273	341,568
2036	293,991	46,685	340,676
2037	303,226	37,865	341,091
2038	310,922	28,768	339,690
2039	320,157	19,440	339,597
2040	327,853	9,836	337,689
	<u>\$ 4,834,683</u>	<u>\$ 1,282,507</u>	<u>\$ 6,117,190</u>

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2020, issued November 20, 2020 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 221,602	\$ 33,163	\$ 254,765
2026	223,951	28,731	252,682
2027	229,433	24,252	253,685
2028	234,131	19,663	253,794
2029	238,046	14,980	253,026
2030	241,178	11,886	253,064
2031	244,311	8,389	252,700
2032	249,009	4,358	253,367
	\$ 1,881,661	\$ 145,422	\$ 2,027,083

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2021, issued November 19, 2021 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 50,118	\$ 40,385	\$ 90,503
2026	52,838	37,879	90,717
2027	55,557	35,237	90,794
2028	58,666	32,459	91,125
2029	60,608	29,526	90,134
2030	64,493	26,495	90,988
2031	67,601	23,270	90,871
2032	69,544	20,566	90,110
2033	71,875	18,480	90,355
2034	74,206	16,324	90,530
2035	76,149	14,098	90,247
2036	78,480	11,813	90,293
2037	80,422	10,244	90,666
2038	81,588	8,635	90,223
2039	83,919	7,003	90,922
2040	85,084	5,325	90,409
2041	86,638	3,623	90,261
2042	88,970	1,891	90,861
	<u>\$ 1,286,756</u>	<u>\$ 343,253</u>	<u>\$ 1,630,009</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2023, issued August 25, 2023 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 165,000	\$ 428,025	\$ 593,025
2026	170,000	419,775	589,775
2027	180,000	411,275	591,275
2028	190,000	402,275	592,275
2029	200,000	392,775	592,775
2030	210,000	382,775	592,775
2031	220,000	372,275	592,275
2032	230,000	361,275	591,275
2033	240,000	349,775	589,775
2034	255,000	337,775	592,775
2035	265,000	325,025	590,025
2036	280,000	311,775	591,775
2037	295,000	297,775	592,775
2038	310,000	283,025	593,025
2039	325,000	267,525	592,525
2040	340,000	251,275	591,275
2041	355,000	237,675	592,675
2042	365,000	223,475	588,475
2043	380,000	208,875	588,875
2044	395,000	193,675	588,675
2045	415,000	177,875	592,875
2046	430,000	161,275	591,275
2047	445,000	144,075	589,075
2048	465,000	126,275	591,275
2049	485,000	107,675	592,675
2050	505,000	88,275	593,275
2051	525,000	67,444	592,444
2052	545,000	45,788	590,788
2053	565,000	23,306	588,306
	<u>\$ 9,750,000</u>	<u>\$ 7,400,088</u>	<u>\$ 17,150,088</u>

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2013, issued February 08, 2013 debt service requirements to maturity for the Sewer Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 1,185,000	\$ 248,282	\$ 1,433,282
2026	1,215,000	218,656	1,433,656
2027	1,240,000	186,763	1,426,763
2028	1,195,000	149,563	1,344,563
2029	1,230,000	116,700	1,346,700
2030	1,265,000	79,800	1,344,800
2031	1,230,000	41,850	1,271,850
2032	165,000	4,950	169,950
	\$ 8,725,000	\$ 1,046,564	\$ 9,771,564

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Public Improvement Bonds, Series 2013B, issued October 21, 2013 debt service requirements to maturity for the Sewer Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 454,809	\$ 226,421	\$ 681,230
2026	473,904	207,660	681,564
2027	492,999	187,519	680,518
2028	515,566	166,567	682,133
2029	536,397	145,944	682,341
2030	558,964	123,147	682,111
2031	581,531	99,391	680,922
2032	605,833	76,130	681,963
2033	628,400	51,897	680,297
2034	652,703	26,763	679,466
	<u>\$ 5,501,106</u>	<u>\$ 1,311,439</u>	<u>\$ 6,812,545</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Public Improvement Bonds, Series 2014B, issued October 31, 2014 debt service requirements to maturity for the Sewer Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 329,105	\$ 121,291	\$ 450,396
2026	339,721	111,259	450,980
2027	350,338	100,908	451,246
2028	360,954	90,238	451,192
2029	371,570	79,251	450,821
2030	378,648	67,997	446,645
2031	389,264	56,479	445,743
2032	403,419	44,588	448,007
2033	414,035	32,327	446,362
2034	428,191	19,693	447,884
2035	442,346	6,635	448,981
	<u>\$ 4,207,591</u>	<u>\$ 730,666</u>	<u>\$ 4,938,257</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding & Improvement Bonds, Series 2015A, issued October 27, 2015 debt service requirements to maturity for the Sewer Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 154,888	\$ 67,305	\$ 222,193
2026	159,679	62,658	222,337
2027	166,066	57,868	223,934
2028	170,856	52,886	223,742
2029	175,647	47,760	223,407
2030	180,437	42,490	222,927
2031	185,227	37,077	222,304
2032	191,615	31,521	223,136
2033	196,405	25,772	222,177
2034	202,792	19,880	222,672
2035	209,179	13,543	222,722
2036	215,566	7,006	222,572
	\$ 2,208,357	\$ 465,766	\$ 2,674,123

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Public Improvement Bonds, Series 2016 (Nov), issued November 04, 2016 debt service requirements to maturity for the Sewer Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 343,812	\$ 165,095	\$ 508,907
2026	356,848	151,342	508,190
2027	356,848	137,069	493,917
2028	371,512	122,795	494,307
2029	386,177	107,934	494,111
2030	402,472	92,487	494,959
2031	415,507	80,413	495,920
2032	428,543	67,948	496,491
2033	438,320	55,091	493,411
2034	452,985	41,942	494,927
2035	466,020	28,352	494,372
2036	479,056	14,372	493,428
	<u>\$ 4,898,100</u>	<u>\$ 1,064,840</u>	<u>\$ 5,962,940</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation, Series 2017B, issued September 08, 2017 debt service requirements to maturity for the Sewer Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 488,461	\$ 215,382	\$ 703,843
2026	515,348	190,959	706,307
2027	524,311	180,652	704,963
2028	533,274	168,855	702,129
2029	546,718	158,190	704,908
2030	560,161	145,888	706,049
2031	573,605	131,884	705,489
2032	591,530	114,676	706,206
2033	609,456	96,930	706,386
2034	627,381	78,647	706,028
2035	645,306	59,825	705,131
2036	663,231	40,466	703,697
2037	685,638	20,569	706,207
	<u>\$ 7,564,420</u>	<u>\$ 1,602,923</u>	<u>\$ 9,167,343</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation, Series 2018B, issued September 28, 2018 debt service requirements to maturity for the Sewer Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 59,555	\$ 35,960	\$ 95,515
2026	62,037	32,982	95,019
2027	65,759	29,880	95,639
2028	67,000	27,907	94,907
2029	69,481	25,897	95,378
2030	71,963	23,813	95,776
2031	73,203	21,654	94,857
2032	75,685	19,458	95,143
2033	78,166	17,093	95,259
2034	80,648	14,552	95,200
2035	83,129	11,931	95,060
2036	85,611	9,230	94,841
2037	89,333	6,340	95,673
2038	91,815	3,214	95,029
	<u>\$ 1,053,385</u>	<u>\$ 279,911</u>	<u>\$ 1,333,296</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2019, issued May 01, 2019 debt service requirements to maturity for the Sewer Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 311,272	\$ 104,868	\$ 416,140
2026	323,907	89,304	413,211
2027	339,987	73,109	413,096
2028	356,068	56,109	412,177
2029	373,297	38,306	411,603
2030	392,823	19,641	412,464
	<u>\$ 2,097,354</u>	<u>\$ 381,337</u>	<u>\$ 2,478,691</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2019, issued November 15, 2019 debt service requirements to maturity for the Sewer Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 170,024	\$ 100,420	\$ 270,444
2026	178,295	91,918	270,213
2027	187,486	83,004	270,490
2028	196,676	73,629	270,305
2029	204,948	63,796	268,744
2030	211,381	57,647	269,028
2031	152,562	51,306	203,868
2032	157,157	46,729	203,886
2033	161,752	42,014	203,766
2034	166,348	37,162	203,510
2035	170,943	33,003	203,946
2036	175,538	27,875	203,413
2037	181,052	22,609	203,661
2038	185,647	17,177	202,824
2039	191,162	11,607	202,769
2040	195,757	5,873	201,630
	<u>\$ 2,886,728</u>	<u>\$ 765,769</u>	<u>\$ 3,652,497</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Refunding Bonds, Series 2020, issued November 20, 2020 debt service requirements to maturity for the Sewer Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 250,527	\$ 37,491	\$ 288,018
2026	253,183	32,481	285,664
2027	259,380	27,417	286,797
2028	264,691	22,230	286,921
2029	269,118	16,936	286,054
2030	272,659	13,437	286,096
2031	276,199	9,484	285,683
2032	281,511	4,926	286,437
	\$ 2,127,268	\$ 164,402	\$ 2,291,670

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2021, issued November 19, 2021 debt service requirements to maturity for the Sewer Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 230,435	\$ 185,681	\$ 416,116
2026	242,939	174,159	417,098
2027	255,443	162,012	417,455
2028	269,734	149,240	418,974
2029	278,665	135,753	414,418
2030	296,529	121,820	418,349
2031	310,819	106,994	417,813
2032	319,751	94,561	414,312
2033	330,469	84,968	415,437
2034	341,187	75,054	416,241
2035	350,118	64,819	414,937
2036	360,836	54,315	415,151
2037	369,768	47,099	416,867
2038	375,127	39,703	414,830
2039	385,844	32,201	418,045
2040	391,202	24,484	415,686
2041	398,348	16,660	415,008
2042	409,068	8,693	417,761
	<u>\$ 5,916,282</u>	<u>\$ 1,578,216</u>	<u>\$ 7,494,498</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Bonds Payable (continued)

General Obligation Improvement Bonds, Series 2023, issued August 25, 2023 debt service requirements to maturity for the Sewer Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 190,000	\$ 501,437	\$ 691,437
2026	200,000	491,938	691,938
2027	210,000	481,937	691,937
2028	220,000	471,438	691,438
2029	235,000	460,437	695,437
2030	245,000	448,688	693,688
2031	255,000	436,437	691,437
2032	270,000	423,688	693,688
2033	285,000	410,187	695,187
2034	295,000	395,938	690,938
2035	310,000	381,187	691,187
2036	330,000	365,688	695,688
2037	345,000	349,187	694,187
2038	360,000	331,938	691,938
2039	380,000	313,937	693,937
2040	400,000	294,938	694,938
2041	415,000	278,937	693,937
2042	430,000	262,338	692,338
2043	450,000	245,137	695,137
2044	465,000	227,138	692,138
2045	485,000	208,537	693,537
2046	505,000	189,138	694,138
2047	525,000	168,937	693,937
2048	545,000	147,938	692,938
2049	565,000	126,137	691,137
2050	590,000	103,538	693,538
2051	615,000	79,200	694,200
2052	640,000	53,831	693,831
2053	665,000	27,431	692,431
	<u>\$ 11,425,000</u>	<u>\$ 8,677,237</u>	<u>\$ 20,102,237</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Business-type Activities (continued):

Long-term liability activity for the year ended June 30, 2024, was as follows:

Total annual debt service requirements for general obligation and revenue bonds related to Business-type Activities is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 9,445,980	\$ 3,918,744	\$ 13,364,724
2026	9,693,709	3,551,281	13,244,990
2027	9,344,237	3,189,269	12,533,506
2028	9,565,107	2,861,164	12,426,271
2029	9,879,571	2,551,238	12,430,809
Next Five Years	33,264,855	8,622,985	41,887,840
Next Five Years	15,781,152	4,305,840	20,086,992
Next Five Years	6,166,546	2,507,322	8,673,868
Next Five Years	4,865,000	1,557,862	6,422,862
Next Five Years	4,650,000	488,813	5,138,813
	<u>\$ 112,656,157</u>	<u>\$ 33,554,518</u>	<u>\$ 146,210,675</u>

The total on the statement of net position has been adjusted by net premiums and discounts of \$6,484,164.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
General Obligation Debt	\$ 98,642,708	\$ 40,770,000	\$ (9,620,667)	\$ 129,792,041	\$ 10,599,020
Plus: Net Premiums and discounts	<u>7,007,450</u>	<u>1,059,518</u>	<u>(865,785)</u>	<u>7,201,183</u>	<u>0</u>
Total Bonds Payable	105,650,158	41,829,518	(10,486,452)	136,993,224	10,599,020
Notes Payable-State	240,586	0	(77,374)	163,212	77,374
Capital Outlay Note	1,666,666	0	(166,667)	1,499,999	166,667
School Energy Efficiency Note 2010	583,162	0	(436,801)	146,361	146,361
School Energy Efficiency Note 2021	2,798,345	0	(172,731)	2,625,614	173,641
Hud 108 Note	<u>340,000</u>	<u>0</u>	<u>(43,000)</u>	<u>297,000</u>	<u>43,000</u>
Total Governmental Activities	<u>\$ 111,278,917</u>	<u>\$ 41,829,518</u>	<u>\$ (11,383,025)</u>	<u>\$ 141,725,410</u>	<u>\$ 11,206,063</u>
Business-type activities:					
General Obligation Debt	\$ 100,360,489	\$ 21,175,000	\$ (8,879,332)	\$ 112,656,157	\$ 9,445,980
Local Option Sales Tax Revenue and Tax Bonds	0	0	0	0	0
Water and Sewer Revenue and Tax Bonds	0	0	0	0	0
Plus: Net Premiums and discounts	<u>6,649,851</u>	<u>551,001</u>	<u>(716,688)</u>	<u>6,484,164</u>	<u>0</u>
Total Bonds Payable	107,010,340	21,726,001	(9,596,020)	119,140,321	9,445,980
State Revolving Note	<u>10,983,393</u>	<u>408,500</u>	<u>(680,820)</u>	<u>10,711,073</u>	<u>702,516</u>
Total Business-type Activities	<u>\$ 117,993,733</u>	<u>\$ 22,134,501</u>	<u>\$ (10,276,840)</u>	<u>\$ 129,851,394</u>	<u>\$ 10,148,496</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Discretely presented component units

Industrial Development Board (IDBK)

The IDBK, a discretely presented component unit of the City, reports the following long-term liabilities at June 30, 2024.

On December 27, 2013, The IDBK borrowed \$4,000,000 at an interest rate of 3.0%, with a seven-year term in order to purchase and develop certain property known as the General Shale Property. Consisting of approximately 98 acres, this property will be used to provide for future economic development opportunities and construct the City's Brickyard Park. By resolution adopted on December 17, 2013, the City and IDBK entered into an agreement wherein proceeds from the sale of all or any portion of the property would be applied toward the retirement of the principal loan balance. To support IDBK's acquisition of the property and to assure its ability to pay the loan, the City also agreed to make certain semi-annual contributions up to \$60,000 each to the IDBK as economic development contributions for a period up to seven years, beginning in fiscal year 2014. The first such semi-annual contribution was made in June 2014. Subsequent contributions will be made, on or before each December 1 and June 1 annually. On December 10, 2020 the IDBK entered into a renewal and extension of the remaining \$3,289,320 loan for General Shale. Pursuant to the renewal and extension promissory note dated December 10, 2020, the loan is renewed and extended to December 30, 2023. In December 2023, the loan was extended until December 2024 at an interest rate of 7.5%. It is expected that land sales will be finalized and a substantial amount of the principal balance will be paid at that time. IDBK agreed to use such contributions to pay interest payments due on the loan in the event net proceeds realized from the lease of all or any portion of the property are insufficient to pay such interest. At June 30, 2024 the outstanding principal balance was \$3,288,731.

In October 2019, the IDBK entered into a construction loan agreement in the amount of \$1,800,000 to build a Miracle League Ball Field, which is specifically designed for safe use by special needs children and adults. The loan bears interest at a rate per annum of 3.25% and matures July, 2030. The loan will be paid from donations raised privately in the community, as well as through lease payments made by the City of Kingsport. In FY2023, the City of Kingsport received an award from the State of Tennessee for the Miracle Field Project. The State agreed for the \$250,000 award to be used to pay down the construction loan. The outstanding balance on this loan as of June 30, 2024 was \$469,000.

In June 2020, a consolidation loan was issued in the amount of \$6,640,000 for Anita's Snack Foods. This loan will replace two loans for properties in use by Anita's Snack Foods. The original loan issued on May 15, 2015 for \$6,540,000 that was used to purchase 33.75 acres and to construct an industrial building for lease to Pure Foods. In February 2017, Pure Foods, Inc. filed for Chapter 11 Bankruptcy. In May 2018, the IDBK entered into a lease agreement with Anita's Snack Foods Corp for this property. The second loan being consolidated was originally issued in March, 2019. This was a construction loan agreement known as the Anita's Snack Foods Loan, and was issued in the amount of \$1,900,000 for the purposes of expansion. As a condition of providing the consolidation loan, the IDBK has entered into a negative pledge agreement. IDBK has agreed not to encumber or otherwise transfer any interest in the property while the loan is outstanding. On November, 2023 Palmex Food Group Tennessee LLC assumed the lease of Anita's Snack Foods. At June 20, 2024 the outstanding principle balance on the loan was \$5,845,737.

In August 2023, the IDBK entered into a loan agreement in the amount of \$800,000 to purchase property at 301 West Main Street to expand the educational facilities for the Regional Center for Advanced Manufacturing program. The loan bears interest at a rate per annum of 4.35% and matures in September 2033. The outstanding balance of the loan as of June 30, 2024 was \$778,600

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

4. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-term liabilities (continued)

Discretely presented component units

Industrial Development Board (IDBK) (continued)

In July 2024, the IDBK entered into a loan agreement in the amount of up to \$3,500,000 to secure funding for the improvements to the Clinic Property located at 117 West Sevier Avenue. The loan will be paid out over a 12 month construction draw period and quarterly interest only payments with a balloon payment of all outstanding principal six years from the date of the note at a taxable fixed interest of 4.18% The outstanding balance of the loan as of June 30, 2024 was \$973,430.

Amortization of the Palmex Loan is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 282,297	\$ 182,583	\$ 464,880
2026	291,446	173,434	464,880
2027	300,891	163,989	464,880
2028	310,223	154,657	464,880
2029	320,696	144,184	464,880
2030	4,340,184	133,790	4,473,974
	<u>\$ 5,845,737</u>	<u>\$ 952,637</u>	<u>\$ 6,798,374</u>

Amortization of the RCAM Loan is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 26,613	\$ 33,501	\$ 60,114
2026	27,960	32,154	60,114
2027	29,201	30,913	60,114
2028	30,497	29,617	60,114
2029	31,850	28,264	60,114
2030	33,263	26,851	60,114
2031	34,740	25,374	60,114
2032	36,281	23,833	60,114
2033	37,891	22,223	60,114
2034	490,304	4,765	495,069
	<u>\$ 778,600</u>	<u>\$ 257,495</u>	<u>\$ 360,684</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term liabilities (continued)

Discretely presented component units

Industrial Development Board (IDBK) (continued)

Changes in Long-Term Liabilities – IDBK

Long-term liability activity for IDBK for the year ended June 30, 2024, was as follows:

Component Unit - IDBK	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Loans Payable:					
General Shale Loan	\$ 3,288,731	\$ 0	\$ 0	\$ 3,288,731	\$ 3,288,731
Miracle Field Loan	608,000	0	(139,000)	469,000	0
Palmex Loan	6,118,647	0	(272,910)	5,845,737	282,297
Dental Clinic Loan	0	973,430	0	973,430	0
RCAM Loan	<u>0</u>	<u>800,000</u>	<u>(21,400)</u>	<u>778,600</u>	<u>26,613</u>
Total Loans Payable	<u>\$ 10,015,378</u>	<u>\$ 1,773,430</u>	<u>\$ (433,310)</u>	<u>\$ 11,355,498</u>	<u>\$ 3,597,641</u>

Emergency Communications District (ECD)

The ECD, a discretely presented component unit of the City, reports no long-term liabilities at June 30, 2024.

F. Closure and post closure costs

The City currently operates a demolition landfill located on Brookside Drive which was permitted by the State of Tennessee in 1986 with an estimated useful life of 60 years. At June 30, 2024, the estimated remaining useful life of the landfill cell is 22 years. Upon closure, the City is required to continue a period of monitoring and conduct any necessary post-closure activities in compliance with applicable state and federal laws.

In June, 1996, the City entered into a *Contract in Lieu of Performance Bond* with the State of Tennessee Department of Environment and Conservation to provide financial assurance in the amount of \$1,390,095, for proper operation, closure and/or post-closure activities related to the City's demolition landfill. This financial assurance pledges any revenue due to the City from the State of Tennessee as collateral to fund estimated costs associated with the proper operation and closure, and/or post closure of the Kingsport Demolition Landfill.

This agreement is subsequently amended on an annual basis by the State of Tennessee Department of Environment and Conservation for inflation. The year 2023 financial assurance amount of, \$2,441,245, was adjusted for inflation by 3.8%, resulting in an amended amount of \$2,534,012 at June 30, 2024.

The City's demolition landfill has over 100 acres and has room for several cells to be constructed, used, and then closed. Costs to open and construct a new cell are capitalized and depreciated over the expected life of the cell. While a cell is being used closing and post-closing costs are accrued. The amount accrued should equal the amount needed to close the cell when it is full. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As of 06/30/2024 the demolition landfill was at 25.00% capacity.

The current open cell being used by the City is expected to last an additional 9 years. Estimated post closure costs of \$633,503 are included in long-term liabilities.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION

A. Risk management

The City carries insurance coverage through the Tennessee Municipal League (TML) Risk Management Pool for general liability, automobile, and errors and omissions coverage. Although TML is a risk management pool and the policy contains an assessment clause, no assessment has been levied during the time the City has participated in this program.

The City's workers compensation coverage is self-funded and administered by CCMSI. The City carries a specific excess workers compensation reinsurance agreement through The Gray Insurance Company up to \$750,000, then Midwest Employers Casualty up to statutory limits.

An actuarial study for workers compensation and public liability was conducted for the period ended June 30, 2024. The estimated reserve requirements were as follows:

ESTIMATED REQUIRED RESERVES

	<u>Low</u>	<u>Expected</u>	<u>High</u>
Workers Compensation *	\$ 2,416,878	\$ 2,685,420	\$ 2,953,962
Public Liability *	\$ 432,113	\$ 480,125	\$ 528,138

* Calculation utilizes U.S. Treasury yields as of June 30, 2024

Liabilities have been accrued to reflect the discounted expected claims of \$2,685,420 for workers compensation and \$480,125 for public liability, as of June 30, 2024. The Insurance Reserve Fund has total assets of \$7,326,498 as of June 30, 2024. Estimated claims are budgeted and charged to the various departments on an annual basis.

A reconciliation of workers compensation claims for the past five years is as follows:

	<u>Year Ended June 30, 2024</u>	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
Claims Accrued, Beginning	\$ 2,449,239	\$ 2,664,299	\$ 2,544,907	\$ 2,592,317	\$ 2,399,771
Claims Incurred	976,423	442,214	837,208	704,720	881,753
Claims Paid	<u>(740,242)</u>	<u>(657,274)</u>	<u>(717,816)</u>	<u>(752,130)</u>	<u>(689,207)</u>
Claims Accrued, Ending	<u>\$ 2,685,420</u>	<u>\$ 2,449,239</u>	<u>\$ 2,664,299</u>	<u>\$ 2,544,907</u>	<u>\$ 2,592,317</u>

The City's estimate of claims accrued at year end is based on actuarial reports using the discounted expected claims liability.

The actuarial adjustment has been taken out of prior year claims to be more comparable.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

A. Risk management (continued)

A reconciliation of public liability claims for the past five years is as follows:

	Year Ended <u>June 30, 2024</u>	Year Ended <u>June 30, 2023</u>	Year Ended <u>June 30, 2022</u>	Year Ended <u>June 30, 2021</u>	Year Ended <u>June 30, 2020</u>
Claims Accrued, Beginning	\$ 652,822	\$ 656,435	\$ 783,678	\$ 882,885	\$ 761,393
Claims Incurred	536,815	312,341	320,032	194,658	377,683
Claims Paid	<u>(709,512)</u>	<u>(315,954)</u>	<u>(447,275)</u>	<u>(293,865)</u>	<u>(256,191)</u>
Claims Accrued, Ending	<u>\$ 480,125</u>	<u>\$ 652,822</u>	<u>\$ 656,435</u>	<u>\$ 783,678</u>	<u>\$ 882,885</u>

The City's estimate of claims accrued at year end is based on actuarial reports using the discounted expected claims liability.

The actuarial adjustment has been taken out of prior year claims to be more comparable.

The City carries additional coverage for public officials and other employees through Liberty Mutual, Travelers and Western Surety insurance companies and property insurance through Travelers, EMC, Great American, and Hartford insurance companies. There has been no significant reduction in insurance coverage from the prior year, and the City has not had any settlements in the last five years, which were not covered by insurance.

Health insurance for the City is provided through a self-funded health insurance program. Effective January 1, 2017, the City's program is administered by Blue Cross Blue Shield of Tennessee. Premiums are evaluated annually based on historical expenditures and expected cost increase trends. Premium equivalents for participation in the self-funded programs are established annually based on quotations from the third-party administrator for projected expenses. The City carries stop-loss insurance.

Effective January 1, 2017, health insurance coverage for school system employees is provided through the State of Tennessee Local Education Program.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

B. Contingencies

Primary government

The City, like other similar bodies, is subject to a variety of legal suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the status of all pending and threatened litigation at June 30, 2024 except as specifically described below, the City Attorney believes that, while the outcome of any litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims presently pending or threatened against the City or its officials in such capacity, are adequately covered by insurance or by sovereign immunity or will not have an adverse effect upon the City's financial condition.

The City hires an independent arbitrage compliance firm to calculate arbitrage rebates due the IRS, for each applicable debt issue's reporting computation period. The City has recorded an estimated arbitrage rebate liability in the water and sewer funds. At June 30, 2024, the water fund and sewer fund had arbitrage rebate liabilities recorded of \$40,037 and \$97,473, respectively. These arbitrage rebate liabilities are not directly related to any bond issue, however they are recorded in anticipation of future liabilities.

The City has entered into several construction contracts in the various funds, which were not completed at year-end. To account for these commitments, the City reserves a portion of fund balance in the appropriate governmental fund. In the proprietary funds, the City internally designates a portion of net position.

The City is dependent upon financial resources flowing from, or associated with, both the Federal Government and the State of Tennessee. Due to this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and appropriations. This includes long-term debt related interest subsidies provided by the Federal Government that may be reduced through sequestrations.

The Sullivan County Economic Development Partnership (SCEDP), (also known as NETWORKS), acquired considerable acreage near Tri-Cities Regional Airport for the purpose of establishing an industrial park. The related debt liabilities for SCEDP are reflected in the financial statements of Sullivan County, Tennessee government. In March 2015, \$6,265,000 in industrial park refunding bonds was issued, of which, the City is contingently liable for 31%. In December 2021, \$4,000,000 in industrial park general obligation bonds were issued, of which, the City is contingently liable for 31%.

The capital outlay notes and the bonds are secured by the assignment of revenue derived from property sales in the industrial park. The SCEDP is responsible for making the bond payments, funded primarily from the sale of land in the industrial park. In the event that SCEDP is financially unable to repay these debt issues, the City is responsible for a 31% portion of the debt. During the fiscal year 2024, there were no property sales in the industrial park, resulting in no reduction of the City's 31% proportionate share of the debt. The current and prior residual net proceeds from property sales, were not sufficient for the SCEDP to make the total amount of the annual debt service payments at their time of maturity. Therefore, the City recorded an expenditure of \$277,188 for the repayment of the associated debt principal and interest. As of June 30, 2024, a total of \$5,915,000 of principal debt was outstanding, with \$1,833,650 representing the City's 31% contingent share.

In May 2023, City of Kingsport approved a resolution to authorize, if needed, a financial contribution to Kingsport Economic Development Board (KEDB) related to startup of a Dental Clinic. They have begun leasing a medical office building at 117 Sevier Avenue that will be used for the purposes of setting up a Dental Clinic that will be staffed by students from ETSU Dental Hygiene Program and UT Memphis School of Dentistry. The Clinic will be operated by University of Tennessee Health Science Center. The base rent will be payable in monthly installments of \$5.90 per square foot or \$5.90 in year 1. Beginning in year 2, the base rent will be payable in monthly installments of \$14.00 per square foot or \$8,260 and increase annually by a rate of 3%.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

B. Contingencies (continued)

Primary government (continued)

In June 2023, City of Kingsport approved the resolution to authorize, if needed, a financial contribution to the Kingsport Economic Development Board (KEDB) so that it can facilitate the redevelopment of 301 West Main Street. KEDB has secured financing to purchase the property located at 301 West Main Street. Northeast State Community College has committed to a five-year lease with anticipated renewals for the property to expand their RCAM (Regional Center for Advanced Manufacturing) program. In order to expedite opening of the RCAM expansion, KEDB has taken steps to secure financing itself to purchase the property located at 301 West Main Street. Northeast State Community College has committed to pay for renovations. The interest rate on this loan is 4.35% and will be paid off in September 2033.

In June 2023, City of Kingsport approved a resolution to authorize, if needed, a financial contribution to Kingsport Economic Development Board (KEDB) to facilitate the redevelopment of the Dobyns-Taylor Warehouse Property. In July 2023, KEDB began leasing the Dobyns-Taylor Warehouse property. The property is located in Downtown Kingsport on Press Street and consists of approximately 3.1 acres of land and 5 buildings totaling approximately 108,000 square feet. Lease payments are \$6,777 per month for an initial term of 25 years. There is an option to purchase and an option to renew after the initial lease ends. There are currently 2 sub-lease tenants using one building and one floor of another building. Both sub-leases are month to month with 60 day termination clause. KEDB has engaged CainRashWest to develop a feasibility study to assist in marketing this historical site.

The City has coverage through the Tennessee Municipal League Risk Management Pool for compensatory damages for civil rights claims up to \$5,000,000. Ultimately, the City pays for this coverage, as it is self-insured through this risk pool. This coverage for its employees is for damages arising out of the performance of official duties. The charter of the City provides the following pertaining to coverage for its employees:

Whenever any elected official or employee of the City of Kingsport shall be sued for damages arising out of the performance of his official duties and while engaged in the course of his employment or discharge or attempted discharge of his official duties in his employment, the City of Kingsport shall be authorized and required to provide defense counsel for such elected official or employee in such suit and to indemnify him from any judgment rendered against him in such suit; provided, however, that such indemnity shall not extend to any judgment for punitive damages or for damages arising out of any willful wrongdoing by said elected official or employee and provided, further, that such municipal corporation or other political subdivision shall have notice of such suit.

The City of Kingsport is authorized to contract at governmental expense for policies of liability insurance to protect elected officials and employees in the course of their employment.

There is no coverage for punitive damages or intentional torts. Generally, the City has governmental immunity from intentional torts. For certain types of actions, immunity is waived, including certain negligent acts of its employees. The amount of damages that are recoverable are limited as set out in the Tennessee Governmental Tort Liability Act. The limits are \$300,000 for bodily injury or death of any one (1) person in any one (1) accident, occurrence, or act, and up to \$700,000 for bodily injury or death of all persons in any one (1) accident, occurrence, or act, and \$100,000 for injury or destruction of property of others in any one (1) accident, occurrence, or act.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

B. Contingencies (continued)

Primary government (continued)

In July 2016, the City entered into an agreement with the Kingsport Housing & Redevelopment Authority (“KHRA”) to provide financial support in the program to redevelop public housing facilities within the City. The estimated \$50,500,000 project was targeted to rehabilitate 378 existing public housing units and construct 51 replacement units. The City agreed to donate to KHRA up to a total of \$4,493,440, in annual amounts, beginning January 30, 2018, of \$224,672 over a twenty year period, in support of this project, if needed. The total amount of the donation will be limited to the amount needed to complete the project or \$4,493,440, whichever is less. Funds donated to the KHRA that are not used on the project, will be returned to the City. KHRA received an award of approximately \$14,900,000 of low income housing tax credits for this project in May 2018. Construction has been completed and the Project is now in the cost certification phase.

Component Unit – Industrial Development Board

On December 27, 2013, The IDBK borrowed \$4,000,000 at an interest rate of 3.0%, with a seven-year term in order to purchase and develop certain property known as the General Shale Property. Consisting of approximately 98 acres, this property will be used to provide for future economic development opportunities and construct the City’s Brickyard Park. By resolution adopted on December 17, 2013, the City and IDBK entered into an agreement wherein proceeds from the sale of all or any portion of the property would be applied toward the retirement of the principal loan balance. To support IDBK’s acquisition of the property and to assure its ability to pay the loan, the City also agreed to make certain semi-annual contributions up to \$60,000 each to the IDBK as economic development contributions for a period up to seven years, beginning in fiscal year 2014. Subsequent contributions will be made, on or before each December 1 and June 1 annually. IDBK agreed to use such contributions to pay interest payments due on the loan in the event net proceeds realized from the lease of all or any portion of the property are insufficient to pay such interest. At June 30, 2024 the outstanding principal balance was \$3,288,731.

On December 10, 2020 the IDBK entered into a renewal and extension of the remaining \$3,289,320 loan for General Shale. Pursuant to the renewal and extension promissory note dated December 10, 2020, the loan is renewed and extended to December 30, 2023. Remaining funds will be advanced from time to time as requested by IDBK, provided, however, IDBK acknowledges that the loan is not a revolving credit facility.

On June 15, 2020, the IDBK closed on a loan totaling \$6,640,000 in order to consolidate two previously held loans. The first loan for \$6,540,000 was used for the acquisition of 33.75 acres for industrial development and an industrial building that is leased by Anita’s Snack Foods. The second loan for \$1,900,000 was used for the construction of a warehouse for Anita’s Snack Foods. The construction of the warehouse is now complete and the Lender has determined that it is appropriate to consolidate the two loans. At the time of consolidation the acquisition loan balance was \$4,740,075 and the expansion loan balance was \$1,899,661. The outstanding principal balance under the loan consolidation note shall bear interest at a fixed rate of 3.15% per annum. The maturity date of the loan will be June 15, 2030. At June 30, 2024 the outstanding principal balance on the loan was \$5,845,737. IDBK has entered into a negative pledge agreement. IDBK has agreed they will not encumber or otherwise transfer any interest in the property while the loan is outstanding. Anita’s Snack Foods was purchased on 2024 by Palmex Food Group Tennessee.

IDBK will use all net rental income received from the leases and rental agreements on the property, and all net proceeds realized from the sale of all or any portion of the property, to pay the accrued interest and debt service payments due under the loan. In the event any indebtedness remains outstanding under the loan at the maturity date, the City shall: (1) purchase the property from IDBK for a purchase price equal to the outstanding loan amount, or (2) provide an economic development contribution to IDBK sufficient to pay the outstanding indebtedness on the loan.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

B. Contingencies (continued)

Component Unit – Industrial Development Board (continued)

In October, 2019 the IDBK entered into a construction loan agreement in the amount of \$1,800,000 to build a Miracle League Ball Field, which is specifically designed for safe use by special needs children and adults. The loan bears interest at a rate per annum of 3.25% and matures July, 2030. The loan will be paid from donations raised privately in the community, as well as through lease payments made by the City of Kingsport. The outstanding balance on this loan as of June 30, 2024 was \$469,000.

The IDBK and the City signed a First Amendment to a Ground Lease effective September 17, 2019, to provide for the development of the Miracle League Ball Field. This amendment changed the annual lease payment from one dollar to an annual payment not to exceed \$214,223 per year for ten years. The amended lease payment may be reduced, dollar for dollar by any amount received by IDBK as donations or contributions from any source for the project.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

B. Contingencies (continued)

Jointly Governed – Tri Cities Airport Authority

In March of 2018 the Tri-Cities Airport Authority issued \$8,500,000 Aerospace Park Bonds (Taxable), Series 2018 for the purpose of providing funds to pay for the costs of construction, site development, infrastructure, paving and utilities of Aerospace Park, a 160 acre site that offers direct airfield access on airport property. The bonds are payable solely from and secured solely by a pledge of Aerospace Park net revenues, subject to the prior pledge of net revenues of the Airport (which includes the Aerospace Park net revenues) under the 2013 pledge agreement (with Sullivan County), and from amounts payable by the Tennessee Authority Members under the guaranty agreements. Since no net revenues are anticipated in the foreseeable future, it is expected that the principal of and interest on the series 2018 bonds will be primarily repaid in the near-term future from amounts payable by the Tennessee Authority Members under the Guaranty agreements, pursuant to which each member pledged its full faith and credit and its unlimited taxing power to pay a pro-rate share of the principal and interest on the series 2018 bonds. The City of Kingsport's original share of the Aerospace Park Bonds was \$1,589,500. The City's principal portion outstanding at June 30, 2024 is \$1,230,000, and represents 19% of the total bond issue. See amortization below:

Tri-Cities Authority - Aerospace Park Bonds, Series 2018
City of Kingsport Portion

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 70,000	\$ 42,325	\$ 112,325
2026	75,000	39,175	114,175
2027	75,000	36,925	111,925
2028	75,000	34,581	109,581
2029	80,000	32,144	112,144
2030	85,000	29,544	114,544
2031	85,000	26,781	111,781
2032	90,000	24,019	114,019
2033	90,000	20,981	110,981
2034	95,000	17,944	112,944
2035	95,000	14,619	109,619
2036	100,000	11,294	111,294
2037	105,000	7,794	112,794
2038	110,000	3,988	113,988
	<u>\$ 1,230,000</u>	<u>\$ 342,114</u>	<u>\$ 1,572,114</u>

The City expects to make principal and interest payment in accordance with the above debt schedule for a minimum of 5 years while the Aerospace Park is under construction. Marketing of the Aerospace Park was delayed due to the Covid-19 pandemic. Management expects to see activity at the Aerospace Park soon.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans

Defined Benefit Pension Plan – City of Kingsport

Plan description

Employees of the City of Kingsport 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 City elected to close participation in this plan to new membership effective June 30, 2012, but the plan will continue providing benefits to existing members and retirees. 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 publicly available financial report that can be obtained at <https://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 percent and include projected service credits. The City has adopted a mandatory retirement provision at age 60 for eligible public safety officers (fire and police) and at age 62 for eligible public safety officers in administrative-type positions. Under this mandatory provision, public safety officers who are members of the TCRS plan, receive a supplemental bridge benefit which is payable at the beginning of the mandatory retirement age and ends when reaching eligibility for benefits under Title II of the Federal Social Security Act. The supplemental bridge benefit is equal to .75 percent of the member's average final compensation multiplied by the member's years of public safety service established in the TCRS plan. A variety of death benefits are available under various eligibility criteria for all members in the TCRS plan.

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 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms

At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,056
Inactive employees entitled to but not yet receiving benefits	696
Active employees	417
	<u>2,169</u>

Effective July 1, 2012, the plan was closed to new entrants.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – City of Kingsport (continued)

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees hired before October 1, 2010 are non-contributory members in the plan and make no employee contributions to the plan. Employees hired from October 1, 2010 thru June 30, 2012 are contributory members in the plan and contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation.

For the year ended, June 30, 2024, the Actuarially Determined Contribution (ADC) for the City was \$7,046,384 based on an aggregate employer rate of 29.05 percent of covered payroll. In practice, separate rates are applied to general employees and public safety officers (fire and police). The employer rate for general employees was 27.97 percent and the employer rate for public safety officers was 31.47 percent. 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 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, 2023 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023 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

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – City of Kingsport (continued)

Actuarial assumptions (continued)

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 percent. 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:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount rate

The discount rate used to measure the total pension liability was 6.75 percent. 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.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – City of Kingsport (continued)

Changes in the net pension liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/22	\$ 268,571,066	\$ 236,170,983	\$ 32,400,083
Changes for the year:			
Service Cost	2,178,754	0	2,178,754
Interest	17,778,916	0	17,778,916
Differences between expected and actual experience	8,111,003	0	8,111,003
Changes in Assumptions	0		0
Contributions by employer	0	6,280,224	(6,280,224)
Contributions by employees	0	120,130	(120,130)
Net Investment income	0	15,592,616	(15,592,616)
Benefit payments, including refunds of employee contributions	(14,716,948)	(14,716,948)	0
Administrative expense	0	(88,452)	88,452
Net Changes	<u>13,351,725</u>	<u>7,187,570</u>	<u>6,164,155</u>
Balance at 6/30/23	<u>\$ 281,922,791</u>	<u>\$ 243,358,553</u>	<u>\$ 38,564,238</u>

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's Net Pension Liability	<u>\$ 72,834,233</u>	<u>\$ 38,564,238</u>	<u>\$ 9,881,884</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Pension expense

For the year ended June 30, 2024, the City recognized pension expense (income) of \$11,312,412.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – City of Kingsport (continued)

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,347,867	\$ 0
Net difference between projected and actual earning on pension plan investments	1,637,063	0
Changes in Assumptions	0	0
Contributions subsequent to the measurement date June 30, 2023	7,046,384	(not applicable)
	\$17,031,314	\$ 0

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023", will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30th:

2025	\$ 4,268,223
2026	405,107
2027	5,298,463
2028	13,047
2029	0
Thereafter	0

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

Payable to the pension plan

At June 30, 2024, the City reported a payable of \$547,894 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Contribution Plan – City of Kingsport

Plan description

Employees of the City hired on or after July 1, 2012 are participants in a Governmental Money Purchase Plan and Trust known as the City of Kingsport Defined Contribution Retirement Plan. The qualified plan is established under Internal Revenue Codes 401(a) and 457(b) and is administered by the International City/County Management Association Retirement Corporation (ICMA-RC). Investment decisions on contributions to the plan are controlled by the employee participant. In-service distributions are not permitted under the plan at any age. Employee contributions are immediately 100% vested to the participant. Employer contributions made by the City are subject to a graduated vesting schedule based upon the employee's completed years of service with the City as follows: 1 year – 0% vested; 2 years – 20% vested; 3 years – 40% vested; 4 years – 60% vested; 5 years – 80% vested; 6 years – 100% vested. The plan's provisions may be amended at the discretion of the City's BMA, by resolution and subject to applicable federal laws governing such plans.

As approved by the Kingsport Board of Mayor and Alderman on November 15, 2022 and effective December 1, 2022, all participants in the Money Purchase Plan became 100% vested. Effective January 1, 2023, the plan was closed to new participants.

Contributions

A mandatory employee contribution equal to 5% of compensation is required from each participant. An employer matching contribution equal to 5% of the employee's compensation is currently made by the City. Employees may make voluntary contributions to the plan up to the Internal Revenue Service code annual maximum. Voluntary contributions made by the employee receive an equal matching contribution made by the City, which is currently up to a maximum of 3%. Contribution requirements may be amended at the discretion of the City's BMA, by resolution and subject to applicable federal laws governing such plans. Total City contributions for the year ended June 30, 2024 were \$177,966.

Defined Benefit Pension Plan – City of Kingsport Hybrid Plan with Cost Controls

Plan description

Beginning January 1, 2023, the City of Kingsport Hybrid Plan with Cost Controls (Kingsport Hybrid WCC) became effective for employees employed by the City of Kingsport on January 1, 2023. Employees that were on the previous defined contribution plan had the option to join the Kingsport Hybrid WCC Plan or remain on their current defined contribution plan. Employees of the Kingsport Hybrid WCC Plan are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the 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 all employer pension plans in 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 <https://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 of the Kingsport Hybrid WCC Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – City of Kingsport Hybrid Plan with Cost Controls

Benefits provided (continued)

available at age 60 and vested pursuant to the rule of 80 in which member's age and service credit total 80. Members are vested with five years of service credit. Service related to 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 percent 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 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Kingsport Hybrid WCC Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls, and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

The City adopted the bridge benefit for public safety personnel.

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the City Police and Fire Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested pursuant to the rule of 80. Members are vested with five years of service credit. Service related to 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 percent 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 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the City Police and Fire Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls, and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Employees covered by benefit terms

At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	52
Active employees	545
	<u>597</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – City of Kingsport Hybrid Plan with Cost Controls (continued)

Contributions

Contributions for regular employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the City Regular Plan are required to be paid. The TCRS may intercept the state shared taxes of the City if the required employer contributions are not remitted. Amounts paid by the City for the year ended June 30, 2024 to the Kingsport Hybrid WCC Plan total \$656,753, which is 4% percent of covered payroll. Of this amount \$304,653 is considered employer contributions, while the remaining \$352,100 is an increase to the Stabilization Reserve Trust. The employer rate, when combined with member contributions, is 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 liabilities (Assets)

The City's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability (asset) as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation are 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.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – City of Kingsport Hybrid Plan with Cost Controls (continued)

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. 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%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.75 percent. 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.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – City of Kingsport Hybrid Plan with Cost Controls (continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/22	\$ 0	\$ 0	\$ 0
Changes for the year:			
Service Cost	732,898	0	732,898
Interest	0	0	0
Differences between expected and actual experience	0	0	0
Changes in Assumptions	0	0	0
Contributions by employer	0	274,113	(274,113)
Contributions by employees	0	505,677	(505,677)
Net Investment income	0	25,590	(25,590)
Benefit payments, including refunds of employee contributions	0	0	0
Administrative expense	0	(18,400)	18,400
Net Changes	<u>732,898</u>	<u>786,980</u>	<u>(54,082)</u>
Balance at 6/30/23	<u>\$ 732,898</u>	<u>\$ 786,980</u>	<u>\$ (54,082)</u>

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 percent, as well as what the net pension liability (asset) would be if it were calculated using the discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's Net Pension Liability (Asset)	<u>\$ 146,412</u>	<u>\$ (54,082)</u>	<u>\$ (205,308)</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Pension expense

For the year ended June 30, 2024, the City recognized pension expense of \$219,945.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – City of Kingsport Hybrid Plan with Cost Controls (continued)

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0	\$ 0
Net Difference between projected and actual earnings on pension plan investments	86	0
Changes in Assumptions	0	0
Contributions subsequent to the measurement date June 30, 2023	304,653	(not applicable)
	\$ 304,739	\$ 0

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023", will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30th:

2025	\$	21
2026		21
2027		21
2028		3
2029		0
Thereafter		0

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

Payable to the pension plan

At June 30, 2024, the City reported a payable of \$55,629 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – Teacher Legacy Pension Plan - Kingsport City

Plan description

Teachers employed by Kingsport City Schools with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. 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 all employer pension plans in 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 publicly available financial report that can be obtained at <https://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. Members of the Teacher Legacy Pension Plan 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. A reduced early retirement benefit is available at age 55 if vested. Members are vested 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 percent 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 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Kingsport City Schools for the year ended June 30, 2024 to the Teacher Legacy Pension Plan were \$2,103,662 which is 6.81 percent of covered payroll. The employer rate, when combined with member contributions, is 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.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – Teacher Legacy Pension Plan - Kingsport City (continued)

Net pension liability (asset)

At June 30, 2024, the Kingsport City Schools reported an asset of (\$10,784,523) for its proportionate share of the net pension liability (asset). The net pension asset was measured as of June 30, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. Kingsport City Schools' proportion of the net pension asset was based on Kingsport City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023, Kingsport City Schools' proportion was 0.914738 percent. The proportion measured as of June 30, 2022 was 0.932345 percent.

Pension expense (negative pension expense)

For the year ended June 30, 2024, Kingsport City Schools recognized pension expense of \$2,849,651.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2024, Kingsport City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,569,423	\$ 500,474
Changes in assumptions	3,513,892	0
Net difference between projected and actual earnings on pension plan investments	1,871,170	0
Changes in proportion of Net Pension Liability (Asset)	400,635	25,579
Kingsport City Schools contributions subsequent to the measurement date of June 30, 2023	2,103,662	(not applicable)
	\$ 10,458,782	\$ 526,053

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – Teacher Legacy Pension Plan - Kingsport City (continued)

Deferred outflows of resources and deferred inflows of resources (continued)

Kingsport City Schools employer contributions of \$2,103,662 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30th:

2025	\$ 2,681,834
2026	(1,338,014)
2027	6,470,590
2028	14,657
2029	0
Thereafter	0

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

Actuarial assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study 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. The best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. 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:

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – Teacher Legacy Pension Plan - Kingsport City (continued)

Actuarial assumptions (continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate

The discount rate used to measure the total pension liability was 6.75 percent. 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 all LEAs 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.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Kingsport City Schools' proportionate share of the net pension liability (asset)	<u>\$ 23,489,442</u>	<u>\$ (10,784,523)</u>	<u>\$ (39,290,798)</u>

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (continued)

Defined Benefit Pension Plan – Teacher Legacy Pension Plan - Kingsport City (continued)

Payable to the pension plan

At June 30, 2024, Kingsport City Schools reported a payable of \$368,964 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

Defined Benefit Pension Plan – Teacher Retirement Plan - Kingsport City Schools

Plan description

Teachers employed by Kingsport City Schools with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. 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 all employer pension plans in 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 <https://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. Members of the Teacher Retirement Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested pursuant to the rule of 80. Members are vested with five years of service credit. Service related to 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 percent 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 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls, and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – Teacher Retirement Plan - Kingsport City Schools (continued)

Contributions (continued)

the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Amounts paid by Kingsport City Schools for the year ended June 30, 2024 to the Teacher Retirement Plan total \$641,008, which is 4 percent of covered payroll. Of this amount \$483,130 is considered employer contributions, while the remaining \$157,878 is an increase to the Stabilization Reserve Trust. The employer rate, when combined with member contributions, is 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)

At June 30, 2024, Kingsport City Schools reported an asset of (\$288,843) for its proportionate share of the net pension liability (asset). The net pension asset was measured as of June 30, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial value as of that date. Kingsport City Schools' proportion of the net pension asset was based on Kingsport City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023 Kingsport City Schools' proportion was 0.681179 percent. The proportion measured as of June 30, 2022 was 0.620016 percent.

Pension expense (negative pension expense)

For the year ended June 30, 2024, Kingsport City Schools recognized pension expense of \$366,243.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2024, Kingsport City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,729	\$ 168,591
Net difference between projected and actual earnings on pension plan investments	73,437	0
Changes in assumptions	217,309	0
Changes in proportion of Net Pension Liability (Asset)	40,387	51,124
Kingsport City Schools contributions subsequent to the measurement date of June 30, 2023	483,130	(not applicable)
	\$ 823,992	\$ 219,715

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – Teacher Retirement Plan - Kingsport City Schools (continued)

Deferred outflows of resources and deferred inflows of resources (continued)

Kingsport City Schools' employer contributions of \$483,130 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30th:

2025	\$ (659)
2026	(11,347)
2027	101,940
2028	5,893
2029	6,341
Thereafter	18,979

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

Actuarial assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, the investment and 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent.

The target allocation and best estimates of geometric real rates of return and the TCRS Investment Policy for each major asset class are summarized in the following table:

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – Teacher Retirement Plan - Kingsport City Schools (continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the three factors described above.

Discount rate

The discount rate used to measure the total pension liability was 6.75 percent. 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 all LEAs 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.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Kingsport City Schools' proportionate share of the net pension liability (asset)	<u>\$ 1,328,664</u>	<u>\$ (288,843)</u>	<u>\$ (1,453,316)</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Defined Benefit Pension Plan – Teacher Retirement Plan - Kingsport City Schools (continued)

Payable to the pension plan

At June 30, 2024, Kingsport City Schools reported a payable of \$115,306 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

Defined Contribution Plan – Kingsport City Schools

Plan description

As previously described, teachers of the Kingsport City Schools hired on or after July 1, 2014 are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost sharing, multiple-employer defined benefit plan. Teachers hired on or after July 1, 2014 are required to participate in a separately managed defined contribution plan referred to as the State of Tennessee 401(k) Deferred Compensation Program, administered by Great West Financial. The teacher participant controls investment decisions on contributions to the plan. Teachers are immediately 100% vested in the plan.

Contributions

An employer contribution equal to 5% of the teacher's compensation is made by the Kingsport City Schools. Teachers are automatically enrolled in the plan when hired with an employee contribution rate of 2 percent. Teachers have the ability to opt out of employee contribution portion within 30 days of hire date. Teachers may make voluntary contributions to the plan up to the Internal Revenue Service code annual maximum. Total employer contributions for the year ended June 30, 2024 were \$812,374.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

C. Retirement Plans (continued)

Summary of Retirement Plans

The following is a summary of the financial statement elements of the defined benefit retirement plans discussed throughout the note:

	Governmental Activities	Business-Type Activities	Total Primary Government
Net Pension Asset			
Defined Benefit City of Kingsport	\$ 0	\$ 0	\$ 0
Defined Benefit Teacher Legacy	10,784,523	0	10,784,523
Defined Benefit Teacher Retirement	288,843	0	288,843
Defined Benefit City of Kingsport Hybrid WCC	44,403	9,679	54,082
Total Net Pension Asset	<u>\$ 11,117,769</u>	<u>\$ 9,679</u>	<u>\$ 11,127,448</u>
Deferred Outflows Related to Pensions			
Defined Benefit City of Kingsport	\$ 14,243,096	2,788,218	\$ 17,031,314
Defined Benefit Teacher Legacy	10,458,782	0	10,458,782
Defined Benefit Teacher Retirement	823,992	0	823,992
Defined Benefit City of Kingsport Hybrid WCC	250,196	54,543	304,739
Total Deferred Outflows Related to Pension	<u>\$ 25,776,066</u>	<u>\$ 2,842,761</u>	<u>\$ 28,618,827</u>
Net Pension Liability			
Defined Benefit City of Kingsport	\$ 32,250,843	\$ 6,313,395	\$ 38,564,238
Defined Benefit Teacher Legacy	0	0	0
Defined Benefit Teacher Retirement	0	0	0
Defined Benefit City of Kingsport Hybrid WCC	0	0	0
Total Net Pension Liability	<u>\$ 32,250,843</u>	<u>\$ 6,313,395</u>	<u>\$ 38,564,238</u>
Deferred Inflows Related to Pensions			
Defined Benefit City of Kingsport	\$ 0	\$ 0	\$ 0
Defined Benefit Teacher Legacy	526,053	0	526,053
Defined Benefit Teacher Retirement	219,715	0	219,715
Defined Benefit City of Kingsport Hybrid WCC	0	0	0
Total Deferred Inflows Related to Pensions	<u>\$ 745,768</u>	<u>\$ 0</u>	<u>\$ 745,768</u>
Net Pension Expense			
Defined Benefit City of Kingsport	\$ 9,460,445	\$ 1,851,967	\$ 11,312,412
Defined Benefit Teacher Legacy	2,849,651	0	2,849,651
Defined Benefit Teacher Retirement	366,243	0	366,243
Defined Benefit City of Kingsport Hybrid WCC	180,579	39,366	219,945
Total Net Pension Expense	<u>\$ 12,856,918</u>	<u>\$ 1,891,333</u>	<u>\$ 14,748,251</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB)

Postemployment Health and Life Insurance Plans – City of Kingsport

Plan description and benefits

The City provides postemployment health insurance and life insurance benefits for certain eligible retired full-time employees under a single-employer defined benefit plan. The pre-65 health plans are self-insured while post-65 health plans are fully insured. Eligible employees are classified in one of two categories:

Category I: Employees hired prior to June 1, 2007 are eligible to receive retiree health benefits once they meet the following requirements: (1) Age 55 with a minimum of ten years of service with the City or any age with 25 years of service with the City and (2) Receiving benefits through TCRS immediately upon separation from service with the City and must have been enrolled in the City's offered health insurance plan as an active full time employee at the date of retirement.

Category II: Employees hired on or after June 1, 2007, are eligible to receive retiree health benefits once they meet the following requirements: (1) Age 55 with a minimum of 20 years of service with the City and have been enrolled in the City's offered health insurance plan for a minimum of three years immediately prior to retirement or have 30 years of service with the City and enrolled in the City's offered health insurance plan for a minimum of one full year immediately prior to retirement, and. (2) Receiving benefits through TCRS or has retired from the City and participated in a non-TCRS retirement plan upon separation from service with the City.

Spouses of retirees and surviving spouses of Category I retirees are allowed to remain on the plan until age 65. They are responsible for 100% of the premium. Public Safety employees (fire and police) hired prior to July 1, 2012 are held to a mandatory retirement requirement at age 60. Those with more than 50% of job duties in administrative or supervisory capacity are held to a mandatory retirement requirement at age 62. The Department Head (Chief) is exempt from any mandatory retirement provision.

Employees who retired on or before June 30, 2010 and continued on the City's health insurance plan as listed above are eligible for the City funded post-Medicare coverage when they reach 65 years of age. Employees retiring on or after July 1, 2010 are not eligible for the City funded post-Medicare coverage. The City provides the Medicare Advantage plan for retirees prior to July 1, 2010 and pays the premium for this coverage with a cap of \$85. Since January 2011, the Medicare Advantage plan has been a zero premium plan. The OPEB valuation assumes the plan will continue to be a zero premium with the City having no contribution requirement.

All retirees of the City of Kingsport are eligible for a life insurance benefit. The City's life insurance benefit is based upon 25% of final annual compensation and remains in effect until death. Policy premiums are paid for by the City.

Employees covered

The number of active and retired employee participants as of June 30, 2024 was as follows:

Active employees - health & life insurance benefits	603
Active employees - life insurance benefit only	149
Retired employees - health & life insurance benefits	137
Retired employees - life insurance benefit only	<u>291</u>
Total	<u><u>1,180</u></u>

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – City of Kingsport (continued)

Total OPEB liability

The City's total OPEB liability of \$32,280,097 was measured as of June 30, 2024 and was determined based on an actuarial valuation performed as of June 30, 2024.

Actuarial Methods and Assumptions

The actuarial assumptions used represent a reasonable long-term expectation of future OPEB outcomes. As national economic and City experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

Measurement Date	June 30, 2024
Discount Rate	4.13% as of June 30, 2023 and 4.21% as of June 30, 2024
Payroll Growth	Payroll growth rates are based on the Tennessee Consolidated Retirement System (TCRS) actuarial valuation as of June 30, 2023
Inflation Rate	3.00% per year
Cost Method	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: - Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and - Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.
Census Data	June 30, 2024
Health Care Coverage Election Rate	Active employees with current coverage: 85% Active employees with no coverage: 0% Active employees with and without current coverage electing life insurance: 100% Inactive employees with current coverage: 100% Inactive employees with no coverage: 0% Inactive employees with and without current coverage electing life insurance: 100%
Spousal Coverage	Based on actual data for retirees. 80% of current actives are assumed to have spousal coverage at retirement. Husbands are assumed to be three years older than wives.
Employer Funding Policy	Pay-as-you-go cash basis
Mortality	SOA-Pub-2010 Total Dataset Mortality Table fully generational using Scale MP-2021
Disability	None
Turnover Rate	Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. Rates represent the probability of termination in the next 12 months and are based on the City's Experience Study conducted as of August 2014.
Retirement Rate	Annual rates of retirement are based on the City's Experience Study conducted as of August 2014. Retirees with less than 5 years of service at age 65 are assumed to retire with no benefit.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – City of Kingsport (continued)

Actuarial Methods and Assumptions (continued)

Health Care Trend Rates	<u>FYE</u>	<u>Rate</u>	<u>FYE</u>	<u>Rate</u>
	2025	8.0%	2029	6.0%
	2026	7.5%	2030	5.5%
	2027	7.0%	2031	5.0%
	2028	6.5%	2032+	4.5%

Retiree Contributions	Retiree contributions are assumed to increase according to health care trend rates. All retirees are assumed to qualify for the wellness rate.
Per Capita Costs	Annual per capita costs were calculated based on City paid claims experience for the 12-month period ending June 30, 2024 plus administrative expenses, actuarially increased using health index factors and current enrollment. The costs are assumed to increase with health care trend rates.
Explicit Subsidy	The difference between the premium rate and the retiree contribution.
Implicit Subsidy	The difference between the per capita cost and the premium rate.
Experience Study	Best actuarial practices call for a periodic assumption review and the City completed an actuarial assumption review (also referred to as an experience study) in 2014. Nyhart recommends the City to complete another experience study prior to the fiscal year ending June 30, 2026 valuation.

Changes in the total OPEB liability

Changes in the Total OPEB Liability

Balance at June 30, 2023	<u>\$ 29,029,991</u>
Changes for the year:	
Service cost	956,227
Interest	1,203,443
Benefit changes	0
Differences between expected and actual experience	1,206,259
Assumption or other input changes	1,595,796
Benefit payments	<u>(1,711,619)</u>
Net changes	<u>3,250,106</u>
Balance at June 30, 2024	<u><u>\$ 32,280,097</u></u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – City of Kingsport (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.21%) or one percentage point higher (5.21%) than the current discount rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB liability	\$ 35,046,002	\$ 32,280,097	\$ 29,824,026

Sensitivity of the total OPEB liability to changes in the healthcare cost trends rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current healthcare cost trend rates:

	1% Decrease (7.00%)	Current Healthcare Cost Trend Rates (8.00%)	1% Increase (9.00%)
Total OPEB liability	\$ 29,906,670	\$ 32,280,097	\$ 35,018,790

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2024, the City recognized OPEB expense of \$1,240,869. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,614,107	\$ (5,773,605)
Changes in Assumptions	2,868,761	(2,861,052)
Contributions subsequent to the measurement date	0	(not applicable)
Net difference between projected and actual earnings in OPEB plan investments	0	0
	\$ 6,482,868	\$ (8,634,657)

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – City of Kingsport (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30th:

2025	\$	(918,806)
2026		(416,253)
2027		(406,332)
2028		6,176
2029		(816,865)
Thereafter		400,291

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

Postemployment Health and Life Insurance Plans – Kingsport City Schools – Pre 65 Plan

Plan description

Employees of the Kingsport City Schools (KCS) who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a cost-sharing multiple-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 teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Plan benefits

KCS offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives 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. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Retired employees who have not reached the age of 65 pay the same base premium as active employees in the plan adjusted for years of service. Teachers with 30 years of service are subsidized 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retiree’s premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP 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.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – Kingsport City Schools – Pre 65 Plan (continued)

Employees covered

At July 1, 2023, the following employees of KCS were covered by the benefit terms of the TGOP.

Inactive employees currently receiving benefit payments	76
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees eligible for future benefits	553
Active employees not eligible for future benefits*	21
Total*	651

*Note: Non-grandfathered employees who retire after attaining eligibility for Medicare benefits will not be eligible for coverage through the Local Education Employee Group Plan.

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP 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. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the KCS paid \$803,502 to the TGOP for OPEB benefits as they came due.

Total OPEB liability

The KCS collective total OPEB liability of \$21,857,252 was measured as of June 30, 2023 and was determined based on an actuarial valuation performed as of June 30, 2024, of which \$15,537,424 (71.09%) and \$6,319,828 (28.91%) represented the KCS and non-employer contributor's proportionate share respectively.

Actuarial Methods and Assumptions

The collective total OPEB liability in the June 30, 2024 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 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	10.31% for 2023, decreasing annually over an eleven year period to an ultimate rate of 4.50%.
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.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – Kingsport City Schools – Pre 65 Plan (continued)

Actuarial Methods and Assumptions (continued)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by 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 pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. 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-2021.

Discount rate - The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 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.

Changes in collective total OPEB liability

Changes in the Total OPEB Liability

Balance at June 30, 2022	\$	<u>19,316,795</u>
Changes for the year:		
Service cost		799,321
Interest		691,580
Benefit changes		0
Differences between expected and actual experience		671,522
Assumption or other input changes		1,548,129
Benefit payments		<u>(1,170,095)</u>
Net changes		<u>2,540,457</u>
Balance at June 30, 2023	\$	<u><u>21,857,252</u></u>
Non-employer contributing entities proportionate share of the collective total OPEB liability	\$	<u><u>6,319,828</u></u>
Employer's proportionate share of the collective total OPEB liability	\$	<u><u>15,537,424</u></u>
Employer's proportion of the collective total OPEB liability		<u><u>71.09%</u></u>

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – Kingsport City Schools – Pre 65 Plan (continued)

Special funding situation

KCS has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. KCS's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and non-employer contributing entities, actuarially determined. KCS recognized \$755,437 in revenue for subsidies provided by non-employer contributing entities for benefits paid by the TGOP for KCS retirees.

Changes in Assumptions

The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption increased the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate.

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Proportionate share of collective total OPEB liability	\$ 16,663,880	\$ 15,537,424	\$ 14,472,478

Sensitivity of the total OPEB liability to changes in the healthcare cost trends rates

The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (9.3/11.44% decreasing to 3.50%) or 1-percentage-point higher (11.3/13.44% decreasing to 5.50%) than the current healthcare cost trend rate.

	1% Decrease (9.3%)	Current Healthcare Cost Trend Rates (10.3%)	1% Increase (11.3%)
Proportionate share of collective total OPEB liability	\$ 14,033,401	\$ 15,537,424	\$ 17,282,019

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – Kingsport City Schools – Pre 65 Plan (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2024, KCS recognized OPEB expense of \$1,746,486. For the fiscal year ended June 30, 2023, KCS reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,498,243	\$ (3,830,537)
Changes in Assumptions	2,028,594	(1,580,737)
Changes in proportion and differences between amounts paid as benefits came due and proportionate share of certain amounts paid by the employer and nonemployer contributors as the benefits came due.	50,461	(1,431,292)
Employer payments subsequent to the measurement date	803,502	0
	\$ 7,380,800	\$ (6,842,566)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30th:

2025	(68,772)
2026	(68,772)
2027	(56,319)
2028	(6,510)
2029	(303,853)
Thereafter	238,958

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

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – Kingsport City Schools – Post 65 Plan

Plan description

Employees of Kingsport City Schools (KCS), who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a cost sharing multiple-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 post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Plan benefits

The state offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Kingsport City Schools cover the premium for the post 65 retiree Medicare supplement plan remaining after the state subsidy. The state, as a governmental non-employer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP 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.

At June 30, 2023, the following employees of KCS were covered by the benefit terms of the TNP.

Inactive employees currently receiving benefit payments	363
Inactive employees entitled to but not yet receiving benefit payments	105
Active employees	<u>577</u>
Total	<u><u>1,045</u></u>

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, KCS paid \$442,792 to the TNP for OPEB benefits as they came due.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – Kingsport City Schools – Post 65 Plan (continued)

Total OPEB liability

The KCS collective total OPEB liability of \$32,843,883 was measured as of June 30, 2023, and was determined based on an actuarial valuation performed as of June 30, 2024, of which \$30,104,278 (91.66%) and \$2,739,605 (8.34%) represented the KCS and non-employer contributor's proportionate share respectively.

Actuarial Methods and Assumptions

The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	7.20% for 2024, decreasing annually to an ultimate rate of 4.50% for 2030 and later years.
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, 2023, valuations were the same as those employed in the July 1, 2022, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by 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 headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. 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 with mortality improvement projected to all future years using Scale MP-2021.

Discount rate - The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – Kingsport City Schools – Post 65 Plan (continued)

Changes in collective total OPEB liability

Changes in the Total OPEB Liability

Balance at June 30, 2022	\$	<u>22,822,680</u>
Changes for the year:		
Service cost		649,646
Interest		823,231
Benefit changes		0
Differences between expected and actual experience		2,441,585
Assumption or other input changes		6,544,966
Benefit payments		<u>(438,225)</u>
Net changes		<u>10,021,203</u>
Balance at June 30, 2023	\$	<u><u>32,843,883</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$	<u><u>2,739,605</u></u>
Employer's proportionate share of the collective total OPEB liability	\$	<u><u>30,104,278</u></u>
Employer's proportion of the collective total OPEB liability		<u><u>91.66%</u></u>

Special funding situation

KCS has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. KCS's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefits paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and non-employer contributing entities, actuarially determined. KCS recognized (\$33,932) in revenue for support provided by non-employer contributing entities for benefits paid to the TNP for KCS retired employees.

Changes in Assumptions

The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – Kingsport City Schools – Post 65 Plan (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the proportionate share of the collective total OPEB liability related to the TNP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate.

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Proportionate share of collective total OPEB liability	\$ 36,547,214	\$ 30,104,278	\$ 25,061,618

Sensitivity of the total OPEB liability to changes in the healthcare cost trends rates

The following presents the proportionate share of the collective total OPEB liability related to the TNP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.20% decreasing to 3.50%) or 1-percentage-point higher (8.20% increasing to 5.50%) than the current healthcare cost trend rate.

	1% Decrease (6.20%)	Current Healthcare Cost Trend Rates (7.20%)	1% Increase (8.20%)
Proportionate share of collective total OPEB liability	\$ 24,634,770	\$ 30,104,278	\$ 37,339,230

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Postemployment Health and Life Insurance Plans – Kingsport City Schools – Post 65 Plan (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2024, KCS recognized OPEB expense of \$646,823. For the fiscal year ended June 30, 2023, KCS reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TNP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,570,452	\$ (1,849,505)
Changes in Assumptions	10,213,358	(10,917,989)
Changes in proportion and differences between amounts paid as benefits came due and proportionate share of certain amounts paid by the employer and nonemployer contributors as the benefits came due.	1,010,845	(436,981)
Employer payments subsequent to the measurement date	442,792	0
	\$ 14,237,447	\$ (13,204,475)

The amount shown above for "Employer payments subsequent to the measurement date", will be recognized as a reduction (increase) to total OPEB liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30th:

2025	(669,265)
2026	(4,711)
2027	858,383
2028	(95,821)
2029	501,594
Thereafter	0

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

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits (OPEB) (continued)

Summary of OPEB Plans

The following is a summary of the financial statement elements of the OPEB plans discussed throughout the note:

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred Outflows Related to OPEB			
Post Employment City of Kingsport	\$ 5,304,579	\$ 1,178,289	\$ 6,482,868
Post Employment City Schools Pre 65	7,380,800	0	7,380,800
Post Employment City Schools Post 65	14,237,447	0	14,237,447
Total Deferred Outflows Related to OPEB	<u>\$ 26,922,826</u>	<u>\$ 1,178,289</u>	<u>\$ 28,101,115</u>
Net OPEB Liability			
Post Employment City of Kingsport	\$ 26,413,060	\$ 5,867,037	\$ 32,280,097
Post Employment City Schools Pre 65	15,537,424	0	15,537,424
Post Employment City Schools Post 65	30,104,278	0	30,104,278
Total Net OPEB Liability	<u>\$ 72,054,762</u>	<u>\$ 5,867,037</u>	<u>\$ 77,921,799</u>
Deferred Inflows Related to OPEB			
Post Employment City of Kingsport	\$ 7,065,271	\$ 1,569,386	\$ 8,634,657
Post Employment City Schools Pre 65	6,842,566	0	6,842,566
Post Employment City Schools Post 65	13,204,475	0	13,204,475
Total Deferred Inflows Related to OPEB	<u>\$ 27,112,312</u>	<u>\$ 1,569,386</u>	<u>\$ 28,681,698</u>
Net OPEB Expense			
Post Employment City of Kingsport	\$ 1,015,337	\$ 225,532	\$ 1,240,869
Post Employment City Schools Pre 65	1,746,486	0	1,746,486
Post Employment City Schools Post 65	646,823	0	646,823
Total OPEB Expense	<u>\$ 3,408,646</u>	<u>\$ 225,532</u>	<u>\$ 3,634,178</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

E. On-Behalf Payments

As required by GASB Statement No. 24, *Accounting, and Financial Reporting for Certain Grants and Other Financial Assistance*, the following on-behalf payments have been recorded.

Teacher Group OPEB Plan

The State of Tennessee made contribution (on-behalf payments) for retired teachers who participated in the State-administered Teacher Group OPEB Plan through TCRS. The on-behalf payments for fiscal year 2023 was \$348,031 and has been recorded as revenue and expenditure in the General Purpose School fund.

Medicare Supplement Plan

The State of Tennessee made contributions (on-behalf payments) for retired teachers who participated in the Medicare Supplement plan through the TCRS. For fiscal year 2023, on-behalf payments made by the State of Tennessee totaled, \$40,293 and have been recorded as revenue and expenditure in the general purpose school fund.

During the year ended June 30, 2024, Kingsport City Schools contributed \$1,053,909 to the Medicare Supplement plan.

F. Economic Dependency

A material portion of the City's property tax revenue is derived from one taxpayer, the loss of which would have a material effect on the City. During the tax years ended December 31, 2023 and 2024, the taxes assessed on the previously mentioned taxpayer, accounted for approximately 24.7% and 21.7% respectively, of the total property taxes assessed for each tax year.

G. Joint Ventures

Phipps Bend Joint Venture

The IDBK entered into a joint venture with the Hawkins County Industrial Development Board (HCIDB) to purchase and develop land known as Phipps Bend for industrial purposes.

According to the Joint Venture Agreement, HCIDB shall have an 80% interest and IDBK shall have a 20% interest in the profit and losses of the Joint Venture. However, each party shall have an equal 50% right to control, manage, operate, and otherwise deal with the Joint Venture in all matters and respects. A separate capital account is maintained for each party. No party shall withdraw any part of its original or additional capital account without the express written agreement of both parties respectively. IDBK's investment in the Phipps Bend Joint Venture at June 30, 2024 is valued as follows:

Note Receivable from Phipps Bend Venture	\$ 464,057
20% interest in capital of Phipps Bend Joint	<u>181,945</u>
Total Investment	<u><u>\$ 646,002</u></u>

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

G. Joint Ventures (continued)

Audited information for the Phipps Bend joint venture as of June 30, 2024 is as follows:

	<u>Phipps Bend Joint Venture</u>
Operating Revenues	\$ 4,579
Operating Expenses	(32,799)
Non Operating Revenues	1,364
Non Operating Expenses	0
Capital Transactions	
Accounting fees paid by Hawkins County	7,000
 Change in Net Position	 (19,856)
 Net Position, July 1	 976,411
 Net Postion, June 30	 \$ 956,555
 Total Assets	 \$ 2,348,827
Total Liabilities	(1,392,272)
 Total Net Position	 \$ 956,555

Complete financial statements for the joint venture may be obtained at the administrative offices of:

Phipps Bend Joint Venture
C/o Rebecca Baker
107 East Main Street, Suite 221
Rogersville, TN 37857

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

H. Jointly Governed Organization

Tri-Cities Airport Authority

The Tri-Cities Airport Authority, (the Airport) is jointly governed by representatives of Johnson City; Kingsport; Bristol, Tennessee; Bristol, Virginia and Washington and Sullivan Counties, Tennessee, and operates the Tri-Cities Regional Airport, TN/VA. The City initially contributed 20 percent of the start-up costs of the Airport in 1934 and has not contributed further since 1967. The City is represented by two of the Airport's twelve commissioners. The Airport prepares its own separate financial statements. The participating governments do not record any balances for the Airport. If the Airport ceased operations, disposition of its assets would be controlled by the Federal Aviation Administration. The City would not be guaranteed a return of its initial investments or subsequent retained earnings.

Complete financial statements for the jointly governed organization may be obtained at the administrative offices of:

Tri-Cities Airport Authority
ATTN: Director of Finance
2525 Highway 75, Suite 301
Blountville, TN 37617

Audited information for the Tri-Cities Regional Airport Authority jointly governed organization as of June 30, 2024 is presented below:

	<u>Tri-Cities Airport Authority</u>
Operating Revenues	\$ 8,762,237
Operating Expenses	(8,491,913)
Depreciation	(6,252,387)
Non Operating Revenues	2,124,684
Non Operating Expenses	(187,374)
Capital Contributions	<u>5,810,210</u>
Change in Net Position	1,765,457
Beginning Net Position, July 1	<u>109,010,491</u>
Net Position, June 30	<u>\$ 110,775,948</u>
Total Assets	\$ 121,245,269
Total Deferred Outflows of Resources	552,685
Total Liabilities	(6,833,719)
Total Deferred Inflows of Resources	<u>(4,188,287)</u>
Total Net Position	<u>\$ 110,775,948</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

I. Leases

Lessor Activity

The IDBK leases two IDBK owned properties to lessees. These leases range from 5 years to 30 years. IDBK recognized lease revenue for non-cancellable operating leases for the year ended June 30, 2024 as follows:

The lease is between IDBK and Palmex Food Group Tennessee, and includes a parcel of land, including a building and easements pertaining thereto and all stationary utility fixtures, lines, pipes, tanks, etc., presently installed and now operated in the 13th Civil District of Sullivan County, Tennessee.

Lessor or Lessee:	Lessor
Fund with Lease:	Component Unit
Department with Lease:	IDBK
Leased Asset:	Building
Asset Description:	Palmex
Inception Date	7/1/2021
Lease Term in Years	20
Monthly Payments	\$ 39,575
Payments Made At First or End of Year	Beginning
Annual Discount (Interest) Rate	3.15%
 Beginning inflows of resources for leases	 \$ 6,160,405
Total Amount of inflows of resources recognized in the reporting period from leases	357,953
Ending inflows of resources for leases	\$ 5,802,452

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 291,263	\$ 183,638	\$ 474,901
2026	300,572	174,329	474,901
2027	310,177	164,724	474,901
2028	320,090	154,811	474,901
2029	330,320	144,581	474,901
2030 - 2034	1,816,861	557,646	2,374,507
2035 - 2039	2,126,344	248,163	2,374,507
2040 - 2044	466,898	8,004	474,902
	\$ 5,962,525	\$ 1,635,896	\$ 7,598,421

**CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024**

5. OTHER INFORMATION (CONTINUED)

I. Leases (continued)

Lessor Activity (continued)

The lease is between IDBK and Kingsport Chamber Foundation, and includes a building with 5,432 square feet located in the City of Kingsport, 11th Civil District of Sullivan County, and Tennessee on the grounds of the Meadowview Convention Center Complex.

Lessor or Lessee:	Lessor
Fund with Lease:	Component Unit
Department with Lease:	IDBK
Leased Asset:	Building
Asset Description:	Kingsport Chamber Foundation
Inception Date	9/1/2022
Lease Term in Years	4.7
Monthly Payments	<u>\$ 3,000</u>
Payments Made At First or End of Year	Beginning
Annual Discount (Interest) Rate	3.51%
 Beginning inflows of resources for leases	 \$ 127,491
 Total Amount of inflows of resources recognized in the reporting period from leases	 <u>33,259</u>
Ending inflows of resources for leases	<u>\$ 94,232</u>

Lease Payment Schedule - Kingsport Chamber Foundation

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2025	\$ 33,126	\$ 2,874	\$ 36,000
2026	34,308	1,692	36,000
2027	29,522	478	30,000
	<u>\$ 96,956</u>	<u>\$ 5,044</u>	<u>\$ 102,000</u>

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

I. Leases (continued)

Lessee Activity

The IDBK has two leasing arrangements in which the IDBK is the lessee. The IDBK is leasing a building at 117 Sevier Avenue. The building is a medical office space and will be used for the purposes of setting up a Dental Clinic that will be staffed by students from ETSU and UT Memphis School of Dentistry. The base rent will be payable in monthly installments of \$5.90 per square foot or \$5.90 in year 1. Beginning in year 2, the base rent will be payable in monthly installments of \$14.00 per square foot or \$8,260 and increase annually by a rate of 3%. An initial deposit of \$12,980 was paid at the beginning of the lease agreement and will be returned upon the completion of this agreement. The interest rate on the lease is 3.51%.

Lease expense and changes in lease liabilities are as follows:

Lease expense		
Amortization expense by class of underlying asset		
Building	\$	15,962
Total amortization expense		15,962
Interest on lease liabilities		16,497
Total	\$	32,459

	Year Ending June 30, 2023	Additions	Deletions	Year Ending June 30, 2024	Amounts due within one year
Lease Assets					
Building	\$ 478,862	\$ 0	\$ 0	\$ 478,862	
Less: Accumulated Amortization					
Building	(7,981)	(15,962)	0	(23,943)	
	(7,981)	(15,962)	0	(23,943)	
Total Lease Assets, net	\$ 486,843	\$ (15,962)	\$ 0	\$ 454,919	
Lease Liabilities	\$ 472,700	\$ 0	\$ 33,099	\$ 439,601	\$ 86,547

Maturities and future interest requirements related to the balances of lease liabilities outstanding as of June 30, 2024, are summarized as follows:

Year ended June 30,	Principal	Interest	Total Payment
2025	\$ 86,547	\$ 14,059	\$ 100,606
2026	92,692	10,924	103,616
2027	99,164	7,567	106,731
2028	105,974	3,978	109,952
2029	55,224	567	55,791
	\$ 439,601	\$ 37,095	\$ 476,696

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

J. Leases (continued)

Lessee Activity (continued)

The IDBK is leasing a property at 435 Press Street. The building is a warehouse space, known as the Dobyms-Taylor Warehouse, that has been turned into commercial office space. The base rent will be payable in monthly installments of \$6,777.60 and will increase annually by 2.15%. The interest rate on the lease is 4.10%.

Lease expense and changes in lease liabilities are as follows:

Lease expense		
Amortization expense by class of underlying asset		
Building	\$	15,962
Total amortization expense		15,962
Interest on lease liabilities		16,497
Total	\$	32,459

	Year Ending June 30, 2023	Additions	Deletions	Year Ending June 30, 2024	Amounts due within one year
Lease Assets					
Building	\$ 0	\$ 1,592,160	\$ 0	\$ 1,592,160	
Less: Accumulated Amortization					
Building	0	(63,509)	0	(63,509)	
	0	(63,509)	0	(63,509)	
Total Lease Assets, net	\$ 0	\$ 1,528,651	\$ 0	\$ 1,528,651	
Lease Liabilities	\$ 0	\$ 1,592,160	\$ 22,007	\$ 1,570,153	\$ 19,059

Maturities and future interest requirements related to the balances of lease liabilities outstanding as of June 30, 2024, are summarized as follows:

Year ended June 30,	Principal	Interest	Total Payment
2025	\$ 19,059	\$ 64,021	\$ 83,080
2026	21,675	63,191	84,866
2027	24,440	62,250	86,690
2028	27,361	61,194	88,555
2029	30,444	60,014	90,458
2030 - 2034	204,725	277,590	482,315
2035 - 2039	311,074	225,368	536,442
2040 - 2044	448,291	148,352	596,643
2045 - 2048	483,084	42,090	525,174
	\$ 1,570,153	\$ 1,004,070	\$ 2,574,223

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

K. SBITAs

The City of Kingsport did not have any SBITA agreements that met the criteria for GASB 96 as of 6/30/24.

L. Conduit Debt Obligations

In 2009, Series 2009 Capital A Bonds (Model City Apartment Project) were issued as a series of four bonds by the IDBK with total principal indebtedness of \$11,050,000. The proceeds were used by Model City II, LP to finance the cost of renovating an apartment complex in the city as well as a portion being set aside to redeem the then existing 2003 Capital A bonds as they matured. The bonds were paid off in February 2024.

M. Subsequent Events

In June 2024, bids were opened for the Kingsport Resurfacing Project. The bid was awarded to Summers-Taylor, Inc. in the amount of \$2,295,402.50, with a 6% contingency of \$137,724.

In June 26, 2024, bids were opened for the Waterline Upgrades for the Sullivan County Water project, serving the Gravely Road, Thomas Street, and Midway areas. The bid has been awarded to Traxon Construction, Inc. in the amount of \$2,002,507, with a 6% contingency of \$120,150, and 14% additional fees related to engineering, admin, and inspection totaling \$297,172. The total project costs are expected to be \$2,419,829.

In August 2024, an assessment of the existing Headworks was proposed in preparation for the implementation of the Equalization (EQ) Basin Project and in consideration of the results of the completed Wastewater Treatment Plant Master Plan. CDM Smith was awarded the contract in the amount of \$238,000.

In August 2024, the City applied for and received a Tennessee State Library & Archives (TSLA) Construction Grant. This is a reimbursable grant of up to \$200,000 with a 10% match.

In September 2024, the BMA authorized the purchase 72 Blue Bird school buses from Central States Bus Sales, Inc., utilizing the Sourcewell Contract, in the amount of \$166,408 each, for a total cost of \$1,497,672. With Sourcewell, agencies can utilize competitively solicited contracts to help save time and resources while still meeting purchasing requirements. Funding will be from the Fleet Replacement Fund.

In September 2024, the City awarded a bid for the Fox Den Playground Project at Bays Mountain Park to Inland Construction in the amount of \$858,000. Total project costs are \$941,960. The anticipated opening date will be in the summer of 2025. Of the total project costs \$667,260 are from private donors, the Bays Mountain Park Association, and the Bays Mountain Park Commission.

In October 2024, the City approved to authorize the issuance of 12-year Qualified Tax – Exempt Capital Outlay Notes, Series 2024 not to exceed \$2,000,000. The proceeds will be used to fund the purchase of the new Customer Information System, implementation, setup, training, and other related costs. Bid requests for the Capital Outlay Notes were emailed to local banks on September 19th with reply due by September 24th at 11:00 a.m. First Horizon Bank was the lowest compliant bidder with interest rate of 4.27%.

CITY OF KINGSPORT, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2024

5. OTHER INFORMATION (CONTINUED)

M. Subsequent Events (continued)

In October 2024, the City entered into an agreement with Hansen Banner, LLC for the purchase of a new Software Customer Information System (CIS) and service agreement. The goal is to improve customer service by streamlining access to utility accounts and methods of payment while modernizing the billing process to ensure accuracy and efficiency. The cost of the software is \$1,060,064.00 plus vendor travel expenses, which will be paid in portions based on milestones defined in the Agreement. The timeline of this implementation project is to commence in October 2024 and “Go-Live” in December 2025.

In August 2024, the City of Kingsport was awarded a \$2,900,000 Local Parks and Recreation Fund grant from Tennessee Department of Environment and Conservation. The funds will be used for improvements at Bays Mountain Park and the Brickyard Park Complex.

In October 2024, Kingsport received a \$6,500,000 miscellaneous appropriation from the State of Tennessee to help fund the second phase of the Kingsport Dental Clinic. The clinic opened in September 2024. Dental students from University of Tennessee Memphis and dental hygiene students from East Tennessee State University will work at the clinic on a rotational basis.

In November 2024 the City was awarded a \$2,000,000 Connected Community Facilities competitive grant from Tennessee Department of Economic and Community Development to help with renovations of the Kingsport Public Library.

In November 2024, the purchase of a Pumper Truck with Enforcer Chassis from Siddons-Martin Emergency Group, utilizing Sourcewell contract, for use by the Fire Department, was approved. The delivery from the dealership to the agency is included in the total price of \$1,186,267. Payment will not be made until the truck is delivered on or before January 6, 2028. This is a fleet replacement purchase.

In December 2024, the Board of Mayor and Aldermen approved purchase of a 38.68 acre property located adjacent to Bays Mountain Park. The property includes sections of Laural Run Creek and a waterfall. Purchase price of the property was \$315,000.

On December 17, 2024, the City received the first draw of \$1,498,120 on the new State Revolving Loan Fund debt DWF 23-254. The State of Tennessee previously approved a State Revolving Fund Loan for the improvements to the high service pump station at the water treatment plant. The loan is up to \$7,000,000 with interest only due until project completion. The interest rate is 2.13% and the loan will be amortized over 20 years at completion of construction.

On December 5, 2024, the IDBK issued Exempt Facility Bonds (Domtar Project), Series 2024 totaling \$59,870,000 for Domtar Paper Company, LLC, where the funds will be used to finance or refinance a project that will consist of the acquisition and installation of equipment, and the making of certain renovations to the Kingsport Mill. The 2024 bonds will mature on December 1, 2054.

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

City of Kingsport
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of the TCRS
Fiscal Year Ended June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service Cost	\$ 3,134,841	\$ 2,928,686	\$ 2,641,482	\$ 2,561,651	\$ 2,682,495	\$ 2,563,093	\$ 2,418,469	\$ 2,280,676	\$ 2,428,098	\$ 2,178,754
Interest	13,948,239	14,225,977	14,899,301	15,290,619	15,337,903	15,902,804	16,493,665	17,025,502	16,853,422	17,778,916
Changes in Benefit Terms	0	0	0	0	0	0	0	0	0	0
Differences Between Actual & Expected Experience	(4,085,461)	1,727,975	(2,335,240)	(5,025,737)	556,022	1,300,327	888,913	(4,830,360)	8,821,594	8,111,003
Change of Assumptions	0	0	0	4,884,302	0	0	0	13,385,169	0	0
Benefit Payments, Including Refunds of Employee Contributions	(8,744,114)	(9,432,488)	(9,803,076)	(10,013,182)	(10,285,453)	(11,045,104)	(11,898,492)	(12,756,651)	(13,568,542)	(14,716,948)
Net Change in Total Pension Liability	4,253,505	9,450,150	5,402,467	7,697,653	8,290,967	8,721,120	7,902,555	15,104,336	14,534,572	13,351,725
Total Pension Liability-Beginning	187,213,741	191,467,246	200,917,396	206,319,863	214,017,516	222,308,483	231,029,603	238,932,158	254,036,494	268,571,066
Total Pension Liability-Ending (a)	<u>\$191,467,246</u>	<u>\$ 200,917,396</u>	<u>\$206,319,863</u>	<u>\$214,017,516</u>	<u>\$222,308,483</u>	<u>\$231,029,603</u>	<u>\$238,932,158</u>	<u>\$254,036,494</u>	<u>\$268,571,066</u>	<u>\$281,922,791</u>
Plan Fiduciary Net Position										
Contributions-Employer	\$ 6,099,494	\$ 5,677,773	\$ 5,449,196	\$ 5,411,825	\$ 5,297,090	\$ 5,735,438	\$ 5,807,518	\$ 5,510,253	\$ 5,194,398	\$ 6,280,224
Contributions-Employee	149,333	138,269	128,305	125,734	121,321	111,298	104,498	107,141	109,242	120,130
Net Investment Income	24,199,909	5,146,329	4,463,037	19,072,897	15,161,522	14,350,101	9,990,910	52,832,924	(9,559,711)	15,592,616
Benefit Payments, Including Refunds of Employee Contributions	(8,744,114)	(9,432,488)	(9,803,076)	(10,013,182)	(10,285,453)	(11,045,104)	(11,898,492)	(12,756,651)	(13,568,542)	(14,716,948)
Administrative Expense	(42,145)	(43,337)	(59,140)	(63,078)	(66,245)	(57,018)	(52,685)	(48,454)	(46,945)	(88,452)
Net Change in Plan Fiduciary Net Position	21,662,477	1,486,546	178,322	14,534,196	10,228,235	9,094,715	3,951,749	45,645,213	(17,871,558)	7,187,570
Plan Fiduciary Net Position-Beginning	147,261,088	168,923,565	170,410,111	170,588,433	185,122,629	195,350,864	204,445,579	208,397,328	254,042,541	236,170,983
Plan Fiduciary Net Position-Ending (b)	<u>\$168,923,565</u>	<u>\$ 170,410,111</u>	<u>\$170,588,433</u>	<u>\$185,122,629</u>	<u>\$195,350,864</u>	<u>\$204,445,579</u>	<u>\$208,397,328</u>	<u>\$254,042,541</u>	<u>\$236,170,983</u>	<u>\$243,358,553</u>
Net Pension Liability (Asset)- Ending (a) - (b)	<u>\$ 22,543,681</u>	<u>\$ 30,507,285</u>	<u>\$ 35,731,430</u>	<u>\$ 28,894,887</u>	<u>\$ 26,957,619</u>	<u>\$ 26,584,024</u>	<u>\$ 30,534,830</u>	<u>\$ (6,047)</u>	<u>\$ 32,400,083</u>	<u>\$ 38,564,238</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>88.23%</u>	<u>84.82%</u>	<u>82.68%</u>	<u>86.50%</u>	<u>87.87%</u>	<u>88.49%</u>	<u>87.22%</u>	<u>100.00%</u>	<u>87.94%</u>	<u>86.32%</u>
Covered Payroll	<u>\$ 35,655,016</u>	<u>\$ 33,574,550</u>	<u>\$ 32,180,488</u>	<u>\$ 31,970,958</u>	<u>\$ 30,929,617</u>	<u>\$ 29,333,269</u>	<u>\$ 27,887,750</u>	<u>\$ 25,869,732</u>	<u>\$ 24,340,450</u>	<u>\$ 24,506,709</u>
Net Pension Liability as a Percentage of Covered Payroll	63.23%	90.86%	111.03%	90.38%	87.16%	90.63%	109.49%	-(0.02)%	133.11%	157.36%

Changes of assumptions. In 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. In 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.

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**City of Kingsport
Schedule of Contributions
Based on Participation in the Public Employee Pension Plan of the TCRS
Fiscal Year Ended June 30**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 5,677,773	\$ 5,449,196	\$ 5,390,303	\$ 5,297,090	\$ 5,734,838	\$ 5,807,518	\$ 5,510,253	\$ 5,194,398	\$ 6,280,224	\$ 7,046,384
Contributions in Relation to the Actuarially Determined Contribution	<u>5,677,773</u>	<u>5,449,196</u>	<u>5,411,825</u>	<u>5,297,090</u>	<u>5,734,838</u>	<u>5,807,518</u>	<u>5,510,253</u>	<u>5,194,398</u>	<u>6,280,224</u>	<u>7,046,384</u>
Contribution Deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (21,522)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	<u>\$ 33,574,550</u>	<u>\$ 32,180,488</u>	<u>\$ 31,970,958</u>	<u>\$ 30,929,617</u>	<u>\$ 29,333,269</u>	<u>\$ 27,887,750</u>	<u>\$ 25,869,732</u>	<u>\$ 24,340,450</u>	<u>\$ 24,506,709</u>	<u>\$ 24,256,055</u>
Contributions as a Percentage of Covered Payroll	<u>16.91%</u>	<u>16.93%</u>	<u>16.93%</u>	<u>17.13%</u>	<u>19.55%</u>	<u>20.82%</u>	<u>21.30%</u>	<u>21.34%</u>	<u>25.63%</u>	<u>29.05%</u>

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**City of Kingsport
Notes to Schedule
Public Employee Pension Plan of the TCRS**

Valuation Date

Actuarially determined contribution rates for Fiscal Year 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and Assumptions Used to Determine 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 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, 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	2.125 percent

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

City of Kingsport
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the City Hybrid Pension of the TCRS
Fiscal Year Ended June 30

	2023
Total Pension Liability	
Service Cost	\$ 732,898
Interest	0
Changes in Benefit Terms	0
Differences Between Actual & Expected Experience	0
Change of Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	0
Net Change in Total Pension Liability	732,898
Total Pension Liability-Beginning	-
Total Pension Liability-Ending (a)	\$ 732,898
Plan Fiduciary Net Position	
Contributions-Employer	\$ 274,113
Contributions-Employee	505,677
Net Investment Income	25,590
Benefit Payments, Including Refunds of Employee Contributions	0
Administrative Expense	(18,400)
Net Change in Plan Fiduciary Net Position	786,980
Plan Fiduciary Net Position-Beginning	-
Plan Fiduciary Net Position-Ending (b)	\$ 786,980
Net Pension Liability (Asset)- Ending (a) - (b)	\$ (54,082)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.38%
Covered Payroll	\$ 10,113,428
Net Pension Liability as a Percentage of Covered Payroll	-0.53%

Changes of assumptions. In 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. In 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.

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.

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**City of Kingsport
Schedule of Contributions
Based on Participation in the City Hybrid Pension of the TCRS
Fiscal Year Ended June 30**

	2023	2024
Actuarially Determined Contribution	\$ 274,113	\$ 304,653
Contributions in Relation to the Actuarially Determined Contribution	274,113	304,653
Contribution Deficiency (excess)	\$ 0	\$ 0
 Covered Payroll	 \$10,113,428	 \$ 13,822,122
 Contributions as a Percentage of Covered Payroll	 2.71%	 2.20%

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.

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**City of Kingsport
Notes to Schedule
City Hybrid Pension of the TCRS**

Valuation Date

Actuarially determined contribution rates for Fiscal Year 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and Assumptions Used to Determine 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 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, 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	2.125 percent

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

Kingsport City Schools
Schedule of Proportionate Share of Net Pension Liability (Asset)
Teacher Legacy Pension Plan of the TCRS
Fiscal Year Ended June 30*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the Net Pension Liability (Asset)	0.83%	0.86%	0.88%	0.89%	0.90%	0.93%	0.93%	0.95%	0.93%	0.91%
Proportionate Share of the Net Pension Liability (Asset)	\$ (135,007)	\$ 350,455	\$ 5,468,376	\$ (291,014)	\$ (3,166,290)	\$ (9,515,735)	\$ (7,115,078)	\$ (40,908,145)	\$ (11,434,331)	\$ (10,784,523)
Covered Payroll	\$ 32,610,169	\$32,026,901	\$31,586,342	\$31,441,513	\$31,507,841	\$30,974,844	\$31,053,810	\$ 31,130,263	\$ 30,673,790	\$ 29,683,670
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	-(0.41)%	(1.09)%	(17.31)%	-(0.93)%	-(10.05)%	-(30.72)%	-(22.91)%	-(131.41)%	-(37.28)%	-(36.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%	104.11%

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

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**Kingsport City Schools
Schedule of Contributions
Teacher Legacy Pension Plan of the TCRS
Fiscal Year Ended June 30**

	<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>	<u>2024</u>
Contractually Required Contribution	\$ 2,895,224	\$ 2,855,408	\$ 2,842,315	\$ 2,860,912	\$ 3,246,064	\$ 3,301,020	\$ 3,196,964	\$ 3,160,339	\$ 2,579,512	\$ 2,103,662
Contributions in Relation to the Contractually Required Contribution	<u>2,895,224</u>	<u>2,855,408</u>	<u>2,842,315</u>	<u>2,860,912</u>	<u>3,246,064</u>	<u>3,301,020</u>	<u>3,196,964</u>	<u>3,160,339</u>	<u>2,579,512</u>	<u>2,103,662</u>
Contribution Deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	<u>\$ 32,026,901</u>	<u>\$ 31,586,342</u>	<u>\$ 31,441,513</u>	<u>\$ 31,507,841</u>	<u>\$ 30,974,844</u>	<u>\$ 31,053,810</u>	<u>\$ 31,130,263</u>	<u>\$ 30,673,790</u>	<u>\$ 29,683,670</u>	<u>\$ 30,890,778</u>
Contributions as a Percentage of Covered Payroll	<u>9.04%</u>	<u>9.04%</u>	<u>9.04%</u>	<u>9.08%</u>	<u>10.48%</u>	<u>10.63%</u>	<u>10.27%</u>	<u>10.30%</u>	<u>8.69%</u>	<u>6.81%</u>

Changes in Assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**Kingsport City Schools
Schedule of Proportionate Share of Net Pension Liability (Asset)
Teacher Retirement Plan of the TCRS
Fiscal Year Ended June 30***

	<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>
Proportion of the Net Pension Liability (Asset)	0.42%	0.56%	0.71%	0.74%	0.69%	0.63%	0.61%	0.62%	0.68%
Proportionate Share of the Net Pension Liability (Asset)	\$ (16,828)	\$ (58,657)	\$ (187,351)	\$ (336,180)	\$ (390,297)	\$ (360,155)	\$ (664,607)	\$ (187,819)	\$ (288,843)
Covered Payroll	\$ 869,128	\$ 2,479,203	\$ 4,660,725	\$ 6,477,700	\$ 7,316,600	\$ 7,992,493	\$ 8,854,931	\$ 10,588,070	\$ 13,548,969
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	-(1.94)%	-(2.37)%	-(4.02)%	-(5.19)%	-(5.33)%	-(4.51)%	-(7.51)%	-(1.77)%	-(2.13)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%	104.97%

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

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.

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**Kingsport City Schools
Schedule of Contributions
Teacher Retirement Plan of the TCRS
Fiscal Year Ended June 30**

	<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>	<u>2024</u>
Contractually Required Contribution	\$ 21,728	\$ 62,059	\$ 186,429	\$ 259,108	\$ 141,942	\$ 162,248	\$ 178,869	\$ 212,819	\$ 388,855	\$ 483,130
Contributions in Relation to the Contractually Required Contribution	<u>34,765</u>	<u>99,168</u>	<u>186,429</u>	<u>259,108</u>	<u>141,942</u>	<u>162,248</u>	<u>178,869</u>	<u>212,819</u>	<u>388,855</u>	<u>483,130</u>
Contribution Deficiency (excess)	<u>\$ (13,037)</u>	<u>\$ (37,109)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	<u>\$ 869,128</u>	<u>\$ 2,479,203</u>	<u>\$ 4,660,725</u>	<u>\$ 6,477,700</u>	<u>\$ 7,316,600</u>	<u>\$ 7,992,493</u>	<u>\$ 8,854,931</u>	<u>\$10,588,070</u>	<u>\$13,548,969</u>	<u>\$16,377,413</u>
Contributions as a Percentage of Covered Payroll	<u>4.00%</u>	<u>4.00%</u>	<u>4.00%</u>	<u>4.00%</u>	<u>1.94%</u>	<u>2.03%</u>	<u>2.02%</u>	<u>2.01%</u>	<u>2.87%</u>	<u>2.95%</u>

Changes in Assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

Note: The City is required to contribute 4% of covered payroll. For years that show less than 4%, the difference was invested in the Pension Stabilization Reserve Trust.

CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024

City of Kingsport
Schedule of Changes in Net OPEB Liability and Related Ratios
City Employees Post Employment Health and Life Insurance
June 30, 2024

Primary Government - Local Plan

	<u>Plan Year 2018</u>	<u>Plan Year 2019</u>	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>	<u>Plan Year 2023</u>	<u>Plan Year 2024</u>
Total OPEB Liability							
Service cost	\$ 1,337,168	\$ 1,121,257	\$ 1,226,041	\$ 1,213,070	\$ 1,648,744	\$ 983,079	\$ 956,227
Interest on total OPEB liability	1,054,578	1,050,014	1,020,734	737,050	796,077	1,260,781	1,203,443
Changes in benefit terms	0	0	0	0	0	0	0
Difference between expected and actual experience	(3,995,091)	(955,196)	(4,819,997)	5,160,343	(2,249,157)	(2,551,084)	1,206,259
Changes in assumptions	(25,242)	875,811	1,519,904	1,424,033	(4,468,017)	(91,538)	1,595,796
Benefit payments	<u>(773,365)</u>	<u>(183,289)</u>	<u>(313,829)</u>	<u>(297,016)</u>	<u>(359,518)</u>	<u>(819,964)</u>	<u>(1,711,619)</u>
Net change in total OPEB liability	(2,401,952)	1,908,597	(1,367,147)	8,237,480	(4,631,871)	(1,218,726)	3,250,106
Total OPEB liability - beginning	<u>28,503,610</u>	<u>26,101,658</u>	<u>28,010,256</u>	<u>26,643,109</u>	<u>34,880,589</u>	<u>30,248,717</u>	<u>29,029,991</u>
Total OPEB liability - ending	<u>26,101,658</u>	<u>28,010,255</u>	<u>26,643,109</u>	<u>34,880,589</u>	<u>30,248,718</u>	<u>29,029,991</u>	<u>32,280,097</u>
Plan Fiduciary Net Position							
Contributions - employer	773,365	183,289	313,829	297,016	359,518	819,964	1,711,619
Contributions - employee	0	0	0	0	0	0	0
Net investment income	0	0	0	0	0	0	0
Benefit payments	(773,365)	(183,289)	(313,829)	(297,016)	(359,518)	(819,964)	(1,711,619)
Administrative expenses	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Net change in plan fiduciary net position	0	0	0	0	0	0	0
Plan fiduciary net position - beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Plan fiduciary net position - ending	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net OPEB liability - ending	<u>\$ 26,101,658</u>	<u>\$ 28,010,255</u>	<u>\$ 26,643,109</u>	<u>\$ 34,880,589</u>	<u>\$ 30,248,718</u>	<u>\$ 29,029,991</u>	<u>\$ 32,280,097</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Covered payroll	<u>\$ 32,082,945</u>	<u>\$ 32,104,506</u>	<u>\$ 31,803,203</u>	<u>\$ 32,757,299</u>	<u>\$ 32,506,951</u>	<u>\$ 40,827,565</u>	<u>\$ 41,380,005</u>
Net OPEB liability as a percentage of covered payroll	<u>81.4%</u>	<u>87.2%</u>	<u>83.8%</u>	<u>106.5%</u>	<u>93.1%</u>	<u>71.1%</u>	<u>78.0%</u>

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

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

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**Kingsport City Schools
Schedule of Changes in Net OPEB Liability and Related Ratios
Pre 65 Employees Post Employment Health and Life Insurance
June 30, 2024**

Schools - Pre 65

	<u>Plan Year 2017</u>	<u>Plan Year 2018</u>	<u>Plan Year 2019</u>	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>	<u>Plan Year 2023</u>
Total OPEB Liability							
Service cost	\$ 1,242,765	\$ 1,153,973	\$ 621,886	\$ 948,206	\$ 1,082,810	\$ 1,216,514	\$ 799,321
Interest on total OPEB liability	602,104	728,693	379,447	675,609	439,534	484,881	691,580
Changes in benefit terms	0	(822,660)	1,721,006	0	0	(2,724,125)	-
Difference between expected and actual experience	0	(9,682,354)	8,278,348	(1,850,005)	1,286,156	1,398,161	671,522
Changes in assumptions	(858,352)	263,689	(1,458,039)	1,795,042	669,416	(1,743,631)	1,548,129
Benefit payments	(994,943)	(1,102,686)	(1,099,473)	(1,105,906)	(1,016,433)	(1,087,546)	(1,170,095)
Net change in total OPEB liability	(8,426)	(9,461,345)	8,443,175	462,946	2,461,483	(2,455,746)	2,540,457
Total OPEB liability - beginning	<u>19,874,708</u>	<u>19,866,282</u>	<u>10,404,937</u>	<u>18,848,112</u>	<u>19,311,058</u>	<u>21,772,541</u>	<u>19,316,795</u>
Total OPEB liability - ending	<u>19,866,282</u>	<u>10,404,937</u>	<u>18,848,112</u>	<u>19,311,058</u>	<u>21,772,541</u>	<u>19,316,795</u>	<u>21,857,252</u>
Plan Fiduciary Net Position							
Contributions - employer	1,757,282	116,177	1,889,379	962,691	1,025,904	(980,235)	991,049
Contributions - employee	0	0	0	0	0	0	0
Net investment income	0	0	0	0	0	0	0
Benefit payments	(1,757,282)	(116,177)	(1,889,379)	(962,691)	(1,025,904)	980,235	(991,049)
Administrative expenses	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Net change in plan fiduciary net position	0	0	0	0	0	0	0
Plan fiduciary net position - beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Plan fiduciary net position - ending	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net OPEB liability - ending	<u>\$ 19,866,282</u>	<u>\$ 10,404,937</u>	<u>\$ 18,848,112</u>	<u>\$ 19,311,058</u>	<u>\$ 21,772,541</u>	<u>\$ 19,316,795</u>	<u>\$ 21,857,252</u>

(continued)

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**Kingsport City Schools
Schedule of Changes in Net OPEB Liability and Related Ratios
Pre 65 Employees Post Employment Health and Life Insurance
June 30, 2024**

Schools - Pre 65

	<u>Plan Year 2017</u>	<u>Plan Year 2018</u>	<u>Plan Year 2019</u>	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>	<u>Plan Year 2023</u>
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%	0%	0%	0%
Covered payroll	\$ 42,671,617	\$ 43,617,259	\$ 45,505,667	\$ 46,823,809	\$ 47,517,094	\$ 47,523,694	\$ 48,413,366
Net OPEB liability as a percentage of covered payroll	46.6%	23.9%	41.4%	41.2%	45.8%	40.6%	45.1%
Non-employer contributing entities proportionate share of the collective total OPEB liability	<u>3,599,631</u>	<u>2,333,848</u>	<u>4,125,117</u>	<u>4,542,367</u>	<u>5,303,290</u>	<u>5,247,465</u>	<u>6,319,828</u>
Employer's proportionate share of the collective total OPEB liability	<u>16,266,651</u>	<u>8,071,089</u>	<u>14,722,995</u>	<u>14,768,691</u>	<u>16,469,251</u>	<u>14,069,330</u>	<u>15,537,424</u>
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	<u>38.1%</u>	<u>18.5%</u>	<u>32.4%</u>	<u>31.5%</u>	<u>34.7%</u>	<u>29.6%</u>	<u>32.1%</u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2018 information was presented in the entity's fiscal year 2019 financial report.

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

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**Kingsport City Schools
Schedule of Changes in Net OPEB Liability and Related Ratios
Post 65 Employees Post Employment Health and Life Insurance
June 30, 2024**

Schools - Post 65

	Plan Year 2017	Plan Year 2018	Plan Year 2019	Plan Year 2020	Plan Year 2021	Plan Year 2022	Plan Year 2023
Total OPEB Liability							
Service cost	\$ 2,165,989	\$ 1,762,492	\$ 1,602,798	\$ 873,403	\$ 1,646,287	\$ 1,085,818	\$ 649,646
Interest on total OPEB liability	878,623	1,034,874	760,193	879,320	847,237	629,920	823,231
Changes in benefit terms	0	0	0	0	0	0	0
Difference between expected and actual experience	0	(9,139,536)	1,005,059	207,267	159,932	376,833	2,441,585
Changes in assumptions	(3,180,197)	(1,089,673)	1,860,884	10,974,865	(10,840,284)	(7,138,730)	6,544,966
Benefit payments	(488,960)	(473,540)	(487,087)	(407,107)	(437,923)	(414,404)	(438,225)
Net change in total OPEB liability	(624,545)	(7,905,383)	4,741,847	12,527,748	(8,624,751)	(5,460,563)	10,021,203
Total OPEB liability - beginning	28,168,327	27,543,782	19,638,399	24,380,246	36,907,994	28,283,243	22,822,680
Total OPEB liability - ending	27,543,782	19,638,399	24,380,246	36,907,994	28,283,243	22,822,680	32,843,883
Plan Fiduciary Net Position							
Contributions - employer	2,656,783	1,081,068	1,020,837	1,905,506	1,042,073	(667,414)	680,755
Contributions - employee	0	0	0	0	0	0	0
Net investment income	0	0	0	0	0	0	0
Benefit payments	(2,656,783)	(1,081,068)	(1,020,837)	(1,905,506)	(1,042,073)	667,414	(680,755)
Administrative expenses	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Net change in plan fiduciary net position	0	0	0	0	0	0	0
Plan fiduciary net position - beginning	0	0	0	0	0	0	0
Plan fiduciary net position - ending	0	0	0	0	0	0	0
Net OPEB liability - ending	\$ 27,543,782	\$ 19,638,399	\$ 24,380,246	\$ 36,907,994	\$ 28,283,243	\$ 22,822,680	\$ 32,843,883

(continued)

**CITY OF KINGSPORT, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2024**

**Kingsport City Schools
Schedule of Changes in Net OPEB Liability and Related Ratios
Post 65 Employees Post Employment Health and Life Insurance
June 30, 2023**

Schools - Post 65

	Plan Year 2017	Plan Year 2018	Plan Year 2019	Plan Year 2020	Plan Year 2021	Plan Year 2022	Plan Year 2023
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%	0%	0%	0%
Covered Employee Payroll	\$ 42,671,617	\$ 43,617,259	\$ 45,505,667	\$ 46,823,809	\$ 47,517,094	\$ 47,523,694	\$ 48,413,366
Net OPEB liability as a percentage of covered payroll	64.5%	45.0%	53.6%	78.8%	59.5%	48.0%	67.8%
Non-employer contributing entities proportionate share of the collective total OPEB liability	2,725,511	2,135,381	3,039,607	3,624,623	2,915,181	2,444,696	2,739,605
Employer's proportionate share of the collective total OPEB liability	24,818,271	17,503,018	21,340,639	33,283,371	25,368,062	20,377,984	30,104,278
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	58.2%	40.1%	46.9%	71.1%	53.4%	42.9%	62.2%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2018 information was presented in the entity's fiscal year 2019 financial report.

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

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

**C. COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF KINGSPORT, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment Earnings	\$ 275,000	\$ 2,426,072	\$ 2,426,071	\$ (1)
Total Revenues	<u>275,000</u>	<u>2,426,072</u>	<u>2,426,071</u>	<u>(1)</u>
EXPENDITURES:				
Principal	10,517,400	10,517,400	10,474,240	43,160
Interest	4,455,400	4,574,893	4,326,890	248,003
Bond Issuance Costs	120,000	507	0	507
Miscellaneous	<u>155,000</u>	<u>163,080</u>	<u>11,432</u>	<u>151,648</u>
Total Expenditures	<u>15,247,800</u>	<u>15,255,880</u>	<u>14,812,562</u>	<u>443,318</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,972,800)</u>	<u>(12,829,808)</u>	<u>(12,386,491)</u>	<u>443,317</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>14,972,800</u>	<u>12,829,808</u>	<u>12,796,507</u>	<u>(33,301)</u>
Total Other Financing Sources (Uses)	<u>14,972,800</u>	<u>12,829,808</u>	<u>12,796,507</u>	<u>(33,301)</u>
Net Change in Fund Balances	0	0	410,016	410,016
Fund Balances, July 1, 2023	<u>0</u>	<u>0</u>	<u>559,729</u>	<u>559,729</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 969,745</u>	<u>\$ 969,745</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2024

	Special Revenue Funds						Permanent Fund		Total Nonmajor Governmental Funds
	Community Development Fund	Special Revenue General Projects Fund	Public Safety Funds	Transportation Funds	Culture & Recreation Funds	Education Funds	Total Special Revenue Funds	Allandale Trust Fund	
ASSETS:									
Cash	\$ 0	\$ 0	\$ 356	\$ 100	\$ 12,731	\$ 4,234,297	\$ 4,247,484	\$ 0	\$ 4,247,484
Equity in Pooled Cash & Investments	0	7,674,809	685,483	55,004	628,153	408,676	9,452,125	6,236	9,458,361
Long Term Certificates of Deposit	0	0	0	0	0	98,000	98,000	152,692	250,692
Investments	0	0	0	0	931,288	76,693	1,007,981	78,387	1,086,368
Accounts Receivable	0	96	0	0	59,420	62,826	122,342	0	122,342
Accrued Interest Receivable	0	0	0	0	0	0	0	244	244
Due from Other Governments	251,952	57,705	424	857,866	824,313	4,441,236	6,433,496	0	6,433,496
Prepays	0	0	0	0	0	6,057	6,057	0	6,057
Inventories	0	0	0	0	32,331	267,353	299,684	0	299,684
Restricted Cash	0	293,263	0	0	0	387,337	680,600	0	680,600
Restricted Investments	0	121,556	62,075	10,422	6,809	0	200,862	0	200,862
Total Assets	\$ 251,952	\$ 8,147,429	\$ 748,338	\$ 923,392	\$ 2,495,045	\$ 9,982,475	\$ 22,548,631	\$ 237,559	\$ 22,786,190
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:									
Liabilities:									
Accounts Payable	\$ 78,999	\$ 467,513	\$ 289	\$ 191,603	\$ 69,968	\$ 846,088	\$ 1,654,460	\$ 0	\$ 1,654,460
Contracts Payable	0	15,270	0	0	0	387,337	402,607	0	402,607
Other Liabilities	0	0	0	0	0	71,268	71,268	0	71,268
Due to Other Funds	156,482	0	0	479,154	355,851	3,393,617	4,385,104	0	4,385,104
Due to Other Governments	0	0	0	0	2,310	0	2,310	0	2,310
Unearned Revenue	0	330,921	13,004	0	0	199,639	543,564	0	543,564
Total Liabilities	235,481	813,704	13,293	670,757	428,129	4,897,949	7,059,313	0	7,059,313
Fund Balances:									
Nonspendable:									
Inventory	0	0	0	0	32,331	267,353	299,684	0	299,684
Prepays	0	0	0	0	0	6,057	6,057	0	6,057
Allandale Trust Principal	0	0	0	0	0	0	0	152,692	152,692
Restricted:									
Internal School Activities	0	0	0	0	0	1,469,794	1,469,794	0	1,469,794
Federal Forfeitures for Public Safety	0	0	62,075	0	0	0	62,075	0	62,075
Hotel Tax for Tourism	0	0	0	0	221,773	0	221,773	0	221,773
Drug Fund Per State Law	0	0	605,743	0	0	0	605,743	0	605,743
Stabilization Reserve Trust for Future Pension Costs	0	0	0	0	6,809	0	6,809	0	6,809
State Street Aid Per State Law	0	0	0	22,767	0	0	22,767	0	22,767
Committed	16,471	7,333,725	67,227	229,868	1,806,003	3,341,322	12,794,616	84,867	12,879,483
Total Fund Balances	16,471	7,333,725	735,045	252,635	2,066,916	5,084,526	15,489,318	237,559	15,726,877
Total Liabilities and Fund Balances	\$ 251,952	\$ 8,147,429	\$ 748,338	\$ 923,392	\$ 2,495,045	\$ 9,982,475	\$ 22,548,631	\$ 237,559	\$ 22,786,190

CITY OF KINGSPORT, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds						Permanent Fund	Total Nonmajor Governmental Funds	
	Community Development Fund	Special Revenue General Projects Fund	Public Safety Funds	Transportation Funds	Culture & Recreation Funds	Education Funds	Total Special Revenue Funds		Allandale Trust Fund
REVENUES:									
Local Option Sales Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,809,227	\$ 0	\$ 4,809,227	\$ 0	\$ 4,809,227
Hotel/Motel Tax Allocation	0	0	0	0	526,873	0	526,873	0	526,873
Federal Government	525,983	1,018,458	18,441	1,071,227	0	18,544,647	21,178,756	0	21,178,756
State Government	128,685	942,122	0	2,649,314	0	1,077,111	4,797,232	0	4,797,232
County Government	0	0	0	0	15,000	0	15,000	0	15,000
Charges for Services	0	0	0	110,315	757,549	1,182,420	2,050,284	0	2,050,284
Fines and Forfeitures	0	125	82,292	0	9,436	0	91,853	0	91,853
Investment Earnings	0	0	3,088	422	67,036	5,299	75,845	10,154	85,999
Internal School Fund Collections	0	0	0	0	0	3,382,820	3,382,820	0	3,382,820
Contributions and Donations	0	32,484	0	0	242,031	287,252	561,767	0	561,767
Other	0	0	0	0	13,233	0	13,233	0	13,233
Total Revenues	654,668	1,993,189	103,821	3,831,278	6,440,385	24,479,549	37,502,890	10,154	37,513,044
EXPENDITURES:									
General & Administrative	0	4,057,369	0	0	0	0	4,057,369	0	4,057,369
School Food Service	0	0	0	0	0	4,570,558	4,570,558	0	4,570,558
School Federal Projects	0	0	0	0	0	8,208,595	8,208,595	0	8,208,595
Economic & Physical Development	654,668	0	0	0	0	0	654,668	0	654,668
Public Safety	0	0	50,705	0	0	0	50,705	0	50,705
Transportation	0	0	0	5,232,903	0	0	5,232,903	0	5,232,903
Culture and Recreation	0	0	0	0	2,212,234	0	2,212,234	0	2,212,234
Education	0	0	0	0	0	1,515,625	1,515,625	0	1,515,625
Internal School Fund	0	0	0	0	0	3,493,301	3,493,301	0	3,493,301
Capital Outlay	0	1,921,081	44,441	65,214	0	7,401,792	9,432,528	0	9,432,528
Total Expenditures	654,668	5,978,450	95,146	5,298,117	2,212,234	25,189,871	39,428,486	0	39,428,486
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(3,985,261)	8,675	(1,466,839)	4,228,151	(710,322)	(1,925,596)	10,154	(1,915,442)
OTHER FINANCING SOURCES (USES):									
Transfers In	0	4,955,258	0	1,330,978	1,375,000	69,050	7,730,286	0	7,730,286
Transfers Out	0	0	8,771	0	(6,109,790)	(86,323)	(6,187,342)	0	(6,187,342)
Total Other Financing Sources (Uses)	0	4,955,258	8,771	1,330,978	(4,734,790)	(17,273)	1,542,944	0	1,542,944
Net Change in Fund Balances	0	969,997	17,446	(135,861)	(506,639)	(727,595)	(382,652)	10,154	(372,498)
Fund Balances, July 1, 2023	16,471	6,363,728	717,599	388,496	2,573,555	5,812,121	15,871,970	227,405	16,099,375
Fund Balances, June 30, 2024	<u>\$ 16,471</u>	<u>\$ 7,333,725</u>	<u>\$ 735,045</u>	<u>\$ 252,635</u>	<u>\$ 2,066,916</u>	<u>\$ 5,084,526</u>	<u>\$ 15,489,318</u>	<u>\$ 237,559</u>	<u>\$ 15,726,877</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - PUBLIC SAFETY
June 30, 2024

	Criminal Forfeiture Fund	Drug Fund	Justice Assistance Grant Fund	Total Public Safety Funds
ASSETS:				
Cash	\$ 0	\$ 356	\$ 0	\$ 356
Equity in Pooled Cash and Investments	67,227	616,799	1,457	685,483
Due from Other Governments	0	424	0	424
Restricted Investments	<u>62,075</u>	<u>0</u>	<u>0</u>	<u>62,075</u>
Total Assets	<u>\$ 129,302</u>	<u>\$ 617,579</u>	<u>\$ 1,457</u>	<u>\$ 748,338</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 0	\$ 289	\$ 0	\$ 289
Due to Other Funds	0	0	0	0
Unearned Revenue	<u>0</u>	<u>11,547</u>	<u>1,457</u>	<u>13,004</u>
Total Liabilities	<u>0</u>	<u>11,836</u>	<u>1,457</u>	<u>13,293</u>
Fund Balances:				
Restricted:				
Federal Forfeitures for Public Safety	62,075	0	0	62,075
Drug Fund Per State Law	0	605,743	0	605,743
Committed	<u>67,227</u>	<u>0</u>	<u>0</u>	<u>67,227</u>
Total Fund Balances	<u>129,302</u>	<u>605,743</u>	<u>0</u>	<u>735,045</u>
Total Liabilities and Fund Balances	<u>\$ 129,302</u>	<u>\$ 617,579</u>	<u>\$ 1,457</u>	<u>\$ 748,338</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - PUBLIC SAFETY
For the Fiscal Year Ended June 30, 2024

	Criminal Forfeiture Fund	Drug Fund	Justice Assistance Grant Fund	Total Public Safety Funds
REVENUES:				
Federal Government	\$ 0	\$ 0	\$ 18,441	\$ 18,441
State Government	0	0	0	0
Fines and Forfeitures	9,975	72,317	0	82,292
Miscellaneous	0	0	0	0
Investment Earnings	3,088	0	0	3,088
Total Revenues	13,063	72,317	18,441	103,821
EXPENDITURES:				
General and Administrative	0	0	0	0
Public Safety	0	50,705	0	50,705
Capital Outlay	0	26,000	18,441	44,441
Total Expenditures	0	76,705	18,441	95,146
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,063	(4,388)	0	8,675
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	5,877	2,894	0	8,771
Total Other Financing Sources (Uses)	5,877	2,894	0	8,771
Net Change in Fund Balances	18,940	(1,494)	0	17,446
Fund Balances, July 1, 2023	110,362	607,237	0	717,599
Fund Balances, June 30, 2024	\$ 129,302	\$ 605,743	\$ 0	\$ 735,045

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - TRANSPORTATION
June 30, 2024

	Federal Transit Administration Fund	Metropolitan Planning Office Fund	State Street Aid Fund	Total Transportation Funds
ASSETS:				
Cash	\$ 100	\$ 0	\$ 0	\$ 100
Equity in Pooled Cash and Investments	0	55,004	0	55,004
Due from Other Governments	443,043	72,191	342,632	857,866
Restricted Investments	0	10,422	0	10,422
Total Assets	\$ 443,143	\$ 137,617	\$ 342,632	\$ 923,392
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 7,381	\$ 961	\$ 183,261	\$ 191,603
Due to Other Governments	0	0	0	0
Due to Other Funds	342,550	0	136,604	479,154
Total Liabilities	349,931	961	319,865	670,757
Fund Balances:				
Restricted Per State Law	0	0	22,767	22,767
Committed	93,212	136,656	0	229,868
Total Fund Balances	93,212	136,656	22,767	252,635
Total Liabilities and Fund Balances	\$ 443,143	\$ 137,617	\$ 342,632	\$ 923,392

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - TRANSPORTATION
For the Fiscal Year Ended June 30, 2024

	Federal Transit Administration Fund	Metropolitan Planning Office Fund	State Street Aid Fund	Total Transportation Funds
REVENUES:				
Federal Government	\$ 847,413	\$ 223,814	\$ 0	\$ 1,071,227
State Government	685,951	14,139	1,949,224	2,649,314
Charges for Services	110,315	0	0	110,315
Investment Earnings	0	422	0	422
Total Revenues	1,643,679	238,375	1,949,224	3,831,278
EXPENDITURES:				
Transportation	1,995,565	274,728	2,962,610	5,232,903
Capital Outlay	850	0	64,364	65,214
Total Expenditures	1,996,415	274,728	3,026,974	5,298,117
Excess (Deficiency) of Revenues Over (Under) Expenditures	(352,736)	(36,353)	(1,077,750)	(1,466,839)
OTHER FINANCING SOURCES (USES):				
Transfers In	197,858	44,146	1,088,974	1,330,978
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	197,858	44,146	1,088,974	1,330,978
Net Change in Fund Balances	(154,878)	7,793	11,224	(135,861)
Fund Balances, July 1, 2023	248,090	128,863	11,543	388,496
Fund Balances, June 30, 2024	\$ 93,212	\$ 136,656	\$ 22,767	\$ 252,635

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CULTURE AND RECREATION
 June 30, 2024

	Regional Sales Tax Revenue Fund	Visitors Enhancement Fund	Public Art Commission Fund	Steadman Cemetery Fund	Public Library Commission Fund	Library Governing Board Fund	Bays Mountain Park Fund	Senior Citizens Advisory Board Fund	Total Culture & Recreation Funds
ASSETS:									
Cash	\$ 0	\$ 0	\$ 109	\$ 0	\$ 0	\$ 359	\$ 12,263	\$ 0	\$ 12,731
Equity in Pooled Cash & Investments	0	263,731	1,188	360	391	303,193	29,627	29,663	628,153
Investments	26,550	0	0	2,219	5,107	0	526,707	370,705	931,288
Accounts Receivable	0	53,287	0	0	0	0	0	6,133	59,420
Due from Other Governments	824,313	0	0	0	0	0	0	0	824,313
Inventories	0	0	9,413	0	0	0	22,918	0	32,331
Restricted Investments	0	0	0	0	0	6,809	0	0	6,809
Total Assets	\$ 850,863	\$ 317,018	\$ 10,710	\$ 2,579	\$ 5,498	\$ 310,361	\$ 591,515	\$ 406,501	\$ 2,495,045
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Accounts Payable	\$ 0	\$ 14,998	\$ 0	\$ 0	\$ 0	\$ 17,617	\$ 27,571	\$ 9,782	\$ 69,968
Due to Other Governments	0	0	116	0	0	108	2,081	5	2,310
Due to Other Funds	275,604	80,247	0	0	0	0	0	0	355,851
Total Liabilities	275,604	95,245	116	0	0	17,725	29,652	9,787	428,129
Fund Balances:									
Nonspendable:									
Inventory	0	0	9,413	0	0	0	22,918	0	32,331
Restricted For:									
Stabilization Reserve Trust for Future Pension Costs	0	0	0	0	0	6,809	0	0	6,809
Hotel Tax for Tourism	0	221,773	0	0	0	0	0	0	221,773
Committed	575,259	0	1,181	2,579	5,498	285,827	538,945	396,714	1,806,003
Total Fund Balances	575,259	221,773	10,594	2,579	5,498	292,636	561,863	396,714	2,066,916
Total Liabilities and Fund Balances	\$ 850,863	\$ 317,018	\$ 10,710	\$ 2,579	\$ 5,498	\$ 310,361	\$ 591,515	\$ 406,501	\$ 2,495,045

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CULTURE AND RECREATION
For the Fiscal Year Ended June 30, 2024

	Regional Sales Tax Revenue Fund	Visitors Enhancement Fund	Public Art Commission Fund	Steadman Cemetery Fund	Public Library Commission Fund	Library Governing Board Fund	Bays Mountain Park Fund	Senior Citizens Advisory Board Fund	Total Culture & Recreation Funds
REVENUES:									
Local Option Sales Tax	\$ 4,809,227	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,809,227
Hotel/Motel Tax Allocation	0	526,873	0	0	0	0	0	0	526,873
County Government	0	0	0	0	0	15,000	0	0	15,000
Fines and Forfeitures	0	0	0	0	0	9,436	0	0	9,436
Charges for Services	0	0	5,349	0	0	9,355	278,152	464,693	757,549
Investment Earnings	22,143	0	0	243	249	428	22,194	21,779	67,036
Contributions and Donations	0	0	14,477	0	0	0	129,167	98,387	242,031
Other	0	0	0	0	0	8	0	13,225	13,233
Total Revenues	4,831,370	526,873	19,826	243	249	34,227	429,513	598,084	6,440,385
EXPENDITURES:									
Culture and Recreation	0	173,050	9,232	2,720	0	1,195,798	195,296	636,138	2,212,234
Capital Outlay	0	0	0	0	0	0	0	0	0
Total Expenditures	0	173,050	9,232	2,720	0	1,195,798	195,296	636,138	2,212,234
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,831,370	353,823	10,594	(2,477)	249	(1,161,571)	234,217	(38,054)	4,228,151
OTHER FINANCING SOURCES (USES):									
Transfers In	0	0	0	0	0	1,375,000	0	0	1,375,000
Transfers Out	(5,670,057)	(323,241)	0	0	0	0	(116,492)	0	(6,109,790)
Total Other Financing Sources (Uses)	(5,670,057)	(323,241)	0	0	0	1,375,000	(116,492)	0	(4,734,790)
Net Change in Fund Balances	(838,687)	30,582	10,594	(2,477)	249	213,429	117,725	(38,054)	(506,639)
Fund Balances, July 1, 2023	1,413,946	191,191	0	5,056	5,249	79,207	444,138	434,768	2,573,555
Fund Balances, June 30, 2024	\$ 575,259	\$ 221,773	\$ 10,594	\$ 2,579	\$ 5,498	\$ 292,636	\$ 561,863	\$ 396,714	\$ 2,066,916

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EDUCATION
June 30, 2024**

	<u>School Nutrition Services Fund</u>	<u>Special School Projects Fund</u>	<u>Public Law 93-380 Fund</u>	<u>Palmer Center Fund</u>	<u>Internal School Fund</u>	<u>Total Education Funds</u>
ASSETS:						
Cash	\$ 2,769,507	\$ 0	\$ 0	\$ 0	\$ 1,464,790	\$ 4,234,297
Equity in Pooled Cash and Investments	408,676	0	0	0	0	408,676
Long Term Certificates of Deposit	98,000	0	0	0	0	98,000
Investments	0	0	0	76,693	0	76,693
Accounts Receivable	0	43,717	0	0	19,109	62,826
Due from Other Governments	98,668	273,392	4,069,176	0	0	4,441,236
Prepays	0	0	0	0	6,057	6,057
Inventories	252,233	0	0	0	15,120	267,353
Restricted Cash	0	0	387,337	0	0	387,337
Total Assets	<u><u>\$ 3,627,084</u></u>	<u><u>\$ 317,109</u></u>	<u><u>\$ 4,456,513</u></u>	<u><u>\$ 76,693</u></u>	<u><u>\$ 1,505,076</u></u>	<u><u>\$ 9,982,475</u></u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 51,385	\$ 12,776	\$ 770,622	\$ 0	\$ 11,305	\$ 846,088
Contracts Payable	0	0	387,337	0	0	387,337
Other Liabilities	10,496	0	60,772	0	0	71,268
Due to Other Funds	0	155,835	3,237,782	0	0	3,393,617
Due to Other Governments	0	0	0	0	0	0
Unearned Revenue	48,341	148,498	0	0	2,800	199,639
Total Liabilities	<u>110,222</u>	<u>317,109</u>	<u>4,456,513</u>	<u>0</u>	<u>14,105</u>	<u>4,897,949</u>
Fund Balances:						
Nonspendable:						
Inventory	252,233	0	0	0	15,120	267,353
Prepays	0	0	0	0	6,057	6,057
Restricted For:						
Internal School Activities	0	0	0	0	1,469,794	1,469,794
Committed	3,264,629	0	0	76,693	0	3,341,322
Total Fund Balances	<u>3,516,862</u>	<u>0</u>	<u>0</u>	<u>76,693</u>	<u>1,490,971</u>	<u>5,084,526</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,627,084</u></u>	<u><u>\$ 317,109</u></u>	<u><u>\$ 4,456,513</u></u>	<u><u>\$ 76,693</u></u>	<u><u>\$ 1,505,076</u></u>	<u><u>\$ 9,982,475</u></u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EDUCATION
For the Fiscal Year Ended June 30, 2024

	<u>School Nutrition Services Fund</u>	<u>Special School Projects Fund</u>	<u>Public Law 93-380 Fund</u>	<u>Palmer Center Fund</u>	<u>Internal School Fund</u>	<u>Total Education Funds</u>
REVENUES:						
Federal Government	\$ 3,346,407	\$ 643,785	\$ 14,554,455	\$ 0	\$ 0	\$ 18,544,647
State Government	36,494	1,040,617	0	0	0	1,077,111
Charges for Services	897,694	284,726	0	0	0	1,182,420
Investment Earnings	1,323	0	0	3,976	0	5,299
Internal School Fund Collections	0	0	0	0	3,382,820	3,382,820
Contributions and Donations	287,252	0	0	0	0	287,252
Total Revenues	<u>4,569,170</u>	<u>1,969,128</u>	<u>14,554,455</u>	<u>3,976</u>	<u>3,382,820</u>	<u>24,479,549</u>
EXPENDITURES:						
School Food Service	4,570,558	0	0	0	0	4,570,558
School Federal Projects	0	0	8,208,595	0	0	8,208,595
Education	0	1,515,625	0	0	0	1,515,625
Internal School Fund	0	0	0	0	3,493,301	3,493,301
Capital Outlay	619,702	498,339	6,283,751	0	0	7,401,792
Total Expenditures	<u>5,190,260</u>	<u>2,013,964</u>	<u>14,492,346</u>	<u>0</u>	<u>3,493,301</u>	<u>25,189,871</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(621,090)</u>	<u>(44,836)</u>	<u>62,109</u>	<u>3,976</u>	<u>(110,481)</u>	<u>(710,322)</u>
OTHER FINANCING SOURCES (USES):						
Transfers In	0	44,836	24,214	0	0	69,050
Transfers Out	0	0	(86,323)	0	0	(86,323)
Total Other Financing Sources (Uses)	<u>0</u>	<u>44,836</u>	<u>(62,109)</u>	<u>0</u>	<u>0</u>	<u>(17,273)</u>
Net Change in Fund Balances	<u>(621,090)</u>	<u>0</u>	<u>0</u>	<u>3,976</u>	<u>(110,481)</u>	<u>(727,595)</u>
Fund Balances, July 1, 2023	<u>4,137,952</u>	<u>0</u>	<u>0</u>	<u>72,717</u>	<u>1,601,452</u>	<u>5,812,121</u>
Fund Balances, June 30, 2024	<u>\$ 3,516,862</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 76,693</u>	<u>\$ 1,490,971</u>	<u>\$ 5,084,526</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
CRIMINAL FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Federal Government	\$ 0	\$ 0	\$ 0	\$ 0
Fines and Forfeitures	6,000	3,173	9,975	6,802
Investment Earnings	0	2,827	3,088	261
Contributions and Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Revenues	 <u>6,000</u>	 <u>6,000</u>	 <u>13,063</u>	 <u>7,063</u>
EXPENDITURES:				
Public Safety	6,000	6,000	0	6,000
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Expenditures	 <u>6,000</u>	 <u>6,000</u>	 <u>0</u>	 <u>6,000</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>0</u>	 <u>0</u>	 <u>13,063</u>	 <u>13,063</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>5,877</u>	<u>5,877</u>
 Total Other Financing Sources (Uses)	 <u>0</u>	 <u>0</u>	 <u>5,877</u>	 <u>5,877</u>
 Net Change in Fund Balances	 0	 0	 18,940	 18,940
 Fund Balances, July 1, 2023	 <u>0</u>	 <u>0</u>	 <u>110,362</u>	 <u>110,362</u>
 Fund Balances, June 30, 2024	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 129,302</u>	 <u>\$ 129,302</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
State Government	\$ 0	\$ 0	\$ 0	\$ 0
Fines and Forfeitures	157,100	157,100	72,317	(84,783)
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>157,100</u>	<u>157,100</u>	<u>72,317</u>	<u>(84,783)</u>
EXPENDITURES:				
General and Administrative	0	0	0	0
Public Safety	107,100	107,100	50,705	56,395
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>26,000</u>	<u>24,000</u>
Total Expenditures	<u>157,100</u>	<u>157,100</u>	<u>76,705</u>	<u>80,395</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>(4,388)</u>	<u>(4,388)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>2,894</u>	<u>2,894</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>2,894</u>	<u>2,894</u>
Net Change in Fund Balances	0	0	(1,494)	(1,494)
Fund Balances, July 1, 2023	<u>0</u>	<u>0</u>	<u>607,237</u>	<u>607,237</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 605,743</u>	<u>\$ 605,743</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
State Government	\$ 1,940,500	\$ 1,949,225	\$ 1,949,224	\$ (1)
Investment Earnings	0	0	0	0
Miscellaneous	0	0	0	0
Total Revenues	<u>1,940,500</u>	<u>1,949,225</u>	<u>1,949,224</u>	<u>(1)</u>
EXPENDITURES:				
Highways and Streets	2,966,700	3,120,024	2,962,610	157,414
Capital Outlay	0	64,365	64,364	1
Total Expenditures	<u>2,966,700</u>	<u>3,184,389</u>	<u>3,026,974</u>	<u>157,415</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,026,200)</u>	<u>(1,235,164)</u>	<u>(1,077,750)</u>	<u>157,414</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,026,200	1,179,260	1,088,974	(90,286)
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>1,026,200</u>	<u>1,179,260</u>	<u>1,088,974</u>	<u>(90,286)</u>
Net Change in Fund Balances	0	(55,904)	11,224	67,128
Fund Balances, July 1, 2023	<u>0</u>	<u>55,904</u>	<u>11,543</u>	<u>(44,361)</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,767</u>	<u>\$ 22,767</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
REGIONAL SALES TAX REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Local Option Sales Tax	\$ 5,000,000	\$ 4,977,857	\$ 4,809,227	\$ (168,630)
Investment Earnings	<u>0</u>	<u>22,143</u>	<u>22,143</u>	<u>0</u>
Total Revenues	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,831,370</u>	<u>(168,630)</u>
EXPENDITURES:				
Culture and Recreation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,831,370</u>	<u>(168,630)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>(5,000,000)</u>	<u>(5,850,000)</u>	<u>(5,670,057)</u>	<u>179,943</u>
Total Other Financing Sources (Uses)	<u>(5,000,000)</u>	<u>(5,850,000)</u>	<u>(5,670,057)</u>	<u>179,943</u>
Net Change in Fund Balances	0	(850,000)	(838,687)	11,313
Fund Balances, July 1, 2023	<u>0</u>	<u>850,000</u>	<u>1,413,946</u>	<u>563,946</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 575,259</u>	<u>\$ 575,259</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
VISITORS ENHANCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 550,000	\$ 550,000	\$ 526,873	\$ (23,127)
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>550,000</u>	<u>550,000</u>	<u>526,873</u>	<u>(23,127)</u>
EXPENDITURES:				
Culture and Recreation	75,000	173,050	173,050	0
Capital Outlay	<u>475,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>550,000</u>	<u>173,050</u>	<u>173,050</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>376,950</u>	<u>353,823</u>	<u>(23,127)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>(380,000)</u>	<u>(323,241)</u>	<u>56,759</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(380,000)</u>	<u>(323,241)</u>	<u>56,759</u>
Net Change in Fund Balances	0	(3,050)	30,582	33,632
Fund Balances, July 1, 2023	<u>0</u>	<u>3,050</u>	<u>191,191</u>	<u>188,141</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 221,773</u>	<u>\$ 221,773</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
PUBLIC ART COMMISSION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Charges for Service	\$ 0	\$ 3,500	\$ 5,349	\$ 1,849
Investment Earnings	0	0	0	0
Contributions and Donations	0	6,000	14,477	8,477
Other	0	500	0	(500)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	0	10,000	19,826	9,826
EXPENDITURES:				
Capital Outlay	0	0	0	0
Culture and Recreation	0	10,000	9,232	768
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	0	10,000	9,232	768
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	10,594	10,594
Fund Balances, July 1, 2023	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,594</u>	<u>\$ 10,594</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
STEADMAN CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Investment Earnings	\$ 50	\$ 243	\$ 243	\$ 0
Total Revenues	<u>50</u>	<u>243</u>	<u>243</u>	<u>0</u>
EXPENDITURES:				
Culture and Recreation	<u>2,550</u>	<u>2,720</u>	<u>2,720</u>	<u>0</u>
Total Expenditures	<u>2,550</u>	<u>2,720</u>	<u>2,720</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,500)</u>	<u>(2,477)</u>	<u>(2,477)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(2,500)	(2,477)	(2,477)	0
Fund Balances, July 1, 2023	<u>2,500</u>	<u>2,477</u>	<u>5,056</u>	<u>2,579</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,579</u>	<u>\$ 2,579</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
PUBLIC LIBRARY COMMISSION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Investment Earnings	\$ 10	\$ 10	\$ 249	\$ 239
Contributions and Donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>10</u>	<u>10</u>	<u>249</u>	<u>239</u>
EXPENDITURES:				
Culture and Recreation	<u>10</u>	<u>10</u>	<u>0</u>	<u>10</u>
Total Expenditures	<u>10</u>	<u>10</u>	<u>0</u>	<u>10</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>249</u>	<u>249</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	249	249
Fund Balances, July 1, 2023	<u>0</u>	<u>0</u>	<u>5,249</u>	<u>5,249</u>
Fund Balances, June 30, 2024	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 5,498</u></u>	<u><u>\$ 5,498</u></u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
LIBRARY GOVERNING BOARD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Charges for Services	\$ 7,900	\$ 9,195	\$ 9,355	\$ 160
County Government	15,000	15,000	15,000	0
Fines and Forfeitures	9,000	9,400	9,436	36
Investment Earnings	0	0	428	428
Other	0	0	8	8
Contributions and Donations	<u>1,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Revenues	 <u>33,400</u>	 <u>33,595</u>	 <u>34,227</u>	 <u>632</u>
 EXPENDITURES:				
Capital Outlay	0	0	0	0
Culture and Recreation	<u>1,408,400</u>	<u>1,408,595</u>	<u>1,195,798</u>	<u>212,797</u>
 Total Expenditures	 <u>1,408,400</u>	 <u>1,408,595</u>	 <u>1,195,798</u>	 <u>212,797</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(1,375,000)</u>	 <u>(1,375,000)</u>	 <u>(1,161,571)</u>	 <u>213,429</u>
 OTHER FINANCING SOURCES (USES):				
Transfers In	1,375,000	1,375,000	1,375,000	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Other Financing Sources (Uses)	 <u>1,375,000</u>	 <u>1,375,000</u>	 <u>1,375,000</u>	 <u>0</u>
 Net Change in Fund Balances	 0	 0	 213,429	 213,429
 Fund Balances, July 1, 2023	 <u>0</u>	 <u>0</u>	 <u>79,207</u>	 <u>79,207</u>
 Fund Balances, June 30, 2024	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 292,636</u>	 <u>\$ 292,636</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
BAYS MOUNTAIN PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Charges for Service	\$ 285,000	\$ 278,152	\$ 278,152	\$ 0
Investment Earnings	5,000	22,194	22,194	0
Contributions and Donations	0	129,168	129,167	(1)
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>290,000</u>	<u>429,514</u>	<u>429,513</u>	<u>(1)</u>
EXPENDITURES:				
Capital Outlay	41,300	12,278	0	12,278
Culture and Recreation	<u>248,700</u>	<u>334,722</u>	<u>195,296</u>	<u>139,426</u>
Total Expenditures	<u>290,000</u>	<u>347,000</u>	<u>195,296</u>	<u>151,704</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>82,514</u>	<u>234,217</u>	<u>151,703</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>(116,492)</u>	<u>(116,492)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(116,492)</u>	<u>(116,492)</u>	<u>0</u>
Net Change in Fund Balances	0	(33,978)	117,725	151,703
Fund Balances, July 1, 2023	<u>0</u>	<u>33,978</u>	<u>444,138</u>	<u>410,160</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 561,863</u>	<u>\$ 561,863</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
SENIOR CITIZENS ADVISORY BOARD FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Charges for Services	\$ 283,200	\$ 464,693	\$ 464,693	\$ 0
Investment Earnings	400	21,779	21,779	0
Contributions and Donations	55,400	98,387	98,387	0
Other	<u>0</u>	<u>13,225</u>	<u>13,225</u>	<u>0</u>
Total Revenues	<u>339,000</u>	<u>598,084</u>	<u>598,084</u>	<u>0</u>
EXPENDITURES:				
Capital Outlay	0	0	0	0
Culture and Recreation	<u>339,000</u>	<u>636,138</u>	<u>636,138</u>	<u>0</u>
Total Expenditures	<u>339,000</u>	<u>636,138</u>	<u>636,138</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>(38,054)</u>	<u>(38,054)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	(38,054)	(38,054)	0
Fund Balances, July 1, 2023	<u>0</u>	<u>38,054</u>	<u>434,768</u>	<u>396,714</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 396,714</u>	<u>\$ 396,714</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
SCHOOL NUTRITION SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Federal Government	\$ 3,348,000	\$ 3,354,657	\$ 3,346,407	\$ (8,250)
State Government	39,000	39,000	36,494	(2,506)
Charges for Services	899,950	899,950	897,694	(2,256)
Investment Earnings	850	850	1,323	473
Contributions and Donations	<u>0</u>	<u>190,000</u>	<u>287,252</u>	<u>97,252</u>
Total Revenues	<u>4,287,800</u>	<u>4,484,457</u>	<u>4,569,170</u>	<u>84,713</u>
EXPENDITURES:				
School Food Service	3,592,800	4,647,034	4,570,558	76,476
Capital Outlay	<u>695,000</u>	<u>755,584</u>	<u>619,702</u>	<u>135,882</u>
Total Expenditures	<u>4,287,800</u>	<u>5,402,618</u>	<u>5,190,260</u>	<u>212,358</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>(918,161)</u>	<u>(621,090)</u>	<u>297,071</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	(918,161)	(621,090)	297,071
Fund Balances, July 1, 2023	<u>0</u>	<u>918,161</u>	<u>4,137,952</u>	<u>3,219,791</u>
Fund Balances, June 30, 2024	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 3,516,862</u></u>	<u><u>\$ 3,516,862</u></u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
PALMER CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Investment Earnings	\$ 100	\$ 100	\$ 3,976	\$ 3,876
Total Revenues	<u>100</u>	<u>100</u>	<u>3,976</u>	<u>3,876</u>
EXPENDITURES:				
Capital Outlay	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>
Total Expenditures	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>3,976</u>	<u>3,976</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	3,976	3,976
Fund Balances, July 1, 2023	<u>0</u>	<u>0</u>	<u>72,717</u>	<u>72,717</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 76,693</u>	<u>\$ 76,693</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
ALLANDALE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Investment Earnings	\$ 4,500	\$ 10,155	\$ 10,154	\$ (1)
Total Revenues	<u>4,500</u>	<u>10,155</u>	<u>10,154</u>	<u>(1)</u>
EXPENDITURES:				
Culture and Recreation	<u>17,500</u>	<u>17,500</u>	<u>0</u>	<u>17,500</u>
Total Expenditures	<u>17,500</u>	<u>17,500</u>	<u>0</u>	<u>17,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,000)</u>	<u>(7,345)</u>	<u>10,154</u>	<u>17,499</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(13,000)	(7,345)	10,154	17,499
Fund Balances, July 1, 2023	<u>13,000</u>	<u>7,345</u>	<u>227,405</u>	<u>220,060</u>
Fund Balances, June 30, 2024	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 237,559</u>	<u>\$ 237,559</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2024

	Solid Waste Management Fund	Storm Water Management Fund	Cattails at MeadowView Golf Course Fund	Total Nonmajor Enterprise Funds
ASSETS:				
Current Assets:				
Cash	\$ 2,941	\$ 0	\$ 0	\$ 2,941
Equity in Pooled Cash and Investments	2,632,749	264,437	439,842	3,337,028
Accounts Receivable, Net	1,049,123	562,898	65,471	1,677,492
Due from Other Governments	0	49,004	0	49,004
Inventories	0	0	87,700	87,700
Prepays	0	0	0	0
Total Current Assets	3,684,813	876,339	593,013	5,154,165
Noncurrent Assets:				
Restricted Assets:				
Cash	0	0	83,000	83,000
Cash from Unspent Bonds	0	33	95,611	95,644
Investments	23,600	5,194	3,460	32,254
Pension Asset	2,126	544	0	2,670
Total Restricted Assets	25,726	5,771	182,071	213,568
Capital Assets:				
Land	1,716,309	1,606,272	981,600	4,304,181
Buildings and Systems	519,836	2,868,579	1,465,967	4,854,382
Improvements Other Than Buildings	2,565,154	534,297	6,083,504	9,182,955
Software	6,750	67,308	0	74,058
Machinery and Equipment	1,449,441	609,014	495,664	2,554,119
Construction in Progress	154,972	584,229	149,440	888,641
Less: Accumulated Depreciation	(3,128,108)	(1,467,610)	(6,580,058)	(11,175,776)
Total Capital Assets	3,284,354	4,802,089	2,596,117	10,682,560
Total Noncurrent Assets	3,310,080	4,807,860	2,778,188	10,896,128
Total Assets	6,994,893	5,684,199	3,371,201	16,050,293
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Outflows Related to Refunding	5,727	28,121	8,046	41,894
Deferred Outflows Related to Pensions	625,115	155,131	0	780,246
Deferred Outflows Related to OPEB	258,798	66,517	0	325,315
Total Deferred Outflows of Resources	889,640	249,769	8,046	1,147,455

(continued)

CITY OF KINGSPORT, TENNESSEE
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2024

	Solid Waste Management Fund	Storm Water Management Fund	Cattails at MeadowView Golf Course Fund	Total Nonmajor Enterprise Funds
LIABILITIES:				
Current Liabilities:				
Accounts Payable	77,192	44,572	59,471	181,235
Due to Other Funds	0	0	0	0
Compensated Absences Payable	216,049	58,550	0	274,599
Retainages Payable	0	0	294	294
Accrued Interest Payable	24,065	7,193	3,850	35,108
General Obligation Bonds - Current	156,354	99,233	43,244	298,831
Other Payables	0	0	0	0
Total Current Liabilities	473,660	209,548	106,859	790,067
Noncurrent Liabilities:				
General Obligation Bonds Payable (Net of Deferred Refunding Costs, Discounts and Premiums)	1,888,398	611,006	444,874	2,944,278
OPEB Liability	1,288,635	331,206	0	1,619,841
Post Closure Liability	633,503	0	0	633,503
Pension Liability	1,388,325	344,326	0	1,732,651
Total Noncurrent Liabilities	5,198,861	1,286,538	444,874	6,930,273
Total Liabilities	5,672,521	1,496,086	551,733	7,720,340
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflows Related to Pensions	0	0	0	0
Deferred Inflows Related to OPEB	344,699	88,595	0	433,294
Total Deferred Inflows of Resources	344,699	88,595	0	433,294
NET POSITION:				
Net Investment in Capital Assets	1,245,329	4,120,004	2,211,656	7,576,989
Restricted for Debt Service	11,798	0	0	11,798
Restricted for Future Pension Costs	11,802	5,194	0	16,996
Restricted for Capital Improvements	0	0	86,460	86,460
Restricted for Pension Asset	2,126	544	0	2,670
Unrestricted	596,258	223,545	529,398	1,349,201
Total Net Position	\$ 1,867,313	\$ 4,349,287	\$ 2,827,514	\$ 9,044,114

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2024

	Solid Waste Management Fund	Storm Water Management Fund	Cattails at MeadowView Golf Course Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES:				
Charges and Fees	\$ 4,324,402	\$ 1,881,442	\$ 1,254,265	\$ 7,460,109
Penalties and Fines	0	0	0	0
Miscellaneous	0	0	0	0
Total Operating Revenue	<u>4,324,402</u>	<u>1,881,442</u>	<u>1,254,265</u>	<u>7,460,109</u>
OPERATING EXPENSES:				
Operating Costs	6,459,344	1,301,618	1,375,198	9,136,160
Depreciation	185,111	172,919	231,508	589,538
Total Operating Expenses	<u>6,644,455</u>	<u>1,474,537</u>	<u>1,606,706</u>	<u>9,725,698</u>
Operating Income (Loss)	<u>(2,320,053)</u>	<u>406,905</u>	<u>(352,441)</u>	<u>(2,265,589)</u>
NONOPERATING REVENUES:				
Investment Earnings	74,700	21,812	22,141	118,653
Interest Expense	(60,450)	(18,323)	(11,436)	(90,209)
Gain (Loss) on Disposal of Capital Assets	124,890	0	550	125,440
Bond Issue Cost	0	0	0	0
Total Nonoperating Revenues	<u>139,140</u>	<u>3,489</u>	<u>11,255</u>	<u>153,884</u>
Income (Loss) Before Capital Contributions and Transfers	(2,180,913)	410,394	(341,186)	(2,111,705)
Capital Contributions	0	84,976	0	84,976
Transfers In	2,578,400	0	626,347	3,204,747
Transfers Out	0	(152,736)	0	(152,736)
Change in Net Position	397,487	342,634	285,161	1,025,282
Net Position, July 1, 2023	<u>1,469,826</u>	<u>4,006,653</u>	<u>2,542,353</u>	<u>8,018,832</u>
Net Position, June 30, 2024	<u>\$ 1,867,313</u>	<u>\$ 4,349,287</u>	<u>\$ 2,827,514</u>	<u>\$ 9,044,114</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2024

	Solid Waste Management Fund	Storm Water Management Fund	Cattails at MeadowView Golf Course Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers and Users	\$ 4,112,093	\$ 1,774,814	\$ 1,214,810	\$ 7,101,717
Receipts from Interfund Services Provided	82,560	89,558	0	172,118
Payments to Suppliers	(3,089,046)	(520,406)	(1,488,106)	(5,097,558)
Payments to Employees	(2,873,765)	(817,788)	0	(3,691,553)
Net Cash Provided (Used) by Operating Activities	<u>(1,768,158)</u>	<u>526,178</u>	<u>(273,296)</u>	<u>(1,515,276)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from Other Funds	2,578,400	0	626,347	3,204,747
Transfers to Other Funds	0	(152,736)	0	(152,736)
Advances (to) From Other Funds	0	0	(25,011)	(25,011)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,578,400</u>	<u>(152,736)</u>	<u>601,336</u>	<u>3,027,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from Capital Debt	0	0	0	0
Grant Revenue for Capital Projects	0	0	0	0
Acquisition and Construction of Capital Assets	(110,152)	(447,046)	(23,245)	(580,443)
Principal Paid on Capital Debt	(151,331)	(96,602)	(41,899)	(289,832)
Interest Paid on Capital Debt	(77,194)	(25,277)	(12,718)	(115,189)
Proceeds from Sales of Capital Assets	124,890	0	550	125,440
Net Cash Used by Capital and Related Financing Activities	<u>(213,787)</u>	<u>(568,925)</u>	<u>(77,312)</u>	<u>(860,024)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Investments	(8,450)	(3,747)	(179)	(12,376)
Interest Received	74,700	21,812	22,141	118,653
Net Cash Provided (Used) by Investing Activities	<u>66,250</u>	<u>18,065</u>	<u>21,962</u>	<u>106,277</u>
Net Increase (Decrease) In Cash and Cash Equivalents	662,705	(177,418)	272,690	757,977
Cash and Cash Equivalents, July 1, 2023	<u>1,972,985</u>	<u>441,888</u>	<u>345,763</u>	<u>2,760,636</u>
Cash and Cash Equivalents, June 30, 2024	<u>\$ 2,635,690</u>	<u>\$ 264,470</u>	<u>\$ 618,453</u>	<u>\$ 3,518,613</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended June 30, 2024

	Solid Waste Management Fund	Storm Water Management Fund	Cattails at MeadowView Golf Course Fund	Total Nonmajor Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (2,320,053)	\$ 406,905	\$ (352,441)	\$ (2,265,589)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	185,111	172,919	231,508	589,538
(Increase) Decrease in Assets:				
Accounts Receivable	(129,749)	(17,070)	(39,455)	(186,274)
Inventory	0	0	(4,438)	(4,438)
Prepays	0	0	0	0
Increase (Decrease) in Liabilities:				
Accounts Payable	4,208	(38,554)	(108,470)	(142,816)
Pension Liabilities and Deferrals	183,524	31,955	0	215,479
Compensated Absences Payable	24,604	594	0	25,198
OPEB Liabilities and Deferrals	57,568	(18,255)	0	39,313
Other Payables	226,629	0	0	226,629
Retainages Payable	0	(12,316)	0	(12,316)
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,768,158)</u>	<u>\$ 526,178</u>	<u>\$ (273,296)</u>	<u>\$ (1,515,276)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:				
Cash on Hand	\$ 2,941	\$ 0	\$ 0	\$ 2,941
Equity in Pooled Cash and Investments	2,632,749	264,437	439,842	3,337,028
Restricted Cash from Unspent Bonds	0	33	95,611	95,644
Restricted Cash	0	0	83,000	83,000
Cash and Cash Equivalents, June 30, 2024	<u>\$ 2,635,690</u>	<u>\$ 264,470</u>	<u>\$ 618,453</u>	<u>\$ 3,518,613</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2024

	<u>Fleet Operations & Maintenance Fund</u>	<u>Insurance Reserve Fund</u>	<u>Employee Health Insurance Fund</u>	<u>Retirees Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
ASSETS:					
Current Assets:					
Equity in Pooled Cash and Investments	\$ 0	\$ 6,310,034	\$ 3,782,349	\$ 2,482,021	\$ 12,574,404
Accounts Receivable	269,352	0	277,750	95,407	642,509
Accrued Interest Receivable	369	204	0	0	573
Due from Other Governments	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Inventories	331,897	0	95,579	0	427,476
Prepays	2,393,305	490,196	3,069	1,111	2,887,681
Total Current Assets	<u>2,994,923</u>	<u>6,800,434</u>	<u>4,158,747</u>	<u>2,578,539</u>	<u>16,532,643</u>
Capital Assets:					
Land	14,695	0	0	0	14,695
Buildings and Improvements	0	0	0	0	0
Machinery and Equipment	41,670,781	0	0	0	41,670,781
Less: Accumulated Depreciation	(28,335,533)	0	0	0	(28,335,533)
Net Capital Assets	<u>13,349,943</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,349,943</u>
Other Assets:					
Deposits	0	25,000	26,920	2,074	53,994
Total Other Assets	<u>0</u>	<u>25,000</u>	<u>26,920</u>	<u>2,074</u>	<u>53,994</u>
Restricted Assets:					
Long Term Certificates of Deposit	500,000	500,000	0	0	1,000,000
Investments	2,550,966	1,064	1,574	0	2,553,604
Total Restricted Assets	<u>3,050,966</u>	<u>501,064</u>	<u>1,574</u>	<u>0</u>	<u>3,553,604</u>
Total Assets	<u>19,395,832</u>	<u>7,326,498</u>	<u>4,187,241</u>	<u>2,580,613</u>	<u>33,490,184</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2024

	<u>Fleet Operations & Maintenance Fund</u>	<u>Insurance Reserve Fund</u>	<u>Employee Health Insurance Fund</u>	<u>Retirees Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	604,177	38,154	117,447	0	759,778
Due to Other Funds	1,158,585	0	0	0	1,158,585
Claims Payable	0	480,125	0	0	480,125
Benefits Payable	0	2,685,420	508,585	106,415	3,300,420
Compensated Absences Payable	81,042	16,751	4,184	0	101,977
Total Current Liabilities	<u>1,843,804</u>	<u>3,220,450</u>	<u>630,216</u>	<u>106,415</u>	<u>5,800,885</u>
Total Liabilities	<u>1,843,804</u>	<u>3,220,450</u>	<u>630,216</u>	<u>106,415</u>	<u>5,800,885</u>
NET POSITION:					
Net Investment in Capital Assets	13,349,943	0	0	0	13,349,943
Restricted for Future Pension Costs	10,907	1,064	1,574	0	13,545
Unrestricted	4,191,178	4,104,984	3,555,451	2,474,198	14,325,811
Total Net Position	<u>\$ 17,552,028</u>	<u>\$ 4,106,048</u>	<u>\$ 3,557,025</u>	<u>\$ 2,474,198</u>	<u>\$ 27,689,299</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended June 30, 2024

	<u>Fleet Operations & Maintenance Fund</u>	<u>Insurance Reserve Fund</u>	<u>Employee Health Insurance Fund</u>	<u>Retirees Health Insurance Fund</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUE:					
Charges for Sales and Services	\$ 9,568,583	\$ 2,489,370	\$ 9,125,532	\$ 1,248,359	\$ 22,431,844
Miscellaneous	27,234	173,263	1,149,600	246,152	1,596,249
Total Operating Revenue	<u>9,595,817</u>	<u>2,662,633</u>	<u>10,275,132</u>	<u>1,494,511</u>	<u>24,028,093</u>
OPERATING EXPENSES:					
Personnel Services and Benefits	1,564,911	263,561	107,197	0	1,935,669
Materials and Supplies	4,956,783	3,655	766,988	0	5,727,426
Contractual Services	167,896	91,905	647,228	708	907,737
Insurance	16,937	1,035,632	645,472	96,661	1,794,702
Insurance Claims	0	1,539,786	7,843,064	1,662,657	11,045,507
Depreciation	2,814,546	0	0	0	2,814,546
Miscellaneous	141,956	47,308	754,596	46,846	990,706
Total Operating Expenses	<u>9,663,029</u>	<u>2,981,847</u>	<u>10,764,545</u>	<u>1,806,872</u>	<u>25,216,293</u>
Operating Income (Loss)	<u>(67,212)</u>	<u>(319,214)</u>	<u>(489,413)</u>	<u>(312,361)</u>	<u>(1,188,200)</u>
NONOPERATING REVENUES:					
Gain on Disposal of Capital Assets	296,049	0	0	0	296,049
Investment Earnings	125,187	219,568	119,115	89,097	552,967
Total Nonoperating Revenues	<u>421,236</u>	<u>219,568</u>	<u>119,115</u>	<u>89,097</u>	<u>849,016</u>
Income (Loss) Before Transfers	354,024	(99,646)	(370,298)	(223,264)	(339,184)
Transfers In	<u>160,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>160,000</u>
Change in Net Position	514,024	(99,646)	(370,298)	(223,264)	(179,184)
Net Position, July 1, 2023	<u>17,038,004</u>	<u>4,205,694</u>	<u>3,927,323</u>	<u>2,697,462</u>	<u>27,868,483</u>
Net Position, June 30, 2024	<u>\$ 17,552,028</u>	<u>\$ 4,106,048</u>	<u>\$ 3,557,025</u>	<u>\$ 2,474,198</u>	<u>\$ 27,689,299</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2024

	Fleet Operations & Maintenance Fund	Insurance Reserve Fund	Employee Health Insurance Fund	Retirees Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Interfund Services Provided	\$ 9,598,910	\$ 2,672,854	\$ 10,194,912	\$ 1,467,431	\$ 23,934,107
Payments to Suppliers	(3,563,322)	(2,790,239)	(10,566,308)	(1,760,457)	(18,680,326)
Payments to Employees	(1,554,701)	(251,238)	(105,408)	0	(1,911,347)
Net Cash Provided (Used) by Operating Activities	<u>4,480,887</u>	<u>(368,623)</u>	<u>(476,804)</u>	<u>(293,026)</u>	<u>3,342,434</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers (to) from Other Funds	160,000	0	0	0	160,000
Advances (to) from Other Funds	169,814	0	0	0	169,814
Net Cash Provided (Used) by Noncapital Financing Activities	<u>329,814</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>329,814</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of Capital Assets	(4,526,509)	0	0	0	(4,526,509)
Proceeds from Sales of Capital Assets	296,049	0	0	0	296,049
Net Cash Used by Capital and Related Financing Activities	<u>(4,230,460)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,230,460)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of Investments	(705,581)	(1,064)	(1,255)	0	(707,900)
Interest Received	125,340	219,405	119,115	89,097	552,957
Net Cash Provided (Used) by Investing Activities	<u>(580,241)</u>	<u>218,341</u>	<u>117,860</u>	<u>89,097</u>	<u>(154,943)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	0	(150,282)	(358,944)	(203,929)	(713,155)
Cash and Cash Equivalents, July 1, 20223	<u>0</u>	<u>6,460,316</u>	<u>4,141,293</u>	<u>2,685,950</u>	<u>13,287,559</u>
Cash and Cash Equivalents, June 30, 2024	<u>\$ 0</u>	<u>\$ 6,310,034</u>	<u>\$ 3,782,349</u>	<u>\$ 2,482,021</u>	<u>\$ 12,574,404</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2024

	Fleet Operations & Maintenance Fund	Insurance Reserve Fund	Employee Health Insurance Fund	Retirees Health Insurance Fund	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ (67,212)	\$ (319,214)	\$ (489,413)	\$ (312,361)	\$ (1,188,200)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	2,814,546	0	0	0	2,814,546
(Increase) Decrease in Assets:					
Accounts Receivable	3,093	10,221	(80,220)	(27,080)	(93,986)
Inventory	43,957	0	12,646	0	56,603
Prepays and Deposits	1,330,358	(87,121)	0	0	1,243,237
Increase (Decrease) in Liabilities:					
Accounts Payable	345,935	(48,316)	(40,191)	0	257,428
Benefits Payable	0	236,181	118,585	46,415	401,181
Claims Payable	0	(172,697)	0	0	(172,697)
Compensated Absences Payable	10,210	12,323	1,789	0	24,322
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,480,887</u>	<u>\$ (368,623)</u>	<u>\$ (476,804)</u>	<u>\$ (293,026)</u>	<u>\$ 3,342,434</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:					
Equity in Pooled Cash and Investments	\$ 0	\$ 6,310,034	\$ 3,782,349	\$ 2,482,021	\$ 12,574,404
Restricted Assets Cash in Bank	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash and Cash Equivalents, June 30, 2024	<u>\$ 0</u>	<u>\$ 6,310,034</u>	<u>\$ 3,782,349</u>	<u>\$ 2,482,021</u>	<u>\$ 12,574,404</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
DISCRETELY PRESENTED COMPONENT UNITS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2024

	Industrial Development Board	Emergency Communications District
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 1,345,858	\$ 907,838
Payments to Suppliers	(777,999)	(434,749)
Net Cash Provided (Used) by Operating Activities	567,859	473,089
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Noncapital Grants	0	289,536
Net Cash Provided by Noncapital Financing Activities	0	289,536
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Note Proceeds	1,773,430	0
Proceeds from Sale of Capital Assets	0	0
Purchases of Capital Assets	(1,915,640)	(7,453)
Capital Grants	619,419	0
Payments to Grantees	(250,000)	0
Principal Paid on Capital Debt	(433,310)	0
Interest Paid on Capital Debt	(394,413)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(600,514)	(7,453)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Maturities of Investments	0	0
Interest Received	127,207	446
Net Cash Provided by Investing Activities	127,207	446
Net Increase (Decrease) in Cash and Cash Equivalents	94,552	755,618
Cash and Cash Equivalents, July 1, 2023	2,758,735	4,071,823
Cash and Cash Equivalents, June 30, 2024	\$ 2,853,287	\$ 4,827,441
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 1,009,605	\$ 268,358
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	317,702	158,370
(Increase) Decrease in Assets:		
Accounts Receivable	(39,575)	(17,600)
Land Held for Sale or Development	61,173	0
Prepaid Items	500	(11,271)
Lease Receivables and Related Deferrals	(76,983)	0
Increase (Decrease) in Liabilities:		
Accounts Payable	121,876	75,232
Unearned Income	(826,439)	0
Net Cash Provided (Used) by Operating Activities	\$ 567,859	\$ 473,089
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:		
Cash	\$ 2,853,287	\$ 4,827,441
Restricted Assets Cash in Bank	0	0
Cash and Cash Equivalents, June 30, 2024	\$ 2,853,287	\$ 4,827,441
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Decrease in Investment in Joint Venture	\$ 5,371	\$ 0
Donations of Capital Assets	331,620	0
Right to Use Lease Asset Acquired in Exchange for a Lease Liability	\$ 1,592,160	\$ 0

See Independent Auditors' Report.

D. SUPPLEMENTAL INFORMATION

CITY OF KINGSPORT, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	\$ 39,056,897	\$ 38,919,030
Buildings	250,768,278	250,305,993
Improvements Other Than Buildings	55,937,978	51,978,754
Equipment	45,087,347	41,261,047
Software	932,792	1,082,501
Infrastructure	303,330,774	303,089,694
Construction in Progress	70,714,618	38,131,506
Total Governmental Funds Capital Assets	<u>\$ 765,828,684</u>	<u>\$ 724,768,525</u>
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:		
General Obligation Bonds	\$ 468,652,180	\$ 467,154,731
Contributions from Municipalities	30,747	203,747
Federal Grants	23,568,012	21,855,444
State Grants	2,910,814	2,788,361
County Grants	21,296,887	21,296,887
Federal Revenue Sharing	366,414	366,414
General Fund Revenue	23,231,982	20,552,395
Gifts	40,244,031	39,692,055
Annexed Roads	14,297,831	14,297,831
Forfeitures	113,485	113,485
Special Revenue Funds	96,053,361	93,273,502
Operating Revenue	2,269,181	2,279,181
Notes Payable	2,079,141	2,762,986
Construction in Progress	70,714,618	38,131,506
Total Governmental Funds Capital Assets	<u>\$ 765,828,684</u>	<u>\$ 724,768,525</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF KINGSPORT, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2024

Function and Activity	Land	Buildings	Improvements other than Buildings	Equipment	Software	Infrastructure	Construction in Progress	Total
General Government:								
General Government	\$ 14,415,964	\$ 32,816,796	\$ 6,675,716	\$ 2,145,488	\$ 0	\$ 0	\$ 5,461,564	\$ 61,515,528
Finance	0	0	5,797	33,576	47,560	0	0	86,933
Information Services	0	0	0	1,417,376	156,531	0	0	1,573,907
Personnel	0	0	0	10,522	0	0	0	10,522
Geographic Information	0	0	0	80,823	8,500	0	0	89,323
Total General Government	14,415,964	32,816,796	6,681,513	3,687,785	212,591	0	5,461,564	63,276,213
Economic and Physical Development:								
Development Services	0	0	9,895	26,717	0	0	0	36,612
Transportation	511,342	6,955,067	1,423,504	2,808,924	149,111	0	6,389,891	18,237,839
Engineering	0	576,203	76,879	189,996	0	0	0	843,078
Total Economic and Physical Development	511,342	7,531,270	1,510,278	3,025,637	149,111	0	6,389,891	19,117,529
Public Safety:								
Police	90,588	4,677,342	175,384	4,292,417	87,248	0	556,872	9,879,851
Fire	653,337	7,057,786	1,157,571	4,159,357	60,273	0	189,445	13,277,769
Communication	0	66,535	0	204,629	0	0	0	271,164
Central Dispatch	0	0	0	2,046,631	0	0	0	2,046,631
Total Public Safety	743,925	11,801,663	1,332,955	10,703,034	147,521	0	746,317	25,475,415
Public Works:								
General and Administrative	44,620	514,645	0	148,655	32,262	344,469	0	1,084,651
Sanitation	0	0	0	5,000	0	0	0	5,000
Streets	0	0	1,174,765	1,648,898	0	49,744,964	13,268,344	65,836,971
Maintenance	0	634,033	167,727	2,260,453	52,010	0	692,219	3,806,442
Bridges System	0	0	0	0	0	9,159,085	62,097	9,221,182
Highways System	0	0	0	0	0	243,605,639	0	243,605,639
Total Public Works	44,620	1,148,678	1,342,492	4,063,006	84,272	302,854,157	14,022,660	323,559,885

(continued)

CITY OF KINGSPORT, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2024

Function and Activity	Land	Buildings	Improvements other than Buildings	Equipment	Software	Infrastructure	Construction in Progress	Total
Culture and Recreation:								
Senior Citizens	0	3,901,672	42,621	108,007	13,550	0	0	4,065,850
Recreation	15,635,519	24,342,798	26,414,130	1,584,258	0	0	2,869,567	70,846,272
Cultural Arts	140,000	2,050,524	711,069	375,874	0	0	15,000	3,292,467
Bays Mountain	1,386,962	953,077	2,494,326	2,635,224	0	0	1,148,746	8,618,335
Allandale	306,018	463,417	780,576	197,816	0	0	0	1,747,827
Library	133,000	4,788,976	313,412	329,979	0	476,617	0	6,041,984
Total Culture and Recreation	17,601,499	36,500,464	30,756,134	5,231,158	13,550	476,617	4,033,313	94,612,735
Education	5,739,547	160,969,407	14,314,606	18,376,727	325,747	0	40,060,873	239,786,907
Total Governmental Funds Capital Assets	\$ 39,056,897	\$ 250,768,278	\$ 55,937,978	\$ 45,087,347	\$ 932,792	\$ 303,330,774	\$ 70,714,618	\$ 765,828,684

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2024

Function and Activity	Governmental Funds Capital Assets June 30, 2023	Additions	Deletions	Adjustments	Governmental Funds Capital Assets June 30, 2024
General Government:					
General Government	\$ 60,726,010	\$ 1,267,999	\$ (478,481)	\$ 0	\$ 61,515,528
Finance	72,608	14,325	0	0	86,933
Information Services	1,526,752	47,155	0	0	1,573,907
Personnel	10,522	0	0	0	10,522
Geographic Information	89,323	0	0	0	89,323
Total General Government	62,425,215	1,329,479	(478,481)	0	63,276,213
Economic and Physical Development:					
Development Services	701,805	26,717	(691,910)	0	36,612
Transportation	18,237,520	279,871	(279,552)	0	18,237,839
Engineering	843,078	0	0	0	843,078
Total Economic and Physical Development	19,782,403	306,588	(971,462)	0	19,117,529
Public Safety:					
Police	9,828,207	342,873	(291,229)	0	9,879,851
Fire	13,058,600	2,071,329	(1,802,882)	(49,278)	13,277,769
Communication	271,164	0	0	0	271,164
Central Dispatch	2,046,631	0	0	0	2,046,631
Total Public Safety	25,204,602	2,414,202	(2,094,111)	(49,278)	25,475,415
Public Works:					
General and Administrative	1,090,021	0	(5,370)	0	1,084,651
Sanitation	5,000	0	0	0	5,000
Streets	56,903,651	8,933,320	0	0	65,836,971
Maintenance	3,636,261	172,710	(2,529)	0	3,806,442
Bridges System	9,211,767	9,415	0	0	9,221,182
Highways System	243,605,639	0	0	0	243,605,639
Total Public Works	314,452,339	9,115,445	(7,899)	0	323,559,885
Culture and Recreation:					
Senior Citizens	4,070,064	7,014	(11,228)	0	4,065,850
Recreation	69,307,521	5,241,689	(3,702,938)	0	70,846,272
Cultural Arts	3,292,467	0	0	0	3,292,467
Bays Mountain	7,567,325	1,077,180	(26,170)	0	8,618,335
Allandale	1,742,697	5,130	0	0	1,747,827
Library	5,874,335	167,649	0	0	6,041,984
Total Culture and Recreation	91,854,409	6,498,662	(3,740,336)	0	94,612,735
Education	211,049,557	29,834,018	(1,096,668)	0	239,786,907
Total Governmental Funds Capital Assets	\$ 724,768,525	\$ 49,498,394	\$ (8,388,957)	\$ (49,278)	\$ 765,828,684

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF KINGSPORT, TENNESSEE
LONG TERM DEBT FOR GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
SCHEDULE OF CHANGES IN LONG TERM DEBT BY INDIVIDUAL ISSUE
For the Fiscal Year Ended June 30, 2024

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2023	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2024
PRIMARY GOVERNMENT									
GOVERNMENTAL ACTIVITIES									
<u>Notes Payable</u>									
<u>Payable through Debt Service Fund</u>									
2009 QSCB	\$ 1,240,000	1.52%	12/17/09	7/1/26	\$ 240,586	\$ 0	\$ 77,374	\$ 0	\$ 163,212
2010A HUD 108	856,000	4.25%	7/21/10	8/1/31	340,000	0	43,000	0	297,000
2010 EESI	5,045,078	0.75%	12/7/10	11/1/24	583,162	0	436,801	0	146,361
2020 CAPITAL OUTLAY SCHOOLS	2,000,000	1.99%	10/30/20	10/1/32	1,666,666	0	166,667	0	1,499,999
2021 EESI	2,976,123	0.50%	6/1/21	6/1/38	2,798,345	0	172,731	0	2,625,614
Total Notes Payable through Debt Service Fund	12,117,201				5,628,759	0	896,573	0	4,732,186
<u>Bonds Payable</u>									
<u>Payable through Debt Service Fund</u>									
General Obligation Refunding, Series 2013	\$ 12,177,052	2.5 - 3.75%	2/8/13	5/1/27	\$ 3,714,446	\$ 0	\$ 890,280	\$ 0	\$ 2,824,166
General Obligation, Series 2013B	13,406,846	2.0 - 5.0%	10/21/13	3/1/34	8,394,508	0	672,535	0	7,721,973
General Obligation, Series 2014A	13,233,893	2.0 - 5.0%	10/31/14	9/1/34	9,527,894	0	623,320	0	8,904,574
General Obligation Refunding, Series 2015	17,695,000	2.0 - 4.0%	2/6/15	3/1/28	11,475,000	0	2,390,000	0	9,085,000
General Obligation Refunding, Series 2015A	8,054,686	1.0 - 4.0%	10/27/15	3/1/36	3,938,024	0	250,626	0	3,687,398
General Obligation Refunding, Series 2016A	6,928,927	2.0 - 4.0%	6/3/16	3/1/29	4,467,445	0	679,102	0	3,788,343
General Obligation, Series 2016B	4,330,138	2.0 - 4.0%	6/3/16	3/1/30	3,059,618	0	416,484	0	2,643,134
General Obligation, Series 2016	7,821,325	3.0 - 4.0%	11/4/16	3/1/36	5,882,033	0	372,095	0	5,509,938
General Obligation, Series 2017A	14,690,288	2.0 - 5.0%	9/8/17	3/1/37	11,743,331	0	682,349	0	11,060,982
General Obligation, Series 2018A	7,040,000	3.0 - 5.0%	9/17/18	3/17/38	5,820,000	0	345,000	0	5,475,000
General Obligation Refunding, Series 2019	7,377,513	3.0 - 5.0%	5/1/19	3/1/30	5,478,196	0	701,126	0	4,777,070
General Obligation, Series 2019	8,906,518	3.0 - 5.0%	11/15/19	3/1/40	7,935,246	0	421,044	0	7,514,202
General Obligation Refunding, Series 2020	9,250,917	1.3 - 2.0%	11/20/20	3/1/32	8,302,582	0	855,361	0	7,447,221
General Obligation, Series 2021	9,205,000	2.0 - 5.0%	11/19/21	11/19/42	8,904,385	0	321,345	0	8,583,040
General Obligation, Series 2023	40,770,000	4.0 - 5.0%	8/25/23	8/25/56	0	40,770,000	0	0	40,770,000
Total Bonds Payable through Debt Service Fund	180,888,103				98,642,708	40,770,000	9,620,667	0	129,792,041
TOTAL GOVERNMENTAL ACTIVITIES	193,005,304				104,271,467	40,770,000	10,517,240	0	134,524,227

(continued)

CITY OF KINGSPORT, TENNESSEE
LONG TERM DEBT FOR GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
SCHEDULE OF CHANGES IN LONG TERM DEBT BY INDIVIDUAL ISSUE
For the Fiscal Year Ended June 30, 2024

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2023	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2024
BUSINESS-TYPE ACTIVITIES									
<u>Bonds Payable</u>									
<u>Payable through Solid Waste Fund</u>									
General Obligation Refunding, Series 2013	132,948	2.5 - 4.0%	2/8/13	5/1/27	40,554	0	9,720	0	30,834
General Obligation, Series 2013B	289,856	2.0 - 5.0%	10/21/13	3/1/34	181,489	0	14,540	0	166,949
General Obligation, Series 2014A	2,371,107	2.0 - 5.0%	10/31/14	9/1/34	1,707,107	0	111,680	0	1,595,427
General Obligation Refunding, Series 2019	161,953	3.0 - 5.0%	5/1/19	3/1/30	120,258	0	15,391	0	104,867
Total Bonds Payable	2,955,864				2,049,408	0	151,331	0	1,898,077
<u>Bonds Payable</u>									
<u>Payable through MeadowView Fund</u>									
General Obligation Refunding, Series 2016A	9,221,015	2.0 - 4.0%	6/3/16	3/1/29	5,945,274	0	903,749	0	5,041,525
General Obligation, Series 2016	3,266,427	3.0 - 4.0%	11/4/16	3/1/36	2,456,518	0	155,398	0	2,301,120
General Obligation Refunding, Series 2019	542,374	3.0 - 5.0%	5/1/19	3/1/30	402,741	0	51,545	0	351,196
General Obligation, Series 2019	324,543	3.0 - 5.0%	11/15/19	3/1/40	289,151	0	15,342	0	273,809
General Obligation, Series 2021	830,000	2.0 - 5.0%	11/19/21	11/19/42	802,895	0	28,975	0	773,920
Total Bonds Payable	14,184,359				9,896,579	0	1,155,009	0	8,741,570
<u>Bonds Payable</u>									
<u>Payable through Cattails Fund</u>									
General Obligation, Series 2019	231,817	3.0 - 5.0%	11/15/19	3/1/40	206,536	0	10,959	0	195,577
General Obligation Refunding, Series 2020	334,626	1.3 - 2.0%	11/20/20	3/1/32	300,324	0	30,940	0	269,384
Total Bonds Payable	566,443				506,860	0	41,899	0	464,961
<u>Bonds Payable</u>									
<u>Payable through Storm Water Fund</u>									
General Obligation Refunding, Series 2016A	430,058	2.0 - 4.0%	6/3/16	3/1/29	277,281	0	42,150	0	235,131
General Obligation Refunding, Series 2019	323,907	3.0 - 5.0%	5/1/19	3/1/30	240,518	0	30,782	0	209,736
General Obligation Refunding, Series 2020	255,992	1.3 - 2.0%	11/20/20	3/1/32	229,750	0	23,670	0	206,080
Total Bonds Payable	1,009,957				747,549	0	96,602	0	650,947

(continued)

CITY OF KINGSPORT, TENNESSEE
LONG TERM DEBT FOR GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
SCHEDULE OF CHANGES IN LONG TERM DEBT BY INDIVIDUAL ISSUE
For the Fiscal Year Ended June 30, 2024

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2023	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2024
<u>Bonds Payable</u>									
<u>Payable through Aquatic Center Fund</u>									
General Obligation, Series 2012A	3,110,000	2.0 - 5.0%	6/22/12	4/1/32	1,755,000	0	175,000	0	1,580,000
General Obligation, Series 2013A	1,310,000	3.0 - 4.0%	10/21/13	3/1/34	830,000	0	65,000	0	765,000
General Obligation, Series 2016B	9,029,862	2.0 - 4.0%	6/3/16	3/1/30	6,380,382	0	868,516	0	5,511,866
General Obligation, Series 2017A	164,712	2.0 - 5.0%	9/8/17	3/1/37	131,669	0	7,651	0	124,018
General Obligation, Series 2018C	2,360,000	3.0 - 5.0%	9/28/18	3/1/38	1,965,000	0	105,000	0	1,860,000
General Obligation Refunding, Series 2019	295,809	3.0 - 5.0%	5/1/19	3/1/30	219,654	0	28,112	0	191,542
General Obligation Refunding, Series 2020	103,584	1.3 - 2.0%	11/20/20	3/1/32	92,966	0	9,578	0	83,388
Total Bonds Payable	16,373,967				11,374,671	0	1,258,857	0	10,115,814
<u>Other Loans Payable</u>									
<u>Payable through Water Fund</u>									
DWF 2014-140	13,556,601	1.78%	10/21/14	8/20/37	10,091,893	0	631,980	0	9,459,913
DG8 2022-249	1,300,000	1.06%	10/19/22	8/20/43	891,500	408,500	48,840	0	1,251,160
Total Other Loans Payable	14,856,601				10,983,393	408,500	680,820	0	10,711,073
<u>Bonds Payable</u>									
<u>Payable through Water Fund</u>									
2008 Tennessee Municipal Bond Fund	9,698,196	Variable	10/17/08	5/25/26	2,128,196	0	735,000	0	1,393,196
General Obligation Refunding, Series 2013	3,025,000	2.5 - 3.75%	2/8/13	5/1/27	40,000	0	10,000	0	30,000
General Obligation, Series 2013B	4,262,308	2.0 - 5.0%	10/21/13	3/1/34	2,668,784	0	213,813	0	2,454,971
General Obligation, Series 2014B	2,717,899	2.0 - 3.0%	10/31/14	3/1/35	1,868,921	0	131,511	0	1,737,410
General Obligation Refunding, Series 2015A	2,226,420	1.0 - 4.0%	10/27/15	3/1/36	1,088,521	0	69,276	0	1,019,245
General Obligation, Series 2016	3,294,425	3.0 - 4.0%	11/4/16	3/1/36	2,477,574	0	156,730	0	2,320,844
General Obligation, Series 2017B	1,167,095	2.0 - 5.0%	9/8/17	3/1/37	929,526	0	53,946	0	875,580
General Obligation, Series 2018B	396,023	3.0 - 5.0%	9/28/18	3/1/38	3,364,541	0	172,926	0	3,191,615
General Obligation Refunding, Series 2019	2,159,378	3.0 - 5.0%	5/1/19	3/1/30	1,603,453	0	205,217	0	1,398,236
General Obligation, Series 2019	5,730,509	3.0 - 5.0%	11/15/19	3/1/40	5,105,585	0	270,902	0	4,834,683
General Obligation Refunding, Series 2020	2,337,395	1.3 - 2.0%	11/20/20	3/1/32	2,097,782	0	216,121	0	1,881,661
General Obligation, Series 2021	1,380,000	2.0 - 5.0%	11/19/21	11/19/42	1,334,933	0	48,177	0	1,286,756
General Obligation, Series 2023	9,750,000	4.0 - 5.0%	8/25/23	8/25/56	0	9,750,000	0	0	9,750,000
Total Bonds Payable	48,144,648				24,707,816	9,750,000	2,283,619	0	32,174,197

(continued)

CITY OF KINGSPORT, TENNESSEE
LONG TERM DEBT FOR GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
SCHEDULE OF CHANGES IN LONG TERM DEBT BY INDIVIDUAL ISSUE
For the Fiscal Year Ended June 30, 2024

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2023	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2024
<u>Bonds Payable</u>									
<u>Payable through Sewer Fund</u>									
General Obligation Refunding, Series 2013	27,760,000	2.5 - 4.0%	2/8/13	5/1/32	9,880,000	0	1,155,000	0	8,725,000
General Obligation, Series 2013B	9,550,991	2.0 - 5.0%	10/21/13	3/1/34	5,980,218	0	479,112	0	5,501,106
General Obligation, Series 2014B	6,582,101	2.0 - 3.0%	10/31/14	9/1/34	4,526,080	0	318,489	0	4,207,591
General Obligation Refunding, Series 2015A	4,823,895	1.0 - 4.0%	10/27/15	3/1/36	2,358,455	0	150,098	0	2,208,357
General Obligation, Series 2016	6,952,823	3.0 - 4.0%	11/4/16	3/1/36	5,228,876	0	330,776	0	4,898,100
General Obligation, Series 2017B	10,082,905	2.0 - 5.0%	9/8/17	3/1/37	8,030,474	0	466,054	0	7,564,420
General Obligation, Series 2018B	1,308,977	3.0 - 5.0%	9/28/18	3/1/38	1,110,459	0	57,074	0	1,053,385
General Obligation Refunding, Series 2019	3,239,067	3.0 - 5.0%	5/1/19	3/1/30	2,405,180	0	307,826	0	2,097,354
General Obligation, Series 2019	3,421,614	3.0 - 5.0%	11/15/19	3/1/40	3,048,480	0	161,752	0	2,886,728
General Obligation Refunding, Series 2020	2,642,486	1.3 - 2.0%	11/20/20	3/1/32	2,371,597	0	244,329	0	2,127,268
General Obligation, Series 2021	6,345,000	2.0 - 5.0%	11/19/21	11/19/42	6,137,787	0	221,505	0	5,916,282
General Obligation, Series 2023	<u>11,425,000</u>	4.0 - 5.0%	8/25/23	8/25/56	<u>0</u>	<u>11,425,000</u>	<u>0</u>	<u>0</u>	<u>11,425,000</u>
Total Bonds Payable	<u>94,134,859</u>				<u>51,077,606</u>	<u>11,425,000</u>	<u>3,892,015</u>	<u>0</u>	<u>58,610,591</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>192,226,698</u>				<u>111,343,882</u>	<u>21,583,500</u>	<u>9,560,152</u>	<u>0</u>	<u>123,367,230</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 385,232,002</u>				<u>\$ 215,615,349</u>	<u>\$ 62,353,500</u>	<u>\$ 20,077,392</u>	<u>\$ 0</u>	<u>\$ 257,891,457</u>
COMPONENT UNIT									
<u>INDUSTRIAL DEVELOPMENT BOARD</u>									
<u>Bank Loans Payable</u>									
General Shale Loan	\$ 4,000,000	3.0%-7.5%	12/27/13	12/30/24	\$ 3,288,731	\$ 0	\$ 0	\$ 0	\$ 3,288,731
Miracle Field Loan	1,800,000	3.25%	10/15/19	7/17/30	608,000	0	139,000	0	469,000
Palmex Consolidation Loan	6,640,000	3.15%	6/15/20	6/15/30	6,118,647	0	272,910	0	5,845,737
RCAM Main Street Loan	800,000	4.35%	8/10/23	9/1/33	0	800,000	21,400	0	778,600
Dental Clinic Loan	<u>973,430</u>	4.18%	8/24/23	12/1/29	<u>0</u>	<u>973,430</u>	<u>0</u>	<u>0</u>	<u>973,430</u>
Total Bank Loans Payable - IDBK	<u>\$ 14,213,430</u>				<u>\$ 10,015,378</u>	<u>\$ 1,773,430</u>	<u>\$ 433,310</u>	<u>\$ 0</u>	<u>\$ 11,355,498</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
For the Fiscal Year Ended June 30, 2024

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 6/30/2023	Issued During Period	Paid and/or matured During Period	Remeasure ments	Outstanding 6/30/2024
PRIMARY GOVERNMENT									
GOVERNMENTAL ACTIVITIES									
<u>Leases Payable</u>									
<u>Payable through Governmental Funds</u>									
	\$ 0	0.00%	n/a	n/a	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Leases Payable through Governmental Funds	<u>0</u>				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Leases Payable - Governmental Activities	<u>0</u>				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
BUSINESS-TYPE ACTIVITIES									
<u>Leases Payable</u>									
<u>Payable through Proprietary Funds</u>									
	\$ 0	0.00%	n/a	n/a	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Leases Payable through Business-Type Funds	<u>0</u>				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>0</u>				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 0</u>				<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
COMPONENT UNIT									
<u>INDUSTRIAL DEVELOPMENT BOARD</u>									
<u>Leases Payable</u>									
<u>Payable through IDBK</u>									
Dobyns-Taylor Warehouse	\$ 1,592,159	0.0215	7/1/23	7/1/53	\$ 0	\$ 1,592,160	\$ 22,007	\$ 0	\$ 1,570,153
A.W. Sevier Center	465,882	0.0351	1/1/23	1/1/29	472,700	0	33,099	0	439,601
Total Leases Payable - IDBK	<u>\$ 2,058,041</u>				<u>\$ 472,700</u>	<u>\$ 1,592,160</u>	<u>\$ 55,106</u>	<u>\$ 0</u>	<u>\$ 2,009,754</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
ENTERPRISE FUNDS
SCHEDULE OF OPERATING COSTS
For the Fiscal Year Ended June 30, 2024

	Water Fund	Sewer Fund	Aquatic Center Fund	MeadowView Conference Resort and Convention Center Fund	Other Enterprise Funds	Total Enterprise Funds
General and Administrative:						
Personnel Services	\$ 339,337	\$ 445,467	\$ 0	\$ 0	\$ 0	\$ 784,804
Contractual Services	264,727	252,651	29,840	13,251	283,351	843,820
Supplies	261,678	4,912	8,812	8,194	9,684	293,280
Insurance	50,349	27,451	44,283	117,416	46,203	285,702
Subsidies and Contributions	0	0	0	797,277	0	797,277
Base Management Fee	0	0	0	158,797	36,531	195,328
Other	377,597	113,992	16,537	175,095	120,057	803,278
Total General and Administrative	1,293,688	844,473	99,472	1,270,030	495,826	4,003,489
Operations:						
Water Plant Operations	4,080,412	0	0	0	0	4,080,412
Sewer Plant Operations	0	5,672,384	0	0	0	5,672,384
Water Distribution System Maintenance	2,826,916	0	0	0	0	2,826,916
Sewer Collection System Maintenance	0	2,040,551	0	0	0	2,040,551
Utility Technical Services	1,586,438	704,713	0	0	0	2,291,151
Landfill Operations and Services	0	0	0	0	1,353,488	1,353,488
Solid Waste Collection Services	0	0	0	0	1,201,603	1,201,603
Organic Refuse Collection Services	0	0	0	0	3,842,318	3,842,318
Storm Water Maintenance	0	0	0	0	1,275,321	1,275,321
Aquatic Center Operations	0	0	1,805,465	0	0	1,805,465
Aquatic Center Concessions	0	0	201,052	0	0	201,052
Aquatic Center Programs	0	0	138,638	0	0	138,638
Golf Grounds Maintenance	0	0	0	0	481,006	481,006
Golf Pro Shop	0	0	0	0	408,772	408,772
Golf Shop Food and Beverage	0	0	0	0	77,826	77,826
Total Operations	8,493,766	8,417,648	2,145,155	0	8,640,334	27,696,903
Total Operating Costs	\$ 9,787,454	\$ 9,262,121	\$ 2,244,627	\$ 1,270,030	\$ 9,136,160	\$ 31,700,392

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
NONMAJOR ENTERPRISE FUNDS
SCHEDULE OF OPERATING COSTS
For the Fiscal Year Ended June 30, 2024

	Solid Waste Management Fund	Storm Water Management Fund	Cattails at MeadowView Golf Course Fund	Total Nonmajor Enterprise Funds
General and Administrative:				
Personnel Services	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	5,668	20,163	257,520	283,351
Supplies	0	4,154	5,530	9,684
Insurance	20,500	0	25,703	46,203
Base Management Fee	0	0	36,531	36,531
Other	35,767	1,980	82,310	120,057
Total General and Administrative	<u>61,935</u>	<u>26,297</u>	<u>407,594</u>	<u>495,826</u>
Operations:				
Landfill Operations and Services	1,353,488	0	0	1,353,488
Solid Waste Collection Services	1,201,603	0	0	1,201,603
Organic Refuse Collection Services	3,842,318	0	0	3,842,318
Storm Water Maintenance	0	1,275,321	0	1,275,321
Golf Grounds Maintenance	0	0	481,006	481,006
Golf Pro Shop	0	0	408,772	408,772
Golf Shop Food and Beverage	0	0	77,826	77,826
Total Operations	<u>6,397,409</u>	<u>1,275,321</u>	<u>967,604</u>	<u>8,640,334</u>
Total Operating Costs	<u>\$ 6,459,344</u>	<u>\$ 1,301,618</u>	<u>\$ 1,375,198</u>	<u>\$ 9,136,160</u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF INTER-FUND TRANSFER DETAILS
For the Fiscal Year Ended June 30, 2024

	<u>Transfers In:</u>	<u>Transfers Out:</u>
Major Governmental Funds		
General Fund		
General Purpose School Fund	\$ 433,301	\$ 14,932,435
Debt Service Fund	0	8,284,572
Capital Projects Fund	0	3,668,887
Special Revenue General Projects Fund	0	4,735,258
State Street Aid Fund	0	1,088,974
Metropolitan Planning Office Fund	0	44,146
Federal Transit Administration Fund	0	197,858
Library Governing Board Fund	0	1,375,000
Solid Waste Fund	0	2,578,400
Water Fund	2,033,100	0
Sewer Fund	1,686,911	0
Aquatic Center Fund	120,723	0
Storm Water Management Fund	64,767	0
Fleet Fund	0	160,000
	<u>4,338,802</u>	<u>37,065,530</u>
General Purpose School Fund		
General Fund	14,932,435	433,301
Debt Service Fund	0	4,511,935
Capital Projects Fund	0	4,137,338
Public Law 93-380 Fund	0	24,214
Special School Projects Fund	86,323	44,836
	<u>15,018,758</u>	<u>9,151,624</u>
Debt Service Fund		
General Fund	8,284,572	0
General Purpose School Fund	4,511,935	0
	<u>12,796,507</u>	<u>0</u>
Capital Projects Fund		
General Fund	3,668,887	0
General Purpose School Fund	4,137,338	0
Criminal Forfeiture Fund	(5,877)	0
Drug Fund	(2,894)	0
Bays Mountain Park Fund	46,492	0
	<u>7,843,946</u>	<u>0</u>
Water Fund		
General Fund	0	2,033,100
Sewer Fund	233,692	0
Storm Water Management Fund	32,013	0
	<u>265,705</u>	<u>2,033,100</u>
Sewer Fund		
General Fund	0	1,686,911
Water Fund	0	233,692
	<u>0</u>	<u>1,920,603</u>
Aquatic Center Fund		
General Fund	0	64,767
Visitor's Enhancement Fund	2,416,383	0
Regional Sales Tax Fund	173,241	0
	<u>2,589,624</u>	<u>64,767</u>
Meadowview Convention Center Fund		
Regional Sales Tax Fund	2,627,327	0
	<u>2,627,327</u>	<u>0</u>
Total Major Funds	<u>45,480,669</u>	<u>50,235,624</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF INTER-FUND TRANSFER DETAILS
For the Fiscal Year Ended June 30, 2024

	<u>Transfers In:</u>	<u>Transfers Out:</u>
Aggregate Nonmajor Governmental Funds		
Special Revenue General Projects Fund		
General Fund	4,735,258	0
Visitors Enhancement	150,000	0
Bays Mountain Park	70,000	0
	<u>4,955,258</u>	<u>0</u>
State Street Aid Fund		
General Fund	1,088,974	0
Metropolitan Planning Office Fund		
General Fund	44,146	0
Federal Transit Administration Fund		
General Fund	197,858	0
Library Governing Board Fund		
General Fund	1,375,000	0
Special School Projects Fund		
General Purpose School Fund	24,214	0
Criminal Forfeiture		
Capital Projects Fund	0	(5,877)
Drug Fund		
Capital Projects Fund	0	(2,894)
Regional Sales Tax		
Aquatic Center Fund	0	2,416,383
Meadowview Convention Center Fund	0	2,627,327
Cattails Fund	0	626,347
	<u>0</u>	<u>5,670,057</u>
Visitors Enhancement		
Special Revenue General Projects Fund	0	150,000
Aquatic Center Fund	0	173,241
	<u>0</u>	<u>323,241</u>
Public Law 93-380 Fund		
General Purpose School Fund	44,836	86,323
Bays Mt Park		
Capital Projects Fund	0	46,492
Special Revenue General Projects Fund	0	70,000
	<u>0</u>	<u>116,492</u>
Total Aggregate Nonmajor Governmental Funds	<u>7,730,286</u>	<u>6,187,342</u>
Aggregate Nonmajor Proprietary Funds		
Storm Water Management Fund		
General Fund	0	120,723
Water Fund	0	32,013
	<u>0</u>	<u>152,736</u>
Solid Waste Fund		
General Fund	2,578,400	0
Cattails Fund		
Regional Sales Tax Fund	626,347	0
Total Aggregate Nonmajor Proprietary Funds	<u>3,204,747</u>	<u>152,736</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF INTER-FUND TRANSFER DETAILS
For the Fiscal Year Ended June 30, 2024

	<u>Transfers In:</u>	<u>Transfers Out:</u>
Internal Service Funds		
Fleet Fund		
General Fund	160,000	0
	<u>\$ 56,575,702</u>	<u>\$ 56,575,702</u>

See Independent Auditor's Report.

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF TRANSPORTATION EXPENDITURES BY OBJECT CLASSIFICATION
For the Fiscal Year Ended June 30, 2024

Federal Transit Administration Fund

Salaries and Benefits	\$ 1,306,377
Advertising and Publication	857
Printing and Binding	8,710
Professional / Consultant	2,914
Accounting and Auditing	1,500
Electric Service	23,955
Water and Sewer	9,449
Telephone	7,444
Natural Gas	8,764
Travel Expense	8,004
Registration Fees / Tuition	1,500
Personal Vehicle Reimbursement	161
Dues and Memberships	6,097
Literature / Subscriptions	828
Training	7,666
Medical Services	432
Machinery / Equipment Rental	5,315
Repairs & Maintenance	2,626
Repair and Maintenance - Vehicles	285,272
Storm Water Fee Expense	1,100
Temporary Employees	18,299
Miscellaneous	233,855
Office Supplies	2,753
Postage	380
Food	4,063
Operating Supplies and Tool	3,710
Maintenance Supplies	32,051
Sign Parts and Supplies	2,532
Clothing and Uniforms	5,536
Vehicle Insurance charged by Fleet Management	3,415
	<u>1,995,565</u>

Metropolitan Planning Office Fund

Salaries and Benefits	243,482
Professional / Consultant	15,000
Accounting and Auditing	1,100
Travel Expense	2,210
Registration Fees / Tuition	820
Personal Vehicle Reimbursement	681
Dues and Memberships	773
Literature / Subscriptions	2,640
Machinery / Equipment Rental	4,041
Repair and Maintenance - Vehicles	254
Office Supplies	1,166
Postage	2
Food	42
Operating Supplies and Tool	1,445
Motor Pool Charges	831
Liability	100
Vehicle Insurance charged by Fleet Management	141
	<u>274,728</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF TRANSPORTATION EXPENDITURES BY OBJECT CLASSIFICATION
For the Fiscal Year Ended June 30, 2024

State Street Aid Fund	
Bridge Maintenance	12,350
Electric - Street Lights	2,198,748
Electric - Traffic Signals	58,834
Sign Parts & Supplies	54,367
Traffic Signal Supplies	121,758
Paint Supplies	44,282
Concrete Maintenance Supplies	19,281
Pavement Maintenance Supplies	57,569
Sidewalk Maintenance Supplies	21,918
Snow Removal Supplies	318,201
Miscellaneous	55,302
	<u>2,962,610</u>
Total Transportation	<u><u>\$ 5,232,903</u></u>

See Independent Auditor's Report.

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF HIGHWAYS AND STREETS EXPENDITURES BY OBJECT CLASSIFICATION
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>
State Street Aid Fund			
Bridge Maintenance	\$ 0	\$ 12,350	\$ 12,350
Electric - Street Lights	2,300,000	2,300,000	2,198,748
Electric - Traffic Signals	65,000	58,834	58,834
Sign Parts & Supplies	60,000	54,367	54,367
Traffic Signal Supplies	85,700	121,758	121,758
Paint Supplies	55,000	44,283	44,282
Concrete Maintenance Supplies	30,000	19,282	19,281
Pavement Maintenance Supplies	125,000	92,485	57,569
Sidewalk Maintenance Supplies	16,000	21,918	21,918
Snow Removal Supplies	200,000	339,444	318,201
Miscellaneous	30,000	55,303	55,303
Total Highways and Streets	<u>\$ 2,966,700</u>	<u>\$ 3,120,024</u>	<u>\$ 2,962,610</u>

See Independent Auditor's Report.

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/ Grant Program/ Grant Number	Federal Assistance Listing Number	Contract Number	Subrecipient DUNS	Passed - Through to Subrecipient	FY2024 Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Pass Through Tennessee Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555				\$ 2,284,554
Education School Nutrition	10.555				196,657
Commodities - Warehousing Rebate	10.555				7,980
School Breakfast Program	10.553				758,547
Summer Feeding Program	10.559				98,668
Child Nutrition Cluster Total					<u>3,346,407</u>
Pass Through Tennessee Department of Agriculture:					
Food Distribution Cluster:					
Commodity Supplemental Feeding	10.569				207,779
Food Distribution Cluster Total					<u>207,779</u>
Total U.S. Department of Argriculture					<u>3,554,187</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Pass Through Tennessee Department of Education:					
Title I Program:					
Title I, Project 24-01	84.010				2,173,113
Title I, Project 23-21	84.010				273,168
Title I, Project Neglected 23-21	84.010				337
Title I, Project Neglected 24-01	84.010				14,171
Title I Program Total					<u>2,460,788</u>
Special Education Cluster:					
IDEA Part B, 24-01	84.027				1,441,742
IDEA Part B, 23-21	84.027				571,807
IDEA Part B, High Cost	84.027				31,386
IDEA Pre School 23-21	84.173				28,466
IDEA Pre School 24-01	84.173				50,460
COVID-19 - ARP IDEA Preschool 22-31 (ARPA)	84.173X				20,599
COVID-19 - ARP IDEA Part B 22-31 (ARPA)	84.027X				46,073
Special Education Cluster Total					<u>2,190,533</u>
Title II Program:					
Title II, 23-21	84.367				18,350
Title II, 24-01	84.367				365,858
Title II Program Total					<u>384,208</u>
Carl Perkins, 2024					
CTE Perkins Reserve 23-21	84.048				179,457
	84.048				28,394
					<u>207,851</u>
Transition School to Work 2023					
Transition School to Work 2024	84.126				52,648
	84.126				219,157
					<u>271,805</u>
Title IX McKinney, 23-21					
Title IX McKinney, 24-01	84.196A				2,132
Title IX McKinney, 24-31	84.196A				45,112
	84.196A				21,426
					<u>68,669</u>
TITLE IV 23-21					
TITLE IV 24-01	84.366				7,551
	84.366				151,872
					<u>159,422</u>
Temporary Assistance for Needy Families - Learning Camps and Transportation For	93.558				135,269
Education Stabilization Fund:					
COVID-19 - Literacy Training Teacher Stipend 512 23	84.425C				16,000
COVID-19 - ESSER II (CRRSA ACT)	84.425D				71,250
COVID-19 - ESSER III (ARPA)	84.425U				8,670,209
COVID-19 - Homeless ARP 1.0 22-31 (ARPA)	84.425W				19,118
COVID-19 - Homeless ARP 2.0 22-31 (ARPA)	84.425W				46,825
Education Stabilization Fund Total					<u>8,823,401</u>
Pass Through City of Greeneville, Tennessee:					
TITLE III, 23-21	84.365				1,774
TITLE III, 24-01	84.365				7,974
					<u>9,748</u>
Total U.S. Department of Education					<u>14,711,695</u>

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/ Grant Program/ Grant Number	Federal Assistance Listing Number	Contract Number	Subrecipient DUNS	Passed - Through to Subrecipient	FY2024 Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Direct Programs:					
Federal Transit Cluster:					
Federal Transit - Formula Grants	20.507	TN-2020-022-00			755,810
Federal Transit - Formula Grants	20.507	TN-2020-023-00			90,882
Buses and Bus Facilities Formula Grants	20.526	TN-2023-027-00			722
Federal Transit - Formula Grants	20.507	TN-2021-031-01			117,156
Federal Transit Cluster Total					<u>964,569</u>
Pass Through Tennessee Department of Transportation:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	Z23THS141			12,451
State and Community Highway Safety	20.600	Z23THS140			971
State and Community Highway Safety	20.600	Z24THS149			31,454
State and Community Highway Safety	20.600	Z24THS150			15,519
Highway Safety Cluster Total					<u>60,395</u>
Highway Planning and Construction	20.205	123325			6,545,058
Highway Planning and Construction	20.205	129930			47,327
Highway Planning and Construction	20.205	129930			148,895
Pass-Through Virginia Department of Transportation:					
Highway Planning and Construction	20.205				3,999
					<u>6,745,279</u>
Pass Through Tennessee Department of Transportation:					
Metropolitan Transportation Planning	20.505	GG-17-53600-00			13,489
Pass-Through Virginia Department of Transportation:					
Metropolitan Transportation Planning	20.505	46024-02			4,254
					<u>17,743</u>
Total U.S. Department of Transportation					<u>7,787,986</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>					
Direct Programs:					
Bulletproof Vest Partnership Program 10054361	16.607				7,125
Edward Byrne Memorial Justice Assistance Grant Program	16.738	O-BJA-2022-171368			18,441
Total U.S. Department of Justice					<u>25,566</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
Pass-Through Federal Emergency Management Agency:					
Technical Rescue - Assistance to Firefighters	97.044	EMW-2021-FG-07363			190,530
Total U.S. Department of Homeland Security					<u>190,530</u>
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>					
Pass-Through Financial Commission for Appalachia HIDTA:					
High Intensity Drug Trafficking Area	95.001	G12AP0001A			21,702
Total Executive Office of the President					<u>21,702</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Direct Programs:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants	14.218	B-22-MC-47-0004			500,047
COVID-19 - Community Development Block Grants (CARES ACT)	14.218	B-20-MC-47-0004			25,936
Community Development Block Grants	14.218	B-20-MC-47-0004	DVLTHFW4DKM1	\$ 10,100	
Community Development Block Grants	14.218	B-20-MC-47-0004	SJBALUATGF63	\$ 3,500	
Community Development Block Grants	14.218	B-22-MC-47-0004	GA4KTVREE922	\$ 4,088	
Community Development Block Grants	14.218	B-22-MC-47-0004	RPJKLQ7D8EA8	\$ 50,000	
Community Development Block Grants	14.218	B-22-MC-47-0004	NLKTCN3KKBF6	\$ 7,400	
Community Development Block Grants	14.218	B-22-MC-47-0004	MN15RHPKGN29	\$ 15,700	
Community Development Block Grants	14.218	B-22-MC-47-0004	L1NQNZ2HYL95	\$ 18,963	
Community Development Block Grants	14.218	B-22-MC-47-0004	WEUWKWDY51B7	\$ 22,336	
Community Development Block Grants	14.218	B-22-MC-47-0004	JZ6BJ6BZRLJ8	\$ 5,994	
Community Development Block Grants	14.218	B-22-MC-47-0004	V9AKR1CLS2A1	\$ 130,988	
CDBG - Entitlement Grants Cluster Total					<u>525,983</u>
Pass-Through Tennessee Housing Development Agency (THDA)					
COVID-19 - Home Investment Partnerships American Rescue Plan Program (HOME	14.239	M21-SP470100			128,685
Total U.S. Department of Housing and Urban Development					<u>654,668</u>

(continued)

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/ Grant Program/ Grant Number	Federal Assistance Listing Number	Contract Number	Subrecipient DUNS	Passed - Through to Subrecipient	FY2024 Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Pass-Through First Tennessee Development District: Aging Cluster: Title III-B Transportation & III-D Health Promotion Aging Cluster Total	93.044	KINGS-2023-HOOT-23			12,000 <u>12,000</u>
Public Health Emergency Response - Resilient School Communities 24-01	93.354				<u>9,415</u>
Total U.S. Department of Health and Human Services					<u>21,415</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>					
Pass-Through Tennessee State Library and Archives: Library Services and Technology Act (LSTA)	45.310	LS-253654-OLS-23			12,139 <u>12,139</u>
Total Institute of Museum and Library Services					<u>12,139</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>					
Pass-Through Tenn Dept of Economic & Community Development: Appalachian Regional Development	23.001				730,302
Economic Development Cluster: Public Works - Economic Development Act (EDA) Economic Development Cluster Total	11.307	04-79-07701			169,345 <u>169,345</u>
Total U.S. Department of Commerce					<u>899,648</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
Direct Programs: COVID-19 - Coronavirus State & Local Fiscal Recovery Funds (ARPA)	21.027		83-173-2362	\$ 30,000	3,889,833
Pass-Through Tennessee Department of Environment and Conservation: COVID-19 - Coronavirus State & Local Fiscal Recovery Funds (ARPA)	21.027				3,818,689
Pass-Through Tennessee Department of Environment and Conservation: Pass Through Washington County, Tennessee: COVID-19 - Coronavirus State & Local Fiscal Recovery Funds (ARPA)	21.027				2,580,233
Pass Through Sullivan County, Tennessee: COVID-19 - Coronavirus State & Local Fiscal Recovery Funds (ARPA)	21.027				1,621,083 <u>11,909,839</u>
Total U.S. Department of The Treasury					<u>11,909,839</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>					
Pass-Through Tennessee Department of Environment and Conservation: Capitalization Grants for Drinking Water State Revolving Loan Funds	66.468	DWF-2023-254			786,867 <u>786,867</u>
Total Environmental Protection Agency					<u>786,867</u>
Total Expenditures of Federal Awards				<u>\$ 299,068</u>	<u>\$ 40,576,242</u>

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City under programs of the federal government for the fiscal year. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior fiscal years.

NOTE C: FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of commodities received and used. At June 30, 2024, the School Board had food commodities totaling \$161,437 on hand in inventory.

NOTE D: INDIRECT COST RATES

The City has not made an election regarding use of the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE E: OUTSTANDING LOAN BALANCES

The City has a State Revolving Loan with an outstanding balance of \$9,459,913 at June 30, 2024. The interest rate is 1.78%. The project was completed in FY2018. The City of Kingsport has a State Revolving Loan with an outstanding balance of \$1,251,160 at June 30, 2024. The interest rate is 1.06%. The project was completed in FY2023. The City of Kingsport has a new State Revolving Loan with an outstanding balance of \$0 at June 30, 2024. The total loan available is \$7,000,000 and carries an interest rate of 2.13% and an administrative fee of 0.08%. The first draw down will be in FY25.

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2024

<u>Granting Agency/ Pass-Through Agency Grant Program/ Grant Number</u>	<u>State Contract Number</u>	<u>Pass-Through Entity identifying Number</u>	<u>2024 State Expenditures</u>
<u>PRIMARY GOVERNMENT</u>			
Tennessee Arts Commission:			
TAC Creative Partner			\$ 12,400
Elementary School Arts Grants	31625-29216		4,312
Total Tennessee Arts Commission			<u>16,712</u>
Tennessee State Museum:			
Farmstead Museum Grant			75,000
Total Tennessee State Museum			<u>75,000</u>
Tennessee Department of Health and Human Services:			
Pass-Through First Tennessee Development District:			
State Senior Center Operations Grant		KINGS-2023-HOOT-23	13,824
Total Tennessee Department of Health and Human Services			<u>13,824</u>
Tennessee Department of Transportation:			
Z24MPO007	82NPLN-F7-003		843
59110 MPO Administration	82NPLN-F7-003		12,264
UROF Operating Assistance	Z-24-UROF-16		685,887
KATS Expansion Vehicles Section 5339 TN-90-X-027	Z-24-BP00-14		63
Transit Center; Ph 2 Transit Garage	GG-22-73094		14,642
Total Tennessee Department of Transportation			<u>713,699</u>
Tennessee Department of Agriculture:			
Farmer's Market Advertising			1,500
Total Tennessee Department of Agriculture			<u>1,500</u>
Tennessee Department of Children's Services:			
Truancy Intervention Program	GG-10-28898		53,720
Total Tennessee Department of Children's Services			<u>53,720</u>
Tennessee Department of Education:			
Safe Schools	GP-46590		12,676
Pre-Kindergarten- Lottery	MX0-AAX		680,629
Mentors Matter Training			13,232
Spark After School Physical Activity			1,574
Innovative School Middle			643,785
State Speical Education Preschool			28,687
Public School Security			250,099
Total Tennessee Department of Education			<u>1,630,682</u>
Tennessee Department of Finance and Administration:			
Violent Crime Intervention Grant	51629		475,917
Total Tennessee Department of Finance and Administration			<u>475,917</u>
Tennessee Department of Safety and Homeland Security:			
Statewide School Resource Officer Grant			652,710
Total Tennessee Department of Safety and Homeland Security			<u>652,710</u>
Tennessee Commission on Aging and Disability:			
Direct Appropriation Grant - Senior Center			16,000
Total Commission on Aging and Disability			<u>16,000</u>
 Total State Awards			 <u>\$ 3,649,764</u>

See Independent Auditor's Report.

**CITY OF KINGSPORT, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

III. STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION

This part of the City of Kingsport, Tennessee's 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 the government's overall financial health.

Contents:	<u>Page</u>
<u>Financial Trends</u>	
<i>Tables 1 - 6 contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	269
<u>Revenue Capacity</u>	
<i>Tables 7 - 12 contain information to help the reader assess the government's most significant local revenue sources, the property tax and local option sales tax.</i>	277
<u>Debt Capacity</u>	
<i>Tables 13 - 17 present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	283
<u>Demographic and Economic Information</u>	
<i>Tables 18 - 19 offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	288
<u>Operating Information</u>	
<i>Tables 20 - 28 contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	290
<u>Note:</u>	Statistical tables are exclusive of any prior period adjustments.
<u>Sources:</u>	Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.
<u>Additional Information:</u>	Please see the City's most recent official statement and other information posted on the MSRB Electronic Municipal Market Access (EMMA) website - https://emma.msrb.org . The City posts information on the website between audits to comply with continuing disclosure requirements.

CITY OF KINGSPORT, TENNESSEE
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	<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>	<u>2024</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 220,670,564	\$ 215,146,670	\$ 232,739,291	\$ 236,836,283	\$ 255,053,440	\$ 259,148,746	\$ 255,695,914	\$ 256,762,447	\$ 273,487,359	\$ 302,151,563
Restricted	215,639	172,941	25,660,368	23,104,992	13,661,733	14,206,441	11,600,273	47,012,135	17,089,975	15,330,681
Unrestricted	(42,782,973)	(39,294,647)	(35,204,137)	(46,530,391)	(43,769,895)	(50,841,661)	(33,252,519)	(42,545,018)	(5,267,252)	(14,665,519)
Total Governmental Activities Net Position	<u>\$ 178,103,230</u>	<u>\$ 176,024,964</u>	<u>\$ 223,195,522</u>	<u>\$ 213,410,884</u>	<u>\$ 224,945,278</u>	<u>\$ 222,513,526</u>	<u>\$ 234,043,668</u>	<u>\$ 261,229,564</u>	<u>\$ 285,310,082</u>	<u>\$ 302,816,725</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 183,083,561	\$ 188,268,413	\$ 193,031,301	\$ 192,493,822	\$ 194,615,588	\$ 197,585,013	\$ 199,680,773	\$ 196,397,594	\$ 200,142,606	\$ 208,800,023
Restricted	406,253	604,795	858,037	1,236,060	1,093,122	1,624,835	1,455,645	1,538,587	1,815,357	2,044,750
Unrestricted	6,201,559	3,791,304	3,460,513	3,964,589	3,275,447	2,293,377	1,097,722	6,499,893	5,399,467	10,988,433
Total Business-Type Activities Net Position	<u>\$ 189,691,373</u>	<u>\$ 192,664,512</u>	<u>\$ 197,349,851</u>	<u>\$ 197,694,471</u>	<u>\$ 198,984,157</u>	<u>\$ 201,503,225</u>	<u>\$ 202,234,140</u>	<u>\$ 204,436,074</u>	<u>\$ 207,357,430</u>	<u>\$ 221,833,206</u>
Primary Government										
Net Investment in Capital Assets	\$ 403,415,083	\$ 425,770,592	\$ 429,330,105	\$ 429,330,105	\$ 449,669,028	\$ 456,733,759	\$ 455,376,687	\$ 453,160,041	\$ 473,629,965	\$ 510,951,586
Restricted	777,736	26,518,405	24,341,052	24,341,052	14,754,855	15,831,276	13,055,918	48,550,722	18,905,332	17,375,431
Unrestricted	(35,503,343)	(31,743,624)	(42,565,802)	(42,565,802)	(40,494,448)	(48,548,284)	(32,154,797)	(36,045,125)	132,215	(3,677,086)
Total Primary Government Net Position	<u>\$ 368,689,476</u>	<u>\$ 420,545,373</u>	<u>\$ 411,105,355</u>	<u>\$ 411,105,355</u>	<u>\$ 423,929,435</u>	<u>\$ 424,016,751</u>	<u>\$ 436,277,808</u>	<u>\$ 465,665,638</u>	<u>\$ 492,667,512</u>	<u>\$ 524,649,931</u>

Source: City of Kingsport Finance Department

CITY OF KINGSPORT, TENNESSEE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities:										
General Government	\$ 10,576,342	\$ 10,413,192	\$ 11,672,892	\$ 11,654,457	\$ 10,051,430	\$ 13,650,464	\$ 13,398,336	\$ 17,594,976	\$ 21,389,215	\$ 22,289,630
Public Safety	21,215,734	21,663,334	23,373,247	23,574,401	23,359,946	24,844,743	24,735,757	22,530,356	26,676,165	29,471,289
Public Works	14,606,362	15,579,088	18,087,183	17,995,836	21,056,262	19,461,480	22,751,093	19,487,805	22,617,812	27,067,764
Highway Transportation Planning	5,319,159	4,428,006	4,381,789	4,309,081	4,456,199	4,323,380	4,467,824	4,637,310	5,050,087	5,232,903
Economic and Physical Development	4,358,455	4,326,769	2,023,477	2,003,996	1,816,758	1,809,966	2,019,149	2,264,848	2,405,551	2,852,843
Culture and Recreation	7,347,859	7,784,401	8,322,721	8,539,135	8,713,814	8,650,854	8,611,592	9,565,508	10,125,763	10,393,153
Education	74,368,054	78,180,717	81,495,584	82,061,934	79,704,213	85,634,703	90,207,179	89,348,094	100,044,821	113,378,002
Interest on Long-Term Debt	4,189,508	4,008,351	3,847,436	4,077,838	3,959,266	3,869,974	3,558,701	3,420,487	3,183,790	4,295,031
Total Governmental Activities Expenses	141,981,473	146,383,858	153,204,329	154,216,678	153,117,888	162,245,564	169,749,631	168,849,384	191,493,204	214,980,615
Business-Type Activities:										
Water	10,689,783	11,029,910	11,389,112	11,682,737	11,907,425	12,502,667	12,005,149	11,600,766	13,651,930	15,003,447
Sewer	11,281,230	11,853,057	11,727,265	12,020,168	13,273,850	13,659,939	13,321,178	13,455,696	14,862,315	16,697,917
Solid Waste Management	4,249,886	4,424,383	4,638,331	4,606,197	4,969,412	5,092,975	4,820,616	6,565,280	6,555,868	6,580,015
Storm Water Management	1,347,121	1,457,499	1,476,865	1,464,050	1,506,017	1,356,009	1,455,996	1,390,291	1,921,721	1,492,860
Aquatic Center	3,058,481	2,984,965	3,062,597	3,095,614	3,165,293	2,805,099	2,770,680	3,164,069	3,360,127	3,391,215
MeadowView Conference Center	2,944,790	2,685,147	2,637,666	2,376,920	2,271,450	2,927,452	2,885,764	2,676,446	2,957,802	3,087,819
Cattails at MeadowView Golf Course	1,288,216	1,311,917	1,274,403	1,281,058	1,297,199	1,222,051	1,353,981	1,438,252	1,469,204	1,617,592
Total Business-Type Activities Expenses	34,859,507	35,746,878	36,206,239	36,526,744	38,390,646	39,566,192	38,613,364	40,290,800	44,778,967	47,870,865
Total Primary Government Expenses	\$ 176,840,980	\$ 182,130,736	\$ 189,410,568	\$ 190,743,422	\$ 191,508,534	\$ 201,811,756	\$ 208,362,995	\$ 209,140,184	\$ 236,272,171	\$ 262,851,480
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,036,182	\$ 1,097,954	\$ 1,011,092	\$ 873,420	\$ 1,226,607	\$ 1,332,054	\$ 2,083,277	\$ 1,562,877	\$ 2,346,292	\$ 1,907,824
Public Safety	1,106,788	1,259,977	1,422,778	1,497,607	1,571,833	1,214,122	1,183,373	1,364,592	1,454,859	2,119,394
Public Works	0	0	1,218,571	694,464	837,147	852,152	321,506	494,938	661,336	1,174,940
Highway Transportation Planning	147,631	117,862	121,005	131,331	137,499	116,270	108,828	112,177	112,633	110,315
Economic and Physical Development	599,980	900,416	25	0	0	0	0	0	0	0
Culture and Recreation	1,029,146	1,324,523	1,465,081	1,430,394	1,404,863	947,440	886,610	1,551,568	1,881,673	1,951,825
Education	2,287,373	2,417,198	2,202,762	2,229,939	2,430,625	2,077,017	1,674,025	1,826,109	3,336,368	3,572,238
Operating Grants and Contributions	38,081,890	38,590,390	42,102,696	43,383,591	45,097,644	46,845,170	53,247,450	63,520,471	62,146,782	78,379,126
Capital Grants and Contributions	3,351,516	2,411,235	47,444,523	4,566,083	6,248,957	2,402,227	8,287,092	6,494,542	13,697,996	18,762,965
Total Governmental Activities Program Revenues	47,640,506	48,119,555	96,988,533	54,806,829	58,955,175	55,786,452	67,792,161	76,927,274	85,637,939	107,978,627
Business-Type Activities:										
Charges for Services:										
Water	13,262,329	13,575,659	13,643,424	13,561,961	14,026,187	14,187,690	13,907,975	14,551,652	15,889,273	16,855,262
Sewer	13,305,667	13,750,057	14,363,873	14,129,069	14,203,143	14,648,731	14,381,890	15,383,305	17,743,133	19,764,526
Solid Waste Management	1,006,285	872,231	2,829,363	2,860,951	3,118,977	3,104,370	3,278,216	3,484,181	3,775,677	4,324,402
Storm Water Management	1,813,527	1,860,884	1,901,456	1,844,224	1,893,941	1,870,424	1,836,587	1,853,792	1,864,578	1,881,442
Aquatic Center	1,388,065	1,348,766	1,337,074	1,382,559	1,483,712	984,822	944,830	1,507,876	1,401,643	1,791,487
MeadowView Conference Center	223,898	384,717	435,600	380,866	325,982	238,806	84,398	232,275	326,224	330,757
Cattails at MeadowView Golf Course	819,742	898,760	881,851	879,919	849,403	814,850	1,237,870	1,100,454	1,138,899	1,254,265
Operating Grants and Contributions	181,030	174,903	167,877	160,187	177,713	9,969	0	0	0	0
Capital Grants and Contributions	868,632	1,495,226	1,709,857	258,915	37,701	83,784	190,100	247,533	1,211,477	9,417,623
Total Business-Type Activities Program Revenues	32,869,175	34,361,203	37,270,375	35,458,651	36,116,759	35,943,446	35,861,866	38,361,068	43,350,904	55,619,764
Total Primary Government Program Revenues	\$ 80,509,681	\$ 82,480,758	\$ 134,258,908	\$ 90,265,480	\$ 95,071,934	\$ 91,729,898	\$ 103,654,027	\$ 115,288,342	\$ 128,988,843	\$ 163,598,391

(continued)

CITY OF KINGSPORT, TENNESSEE
CHANGES IN NET POSITION
For the Fiscal Years Noted
(accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue										
Governmental Activities	\$ (94,340,967)	\$ (98,264,303)	\$ (56,215,796)	\$ (99,409,849)	\$ (94,162,713)	\$ (106,459,112)	\$ (101,957,470)	\$ (91,922,110)	\$ (105,855,265)	\$ (107,001,988)
Business-Type Activities	(1,990,332)	(1,385,675)	1,064,136	(1,068,093)	(2,273,887)	(3,622,746)	(2,751,498)	(1,929,732)	(1,428,063)	7,748,899
Total Primary Government Net (Expense) Revenue	<u>\$ (96,331,299)</u>	<u>\$ (99,649,978)</u>	<u>\$ (55,151,660)</u>	<u>\$ (100,477,942)</u>	<u>\$ (96,436,600)</u>	<u>\$ (110,081,858)</u>	<u>\$ (104,708,968)</u>	<u>\$ (93,851,842)</u>	<u>\$ (107,283,328)</u>	<u>\$ (99,253,089)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 55,935,014	\$ 57,058,121	\$ 59,355,264	\$ 57,621,560	\$ 57,748,741	\$ 59,138,963	\$ 60,603,676	\$ 60,971,132	\$ 64,537,940	57,861,472
Sales Taxes	32,690,121	34,386,506	34,602,066	35,891,135	36,618,697	36,662,041	41,096,952	46,556,674	49,916,865	49,811,840
Other Taxes	6,596,149	6,774,085	11,137,599	11,776,636	11,550,105	10,772,453	10,844,561	11,956,174	13,846,736	13,734,573
Grants and Contributions Not Restricted	1,126,538	995,380	1,121,189	1,111,256	1,125,983	1,268,998	2,418,904	1,763,461	1,317,032	2,046,470
Unrestricted Investment Earnings	158,346	211,962	332,007	850,735	1,235,699	1,250,933	461,428	57,904	1,835,591	4,846,993
Gain (Loss) on Disposal of Capital Assets	0	0	0	0	0	0	0	0	0	0
Miscellaneous	1,047,776	939,546	182,882	232,232	272,160	307,726	261,387	1,890,902	2,170,238	723,480
Transfers	(4,539,037)	(4,179,563)	(3,344,653)	(3,195,912)	(2,854,278)	(5,381,570)	(3,262,562)	(4,088,241)	(3,688,619)	(4,516,197)
Total Governmental Activities	<u>93,014,907</u>	<u>96,186,037</u>	<u>103,386,354</u>	<u>104,287,642</u>	<u>105,697,107</u>	<u>104,019,544</u>	<u>112,424,346</u>	<u>119,108,006</u>	<u>129,935,783</u>	<u>124,508,631</u>
Business-Type Activities:										
Unrestricted Investment Earnings	77,171	179,251	276,550	403,815	709,295	760,244	219,851	43,425	660,800	2,210,680
Gain (Loss) on Disposal of Capital Assets	0	0	0	0	0	0	0	0	0	0
Transfers	4,539,037	4,179,563	3,344,653	3,195,912	2,854,278	5,381,570	3,262,562	4,088,241	3,688,619	4,516,197
Total Business-Type Activities	<u>4,616,208</u>	<u>4,358,814</u>	<u>3,621,203</u>	<u>3,599,727</u>	<u>3,563,573</u>	<u>6,141,814</u>	<u>3,482,413</u>	<u>4,131,666</u>	<u>4,349,419</u>	<u>6,726,877</u>
Total Primary Government	<u>\$ 97,631,115</u>	<u>\$ 100,544,851</u>	<u>\$ 107,007,557</u>	<u>\$ 107,887,369</u>	<u>\$ 109,260,680</u>	<u>\$ 110,161,358</u>	<u>\$ 115,906,759</u>	<u>\$ 123,239,672</u>	<u>\$ 134,285,202</u>	<u>\$ 131,235,508</u>
Change in Net Position										
Governmental Activities	\$ (1,326,060)	\$ (2,078,266)	\$ 47,170,558	\$ 4,877,793	\$ 11,534,394	\$ (2,439,568)	\$ 10,466,876	\$ 27,185,896	\$ 24,080,518	\$ 17,506,643
Business-Type Activities	2,625,876	2,973,139	4,685,339	2,531,634	1,289,686	2,519,068	730,915	2,201,934	2,921,356	14,475,776
Total Primary Government	<u>\$ 1,299,816</u>	<u>\$ 894,873</u>	<u>\$ 51,855,897</u>	<u>\$ 7,409,427</u>	<u>\$ 12,824,080</u>	<u>\$ 79,500</u>	<u>\$ 11,197,791</u>	<u>\$ 29,387,830</u>	<u>\$ 27,001,874</u>	<u>\$ 31,982,419</u>

Source: City of Kingsport Finance Department

Note: All changes in Net Position are exclusive of any prior period adjustments.

Note: In FY2017 certain divisions and departments were moved from one reporting function to another. Prior year's columns agree with the original statement presentation.

Table 3

CITY OF KINGSPORT, TENNESSEE
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Income Tax	Business Tax	Alcoholic Beverage Tax	Hotel / Motel Tax	Total
2015	\$ 55,935,014	\$ 32,690,121	\$ 1,115,663	\$ 2,068,944	\$ 1,847,187	\$ 1,564,355	\$ 95,221,284
2016	\$ 57,058,121	\$ 34,386,506	\$ 1,068,350	\$ 2,103,921	\$ 1,924,223	\$ 1,677,591	\$ 98,218,712
2017	\$ 59,355,264	\$ 34,602,066	\$ 867,272	\$ 6,655,136	\$ 1,928,659	\$ 1,686,532	\$ 105,094,929
2018	\$ 57,621,560	\$ 35,891,135	\$ 789,709	\$ 7,187,326	\$ 1,973,277	\$ 1,826,324	\$ 105,289,331
2019	\$ 57,748,741	\$ 36,618,697	\$ 794,052	\$ 7,019,849	\$ 1,992,177	\$ 1,744,027	\$ 105,917,543
2020	\$ 59,138,963	\$ 36,662,041	\$ 478,717	\$ 6,814,149	\$ 2,041,964	\$ 1,437,623	\$ 106,573,457
2021	\$ 60,603,676	\$ 41,096,952	\$ 242,319	\$ 7,041,983	\$ 2,204,644	\$ 1,355,615	\$ 112,545,189
2022	\$ 60,971,132	\$ 46,556,674	\$ 6,311	\$ 7,629,584	\$ 2,280,339	\$ 2,039,940	\$ 119,483,980
2023	\$ 64,537,940	\$ 49,916,865	\$ 2,053	\$ 9,265,292	\$ 2,329,619	\$ 2,249,772	\$ 128,301,541
2024	\$ 57,861,472	\$ 49,811,840	\$ 1,181	\$ 9,305,189	\$ 2,320,710	\$ 2,107,493	\$ 121,407,885

Source: City of Kingsport Finance Department

Note: Business Tax includes franchise fees

CITY OF KINGSPORT, TENNESSEE
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 20,941	\$ 22,927	\$ 24,390	\$ 32,018	\$ 40,972	\$ 29,665	\$ 32,627	\$ 23,814	\$ 25,204	\$ 17,906
Restricted	0	0	0	0	0	0	0	0	87,555	319,596
Committed	0	0	0	0	0	0	0	0	0	0
Assigned	139,451	94,905	179,468	160,364	169,353	492,756	255,189	363,614	487,894	486,984
Unassigned	12,736,020	13,130,953	13,911,298	15,585,389	15,828,588	17,716,474	20,215,891	24,187,194	24,976,391	24,759,978
Total General Fund	\$ 12,896,412	\$ 13,248,785	\$ 14,115,156	\$ 15,777,771	\$ 16,038,913	\$ 18,238,895	\$ 20,503,707	\$ 24,574,622	\$ 25,577,044	\$ 25,584,464
All Other Governmental Funds										
Nonspendable	\$ 328,598	\$ 349,582	\$ 312,662	\$ 335,197	\$ 373,070	\$ 515,367	\$ 418,114	\$ 304,084	\$ 382,699	\$ 458,433
Restricted	15,519,288	8,264,217	37,108,397	41,610,698	25,537,386	20,776,298	9,978,803	19,434,295	17,834,735	52,147,333
Committed	15,000	15,000	0	0	0	5,420,189	6,195,502	9,969,064	13,277,714	12,879,483
Assigned	10,510,648	11,859,220	16,105,744	16,256,502	16,891,707	11,521,848	21,321,183	25,087,140	20,864,142	16,617,427
Total all Other Governmental Funds	\$ 26,373,534	\$ 20,488,019	\$ 53,526,803	\$ 58,202,397	\$ 42,802,163	\$ 38,233,702	\$ 37,913,602	\$ 54,794,583	\$ 52,359,290	\$ 82,102,676

Source: City of Kingsport Finance Department

CITY OF KINGSPORT, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Taxes	\$ 73,722,283	\$ 75,549,547	\$ 81,991,726	\$ 81,464,793	\$ 82,005,281	\$ 83,073,457	\$ 86,802,063	\$ 90,176,062	\$ 96,853,521	\$ 90,132,811
Licenses and Permits	518,480	456,360	569,817	547,907	497,594	392,623	412,534	730,992	877,495	903,001
Intergovernmental	61,752,080	62,852,964	111,324,918	70,846,844	73,873,732	72,808,702	83,009,640	93,552,111	102,406,761	124,432,182
Charges for Services	4,453,764	5,093,344	5,401,380	4,767,530	5,221,404	4,387,509	3,373,942	4,342,095	5,817,605	6,933,151
Fines and Forfeitures	872,162	1,025,281	1,174,085	1,186,920	1,222,064	884,770	843,312	1,021,436	1,103,242	1,323,137
Contributions and Donations	713,459	471,323	1,248,466	585,059	558,352	461,323	604,469	1,835,866	1,105,380	761,568
Investment Earnings	140,248	187,494	293,534	757,810	1,034,953	1,019,663	426,849	37,368	1,443,240	4,294,026
Internal School Collections	0	0	0	0	0	0	1,422,627	2,180,361	2,588,255	3,382,820
Miscellaneous	426,932	459,683	750,654	896,475	901,614	767,263	781,011	3,091,408	2,982,559	2,133,084
Total Revenues	142,599,408	146,095,996	202,754,580	161,053,338	165,314,994	163,795,310	177,676,447	196,967,699	215,178,058	234,295,780
Expenditures:										
General Government	8,888,732	9,295,398	9,815,240	10,738,807	9,855,283	11,393,041	10,088,044	14,279,759	18,373,201	16,809,931
Public Safety	20,349,756	20,379,496	21,421,493	21,925,456	22,070,767	22,438,584	22,363,184	23,104,262	25,008,009	26,467,137
Public Works	6,854,129	7,343,759	10,134,719	10,327,076	10,497,786	10,721,615	10,801,664	11,172,782	13,699,424	14,453,868
Transportation	5,319,159	4,428,006	4,381,788	4,309,081	4,456,199	4,323,381	4,467,831	4,637,309	5,050,087	5,232,903
Development	4,009,648	3,962,118	2,029,686	1,845,723	1,871,119	1,795,809	1,978,625	2,391,899	2,370,237	2,765,101
Recreation	5,413,181	5,592,782	5,997,447	6,108,430	6,403,332	6,038,314	5,940,438	7,087,419	6,973,961	6,982,441
Education	69,933,085	73,886,673	76,315,602	78,543,665	80,196,367	81,873,281	87,299,393	89,730,919	96,951,633	104,339,320
Miscellaneous	1,010,101	769,025	798,983	963,700	960,043	1,025,990	1,297,432	1,062,775	1,314,814	1,449,011
Capital Outlay	15,864,508	11,667,728	31,017,522	18,996,093	35,898,326	18,276,347	18,259,481	18,196,338	29,600,898	47,957,660
Arbitrage	0	0	0	0	41,586	0	0	0	0	0
Debt Service:										
Principal	7,696,331	7,697,555	7,953,385	8,624,257	8,529,857	8,430,318	8,889,873	8,987,152	10,017,390	10,474,240
Interest	4,352,406	4,356,358	4,004,572	4,268,268	4,368,020	4,216,949	4,125,270	3,897,074	3,770,105	4,326,890
Bond Issuance Costs	498,456	242,887	88,997	199,766	248,086	101,943	251,026	109,031	0	428,361
Other Charges	0	17,311	14,941	20,531	13,740	8,538	17,576	17,033	11,125	11,432
Total Expenditures	150,189,492	149,639,096	173,974,375	166,870,853	185,410,511	170,644,110	175,779,837	184,673,752	213,140,884	241,698,295
Excess (deficiency) of revenues over (under) expenditures	(7,590,084)	(3,543,100)	28,780,205	(5,817,515)	(20,095,517)	(6,848,800)	1,896,610	12,293,947	2,037,174	(7,402,515)

CITY OF KINGSPORT, TENNESSEE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources (Uses):										
Transfers In	31,868,200	33,017,651	82,273,310	35,013,443	38,550,693	34,491,747	40,008,164	44,062,330	52,851,707	47,728,299
Transfers Out	(36,752,237)	(37,553,446)	(85,617,963)	(38,219,397)	(41,023,278)	(39,873,317)	(43,270,726)	(48,150,571)	(56,540,326)	(52,404,496)
Transfer Bonds to										
Enterprise Funds	0	(1,362,955)	0	0	0	0	0	0	0	0
Issuance of Debt	14,596,848	8,054,686	7,821,325	14,690,288	7,040,000	8,906,518	2,000,000	11,842,159	218,574	40,770,000
Issuance of Refunding Debt	17,695,000	11,259,065	0	0	7,377,513	0	9,250,917	0	0	0
Premiums on Debt Issued	4,044,772	1,685,668	648,278	671,390	1,713,137	800,555	288,551	904,031	0	1,059,518
Payments to Refunded										
Bond Escrow Agent	(19,901,049)	(17,090,711)	0	0	(8,701,640)	0	(9,292,070)	0	0	0
Total Other Financing Sources (Uses)	11,551,534	(1,990,042)	5,124,950	12,155,724	4,956,425	4,325,503	(1,015,164)	8,657,949	(3,470,045)	37,153,321
Net Change in Fund Balances	\$ 3,961,450	\$ (5,533,142)	\$ 33,905,155	\$ 6,338,209	\$ (15,139,092)	\$ (2,523,297)	\$ 881,446	\$ 20,951,896	\$ (1,432,871)	\$ 29,750,806
Debt Service as a Percentage of Noncapital Expenditures	9.0%	8.7%	8.4%	8.7%	8.6%	8.3%	8.3%	7.7%	7.5%	7.6%

Source: City of Kingsport Finance Department

Note: All net changes in fund balances are exclusive of any prior period adjustments.

Note: In FY2017 certain divisions and departments were moved from one reporting function to another. Prior year's columns agree with the original statement presentation.

Table 6

CITY OF KINGSPORT, TENNESSEE
GENERAL GOVERNMENT TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Income Tax	Business Tax	Alcoholic Beverage Tax	Hotel / Motel Tax	Total
2015	\$ 56,221,896	\$ 32,690,121	\$ 1,115,663	\$ 2,068,944	\$ 1,847,187	\$ 1,564,355	\$ 95,508,166
2016	\$ 56,978,708	\$ 34,386,506	\$ 1,068,350	\$ 2,103,921	\$ 1,924,223	\$ 1,677,591	\$ 98,139,299
2017	\$ 59,329,621	\$ 34,602,066	\$ 867,272	\$ 6,655,136	\$ 1,928,659	\$ 1,686,532	\$ 105,069,286
2018	\$ 57,586,185	\$ 35,891,135	\$ 789,709	\$ 7,187,326	\$ 1,973,277	\$ 1,826,324	\$ 105,253,956
2019	\$ 57,903,752	\$ 36,618,697	\$ 794,052	\$ 7,019,849	\$ 1,992,177	\$ 1,744,027	\$ 106,072,554
2020	\$ 59,115,638	\$ 36,662,041	\$ 478,717	\$ 6,814,149	\$ 2,041,964	\$ 1,437,623	\$ 106,550,132
2021	\$ 60,691,058	\$ 41,096,952	\$ 242,319	\$ 7,041,983	\$ 2,204,644	\$ 1,355,615	\$ 112,632,571
2022	\$ 60,943,045	\$ 46,556,674	\$ 6,311	\$ 7,629,584	\$ 2,280,339	\$ 2,039,940	\$ 119,455,893
2023	\$ 64,404,327	\$ 46,556,674	\$ 6,311	\$ 7,629,584	\$ 2,280,339	\$ 2,039,940	\$ 122,917,175
2024	\$ 57,893,197	\$ 49,811,840	\$ 1,181	\$ 9,305,189	\$ 2,320,710	\$ 2,107,493	\$ 121,439,610

Source: City of Kingsport Finance Department

Note: Certain tax revenue that flows from other governments has historically been rolled up as intergovernmental revenue in Table 5 and the related statement of revenues, expenditures, and changes in fund balances.

Note: Business Tax includes franchise fees

**CITY OF KINGSPORT, TENNESSEE
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years**

Fiscal Year Ended June 30	Tax Year	Real Property				Total Taxable Assessed Value	Direct Tax Rates*		Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential and Farm Property	Industrial and Commercial Property	Personal Property	Public Utility		Kingsport City Sullivan County	Kingsport City Hawkins County		
2015	2014	\$ 667,577,858	\$ 669,577,428	\$ 398,689,272	\$ 53,753,183	\$ 1,789,597,741	\$ 2.07000	\$ 2.01000	\$ 5,770,952,302	31.01%
2016	2015	\$ 672,886,191	\$ 673,211,644	\$ 369,527,956	\$ 52,975,572	\$ 1,768,601,363	\$ 2.07000	\$ 2.01000	\$ 5,702,652,949	31.01%
2017	2016	\$ 675,307,100	\$ 680,122,506	\$ 406,161,760	\$ 53,030,272	\$ 1,814,621,638	\$ 2.07000	\$ 2.01000	\$ 5,851,825,875	31.01%
2018	2017	\$ 714,130,411	\$ 690,336,842	\$ 425,976,410	\$ 51,659,227	\$ 1,882,102,890	\$ 1.97500	\$ 1.97500	\$ 6,096,210,983	30.87%
2019	2018	\$ 720,720,759	\$ 696,388,598	\$ 446,121,820	\$ 54,691,825	\$ 1,917,923,002	\$ 1.97500	\$ 1.97500	\$ 6,210,366,946	30.88%
2020	2019	\$ 728,712,283	\$ 705,350,930	\$ 391,603,183	\$ 53,331,659	\$ 1,878,998,055	\$ 2.06430	\$ 1.89000	\$ 6,080,537,053	30.90%
2021	2020	\$ 732,082,392	\$ 710,538,560	\$ 380,900,243	\$ 61,876,832	\$ 1,885,398,027	\$ 2.06430	\$ 1.89000	\$ 6,086,846,776	30.97%
2022	2021	\$ 804,461,450	\$ 744,566,040	\$ 475,251,106	\$ 73,144,682	\$ 2,097,423,278	\$ 2.06430	\$ 1.89000	\$ 6,796,421,584	30.86%
2023	2022	\$ 818,468,175	\$ 725,521,200	\$ 480,395,276	\$ 73,471,513	\$ 2,097,856,164	\$ 1.99830	\$ 1.99830	\$ 6,822,577,856	30.75%
2024	2023	\$ 832,839,775	\$ 742,790,600	\$ 375,127,598	\$ 58,038,410	\$ 2,008,796,383	\$ 1.99830	\$ 1.99830	\$ 6,544,285,308	30.70%

Source: City of Kingsport Finance Department

Note: Tax rates are per \$100 of assessed value

*The City of Kingsport is located in both Sullivan County and Hawkins County, Tennessee

Table 8

**CITY OF KINGSPORT, TENNESSEE
PROPERTY TAX RATES (PER \$100 ASSESSED VALUE)
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Tax Year	City Direct Rates*		Overlapping Rates	
		Kingsport City Sullivan County	Kingsport City Hawkins County	Sullivan County	Hawkins County
2015	2014	\$ 2.07000	\$ 2.01000	\$ 2.30540	\$ 2.46500
2016	2015	\$ 2.07000	\$ 2.01000	\$ 2.57540	\$ 2.46500
2017	2016	\$ 2.07000	\$ 2.01000	\$ 2.57540	\$ 2.53230
2018	2017	\$ 1.97500	\$ 1.97500	\$ 2.55000	\$ 2.53230
2019	2018	\$ 1.97500	\$ 1.97500	\$ 2.55000	\$ 2.53230
2020	2019	\$ 2.06430	\$ 1.89000	\$ 2.57000	\$ 2.53230
2021	2020	\$ 2.06430	\$ 1.89000	\$ 2.57000	\$ 2.53230
2022	2021	\$ 1.87830	\$ 1.87830	\$ 2.40620	\$ 2.16770
2023	2022	\$ 1.99830	\$ 1.99830	\$ 2.40620	\$ 2.31770
2024	2023	\$ 1.99830	\$ 1.99830	\$ 2.40620	\$ 2.32470

Source: City of Kingsport Finance Department

Note: Overlapping rates are those of county governments that apply to property owners within the City of Kingsport.

Table 9

**CITY OF KINGSPORT, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
For The Fiscal Years Noted**

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Eastman	\$ 436,620,245	1	21.7%	\$ 437,321,517	1	24.4%
Domtar, Inc (Weyerhaeuser Co/ Willamette Industries)				33,294,787	2	1.9%
Kingsport Power Company (AEP)	27,709,945	2	1.4%	21,715,630	4	1.2%
Holston Family Practice	26,735,225	3	1.3%	21,778,098	3	1.2%
Ballad Health (Wellmont Health/ Mountain States Health)	23,041,038	4	1.1%	31,422,032	6 & 8	1.8%
Eastman Credit Union	17,887,200	5	0.9%	13,520,614	9	0.8%
RPAI Kpt East Stone LLC/C Jackson	13,023,640	6	0.6%	15,487,440	7	0.9%
Cross Creek/Allandale Falls/ Brandy Mill Apartments	12,389,230	7	0.6%	20,236,689	5	1.1%
Wal-Mart Properties	11,925,440	8	0.6%			
Kingsport Hotel LLC	11,525,107	9	0.6%			
Asbury Center, Inc/ Asbury Place	9,522,744	10	0.5%			
Fort Henry Mall - Balty, LLC				11,912,507	10	0.7%
Totals	\$ 590,379,814		29.3%	\$ 606,689,314		34.0%

Total Taxable Assessed Value:
 FYE 2024 (Tax Year 2023) \$ 2,008,796,383
 FYE 2015 (Tax Year 2014) \$ 1,789,597,741

Source: City of Kingsport Finance Department

Table 10

**CITY OF KINGSPORT, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year Ended June 30th	Tax Year	Tax Levy for Fiscal Year	Subsequent Adjustments to Levy	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date		Uncollected Delinquent Taxes
					Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy	
2015	2014	\$ 37,776,783	\$ 271,368	\$ 38,048,151	\$ 37,242,818	97.88%	\$ 735,796	\$ 37,978,614	99.82%	\$ 69,537
2016	2015	\$ 37,829,084	\$ (243,210)	\$ 37,585,874	\$ 36,831,749	97.99%	\$ 687,785	\$ 37,519,534	99.82%	\$ 66,340
2017	2016	\$ 38,289,949	\$ 405,139	\$ 38,695,088	\$ 38,148,030	98.59%	\$ 471,934	\$ 38,619,964	99.81%	\$ 75,124
2018	2017	\$ 38,789,017	\$ (197,377)	\$ 38,591,640	\$ 37,910,311	98.23%	\$ 619,089	\$ 38,529,400	99.84%	\$ 62,240
2019	2018	\$ 39,208,746	\$ (101,770)	\$ 39,106,976	\$ 38,376,785	98.13%	\$ 667,338	\$ 39,044,123	99.84%	\$ 62,853
2020	2019	\$ 39,954,621	\$ 51,424	\$ 40,006,045	\$ 39,181,627	97.94%	\$ 737,402	\$ 39,919,029	99.78%	\$ 87,016
2021	2020	\$ 40,205,230	\$ 987,604	\$ 41,192,834	\$ 39,502,136	95.90%	\$ 1,545,561	\$ 41,047,697	99.65%	\$ 145,137
2022	2021	\$ 40,807,539	\$ (651,843)	\$ 40,155,696	\$ 39,310,968	97.90%	\$ 629,966	\$ 39,940,934	99.47%	\$ 214,762
2023	2022	\$ 41,921,460	\$ 2,071,616	\$ 43,993,076	\$ 43,138,035	98.06%	\$ 466,305	\$ 43,604,340	99.12%	\$ 388,736
2024	2023	\$ 40,141,779	\$ 1,881,441	\$ 42,023,220	\$ 41,026,744	97.63%	\$ 0	\$ 41,026,744	97.63%	\$ 996,476

Source: City of Kingsport Finance Department

Table 11

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE
For the Fiscal Year Ended June 30, 2024

Tax Year	Property Tax Receivable Balance June 30, 2023	Property Tax Levied	Anticipated Current Year Levy	Abatements and Adjustments	Collections	Property Tax Receivable Balance June 30, 2024
2014	\$ 69,782	\$ 0	\$ 0	\$ 0	\$ 245	\$ 69,537
2015	66,924	0	0	0	584	66,340
2016	76,540	0	0	0	1,416	75,124
2017	76,777	0	0	(11,127)	3,410	62,240
2018	68,901	0	0	(11,193)	(5,145)	62,853
2019	100,925	0	0	(12,550)	1,359	87,016
2020	170,298	0	0	(98,617)	(73,456)	145,137
2021	408,889	0	0	(97,767)	96,360	214,762
2022	913,384	0	0	(58,343)	466,305	388,736
2023	0	40,141,779	0	1,881,441	41,026,744	996,476
2024	0	0	41,029,360	0	0	41,029,360
Totals	\$ 1,952,420	\$ 40,141,779	\$ 41,029,360	\$ 1,591,844	\$ 41,517,822	\$ 43,197,581

NOTES: All uncollected real property taxes for years prior to 2023 have been turned over to the Clerk & Master for collection.

Source: City of Kingsport Finance Department

**CITY OF KINGSPORT, TENNESSEE
LOCAL OPTION SALES TAX COLLECTIONS
Last Ten Fiscal Years**

FISCAL YEAR ENDED JUNE 30th	TOTAL LOCAL OPTION SALES TAX COLLECTIONS	GENERAL FUND	REGIONAL SALES TAX FUND
2015	\$ 20,522,234	\$ 16,848,128	\$ 3,674,106
2016	\$ 21,282,094	\$ 17,474,902	\$ 3,807,192
2017	\$ 20,925,314	\$ 17,177,049	\$ 3,748,265
2018	\$ 21,706,556	\$ 17,834,086	\$ 3,872,470
2019	\$ 21,863,519	\$ 17,982,774	\$ 3,880,745
2020	\$ 21,561,830	\$ 17,784,092	\$ 3,777,738
2021	\$ 23,632,660	\$ 19,528,179	\$ 4,104,481
2022	\$ 26,512,948	\$ 21,934,952	\$ 4,577,996
2023	\$ 28,339,910	\$ 23,447,827	\$ 4,892,083
2024	\$ 27,986,247	\$ 23,177,020	\$ 4,809,227

Source: City of Kingsport Finance Department

Note: The Local Option Sales Tax rate for sales within the corporate limits of the City of Kingsport is 2.50% in the Sullivan County portion of the municipality. One-quarter percent (0.25%) is distributed directly to the Regional Sales Tax Fund and is used to offset the costs related to the City's MeadowView Conference, Resort, and Convention Center and related facilities, and the Aquatic Center.

CITY OF KINGSPORT, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	General Obligation Bonds	Revenue Bonds	Notes Payable			
2015	\$ 118,181,223	\$ 7,447,661	\$ 114,003,565	\$ 0	\$ 0	\$ 239,632,449	17.66%	\$ 4,535
2016	\$ 114,824,016	\$ 6,592,279	\$ 115,356,506	\$ 0	\$ 3,894,310	\$ 240,667,111	17.53%	\$ 4,550
2017	\$ 115,545,922	\$ 5,733,810	\$ 121,037,522	\$ 0	\$ 12,871,681	\$ 255,188,935	17.91%	\$ 4,827
2018	\$ 122,487,064	\$ 4,872,219	\$ 124,222,024	\$ 0	\$ 13,088,581	\$ 264,669,888	17.72%	\$ 5,022
2019	\$ 121,787,253	\$ 4,007,482	\$ 123,603,806	\$ 0	\$ 12,510,373	\$ 261,908,914	16.90%	\$ 4,931
2020	\$ 123,123,143	\$ 3,139,576	\$ 125,113,960	\$ 0	\$ 11,921,785	\$ 263,298,464	16.80%	\$ 4,901
2021	\$ 114,803,818	\$ 4,268,486	\$ 116,198,548	\$ 0	\$ 11,322,637	\$ 246,593,489	14.82%	\$ 4,556
2022	\$ 115,768,357	\$ 6,188,230	\$ 116,289,114	\$ 0	\$ 10,712,737	\$ 248,958,438	14.79%	\$ 4,479
2023	\$ 105,650,158	\$ 5,628,759	\$ 107,010,340	\$ 0	\$ 10,983,393	\$ 229,272,650	12.89%	\$ 4,083
2024	\$ 136,993,224	\$ 4,732,186	\$ 119,140,321	\$ 0	\$ 10,711,073	\$ 271,576,804	13.73%	\$ 4,789

Source: City of Kingsport Finance Department

Note:

- Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- See the Schedule of Demographic and Economic Statistics for personal income and population data.
- In FY 2018 all years calculations for Percentage of Personal Income and Per Capita were retroactively updated based on information provided in Schedule 18

Table 14

CITY OF KINGSPORT, TENNESSEE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Reserves	Net General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2015	\$ 232,184,788	\$ 166,983	\$ 232,017,805	4.02%	\$ 4,391
2016	\$ 230,180,522	\$ 311,026	\$ 229,869,496	4.03%	\$ 4,346
2017	\$ 236,583,444	\$ 543,875	\$ 236,039,569	4.03%	\$ 4,464
2018	\$ 246,709,088	\$ 774,135	\$ 245,934,953	4.03%	\$ 4,667
2019	\$ 245,391,059	\$ 451,537	\$ 244,939,522	3.94%	\$ 4,611
2020	\$ 248,237,103	\$ 875,007	\$ 247,362,096	4.07%	\$ 4,605
2021	\$ 231,002,366	\$ 714,222	\$ 230,288,144	3.78%	\$ 4,255
2022	\$ 232,057,471	\$ 743,025	\$ 231,314,446	3.40%	\$ 4,162
2023	\$ 212,660,498	\$ 823,159	\$ 211,837,339	3.10%	\$ 3,773
2024	\$ 256,133,545	\$ 1,005,575	\$ 255,127,970	3.90%	\$ 4,499

Source: City of Kingsport Finance Department

Note:

- Details regarding the City's outstanding debt can be found in the notes to the financial statements
- See Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data
- See Schedule of Demographic and Economic Statistics for personal income and population data
- In FY 2018 all years calculations for Per Capita were retroactively updated based on information provided in Schedule 18
- Amounts Available in Debt Service Reserves includes investments restricted for debt service in enterprise funds

CITY OF KINGSPORT, TENNESSEE
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
For the Fiscal Year Ended June 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Net Direct Debt:			
City of Kingsport	\$ 129,792,041	100.00%	\$ 129,792,041
Total Direct Debt	129,792,041	100.00%	129,792,041
Overlapping Debt:			
Sullivan County	220,783,550	43.65% (1)	96,372,020
Hawkins County	51,800,547	7.02% (1)	3,636,398
Subtotal, Overlapping Debt	272,584,097		100,008,418
Total Direct and Overlapping Debt	\$ 402,376,138		\$ 229,800,459

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

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

Sources:

- City of Kingsport Finance Department
- County Governments
- Tennessee Comptroller of the Treasury Division of Property Assessments

**CITY OF KINGSPORT, TENNESSEE
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	<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>	<u>2024</u>
Debt Limit	\$ 357,919,548	\$ 353,720,273	\$ 362,924,328	\$ 376,420,578	\$ 383,584,600	\$ 375,799,611	\$ 377,079,605	\$ 419,484,656	\$ 419,571,233	\$ 401,759,277
Total Net Debt Applicable to Limit	<u>112,003,505</u>	<u>107,558,337</u>	<u>108,241,746</u>	<u>115,126,367</u>	<u>113,409,176</u>	<u>114,710,280</u>	<u>107,032,790</u>	<u>107,925,053</u>	<u>98,642,708</u>	<u>129,792,041</u>
Legal Debt Margin	<u>\$ 245,916,043</u>	<u>\$ 246,161,936</u>	<u>\$ 254,682,582</u>	<u>\$ 261,294,211</u>	<u>\$ 270,175,424</u>	<u>\$ 261,089,331</u>	<u>\$ 270,046,815</u>	<u>\$ 311,559,603</u>	<u>\$ 320,928,525</u>	<u>\$ 271,967,236</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>31.29%</u>	<u>30.41%</u>	<u>29.82%</u>	<u>30.58%</u>	<u>29.57%</u>	<u>30.52%</u>	<u>28.38%</u>	<u>25.73%</u>	<u>23.51%</u>	<u>32.31%</u>

Legal Debt Margin Calculation for Fiscal Year 2024

Total Taxable Assessed Value	\$ 2,008,796,383
Debt Limit (20% of Taxable Assessed Value)	<u>\$ 401,759,277</u>
Debt Applicable to Limit: General Obligation Bonds	<u>\$ 129,792,041</u>
Legal Debt Margin	<u>\$ 271,967,236</u>

Limitation on Borrowing Power

City Charter - Article XIII, Section 5 "The total bonded indebtedness of the City shall not exceed twenty per centum (20%) of the assessed value of the taxable property of the City according to the last complete assessment." Revenue Bonds and Special Assessment Bonds are excluded in computing the debt limit.

Bond Rating: "Standard & Poor's" AA
"Moody's" Aa2

Source: City of Kingsport Finance Department

Table 17

**CITY OF KINGSPORT, TENNESSEE
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years**

Fiscal Year	Operating Revenue	(1) Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				(2) Principal	Interest	Total	
<u>Water, Sewer and Storm Water Bonds:</u>							
2015	\$ 28,379,023	\$ 13,338,516	\$ 15,040,507	\$ 7,904,148	\$ 2,087,368	\$ 9,991,516	1.51
2016	\$ 29,186,600	\$ 14,173,315	\$ 15,013,285	\$ 6,593,639	\$ 2,032,670	\$ 8,626,309	1.74
2017	\$ 29,908,753	\$ 14,463,957	\$ 15,444,796	\$ 6,371,807	\$ 1,863,776	\$ 8,235,583	1.88
2018	\$ 29,535,254	\$ 13,917,223	\$ 15,618,031	\$ 6,559,414	\$ 2,258,224	\$ 8,817,638	1.77
2019	\$ 30,123,271	\$ 14,884,230	\$ 15,239,041	\$ 6,614,484	\$ 2,537,820	\$ 9,152,304	1.67
2020	\$ 30,706,845	\$ 15,469,401	\$ 15,237,444	\$ 6,409,727	\$ 2,830,501	\$ 9,240,228	1.65
2021	\$ 30,126,452	\$ 15,310,229	\$ 14,816,223	\$ 6,742,288	\$ 2,615,333	\$ 9,357,621	1.58
2022	\$ 31,788,749	\$ 14,919,200	\$ 16,869,549	\$ 6,678,874	\$ 2,553,610	\$ 9,232,484	1.83
2023	\$ 35,496,984	\$ 18,629,050	\$ 16,867,934	\$ 6,695,876	\$ 2,465,295	\$ 9,161,171	1.84
2024	\$ 38,501,230	\$ 20,351,193	\$ 18,150,037	\$ 6,953,057	\$ 3,034,173	\$ 9,987,230	1.82

(1) Total operating expenses exclusive of depreciation.

(2) Principal paid on capital debt is net of refunded debt.

Source: City of Kingsport Finance Department

Notes: Storm Water Utility debt was established during fiscal year 2013.

**CITY OF KINGSPORT, TENNESSEE
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Census Data Year	Population (1)	Per Capita Personal Income (1)	Median Age (1)	Education Level - Population 25 Years and Over (1)					School Enrollment (2)	Unemployment Rate (3)
					High School Graduate or Higher (1)	Associate's Degree (1)	Bachelor's Degree (1)	Masters or Professional Degree (1)			
2015	2014	52,835	\$ 1,357,172,645	\$ 25,687	44.4	87.7%	7.1%	14.2%	11.2%	7,298	6.3%
2016	2015	52,898	\$ 1,373,126,284	\$ 25,958	44.3	87.6%	7.3%	14.8%	10.5%	7,403	5.4%
2017	2016	52,871	\$ 1,424,820,579	\$ 26,949	43.3	89.6%	6.0%	16.3%	10.5%	7,654	4.6%
2018	2017	52,698	\$ 1,493,250,528	\$ 28,336	44.3	87.1%	7.4%	15.5%	10.3%	7,655	4.2%
2019	2018	53,115	\$ 1,549,577,010	\$ 29,174	44.7	87.4%	7.3%	15.6%	10.5%	7,582	4.2%
2020	2019	53,719	\$ 1,567,198,106	\$ 29,174	44.0	88.1%	7.5%	15.2%	9.9%	7,618	9.1%
2021	2020	54,127	\$ 1,663,863,980	\$ 30,740	44.5	88.2%	9.1%	17.1%	13.4%	7,567	7.3%
2022	2021	55,582	\$ 1,682,745,050	\$ 30,275	44.9	88.3%	9.1%	17.5%	10.9%	7,737	4.6%
2023	2022	56,150	\$ 1,778,719,700	\$ 31,678	45.2	89.0%	9.2%	17.5%	11.0%	7,526	3.9%
2024	2023	56,704	\$ 1,977,722,112	\$ 34,878	44.6	89.3%	9.4%	18.7%	11.0%	7,387	3.8%

Source:

- (1) American Community Survey (ACS) 5-Year Estimates (via American Factfinder) - City of Kingsport
- (2) Kingsport City Schools
- (3) U.S. Bureau of Labor and Statistics, month of June

Note: Beginning with FY 2018 this schedule was updated retroactively for all years based on information from the sources listed above.

Note: Certain calculations on tables 13 and 14 related to this table have also been retroactively updated for all years

Table 19

**CITY OF KINGSPORT, TENNESSEE
PRINCIPAL EMPLOYERS
FOR THE FISCAL YEARS NOTED**

Employer	2024			2015		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eastman	6,500	1	9.3%	6,848	1	10.3%
Ballad Health/Holston Valley Comm Hospital	1,518	2	2.2%	3,009	2	4.5%
Partner Industrial	1,390	3	2.0%			
Kingsport City Schools	1,214	4	1.7%	1,057	4	1.6%
BAE SYSTEMS Ordnance Systems, Inc.	900	5	1.3%	700	8	1.1%
City of Kingsport	833	6	1.2%	742	5	1.1%
Eastman Credit Union	693	7	1.0%			
Holston Medical Group	687	8	1.0%	718	7	1.1%
TEC Industrial Maintenance & Construction	490	9	0.7%			
Ballad Health/Indian Path Comm Hospital	438	10	0.6%	663	10	1.0%
Brock				1,564	3	2.4%
Jacobs				672	8	1.0%
Wal-Mart				725	5	1.1%
	14,663		20.9%	16,698		25.1%
Total Sullivan County Employment:						
	FYE 2024	70,125				
	FYE 2015	66,410				

Source:

-NETWORKS/Sullivan Partnership & Employers

CITY OF KINGSPORT, TENNESSEE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	100	125	84	84	88	86	86	85	91	94
Public Safety	269	271	280	283	282	283	283	283	283	292
Public Works	135	119	166	154	165	172	170	160	163	175
Development	19	21	15	15	14	18	18	21	20	20
Recreation	61	59	65	65	67	68	68	85	86	88
Education	1,057	1,073	1,092	1,123	1,115	1,132	1,148	1,172	1,181	1,214
Water	73	72	72	83	67	67	65	65	66	64
Sewer	42	42	42	42	47	47	53	55	52	52
Solid Waste	34	35	35	35	35	35	35	35	35	35
	<u>1,790</u>	<u>1,817</u>	<u>1,851</u>	<u>1,884</u>	<u>1,880</u>	<u>1,908</u>	<u>1,926</u>	<u>1,961</u>	<u>1,977</u>	<u>2,034</u>

Sources:
 -City of Kingsport Finance Department
 -Kingsport City School System

Table 21

**CITY OF KINGSPORT, TENNESSEE
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Education:										
Student Transportation:										
Miles	447,373	473,260	501,153	501,780	488,410	387,371	339,802	487,407	505,714	511,375
Average Daily Ridership	1,972	2,011	2,299	2,044	1,742	1,845	2,105	2,280	2,415	2,635
Public Safety:										
Police:										
Physical Arrests	4,406	4,119	5,110	4,452	4,010	5,031	4,999	4,431	4,747	4,881
Parking Citations	1,246	325	511	501	1,052	382	241	416	701	493
Traffic Citations	15,699	17,210	20,962	22,436	17,632	8,786	5,143	4,039	6,405	7,533
Calls for Service	62,935	63,006	68,012	70,179	68,404	62,645	60,969	56,933	62,866	59,614
Fire:										
Calls for Service	8,593	8,035	8,167	8,053	8,528	6,654	6,685	8,332	8,254	8,102
Inspections	3,225	3,285	2,944	3,063	2,277	1,436	1,428	1,572	2,718	2,358
Fire Loss	\$ 1,771,938	\$ 1,526,790	\$ 2,239,390	\$ 2,527,429	\$ 3,075,280	\$ 1,147,358	\$ 1,237,668	\$ 2,981,847	\$ 1,890,656	\$ 1,897,231
Public Works:										
Potholes Repaired	9,491	5,004	8,455	7,842	5,422	6,006	3,644	2,994	3,084	3,418
Streets Swept (linear miles)	4,432	5,247	6,100	6,492	7,727	9,446	9,347	9,116	7,273	9,491
Traffic Signal Maintenance Calls	549	497	507	774	863	811	923	496	686	530
Leaves Collected (Tons)	2,028	1,739	2,058	1,716	2,173	2,093	2,030	1,635	1,813	1,502
Parks and Recreation:										
Civic Auditorium Rentals	757	661	509	564	615	560	453	483	575	101
Civic Auditorium Attendance	68,461	47,668	67,084	42,472	68,295	35,000	68,670	36,070	63,033	15,515
Splash Pad Attendance	10,750	14,585	16,720	19,850	23,000	4,500	9,000	10,500	11,520	12,600
Participation in Athletic Division events	286,000	312,564	270,464	268,563	162,000	35,801	39,467	29,907	121,538	118,349
Participation in Community Services Division events	172,475	184,650	190,540	191,550	136,441	113,450	65,000	65,000	240,000	240,000
Allandale Rentals	212	260	245	284	184	89	106	168	152	174
Allandale Visitors	38,401	31,942	33,331	28,919	24,186	18,056	10,325	22,957	23,827	25,141
Athletics Games Played	1,986	2,280	3,315	2,720	2,797	2,384	3,040	3,164	3,164	3,142
Athletics Attendance	176,500	200,640	116,195	113,051	52,893	98,030	97,239	83,985	419,247	359,923
Lynn View Rentals	154	122	54	40	41	22	23	16	211	208
Lynn View Attendance	52,250	56,550	65,450	60,450	43,960	27,000	22,000	24,500	68,500	67,600
Cultural Arts:										
Carousel Rentals	n/a	81	157	165	187	151	60	197	212	121
Carousel Attendance	n/a	88,945	78,954	68,641	94,459	48,543	15,980	57,747	63,225	60,639
Cultural Arts Program Attendance	12,378	18,610	17,660	18,610	10,519	9,190	10,275	9,967	12,984	11,977
Farmers Market Rentals	n/a	166	161	166	80	126	128	220	249	173
Farmers Market Attendance	n/a	94,600	93,100	82,900	83,342	14,850	51,840	67,620	74,786	78,449
Renaissance Center Rentals	1,813	1,652	1,536	1,940	1,888	805	999	1,344	1,586	1,598
Renaissance Center Attendance	172,647	132,160	126,130	129,980	127,760	41,660	29,067	68,204	80,886	89,384
Senior Center:										
Active Members	3,424	3,615	3,980	4,251	4,552	4,482	3,221	4,052	4,673	5,151
Average Daily Attendance	333	330	394	375	400	394	270	306	321	339
Aquatic Center:										
Aquatic Center Attendance	115,982	103,825	97,928	112,586	127,619	106,751	37,540	51,531	55,559	95,260
YMCA Entering Pools Attendance	69,660	57,644	45,208	49,361	47,961	28,749	20,355	34,707	40,738	41,201
Total Attendance	185,642	161,469	143,136	161,947	175,580	135,500	57,895	86,238	96,297	136,461
Bays Mountain Park:										
Total Programs	5,176	3,332	2,938	3,049	2,891	1,723	888	800	1,687	1,520
Total Attendance	235,578	228,308	211,984	200,886	187,374	97,320	110,869	188,005	148,425	138,000
Library:										
Total Circulation	233,778	264,251	253,765	262,449	263,462	263,177	282,618	295,018	329,066	349,871
Building Attendance	172,806	166,331	158,828	152,551	187,601	130,755	36,703	98,140	115,000	122,078
Water:										
Average Daily Consumption in Gallons	14.9 mgd	15.21 mgd	15.34 mgd	15.4 mgd	16.0 mgd	15.8 mgd	16.3 mgd	17.1 mgd	17.2 mgd	17.45 mgd
Maximum Daily Capacity in Gallons	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd
Water Taps	192	195	178	207	238	223	215	301	356	328
Sewer:										
Average Daily Treatment in Gallons	9.6 mgd	8.78 mgd	8.13 mgd	8.02 mgd	10.5 mgd	10.1 mgd	10.0 mgd	8.4 mgd	8.4 mgd	9.04 mgd
Maximum Daily Plant Capacity in Gallons	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd
Sewer Taps	263	205	367	388	119	105	97	211	282	233
Solid Waste:										
Landfill Material Accepted (Tons)	35,809	27,240	27,630	33,591	45,335	32,590	31,287	36,991	37,933	44,654
Household Refuse Collected (Tons)	19,065	19,647	20,197	20,816	21,725	23,210	27,273	27,403	27,208	26,566
Recyclables Collected (Tons)	3,041	3,249	3,240	3,276	3,180	2,635	0	0	0	0
Golf Course:										
Rounds of Golf	20,455	22,630	22,269	21,447	20,121	20,338	28,474	27,292	25,927	26,259

Source: Various City Departments

**CITY OF KINGSPORT, TENNESSEE
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Education:										
Student Transportation:										
Buses	41	46	45	44	43	44	42	44	45	45
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	124	124	124	124	120	120	120	120	120	120
Motorcycle Units	0	0	0	0	1	0	0	0	0	0
Fire:										
Stations	8	8	8	8	8	8	8	8	8	8
Fire Trucks/Rescue Units	15	16	17	17	17	17	16	16	18	18
Public Works:										
Streets (Miles)	499	499	500	500	500	500	503	503	503	505
Street Lights	10,525	10,559	10,606	10,616	10,636	10,656	10,686	10,745	10,786	10,846
Traffic Signals	102	103	103	105	107	108	108	108	108	109
Leisure Services:										
Parks and Recreation:										
Park Sites	18	18	18	25	28	28	28	28	29	28
Park Acreage	237	237	237	244	308	308	308	308	308	303
Swimming Pools	0	0	0	0	0	0	0	0	0	0
Splash Pad	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	6	6	6	6
Pickle Ball Courts	0	0	0	0	0	0	6	8	8	8
Community Centers	5	5	5	5	5	5	5	5	5	5
Senior Citizens:										
Senior Center	1	1	1	1	1	2	2	2	2	2
Other Recreational Facilities:										
Aquatic Center - Acreage	17	17	17	17	17	17	17	17	17	17
Bays Mountain Park & Nature Center - Acreage	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550
Hunter Wright Baseball Stadium - Acreage	54	54	54	54	54	54	54	54	54	54
Allandale - Acreage	25	25	25	25	25	25	25	25	25	25
Civic Auditorium - Acreage	5	5	5	5	5	5	5	5	5	5
Dogwood Park Facility - Acreage	3	3	3	3	3	3	3	3	3	3
Lynn View Facility - Acreage	14	14	14	14	14	14	14	14	14	14
Renaissance Center - Acreage	5	5	5	5	5	5	5	5	5	5
Legion Pool - Acreage	5	5	5	5	5	5	5	5	5	5
Brickyard Park - Acreage	n/a	39	39	43	43	43	43	43	43	43
School System:										
Elementary Schools	8	8	8	8	8	8	8	8	8	8
Middle Schools	2	2	2	2	2	2	2	2	2	2
High Schools	1	1	1	1	1	1	1	1	1	1
Water and Sewer:										
Water Mains (Miles)	837	847	847	847	852	852	855	857	858	858
Fire Hydrants	2,028	2,226	2,349	2,371	2,431	2,454	2,492	2,538	2,543	2,565
Sanitary Sewers (Miles)	531	533	544	544	546	553	559	559	559	506
Storm Sewers (Miles)	300	300	300	300	300	300	300	300	300	300
Solid Waste:										
Collection Trucks	15	15	15	15	15	15	15	15	15	15
Golf Courses										
Cattails Golf Course - Acreage	192	192	192	192	192	192	192	192	192	192

Source: Various City Departments

CITY OF KINGSPORT, TENNESSEE
UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
June 30, 2024

<u>Water Rates:</u>	<u>INSIDE CITY</u>	<u>OUTSIDE CITY</u>
<u>Base Charge per Month, by Meter Size</u> <u>(includes 1000 gallons)</u>		
5/8 inch	\$ 9.20	\$ 18.16
1 inch	\$ 16.37	\$ 36.93
1 1/2 inch	\$ 30.72	\$ 66.80
2 inch	\$ 52.25	\$ 111.60
3 inch	\$ 136.03	\$ 300.92
4 inch	\$ 288.89	\$ 673.28
6 inch	\$ 604.90	\$ 1,407.46
8 inch	\$ 835.95	\$ 1,931.25
10 inch	\$ 1,404.80	\$ 3,220.56
12 inch	\$ 2,439.72	\$ 5,566.39
<u>Usage Rate Charge per 1000 Gallons</u>		
1,001 - 70,000 Gallons	\$ 3.11	\$ 6.23
Over 70,000 Gallons	\$ 2.23	\$ 4.45
<u>Sewer Rates:</u>	<u>INSIDE CITY</u>	<u>OUTSIDE CITY</u>
<u>Base Charge per Month</u> <u>(includes 1000 gallons)</u>		
	\$ 13.56	\$ 20.39
<u>Usage Rate Charge per 1000 Gallons</u>		
All Usage Over First 1000 Gallons	\$ 10.34	\$ 15.51
<u>Number of Customers:</u>	<u>INSIDE CITY</u>	<u>OUTSIDE CITY</u>
Water	<u>23,658</u>	<u>12,737</u>
Sewer	<u>22,660</u>	<u>1,165</u>

Source: City of Kingsport Finance Department

Table 24

**CITY OF KINGSPORT, TENNESSEE
TOP TEN WATER CUSTOMERS
For the Fiscal Year Ended June 30, 2024**

<u>Customer Name</u>	<u>Consumption (in gallons)</u>	<u>Revenue</u>	<u>Revenue as % of FY24 Water Sales</u>
Eastman	1,107,883,700	\$ 2,735,909	17.31%
Domtar Paper Co, LLC	72,010,100	210,981	1.33%
BAE Systems	47,841,800	127,255	0.80%
Holston Valley Medical Center	37,839,800	96,126	0.61%
Allandale Falls	23,262,800	59,837	0.38%
Kingsport Housing Authority	20,164,700	78,069	0.49%
Indian Path Hospital	19,549,800	48,903	0.31%
City of Johnson City	17,026,100	59,921	0.38%
Model City II, L.P.	13,838,300	43,090	0.27%
North Greene Utility District	13,500,400	50,292	0.32%
	<u>1,372,917,500</u>	<u>\$ 3,510,383</u>	<u>22.19%</u>
Total Water Sales Revenue - FY 2024	<u>\$ 15,809,828</u>		

Source: City of Kingsport Finance Department

CITY OF KINGSPORT, TENNESSEE
TOP TEN SEWER CUSTOMERS
For the Fiscal Year Ended June 30, 2024

<u>Customer Name</u>	<u>Treatment (in gallons)</u>	<u>Revenue</u>	<u>Revenue as % of FY24 Sewer User Fees</u>
Eastman	236,361,000	\$ 2,448,809	12.99%
Domtar Paper Co, LLC	30,064,900	311,093	1.65%
Allandale Falls	23,262,800	240,576	1.28%
Kingsport Housing Authority	19,036,100	200,818	1.07%
Holston Valley Medical Center	14,183,000	158,303	0.84%
Model City II, L.P.	13,838,300	143,552	0.76%
Leclerc, Inc	11,011,300	113,921	0.60%
Indian Path Hospital	10,867,200	112,403	0.60%
Miller Village II LP	10,132,200	104,796	0.56%
Cross Creek Apartments	10,058,800	105,013	0.56%
	<u>378,815,600</u>	<u>\$ 3,939,284</u>	<u>20.90%</u>
Total Sewer User Fee Revenue - FY 2024	<u>\$ 18,855,266</u>		

Source: City of Kingsport Finance Department

CITY OF KINGSPORT, TENNESSEE
SCHEDULE OF BONDS PAYABLE - FUTURE REQUIREMENTS
JUNE 30, 2024

Table 26

GENERAL OBLIGATION BONDS		GENERAL OBLIGATION AND REVENUE BONDS									
GENERAL FUND SUPPORTED		REVENUE SUPPORTED BONDS									
Fiscal Year	General Obligation Bonds (3)		Water Bonds (1)		Sewer Bonds (1)		Storm Water Bonds (1)		Aquatic Center Bonds MeadowView Convention Center Bonds and Cattails Golf Course Bonds (2)		Combined Bonds and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 10,755,375	\$ 4,799,413	\$ 2,484,230	\$ 1,191,515	\$ 4,167,888	\$ 2,009,633	\$ 99,233	\$ 21,579	\$ 2,538,274	\$ 614,779	\$ 28,681,919
2026	11,173,400	4,361,051	2,471,695	1,088,508	4,320,861	1,855,316	102,440	17,783	2,634,800	517,244	28,543,098
2027	11,612,458	3,929,396	1,885,979	987,265	4,448,617	1,708,138	106,334	13,853	2,731,609	427,730	27,851,379
2028	9,557,812	3,525,703	1,948,310	913,405	4,521,331	1,551,457	110,013	10,233	2,817,532	340,944	25,296,740
2029	8,430,165	3,197,186	2,021,422	837,477	4,677,018	1,396,904	113,202	6,966	2,893,195	271,859	23,845,394
2030	7,721,517	2,900,382	2,094,229	766,303	4,836,035	1,236,855	65,696	3,266	1,507,524	179,985	21,311,792
2031	6,541,190	2,622,950	1,778,237	693,627	4,442,917	1,072,969	26,757	919	735,899	131,232	18,046,697
2032	6,759,608	2,403,118	1,837,982	635,820	3,490,044	929,175	27,272	477	765,097	108,072	16,956,665
2033	5,967,674	2,183,842	1,639,891	576,136	3,142,003	816,279	0	0	510,431	84,146	14,920,402
2034	6,181,921	1,974,117	1,701,099	518,653	3,247,236	709,631	0	0	524,747	67,074	14,924,478
2035	5,425,820	1,757,376	1,454,021	459,895	2,677,041	599,295	0	0	448,120	49,555	12,871,123
2036	4,443,382	1,587,791	1,315,109	412,965	2,309,837	518,952	0	0	461,670	35,768	11,085,474
2037	3,676,523	1,433,830	1,028,677	367,475	1,670,791	445,804	0	0	244,007	21,903	8,889,010
2038	2,767,458	1,302,099	980,695	330,164	1,012,589	392,032	0	0	239,258	14,312	7,038,607
2039	2,412,361	1,196,467	729,076	293,968	957,006	357,745	0	0	81,556	6,845	6,035,024
2040	2,497,097	1,102,595	752,937	266,436	986,959	325,295	0	0	83,005	4,924	6,019,248
2041	2,057,904	1,019,156	441,638	241,298	813,348	295,597	0	0	52,109	2,965	4,924,015
2042	2,128,453	948,399	453,970	225,366	839,070	271,031	0	0	53,512	1,535	4,921,336
2043	1,600,000	874,387	380,000	208,875	450,000	245,137	0	0	0	0	3,758,399
2044	1,660,000	810,388	395,000	193,675	465,000	227,138	0	0	0	0	3,751,201
2045	1,730,000	743,987	415,000	177,875	485,000	208,537	0	0	0	0	3,760,399
2046	1,800,000	674,788	430,000	161,275	505,000	189,138	0	0	0	0	3,760,201
2047	1,870,000	602,787	445,000	144,075	525,000	168,937	0	0	0	0	3,755,799
2048	1,945,000	527,988	465,000	126,275	545,000	147,938	0	0	0	0	3,757,201
2049	2,025,000	450,187	485,000	107,675	565,000	126,137	0	0	0	0	3,758,999
2050	2,105,000	369,188	505,000	88,275	590,000	103,538	0	0	0	0	3,761,001
2051	2,190,000	282,356	525,000	67,444	615,000	79,200	0	0	0	0	3,759,000
2052	2,280,000	192,019	545,000	45,788	640,000	53,831	0	0	0	0	3,756,638
2053	2,375,000	97,969	565,000	23,306	665,000	27,431	0	0	0	0	3,753,706
	<u>\$ 131,690,118</u>	<u>\$ 47,870,915</u>	<u>\$ 32,174,197</u>	<u>\$ 12,150,814</u>	<u>\$ 58,610,591</u>	<u>\$ 18,069,070</u>	<u>\$ 650,947</u>	<u>\$ 75,076</u>	<u>\$ 19,322,345</u>	<u>\$ 2,880,872</u>	<u>\$ 323,494,945</u>

	Principal	Interest	Total
General Obligation Bonds - Supported By General Fund Revenue	\$ 131,690,118	\$ 47,870,915	\$ 179,561,033
General Obligation and Revenue Bonds - Supported By Dedicated Revenue	110,758,080	33,175,832	143,933,912
TOTAL	<u>\$ 242,448,198</u>	<u>\$ 81,046,747</u>	<u>\$ 323,494,945</u>

Notes: Future interest requirements above reflect interest on TMBF bonds at the average current rate.

- (1) General Obligation secured, but paid from revenues of the individual fund.
- (2) General Obligation secured, but paid from local option sales tax collections.
- (3) Includes General Obligation secured debt of the Solid Waste Management Fund paid by General Fund Revenue.

Source: City of Kingsport Finance Department

CITY OF KINGSPORT, TENNESSEE
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2024

NAME	TITLE	ANNUAL SALARY	AMOUNT OF SURETY BOND
Christopher W. McCartt	City Manager	\$ 195,753	\$ 5,000
Rodney B. Rowlett III	City Attorney	\$ 132,702	\$ 0
Lisa E. Winkle	City Recorder/Treasurer	\$ 118,895	\$ 4,300,000
Christopher M. Hampton	Superintendent of Schools	\$ 189,000	\$ 0
Anthony D. Phipps	Chief of Police	\$ 117,745	\$ 0
Patrick W. Shull	Mayor	\$ 3,000	\$ 0
Colette George	Vice-Mayor	\$ 2,400	\$ 0
Paul W. Montgomery	Alderman	\$ 2,400	\$ 0
Betsy Cooper	Alderman	\$ 2,400	\$ 0
Darrell Duncan	Alderman	\$ 2,400	\$ 0
James Phillips	Alderman	\$ 2,400	\$ 0
Tommy Olterman	Alderman	\$ 2,400	\$ 0

Source: City of Kingsport Finance Department

**CITY OF KINGSPORT, TN
INSURANCE IN FORCE
June 30, 2024**

Type of Coverage/ Insurance Carrier	Policy Number	Policy Period	Details of Coverage	Claim Limits	Annual Premiums
Comprehensive General Liability/					
Public Entity Partners	PLI-0213-24	7/1/23-7/1/24 Annual Renewal	General Liability/Law Enforcement Liability Auto Liability Auto Physical Damage Errors and Omissions	\$ 5,000,000 \$ 5,000,000 Replacement \$ 5,000,000	\$ 294,827
Worker's Compensation					
Midwest Employers Casualty	EWC009790	1/1/24-1/1/25	Worker's Compensation	Over \$750,000	\$ 160,101
Gray Insurance	SPX0702516	1/1/24-1/1/25	Ecess WC	\$500,000 - \$750,000	\$ 62,739
Government Crime/					
Travelers Insurance Company	106463733	2/1/22 - 2/1/25	Crime (Government)	\$ 1,000,000	\$ 3,763
Travelers Insurance Company	106694635	3/2/23 - 3/2/26	Crime (Schools)	\$ 2,000,000	\$ 6,368
Hartford Insurance Company	20-SR-145719	02/01/24 - 02/01/25	Police Accident	\$ 11,350	\$ 340
Unemployment Compensation					
City of Kingsport	Self insured				
Property and Casualty					
Travelers Insurance Company	KTKCMB9A14090023	12/31/23-12/31/24	Buildings and Contents	\$ 200,000,000	\$ 529,654
Rockingham Specialty, Inc	DBB00054723	12/31/23-12/31/24	Deductible BuyBack		\$ 94,841
Selective	S2402472	8/1/23-8/1/24	Aquatic Center Property Insurance	\$ 20,375,390	\$ 21,332
Hartford Insurance Company	87053342652020	1/25/24 - 1/25/25	Flood Insurance Aquatic Center	\$ 5,000,000	\$ 2,663
Hartford Insurance Company	20MSCYQ7488	5/26/24-5/26/25	Grand Piano - Allandale	\$ 32,000	\$ 590
Argonaut Insurance Company	726OM393003	9/2/23-9/2/24	Pontoon Boat at Bays Mountain	\$ 165,000	\$ 5,198
Boiler and Machinery					
National Fire Insurance Co of Hartford	APP19164953	12/31/23-12/31/24	Equipment Breakdown	\$ 500,000	\$ 4,650
Public Officials Bond					
Liberty Mutual Insurance Company	82C003889	3/1/24 - 3/1/25	Education Bond - Treasurer - Lisa Winkle	\$ 1,800,000	\$ 1,765
Liberty Mutual Insurance Company	82C003887	3/1/24 - 3/1/25	Bond - Treasurer - Lisa Winkle	\$ 2,500,000	\$ 4,765
Liberty Mutual Insurance Company	82C003892	6/22/23 - 6/22/24	Bond - City Manager - Christopher McCartt	\$ 5,000	\$ 100
Travelers Insurance Company	1068822129	12/31/23-12/31/24	Bond - City Judge - Curt Rose	\$ 1,000	\$ 100
Western Surety Company	58368775	4/4/24-4/4/25	Blanket Notary Errors and Omissions	\$ 25,000	\$ 390
Other					
Stadium General Liability/ Hunter Wright Property - D.B. High School Liberty Mutual Insurance	BKW2058547314	3/8/24 - 3/8/25	General Liability/ Scoreboard/ Public Address system	\$ 2,000,000	\$ 2,473
Crum & Forster Specialty Insurance Co	STP423368	10/12/23-10/12/24	Above ground storage tanks	\$ 4,000,000	\$ 10,859
Hanover Insurance	IH5A19679508	1/14/24-1/14/25	Employee Tools Coverage	\$ 400,000	\$ 11,608
Total Premium					\$ 1,219,126

Source: City of Kingsport

**CITY OF KINGSFORT, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

IV. COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and Board of Aldermen
City of Kingsport, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements prescribed by the Comptroller of the Treasury, State of Tennessee, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kingsport, Tennessee (the “City”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 31, 2024. Our report includes a reference to other auditors who audited the financial statements of the Emergency Communications District (ECD), a discretely presented component unit, as well as auditors who audited the financial statements of the Phipps Bend Joint Venture (a joint venture with the Industrial Development Board of Kingsport, a discretely presented component unit) as described in our report on the City’s financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

Report on Internal Control over Financial Reporting (Continued)

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001.**

City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Brown, Edwards & Company, S.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee
December 31, 2024

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Mayor and Board of Aldermen
Kingsport, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Kingsport, Tennessee’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2024. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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



Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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



Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.**

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

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

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee
December 31, 2024

City of Kingsport, Tennessee
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

A – Summary of Auditor’s Results

1. The auditor’s report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies and no material weaknesses** relating to the audit of the financial statements were reported in the Independent Auditor’s 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The program tested as major was:

Name of Program	Assistance Listing Number
COVID-19 - Coronavirus State & Local Fiscal Recovery Funds	21.027

8. The threshold for distinguishing Type A and B programs was **\$1,217,287**.
9. The City was determined to be a **low-risk auditee**.

B – Findings – Financial Statement Audit

2024-001: Bays Mountain Park & Planetarium (BMPP) Investigation

Criteria: As specified in the *Tennessee Internal Control and Compliance Manual*, the City should have specific internal controls and monitoring activities around the receipt, reconciliation deposit and computer login processes at BMPP.

Condition: City official did not adequately segregate BMPP financial duties among its employees. The City also failed to provide adequate oversight of employees’ computer and receipt system access information. City officials failed to ensure funds were deposited within three days of collection.

Effect: One employee was responsible for daily BMPP deposits, which included making receipt system entries and reconciling collections records, and was also involved in receipting and depositing funds with the City. Additionally, the employee was able to use a shared login for computer username and password as well as access other employees’ receipt system access information after an employee had retired. These conditions allowed the employee to misappropriate assets and fail to deposit funds within three days of receipt.

Recommendation: We recommend that the City implement internal controls are in place to segregate duties related to receipting funds as well as reconciling, recording and depositing the funds and ensure that all funds received are deposited within three days of receipt. Additionally, we recommend that the City implement policies ensuring that every user has a unique login username and password and that when no longer employed all access for that user is removed.

City of Kingsport, Tennessee
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Management Response: After the theft was discovered by city staff, several corrective actions have been implemented to better control cash collections at off-site locations primarily leisure service facilities. City has purchased and implemented a new software called Civic Rec at all leisure service locations. This software has more computer controls than the older E-Trak software had. Finance has performed annual cash counts at off-site locations to monitor operations. The BMA adopted a formal cash collection policy that includes training and employees signing off that they are aware of policies. In addition the City has contracted with Loomis to provide a recycle safe and pick up at our largest off site locations being Bays Mountain Park and Aquatic Center. Cashiers feed their money into the safe at end of day. First Horizon Bank gives provisional credit for the deposit as soon as it is deposited in the safe. At the start of the day the cashier gets their change back from the recycler side.

C – Findings and Questioned Costs – Major Federal Award Program Audit

None.

D – Findings – State of Tennessee

None.

City of Kingsport, Tennessee
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024

2023-001: Bays Mountain Investigation

As required by state law (Section 8-4-501, Tennessee Code Annotated), City staff has self-reported the discovery of an employee manipulating records and misappropriating cash funds of the City. A State investigation is ongoing.

Current Status

See 2024-001.



**MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2024**

CORRECTIVE ACTION PLAN

The City of Kingsport, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

Brown, Edwards & Company, L.L.P.
433 E. Center Street, Suite 101
Kingsport, TN 37660

Responsible officials for corrective action:

Lisa Winkle
City Recorder/Treasurer

Signed: _____

A handwritten signature in blue ink that reads "Lisa Winkle".

The findings from the June 30, 2024 schedule of findings and questioned costs is discussed below.

2024-001: Bays Mountain Park & Planetarium (BMPP) Investigation

Recommendation: We recommend that the City implement internal controls are in place to segregate duties related to receipting funds as well as reconciling, recording and depositing the funds and ensure that all funds received are deposited within three days of receipt. Additionally, we recommend that the City implement policies ensuring that every user has a unique login username and password and that when no longer employed all access for that user is removed.

Management Response: After the theft was discovered by city staff, several corrective actions have been implemented to better control cash collections at off-site locations primarily leisure service facilities. City has purchased and implemented a new software called Civic Rec at all leisure service locations. This software has more computer controls than the older E-Trak software had. Finance has performed annual cash counts at off-site locations to monitor operations. The BMA adopted a formal cash collection policy that includes training and employees signing off that they are aware of policies. In addition the City has contracted with Loomis to provide a recycle safe and pick up at our largest off site locations being Bays Mountain Park and Aquatic Center. Cashiers feed their money into the safe at end of day. First Horizon Bank gives provisional credit for the deposit as soon as it is deposited in the safe. At the start of the day the cashier gets their change back from the recycler side.

Anticipated completion date: Correction was completed by November 30, 2024.