

# CITY OF KINGSPORT TENNESSEE



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2019



**City of Kingsport, Tennessee**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2019**

**Prepared By**  
**The Finance Department**  
**Sidney H. Cox, City Recorder**  
**Lisa Winkle, City Treasurer**

**CITY OF KINGSPORT, TENNESSEE  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended June 30, 2019**

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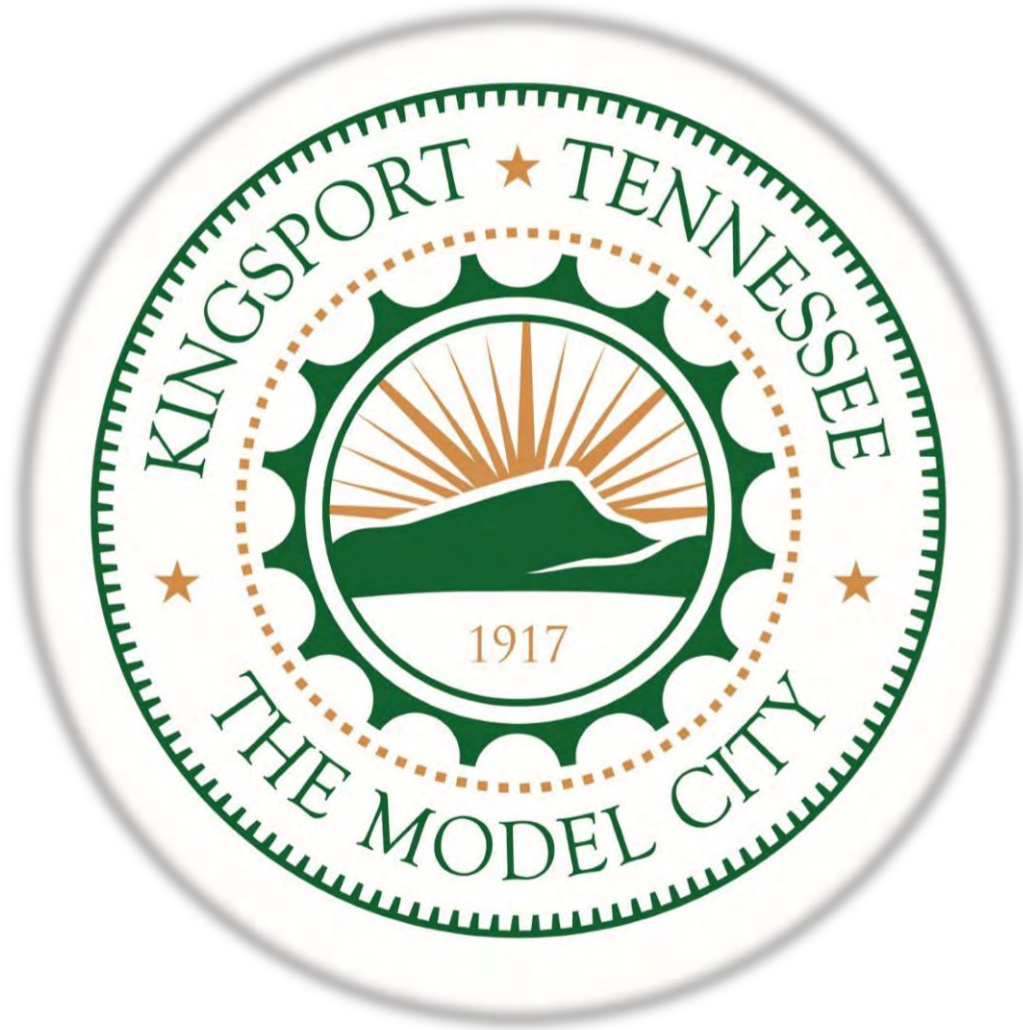
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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**I. INTRODUCTORY SECTION (UNAUDITED)**





December 30, 2019

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 within six months of the close of each fiscal year 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 Comprehensive Annual Financial Report (CAFR) of the City of Kingsport for the fiscal year ended June 30, 2019.

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, 2019. 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 CAFR.

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 with it. 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 53,115 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, aquatic center, convention center and 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 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<sup>th</sup>. 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 34 through 36 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 509,335. Kingsport's per capita personal income is \$29,174.

Bloomberg declares full employment can have as much as 4.1%-4.7% unemployment, Tri-Cities is currently at 3% unemployment, down from 4% in the previous year. 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 and others.

The City continues to grow through local development efforts. Total taxable assessed value for property in the City has increased approximately 2% over the past year and increased by 7.2% over five years. The City's property tax rate remained unchanged from the previous year at \$1.9750 per \$100 of assessed value. Property tax collections were \$38,376,484 representing 98.07% of the current year tax levy, at June 30, 2019. Local option sales tax collections grew at less than 1% for a total of \$21,863,519.

Aerospace Park is the most notable ongoing regional development. 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. At build-out, it could accommodate up to 2,000 jobs. Per the development schedule, 50 acres are currently ready and 110 acres will be ready in 2020.

In the past few years:

- Anita's Snack Foods opened a manufacturing and distribution facility supporting major contracts with Walmart and Tyson Foods among others. They invested an additional \$3.6 million and plan to add 101 jobs.
- RMC Advanced Technologies announced its U.S. headquarters. The composite components manufacturer will invest \$7 million and create 54 new jobs.
- Ware Manufacturing, a pet products manufacturer, announced it will create 32 jobs and invest \$1.1 million.
- The Home Shopping Network announced a second round of expansion investing \$10 million and creating 165 jobs.
- Automotive supplier Cooper Standard announced it will invest \$1 million and fill 98 new positions.
- Homeland Vinyl announced the addition of 50,000 square feet and 50 employees.
- Techni-Glass announced a \$1.5 million expansion and 54 new employees.
- Landair announced an expansion, adding 210 jobs to its Kingsport site.
- Bharat Forge, the world's largest metal forging company, bought Walker Forge and invested in significant equipment upgrades and employment opportunities.
- AGC made substantial investments in its Hawkins County plant.
- Miyake announced a \$13.7 million plant and 60 jobs.

Other notable developments include:

- The Blake at Kingsport is a new assisted living facility representing \$21.5 million of new construction in the Colonial Heights area of Kingsport. It will employ more than 80 skilled nurses and other medical professionals.
- Meade Tractor opened a new \$4 million corporate office and retail facility near the I-81 and I-26 interchange and will employ approximately 30.
- Villas at Riverbend is a multi-family housing development that includes 265 units adjoining a future municipal park with more than 26 acres of riverfront access.
- Town Park Lofts is a multi-family housing development that includes 262 urban loft units in a 4-story downtown mixed use complex that is unique in the region.

### **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.

The City will utilize dedicated revenue from a private electric utility franchise fee to make improvements to streets and sidewalks infrastructure totalling over \$18 million over 5 years. Other improvements over 5 years include; Water infrastructure improvements of approximately \$30.7 million; Wastewater improvements of \$43.3 million; and General government improvements of approximately \$50 million. While the CIP generally looks out over a 5 year period, the plan for the water and sewer utility systems encompass 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 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 and 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 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 growing tax base and stable, sufficient reserve levels as rationale for its rating. S&P comments include; an adequate economy; very strong management with strong financial policies and practices; and strong budgetary performance.

## Major Initiatives

The Board of Mayor and Alderman, 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:

- "PaveKingsport" is in the second 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) spot repairs
- Formation of a Neighborhood Commission to encourage citizens to interact with each other and with their government to build an even stronger sense of community
- Established a Product Creation Center to encourage collaboration, creativity, and entrepreneurial activity surrounding the maker movement, i.e. The Inventor Center
- Upgrades and enhancements to the infrastructure, nature center and outdoor amenities at Bays Mountain Park & Planetarium
- Addition of another outdoor pool and pavilion area at the Kingsport Aquatic Center
- Initiatives still in the decision-making phase include; the development of a master plan for Riverfront Park including fishing, boating, kayaking and active lifestyles; and creation of a downtown recreational facility, green space, and outdoor venue at Brickyard Park

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 \$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 comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the 19th 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 comprehensive annual 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 comprehensive annual 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, 2018. The annual budget document dated July 1, 2019 has been submitted to the GFOA for review and it is anticipated that 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.

June 30, 2019 is the 19th year in a row, the City has received a clean audit with an unmodified opinion. The FY 2019 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 our care.

**Acknowledgment** The preparation of this CAFR 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, especially City Treasurer Lisa Winkle for all of the hard work and numerous hours she put in to ensure the timely completion of this report. We would also like to thank the Board of Mayor and Aldermen for their guidance and support.

Respectfully submitted,



Chris McCart  
City Manager



Sidney Cox  
City Recorder/CFO



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Kingsport  
Tennessee**

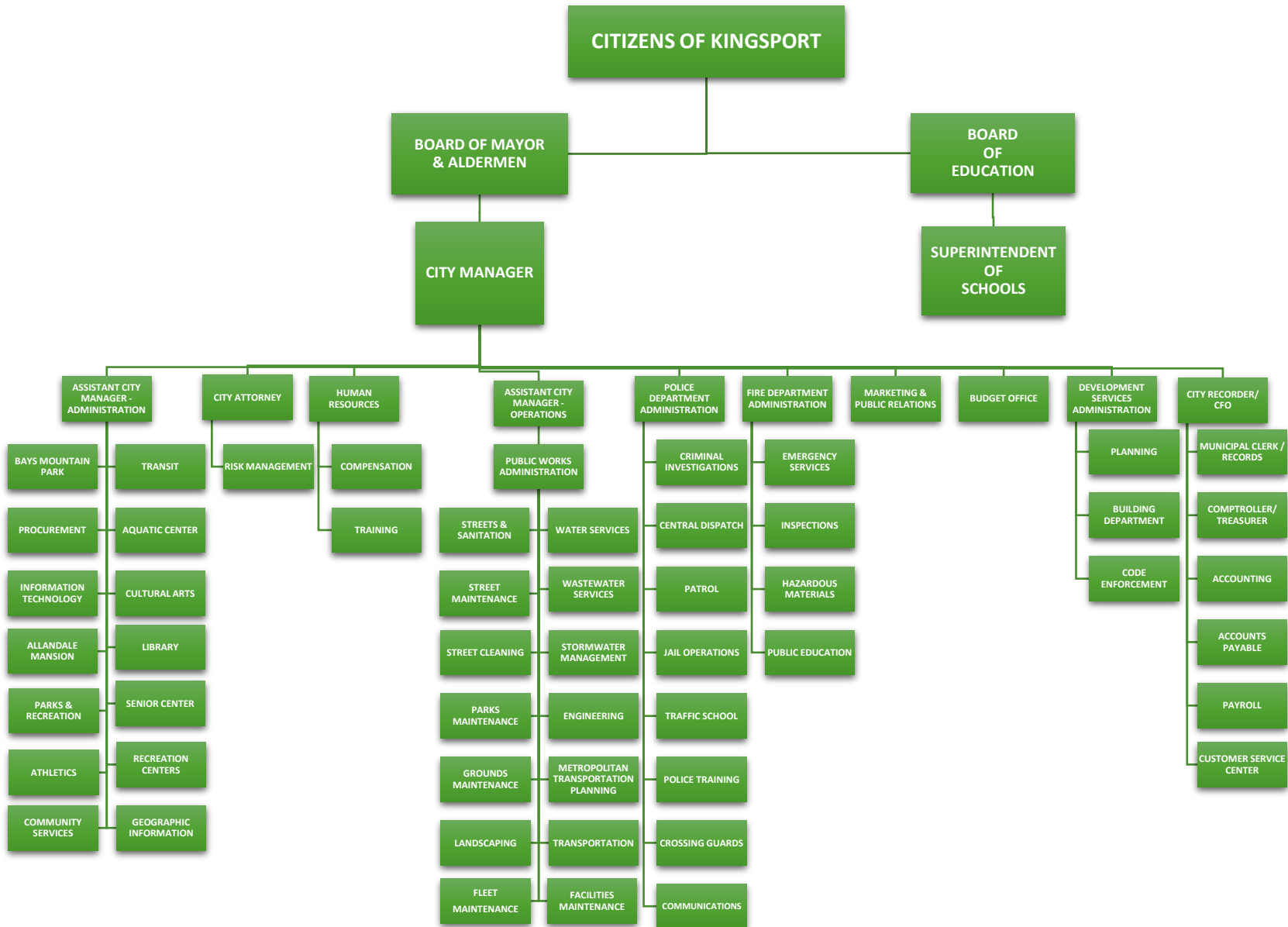
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF KINGSPORT ORGANIZATIONAL 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 2017 Kingsport celebrated its Centennial, taking a retrospective look at and celebrating the business and people that have made Kingsport a great place to live, work and play for 100 Years. The Kingsport spirit is alive and well as the Board of Mayor and Aldermen strive to plan and prepare for the next 100 years. Kingsport is proud to boast that after 100 years there is still only one Kingsport.

**CITY OF KINGSPORT, TENNESSEE**

**PRINCIPAL OFFICIALS**

**AS OF**

**June 30, 2019**

**BOARD OF MAYOR AND ALDERMEN**

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

**CHARTER OFFICERS**

Christopher W. McCartt	City Manager
Sidney H. Cox	City Recorder/Chief Financial Officer
J. Michael Billingsley	City Attorney
David A. Quillin	Police Chief
William K. Rogers	City Judge
Jeffrey Moorhouse	Superintendent of Schools

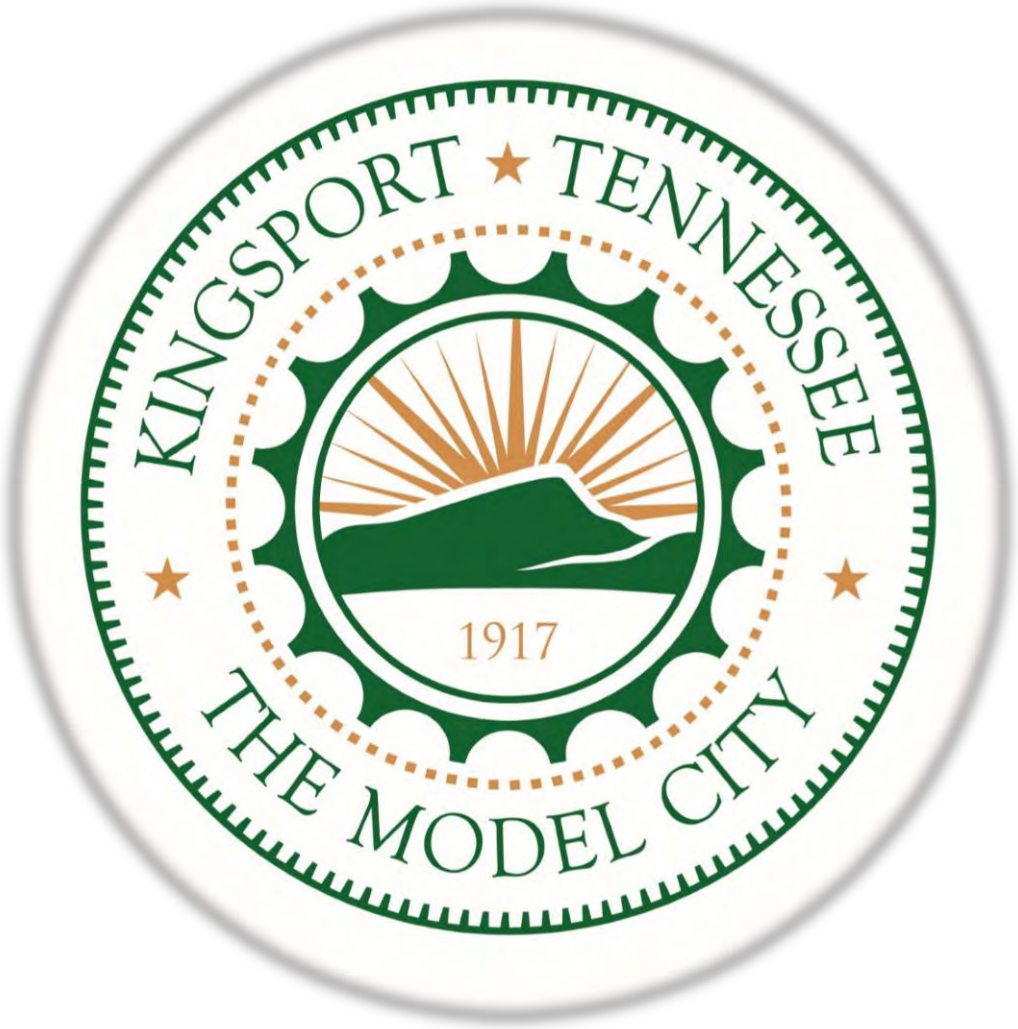
**DEPARTMENT HEADS**

Ryan O. McReynolds	Assistant City Manager Operations
Scott A. Boyd	Fire Chief
Judy A. Smith	Budget Officer



**CITY OF KINGSPORT, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**II. FINANCIAL SECTION**





CITY OF KINGSPORT, TENNESSEE

BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended June 30, 2019



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Aldermen  
City of Kingsport, Tennessee  
Kingsport, Tennessee 37660

### **Report on the Financial Statements**

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 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Emergency Communications District (the ECD), which represents 21 percent, 48 percent, and 29 percent, respectively, of the assets, net positions, and revenues of the aggregate discretely presented component units. 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 3 percent and 7 percent, respectively, of the assets and net positions of the aggregate discretely presented component units.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Emergency Communications District (the ECD), which represents 21 percent, 48 percent, and 29 percent, respectively, of the assets, net positions, and revenues of the aggregate discretely presented component units. 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 3 percent and 7 percent, respectively, of the assets and net positions of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the ECD, is based solely on the reports of the other auditors. We conducted our audit 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 requirements prescribed by the Comptroller of the Treasury, State of Tennessee. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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*Your Success is Our Focus*

## **Auditor's Responsibility (Continued)**

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

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

## **Opinions**

In our opinion, 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 of Kingsport, Tennessee, as of June 30, 2019, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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.

## Other Matters (Continued)

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kingsport, Tennessee's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, supplemental information, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, included in the supplemental information section, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules, supplemental information, including the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors.

In our opinion, the combining and individual non-major fund financial statements and schedules, supplemental information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of the City of Kingsport, Tennessee'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kingsport, Tennessee's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia  
December 30, 2019

## A. MANAGEMENT'S DISCUSSION AND ANALYSIS

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**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

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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, 2019. 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 5 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 \$423,929 (net position).
- The City's total net position increased by \$12,824 for the fiscal year ended June 30, 2019.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$58,841, a decrease of \$15,139.
- The decrease primarily relates to expenditures of debt proceeds and intergovernmental revenue received in prior years.
- Approximately 27% of this total fund balance, \$15,829, 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 \$15,829 or approximately 19% of total general fund expenditures including transfers out.
- The City's total gross debt decreased by \$4,679 (2%) during the current fiscal year. The decrease is the result of a combination of new debt issued being less than the debt retired and the City issuing Series 2019 Refunding Bonds to refinance Series 2009 D Bonds at a lower interest rate and significant premium.
- During fiscal year 2018, the City implemented GASB Statement No. 75 regarding Post-Employment Benefits. The adoption is explained in Note D to the financial statements. The implementation resulted in a restatement of net position of (\$14,662) for governmental activities and (\$2,187) for business-type activities at the beginning of the fiscal year.

### **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.

**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

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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.).

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 transportation planning, economic and physical development, culture and recreation, and education. The business-type activities of the City include water, sewer, solid waste, storm water management, aquatic center, conference center and golf course. The government-wide financial statements can be found on pages 26 and 27 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-four (24) individual governmental funds. Twenty (20) 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 28-38 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, 2019  
(amounts expressed in thousands)**

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**Proprietary funds**

The City maintains thirteen (13) 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. During 2015 the Kingsport City Schools became self-insured for employees and retirees which resulted in two new internal service funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Kingsport City Schools went back to the State insurance plan effective January 1, 2017. The period for the run off claims incurred during the period of self-insurance has been completed, the 2 school related insurance internal service funds have been closed out during the year ended June 30, 2019 and remaining cash totaling \$382 was returned to the General Purpose School Fund.

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 39-43 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 44-172 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 186-219 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 \$423,929 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, 2019  
(amounts expressed in thousands)**

**City of Kingsport's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 151,928	\$ 157,473	\$ 44,294	\$ 40,636	\$ 196,222	\$ 198,109
Capital Assets	362,177	345,059	302,568	306,786	664,745	651,845
Total Assets	<u>514,105</u>	<u>502,532</u>	<u>346,862</u>	<u>347,422</u>	<u>860,967</u>	<u>849,954</u>
Total Deferred Outflows of Resources	19,178	18,926	3,310	3,244	22,488	22,170
Long-term Liabilities Outstanding	196,808	213,956	145,643	146,795	342,451	360,751
Other Liabilities	23,975	20,397	4,155	4,578	28,130	24,975
Total Liabilities	<u>220,783</u>	<u>234,353</u>	<u>149,798</u>	<u>151,373</u>	<u>370,581</u>	<u>385,726</u>
Total Deferred Inflows of Resources	87,555	73,694	1,390	1,599	88,945	75,293
Net Position:						
Net Investment in Capital Assets	255,053	236,836	194,616	192,494	449,669	429,330
Restricted	13,662	23,105	1,093	1,236	14,755	24,341
Unrestricted	(43,770)	(46,530)	3,275	3,964	(40,495)	(42,566)
Total Net Position	<u>\$ 224,945</u>	<u>\$ 213,411</u>	<u>\$ 198,984</u>	<u>\$ 197,694</u>	<u>\$ 423,929</u>	<u>\$ 411,105</u>

A portion of the City's net position, \$14,755 (less than 4%) 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 \$12,824. Net position for governmental activities increased by \$11,534 while net position for business-type activities increased by \$1,290.

The \$11,534 current year increase in net position for governmental activities was primarily a result of increases in intergovernmental revenue from state shared revenue and state and federal grants.

The \$1,290 increase in net position in the business-type activities was primarily a result of increases in charges for services and investment earnings.

**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

The following is a summary of activities for the City during the fiscal year ended June 30, 2019:

**City of Kingsport's Change in Net Position**

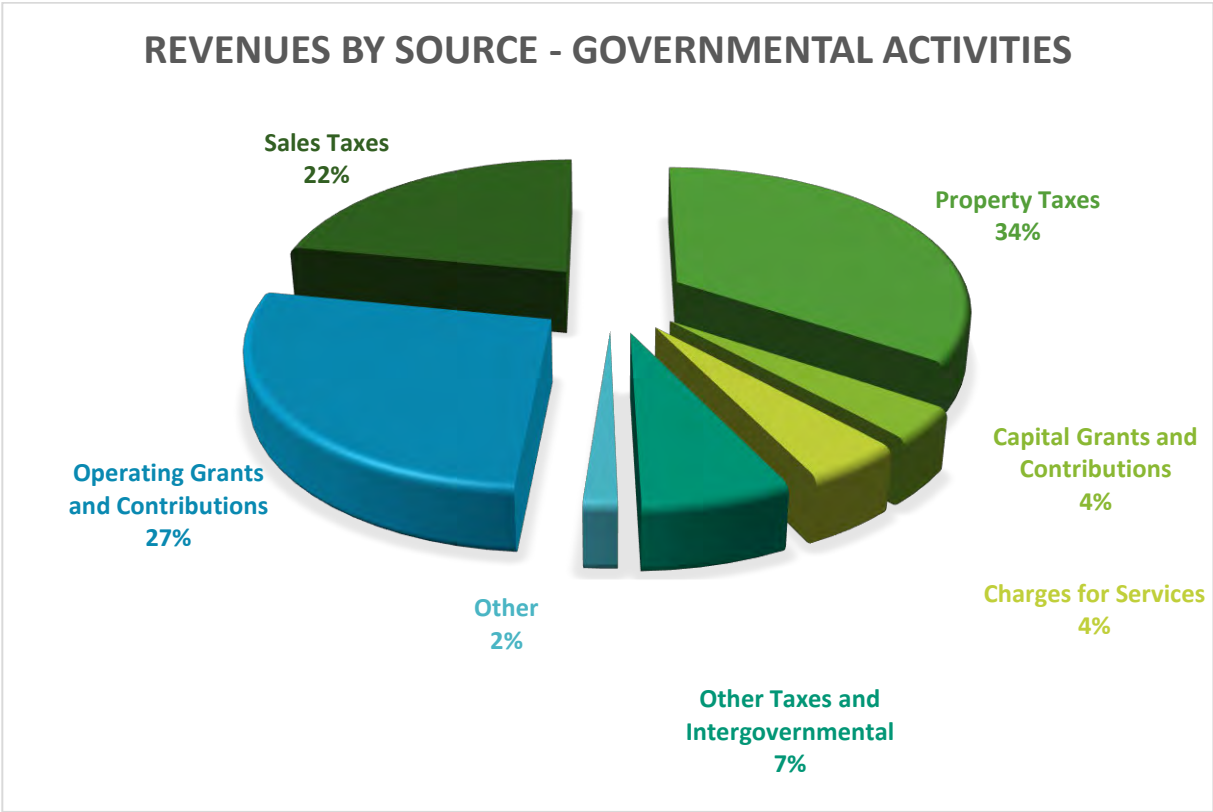
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 7,608	\$ 6,857	\$ 35,901	\$ 35,039	\$ 43,509	\$ 41,896
Operating Grants and Contributions	45,097	43,384	178	160	45,275	43,544
Capital Grants and Contributions	6,248	4,566	38	259	6,286	4,825
General Revenues						
Property Taxes	57,749	57,622	0	0	57,749	57,622
Sales Taxes	36,619	35,891	0	0	36,619	35,891
Other Taxes and Intergovernmental	11,550	11,777	0	0	11,550	11,777
Unrestricted Investment Earnings	1,236	851	709	404	1,945	1,255
Grants and Contributions Not						
Restricted to Specific Programs	1,126	1,111	0	0	1,126	1,111
Other	273	232	0	0	273	232
Total Revenues	<u>167,506</u>	<u>162,291</u>	<u>36,826</u>	<u>35,862</u>	<u>204,332</u>	<u>198,153</u>
<b>Expenses:</b>						
General Government	10,052	11,655	0	0	10,052	11,655
Public Safety	23,360	23,574	0	0	23,360	23,574
Public Works	21,056	17,996	0	0	21,056	17,996
Highway Transportation Planning	4,456	4,309	0	0	4,456	4,309
Economic and Physical Development	1,817	2,004	0	0	1,817	2,004
Culture and Recreation	8,714	8,539	0	0	8,714	8,539
Education	79,704	82,062	0	0	79,704	82,062
Interest on Long-term Debt	3,959	4,078	0	0	3,959	4,078
Water	0	0	11,908	11,683	11,908	11,683
Sewer	0	0	13,274	12,020	13,274	12,020
Solid Waste Management	0	0	4,969	4,606	4,969	4,606
Storm Water Management	0	0	1,506	1,464	1,506	1,464
Aquatic Center	0	0	3,165	3,096	3,165	3,096
MeadowView Conference Resort and Convention Center	0	0	2,271	2,377	2,271	2,377
Cattails at MeadowView Golf Course	0	0	1,297	1,281	1,297	1,281
Total Expenses	<u>153,118</u>	<u>154,217</u>	<u>38,390</u>	<u>36,527</u>	<u>191,508</u>	<u>190,744</u>
Increase (Decrease) in Net Position before Transfers	14,388	8,074	(1,564)	(665)	12,824	7,409
Transfers	(2,854)	(3,196)	2,854	3,196	0	0
Change in Net Position	<u>11,534</u>	<u>4,878</u>	<u>1,290</u>	<u>2,531</u>	<u>12,824</u>	<u>7,409</u>
Net Position, beginning of period	213,411	223,195	197,694	197,350	411,105	420,545
Implementation of GASB 75 OPEB Liability	0	(14,662)	0	(2,187)	0	(16,849)
Net Position, beginning of period (as restated)	<u>213,411</u>	<u>208,533</u>	<u>197,694</u>	<u>195,163</u>	<u>411,105</u>	<u>403,696</u>
Net Position, end of period	<u>\$ 224,945</u>	<u>\$ 213,411</u>	<u>\$ 198,984</u>	<u>\$ 197,694</u>	<u>\$ 423,929</u>	<u>\$ 411,105</u>

**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

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**Governmental Activities – Revenue**

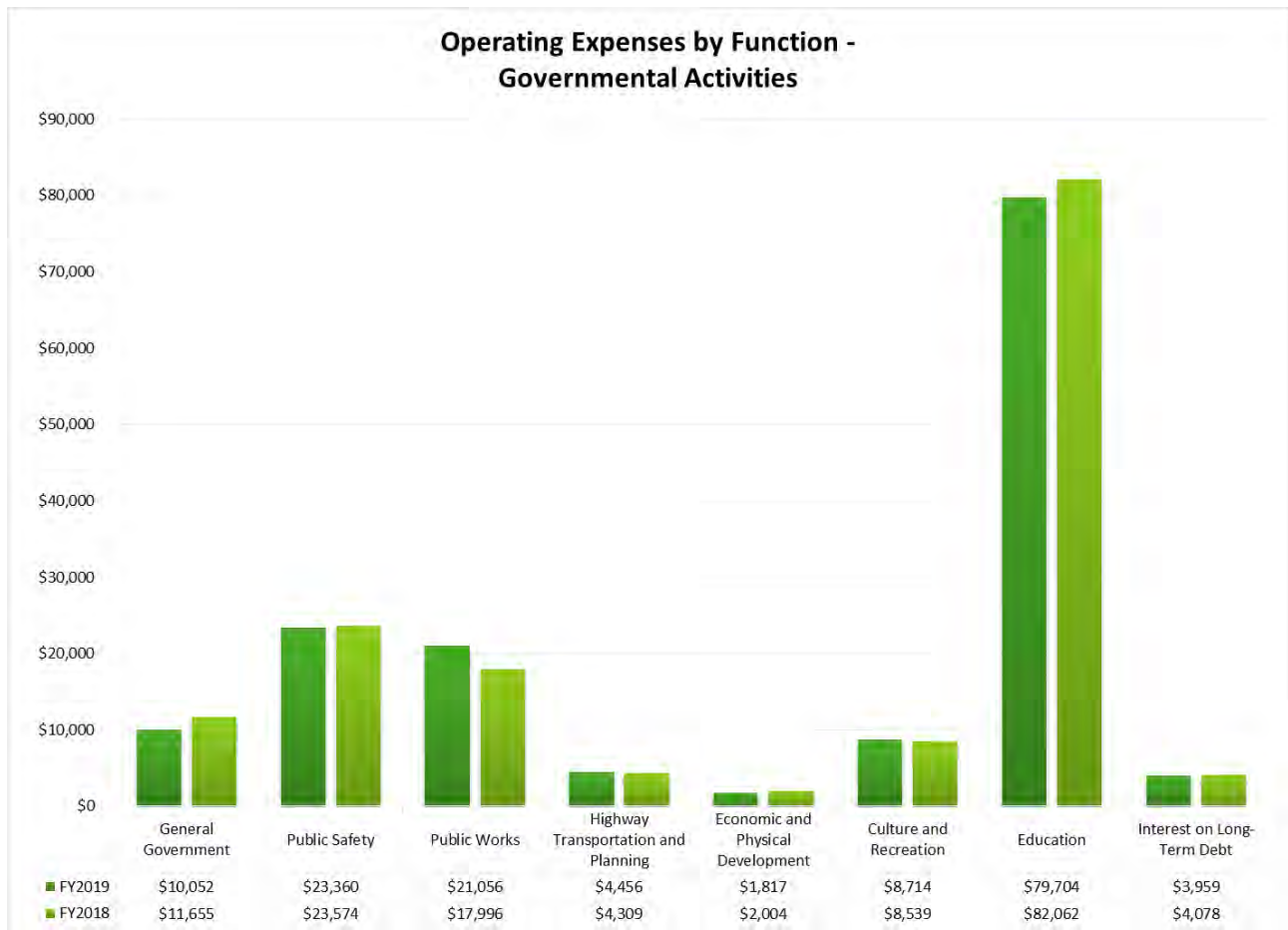
The City's governmental revenues totaling \$167,506 were more than the prior year by \$5,215. A factor of this increase is one time federal and state capital grants used to build a new transit building to house the City's public transportation services. The City received \$2,910 in federal funds and \$364 in state funds for the building in fiscal year ending June 30, 2019.



**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

**Governmental Activities – Operating Expenses**

Operating expenses for governmental activities were less than the prior year by \$1,099. Operating expenses for the public works function were more than the prior year by \$3,060 while operating expenses for the general government and education functions were less than the prior year by \$1,603 and \$2,358, respectively.

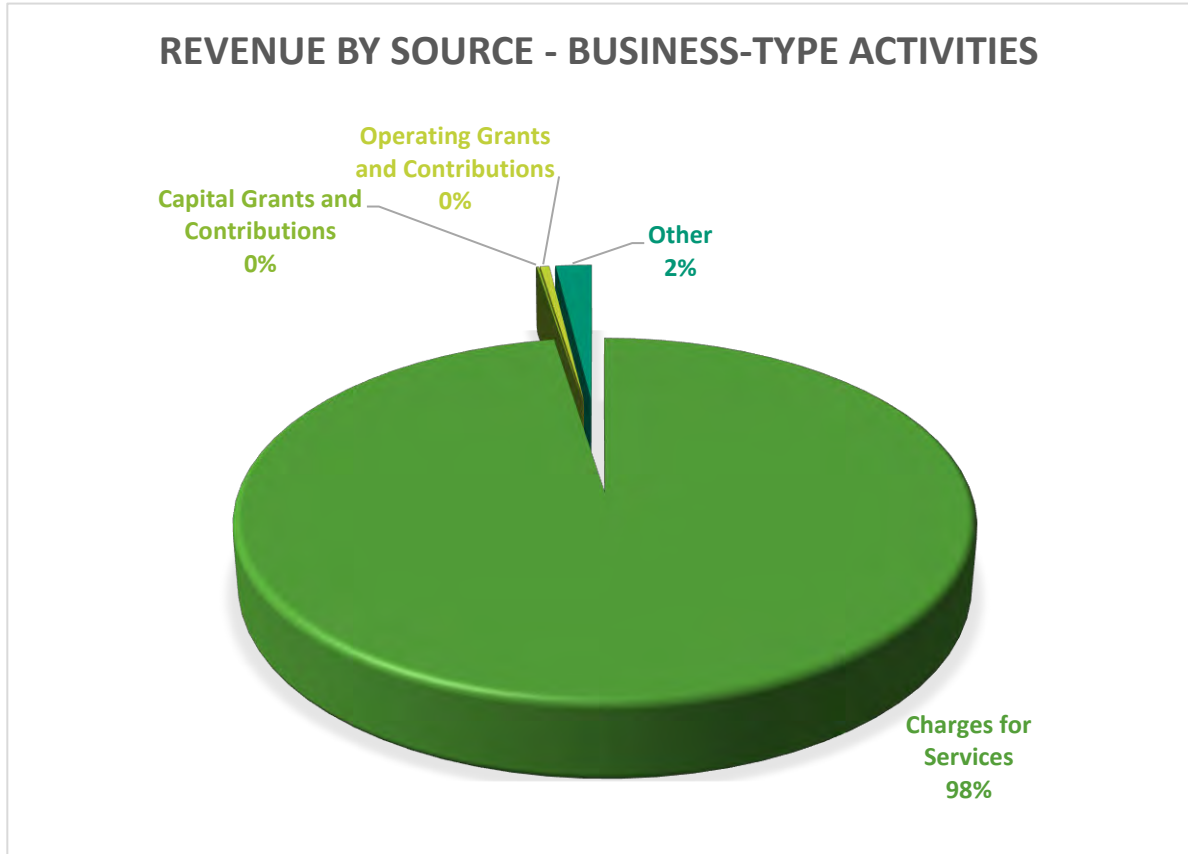


**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

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**Business-Type Activities - Revenue**

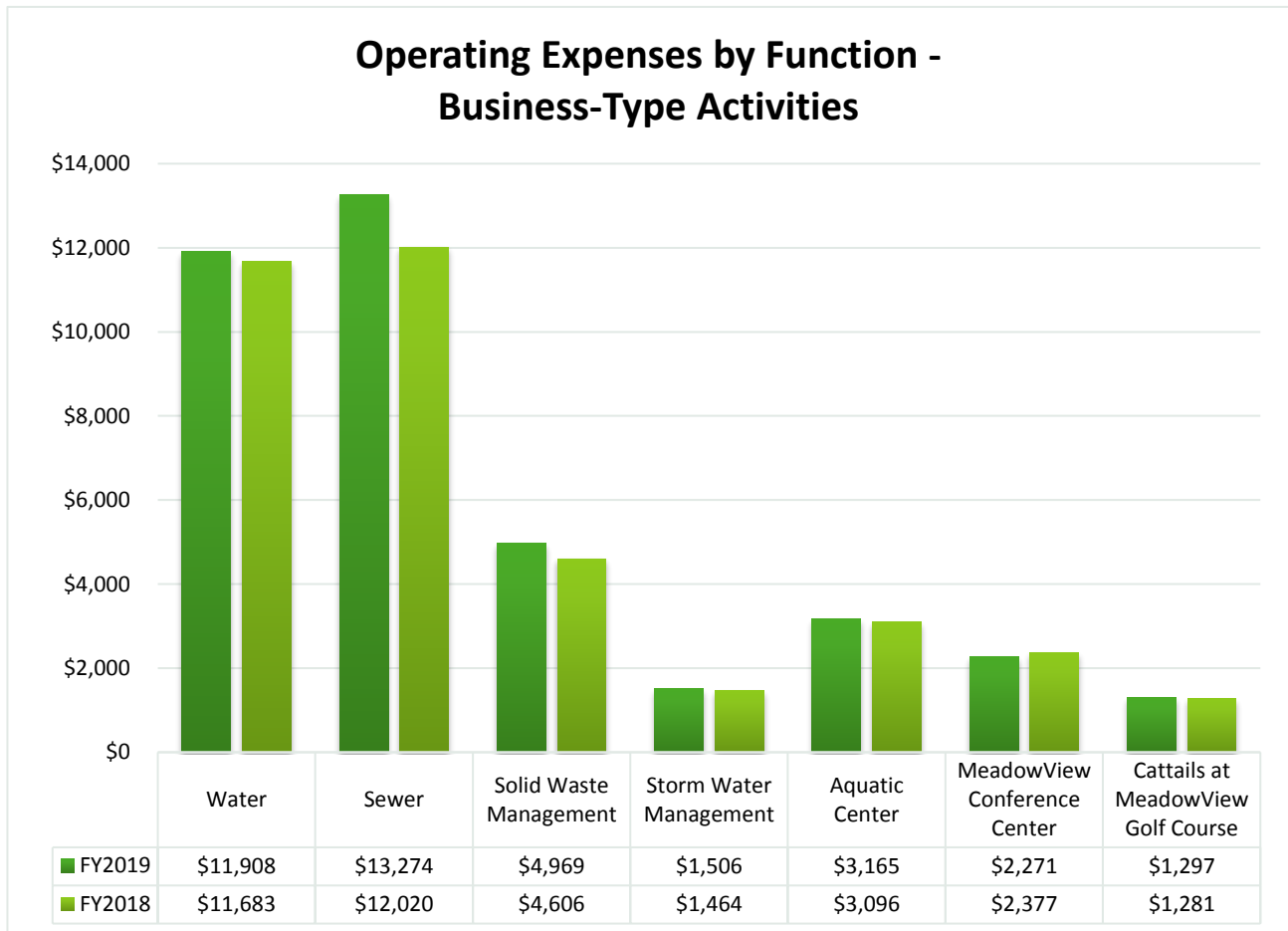
The City's business-type revenues totaling \$36,826 were more than the prior year by \$964. Business-type charges for services were more than the prior year by \$862 and investment earnings were more than the prior year by \$305. These revenue increases were offset by decreases in capital grants and contributions of \$221.



**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

**Business-Type Activities – Operating Expenses**

Operating expenses for business-type activities were more than the prior year by \$1,863. The sewer fund expenses increased by \$1,254 while solid waste management fund expenses increased \$363.



**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

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**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 \$58,841 a decrease of \$15,139 in comparison with the prior year. Approximately 27% of this total amount, \$15,829 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance consists of \$41 nonspendable primarily attributed to inventories and a perpetual care trust, \$25,537 restricted primarily for capital projects, and \$17,061 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 \$15,829 while total fund balance was \$16,039. Of the total fund balance \$41 is considered nonspendable while \$169 is considered assigned. The majority of the assigned fund balance represents encumbrance carryovers from fiscal year 2019 to fiscal year 2020. 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 19% of total general fund expenditures and transfers out, while total fund balance represents 20% of that same amount. During fiscal year 2019, the fund balance of the City's General Fund increased by \$261.

The general purpose school fund has a total fund balance of \$8,198, of which most is uncommitted. The net increase in fund balance during the current year in the general purpose school fund was \$1,381.

The capital project fund has a total fund balance of \$28,015. Of this amount, \$25,301 represents unspent bond proceeds restricted for capital projects. This amount includes unspent proceeds from the Sullivan County School Bonds that are not a liability of the City but have been treated in the same manner as the City's own bond proceeds. The remainder of \$2,714 is assigned to the capital project fund. The net decrease in this fund balance of \$16,246 was primarily due to project expenditures paid from prior years' debt proceeds.

The debt service fund has a total fund balance of \$421. Debt service expenditures (principal and interest) totaled \$12,898 for fiscal year 2019. This was \$5 more than the debt service expenditures paid in fiscal year 2018.

Nonmajor (other) governmental funds have a fund balance of \$6,169. The net decrease in fund balance during the current year in nonmajor governmental funds was \$593.



**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

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**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 \$4,615 and \$2,335 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 a \$94 increase and are detailed as follows:

\$	75	Appropriate budgeted income from credit card processing fees
	6	Appropriate budgeted grant money and contributions
	<u>13</u>	Appropriate additional revenue to projects
<u>\$</u>	<u>94</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, 2019, amounts to \$664,745 (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 project during fiscal year 2019 was the \$7,161 Reedy Creek Trunk Line Sewer Project which was completed and capitalized by year end. Other sewer line replacement projects were just getting started in the design and bid stage. Business-type construction in progress at the close of the fiscal year was \$17,809.
- Construction continued and/or began on a variety of general governmental projects including various road improvement projects. The most significant capital project for fiscal year 2019 was the continuation of DB Science and Technology Center which is a \$23,175 budgeted addition to the City's High School. Another significant project in 2019 was the \$5,891 Transit Center Building which will house the City's Public Transportation Services. Governmental construction in progress at the close of the fiscal year was \$65,020.

**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

Additional information on the City's capital assets can be found in Note 4.C on pages 63-68 of this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 34,827	\$ 33,878	\$ 8,234	\$ 8,065	\$ 43,061	\$ 41,943
Buildings and Systems	86,091	90,486	270,780	268,047	356,871	358,533
Improvements other than Buildings	20,867	18,797	3,430	3,797	24,297	22,594
Machinery and Equipment	18,921	18,787	2,260	2,711	21,181	21,498
Software	188	306	55	103	243	409
Infrastructure	136,263	142,271	0	0	136,263	142,271
Construction in Progress	65,020	40,534	17,809	24,063	82,829	64,597
<b>Total Capital Assets</b>	<b>\$ 362,177</b>	<b>\$ 345,059</b>	<b>\$ 302,568</b>	<b>\$ 306,786</b>	<b>\$ 664,745</b>	<b>\$ 651,845</b>

**Long-term debt**

At the end of the current fiscal year, the City had total gross debt outstanding of \$245,960. 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	
	2019	2018	2019	2018	2019	2018
Notes Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Obligation Bonds	113,409	115,126	116,034	117,552	229,443	232,678
Loans from Other Governments	4,007	4,872	12,510	13,089	16,517	17,961
<b>Total Long-term Debt</b>	<b>\$ 117,416</b>	<b>\$ 119,998</b>	<b>\$ 128,544</b>	<b>\$ 130,641</b>	<b>\$ 245,960</b>	<b>\$ 250,639</b>

During the current fiscal year, the City's total gross debt decreased by \$4,679 (2%). The governmental activities long-term debt decreased by \$2,582 while business-type activities long-term debt decreased by \$2,097.

On September 28, 2018, the City issued \$7,040 General Obligation Improvement Bonds, Series 2018A; \$5,275 General Obligation Improvement Bonds, Series 2018B; and \$2,360 General Obligation Improvement Bonds, Series 2018C. In addition, the City issued \$14,100 General Obligation Refunding Bonds, 2019 on May 10, 2019. The proceeds from this issue were used to refund Series 2009D Build America Bonds.

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 November 2019 in conjunction with a recent bond sale.

**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2019  
(amounts expressed in thousands)**

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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 71-128 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The City's 2018 unemployment rate of 4.2% is down from a high of 10.9% during the recession of 2009.
- Inflationary trends in the region are comparable to national indices.
- 492 building permits with an estimated value of \$101,461 were issued during this fiscal year, compared to 518 building permits with an estimated value of \$125,319 for the previous year.

Short term interest rates on investments for the City's operating funds were approximately 2.38% at the end of fiscal year 2019. However rates have decreased since year end. The City's most recent investment bid was awarded at a rate of 1.8% for 222 days.

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$15,829. The City has assigned fund balance of \$148 to cover encumbrances remaining from FY2019.

For the FY2020 budget year, both inside water rates and inside sewer rates were increased by 3%. Outside sewer rates were also increased by 3% and outside water rates remained unchanged.

**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, 225 West Center Street, Kingsport, TN 37660.

## B. BASIC FINANCIAL STATEMENTS

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**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business - Type Activities	Total	Industrial Development Board	Emergency Communications District
<b>ASSETS:</b>					
Cash	\$ 1,986,609	\$ 38,956	\$ 2,025,565	\$ 1,167,958	\$ 2,151,199
Equity in Pooled Cash and Investments	34,966,046	12,708,329	47,674,375	0	0
Long Term Certificates of Deposit	250,692	0	250,692	0	0
Investments	536,639	0	536,639	0	0
Accounts Receivable, Net	41,657,522	5,565,701	47,223,223	51,772	0
Accrued Interest Receivable	171,568	209,554	381,122	0	0
Due from Other Governments	33,106,918	39,670	33,146,588	18,711	0
Internal Balances	2,542,443	(2,542,443)	0	0	0
Inventories	624,209	621,484	1,245,693	0	0
Prepays	256,438	39,322	295,760	8,375	87,600
Land Held for Sale or Development	0	0	0	5,683,406	0
<b>Restricted Assets:</b>					
Cash	26,549,047	26,606,640	53,155,687	0	0
Long Term Certificates of Deposit	1,000,000	0	1,000,000	0	0
Investments	4,718,642	906,251	5,624,893	207,767	0
Pension Asset	3,502,471	0	3,502,471	0	0
Receivables	0	0	0	478,162	0
<b>Capital Assets:</b>					
Land	34,826,509	8,234,175	43,060,684	1,200,238	242,010
Buildings and Systems	189,698,982	438,142,937	627,841,919	7,896,063	2,022,110
Improvements Other Than Buildings	40,005,625	10,687,713	50,693,338	584,105	0
Machinery and Equipment	63,232,535	7,998,982	71,231,517	0	991,755
Software	872,584	310,517	1,183,101	0	0
Infrastructure	297,696,396	0	297,696,396	0	0
Construction in Progress	65,020,290	17,809,313	82,829,603	886,900	0
Less: Accumulated Depreciation	(329,176,064)	(180,615,498)	(509,791,562)	(964,378)	(786,483)
Other Assets, Net	58,994	100,133	159,127	0	0
<b>Total Assets</b>	<b>514,105,095</b>	<b>346,861,736</b>	<b>860,966,831</b>	<b>17,219,079</b>	<b>4,708,191</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred Outflows Related to Refunding	3,140,502	1,788,321	4,928,823	0	0
Deferred Outflows Related to OPEB	2,051,368	138,112	2,189,480	0	0
Deferred Outflows Related to Pensions	13,986,242	1,383,467	15,369,709	0	0
<b>Total Deferred Outflows of Resources</b>	<b>19,178,112</b>	<b>3,309,900</b>	<b>22,488,012</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES:</b>					
Accounts Payable and Other Current Liabilities	19,258,490	2,033,678	21,292,168	221,732	12,300
Due to Other Governments	18,784	225,784	244,568	0	0
Compensated Absences Payable	3,306,116	619,073	3,925,189	0	0
Accrued Interest Payable	1,287,626	1,146,770	2,434,396	20,404	0
Unearned Revenue	103,516	49,018	152,534	154,093	0
Liabilities Payable from Restricted Assets	0	80,696	80,696	0	0
<b>Noncurrent Liabilities:</b>					
Due Within One Year	8,473,319	8,993,176	17,466,495	3,630,847	0
Due in More Than One Year	117,321,416	127,121,004	244,442,420	8,029,445	0
Pension Liability Due in More Than One Year	22,791,648	4,165,971	26,957,619	0	0
OPEB Liability Due in More Than One Year	48,221,926	5,362,437	53,584,363	0	0
<b>Total Liabilities</b>	<b>220,782,841</b>	<b>149,797,607</b>	<b>370,580,448</b>	<b>12,056,521</b>	<b>12,300</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred Inflows Related to Property Taxes	56,437,520	0	56,437,520	0	0
Deferred Inflows Related to Other Taxes	297,770	0	297,770	0	0
Deferred Inflows Related to OPEB	21,701,679	696,329	22,398,008	0	0
Deferred Inflows Related to Pensions	9,118,119	693,543	9,811,662	0	0
<b>Total Deferred Inflows of Resources</b>	<b>87,555,088</b>	<b>1,389,872</b>	<b>88,944,960</b>	<b>0</b>	<b>0</b>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	255,053,440	194,615,588	449,669,028	1,550,924	2,469,392
Restricted for Perpetual Care (Nonexpendable)	152,692	0	152,692	0	0
Restricted for Debt Service	0	451,537	451,537	0	0
Restricted for Capital Improvements	9,769,998	641,585	10,411,583	0	0
Restricted for Public Safety	86,776	0	86,776	0	0
Restricted for Tourism	149,796	0	149,796	0	0
Restricted for Pension Asset	3,502,471	0	3,502,471	0	0
Unrestricted	(43,769,895)	3,275,447	(40,494,448)	3,611,634	2,226,499
<b>Total Net Position</b>	<b>\$ 224,945,278</b>	<b>\$ 198,984,157</b>	<b>\$ 423,929,435</b>	<b>\$ 5,162,558</b>	<b>\$ 4,695,891</b>

See accompanying notes to the basic financial statements.

**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2019

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	\$ 10,051,430	\$ 1,226,607	\$ 494,577	\$ 5,317,016	\$ (3,013,230)	\$ 0	\$ (3,013,230)		
Public Safety	23,359,946	1,571,833	373,092	0	(21,415,021)	0	(21,415,021)		
Public Works	21,056,262	837,147	0	0	(20,219,115)	0	(20,219,115)		
Highways and Transportation	4,456,199	137,499	3,270,621	931,941	(116,138)	0	(116,138)		
Economic and Physical Development	1,816,758	0	361,673	0	(1,455,085)	0	(1,455,085)		
Culture and Recreation	8,713,814	1,404,863	201,002	0	(7,107,949)	0	(7,107,949)		
Education	79,704,213	2,430,625	40,396,679	0	(36,876,909)	0	(36,876,909)		
Interest on Long Term Debt	3,959,266	0	0	0	(3,959,266)	0	(3,959,266)		
<b>Total Governmental Activities</b>	<b>153,117,888</b>	<b>7,608,574</b>	<b>45,097,644</b>	<b>6,248,957</b>	<b>(94,162,713)</b>	<b>0</b>	<b>(94,162,713)</b>		
Business - Type Activities:									
Water	11,907,425	14,026,187	57,070	19,451	0	2,195,283	2,195,283		
Sewer	13,273,850	14,203,143	85,620	18,250	0	1,033,163	1,033,163		
Solid Waste Management	4,969,412	3,118,977	4,286	0	0	(1,846,149)	(1,846,149)		
Storm Water Management	1,506,017	1,893,941	8,562	0	0	396,486	396,486		
Aquatic Center	3,165,293	1,483,712	7,826	0	0	(1,673,755)	(1,673,755)		
MeadowView Conference Resort and Convention Center	2,271,450	325,982	14,349	0	0	(1,931,119)	(1,931,119)		
Cattails at MeadowView Golf Course	1,297,199	849,403	0	0	0	(447,796)	(447,796)		
<b>Total Business - Type Activities</b>	<b>38,390,646</b>	<b>35,901,345</b>	<b>177,713</b>	<b>37,701</b>	<b>0</b>	<b>(2,273,887)</b>	<b>(2,273,887)</b>		
<b>Total Primary Government</b>	<b>\$ 191,508,534</b>	<b>\$ 43,509,919</b>	<b>\$ 45,275,357</b>	<b>\$ 6,286,658</b>	<b>(94,162,713)</b>	<b>(2,273,887)</b>	<b>(96,436,600)</b>		
Component Units:									
Industrial Development Board	\$ 1,849,145	\$ 1,639,265	\$ 566,823	\$ 0			\$ 356,943	\$ 0	
Emergency Communications District	605,144	769,230	115,175	0			0	279,261	
<b>Total Component Units</b>	<b>\$ 2,454,289</b>	<b>\$ 2,408,495</b>	<b>\$ 681,998</b>	<b>\$ 0</b>			<b>356,943</b>	<b>279,261</b>	
General Revenues:									
Property Taxes					57,748,741	0	57,748,741	0	0
Sales Taxes					36,618,697	0	36,618,697	0	0
Alcoholic Beverage Taxes					1,992,177	0	1,992,177	0	0
Occupational Licenses and Business Taxes					7,019,849	0	7,019,849	0	0
Hotel / Motel Taxes					1,744,027	0	1,744,027	0	0
Income Taxes					794,052	0	794,052	0	0
Grants and Contributions Not Restricted to Specific Programs					1,125,983	0	1,125,983	0	36,000
Unrestricted Investment Earnings					1,235,699	709,295	1,944,994	9,732	183
Miscellaneous					272,160	0	272,160	0	0
Transfers					(2,854,278)	2,854,278	0	0	0
<b>Total General Revenues and Transfers</b>					<b>105,697,107</b>	<b>3,563,573</b>	<b>109,260,680</b>	<b>9,732</b>	<b>36,183</b>
Change in Net Position					11,534,394	1,289,686	12,824,080	366,675	315,444
Net Position - Beginning					213,410,884	197,694,471	411,105,355	4,795,883	4,380,447
Net Position - Ending					<b>\$ 224,945,278</b>	<b>\$ 198,984,157</b>	<b>\$ 423,929,435</b>	<b>\$ 5,162,558</b>	<b>\$ 4,695,891</b>

See accompanying notes to the basic financial statements.

**CITY OF KINGSPORT, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019**

	<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>
<b>ASSETS:</b>						
Cash	\$ 18,922	\$ 1,415	\$ 0	\$ 0	\$ 1,966,272	\$ 1,986,609
Equity in Pooled Cash and Investments	6,598,183	10,474,231	251,783	4,584,608	1,802,984	23,711,789
Long-Term Certificates of Deposit	0	0	0	0	250,692	250,692
Investments	0	0	0	0	536,639	536,639
Taxes Receivable, net	39,728,164	0	0	0	0	39,728,164
Accounts Receivable, net	1,359,943	34,050	0	0	121,931	1,515,924
Accrued Interest Receivable	0	0	153,727	17,418	141	171,286
Due from Other Governments	7,005,681	21,560,363	0	1,448,512	3,092,362	33,106,918
Due from Other Funds	4,386,877	753,972	0	0	0	5,140,849
Due from Component Units	0	0	0	0	0	0
Inventories	3,083	2,452	0	0	200,406	205,941
Prepays	37,889	17,520	0	0	0	55,409
Cash - Restricted	0	0	15,152	26,533,895	0	26,549,047
Investments - Restricted	0	0	0	47,960	86,776	134,736
<b>Total Assets</b>	<u>\$ 59,138,742</u>	<u>\$ 32,844,003</u>	<u>\$ 420,662</u>	<u>\$ 32,632,393</u>	<u>\$ 8,058,203</u>	<u>\$ 133,094,003</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 456,024	\$ 557,045	\$ 0	\$ 3,342,698	\$ 573,389	\$ 4,929,156
Compensated Absences Payable	53,003	24,797	0	0	0	77,800
Due to Other Governments	18,697	0	0	0	87	18,784
Due to Other Funds	0	199	0	0	1,205,913	1,206,112
Due to Component Units	0	0	0	0	0	0
Contracts Payable	0	0	0	1,274,438	1,055	1,275,493
Other Liabilities	2,660,208	6,264,250	0	0	5,731	8,930,189
Advances from Other Funds	0	0	0	0	0	0
Unearned Revenue	20	0	0	0	103,496	103,516
<b>Total Liabilities</b>	<u>3,187,952</u>	<u>6,846,291</u>	<u>0</u>	<u>4,617,136</u>	<u>1,889,671</u>	<u>16,541,050</u>

**CITY OF KINGSPORT, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2019**

	<b>General Fund</b>	<b>General Purpose School Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes	39,614,107	17,800,000	0	0	0	57,414,107
Unavailable Revenue Other	297,770	0	0	0	0	297,770
<b>Total Deferred Inflows of Resources</b>	<b>39,911,877</b>	<b>17,800,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>57,711,877</b>
Fund Balances:						
Nonspendable:						
Inventory	3,083	2,452	0	0	200,406	205,941
Prepays	37,889	17,520	0	0	0	55,409
Allandale Trust Principal	0	0	0	0	152,692	152,692
Restricted for:						
Unspent Bond Proceeds Restricted for Capital Projects	0	0	0	25,300,814	0	25,300,814
Unspent Federal Forfeitures Restricted for Public Safety	0	0	0	0	86,776	86,776
Unspent Hotel Tax Restricted for Tourism	0	0	0	0	149,796	149,796
Assigned to:						
Fund Balance Allocations	148,426	0	0	0	0	148,426
Future Industrial Park	20,927	0	0	0	0	20,927
Education	0	8,177,740	0	0	2,725,308	10,903,048
Debt Service	0	0	420,662	0	0	420,662
Capital Projects	0	0	0	2,714,443	0	2,714,443
Community Development	0	0	0	0	16,471	16,471
Other Projects	0	0	0	0	320,883	320,883
Public Safety	0	0	0	0	579,106	579,106
Transportation	0	0	0	0	832,960	832,960
Culture and Recreation	0	0	0	0	1,049,662	1,049,662
Allandale	0	0	0	0	54,472	54,472
Unassigned	15,828,588	0	0	0	0	15,828,588
<b>Total Fund Balances</b>	<b>16,038,913</b>	<b>8,197,712</b>	<b>420,662</b>	<b>28,015,257</b>	<b>6,168,532</b>	<b>58,841,076</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 59,138,742</b>	<b>\$ 32,844,003</b>	<b>\$ 420,662</b>	<b>\$ 32,632,393</b>	<b>\$ 8,058,203</b>	<b>\$ 133,094,003</b>

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, 2019**

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

Total Fund Balance of Governmental Funds	\$ 58,841,076
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	351,525,377
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.	976,587
Net pension asset related to the teacher retirement plan is reported on statement of net position.	3,502,471
Deferred outflows related to refunding is reported is on statement of net position.	3,140,502
Deferred outflows related to OPEB is reported on the statement of net position.	2,051,368
Deferred outflows related to pensions is reported on the statement of net position.	13,986,242
Deferred inflows related to OPEB is reported on the statement of net position.	(21,701,679)
Deferred inflows related to pensions is reported on the statement of net position.	(9,118,119)
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.	22,970,179
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(201,228,726)</u>
Net Position of Governmental Activities	<u><u>\$ 224,945,278</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, 2019

	<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>
<b>REVENUES:</b>						
Taxes	\$ 48,420,234	\$ 29,268,295	\$ 0	\$ 0	\$ 4,316,752	\$ 82,005,281
Licenses and Permits	497,594	0	0	0	0	497,594
Intergovernmental	25,526,132	31,277,983	192,979	4,009,092	12,867,546	73,873,732
Charges for Services	2,380,703	1,517,291	0	0	1,323,410	5,221,404
Fines and Forfeitures	923,978	0	0	0	298,086	1,222,064
Investment Earnings	279,768	0	474,776	260,509	19,900	1,034,953
Contributions and Donations	200,000	0	0	27,757	330,595	558,352
Miscellaneous	163,283	679,742	0	58,500	89	901,614
<b>Total Revenues</b>	<b>78,391,692</b>	<b>62,743,311</b>	<b>667,755</b>	<b>4,355,858</b>	<b>19,156,378</b>	<b>165,314,994</b>
<b>EXPENDITURES:</b>						
Current:						
General Government	9,446,589	0	0	0	408,694	9,855,283
Public Safety	21,977,452	0	0	0	93,315	22,070,767
Public Works	10,497,786	0	0	0	0	10,497,786
Economic and Physical Development	1,509,446	0	0	0	361,673	1,871,119
Transportation	0	0	0	0	4,456,199	4,456,199
Culture and Recreation	4,558,962	0	0	0	1,844,370	6,403,332
Education	0	71,412,306	0	0	8,784,061	80,196,367
Miscellaneous	960,043	0	0	0	0	960,043
Debt Service:						
Principal	0	0	8,529,857	0	0	8,529,857
Interest	0	0	4,368,020	0	0	4,368,020
Bond Issuance Costs	0	0	0	248,086	0	248,086
Other Costs	0	0	13,740	0	0	13,740
Arbitrage Expense	0	0	41,586	0	0	41,586
Capital Outlay	17,825	144,710	0	34,299,455	1,436,336	35,898,326
<b>Total Expenditures</b>	<b>48,968,103</b>	<b>71,557,016</b>	<b>12,953,203</b>	<b>34,547,541</b>	<b>17,384,648</b>	<b>185,410,511</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>29,423,589</b>	<b>(8,813,705)</b>	<b>(12,285,448)</b>	<b>(30,191,683)</b>	<b>1,771,730</b>	<b>(20,095,517)</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2019

	<b>General Fund</b>	<b>General Purpose School Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
OTHER FINANCING SOURCES (USES):						
Transfers In	3,428,877	14,305,662	12,343,231	6,560,076	1,912,847	38,550,693
Transfers Out	(32,591,324)	(4,111,101)	0	(42,967)	(4,277,886)	(41,023,278)
Issuance of Debt	0	0	0	14,417,513	0	14,417,513
Payments to Refunded Bond Escrow	0	0	0	(8,701,640)	0	(8,701,640)
Premiums on Debt Issued	0	0	0	1,713,137	0	1,713,137
Total Other Financing Sources (Uses)	<u>(29,162,447)</u>	<u>10,194,561</u>	<u>12,343,231</u>	<u>13,946,119</u>	<u>(2,365,039)</u>	<u>4,956,425</u>
Net Change in Fund Balances	261,142	1,380,856	57,783	(16,245,564)	(593,309)	(15,139,092)
Fund Balances, July 1, 2018	<u>15,777,771</u>	<u>6,816,856</u>	<u>362,879</u>	<u>44,260,821</u>	<u>6,761,841</u>	<u>73,980,168</u>
Fund Balances, June 30, 2019	<u>\$ 16,038,913</u>	<u>\$ 8,197,712</u>	<u>\$ 420,662</u>	<u>\$ 28,015,257</u>	<u>\$ 6,168,532</u>	<u>\$ 58,841,076</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, 2019**

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

Net Change in Fund Balance of Governmental Funds	\$ (15,139,092)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period were more than depreciation of capital assets.	20,838,262
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is a decrease to net position.	(3,815,680)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(155,011)
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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.	2,330,747
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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:	
Decrease in Compensated Absences	142,472
Decrease in Accrued Interest	77,808
Increase in OPEB Liabilities and Deferrals	(898,363)
Decrease in Pension Liabilities and Deferrals net of pension asset	6,678,457

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.	1,474,794
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Change in Net Position of Governmental Activities	\$ 11,534,394
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**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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Taxes:				
General Property	\$ 39,327,300	\$ 38,968,764	\$ 38,893,437	\$ (75,327)
Gross Receipts	9,515,600	9,497,900	9,526,797	28,897
Licenses and Permits	544,700	499,251	497,594	(1,657)
Intergovernmental:				
Federal	0	0	5,953	5,953
State	6,229,400	6,802,036	6,843,827	41,791
County	18,541,940	18,263,989	18,367,712	103,723
Local	266,900	266,900	308,640	41,740
Charges for Services	2,419,850	2,419,850	2,380,703	(39,147)
Fines and Forfeitures	903,000	918,600	923,978	5,378
Investment Earnings	95,000	187,400	279,768	92,368
Contributions and Donations	212,500	212,500	200,000	(12,500)
Miscellaneous	123,800	211,600	163,283	(48,317)
<b>Total Revenues</b>	<u>78,179,990</u>	<u>78,248,790</u>	<u>78,391,692</u>	<u>142,902</u>
<b>EXPENDITURES:</b>				
General Government:				
Board of Mayor and Aldermen	146,530	175,373	172,479	2,894
Judicial	30,913	30,916	28,913	2,003
City Attorney	480,166	464,640	456,976	7,664
City Manager	454,907	508,135	503,115	5,020
Assistant City Manager	146,080	150,115	147,374	2,741
Budget Office	216,877	215,590	207,515	8,075
Special Programs	2,842,620	3,003,895	2,926,688	77,207
Public Information Office	372,849	381,276	378,684	2,592
Personnel	1,224,050	1,224,652	1,191,849	32,803
Purchasing	305,887	269,179	258,991	10,188
Finance Administration	1,839,730	1,805,120	1,770,235	34,885
Records Administration	104,955	107,230	103,711	3,519
Information Technology	1,253,157	1,156,528	1,147,633	8,895
Community Services Office	198,633	169,859	152,426	17,433
<b>Total General Government</b>	<u>9,617,354</u>	<u>9,662,508</u>	<u>9,446,589</u>	<u>215,919</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Public Safety:</b>				
Police Administration	1,862,803	1,894,990	1,867,064	27,926
Jail Operations	475,907	496,906	490,170	6,736
Training	425,227	372,437	368,340	4,097
Traffic School	14,135	20,526	19,950	576
Investigations	1,632,334	1,741,625	1,723,150	18,475
Patrol Division	6,146,494	5,733,984	5,606,663	127,321
Central Dispatch	1,393,025	1,357,720	1,348,780	8,940
Communications	301,759	298,117	287,378	10,739
Fire Control and Prevention	9,987,375	10,288,334	10,265,957	22,377
<b>Total Public Safety</b>	<u>22,239,059</u>	<u>22,204,639</u>	<u>21,977,452</u>	<u>227,187</u>
<b>Public Works:</b>				
Administration	194,640	202,757	201,335	1,422
Engineering	1,212,566	1,166,407	1,152,328	14,079
Transportation	1,328,765	1,357,115	1,330,305	26,810
Streets and Sanitation Administration	320,174	354,383	349,305	5,078
Street Cleaning	498,054	544,401	542,359	2,042
Street Maintenance	2,328,950	2,316,339	2,297,668	18,671
Building Maintenance	1,877,244	1,885,493	1,868,395	17,098
Grounds Maintenance	1,486,977	1,360,193	1,352,913	7,280
Park Maintenance	825,174	774,722	759,139	15,583
Landscaping	670,191	682,596	644,039	38,557
<b>Total Public Works</b>	<u>10,742,735</u>	<u>10,644,406</u>	<u>10,497,786</u>	<u>146,620</u>
<b>Economic and Physical Development:</b>				
Administration	386,601	400,260	394,042	6,218
Planning	333,626	321,608	308,149	13,459
Geographic Information	392,239	443,956	433,504	10,452
Code Enforcement	436,782	375,102	373,751	1,351
<b>Total Economic and Physical Development</b>	<u>1,549,248</u>	<u>1,540,926</u>	<u>1,509,446</u>	<u>31,480</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture and Recreation:				
Administration	317,460	316,942	309,987	6,955
Charter Bus Service	10,500	9,200	3,476	5,724
Parks and Recreation Centers	856,943	887,062	870,952	16,110
Civic Auditorium	80,000	84,316	80,224	4,092
Lynn View	56,900	45,268	43,067	2,201
Farmers Market	24,435	37,325	32,083	5,242
Carousel	82,541	72,895	69,948	2,947
Splash Pad	19,312	18,504	12,664	5,840
Athletics	765,198	738,064	716,513	21,551
Cultural Arts	218,189	194,473	190,818	3,655
Allandale	203,751	225,828	221,259	4,569
Senior Citizens Center	757,624	748,539	740,968	7,571
Bays Mountain Park	1,306,458	1,304,765	1,267,003	37,762
Total Culture and Recreation	<u>4,699,311</u>	<u>4,683,181</u>	<u>4,558,962</u>	<u>124,219</u>
Miscellaneous	<u>883,899</u>	<u>1,207,875</u>	<u>960,043</u>	<u>247,832</u>
Capital Outlay	<u>81,400</u>	<u>71,463</u>	<u>17,825</u>	<u>53,638</u>
Total Expenditures	<u>49,813,006</u>	<u>50,014,998</u>	<u>48,968,103</u>	<u>1,046,895</u>
Excess of Revenues Over Expenditures	<u>28,366,984</u>	<u>28,233,792</u>	<u>29,423,589</u>	<u>1,189,797</u>
Other Financing Sources (Uses):				
Transfers In	3,422,500	3,447,500	3,428,877	(18,623)
Transfers Out	<u>(31,701,284)</u>	<u>(33,221,887)</u>	<u>(32,591,324)</u>	<u>630,563</u>
Net Other Financing Sources (Uses)	<u>(28,278,784)</u>	<u>(29,774,387)</u>	<u>(29,162,447)</u>	<u>611,940</u>
Net Change in Fund Balances	88,200	(1,540,595)	261,142	1,801,737
Fund Balances, July 1, 2018	<u>(88,200)</u>	<u>1,540,595</u>	<u>15,777,771</u>	<u>14,237,176</u>
Fund Balances, June 30, 2019	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,038,913</u>	<u>\$ 16,038,913</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
County Taxes:				
Property Taxes	\$ 18,875,000	\$ 18,875,000	\$ 19,010,314	\$ 135,314
Gross Receipts Taxes	10,050,000	10,050,000	10,207,604	157,604
Other Taxes	42,000	42,000	50,377	8,377
Intergovernmental:				
Federal	105,000	105,000	100,837	(4,163)
State	31,320,000	31,329,350	31,177,146	(152,204)
County	0	0	0	0
Charges for Services	1,632,000	1,632,000	1,517,291	(114,709)
Miscellaneous	570,000	615,210	679,742	64,532
<b>Total Revenues</b>	<u>62,594,000</u>	<u>62,648,560</u>	<u>62,743,311</u>	<u>94,751</u>
<b>EXPENDITURES:</b>				
Instruction:				
Regular	37,130,754	38,250,531	38,119,875	130,656
Special Education	5,573,550	5,594,497	5,561,610	32,887
Vocational	1,736,800	1,428,974	1,426,371	2,603
<b>Total Instruction</b>	<u>44,441,104</u>	<u>45,274,002</u>	<u>45,107,856</u>	<u>166,146</u>
Student Support Services:				
Attendance	74,750	75,320	67,391	7,929
Health Services	952,829	957,304	950,235	7,069
Other	2,584,450	2,619,339	2,477,264	142,075
<b>Total Student Support Services</b>	<u>3,612,029</u>	<u>3,651,963</u>	<u>3,494,890</u>	<u>157,073</u>
Instructional Staff Support Services:				
Regular	3,185,543	3,178,578	3,082,058	96,520
Special Education	656,400	656,400	623,419	32,981
Vocational	191,000	191,000	190,311	689
Technology	2,117,600	2,178,992	2,134,463	44,529
<b>Total Instructional Staff Support Services</b>	<u>6,150,543</u>	<u>6,204,970</u>	<u>6,030,251</u>	<u>174,719</u>
General Administrative Support Services:				
Board of Education	1,288,700	1,246,200	1,229,820	16,380
Office of Superintendent	946,050	1,001,204	994,438	6,766
<b>Total General Administrative Support Services</b>	<u>2,234,750</u>	<u>2,247,404</u>	<u>2,224,258</u>	<u>23,146</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
School Administrative Support Services	3,742,054	3,772,004	3,762,965	9,039
Business Administrative Support Services:				
Fiscal Services	450,950	485,271	483,626	1,645
Human Resources	388,300	378,815	375,747	3,068
Total Business Administrative Support Services	839,250	864,086	859,373	4,713
Operations and Maintenance Support Services:				
Operations	4,919,806	4,983,525	4,452,500	531,025
Plant Maintenance	2,309,850	2,657,452	2,514,909	142,543
Total Operations and Maintenance Support Services	7,229,656	7,640,977	6,967,409	673,568
Student Transportation Support Services	1,924,200	1,930,930	1,918,176	12,754
Noninstructional Services:				
After School Programs	540,850	552,859	516,471	36,388
Community Service	563,600	574,715	530,657	44,058
Total Noninstructional Services	1,104,450	1,127,574	1,047,128	80,446
Capital Outlay	1,885,872	1,119,068	144,710	974,358
Total Expenditures	73,163,908	73,832,978	71,557,016	2,275,962
Deficiency of Revenues Under Expenditures	(10,569,908)	(11,184,418)	(8,813,705)	2,370,713
OTHER FINANCING SOURCES (USES):				
Transfers In	13,891,100	13,891,100	14,305,662	414,562
Transfers Out	(3,588,792)	(4,226,587)	(4,111,101)	115,486
Total Other Financing Sources (Uses)	10,302,308	9,664,513	10,194,561	530,048
Net Change in Fund Balances	(267,600)	(1,519,905)	1,380,856	2,900,761
Fund Balances, July 1, 2018	267,600	1,519,905	6,816,856	5,296,951
Fund Balances, June 30, 2019	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,197,712</u>	<u>\$ 8,197,712</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2019**

	<b>Business - Type Activities - Enterprise Funds</b>						<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Aquatic Center Fund</b>	<b>MeadowView Conference Resort and Convention Center Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>ASSETS:</b>							
<b>Current Assets:</b>							
Cash	\$ 0	\$ 0	\$ 37,925	\$ 0	\$ 1,031	\$ 38,956	\$ 0
Equity in Pooled Cash and Investments	7,813,434	3,702,669	0	40,102	1,152,124	12,708,329	11,254,257
Accounts Receivable, Net	2,202,945	2,326,436	84,702	252,021	699,597	5,565,701	413,434
Accrued Interest Receivable	46,730	158,225	1,519	107	2,973	209,554	282
Due from Other Governments	39,670	0	0	0	0	39,670	0
Due from Other Funds	0	0	0	0	0	0	199
Inventories	496,666	0	9,374	0	115,444	621,484	418,268
Prepays	39,322	0	0	0	0	39,322	201,029
<b>Total Current Assets</b>	<b>10,638,767</b>	<b>6,187,330</b>	<b>133,520</b>	<b>292,230</b>	<b>1,971,169</b>	<b>19,223,016</b>	<b>12,287,469</b>
<b>Noncurrent Assets:</b>							
<b>Restricted Assets:</b>							
Cash	58,148	6,135	1,049	85,000	83,000	233,332	0
Cash from Unspent Bonds	7,413,089	15,864,510	2,358,829	6,869	730,011	26,373,308	0
Long Term Certificates of Deposit	0	0	0	0	0	0	1,000,000
Investments	159,058	228,311	36,933	454,662	27,287	906,251	4,583,906
<b>Total Restricted Assets</b>	<b>7,630,295</b>	<b>16,098,956</b>	<b>2,396,811</b>	<b>546,531</b>	<b>840,298</b>	<b>27,512,891</b>	<b>5,583,906</b>
<b>Capital Assets:</b>							
Land	853,388	1,242,871	845,711	1,515,497	3,776,708	8,234,175	14,695
Buildings and Systems	141,914,810	233,916,425	19,277,951	39,758,777	3,274,974	438,142,937	14,897
Improvements Other Than Buildings	0	0	0	2,914,257	7,773,456	10,687,713	0
Software	141,493	88,304	0	0	80,720	310,517	0
Machinery and Equipment	1,435,414	1,771,707	237,925	1,344,566	3,209,370	7,998,982	33,279,225
Construction in Progress	7,066,672	3,976,735	209,458	3,493,131	3,063,317	17,809,313	0
Less: Accumulated Depreciation	(56,525,071)	(93,288,821)	(4,014,861)	(17,797,553)	(8,989,192)	(180,615,498)	(22,657,337)
<b>Total Capital Assets</b>	<b>94,886,706</b>	<b>147,707,221</b>	<b>16,556,184</b>	<b>31,228,675</b>	<b>12,189,353</b>	<b>302,568,139</b>	<b>10,651,480</b>
<b>Other Assets:</b>							
Prepaid Landfill Closure Costs	0	0	0	0	100,133	100,133	0
Deposits	0	0	0	0	0	0	58,994
<b>Total Other Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100,133</b>	<b>100,133</b>	<b>58,994</b>
<b>Total Noncurrent Assets</b>	<b>102,517,001</b>	<b>163,806,177</b>	<b>18,952,995</b>	<b>31,775,206</b>	<b>13,129,784</b>	<b>330,181,163</b>	<b>16,294,380</b>
<b>Total Assets</b>	<b>113,155,768</b>	<b>169,993,507</b>	<b>19,086,515</b>	<b>32,067,436</b>	<b>15,100,953</b>	<b>349,404,179</b>	<b>28,581,849</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>							
Deferred Outflows Related to Refunding	151,407	243,571	606,347	729,814	57,182	1,788,321	0
Deferred Outflows Related to Pensions	628,496	400,872	16,239	0	337,860	1,383,467	0
Deferred Outflows Related to OPEB	56,627	44,746	1,397	0	35,342	138,112	0
<b>Total Deferred Outflows of Resources</b>	<b>836,530</b>	<b>689,189</b>	<b>623,983</b>	<b>729,814</b>	<b>430,384</b>	<b>3,309,900</b>	<b>0</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2019**

	<b>Business - Type Activities - Enterprise Funds</b>						<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Aquatic Center Fund</b>	<b>MeadowView Conference Resort and Convention Center Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>LIABILITIES:</b>							
<b>Current Liabilities:</b>							
Accounts Payable	731,305	329,522	77,594	60,017	400,847	1,599,285	602,488
Due to Other Governments	123,839	97,473	4,472	0	0	225,784	0
Due to Other Funds	0	0	1,304,946	149,298	1,088,199	2,542,443	1,392,493
Compensated Absences Payable	239,114	202,104	20,015	0	157,840	619,073	95,525
Retainages Payable	58,148	6,135	1,049	0	15,364	80,696	0
Accrued Interest Payable	235,846	533,194	177,904	149,478	50,348	1,146,770	0
General Obligation Bonds - Current	1,940,328	3,794,068	1,319,592	955,596	395,004	8,404,588	0
State Revolving Loan Current	588,588	0	0	0	0	588,588	0
Unearned Revenue	0	0	49,018	0	0	49,018	0
Other Payables	434,393	0	0	0	0	434,393	3,521,164
<b>Total Current Liabilities</b>	<b>4,351,561</b>	<b>4,962,496</b>	<b>2,954,590</b>	<b>1,314,389</b>	<b>2,107,602</b>	<b>15,690,638</b>	<b>5,611,670</b>
<b>Noncurrent Liabilities:</b>							
General Obligation Bonds Payable (Net of Discounts and Premiums)	25,333,985	56,290,877	15,932,209	13,129,681	4,512,467	115,199,219	0
State Revolving Loan Payable	11,921,785	0	0	0	0	11,921,785	0
OPEB Liability	2,432,244	1,552,658	84,672	0	1,292,863	5,362,437	0
Post Closure Liability	0	0	0	0	0	0	0
Pension Liability	1,887,299	1,198,523	60,442	0	1,019,707	4,165,971	0
<b>Total Noncurrent Liabilities</b>	<b>41,575,313</b>	<b>59,042,058</b>	<b>16,077,323</b>	<b>13,129,681</b>	<b>6,825,037</b>	<b>136,649,412</b>	<b>0</b>
<b>Total Liabilities</b>	<b>45,926,874</b>	<b>64,004,554</b>	<b>19,031,913</b>	<b>14,444,070</b>	<b>8,932,639</b>	<b>152,340,050</b>	<b>5,611,670</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Deferred Inflows Related to Pensions	321,940	181,142	8,311	0	182,150	693,543	0
Deferred Inflows Related to OPEB	302,401	203,172	13,213	0	177,543	696,329	0
<b>Total Deferred Inflows of Resources</b>	<b>624,341</b>	<b>384,314</b>	<b>21,524</b>	<b>0</b>	<b>359,693</b>	<b>1,389,872</b>	<b>0</b>
<b>NET POSITION:</b>							
Net Investment in Capital Assets	62,666,516	103,730,357	2,269,559	17,880,081	8,069,075	194,615,588	10,651,480
Restricted for Debt Service	159,058	228,311	36,933	3,051	24,184	451,537	0
Restricted for Capital Improvements	0	0	0	552,628	88,957	641,585	0
Unrestricted	4,615,509	2,335,160	(1,649,431)	(82,580)	(1,943,211)	3,275,447	12,318,699
<b>Total Net Position</b>	<b>\$ 67,441,083</b>	<b>\$ 106,293,828</b>	<b>\$ 657,061</b>	<b>\$ 18,353,180</b>	<b>\$ 6,239,005</b>	<b>\$ 198,984,157</b>	<b>\$ 22,970,179</b>

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, 2019**

	<b>Business - Type Activities - Enterprise Funds</b>						<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Aquatic Center Fund</b>	<b>MeadowView Conference Resort and Convention Center Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>OPERATING REVENUES:</b>							
Charges and Fees	\$ 13,471,182	\$ 14,033,428	\$ 1,390,718	\$ 325,982	\$ 5,862,321	\$ 35,083,631	\$ 19,654,088
Penalties and Fines	484,611	151,047	0	0	0	635,658	0
Miscellaneous	70,394	18,668	92,994	0	0	182,056	982,543
<b>Total Operating Revenue</b>	<b>14,026,187</b>	<b>14,203,143</b>	<b>1,483,712</b>	<b>325,982</b>	<b>5,862,321</b>	<b>35,901,345</b>	<b>20,636,631</b>
<b>OPERATING EXPENSES:</b>							
Operating Costs	7,421,614	6,149,420	1,936,795	575,067	7,046,241	23,129,137	15,882,040
Depreciation	3,419,079	5,468,537	683,010	1,359,601	603,727	11,533,954	2,249,197
<b>Total Operating Expenses</b>	<b>10,840,693</b>	<b>11,617,957</b>	<b>2,619,805</b>	<b>1,934,668</b>	<b>7,649,968</b>	<b>34,663,091</b>	<b>18,131,237</b>
<b>Operating Income (Loss)</b>	<b>3,185,494</b>	<b>2,585,186</b>	<b>(1,136,093)</b>	<b>(1,608,686)</b>	<b>(1,787,647)</b>	<b>1,238,254</b>	<b>2,505,394</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Investment Earnings	262,180	370,944	40,818	7,316	28,037	709,295	200,747
Federal Interest Subsidy	57,070	85,620	7,826	14,349	12,848	177,713	0
Interest Expense	(928,671)	(1,567,089)	(494,159)	(327,500)	(114,344)	(3,431,763)	0
Gain (Loss) on Disposal of Capital Assets	0	0	0	0	0	0	6,299
Arbitrage Expense	(12,172)	(18,258)	(1,667)	(3,057)	(2,739)	(37,893)	0
Bond Issue Cost	(125,889)	(70,546)	(49,662)	(6,225)	(5,577)	(257,899)	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(747,482)</b>	<b>(1,199,329)</b>	<b>(496,844)</b>	<b>(315,117)</b>	<b>(81,775)</b>	<b>(2,840,547)</b>	<b>207,046</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>2,438,012</b>	<b>1,385,857</b>	<b>(1,632,937)</b>	<b>(1,923,803)</b>	<b>(1,869,422)</b>	<b>(1,602,293)</b>	<b>2,712,440</b>
Capital Contributions	19,451	18,250	0	0	0	37,701	0
Transfers In	172,893	0	1,890,634	1,828,316	2,266,784	6,158,627	0
Transfers Out	(1,590,779)	(1,566,943)	(43,774)	0	(102,853)	(3,304,349)	(381,693)
<b>Change in Net Position</b>	<b>1,039,577</b>	<b>(162,836)</b>	<b>213,923</b>	<b>(95,487)</b>	<b>294,509</b>	<b>1,289,686</b>	<b>2,330,747</b>
<b>Net Position, July 1, 2018</b>	<b>66,401,506</b>	<b>106,456,664</b>	<b>443,138</b>	<b>18,448,667</b>	<b>5,944,496</b>	<b>197,694,471</b>	<b>20,639,432</b>
<b>Net Position, June 30, 2019</b>	<b>\$ 67,441,083</b>	<b>\$ 106,293,828</b>	<b>\$ 657,061</b>	<b>\$ 18,353,180</b>	<b>\$ 6,239,005</b>	<b>\$ 198,984,157</b>	<b>\$ 22,970,179</b>

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, 2019

	<b>Business - Type Activities - Enterprise Funds</b>						
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Aquatic Center</b>	<b>MeadowView Conference Resort and Convention Center Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from Customers and Users	\$ 13,634,310	\$ 13,669,639	\$ 1,481,325	\$ 287,572	\$ 5,696,151	\$ 34,768,997	\$ 0
Receipts from Interfund Services Provided	145,720	248,597	9,520	0	127,244	531,081	20,434,709
Payments to Suppliers	(3,075,385)	(3,885,597)	(1,533,868)	(542,814)	(4,032,931)	(13,070,595)	(13,881,390)
Payments to Employees	(3,923,846)	(3,193,511)	(486,421)	0	(2,845,102)	(10,448,880)	(1,654,757)
Net Cash Provided (Used) by Operating Activities	<u>6,780,799</u>	<u>6,839,128</u>	<u>(529,444)</u>	<u>(255,242)</u>	<u>(1,054,638)</u>	<u>11,780,603</u>	<u>4,898,562</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfers from Other Funds	172,893	0	1,890,634	1,828,316	2,266,784	6,158,627	0
Transfers to Other Funds	(1,590,779)	(1,566,943)	(43,774)	0	(102,853)	(3,304,349)	(381,693)
Advances From Other Funds	0	0	97,721	(9,621)	337,489	425,589	577,242
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,417,886)</u>	<u>(1,566,943)</u>	<u>1,944,581</u>	<u>1,818,695</u>	<u>2,501,420</u>	<u>3,279,867</u>	<u>195,549</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from Capital Debt	3,992,404	1,318,158	2,331,795	102	91	7,642,550	0
Capital Transfers from Other Funds	0	0	0	0	0	0	0
Intergovernmental Revenue for Capital Projects	0	0	0	0	0	0	0
Acquisition and Construction of Capital Assets	(3,283,439)	(2,897,844)	(189,157)	(122,226)	(805,194)	(7,297,860)	(2,344,668)
Principal Paid on Capital Debt	(2,452,515)	(4,077,957)	(946,628)	(913,427)	(384,561)	(8,775,088)	0
Interest Paid on Capital Debt	(922,752)	(1,751,982)	(537,711)	(377,087)	(130,103)	(3,719,635)	0
Proceeds from Sales of Capital Assets	0	0	0	0	0	0	6,299
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,666,302)</u>	<u>(7,409,625)</u>	<u>658,299</u>	<u>(1,412,638)</u>	<u>(1,319,767)</u>	<u>(12,150,033)</u>	<u>(2,338,369)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Proceeds from Sales and Maturities of Investments	103,843	235,683	0	0	9,412	348,938	0
Purchase of Investments	0	0	(36,027)	(173,018)	(1,338)	(210,383)	(924,215)
Interest Received	228,718	296,323	40,544	7,244	26,276	599,105	200,785
Net Cash Provided (Used) by Investing Activities	<u>332,561</u>	<u>532,006</u>	<u>4,517</u>	<u>(165,774)</u>	<u>34,350</u>	<u>737,660</u>	<u>(723,430)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	3,029,172	(1,605,434)	2,077,953	(14,959)	161,365	3,648,097	2,032,312
Cash and Cash Equivalents, July 1, 2018	<u>12,255,499</u>	<u>21,178,748</u>	<u>319,850</u>	<u>146,930</u>	<u>1,804,801</u>	<u>35,705,828</u>	<u>9,221,945</u>
Cash and Cash Equivalents, June 30, 2019	<u>\$ 15,284,671</u>	<u>\$ 19,573,314</u>	<u>\$ 2,397,803</u>	<u>\$ 131,971</u>	<u>\$ 1,966,166</u>	<u>\$ 39,353,925</u>	<u>\$ 11,254,257</u>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2019

	<b>Business - Type Activities - Enterprise Funds</b>						
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Aquatic Center</b>	<b>MeadowView Conference Resort and Convention Center Fund</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>							
Operating Income (Loss)	\$ 3,185,494	\$ 2,585,186	\$ (1,136,093)	\$ (1,608,686)	\$ (1,787,647)	\$ 1,238,254	\$ 2,505,394
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation	3,419,079	5,468,537	683,010	1,359,601	603,727	11,533,954	2,249,197
(Increase) Decrease in Assets:							
Accounts Receivable	(190,098)	(284,907)	205	(38,410)	(38,926)	(552,136)	(77,894)
Inventory	16,011	0	2,684	0	(1,951)	16,744	(22,617)
Prepays	0	0	13,600	0	78,112	91,712	16,534
Deposits	0	0	0	0	0	0	18,000
Increase (Decrease) in Liabilities:							
Accounts Payable	485,311	(478,463)	(104,351)	32,253	139,475	74,225	216,803
Benefits Payable	0	0	0	0	0	0	36,327
Pension Liabilities and Deferrals	(188,343)	(148,457)	(1,159)	0	(115,119)	(453,078)	0
Compensated Absences Payable	(3,767)	(4,999)	(674)	0	(3,270)	(12,710)	(2,272)
OPEB Liabilities and Deferrals	109,029	86,153	2,689	0	68,047	265,918	0
Other Payables	(38,886)	0	0	0	0	(38,886)	(40,910)
Unearned Revenue	0	0	9,596	0	0	9,596	0
Retainages Payable	(13,031)	(383,922)	1,049	0	2,914	(392,990)	0
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,780,799</u>	<u>\$ 6,839,128</u>	<u>\$ (529,444)</u>	<u>\$ (255,242)</u>	<u>\$ (1,054,638)</u>	<u>\$ 11,780,603</u>	<u>\$ 4,898,562</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:</b>							
Cash	\$ 0	\$ 0	\$ 37,925	\$ 0	\$ 1,031	\$ 38,956	\$ 0
Equity in Pooled Cash and Investments	7,813,434	3,702,669	0	40,102	1,152,124	12,708,329	11,254,257
Restricted Cash from Unspent Bonds	7,413,089	15,864,510	2,358,829	6,869	730,011	26,373,308	0
Restricted Cash	58,148	6,135	1,049	85,000	83,000	233,332	0
Cash and Cash Equivalents, June 30, 2019	<u>\$ 15,284,671</u>	<u>\$ 19,573,314</u>	<u>\$ 2,397,803</u>	<u>\$ 131,971</u>	<u>\$ 1,966,166</u>	<u>\$ 39,353,925</u>	<u>\$ 11,254,257</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>							
Capital Assets Contributed by Developers	<u>\$ 0</u>	<u>\$ 18,250</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,250</u>	<u>\$ 0</u>
Federal Interest Subsidy Paid Directly to Bank	<u>\$ 57,070</u>	<u>\$ 85,620</u>	<u>\$ 7,826</u>	<u>\$ 14,349</u>	<u>\$ 12,848</u>	<u>\$ 177,713</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, 2019**

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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, 2019**

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**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.



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. 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.

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.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

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 *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 *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.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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, school self-insured health insurance, school retiree's health insurance and fleet maintenance services provided to other departments or agencies of the government on a cost reimbursement basis.

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.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of 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 market 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.

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.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*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 cost, 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.

*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.

*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 estimated fair market value at the date of donation.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*5. Capital assets (continued)*

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.

Interest incurred during the construction phase of capital assets related to business-type activities is included as part of the capitalized value of the assets constructed. Debt service interest for business-type activities totaled \$3,920,375. The amount expensed was \$3,431,763 and the amount capitalized was \$488,612. The detailed amounts in the respective funds are as follows:

	Water Fund	Sewer Fund	Solid Waste Management Fund	Storm Water Management Fund	Aquatic Center Fund	MeadowView Conference Resort and Convention Center Fund	Cattails at MeadowView Golf Course Fund	Total Business - Type Activities
Interest Expensed	\$ 928,671	\$ 1,567,089	\$ 59,992	\$ 42,060	\$ 494,159	\$ 327,500	\$ 12,292	\$ 3,431,763
Capitalized Interest	122,459	204,215	43,911	0	4,318	113,709	0	488,612
Debt Service Interest	<u>\$ 1,051,130</u>	<u>\$ 1,771,304</u>	<u>\$ 103,903</u>	<u>\$ 42,060</u>	<u>\$ 498,477</u>	<u>\$ 441,209</u>	<u>\$ 12,292</u>	<u>\$ 3,920,375</u>

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.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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)***

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.

Changes in compensated absences for the fiscal year ending June 30, 2019 are as follows:

Compensated Absences, July 1, 2018	\$ 4,344,459
Compensated Absences Earned - FY 2019	3,067,576
Compensated Absences Used - FY 2019	<u>(3,486,846)</u>
Compensated Absences, June 30, 2019	<u>\$ 3,925,189</u>

**7. *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.

**8. *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.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*9. 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.

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.

*10. 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.



**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*11. 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 position 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. 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 position 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 the Hall Income Tax in the General Fund and 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. 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	\$ 976,587
Property Taxes Receivable - General Fund (unearned / unavailable)	38,637,520	38,637,520
Hall Income Taxes Receivable - General Fund (unearned / unavailable)	297,770	297,770
Property Taxes Receivable - School Fund (unearned / unavailable)	17,800,000	17,800,000
	<b>\$56,735,290</b>	<b>\$57,711,877</b>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*12. 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.

*13. 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.

**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 \$351,525,377 difference are as follows:

Governmental funds capital assets	\$ 658,044,104
Less: accumulated depreciation	<u>(306,518,727)</u>
 Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ 351,525,377</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 \$(201,228,726) difference are as follows:

Bonds payable, net of premiums and discounts	\$ (121,787,253)
Notes payable	(4,007,482)
Compensated absences	(3,132,791)
OPEB liability	(48,221,926)
Accrued interest payable	(1,287,626)
Pension liability	<u>(22,791,648)</u>
 Net adjustment to reduce <i>fund balances - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ (201,228,726)</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2019

**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**

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 \$20,838,262 difference are as follows:

Capital outlays	\$ 35,898,326
Depreciation expense	<u>(15,060,064)</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>\$ 20,838,262</u>

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 \$(3,815,680) difference are as follows:

Capital asset donations reported in statement of activities	\$ 1,277,314
Capital asset roads annexed reported in statement of activities	0
Forfeited vehicles reported in statement of activities	10,000
Capital project expenditures not meeting capitalization requirements	(4,962,060)
Asset disposals	<u>(140,934)</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>\$ (3,815,680)</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 (\$155,011) difference are as follows:

Unearned property taxes as of June 30, 2019	\$ 976,587
Prior years’ unearned property taxes	<u>(1,131,598)</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>\$ (155,011)</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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 revenue of certain activities of internal service funds is reported with governmental activities”. The details of this \$2,330,747 difference are as follows:

Investment earnings	\$	200,747
Gain on disposal of capital assets		6,299
Operating gain		2,505,394
Net transfers Out		<u>(381,693)</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>2,330,747</u>

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 \$1,474,794 difference are as follows:

Principal payments	\$	8,529,857
Principal payments on HUD Loan		43,000
Issuance of general obligation bonds and notes payable		(14,417,513)
Premium on issuance of general obligation bonds		(1,713,137)
Amortization of premiums, discounts and refunding costs		330,947
Payments to refunded bond escrow		<u>8,701,640</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>1,474,794</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019 are as follows:

	Major Governmental Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	General Purpose Schools Fund	Debt Service Fund	Capital Projects Fund		
<b>Fund Balances:</b>						
<i>Non-spendable:</i>						
Inventory	\$ 3,083	\$ 2,452	\$ 0	\$ 0	\$ 200,406	\$ 205,941
Prepays	37,889	17,520	0	0	0	55,409
Allandale Trust Principal	0	0	0	0	152,692	152,692
<b>Total Non-spendable</b>	<b>40,972</b>	<b>19,972</b>	<b>0</b>	<b>0</b>	<b>353,098</b>	<b>414,042</b>
<i>Restricted for:</i>						
Unspent Bond Proceeds						
Restricted for Capital Projects	0	0	0	25,300,814	0	25,300,814
Unspent Federal Forfeitures						
Restricted for Public Safety	0	0	0	0	86,776	86,776
Unspent Hotel Tax						
Restricted for Tourism	0	0	0	0	149,796	149,796
<b>Total Restricted</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,300,814</b>	<b>236,572</b>	<b>25,537,386</b>
<i>Assigned to:</i>						
Fund Balance Allocations	148,426	0	0	0	0	148,426
Future Industrial Park	20,927	0	0	0	0	20,927
Debt Service	0	0	420,662	0	0	420,662
Capital Projects	0	0	0	2,714,443	0	2,714,443
Other Projects	0	0	0	0	320,883	320,883
Community Development	0	0	0	0	16,471	16,471
Allandale Fund	0	0	0	0	54,472	54,472
<i>Education:</i>						
General Purpose School Fund	0	8,177,740	0	0	0	8,177,740
School Nutrition Fund	0	0	0	0	2,601,153	2,601,153
School Projects Fund	0	0	0	0	55,386	55,386
Palmer Center Fund	0	0	0	0	68,769	68,769
<i>Public Safety:</i>						
Criminal Forfeiture Fund	0	0	0	0	200,767	200,767
Drug Fund	0	0	0	0	378,339	378,339
Justice Assistance Grant Fund	0	0	0	0	0	0
<i>Transportation:</i>						
Federal Transit Fund	0	0	0	0	783,575	783,575
MPO Fund	0	0	0	0	46,703	46,703
State Street Aid Fund	0	0	0	0	2,682	2,682
<i>Culture and Recreation:</i>						
Regional Sales Tax Fund	0	0	0	0	492,380	492,380
Visitors Enhancement Fund	0	0	0	0	0	0
Steadman Cemetary Fund	0	0	0	0	8,419	8,419
Library Commission Fund	0	0	0	0	5,002	5,002
Library Governing Board Fund	0	0	0	0	62,377	62,377
Bays Mountain Park Fund	0	0	0	0	234,344	234,344
Senior Citizens Fund	0	0	0	0	247,140	247,140
<b>Total Assigned</b>	<b>169,353</b>	<b>8,177,740</b>	<b>420,662</b>	<b>2,714,443</b>	<b>5,578,862</b>	<b>17,061,060</b>
<i>Unassigned:</i>	<b>15,828,588</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,828,588</b>
<b>Total Fund Balances</b>	<b>\$ 16,038,913</b>	<b>\$ 8,197,712</b>	<b>\$ 420,662</b>	<b>\$ 28,015,257</b>	<b>\$ 6,168,532</b>	<b>\$ 58,841,076</b>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 15<sup>th</sup>. 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, 2019, there were no instances of expenditures exceeding appropriations in any funds.

**C. Deficit fund equity**

For the fiscal year ended June 30 2019, the Solid Waste Management Fund reports a deficit total net position in the amount of, \$(53,543). For the fiscal year ended June 30, 2019 the Solid Waste Management Fund had a positive change in net position of \$175,457, compared to the fiscal year 2018 net position of \$(229,000). This positive change is a result of the City implemented monthly sanitation fee and continued transfers from the General Fund

The City will continue to make appropriate revenue enhancements within the Solid Waste Management Fund in addition to transfers from the General Fund to reduce this deficit net position, in future fiscal years.

There were no instances of deficit fund equity in any additional funds of the City at June 30, 2019.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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, 2019, 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, 2019, the City's carrying amount of deposits was \$102,796,136 and the bank balance was \$106,866,020.

The carrying amount of deposits at June 30, 2019 for the IDBK, a discretely presented component unit, was \$1,167,958, and the bank balance was \$1,167,858. The IDBK's deposits in financial institutions were entirely insured through FDIC or collateralized through the Tennessee Bank Collateral Pool at June 30, 2019.

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, 2019.

The carrying amount of deposits at June 30, 2019 for the ECD was \$2,151,199 and the deposits in financial institutions were \$2,151,277.

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, 2019**

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**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and 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, 2019, the City's carrying amount for investments are as follows:

<u>Investment Type</u>	Fair Value	<u>Weighted Average Maturity (in Years)</u>
Certificate of Deposit	\$ 1,250,692	1.13
Tennessee Local Government Investment Pool	<u>6,161,532</u>	0.12
Total	<u>\$ 7,412,224</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, 2019.

***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.



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON A/LL FUNDS (CONTINUED)**

**B. Receivables**

Receivables as of June 30, 2019 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	\$ 40,404,277	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$40,404,277	\$ 0
Accounts	1,737,626	73,986	0	2,277,369	2,638,049	84,702	252,021	121,931	921,907	413,434	8,521,025	51,772
Intergovernmental	7,005,681	21,560,363	1,448,512	39,670	0	0	0	3,092,362	0	0	33,146,588	18,711
Gross receivables	49,147,584	21,634,349	1,448,512	2,317,039	2,638,049	84,702	252,021	3,214,293	921,907	413,434	82,071,890	70,483
Less: Allowances for uncollectibles	(1,053,796)	(39,936)	0	(74,424)	(311,613)	0	0	0	(222,310)	0	(1,702,079)	0
Net total receivables	<u>\$ 48,093,788</u>	<u>\$21,594,413</u>	<u>\$ 1,448,512</u>	<u>\$ 2,242,615</u>	<u>\$ 2,326,436</u>	<u>\$ 84,702</u>	<u>\$ 252,021</u>	<u>\$ 3,214,293</u>	<u>\$ 699,597</u>	<u>\$ 413,434</u>	<u>\$ 80,369,811</u>	<u>\$ 70,483</u>

Revenues of the general, general purpose school, water, sewer, solid waste management, storm water management, and fleet maintenance funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to property taxes	\$ (46,087)
Uncollectibles related to general activities	(21,120)
Uncollectibles related to school activities	(5,191)
Uncollectibles related to water sales	10,531
Uncollectibles related to sewer charges	813
Uncollectibles related to solid waste charges	(3,810)
Uncollectibles related to storm water management fees	965
Uncollectibles related to internal service funds activities	0
Total uncollectibles of the current fiscal year	<u>\$ (63,899)</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital assets**

Capital asset activity for the year ended June 30, 2019, was as follows:

**Primary government**

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 33,878,009	\$ 1,047,000	\$ (98,500)	\$ 0	\$ 34,826,509
Construction in Progress	40,533,739	30,438,416	(5,951,865)	0	65,020,290
<b>Total capital assets, not being depreciated</b>	<b>74,411,748</b>	<b>31,485,416</b>	<b>(6,050,365)</b>	<b>0</b>	<b>99,846,799</b>
Capital assets, being depreciated:					
Buildings	188,949,158	749,824	0	0	189,698,982
Improvements other than buildings	36,405,678	3,599,947	0	0	40,005,625
Equipment	59,846,765	4,596,511	(1,210,741)	0	63,232,535
Software	1,090,545	13,351	(231,312)	0	872,584
Infrastructure	297,613,987	82,409	0	0	297,696,396
<b>Total capital assets, being depreciated</b>	<b>583,906,133</b>	<b>9,042,042</b>	<b>(1,442,053)</b>	<b>0</b>	<b>591,506,122</b>
Less accumulated depreciation for:					
Buildings	(98,463,484)	(5,144,149)	0	0	(103,607,633)
Improvements other than buildings	(17,608,069)	(1,530,485)	0	0	(19,138,554)
Equipment	(41,060,078)	(4,454,201)	1,202,596	0	(44,311,683)
Software	(784,377)	(89,879)	189,678	0	(684,578)
Infrastructure	(155,343,070)	(6,090,546)	0	0	(161,433,616)
<b>Total accumulated depreciation</b>	<b>(313,259,078)</b>	<b>(17,309,260)</b>	<b>1,392,274</b>	<b>0</b>	<b>(329,176,064)</b>
<b>Total capital assets, being depreciated, net</b>	<b>270,647,055</b>	<b>(8,267,218)</b>	<b>(49,779)</b>	<b>0</b>	<b>262,330,058</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 345,058,803</b>	<b>\$ 23,218,198</b>	<b>\$ (6,100,144)</b>	<b>\$ 0</b>	<b>\$ 362,176,857</b>

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

Governmental activities:	
General government	\$ 1,474,026
Economic and physical development	21,684
Public safety	1,766,225
Public works	7,637,135
Culture and recreation	2,313,758
Education	4,096,432
<b>Total depreciation expense - governmental activities</b>	<b>\$ 17,309,260</b>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital assets (continued)**

		<b>Primary government (continued)</b>				
		Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Business-type activities:						
Capital assets, not being depreciated:						
<u>Water</u>						
Land	\$	853,388	\$ 0	\$ 0	\$ 0	\$ 853,388
Construction in Progress		4,689,198	3,202,552	(825,078)	0	7,066,672
<u>Sewer</u>						
Land		1,167,851	75,020	0	0	1,242,871
Construction in Progress		12,775,537	2,652,211	(11,451,013)	0	3,976,735
<u>Solid waste management</u>						
Land		1,716,309	0	0	0	1,716,309
Construction in Progress		1,534,415	297,090	0	0	1,831,505
<u>Storm Water</u>						
Land		985,063	93,736	0	0	1,078,799
Construction in Progress		1,463,176	488,149	(744,084)	0	1,207,241
<u>Aquatic Center</u>						
Land		845,711	0	0	0	845,711
Construction in Progress		83,027	126,431	0	0	209,458
<u>Meadowview Conference Resort and Convention Center</u>						
Land		1,515,497	0	0	0	1,515,497
Construction in Progress		3,493,131	0	0	0	3,493,131
<u>Cattails at Meadowview Golf Course</u>						
Land		981,600	0	0	0	981,600
Construction in Progress		24,571	0	0	0	24,571
Total capital assets, not being depreciated		<u>32,128,474</u>	<u>6,935,189</u>	<u>(13,020,175)</u>	<u>0</u>	<u>26,043,488</u>
Capital assets, being depreciated:						
<u>Water</u>						
Buildings and system		141,039,834	874,976	0	0	141,914,810
Equipment and machinery		1,404,424	30,990	0	0	1,435,414
Software		141,493	0	0	0	141,493
<u>Sewer</u>						
Buildings and system		222,290,677	11,625,748	0	0	233,916,425
Equipment and machinery		1,757,580	14,127	0	0	1,771,707
Software		88,304	0	0	0	88,304
<u>Solid waste management</u>						
Buildings and system		409,621	48,931	0	0	458,552
Improvements other than Buildings		1,177,264	0	0	0	1,177,264
Equipment and machinery		2,415,276	0	(36,000)	0	2,379,276
Software		6,750	0	0	0	6,750
<u>Storm Water</u>						
Buildings and system		792,974	584,303	0	0	1,377,277
Improvements other than Buildings		534,297	0	0	0	534,297
Equipment and machinery		319,499	9,064	0	0	328,563
Software		73,970	0	0	0	73,970
<u>Aquatic Center</u>						
Buildings and system		19,273,633	4,318	0	0	19,277,951
Equipment and machinery		188,264	58,408	(8,747)	0	237,925
<u>MeadowView Conference Resort and Convention Center</u>						
Buildings		39,645,068	113,709	0	0	39,758,777
Improvements other than Buildings		2,914,257	0	0	0	2,914,257
Equipment		1,336,049	8,517	0	0	1,344,566
<u>Cattails at MeadowView Golf Course</u>						
Buildings		1,439,145	0	0	0	1,439,145
Improvements other than Buildings		6,033,890	28,005	0	0	6,061,895
Equipment		501,531	0	0	0	501,531
Total capital assets, being depreciated		<u>443,783,800</u>	<u>13,401,096</u>	<u>(44,747)</u>	<u>0</u>	<u>457,140,149</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital assets (continued)**

**Primary government (continued)**

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Less accumulated depreciation for:					
<u>Water</u>					
Buildings and system	(51,953,158)	(3,293,072)	0	0	(55,246,230)
Equipment and machinery	(1,044,859)	(110,988)	0	(1)	(1,155,848)
Software	(107,974)	(15,019)	0	0	(122,993)
<u>Sewer</u>					
Buildings and system	(86,942,477)	(5,332,762)	0	1	(92,275,238)
Equipment and machinery	(827,769)	(118,114)	0	0	(945,883)
Software	(50,039)	(17,661)	0	0	(67,700)
<u>Solid waste management</u>					
Buildings and system	(154,707)	(15,046)	0	0	(169,753)
Improvements other than Buildings	(1,177,264)	0	0	0	(1,177,264)
Equipment and machinery	(1,401,053)	(205,937)	36,000	0	(1,570,990)
Software	(5,513)	(1,237)	0	0	(6,750)
<u>Storm Water</u>					
Buildings and system	(62,937)	(48,758)	0	0	(111,695)
Improvements other than Buildings	(213,719)	(35,620)	0	0	(249,339)
Equipment and machinery	(144,304)	(46,267)	0	0	(190,571)
Software	(43,692)	(14,572)	0	0	(58,264)
<u>Aquatic Center</u>					
Buildings and system	(3,219,175)	(646,969)	0	0	(3,866,144)
Equipment and machinery	(121,423)	(36,041)	8,747	0	(148,717)
<u>MeadowView Conference Resort and Convention Center</u>					
Buildings	(13,999,137)	(1,141,563)	0	0	(15,140,700)
Improvements other than Buildings	(1,222,411)	(177,233)	0	0	(1,399,644)
Equipment	(1,216,404)	(40,805)	0	0	(1,257,209)
<u>Cattails at MeadowView Golf Course</u>					
Buildings	(512,276)	(41,103)	0	0	(553,379)
Improvements other than Buildings	(4,249,969)	(181,570)	0	0	(4,431,539)
Equipment	(456,031)	(13,617)	0	0	(469,648)
Total accumulated depreciation	(169,126,291)	(11,533,954)	44,747	0	(180,615,498)
Total capital assets, being depreciated, net	274,657,509	1,867,142	0	0	276,524,651
Business-type activities capital assets, net	\$ 306,785,983	\$ 8,802,331	\$ (13,020,175)	\$ 0	\$ 302,568,139

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

Business-type activities:	
Water	\$ 3,419,079
Sewer	5,468,537
Solid waste management	222,220
Storm Water	145,217
Aquatic Center	683,010
MeadowView Conference Resort and Convention Center	1,359,601
Cattails at MeadowView Golf Course	236,290
Total depreciation expense - business-type activities	<u>\$ 11,533,954</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019. 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, \$15,530,816 through city bonded debt and \$9,769,988 through county bonded debt for school projects. In the proprietary funds, funding for construction projects has been provided and is in segregated deposit and investment accounts totaling \$26,373,308. 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, 2019:

	Business-Type						Total Business-Type
	Governmental	Water	Sewer	Aquatic Center	MeadowView Conference Center	Other Enterprise Funds	
Capital Assets	\$ 691,352,921	\$ 151,411,777	\$ 240,996,042	\$ 20,571,045	\$ 49,026,228	\$ 21,178,545	\$ 483,183,637
Less Accumulated Depreciation	(329,176,064)	(56,525,071)	(93,288,821)	(4,014,861)	(17,797,553)	(8,989,192)	(180,615,498)
Net Capital Assets	<u>362,176,857</u>	<u>94,886,706</u>	<u>147,707,221</u>	<u>16,556,184</u>	<u>31,228,675</u>	<u>12,189,353</u>	<u>302,568,139</u>
Deferred Outflows Related to Refunding	<u>3,140,502</u>	<u>151,407</u>	<u>243,571</u>	<u>606,347</u>	<u>729,814</u>	<u>57,182</u>	<u>1,788,321</u>
Total Debt	125,794,735	39,784,686	60,084,945	17,251,801	14,085,277	4,907,471	136,114,180
Less Debt not related to Capital Assets	0	0	0	0	0	0	0
Less Capital related unspent debt proceeds	(15,530,816)	(7,413,089)	(15,864,510)	(2,358,829)	(6,869)	(730,011)	(26,373,308)
Total Capital Debt	<u>110,263,919</u>	<u>32,371,597</u>	<u>44,220,435</u>	<u>14,892,972</u>	<u>14,078,408</u>	<u>4,177,460</u>	<u>109,740,872</u>
Net Investment in Capital Assets	<u>\$ 255,053,440</u>	<u>\$ 62,666,516</u>	<u>\$ 103,730,357</u>	<u>\$ 2,269,559</u>	<u>\$ 17,880,081</u>	<u>\$ 8,069,075</u>	<u>\$ 194,615,588</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,200,238	\$ 0	\$ 0	\$ 1,200,238
Construction in Progress	0	886,900	0	886,900
Total capital assets, not being depreciated	<u>1,200,238</u>	<u>886,900</u>	<u>0</u>	<u>2,087,138</u>
Capital assets, being depreciated:				
Buildings	7,896,063	0	0	7,896,063
Improvements other than buildings	528,683	0	0	528,683
Signs	55,422	0	0	55,422
Total capital assets, being depreciated	<u>8,480,168</u>	<u>0</u>	<u>0</u>	<u>8,480,168</u>
Less accumulated depreciation for:				
Buildings	(563,775)	(197,401)	0	(761,176)
Improvements other than buildings	(120,986)	(26,794)	0	(147,780)
Signs	(55,422)	0	0	(55,422)
Total accumulated depreciation	<u>(740,183)</u>	<u>(224,195)</u>	<u>0</u>	<u>(964,378)</u>
Total capital assets, being depreciated, net	<u>7,739,985</u>	<u>(224,195)</u>	<u>0</u>	<u>7,515,790</u>
IDBK capital assets, net	<u>\$ 8,940,223</u>	<u>\$ 662,705</u>	<u>\$ 0</u>	<u>\$ 9,602,928</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019, 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	0	0	0
Total capital assets, not being depreciated	242,010	0	0	242,010
Capital assets, being depreciated:				
Building	2,022,110	0	0	2,022,110
Furniture and Fixtures	211,978	14,451	0	226,429
Office Equipment	9,332	0	0	9,332
Communications Equipment	520,314	147,566	0	667,880
Other Fixed Assets	88,114	0	0	88,114
Total capital assets, being depreciated	2,851,848	162,017	0	3,013,865
Less accumulated depreciation for:				
Building	(139,020)	(50,553)	0	(189,573)
Furniture and Fixtures	(59,920)	(21,197)	0	(81,117)
Office Equipment	(3,972)	(1,456)	0	(5,428)
Communications Equipment	(474,544)	(14,079)	0	(488,623)
Other Fixed Assets	(15,813)	(5,929)	0	(21,742)
Total accumulated depreciation	(693,269)	(93,214)	0	(786,483)
Total capital assets, being depreciated, net	2,158,579	68,803	0	2,227,382
ECD capital assets, net	\$2,400,589	\$ 68,803	\$ 0	\$2,469,392

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Inter-fund receivables, payables, and transfers**

The composition of Inter-fund balances as of June 30, 2019, 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)	\$ 1,304,946
	Cattails Golf Course Fund (nonmajor)	46,368
	Community Development Fund (nonmajor)	114,849
	Fleet Maintenance Fund (internal service)	1,392,493
	Justice Assist Grant Fund (nonmajor)	23,284
	M P O Fund (nonmajor)	60,602
	MeadowView Convention Center Fund (major)	149,298
	Regional Sales Tax Fund (nonmajor)	174,386
	Solid Waste Fund (nonmajor)	667,164
	State Street Aid Fund (nonmajor)	78,820
	Storm Water Management Fund (nonmajor)	<u>374,667</u>
		4,386,877
General Purpose School Fund (major)	Public Law 93-380 Fund (nonmajor)	622,052
	Special School Projects Fund (nonmajor)	<u>131,920</u>
		753,972
Insurance Reserve Fund (internal service)	School Fund (major)	<u>199</u>
Total		<u>\$ 5,141,048</u>

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.



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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	Water	Aquatic Center	Meadow View Conference Resort and Convention Center	Nonmajor Proprietary	Total Proprietary	Total Internal Service	Total
General	\$ 0	\$ 13,804,634	\$ 9,165,178	\$ 5,921,761	\$ 1,698,139	\$ 30,589,712	\$ 0	\$ 0	\$ 0	\$ 2,001,612	\$ 2,001,612	\$ 0	\$ 32,591,324
General Purpose School	222,992	0	3,135,086	538,315	214,708	4,111,101	0	0	0	0	0	0	4,111,101
Capital Projects	0	0	42,967	0	0	42,967	0	0	0	0	0	0	42,967
Nonmajor Governmental	74,429	119,335	0	100,000	0	293,764	0	1,890,634	1,828,316	265,172	3,984,122	0	4,277,886
<b>Total Governmental</b>	<b>297,421</b>	<b>13,923,969</b>	<b>12,343,231</b>	<b>6,560,076</b>	<b>1,912,847</b>	<b>35,037,544</b>	<b>0</b>	<b>1,890,634</b>	<b>1,828,316</b>	<b>2,266,784</b>	<b>5,985,734</b>	<b>0</b>	<b>41,023,278</b>
Water	1,590,779	0	0	0	0	1,590,779	0	0	0	0	0	0	1,590,779
Sewer	1,414,880	0	0	0	0	1,414,880	152,063	0	0	0	152,063	0	1,566,943
Storm Water	82,023	0	0	0	0	82,023	20,830	0	0	0	20,830	0	102,853
Aquatic Center	43,774	0	0	0	0	43,774	0	0	0	0	0	0	43,774
Cattails at Meadow View	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Proprietary</b>	<b>3,131,456</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,131,456</b>	<b>172,893</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>172,893</b>	<b>0</b>	<b>3,304,349</b>
<b>Total Internal Service</b>	<b>0</b>	<b>381,693</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>381,693</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>381,693</b>
<b>Total</b>	<b>\$ 3,428,877</b>	<b>\$ 14,305,662</b>	<b>\$ 12,343,231</b>	<b>\$ 6,560,076</b>	<b>\$ 1,912,847</b>	<b>\$ 38,550,693</b>	<b>\$ 172,893</b>	<b>\$ 1,890,634</b>	<b>\$ 1,828,316</b>	<b>\$ 2,266,784</b>	<b>\$ 6,158,627</b>	<b>\$ 0</b>	<b>\$ 44,709,320</b>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 September 28, 2018, the City issued General obligation Improvement Bonds, Series A, B and C at a total par value of \$14,675,000 and an average interest rate of 3.85%. The General Obligation Improvement Bonds, Series 2018A were issued at a par value of \$7,040,000 and will be repaid from tax and other revenues of the General Fund. The Series 2018B were issued at a par value of \$5,275,000 and will be repaid from revenues of the Water and Sewer Funds. The Series 2018C were issued at a par value of \$2,360,000 and will be repaid from revenues of the Aquatic Center and Regional Sales Tax Funds. The proceeds were used to fund certain public works projects consisting of the acquisition of public art; the acquisition, construction, improvement and renovation of public school facilities; road, street, parking, and sidewalk construction, improvement and expansion, including Greenbelt improvements; the acquisition, construction, renovation, improvement and equipping of public buildings within the Municipality, including renovations to the library and improvements to fire facilities and court facilities; acquisition of public works equipment, including playground equipment and improvements to technology infrastructure, grounds maintenance equipment, street lights, and traffic light systems; acquisition, construction, and improvement of public parks and recreational facilities, including Bays Mountain Park and aquatic center pool expansion; the acquisition of all property real and personal, appurtenant thereto or connected with such work; and paying legal, fiscal, administrative, and engineering costs, reimbursing the Municipality for the costs of any of the above projects, paying capitalized interest, and paying costs incident to the issuance and sale of the bonds.

The Series 2018A net proceeds of \$7,137,956 consisted of the par amount of \$7,040,000 General Obligation Bonds, plus a net premium of \$261,366, less an underwriter's discount and other issuance costs of \$163,410. The Series 2018B net proceeds of \$5,309,550 consisted of the par amount of \$5,275,000 General Obligation Bonds, plus a net premium of \$169,024, less an underwriter's discount and other issuance costs of \$134,474. The Series 2018C net proceeds of \$2,330,740 consisted of the par amount of \$2,360,000 General Obligation Bonds, plus a net premium of \$18,007, less an underwriter's discount and other issuance costs of \$47,267. With the implementation of GASB 65, bond issuance costs are expensed in the year incurred.

**Advance Refunding**

On May 10, 2019, as a tax-exempt advance refunding, the City issued General Obligation Refunding Bonds, Series 2019 with a par value of \$14,100,000 and an average interest rate of 5.00%. The City was able to achieve significant annual aggregate savings totaling \$1,264,892.07 and net present value savings of \$1,131,244 (7.024% of refunded principal), respectively. The net proceeds consisted of the par amount of the refunding bonds, plus a net premium of \$2,774,643 less an underwriter's discount of and other issuance costs of \$161,835, a federal yield reduction payment of \$79,479 and cash for rounding purposes of \$2,640 which was used for debt service. The proceeds totaling \$16,630,689 were deposited in an irrevocable escrow account and used to defease \$16,105,000 of the City's outstanding General Obligation Public Improvement Bonds Series 2009D, dated December 8, 2009. Pursuant to tax law, the yield on the refunding escrow structured for the tax-exempt advance refunding is limited to the "arbitrage" yield on the new transaction. Since the yield on open market U.S. Treasuries was greater than the arbitrage yield on the bonds, excess earnings had to be calculated and paid to the U.S. Treasury in the form of a "yield reduction payment" at closing. In reality, the cost of the escrow was less by a similar amount, leaving only a nominal net cost to the City. The escrow was structured and verified for this transaction and excess earnings were calculated and rebated to the U.S. Treasury by the City using calculations provided by the verification agent.

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

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**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

**Advance Refunding (continued)**

The defeased bonds were used to fund projects in multiple business-type activities including: water, sewer, the aquatic center, and the convention center. The refunded bonds will be payable from the operating revenue of the respective business-type activities. In addition, the aquatic and convention center refunded bonds will be payable from the one-quarter percent of local option sales tax.

**Defeased Debt**

In prior years, the City defeased certain general obligations and other bonds by placing the proceeds of new bonds in an escrow account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2019 the following bonds outstanding are considered to be defeased:

<u>Issue</u>	<u>Date Refunded</u>	<u>Amount Defeased</u>	<u>Call Date</u>
General Obligation Bonds, Series 2009D	5/10/2019	\$ 16,105,000	3/1/2019
		<u>\$ 16,105,000</u>	

Governmental Activities:

**Notes Payable**

The City issued a loan with the State of Tennessee for Qualified Zone Academy Projects in November 2004 for \$3,524,680 with a maturity date of November 2020. Annual principal payments are \$220,293 and the interest rate is variable. As of June 30, 2019, \$440,585 is outstanding.

The City issued a loan with the State of Tennessee for the Qualified Zone Academy Bonds in December 2005 for \$1,549,000 with a maturity date of December 2020. Annual principal payments are \$103,267 and the interest rate is variable. As of June 30, 2019, \$206,533 is outstanding.

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, 2019, \$550,082 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, 2019, \$512,000 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, 2019, \$2,298,281 is outstanding.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities**

**Notes Payable (continued)**

Governmental Activities (continued):

Payments to maturity on notes payable are as follows:

Fiscal Year Ending June 30	2004 QZAB	2005 QZAB	2009 QSCB	2010 HUD 108 Loan	2010 School Energy Efficiency Loan
2020	\$ 220,293	\$ 103,266	\$ 77,374	\$ 43,000	\$ 423,973
2021	220,292	103,267	77,374	43,000	427,156
2022	0	0	77,374	43,000	430,374
2023	0	0	77,374	43,000	433,616
2024	0	0	77,374	43,000	436,801
2025	0	0	77,374	43,000	146,361
2026	0	0	77,374	43,000	0
2027	0	0	8,464	43,000	0
2028	0	0	0	43,000	0
2029	0	0	0	43,000	0
2030	0	0	0	43,000	0
2031	0	0	0	39,000	0
2032	0	0	0	0	0
2033	0	0	0	0	0
	<u>\$ 440,585</u>	<u>\$ 206,533</u>	<u>\$ 550,082</u>	<u>\$ 512,000</u>	<u>\$ 2,298,281</u>

**Bonds Payable**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital improvements. 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, 2019, the City issued General Obligation Public Improvement Bonds, Series 2018A, Series 2018B, and Series 2018C at par value of \$14,675,000. The portion of these bonds related to general governmental activities totals \$7,040,000 while \$5,275,000 related to Water and Sewer activities and \$2,360,000 related to Aquatic Center activities and carry an average coupon rate of 3.85%. The City also issued General Obligation Refunding Bonds, Series 2019 at par value of \$14,100,000. The portion of these bonds related to general governmental activities totals \$7,377,513 while \$6,722,487 related to Aquatic Center, Storm Water, Solid Waste, Water, Sewer, and MeadowView and carry an average coupon rate of 5.000%.

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:

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

Governmental Activities (continued):

**Bonds Payable (Continued)**

Debt Service Fund	Interest Payable Dates	Issue Date	Amount Authorized and Issued	Interest Rates	Outstanding June 30, 2019
2009D General Obligation Public Improvement (BABS)	03/01, 09/01	12/08/09	\$ 13,821,065	2.250%-5.625%	\$ 719,438
2011 General Obligation Public Improvement	03/01, 09/01	12/16/11	10,742,779	2.000%-4.000%	8,283,388
2012C General Obligation Public Improvement	04/01, 10/01	06/22/12	4,790,338	2.000%-4.000%	3,246,325
2013 General Obligation Refunding	05/01, 11/01	02/08/13	12,177,052	2.500%-3.750%	7,532,758
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	13,406,846	2.000%-5.000%	10,816,610
2014A General Obligation Public Improvement	03/01, 09/01	10/31/14	14,596,848	2.000%-5.000%	11,787,960
2015 General Obligation Refunding	03/01, 09/01	02/06/15	17,695,000	2.000%-4.000%	17,240,000
2015A General Obligation Refunding and Improvement	03/01, 09/01	10/27/15	8,054,686	1.000%-4.000%	6,724,236
2016A General Obligation Refunding	03/01, 09/01	06/03/16	6,928,927	2.000%-4.000%	6,928,927
2016B General Obligation Refunding	03/01, 09/01	06/03/16	4,330,138	2.000%-4.000%	4,330,138
2016 General Obligation Public Improvement	03/01, 09/01	11/04/16	7,821,325	3.000%-4.000%	7,225,607
2017A General Obligation Public Improvement	03/01, 09/01	09/08/17	14,690,288	2.000%-5.000%	14,156,276
2018A General Obligation Public Improvement	03/01, 09/01	09/28/19	7,040,000	3.000%-5.000%	7,040,000
2019 General Obligation Refunding	03/01, 09/01	05/10/19	7,377,513	5.000%	<u>7,377,513</u>
Total General Obligation Bonds (before net premiums and discounts of \$8,378,078 )					<u>\$ 113,409,176</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

Governmental Activities (continued):

**Bonds Payable (continued)**

General Obligation Public Improvement Bonds, Series 2009D (BABS), issued December 08, 2009 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 719,438	\$ 33,274	\$ 752,712
	<u>\$ 719,438</u>	<u>\$ 33,274</u>	<u>\$ 752,712</u>

The GOB, Series 2009D Build America Bonds (BABS) carry an interest rate of 2.250% to 5.625%. During fiscal year 2019 the City's Debt Service Fund paid \$507,084 and the Federal government paid \$192,979 in interest, respectively.

General Obligation Public Improvement Bonds, Series 2011, issued December 16, 2011 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 522,496	\$ 281,743	\$ 804,239
2021	535,808	266,068	801,876
2022	559,104	244,636	803,740
2023	575,744	227,863	803,607
2024	595,712	210,591	806,303
2025	612,352	192,719	805,071
2026	625,664	173,737	799,401
2027	652,288	153,402	805,690
2028	672,255	131,388	803,643
2029	692,223	107,859	800,082
2030	718,847	83,631	802,478
2031	745,471	57,034	802,505
2032	775,424	29,078	804,502
	<u>\$ 8,283,388</u>	<u>\$ 2,159,749</u>	<u>\$ 10,443,137</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

Governmental Activities (continued):

**Bonds Payable (continued)**

General Obligation Public Improvement Bonds, Series 2012C, issued June 22, 2012 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 338,229	\$ 96,674	\$ 434,903
2021	348,560	89,064	437,624
2022	358,892	78,607	437,499
2023	192,364	67,840	260,204
2024	197,494	62,069	259,563
2025	205,188	56,145	261,333
2026	210,318	49,989	260,307
2027	215,448	43,680	259,128
2028	223,142	37,216	260,358
2029	228,272	30,522	258,794
2030	235,966	23,674	259,640
2031	241,096	16,005	257,101
2032	251,356	8,169	259,525
	<u>\$ 3,246,325</u>	<u>\$ 659,654</u>	<u>\$ 3,905,979</u>

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
2020	\$ 1,048,552	\$ 226,193	\$ 1,274,745
2021	1,073,282	194,736	1,268,018
2022	830,928	162,538	993,466
2023	865,550	129,301	994,851
2024	890,280	103,334	993,614
2025	915,010	76,626	991,636
2026	939,740	53,751	993,491
2027	969,416	29,082	998,498
	<u>\$ 7,532,758</u>	<u>\$ 975,561</u>	<u>\$ 8,508,319</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

Governmental Activities (continued):

**Bonds Payable (continued)**

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
2020	\$ 567,756	\$ 454,457	\$ 1,022,213
2021	596,997	426,069	1,023,066
2022	616,491	408,160	1,024,651
2023	640,858	383,500	1,024,358
2024	672,535	351,457	1,023,992
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>\$ 10,816,610</u>	<u>\$ 3,864,526</u>	<u>\$ 14,681,136</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 525,794	\$ 445,950	\$ 971,744
2021	551,236	419,024	970,260
2022	580,917	390,720	971,637
2023	602,119	370,176	972,295
2024	623,320	348,572	971,892
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>\$ 11,787,960</u>	<u>\$ 3,749,737</u>	<u>\$ 15,537,697</u>

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
2020	\$ 1,220,000	\$ 649,400	\$ 1,869,400
2021	1,100,000	600,600	1,700,600
2022	1,145,000	556,600	1,701,600
2023	2,300,000	510,800	2,810,800
2024	2,390,000	418,800	2,808,800
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>\$ 17,240,000</u>	<u>\$ 3,443,550</u>	<u>\$ 20,683,550</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

Governmental Activities (continued):

**Bonds Payable (continued)**

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
2020	\$ 805,202	\$ 211,699	\$ 1,016,901
2021	837,197	179,491	1,016,688
2022	853,194	162,747	1,015,941
2023	290,619	128,619	419,238
2024	250,626	119,900	370,526
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>\$ 6,724,236</u>	<u>\$ 1,580,166</u>	<u>\$ 8,304,402</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 578,803	\$ 245,814	\$ 824,617
2021	603,878	222,662	826,540
2022	626,863	198,507	825,370
2023	651,937	173,432	825,369
2024	679,102	147,354	826,456
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	802,386	24,072	826,458
	<u>\$ 6,928,927</u>	<u>\$ 1,326,359</u>	<u>\$ 8,255,286</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
2020	\$ 118,301	\$ 150,777	\$ 269,078
2021	369,488	146,045	515,533
2022	384,073	131,265	515,338
2023	398,658	115,903	514,561
2024	416,484	99,956	516,440
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>\$ 4,330,138</u>	<u>\$ 909,767</u>	<u>\$ 5,239,905</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 317,106	\$ 254,344	\$ 571,450
2021	328,103	241,660	569,763
2022	342,767	228,536	571,303
2023	355,598	214,825	570,423
2024	372,095	200,601	572,696
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>\$ 7,225,607</u>	<u>\$ 2,337,819</u>	<u>\$ 9,563,426</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 558,736	\$ 469,721	\$ 1,028,457
2021	588,402	441,784	1,030,186
2022	618,070	412,364	1,030,434
2023	647,737	381,460	1,029,197
2024	682,349	349,074	1,031,423
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>\$ 14,156,276</u>	<u>\$ 4,396,431</u>	<u>\$ 18,552,707</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 285,000	\$ 266,700	\$ 551,700
2021	295,000	252,450	547,450
2022	315,000	237,700	552,700
2023	325,000	221,950	546,950
2024	345,000	205,700	550,700
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>\$ 7,040,000</u>	<u>\$ 2,590,563</u>	<u>\$ 9,630,563</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 10, 2019 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 0	\$ 298,175	\$ 298,175
2021	606,944	368,876	975,820
2022	630,490	338,528	969,018
2023	661,883	307,004	968,887
2024	701,126	273,910	975,036
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>\$ 7,377,513</u>	<u>\$ 2,455,051</u>	<u>\$ 9,832,564</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 7,605,413	\$ 4,084,921	\$ 11,690,334
2021	7,834,895	3,848,529	11,683,424
2022	7,861,789	3,550,908	11,412,697
2023	8,508,067	3,232,673	11,740,740
2024	8,816,123	2,891,318	11,707,441
Next Five Years	42,418,446	9,203,855	51,622,301
Next Five Years	22,996,450	3,245,672	26,242,122
Next Five Years	7,367,993	424,331	7,792,324
	<u>\$ 113,409,176</u>	<u>\$ 30,482,207</u>	<u>\$ 143,891,383</u>

The total on the statement of net assets has been adjusted by net premiums and discounts of \$8,378,078.



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019 the outstanding principal balance was \$12,510,373. Principal and interest is paid monthly.

State Revolving Loan 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
2020	\$ 588,588	\$ 217,896	\$ 806,484
2021	599,148	207,336	806,484
2022	609,900	196,584	806,484
2023	620,844	185,640	806,484
2024	631,980	174,504	806,484
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>\$ 12,510,373</u>	<u>\$ 2,140,751</u>	<u>\$ 14,651,124</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

Business-type Activities (continued):

**Bonds Payable (continued)**

As previously mentioned, during the fiscal year ended June 30, 2019, the City issued General Obligation Public Improvement Bonds, Series 2018A, Series 2018B, and Series 2018C at par value of \$14,675,000. The portion of these bonds related to general governmental activities totals \$7,040,000 while \$5,275,000 related to Water and Sewer activities and \$2,360,000 related to Aquatic Center activities and carry an average coupon rate of 3.85%. The City also issued General Obligation Refunding Bonds, Series 2019 at par value of \$14,100,000. The portion of these bonds related to general governmental activities totals \$7,377,513 while \$6,722,487 related to Aquatic Center, Storm Water, Solid Waste, Water, Sewer, and MeadowView and carry an average coupon rate of 5.000%.

The vast majority 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, 2019</u>
2009D BABS General Obligation Public Improvement	03/01, 09/01	12/08/09	\$ 303,404	2.250%-5.625%	\$ 15,793
2012C General Obligation Public Improvement	04/01, 10/01	06/22/12	1,141,983	2.000%-4.000%	460,632
2013 General Obligation Refunding	05/01, 11/01	02/08/13	132,948	2.500%-4.000%	82,242
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	289,856	2.000%-5.000%	233,855
2014A General Obligation Public Improvement	03/01, 09/01	10/31/14	2,371,107	2.000%-5.000%	2,112,040
2019 General Obligation Refunding	03/01, 09/01	05/10/19	161,953	5.000%	<u>161,953</u>
Total Solid Waste Management Fund ( before net premiums and discounts of \$237,234 )					<u><u>\$ 3,066,515</u></u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019</u>
2009D BABS General Obligation Public Improvement	03/01, 09/01	12/08/09	\$ 1,016,085	2.250%-5.625%	\$ 52,891
2016A General Obligation Refunding	03/01, 09/01	06/03/16	9,221,015	2.000%-4.000%	9,221,015
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	3,266,427	3.000%-4.000%	3,017,636
2019 General Obligation Refunding	03/01, 09/01	05/10/19	542,374	5.000%	<u>542,374</u>
Total MeadowView Conference Resort and Convention Center Fund ( before net premiums and discounts of \$1,251,361 )					<u><u>\$ 12,833,916</u></u>
<u>Cattails at MeadowView Golf Course Fund</u>					
2012C General Obligation Public Improvement	04/01, 10/01	06/22/12	\$ 517,721	2.000%-4.000%	<u>\$ 400,346</u>
Total Cattails at MeadowView Golf Course Fund ( before net premiums and discounts of \$4,436 )					<u><u>\$ 400,346</u></u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019</u>
2009D BABS General Obligation	03/01, 09/01	12/08/09	\$ 606,808	2.250%-5.625%	\$ 31,587
2011 General Obligation Public Improvement	03/01, 09/01	12/16/11	395,414	2.000%-4.000%	304,890
2016A General Obligation Refunding	03/01, 09/01	06/03/16	430,058	2.000%-4.000%	430,058
2019 General Obligation Refunding	03/01, 09/01	05/10/19	323,907	5.000%	<u>323,907</u>
Total Storm Water Fund ( before net premiums and discounts of \$108,498 )					<u>\$ 1,090,442</u>
<u>Aquatic Center Fund</u>					
2009D BABS General Obligation	03/01, 09/01	12/08/09	\$ 554,170	2.250%-5.625%	\$ 28,847
2009E General Obligation	03/01, 09/01	12/08/09	14,225,000	2.500%-5.000%	720,000
2011 General Obligation Public Improvement	03/01, 09/01	12/16/11	160,000	2.000%-4.000%	123,370
2012A General Obligation Public Improvement	04/01, 10/01	06/22/12	3,110,000	2.000%-5.000%	2,410,000
2013A General Obligation Public Improvement	03/01, 09/01	10/21/13	1,310,000	3.000%-4.000%	1,060,000
2016B General Obligation Refunding	03/01, 09/01	06/03/16	9,029,862	2.000%-4.000%	9,029,862
2017A General Obligation Public Improvement	03/01, 09/01	09/08/17	164,712	2.000%-5.000%	158,724
2018C General Obligation Public Improvement	03/01, 09/01	09/28/18	2,360,000	3.000%-5.000%	2,360,000
2019 General Obligation Refunding	03/01, 09/01	05/10/19	295,809	5.000%	<u>295,809</u>
Total Aquatic Center Fund ( before net premiums and discounts of \$1,065,189 )					<u>\$ 16,186,612</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019</u>
2008 Tennessee Municipal Bond Fund	Monthly	10/17/08	\$ 9,698,196	Variable	\$ 4,778,196
2009D BABS General Obligation Public Improvement	03/01, 09/01	12/08/09	4,045,387	2.250%-5.625%	210,578
2011 General Obligation Public Improvement	03/01, 09/01	12/16/11	2,430,991	2.000%-4.000%	1,874,454
2012C General Obligation Public Improvement	04/01, 10/01	06/22/12	1,181,362	2.000%-4.000%	913,530
2013 General Obligation Refunding	05/01, 11/01	02/08/13	3,025,000	2.500%-3.750%	225,000
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	4,262,308	2.000%-5.000%	3,438,820
2014B General Obligation Public Improvement	03/01, 09/01	10/31/14	2,717,899	2.000%-3.000%	2,370,124
2015A General Obligation Refunding and Improvement	03/01, 09/01	10/27/15	2,226,419	1.000%-4.000%	1,858,666
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	3,294,425	3.000%-4.000%	3,043,502
2017B General Obligation Public Improvement	03/01, 09/01	09/08/17	1,167,095	2.000%-5.000%	1,123,523
2018B General Obligation Public Improvement	03/01, 09/01	09/28/18	3,966,023	3.000%-5.000%	3,966,023
2019 General Obligation Refunding	03/01, 09/01	05/10/19	2,159,378	5.000%	<u>2,159,377</u>
Total Water Fund ( before net premiums and discounts of \$1,312,520 )					<u>\$ 25,961,793</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019</u>
2009D BABS General Obligation Public Improvement	03/01, 09/01	12/08/09	\$ 6,068,081	2.250%-5.625%	\$ 315,866
2011 General Obligation Public Improvement	03/01, 09/01	12/16/11	2,410,816	2.000%-4.000%	1,858,898
2012C General Obligation Public Improvement	04/01, 10/01	06/22/12	1,673,596	2.000%-4.000%	1,294,167
2013 General Obligation Refunding	05/01, 11/01	02/08/13	27,760,000	2.500%-4.000%	14,875,000
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	9,550,990	2.000%-5.000%	7,705,716
2014B General Obligation Public Improvement	03/01, 09/01	10/31/14	6,582,101	2.000%-3.000%	5,739,876
2015A General Obligation Refunding and Improvement	03/01, 09/01	10/27/15	4,823,895	1.000%-4.000%	4,027,098
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	6,952,823	3.000%-4.000%	6,423,255
2017B General Obligation Public Improvement	03/01, 09/01	09/08/17	10,082,905	2.000%-5.000%	9,706,477
2018B General Obligation Public Improvement	03/01, 09/01	09/28/18	1,308,977	3.000%-5.000%	1,308,977
2019 General Obligation Refunding	03/01, 09/01	05/10/19	3,239,067	5.000%	<u>3,239,067</u>
Total Sewer Fund ( before net premiums and discounts of \$3,590,548 )					<u>\$ 56,494,397</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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 2009D (BABS), issued December 08, 2009 debt service requirements to maturity for the Solid Waste Management Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 15,793	\$ 730	\$ 16,523
	<u>\$ 15,793</u>	<u>\$ 730</u>	<u>\$ 16,523</u>

GOBPI, Series 2009D Build America Bonds (BABS) carry an interest rate from 2.250% to 5.625%. During fiscal year 2019, the Solid Waste Management Fund paid \$11,145 while the Federal government paid \$4,286 in interest, respectively.

General Obligation Public Improvement Bonds, Series 2012C, issued June 22, 2012 debt service requirements to maturity for the Solid Waste Management Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 148,746	\$ 12,703	\$ 161,449
2021	153,544	9,357	162,901
2022	158,342	4,750	163,092
	<u>\$ 460,632</u>	<u>\$ 26,810</u>	<u>\$ 487,442</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 11,448	\$ 2,470	\$ 13,918
2021	11,718	2,126	13,844
2022	9,072	1,775	10,847
2023	9,450	1,412	10,862
2024	9,720	1,128	10,848
2025	9,990	837	10,827
2026	10,260	587	10,847
2027	10,584	317	10,901
	<u>\$ 82,242</u>	<u>\$ 10,652</u>	<u>\$ 92,894</u>

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

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**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 Solid Waste Management Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 12,275	\$ 9,825	\$ 22,100
2021	12,907	9,212	22,119
2022	13,329	8,824	22,153
2023	13,855	8,291	22,146
2024	14,540	7,599	22,139
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>\$ 233,855</u>	<u>\$ 83,550</u>	<u>\$ 317,405</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 94,206	\$ 79,900	\$ 174,106
2021	98,764	75,076	173,840
2022	104,082	70,005	174,087
2023	107,881	66,324	174,205
2024	111,680	62,453	174,133
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>\$ 2,112,040</u>	<u>\$ 671,838</u>	<u>\$ 2,783,878</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 10, 2019 debt service requirements to maturity for the Solid Waste Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 0	\$ 6,546	\$ 6,546
2021	13,324	8,098	21,422
2022	13,841	7,432	21,273
2023	14,530	6,739	21,269
2024	15,391	6,013	21,404
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>\$ 161,953</u>	<u>\$ 53,894</u>	<u>\$ 215,847</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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 2009D (BABS), issued December 08, 2009 debt service requirements to maturity for the MeadowView Conference Resort and Convention Center Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 52,891	\$ 2,446	\$ 55,337
	<u>\$ 52,891</u>	<u>\$ 2,446</u>	<u>\$ 55,337</u>

The GOBPI, Series 2009D Build America Bonds (BABS) carry an interest rate from 2.250% to 5.625%. During fiscal year 2019, the MeadowView Conference Resort and Convention Center Fund paid \$37,312 while the Federal government paid \$14,349 in interest, respectively.

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
2020	\$ 770,272	\$ 327,129	\$ 1,097,401
2021	803,641	296,318	1,099,959
2022	834,229	264,173	1,098,402
2023	867,599	230,803	1,098,402
2024	903,749	196,100	1,099,849
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>\$ 9,221,015</u>	<u>\$ 1,765,119</u>	<u>\$ 10,986,134</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, issued November 04, 2016 debt service requirements to maturity for the MeadowView Conference Resort and Convention Center Fund portion are as

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 132,433	\$ 106,222	\$ 238,655
2021	137,026	100,925	237,951
2022	143,150	95,444	238,594
2023	148,509	89,718	238,227
2024	155,398	83,777	239,175
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>\$ 3,017,636</u>	<u>\$ 976,346</u>	<u>\$ 3,993,982</u>

General Obligation Refunding Bonds, Series 2019, issued May 10, 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
2020	\$ 0	\$ 21,921	\$ 21,921
2021	44,621	27,119	71,740
2022	46,352	24,888	71,240
2023	48,660	22,570	71,230
2024	51,545	20,137	71,682
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>\$ 542,374</u>	<u>\$ 180,489</u>	<u>\$ 722,863</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 2012C, issued June 22, 2012 debt service requirements to maturity for the Cattails at MeadowView Golf Course Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 25,793	\$ 12,082	\$ 37,875
2021	26,540	11,502	38,042
2022	27,288	10,706	37,994
2023	28,035	9,887	37,922
2024	28,783	9,046	37,829
2025	29,904	8,183	38,087
2026	30,652	7,286	37,938
2027	31,400	6,366	37,766
2028	32,521	5,424	37,945
2029	33,269	4,448	37,717
2030	34,390	3,450	37,840
2031	35,138	2,333	37,471
2032	36,633	1,191	37,824
	\$ 400,346	\$ 91,904	\$ 492,250

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

Business-type Activities (continued):

**Bonds Payable (continued)**

General Obligation Bonds, Series 2009D (BABS), issued December 08, 2009 debt service requirements to maturity for the Storm Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 31,587	\$ 1,461	\$ 33,048
	<u>\$ 31,587</u>	<u>\$ 1,461</u>	<u>\$ 33,048</u>

GOB, Series 2009D Build America Bonds (BABS) issued by the City carry an interest rate from 2.250% to 5.625%. During fiscal year 2019, the Storm Water Fund paid \$22,262 while the Federal government paid \$4,286 in interest, respectively.

General Obligation Public Improvement Bonds, Series 2011, issued December 16, 2011 debt service requirements to maturity for the Storm Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 19,232	\$ 10,370	\$ 29,602
2021	19,722	9,793	29,515
2022	20,579	9,005	29,584
2023	21,192	8,387	29,579
2024	21,926	7,751	29,677
2025	22,539	7,094	29,633
2026	23,029	6,395	29,424
2027	24,009	5,646	29,655
2028	24,744	4,836	29,580
2029	25,479	3,970	29,449
2030	26,459	3,078	29,537
2031	27,439	2,099	29,538
2032	28,541	1,070	29,611
	<u>\$ 304,890</u>	<u>\$ 79,494</u>	<u>\$ 384,384</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 Storm Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 35,924	\$ 15,257	\$ 51,181
2021	37,481	13,820	51,301
2022	38,908	12,321	51,229
2023	40,464	10,764	51,228
2024	42,150	9,146	51,296
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>\$ 430,058</u>	<u>\$ 82,323</u>	<u>\$ 512,381</u>

General Obligation Refunding Bonds, Series 2019, issued May 10, 2019 debt service requirements to maturity for the Storm Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 0	\$ 13,091	\$ 13,091
2021	26,648	16,195	42,843
2022	27,681	14,863	42,544
2023	29,060	13,479	42,539
2024	30,782	12,026	42,808
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>\$ 323,907</u>	<u>\$ 107,788</u>	<u>\$ 431,695</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

Business-type Activities (continued):

**Bonds Payable (continued)**

General Obligation Bonds, Series 2009D (BABS), issued December 08, 2009 debt service requirements to maturity for the Aquatic Center Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 28,847	\$ 1,334	\$ 30,181
	<u>\$ 28,847</u>	<u>\$ 1,334</u>	<u>\$ 30,181</u>

GOB, Series 2009D Build America Bonds (BABS) carry an interest rate from 2.250% to 5.625%. During fiscal year 2019, the Aquatic Center Fund paid \$20,352 while the Federal government paid \$7,826 in interest.

General Obligation Bonds, Series 2009E, issued December 08, 2009 debt service requirements to maturity for the Aquatic Center Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 720,000	\$ 36,000	\$ 756,000
	<u>\$ 720,000</u>	<u>\$ 36,000</u>	<u>\$ 756,000</u>

General Obligation Public Improvement Bonds, Series 2011, issued December 16, 2011 debt service requirements to maturity for the Aquatic Center Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 7,782	\$ 4,196	\$ 11,978
2021	7,980	3,963	11,943
2022	8,327	3,643	11,970
2023	8,575	3,394	11,969
2024	8,872	3,136	12,008
2025	9,120	2,870	11,990
2026	9,318	2,588	11,906
2027	9,715	2,285	12,000
2028	10,013	1,957	11,970
2029	10,310	1,606	11,916
2030	10,706	1,246	11,952
2031	11,103	849	11,952
2032	11,549	433	11,982
	<u>\$ 123,370</u>	<u>\$ 32,166</u>	<u>\$ 155,536</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 160,000	\$ 68,556	\$ 228,556
2021	160,000	65,357	225,357
2022	165,000	61,756	226,756
2023	170,000	58,044	228,044
2024	175,000	53,794	228,794
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>\$ 2,410,000</u>	<u>\$ 539,020</u>	<u>\$ 2,949,020</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

Business-type Activities (continued):

**Bonds Payable (continued)**

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
2020	\$ 55,000	\$ 40,013	\$ 95,013
2021	55,000	37,812	92,812
2022	60,000	35,613	95,613
2023	60,000	33,212	93,212
2024	65,000	31,413	96,413
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>\$ 1,060,000</u>	<u>\$ 354,157</u>	<u>\$ 1,414,157</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 246,699	\$ 314,423	\$ 561,122
2021	770,512	304,555	1,075,067
2022	800,927	273,735	1,074,662
2023	831,342	241,698	1,073,040
2024	868,516	208,444	1,076,960
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>\$ 9,029,862</u>	<u>\$ 1,897,184</u>	<u>\$ 10,927,046</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-term liabilities (continued)**

Business-type Activities (continued):

**Bonds Payable (continued)**

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
2020	\$ 6,264	\$ 5,267	\$ 11,531
2021	6,598	4,953	11,551
2022	6,930	4,624	11,554
2023	7,263	4,277	11,540
2024	7,651	3,914	11,565
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>\$ 158,724</u>	<u>\$ 49,294</u>	<u>\$ 208,018</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 95,000	\$ 74,169	\$ 169,169
2021	95,000	71,319	166,319
2022	100,000	68,469	168,469
2023	105,000	65,469	170,469
2024	105,000	62,319	167,319
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>\$ 2,360,000</u>	<u>\$ 826,656</u>	<u>\$ 3,186,656</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 10, 2019 debt service requirements to maturity for the Aquatic Center Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 0	\$ 11,956	\$ 11,956
2021	24,336	14,790	39,126
2022	25,280	13,574	38,854
2023	26,539	12,310	38,849
2024	28,112	10,983	39,095
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>\$ 295,809</u>	<u>\$ 98,439</u>	<u>\$ 394,248</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 630,000	\$ 141,685	\$ 771,685
2021	655,000	123,004	778,004
2022	655,000	103,582	758,582
2023	710,000	84,159	794,159
2024	735,000	63,106	798,106
2025	735,000	41,312	776,312
2026	658,196	19,517	677,713
	\$ 4,778,196	\$ 576,365	\$ 5,354,561

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, 2019, to calculate an estimated annual effective interest rate of 2.965%.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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 2009D (BABS), issued December 08, 2009 debt service requirements to maturity for the Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 210,578	\$ 9,739	\$ 220,317
	<u>\$ 210,578</u>	<u>\$ 9,739</u>	<u>\$ 220,317</u>

GOBPI, Series 2009D Build America Bonds (BABS) carry an interest rate from 2.250% to 5.625%. During fiscal year 2019, the Water Fund paid \$148,376 while the Federal government paid \$57,070 in interest, respectively.

General Obligation Public Improvement Bonds, Series 2011, issued December 16, 2011 debt service requirements to maturity for the Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 118,236	\$ 63,756	\$ 181,992
2021	121,248	60,209	181,457
2022	126,520	55,359	181,879
2023	130,285	51,563	181,848
2024	134,804	47,655	182,459
2025	138,570	43,611	182,181
2026	141,582	39,315	180,897
2027	147,607	34,713	182,320
2028	152,125	29,732	181,857
2029	156,644	24,407	181,051
2030	162,669	18,925	181,594
2031	168,693	12,906	181,599
2032	175,471	6,580	182,051
	<u>\$ 1,874,454</u>	<u>\$ 488,731</u>	<u>\$ 2,363,185</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 2012C, issued June 22, 2012 debt service requirements to maturity for the Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 58,855	\$ 27,570	\$ 86,425
2021	60,561	26,246	86,807
2022	62,267	24,429	86,696
2023	63,973	22,561	86,534
2024	65,679	20,642	86,321
2025	68,238	18,671	86,909
2026	69,943	16,624	86,567
2027	71,649	14,526	86,175
2028	74,208	12,377	86,585
2029	75,914	10,150	86,064
2030	78,473	7,873	86,346
2031	80,179	5,322	85,501
2032	83,591	2,717	86,308
	<u>\$ 913,530</u>	<u>\$ 209,708</u>	<u>\$ 1,123,238</u>

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
2020	\$ 80,000	\$ 6,763	\$ 86,763
2021	85,000	4,362	89,362
2022	10,000	1,813	11,813
2023	10,000	1,412	11,412
2024	10,000	1,113	11,113
2025	10,000	812	10,812
2026	10,000	563	10,563
2027	10,000	300	10,300
	<u>\$ 225,000</u>	<u>\$ 17,138</u>	<u>\$ 242,138</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 180,501	\$ 144,481	\$ 324,982
2021	189,798	135,456	325,254
2022	195,995	129,762	325,757
2023	203,742	121,922	325,664
2024	213,813	111,735	325,548
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>\$ 3,438,820</u>	<u>\$ 1,228,610</u>	<u>\$ 4,667,430</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 121,283	\$ 64,170	\$ 185,453
2021	124,205	61,109	185,314
2022	125,666	58,610	184,276
2023	130,050	56,053	186,103
2024	131,511	53,437	184,948
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	182,654	2,740	185,394
	<u>\$ 2,370,124</u>	<u>\$ 595,088</u>	<u>\$ 2,965,212</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 222,568	\$ 58,516	\$ 281,084
2021	231,412	49,614	281,026
2022	235,834	44,985	280,819
2023	80,331	35,552	115,883
2024	69,276	33,142	102,418
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
	<u>\$ 1,858,666</u>	<u>\$ 436,778</u>	<u>\$ 2,295,444</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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, 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
2020	\$ 133,568	\$ 107,133	\$ 240,701
2021	138,201	101,790	239,991
2022	144,377	96,262	240,639
2023	149,782	90,487	240,269
2024	156,730	84,495	241,225
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
	<u>\$ 3,043,502</u>	<u>\$ 984,716</u>	<u>\$ 4,028,218</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 45,646	\$ 35,880	\$ 81,526
2021	48,240	33,598	81,838
2022	48,759	32,633	81,392
2023	51,352	30,195	81,547
2024	53,946	27,628	81,574
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>\$ 1,123,523</u>	<u>\$ 345,472</u>	<u>\$ 1,468,995</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 139,093	\$ 147,673	\$ 286,766
2021	146,611	140,719	287,330
2022	154,130	133,388	287,518
2023	161,648	125,682	287,330
2024	172,926	117,599	290,525
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>\$ 3,966,023</u>	<u>\$ 1,513,151</u>	<u>\$ 5,479,174</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 10, 2019 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 0	\$ 87,275	\$ 87,275
2021	177,651	107,969	285,620
2022	184,543	99,086	283,629
2023	193,731	89,859	283,590
2024	205,217	80,173	285,390
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	248,864	25,537	274,401
2030	261,882	13,094	274,976
	<u>\$ 2,159,377</u>	<u>\$ 718,586</u>	<u>\$ 2,877,963</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 2009D (BABS), issued December 08, 2009 debt service requirements to maturity for the Sewer Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 315,866	\$ 14,609	\$ 330,475
	<u>\$ 315,866</u>	<u>\$ 14,609</u>	<u>\$ 330,475</u>

GOBPI, Series 2009D Build America Bonds (BABS) carry an interest rate from 2.250% to 5.625%. During fiscal year 2019, the Sewer Fund paid \$222,612 while the Federal government paid \$85,620 in interest, respectively.

General Obligation Public Improvement Bonds, Series 2011, issued December 16, 2011 debt service requirements to maturity for the Sewer Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 117,255	\$ 63,227	\$ 180,482
2021	120,242	59,709	179,951
2022	125,470	54,899	180,369
2023	129,204	51,135	180,339
2024	133,685	47,259	180,944
2025	137,420	43,249	180,669
2026	140,407	38,989	179,396
2027	146,382	34,425	180,807
2028	150,863	29,485	180,348
2029	155,344	24,205	179,549
2030	161,319	18,768	180,087
2031	167,293	12,799	180,092
2032	174,014	6,526	180,540
	<u>\$ 1,858,898</u>	<u>\$ 484,675</u>	<u>\$ 2,343,573</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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 2012C, issued June 22, 2012 debt service requirements to maturity for the Sewer Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 83,378	\$ 39,058	\$ 122,436
2021	85,794	37,182	122,976
2022	88,211	34,608	122,819
2023	90,628	31,961	122,589
2024	93,045	29,243	122,288
2025	96,670	26,451	123,121
2026	99,087	23,551	122,638
2027	101,503	20,579	122,082
2028	105,128	17,533	122,661
2029	107,545	14,380	121,925
2030	111,170	11,153	122,323
2031	113,587	7,540	121,127
2032	118,421	3,849	122,270
	<u>\$ 1,294,167</u>	<u>\$ 297,088</u>	<u>\$ 1,591,255</u>

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
2020	\$ 1,375,000	\$ 443,631	\$ 1,818,631
2021	1,410,000	402,382	1,812,382
2022	1,085,000	360,081	1,445,081
2023	1,125,000	316,681	1,441,681
2024	1,155,000	282,931	1,437,931
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
	<u>\$ 14,875,000</u>	<u>\$ 2,852,270</u>	<u>\$ 17,727,270</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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
2020	\$ 404,468	\$ 323,754	\$ 728,222
2021	425,299	303,530	728,829
2022	439,186	290,771	729,957
2023	456,545	273,204	729,749
2024	479,112	250,377	729,489
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>\$ 7,705,716</u>	<u>\$ 2,753,075</u>	<u>\$ 10,458,791</u>

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
2020	\$ 293,717	\$ 155,405	\$ 449,122
2021	300,795	147,991	448,786
2022	304,334	141,940	446,274
2023	314,950	135,747	450,697
2024	318,489	129,413	447,902
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>\$ 5,739,876</u>	<u>\$ 1,441,162</u>	<u>\$ 7,181,038</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 482,230	\$ 126,785	\$ 609,015
2021	501,391	107,496	608,887
2022	510,972	97,468	608,440
2023	174,050	77,029	251,079
2024	150,098	71,807	221,905
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
	<u>\$ 4,027,098</u>	<u>\$ 946,351</u>	<u>\$ 4,973,449</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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, 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
2020	\$ 281,893	\$ 226,101	\$ 507,994
2021	291,670	214,825	506,495
2022	304,705	203,159	507,864
2023	316,111	190,970	507,081
2024	330,776	178,326	509,102
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>\$ 6,423,255</u>	<u>\$ 2,078,221</u>	<u>\$ 8,501,476</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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
2020	\$ 394,354	\$ 309,982	\$ 704,336
2021	416,760	290,264	707,024
2022	421,241	281,929	703,170
2023	443,648	260,867	704,515
2024	466,054	238,685	704,739
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>\$ 9,706,477</u>	<u>\$ 2,984,650</u>	<u>\$ 12,691,127</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 45,907	\$ 48,739	\$ 94,646
2021	48,389	46,444	94,833
2022	50,870	44,024	94,894
2023	53,352	41,481	94,833
2024	57,074	38,813	95,887
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>\$ 1,308,977</u>	<u>\$ 499,412</u>	<u>\$ 1,808,389</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 10, 2019 debt service requirements to maturity for the Sewer Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 0	\$ 130,912	\$ 130,912
2021	266,476	161,953	428,429
2022	276,814	148,630	425,444
2023	290,597	134,789	425,386
2024	307,826	120,259	428,085
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>\$ 3,239,067</u>	<u>\$ 1,077,880</u>	<u>\$ 4,316,947</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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, 2019, 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
2020	\$ 8,404,588	\$ 3,954,911	\$ 12,359,499
2021	8,350,105	3,698,142	12,048,247
2022	8,153,211	3,423,018	11,576,229
2023	7,816,933	3,110,087	10,927,020
2024	8,083,876	2,817,017	10,900,893
Next Five Years	41,464,752	9,623,325	51,088,077
Next Five Years	26,228,552	3,456,930	29,685,482
Next Five Years	7,532,004	439,139	7,971,143
	<u>\$ 116,034,021</u>	<u>\$ 30,522,569</u>	<u>\$ 146,556,590</u>

The total on the statement of net position has been adjusted by net premiums and discounts of \$7,569,786.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental activities:</b>					
General Obligation Debt	\$ 115,126,367	\$ 14,417,513	\$ (16,134,704)	\$ 113,409,176	\$ 7,605,413
Plus: Net Premiums and discounts	7,360,697	1,713,137	(695,756)	8,378,078	0
Total Bonds Payable	122,487,064	16,130,650	(16,830,460)	121,787,254	7,605,413
Notes Payable-State	1,598,134	0	(400,934)	1,197,200	400,933
School Energy Efficiency Note	2,719,085	0	(420,804)	2,298,281	423,973
Hud 108 Note	555,000	0	(43,000)	512,000	43,000
Total Governmental Activities	<u>\$ 127,359,283</u>	<u>\$ 16,130,650</u>	<u>\$ (17,695,198)</u>	<u>\$ 125,794,735</u>	<u>\$ 8,473,319</u>
<b>Business-type activities:</b>					
General Obligation Debt	\$ 116,816,829	\$ 14,357,487	\$ (15,140,295)	\$ 116,034,021	\$ 8,404,588
Local Option Sales Tax Revenue and Tax Bonds	735,000	0	(735,000)	0	0
Water and Sewer Revenue and Tax Bonds	0	0	0	0	0
Plus: Net Premiums and discounts	6,670,195	1,509,904	(610,313)	7,569,786	0
Total Bonds Payable	124,222,024	15,867,391	(16,485,608)	123,603,807	8,404,588
State Revolving Note	13,088,581	0	(578,208)	12,510,373	588,588
Total Business-type Activities	<u>\$ 137,310,605</u>	<u>\$ 15,867,391</u>	<u>\$ (17,063,816)</u>	<u>\$ 136,114,180</u>	<u>\$ 8,993,176</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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, 2019.

In August 2011, a bank loan known as the C & F Loan, was issued in the amount of \$3,500,000, with a 20 year maturity with an annual interest rate of 4.68%. On January 17, 2017 the property used as collateral for this loan was sold to LeClerc and net proceeds from that sale totaling \$2,350,000 were used to reduce the principal balance due. On February 22, 2017, the terms of the original loan were modified to allow the outstanding principal balance of \$740,804 to be paid in 48 consecutive monthly installments of \$16,357 beginning March 2017. At June 30, 2019, the outstanding principal balance on the loan was \$318,968, and is expected to be paid off within one year.

In December 2013, a bank line of credit loan known as the General Shale Property Loan was established in the amount of \$4,000,000, with a 7 year maturity. The annual rate of interest is 3% and currently only accrued interest is being paid on the loan draw amount on a semi-annual basis. At June 30, 2019, the outstanding principal balance on the loan was \$3,289,320.

In May 2014, a bank loan known as the Heritage Glass Property Loan, was issued in the amount of \$2,600,000, with a 16 year maturity. The annual rate of interest is 3.95%, compounded monthly. The loan draw amount was subsequently, increased up to a maximum of \$2,675,000, with an extended maturity date of 20 years. At June 30, 2019, the outstanding principal balance on the loan was \$2,378,240, and is expected to be paid off within one year (see note 5I Subsequent events).

On May 15, 2015, the IDBK closed on a loan totaling \$6,540,000 in order to purchase 33.75 acres and to construct an industrial building for lease to Pure Foods, Inc. 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. Effective November 15, 2017 through the maturity date of May 15, 2025, interest will accrue at a fixed rate of 3.89% per annum. At June 30, 2019, the principal balance outstanding on the loan was \$4,970,194.

In March, 2019 a construction loan agreement known as the Anita's Foods Loan, was issued in the amount of \$1,900,000. The loan bears interest at a rate per annum equal to the LIBOR Rate plus one hundred fifty basis points (1.50). This loan matures March, 2020. At June 30, 2019 the outstanding principal balance on the loan was \$703,570.

**Emergency Communications District (ECD)**

The ECD, a discretely presented component unit of the City, reports no long-term liabilities at June 30, 2019.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**4. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**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, 2019, the estimated remaining useful life is 27 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 2019 financial assurance amount of, \$2,072,729, was adjusted for inflation by 2.3%, resulting in an amended amount of \$2,120,401 at June 30, 2019.

The City's actual closure costs for the 30-year period through June 30, 2019 exceeded the liability amount by \$100,133. The City has recorded this \$100,133 in pre-paid landfill closing costs as of June 30, 2019, which will be offset as future closure costs are accrued.

	Ending <u>June 30, 2019</u>	Ending <u>June 30, 2018</u>	Ending <u>June 30, 2017</u>	Ending <u>June 30, 2016</u>	Ending <u>June 30, 2015</u>
Landfill closure costs paid	\$ 1,398,655	\$ 1,398,655	\$ 1,398,655	\$ 1,384,655	\$ 1,384,655
Landfill closure costs accrued	<u>1,298,522</u>	<u>1,220,410</u>	<u>1,153,321</u>	<u>1,096,753</u>	<u>1,042,480</u>
Pre-paid landfill closure costs	<u>\$ 100,133</u>	<u>\$ 178,245</u>	<u>\$ 245,334</u>	<u>\$ 287,902</u>	<u>\$ 342,175</u>

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**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 Tri-State Claims Service. The City carries a specific excess workers compensation reinsurance agreement through Safety National Casualty Corporation.

An actuarial study for workers compensation and public liability was conducted for the period ended June 30, 2019. The estimated reserve requirements were as follows:

**ESTIMATED REQUIRED RESERVES**

	<u>Low</u>	<u>Expected</u>	<u>High</u>
Workers Compensation *	\$ 2,159,794	\$ 2,399,771	\$ 2,639,748
Public Liability *	685,254	761,393	837,533

\* Calculation utilizes U.S. Treasury yields as of June 30, 2019

Liabilities have been accrued to reflect the discounted expected claims of \$2,399,771 for workers compensation and \$761,393 for public liability, at June 30, 2019. The Insurance Reserve Fund has total assets of \$7,013,055 at June 30, 2019. 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, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
Claims Accrued, Beginning	\$ 2,268,885	\$ 2,346,965	\$ 2,255,616	\$ 2,111,500	\$ 2,211,677
Claims Incurred	831,313	318,401	778,042	688,740	380,022
Claims Paid	<u>(700,427)</u>	<u>(396,481)</u>	<u>(686,693)</u>	<u>(544,624)</u>	<u>(480,199)</u>
Claims Accrued, Ending	<u>\$ 2,399,771</u>	<u>\$ 2,268,885</u>	<u>\$ 2,346,965</u>	<u>\$ 2,255,616</u>	<u>\$ 2,111,500</u>

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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, 2019</u>	Year Ended <u>June 30, 2018</u>	Year Ended <u>June 30, 2017</u>	Year Ended <u>June 30, 2016</u>	Year Ended <u>June 30, 2015</u>
Claims Accrued, Beginning	\$ 802,303	\$ 842,334	\$ 903,287	\$ 1,186,835	\$ 1,111,388
Claims Incurred	153,810	270,775	285,118	127,873	358,040
Claims Paid	<u>(194,720)</u>	<u>(310,806)</u>	<u>(346,071)</u>	<u>(411,421)</u>	<u>(282,593)</u>
Claims Accrued, Ending	<u>\$ 761,393</u>	<u>\$ 802,303</u>	<u>\$ 842,334</u>	<u>\$ 903,287</u>	<u>\$ 1,186,835</u>

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

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. From January 1, 2015 through January 1, 2017 Health insurance for the Kingsport City School employees was self-funded and administered through Meritain Health Inc. The self-funded insurance fund was closed out on June 30, 2019. Remaining assets of \$381,693 were returned to the General Purpose School Fund.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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, 2019 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, 2019, 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 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 April 2005, \$1,995,000 in capital outlay notes was issued, of which, the City is contingently liable for 31%. In July 2007, \$6,500,000 in industrial park revenue bonds was issued, of which the City is contingently liable for 31%. In March 2015, \$6,265,000 in industrial park refunding bonds was 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 2019, there were no property sales in the industrial park. 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 \$200,651 for the repayment of the associated debt principal and interest. As of June 30, 2019, a total of \$5,030,000 of principal debt was outstanding, with \$1,559,300 representing the City's 31% contingent share.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**5. OTHER INFORMATION (CONTINUED)**

**B. Contingencies (continued)**

**Primary government (continued)**

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.

In July 2016, the City entered into an agreement with the Kingsport Housing & Redevelopment Authority (KHRA) to provide financial support to redevelop public housing facilities within the City. The estimated \$50,500,000 project will rehabilitate 378 existing public housing units and construct 51 replacement units. To support the financing of this project, the KHRA, applied for and received approximately \$14,900,000 of Low Income Housing Tax Credits. The City has 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.



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**5. OTHER INFORMATION (CONTINUED)**

**B. Contingencies (continued)**

**Component Unit – Industrial Development Board**

In July 2011 the Industrial Development Board of the City of Kingsport (IDBK) entered into a loan agreement with a local bank in the amount of \$3,500,000. The loan was used to purchase an industrial use facility near the Tri-Cities Regional Airport. In turn, the property was leased to C&F Manufacturing. In the event the manufacturing company fails to make lease payments, IDBK is required to fund the loan payments from other resources. The City and Sullivan County entered into agreements to support this project and share in a contingent liability, should the IDBK default on the loan. On October 7, 2014 the IDBK terminated the lease with C & F Manufacturing. On January 17, 2017 the property used as collateral for this loan was sold and net proceeds from that sale totaling \$2,350,000 were used to reduce the principal balance due. The remaining outstanding principal balance of \$740,804 has a fixed interest rate of 2.84% and is payable in 48 consecutive monthly installments of \$16,357 beginning March 2017. At June 30, 2019, the outstanding principal balance on the loan was \$318,968. Under the terms of their respective funding agreements, the City and the County each will pay to IDBK 50.0% of the amount necessary to make the debt service payments required under the terms of the loan agreement. The balance of the loan is estimated to be paid off within one year.

On December 6, 2012, the IDBK entered into an agreement with a developer, Stewart Taylor, for the purpose of developing property known as the Heritage Point Property to attract an extraordinary retail facility to locate on the property. The property is part of a 400 acre area located within the City's Border Region Retail Tourism Development District. The terms of the agreement grant the IDBK the exclusive right and option to purchase a specific section of the property for an option price of \$1 and a purchase price for the property of \$5,950,000. Upon receiving a firm written commitment from a "trigger tenant" retailer, the IDBK shall exercise its option to purchase the property contingent on the developer performing and advancing the funds necessary to prepare the property for development. The IDBK would then issue in the form of a bond or note to the developer, the purchase price and site development costs, payable within 4 years from the date of conveyance of the property at an interest rate of 4% per annum. The purchase price, site development costs, and interest shall be paid from the State sales and use tax incremental proceeds generated by the "trigger tenant" and any other retail facilities located within the district, and distributed to the City. The maximum site preparation costs for the entire Heritage Point Property development, payable to the developer by the IDBK, shall not exceed \$24,873,207, nor shall the IDBK be obligated to repay the developer for site preparation costs in the event the incremental increase in State sales and use tax proceeds distributed to the City, are not sufficient for this purpose. The City, by resolution number 2013-095 dated December 7, 2012, delegated the IDBK the statutory authority to carry out the project in the Border Region Retail Tourism Development District.

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, through December 1, 2020. 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, 2019 the outstanding principal balance was \$3,289,320. In the event a principal balance remains outstanding upon final maturity, the City agrees to: (1) purchase the property from the IDBK for a purchase price equal to the outstanding principal and accrued interest owed on the loan; or (2) provide an economic

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**5. OTHER INFORMATION (CONTINUED)**

**B. Contingencies (continued)**

**Component Unit – Industrial Development Board (continued)**

development contribution to IDBK in an amount sufficient to pay the outstanding principal and accrued interest owed on the loan. In either event, IDBK agrees to use such funds to retire any remaining balance on the loan in full.

In May 2014, the IDBK obtained a \$2,600,000 loan to purchase a glass manufacturing facility from AGC Glass. The loan carried a rate of 3.95%. Principal and interest were payable monthly over 15 years. The City became contingently liable for the loan through a contribution agreement with IDBK, previously approved by the BMA in April 2014. The facility was leased to a glass manufacturer, Heritage Glass, which in the spring of 2015 suspended operations and defaulted under the lease. The monthly lease payments covered the principal and interest on the loan. As a result of the lease default by Heritage Glass, IDBK modified the terms of the loan whereby the lender agreed to accept interest only payments through December 31, 2015. In the spring of 2016, the IDBK successfully recruited and negotiated a lease agreement with a new glass manufacturer, EnviraGlass, LLC, to begin operations at the facility. In May 2016, the City's BMA approved an amendment to the IDBK contribution agreement providing for a maximum contribution amount of \$3,873,839. This allowed IDBK to obtain a subsequent loan, with the proceeds used to retire the existing loan and make improvements to the facility. The new loan amount was for \$2,675,000, with a rate of interest of 3.95% fixed, and payable in monthly installments over 20 years. The new glass manufacturer, EnviraGlass, entered into a lease agreement with IDBK for use of the facility. By the fall of 2016 EnviraGlass, LLC. had suspended operations and defaulted under the lease. In the spring of 2017 the IDBK entered into a lease agreement with Eastman. Monthly rental payments under the agreement with Eastman are sufficient to pay principal and interest on the loan. At June 30, 2019, the outstanding principal balance on the loan was \$2,378,240. The balance is expected to be paid off within one year.

On May 15, 2015, the IDBK closed on a loan totaling \$6,540,000 in order to purchase 33.75 acres and to construct an industrial building for lease to Pure Foods, Inc. Interest on the loan accrues on the outstanding principal balance during the period May 15, 2015 through November 14, 2017, at a rate per annum equal to the LIBOR Rate plus ninety-nine basis points (.99). During the period November 15, 2017 through the maturity date of May 15, 2025, interest will accrue under the loan at a fixed rate of 3.89% per annum. On March 18, 2015, the City entered into an agreement with IDBK to provide economic development contributions as needed, during the 10 year term of the loan, in order to: support IDBK's acquisition and improvement of the property; to make the debt service payments under the loan, after application of the net rental income from the lease with Pure Foods, Inc.; and to make debt service payments for any other leases and rental agreements on the property. During FY 2017 Pure Foods, Inc. defaulted on its lease agreement and Brim Foods Company, Inc. entered into a lease agreement for this property. During FY 2018 Brim Foods Company, Inc. defaulted on its lease agreement and Anita's Snack Foods, Inc., entered into a lease agreement for this property. At June 30, 2019 the outstanding principal balance on the loan was \$4,970,194.

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.

In March, 2019 the IDBK entered into a construction loan agreement in the amount of \$1,900,000 to expand the existing building. The loan bears interest at a rate per annum equal to the LIBOR Rate plus one hundred fifty basis points (1.50). This loan matures March, 2020. At June 30, 2019 the outstanding principal balance on the loan was \$703,570. Anita's will pay 10% of the construction costs as well as construction loan interest. By resolution adopted on December 4, 2018, to support IDBK's expansion of the property and its ability to pay the debt service due under the Loan, the Municipality entered into an agreement with IDBK to

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**5. OTHER INFORMATION (CONTINUED)**

**B. Contingencies (continued)**

**Component Unit – Industrial Development Board (continued)**

provide economic development contributions from time to time in such amounts as are needed by IDBK, during the term of the loan.

In July 2016, the Municipality 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 Municipality. The estimated \$50,500,000 project will rehabilitate 378 existing public housing units and construct 51 replacement units. The Municipality has 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 Municipality. KHRA received an award of approximately \$14,900,000 of low income housing tax credits for this project in May 2018. An application seeking an award of additional 2019 low income housing tax credits is expected was filed prior to the program deadline.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**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, 2019 is \$1,535,000, and represents 19% of the total bond issue. See amortization below:

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

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 55,000	\$ 56,050	\$ 111,050
2021	60,000	53,575	113,575
2022	60,000	50,875	110,875
2023	65,000	48,175	113,175
2024	65,000	45,250	110,250
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>\$ 1,535,000</u>	<u>\$ 596,039</u>	<u>\$ 2,131,039</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.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 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 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 2<sup>nd</sup> 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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	861
Inactive employees entitled to but not yet receiving benefits	842
Active employees	674
	<u>2377</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, 2019**

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**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, 2019, the Actuarially Determined Contribution (ADC) for the City was \$5,734,837 based on an aggregate employer rate of 19.58 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 18.53 percent and the employer rate for public safety officers was 22.03 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**

The City's net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

**Actuarial assumptions**

The total pension liability as of the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 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	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2019**

**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

**Defined Benefit Pension Plan – City of Kingsport (continued)**

**Actuarial assumptions (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, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent.

The target allocation and best estimates of geometric real rates of return 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	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	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 7.25 percent based on a blending of the three factors described above.

**Discount rate**

The discount rate used to measure the total pension liability was 7.25 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, 2019

**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

**Defined Benefit Pension Plan – City of Kingsport (continued)**

**Changes in the net pension liability**

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Balance at 6/30/17</b>	\$ 214,017,516	\$185,122,629	\$ 28,894,887
<b>Changes for the year:</b>			
Service Cost	2,682,495	0	2,682,495
Interest	15,337,903	0	15,337,903
Differences between expected and actual experience	556,022	0	556,022
Changes in Assumptions	0	0	0
Contributions by employer	0	5,297,090	(5,297,090)
Contributions by employees	0	121,321	(121,321)
Net Investment income	0	15,161,522	(15,161,522)
Benefit payments, including refunds of employee contributions	(10,285,453)	(10,285,453)	0
Administrative expense	0	(66,245)	66,245
<b>Net Changes</b>	<u>8,290,967</u>	<u>10,228,235</u>	<u>(1,937,268)</u>
<b>Balance at 6/30/18</b>	<u>\$ 222,308,483</u>	<u>\$195,350,864</u>	<u>\$ 26,957,619</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 7.25 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 (6.25 percent) or 1 percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
City's Net Pension Liability	<u>\$ 54,435,034</u>	<u>\$ 26,957,619</u>	<u>\$ 3,906,071</u>

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

**Pension expense**

For the year ended June 30, 2019, the City recognized pension expense of \$2,808,913.



**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**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, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 762,611	\$ 4,127,876
Net difference between projected and actual earning on pension plan investments	0	664,591
Changes in Assumptions	2,442,150	0
Contributions subsequent to the measurement date June 30, 2018	5,734,837	(not applicable)
	<b>\$ 8,939,598</b>	<b>\$ 4,792,467</b>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2018", 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:**

2020	\$ 736,247
2021	\$ (405,577)
2022	\$ (1,534,580)
2023	\$ (383,796)
2024	\$ 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, 2019, the City reported a payable of \$443,780 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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.

**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. During the year ended June 30, 2019, \$113,857 in non-vested employer contributions was forfeited and returned to the plan due to employee terminations and will be used to offset future employer contributions to the plan. Total contributions for the year ended June 30, 2019 were \$1,634,135 and consisted of \$806,592 made by the City and \$827,543 made by employees.

**Defined Benefit Pension Plan – Teacher Legacy Pension 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 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 publically 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-

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

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

**Benefits provided (continued)**

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 2<sup>nd</sup> 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, 2019 to the Teacher Legacy Pension Plan were \$3,248,979, which is 10.46 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.

**Net pension asset**

At June 30, 2019, the Kingsport City Schools reported an asset of \$3,166,290 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, 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, 2018, Kingsport City Schools' proportion was 0.899791 percent. The proportion measured as of June 30, 2017 was 0.889448 percent.

**Pension expense**

For the year ended June 30, 2019, Kingsport City Schools recognized negative pension expense of (\$780,347).

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2019

**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

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

**Deferred outflows of resources and deferred inflows of resources**

For the year ended June 30, 2019, Kingsport City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 640,015	\$ 4,271,576
Changes in assumptions	1,870,026	0
Net difference between projected and actual earnings on pension plan investments	0	689,117
Changes in proportion of Net Pension Liability (Asset)	347,356	0
Kingsport City Schools contributions subsequent to the measurement date of June 30, 2018	3,248,979	(not applicable)
	<b>\$ 6,106,376</b>	<b>\$ 4,960,693</b>

Kingsport City Schools employer contributions of \$3,248,979, 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, 2020. 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:**

2020	\$ 778,731
2021	\$ (885,143)
2022	\$ (1,711,209)
2023	\$ (285,675)
2024	\$ 0
Thereafter	\$ 0

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

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

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

**Actuarial assumptions**

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 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	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2016 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 2.5 percent.

The target allocation and best estimates of geometric real rates of return 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	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

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**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

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

**Actuarial assumptions (continued)**

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

**Discount rate**

The discount rate used to measure the total pension liability was 7.25 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Kingsport City Schools' proportionate share of the net pension liability (asset)	\$ 24,407,758	\$ (3,166,290)	\$ (25,979,973)

**Pension plan fiduciary net position**

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

**Payable to the pension plan**

At June 30, 2019, Kingsport City Schools reported a payable of \$560,850 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

**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 2<sup>nd</sup> 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 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. Employer contributions by Kingsport City Schools for the year ended June 30, 2019 to the Teacher Retirement Plan were \$288,835, which is 4 percent of covered payroll. The employer rate, when combined

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
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**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

**Defined Benefit Pension Plan – Teacher Retirement Plan - Kingsport City Schools (continued)**

**Contributions (continued)**

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 asset**

At June 30, 2019, Kingsport City Schools reported an asset of \$336,181 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018, 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, 2018 Kingsport City Schools' proportion was 0.741257 percent. The proportion measured as of June 30, 2017 was 0.710112 percent.

**Pension expense**

For the year ended June 30, 2019, Kingsport City Schools recognized pension expense of \$112,543.

**Deferred outflows of resources and deferred inflows of resources**

For the year ended June 30, 2019, Kingsport City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between expected and actual experience	\$ 19,040	\$ 13,390
Net difference between projected and actual earnings on pension plan investments	0	18,990
Changes in assumptions	15,860	0
Changes in proportion of Net Pension Liability (Asset)	0	26,122
Kingsport City Schools contributions subsequent to the measurement date of June 30, 2018	<u>288,835</u>	<u>(not applicable)</u>
	<b><u>\$ 323,735</u></b>	<b><u>\$ 58,502</u></b>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 \$288,835 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, 2020. 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:**

2020	\$ (4,725)
2021	\$ (5,328)
2022	\$ (8,035)
2023	\$ (3,072)
2024	\$ (543)
Thereafter	\$ (1,899)

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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 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	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
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**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

**Defined Benefit Pension Plan – Teacher Retirement Plan - Kingsport City Schools (continued)**

**Actuarial assumptions (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, 2016 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 2.5 percent.

The target allocation and best estimates of geometric real rates of return 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	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	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 7.25 percent based on a blending of the three factors described above.

**Discount rate**

The discount rate used to measure the total pension liability was 7.25 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.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2019

**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

**Defined Benefit Pension Plan – Teacher Retirement Plan - Kingsport City Schools (continued)**

**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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Kingsport City Schools' proportionate share of the net pension liability (asset)	\$ 51,974	\$ (336,181)	\$ (622,159)
	\$ 51,974	\$ (336,181)	\$ (622,159)

**Pension plan fiduciary net position**

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

**Payable to the pension plan**

At June 30, 2019, Kingsport City Schools reported a payable of \$49,144 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2019.

**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 contributions for the year ended June 30, 2019 were \$738,874 and consisted of \$356,020 made by the Kingsport City Schools and \$382,854 made by teachers.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2019

**6. 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:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
<b>Net Pension Asset</b>			
Defined Benefit City of Kingsport	\$ 0	\$ 0	\$ 0
Defined Benefit Teacher Legacy	3,166,290	0	3,166,290
Defined Benefit Teacher Retirement	336,181	0	336,181
Total Net Pension Asset	<u>\$ 3,502,471</u>	<u>\$ 0</u>	<u>\$ 3,502,471</u>
<b>Deferred Outflows Related to Pensions</b>			
Defined Benefit City of Kingsport	\$ 7,556,131	\$ 1,383,467	\$ 8,939,598
Defined Benefit Teacher Legacy	6,106,376	0	6,106,376
Defined Benefit Teacher Retirement	323,735	0	323,735
Total Deferred Outflows Related to Pensions	<u>\$ 13,986,242</u>	<u>\$ 1,383,467</u>	<u>\$ 15,369,709</u>
<b>Net Pension Liability</b>			
Defined Benefit City of Kingsport	\$ 22,791,648	\$ 4,165,971	\$ 26,957,619
Defined Benefit Teacher Legacy	0	0	0
Defined Benefit Teacher Retirement	0	0	0
Total Net Pension Liability	<u>\$ 22,791,648</u>	<u>\$ 4,165,971</u>	<u>\$ 26,957,619</u>
<b>Deferred Inflows Related to Pensions</b>			
Defined Benefit City of Kingsport	\$ 4,098,924	\$ 693,543	\$ 4,792,467
Defined Benefit Teacher Legacy	4,960,693	0	4,960,693
Defined Benefit Teacher Retirement	58,502	0	58,502
Total Deferred Inflows Related to Pensions	<u>\$ 9,118,119</u>	<u>\$ 693,543</u>	<u>\$ 9,811,662</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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, 2019 was as follows:

Active employees - health & life insurance benefits	602
Active employees - life insurance benefit only	126
Retired employees - health & life insurance benefits	137
Retired employees - life insurance benefit only	<u>214</u>
Total	<u><u>1079</u></u>

**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 – City of Kingsport (continued)**

**Total OPEB liability**

The City's total OPEB liability of \$28,010,256 was measured as of June 30, 2019 and was determined based on an interim actuarial valuation performed as of June 30, 2019.

**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.

<b>Measurement Date</b>	June 30, 2019
<b>Discount Rate</b>	3.87% as of July 1, 2018 and 3.51% as of June 30, 2019
<b>Payroll Growth</b>	Payroll growth rates are based on the Tennessee Consolidated Retirement System (TCRS) actuarial valuation as of June 30, 2017
<b>Inflation Rate</b>	3.00% per year
<b>Cost Method</b>	- 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.
<b>Census Data</b>	As of August 2018
<b>Health Care Coverage Election Rate</b>	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%
<b>Spousal Coverage</b>	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
<b>Employer Funding Policy</b>	Pay-as-you-go cash basis
<b>Mortality</b>	RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017
<b>Disability</b>	None
<b>Turnover Rate</b>	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
<b>Retirement Rate</b>	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, 2019**

**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)**

<b>Health Care Trend Rates</b>	<b><u>FYE</u></b>	<b><u>Rate</u></b>	<b><u>FYE</u></b>	<b><u>Rate</u></b>
	2020	8.5%	2024	6.5%
	2021	8.0%	2025	6.0%
	2022	7.5%	2026	5.5%
	2023	7.0%	2027+	5.0%

**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, 2017 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 actual 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, 2020 valuation.

**Changes in the total OPEB liability**

Balance at June 30, 2018	<u>\$ 26,101,658</u>
Changes for the year:	
Service cost	1,121,257
Interest	1,050,014
Benefit changes	0
Differences between expected and actual experience	(955,196)
Assumption or other input changes	875,811
Benefit payments	<u>(183,288)</u>
Net changes	<u>1,908,598</u>
Balance at June 30, 2019	<u><u>\$ 28,010,256</u></u>

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**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 (2.51%) or one percentage point higher (4.51%) than the current discount rate:

	<b>1% Decrease (2.51%)</b>	<b>Current Discount Rate (3.51%)</b>	<b>1% Increase (4.51%)</b>
Total OPEB liability	\$ 30,655,134	\$ 28,010,256	\$ 25,665,380

**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 (7.50%) or one percentage point higher (9.50%) than the current healthcare cost trend rates:

	<b>1% Decrease (7.50%)</b>	<b>Current Healthcare Cost Trend Rates (8.50%)</b>	<b>1% Increase (9.50%)</b>
Total OPEB liability	\$ 25,491,655	\$ 28,010,256	\$ 30,938,150

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

For the year ended June 30, 2019, the City recognized OPEB expense of \$1,658,806. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 0	\$ (3,832,115)
Changes in Assumptions	766,335	(18,932)
Contributions subsequent to the measurement date	0	(not applicable)
Net difference between projected and actual earnings in OPEB plan investments	0	0
	\$ 766,335	\$ (3,851,047)

The amount if any shown above for "Contributions subsequent to the measurement date of June 30, 2019", will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.



**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 – 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:**

2020	\$	(512,465)
2021	\$	(512,465)
2022	\$	(512,465)
2023	\$	(512,465)
2024	\$	(512,465)
Thereafter	\$	(522,387)

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, 2019**

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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)**

**Employees covered**

At July 1, 2018, the following employees of KCS were covered by the benefit terms of the TGOP.

Inactive employees currently receiving benefit payments	88
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees eligible for future benefits	654
Active employees not eligible for future benefits*	99
Total*	841

\*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 \$859,729 to the TGOP for OPEB benefits as they came due.

**Total OPEB liability**

The KCS collective total OPEB liability of \$10,404,937 was measured as of June 30, 2018 and was determined based on an actuarial valuation performed as of June 30, 2018, of which \$8,071,089 (77.57%) and \$2,333,848 (22.43%) represented the KCS and non-employer contributor's proportionate share respectively.

**Actuarial Methods and Assumptions**

The collective total OPEB liability in the June 30, 2018 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	6.75% for 2019, decreasing annually to an ultimate rate of 3.53% for 2052 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.

**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, 2018, valuations were the same as those employed in the July 1, 2018 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, 2012 - June 30, 2016. 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 RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% 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.

**Discount rate** - The discount rate used to measure the total OPEB liability was 3.62 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.

**Changes in collective total OPEB liability**

Balance at June 30, 2017	\$ 19,866,282
Changes for the year:	
Service cost	1,153,973
Interest	728,693
Benefit changes	(822,660)
Differences between expected and actual experience	(9,682,354)
Assumption or other input changes	263,689
Benefit payments	(1,102,686)
Net changes	(9,461,345)
Balance at June 30, 2018	\$ 10,404,937
Non-employer contributing entities proportionate share of the collective total OPEB liability	\$ 2,333,848
Employer's proportionate share of the collective total OPEB liability	\$ 8,071,089
Employer's proportion of the collective total OPEB liability	77.57%

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**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 \$104,179 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 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. This change in assumption decreased 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 (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate.

	<b>1% Decrease (2.62%)</b>	<b>Current Discount Rate (3.62%)</b>	<b>1% Increase (4.62%)</b>
Proportionate share of collective total OPEB liability	\$ 8,556,114	\$ 8,071,089	\$ 7,611,969

**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 (5.75% decreasing to 2.85%) or 1-percentage-point higher (7.75% decreasing to 4.85%) than the current healthcare cost trend rate.

	<b>1% Decrease (5.75% to 2.85%)</b>	<b>Current Healthcare Cost Trend Rates (6.75% to 3.85%)</b>	<b>1% Increase (7.75% to 4.85%)</b>
Proportionate share of collective total OPEB liability	\$ 7,384,804	\$ 8,071,089	\$ 8,869,095

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**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, 2019, KCS recognized OPEB expense of \$116,177. For the fiscal year ended June, 30, 2019, KCS reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 0	\$ 6,827,803
Changes in Assumptions	185,948	529,940
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.	0	781,196
Employer payments subsequent to the measurement date	859,729	(not applicable)
	<b>\$ 1,045,677</b>	<b>\$ 8,138,939</b>

The amount shown above for "Employer payments subsequent to the measurement date", 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 will be recognized in OPEB expense as follows:

**Year Ended June 30th:**

2020	\$ (810,246)
2021	\$ (810,246)
2022	\$ (810,246)
2023	\$ (810,246)
2024	\$ (810,246)
Thereafter	\$ (3,901,761)

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, 2019**

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**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 July 1, 2019, the following employees of KCS were covered by the benefit terms of the TNP.

Inactive employees currently receiving benefit payments	287
Inactive employees entitled to but not yet receiving benefit payments	107
Active employees	<u>757</u>
Total	<u><u>1,151</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 \$377,468 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, 2019**

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**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 \$19,638,393 was measured as of June 30, 2018 and was determined based on an actuarial valuation performed as of June 30, 2018, of which \$17,503,018 (89.13%) and \$2,135,375 (10.87%) represented the KCS and non-employer contributor's proportionate share respectively.

**Actuarial Methods and Assumptions**

The collective total OPEB liability in the June 30, 2018 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	0.0% for 2019, decreasing annually to an ultimate rate of 3.53% for 2052 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, 2018, valuations were the same as those employed in the July 1, 2018 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, 2012 - June 30, 2016. 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 RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% 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.

**Discount rate** - The discount rate used to measure the total OPEB liability was 3.62 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, 2019

**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, 2017	<u>\$ 27,543,782</u>
Changes for the year:	
Service cost	1,762,492
Interest	1,034,874
Benefit changes	0
Differences between expected and actual experience	(9,139,536)
Assumption or other input changes	(1,089,679)
Benefit payments	<u>(473,540)</u>
Net changes	<u>(7,905,389)</u>
Balance at June 30, 2018	<u><u>\$ 19,638,393</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	<u><u>\$ 2,135,375</u></u>
Employer's proportionate share of the collective total OPEB liability	<u><u>\$ 17,503,018</u></u>
Employer's proportion of the collective total OPEB liability	<u><u>89.13%</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 \$167,106 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 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018. 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, 2019**

**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 (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate.

	<b>1% Decrease (2.62%)</b>	<b>Current Discount Rate (3.62%)</b>	<b>1% Increase (4.62%)</b>
Proportionate share of collective total OPEB liability	\$ 20,709,163	\$ 17,503,018	\$ 14,902,457

**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 (-1.0% decreasing to 2.53 %) or 1-percentage-point higher (1.0% decreasing to 4.53 %) than the current healthcare cost trend rate.

	<b>1% Decrease (-1.0% to 2.53%)</b>	<b>Current Healthcare Cost Trend Rates (0.0% to 3.53%)</b>	<b>1% Increase (1.0% to 4.53%)</b>
Proportionate share of collective total OPEB liability	\$ 14,245,994	\$ 17,503,018	\$ 21,734,205

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

**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, 2019, KCS recognized OPEB expense of \$1,081,068. For the fiscal year ended June, 30, 2019, KCS reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 0	\$ 7,087,858
Changes in Assumptions	0	2,988,140
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.	0	332,024
Employer payments subsequent to the measurement date	377,468	(not applicable)
	\$ 377,468	\$ 10,408,022

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:**

2020	\$ (1,579,232)
2021	\$ (1,579,232)
2022	\$ (1,579,232)
2023	\$ (1,579,232)
2024	\$ (1,579,232)
Thereafter	\$ (2,511,862)

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, 2019**

**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:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
<b>Deferred Outflows Related to OPEB</b>			
Post Employment City of Kingsport	\$ 628,223	\$ 138,112	\$ 766,335
Post Employment City Schools Pre 65	1,045,677	0	1,045,677
Post Employment City Schools Post 65	377,468	0	377,468
Total Deferred Outflows Related to OPEB	<u>\$ 2,051,368</u>	<u>\$ 138,112</u>	<u>\$ 2,189,480</u>
<b>Net OPEB Liability</b>			
Post Employment City of Kingsport	\$ 22,647,819	\$ 5,362,437	\$ 28,010,256
Post Employment City Schools Pre 65	8,071,089	0	8,071,089
Post Employment City Schools Post 65	17,503,018	0	17,503,018
Total Net OPEB Liability	<u>\$ 48,221,926</u>	<u>\$ 5,362,437</u>	<u>\$ 53,584,363</u>
<b>Deferred Inflows Related to OPEB</b>			
Post Employment City of Kingsport	\$ 3,154,718	\$ 696,329	\$ 3,851,047
Post Employment City Schools Pre 65	8,138,939	0	8,138,939
Post Employment City Schools Post 65	10,408,022	0	10,408,022
Total Deferred Inflows Related to OPEB	<u>\$ 21,701,679</u>	<u>\$ 696,329</u>	<u>\$ 22,398,008</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**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 Insurance Plan**

The State of Tennessee made contribution (on-behalf payments) for retired teachers who participated in the State-administered Teacher Group Insurance Plan through TCRS. The on-behalf payments for fiscal year 2019 was \$239,744 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 2019, on-behalf payments made by the State of Tennessee totaled, \$109,619, and have been recorded as revenue and expenditure in the general purpose school fund.

During the year ended June 30, 2019, Kingsport City Schools contributed a combined total of \$817,649 for the State Teacher Group Plan and 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, 2017 and 2018, the taxes assessed on the previously mentioned taxpayer, accounted for approximately 24.3% and 23.7% 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, 2019 is valued as follows:

Note Receivable from Phipps Bend Venture	\$ 478,162
20% interest in capital of Phipps Bend Joint Venture	<u>207,767</u>
Total Investment	<u><u>\$ 685,929</u></u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**5. OTHER INFORMATION (CONTINUED)**

**G. Joint Ventures (continued)**

Audited information for the Phipps Bend joint venture as of June 30, 2019 is as follows:

	<u>Phipps Bend Joint Venture</u>
Operating Revenues	\$ 4,200
Operating Expenses	(35,916)
Non Operating Revenues	466
Non Operating Expenses	0
Capital Transactions	
Return of capital to Hawkins County	0
Accounting fees paid by Hawkins County	<u>4,000</u>
Change in Net Position	(27,250)
Net Position, July 1	<u>1,088,914</u>
Net Postion, June 30	<u><u>\$ 1,061,664</u></u>
Total Assets	\$ 2,447,213
Total Liabilities	<u>(1,385,549)</u>
Total Net Position	<u><u>\$ 1,061,664</u></u>

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, 2019**

**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, 2019 is presented below:

	<u>Tri-Cities Airport Authority</u>
Operating Revenues	\$ 7,268,899
Operating Expenses	(6,630,795)
Depreciation	(5,777,442)
Non Operating Revenues	1,474,228
Non Operating Expenses	(365,281)
Capital Contributions	<u>6,183,985</u>
Change in Net Position	2,153,594
Beginning Net Position, July 1	<u>88,877,212</u>
Net Position, June 30	<u>\$ 91,030,806</u>
Total Assets	\$ 104,765,336
Total Deferred Outflows of Resources	428,423
Total Liabilities	(14,096,108)
Total Deferred Inflows of Resources	<u>(66,845)</u>
Total Net Position	<u>\$ 91,030,806</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**5. OTHER INFORMATION (CONTINUED)**

**I. Subsequent Events**

On July 15, 2019 C&F Manufacturing made an additional payment of \$158,009 toward the loan used to purchase an industrial use facility near Tri-Cities Airport. The remaining balance on the loan as of June 30, 2019 was \$318,968. As of July 15, 2019 the balance is \$160,959.

The IDBK and City of Kingsport 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.

In October 2019 the IDBK entered into a construction loan agreement in the amount up to \$2,000,000 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.

On October 1, 2019, the IDBK and Eastman Chemical Company amended their existing lease agreement in order for Eastman to exercise its option to purchase the former AGC Glass property, with two payments payable on November 1, 2019 and January 31, 2020. The IDBK received a \$1.0 million payment on November 1, 2019, which was applied to the outstanding loan on the property. The last purchase payment requires a payment amount to equal the loan principal balance along with any and all accrued interest at loan retirement and is expected to be paid on or before January 31, 2020.

On October 15, 2019, the BMA approved a FY 2020 budget amendment ordinance in the amount of \$1,285,000 from General Fund unassigned fund balance. The purpose was to cash-fund a variety of capital projects, which included \$500,000 in additional street resurfacing. Other projects included \$80,000 for matching grant funds and improvements to City parks; \$20,000 for AED devices in public buildings; \$70,000 for building code enforcement; \$100,000 for renovations to the future city hall building; \$385,000 for information technology hardware and software improvements; and \$130,000 in downtown improvements.

On November 15, 2019, the City issued \$18,615,000 tax-exempt, General Obligation Improvement Bonds, Series 2019. These bonds were issued to finance certain projects in the City's FY 2020 Capital Improvement Program approved by the BMA. The bonds were sold at a competitive sale which resulted in a very favorable true interest cost of 2.4509% and an average coupon rate of 3.3142%. The premium on the bonds was \$1,673,195. The bonds will mature on March 1 of each year, beginning March 1, 2021, with a final maturity of March 1, 2040. The par amount of the bonds were distributed for a variety of capital improvements as follows: General Projects Fund - \$8,906,518; MeadowView Projects Fund - \$324,543; Cattails Golf Projects Fund - \$231,817; Water Projects Fund - \$5,730,508; and Sewer Projects Fund - \$3,421,614.

In conjunction with the sale of the \$18,615,000 tax-exempt, General Obligation Improvement Bonds, Series 2019, Moody's Investors Service reaffirmed the City's Aa2 rating and S & P Global Ratings reaffirmed the City's AA rating.

On December 17, 2019, the BMA approved a payment-in-lieu-of-tax (PILOT) agreement between the IDBK and Meade Real Estate, LLC. This agreement was a result of Meade Tractor locating retail and headquarter facilities within the City in the Border Region Retail Tourism Development District. At Meade's discretion, they may void the PILOT and elect to begin receiving a portion of state sales tax distributions from the IDBK for their development costs in the Border Region Tourism and Retail Development District. Meade elected to void the PILOT and begin receiving state sales tax distributions. Beginning in tax year 2019 and going forward, Meade will begin paying normal property taxes on the development.

**CITY OF KINGSPORT, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2019**

**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**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Total Pension Liability</b>					
Service Cost	\$ 3,134,841	\$ 2,928,686	\$ 2,641,482	\$ 2,561,651	\$ 2,682,495
Interest	13,948,239	14,225,977	14,899,301	15,290,619	15,337,903
Changes in Benefit Terms	0	0	0	0	0
Differences Between Actual & Expected Experience	(4,085,461)	1,727,975	(2,335,240)	(5,025,737)	556,022
Change of Assumptions	0	0	0	4,884,302	0
Benefit Payments, Including Refunds of Employee Contributions	<u>(8,744,114)</u>	<u>(9,432,488)</u>	<u>(9,803,076)</u>	<u>(10,013,182)</u>	<u>(10,285,453)</u>
<b>Net Change in Total Pension Liability</b>	4,253,505	9,450,150	5,402,467	7,697,653	8,290,967
<b>Total Pension Liability-Beginning</b>	<u>187,213,741</u>	<u>191,467,246</u>	<u>200,917,396</u>	<u>206,319,863</u>	<u>214,017,516</u>
<b>Total Pension Liability-Ending (a)</b>	<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>
<b>Plan Fiduciary Net Position</b>					
Contributions-Employer	\$ 6,099,494	\$ 5,677,773	\$ 5,449,196	\$ 5,411,825	\$ 5,297,090
Contributions-Employee	149,333	138,269	128,305	125,734	121,321
Net Investment Income	24,199,909	5,146,329	4,463,037	19,072,897	15,161,522
Benefit Payments, Including Refunds of Employee Contributions	(8,744,114)	(9,432,488)	(9,803,076)	(10,013,182)	(10,285,453)
Administrative Expense	<u>(42,145)</u>	<u>(43,337)</u>	<u>(59,140)</u>	<u>(63,078)</u>	<u>(66,245)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	21,662,477	1,486,546	178,322	14,534,196	10,228,235
<b>Plan Fiduciary Net Position-Beginning</b>	<u>147,261,088</u>	<u>168,923,565</u>	<u>170,410,111</u>	<u>170,588,433</u>	<u>185,122,629</u>
<b>Plan Fiduciary Net Position-Ending (b)</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>
<b>Net Pension Liability (Asset)- Ending (a) - (b)</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>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<u>88.23%</u>	<u>84.82%</u>	<u>82.68%</u>	<u>86.50%</u>	<u>87.87%</u>
<b>Covered Payroll</b>	<u>\$ 35,655,016</u>	<u>\$ 33,574,550</u>	<u>\$ 32,180,488</u>	<u>\$ 31,970,958</u>	<u>\$ 30,959,030</u>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<u>63.23%</u>	<u>90.86%</u>	<u>111.03%</u>	<u>90.38%</u>	<u>87.08%</u>

Changes in assumptions. 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, 2019**

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**City of Kingsport  
Schedule of Contributions  
Based on Participation in the Public Employee Pension Plan of the TCRS  
Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 6,099,494	\$ 5,677,773	\$ 5,449,196	\$ 5,390,303	\$ 5,297,090	\$ 5,734,837
Contributions in Relation to the Actuarially Determined Contribution	6,099,494	5,677,773	5,449,196	5,411,825	5,297,090	5,734,837
Contribution Deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (21,522)</u>	<u>\$ 0</u>	<u>\$ 0</u>
 Covered Payroll	 <u>\$35,655,016</u>	 <u>\$33,574,550</u>	 <u>\$32,180,488</u>	 <u>\$31,970,958</u>	 <u>\$30,959,030</u>	 <u>\$29,289,259</u>
 Contributions as a Percentage of Covered Payroll	 <u>17.11%</u>	 <u>16.91%</u>	 <u>16.93%</u>	 <u>16.93%</u>	 <u>17.11%</u>	 <u>19.58%</u>

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, 2019**

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**City of Kingsport  
Notes to Schedule  
Public Employee Pension Plan of the TCRS**

**Valuation Date**

Actuarially determined contribution rates for Fiscal Year 2019 were calculated based on the June 30, 2017 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	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation
Investment Rate of Return	7.25 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	2.25 percent

*Changes in 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, 2019**

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**Kingsport City Schools  
Schedule of Proportionate Share of Net Pension Liability (Asset)  
Teacher Legacy Pension Plan of the TCRS  
Fiscal Year Ended June 30\***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Proportion of the Net Pension Liability (Asset)	0.83%	0.86%	0.88%	0.89%	0.90%
Proportionate Share of the Net Pension Liability (Asset)	\$ (135,007)	\$ 350,455	\$ 5,468,376	\$ (291,014)	\$ (3,166,290)
Covered Payroll	\$32,610,169	\$32,026,901	\$31,586,342	\$31,441,513	\$31,507,776
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	-0.41%	1.09%	17.31%	-0.93%	-10.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

\*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, 2019**

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**Kingsport City Schools  
Schedule of Contributions  
Teacher Legacy Pension Plan of the TCRS  
Fiscal Year Ended June 30**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	\$ 2,895,779	\$ 2,895,224	\$ 2,855,408	\$ 2,842,315	\$ 2,860,906	\$ 3,248,979
Contributions in Relation to the Contractually Required Contribution	<u>2,895,779</u>	<u>2,895,224</u>	<u>2,855,408</u>	<u>2,842,315</u>	<u>2,860,906</u>	<u>3,248,979</u>
Contribution Deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	<u>\$32,610,169</u>	<u>\$32,026,901</u>	<u>\$31,586,342</u>	<u>\$31,441,513</u>	<u>\$31,507,776</u>	<u>\$31,060,985</u>
Contributions as a Percentage of Covered Payroll	<u>8.88%</u>	<u>9.04%</u>	<u>9.04%</u>	<u>9.04%</u>	<u>9.08%</u>	<u>10.46%</u>

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.

*Changes in 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, 2019**

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**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>
Proportion of the Net Pension Liability (Asset)	<u>0.42%</u>	<u>0.56%</u>	<u>0.71%</u>	<u>0.74%</u>
Proportionate Share of the Net Pension Liability (Asset)	<u>\$ (16,828)</u>	<u>\$ (58,657)</u>	<u>\$ (187,351)</u>	<u>\$ (336,181)</u>
Covered Payroll	<u>\$ 869,128</u>	<u>\$2,479,203</u>	<u>\$4,660,725</u>	<u>\$6,477,713</u>
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	<u>-1.94%</u>	<u>-2.37%</u>	<u>-4.02%</u>	<u>-5.19%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>127.46%</u>	<u>121.88%</u>	<u>126.81%</u>	<u>126.97%</u>

\*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, 2019**

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**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>
Contractually Required Contribution	\$ 21,728	\$ 62,059	\$ 186,429	\$ 105,635	\$ 288,835
Contributions in Relation to the Contractually Required Contribution	34,765	99,168	186,429	259,108	288,835
Contribution Deficiency (excess)	<u>\$ (13,037)</u>	<u>\$ (37,109)</u>	<u>\$ 0</u>	<u>\$ (153,473)</u>	<u>\$ 0</u>
Covered Payroll	<u>\$ 869,128</u>	<u>\$ 2,479,203</u>	<u>\$ 4,600,725</u>	<u>\$ 6,477,713</u>	<u>\$ 7,220,875</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>4.00%</u>

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.

*Changes in 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, 2019**

**City of Kingsport**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**City Employees Post Employment Health and Life Insurance**  
**June 30, 2019**

	<b>Primary Government - Local Plan</b>	
	<b>Plan Year 2018</b>	<b>Plan Year 2019</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 1,337,168	\$ 1,121,257
Interest on total OPEB liability	1,054,578	1,050,014
Changes in benefit terms	0	0
Difference between expected and actual experience	(3,995,091)	(955,196)
Changes in assumptions	(25,242)	875,811
Benefit payments	(773,365)	(183,288)
Net change in total OPEB liability	(2,401,952)	1,908,598
<b>Total OPEB liability - beginning</b>	<b>28,503,610</b>	<b>26,101,658</b>
<b>Total OPEB liability - ending</b>	<b>26,101,658</b>	<b>28,010,256</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	773,365	183,288
Contributions - employee	0	0
Net investment income	0	0
Benefit payments	(773,365)	(183,288)
Administrative expenses	0	0
Other	0	0
Net change in plan fiduciary net position	0	0
<b>Plan fiduciary net position - beginning</b>	<b>0</b>	<b>0</b>
<b>Plan fiduciary net position - ending</b>	<b>0</b>	<b>0</b>
<b>Net OPEB liability - ending</b>	<b>\$ 26,101,658</b>	<b>\$ 28,010,256</b>
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%
Covered payroll	\$ 32,082,945	\$ 32,104,506
Net OPEB liability as a percentage of covered payroll	81.4%	87.2%

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2018) is the first year for this presentation, no earlier data is available. Additional years will be included as they become

**CITY OF KINGSPORT, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2019**

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**City of Kingsport  
Schedule of OPEB Contributions  
City Employees Post Employment Health and Life Insurance  
June 30, 2019**

<b>Fiscal Year Ended June 30</b>	<b>Actuarially Determined Employer Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2018	\$ 773,365	\$ 773,365	\$ 0	\$ 32,082,945	2.41%
2019	\$ 183,289	\$ 183,289	\$ 0	\$ 32,104,506	0.57%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.



**CITY OF KINGSPORT, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2019**

**Kingsport City Schools  
Schedule of Changes in Net OPEB Liability and Related Ratios  
Pre 65 Employees Post Employment Health and Life Insurance  
June 30, 2019**

**Schools - Pre 65**

	<b>Plan Year 2017</b>	<b>Plan Year 2018</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 1,242,765	\$ 1,153,973
Interest on total OPEB liability	602,104	728,693
Changes in benefit terms	0	(822,660)
Difference between expected and actual experience	0	(9,682,354)
Changes in assumptions	(858,352)	263,689
Benefit payments	(994,943)	(1,102,686)
Net change in total OPEB liability	(8,426)	(9,461,345)
<b>Total OPEB liability - beginning</b>	19,874,708	19,866,282
<b>Total OPEB liability - ending</b>	19,866,282	10,404,937
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	1,757,282	116,177
Contributions - employee	0	0
Net investment income	0	0
Benefit payments	(1,757,282)	(116,177)
Administrative expenses	0	0
Other	0	0
Net change in plan fiduciary net position	0	0
<b>Plan fiduciary net position - beginning</b>	0	0
<b>Plan fiduciary net position - ending</b>	0	0
<b>Net OPEB liability - ending</b>	\$19,866,282	\$10,404,937
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%
Covered payroll	\$31,441,513	\$31,507,776
Net OPEB liability as a percentage of covered payroll	63.2%	33.0%
<b>Non-employer contributing entities proportionate share of the collective total OPEB liability</b>	\$ 3,599,631	\$ 2,333,848
<b>Employer's proportionate share of the collective total OPEB liability</b>	\$16,266,651	\$ 8,071,089
<b>Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll</b>	51.7%	25.6%

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, 2019**

**Kingsport City Schools  
Schedule of Employer's Share of Net OPEB Liability  
Pre 65 Employees Post Employment Health and Life Insurance  
June 30, 2019**

<b>Fiscal Year Ended June 30</b>	<b>Employer's Proportion of the Net OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2018	81.9%	\$ 16,266,651	\$ 31,441,513	51.7%	0.0%
2019	77.6%	\$ 8,071,089	\$ 31,507,776	25.6%	0.0%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

**Kingsport City Schools  
Schedule of OPEB Contributions  
Pre 65 Employees Post Employment Health and Life Insurance  
June 30, 2019**

<b>Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2018	\$ 1,757,282	\$ 1,757,282	\$ 0	\$ 31,441,513	5.6%
2019	\$ 116,177	\$ 116,177	\$ 0	\$ 31,507,776	0.4%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

**CITY OF KINGSPORT, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2019**

**Kingsport City Schools  
Schedule of Changes in Net OPEB Liability and Related Ratios  
Post 65 Employees Post Employment Health and Life Insurance  
June 30, 2019**

**Schools - Post 65**

	<b>Plan Year 2017</b>	<b>Plan Year 2018</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 2,165,989	\$ 1,762,492
Interest on total OPEB liability	878,623	1,034,874
Changes in benefit terms	0	0
Difference between expected and actual experience	0	(9,139,536)
Changes in assumptions	(3,180,197)	(1,089,679)
Benefit payments	(488,960)	(473,540)
Net change in total OPEB liability	(624,545)	(7,905,389)
<b>Total OPEB liability - beginning</b>	<b>28,168,327</b>	<b>27,543,782</b>
<b>Total OPEB liability - ending</b>	<b>27,543,782</b>	<b>19,638,393</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	2,656,783	1,081,068
Contributions - employee	0	
Net investment income	0	
Benefit payments	(2,656,783)	(1,081,068)
Administrative expenses	0	0
Other	0	0
Net change in plan fiduciary net position	0	0
<b>Plan fiduciary net position - beginning</b>	<b>0</b>	<b>0</b>
<b>Plan fiduciary net position - ending</b>	<b>0</b>	<b>0</b>
<b>Net OPEB liability - ending</b>	<b>\$27,543,782</b>	<b>\$19,638,393</b>
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%
Covered payroll	\$31,441,513	\$31,507,776
Net OPEB liability as a percentage of covered payroll	87.6%	62.3%
<b>Non-employer contributing entities proportionate share of the collective total OPEB liability</b>	<b>\$ 2,725,511</b>	<b>\$ 2,135,375</b>
<b>Employer's proportionate share of the collective total OPEB liability</b>	<b>\$24,818,271</b>	<b>\$17,503,018</b>
<b>Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll</b>	<b>78.9%</b>	<b>55.6%</b>

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, 2019**

**Kingsport City Schools  
Schedule of Employer's Share of Net OPEB Liability  
Post 65 Employees Post Employment Health and Life Insurance  
June 30, 2019**

<b>Fiscal Year Ended June 30</b>	<b>Employer's Proportion of the Net OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2018	90.1%	\$ 24,818,270	\$ 31,441,513	78.9%	0.0%
2019	89.1%	\$ 17,503,018	\$ 31,507,776	55.6%	0.0%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

**Kingsport City Schools  
Schedule of OPEB Contributions  
Post 65 Employees Post Employment Health and Life Insurance  
June 30, 2019**

<b>Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2018	\$ 2,656,783	\$ 2,656,783	\$ 0	\$ 31,441,513	8.4%
2019	\$ 1,081,068	\$ 1,081,068	\$ 0	\$ 31,507,776	3.4%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

**C. COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

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**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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Investment Earnings	\$ 249,800	\$ 249,800	\$ 474,776	\$ 224,976
Federal Interest Subsidy	167,400	167,400	192,979	25,579
<b>Total Revenues</b>	<u>417,200</u>	<u>417,200</u>	<u>667,755</u>	<u>250,555</u>
<b>EXPENDITURES:</b>				
Principal	8,572,900	8,529,859	8,529,857	2
Interest	4,357,700	4,370,741	4,368,020	2,721
Arbitrage Expense	0	41,586	41,586	0
Miscellaneous	17,900	17,314	13,740	3,574
<b>Total Expenditures</b>	<u>12,948,500</u>	<u>12,959,500</u>	<u>12,953,203</u>	<u>6,297</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,531,300)</u>	<u>(12,542,300)</u>	<u>(12,285,448)</u>	<u>256,852</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>12,531,300</u>	<u>12,531,300</u>	<u>12,343,231</u>	<u>(188,069)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>12,531,300</u>	<u>12,531,300</u>	<u>12,343,231</u>	<u>(188,069)</u>
<b>Net Change in Fund Balances</b>	0	(11,000)	57,783	68,783
Fund Balances, July 1, 2018	<u>0</u>	<u>11,000</u>	<u>362,879</u>	<u>351,879</u>
Fund Balances, June 30, 2019	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 420,662</u></u>	<u><u>\$ 420,662</u></u>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2019

	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	
<b>ASSETS:</b>									
Cash	\$ 0	\$ 0	\$ 356	\$ 100	\$ 209	\$ 1,965,607	\$ 1,966,272	\$ 0	\$ 1,966,272
Equity in Pooled Cash & Investments	0	322,486	618,595	292,124	247,791	317,950	1,798,946	4,038	1,802,984
Long Term Certificates of Deposit	0	0	0	0	0	98,000	98,000	152,692	250,692
Investments	0	0	0	0	417,577	68,769	486,346	50,293	536,639
Accounts Receivable	0	0	0	0	61,351	60,580	121,931	0	121,931
Accrued Interest Receivable	0	0	0	0	0	0	0	141	141
Due from Other Governments	152,892	9,121	24,030	955,799	681,616	1,268,904	3,092,362	0	3,092,362
Due from Other Funds	0	0	0	0	0	0	0	0	0
Inventories	0	0	0	0	0	200,406	200,406	0	200,406
Restricted Cash	0	0	0	0	0	0	0	0	0
Restricted Investments	0	0	86,776	0	0	0	86,776	0	86,776
<b>Total Assets</b>	<b>\$ 152,892</b>	<b>\$ 331,607</b>	<b>\$ 729,757</b>	<b>\$ 1,248,023</b>	<b>\$ 1,408,544</b>	<b>\$ 3,980,216</b>	<b>\$ 7,851,039</b>	<b>\$ 207,164</b>	<b>\$ 8,058,203</b>
<b>LIABILITIES AND FUND BALANCES:</b>									
<b>Liabilities:</b>									
Accounts Payable	\$ 21,572	\$ 7,972	\$ 410	\$ 275,641	\$ 34,613	\$ 233,181	\$ 573,389	\$ 0	\$ 573,389
Contracts Payable	0	1,055	0	0	0	0	1,055	0	1,055
Other Liabilities	0	0	0	0	0	5,731	5,731	0	5,731
Due to Other Funds	114,849	0	23,284	139,422	174,386	753,972	1,205,913	0	1,205,913
Due to Other Governments	0	0	0	0	87	0	87	0	87
Unearned Revenue	0	1,697	40,181	0	0	61,618	103,496	0	103,496
<b>Total Liabilities</b>	<b>136,421</b>	<b>10,724</b>	<b>63,875</b>	<b>415,063</b>	<b>209,086</b>	<b>1,054,502</b>	<b>1,889,671</b>	<b>0</b>	<b>1,889,671</b>
<b>Fund Balances:</b>									
<b>Nonspendable:</b>									
Inventory	0	0	0	0	0	200,406	200,406	0	200,406
Allandale Trust Principal	0	0	0	0	0	0	0	152,692	152,692
<b>Restricted:</b>									
Unspent Federal Forfeitures	0	0	86,776	0	0	0	86,776	0	86,776
Unspent Hotel Tax	0	0	0	0	149,796	0	149,796	0	149,796
Assigned	16,471	320,883	579,106	832,960	1,049,662	2,725,308	5,524,390	54,472	5,578,862
<b>Total Fund Balances</b>	<b>16,471</b>	<b>320,883</b>	<b>665,882</b>	<b>832,960</b>	<b>1,199,458</b>	<b>2,925,714</b>	<b>5,961,368</b>	<b>207,164</b>	<b>6,168,532</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 152,892</b>	<b>\$ 331,607</b>	<b>\$ 729,757</b>	<b>\$ 1,248,023</b>	<b>\$ 1,408,544</b>	<b>\$ 3,980,216</b>	<b>\$ 7,851,039</b>	<b>\$ 207,164</b>	<b>\$ 8,058,203</b>

See Independent Auditors' Report.

CITY OF KINGSPORT, TENNESSEE  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds						Permanent Fund		
	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	Total Nonmajor Governmental Funds
<b>REVENUES:</b>									
Local Option Sales Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,880,745	\$ 0	\$ 3,880,745	\$ 0	\$ 3,880,745
Hotel/Motel Tax Allocation	0	0	0	0	436,007	0	436,007	0	436,007
Federal Government	361,673	30,098	44,314	1,709,356	0	7,178,606	9,324,047	0	9,324,047
State Government	0	60,187	0	2,391,395	0	1,076,917	3,528,499	0	3,528,499
County Government	0	0	0	0	15,000	0	15,000	0	15,000
Charges for Services	0	0	0	137,499	272,577	913,334	1,323,410	0	1,323,410
Fines and Forfeitures	0	21,850	255,645	0	20,591	0	298,086	0	298,086
Investment Earnings	0	0	1,810	0	10,111	3,129	15,050	4,850	19,900
Contributions and Donations	0	11,313	0	0	135,850	183,432	330,595	0	330,595
Other	0	0	0	0	89	0	89	0	89
<b>Total Revenues</b>	<b>361,673</b>	<b>123,448</b>	<b>301,769</b>	<b>4,238,250</b>	<b>4,770,970</b>	<b>9,355,418</b>	<b>19,151,528</b>	<b>4,850</b>	<b>19,156,378</b>
<b>EXPENDITURES:</b>									
General & Administrative	0	408,694	0	0	0	0	408,694	0	408,694
School Food Service	0	0	0	0	0	3,510,568	3,510,568	0	3,510,568
School Federal Projects	0	0	0	0	0	4,169,318	4,169,318	0	4,169,318
Economic & Physical Development	361,673	0	0	0	0	0	361,673	0	361,673
Public Safety	0	0	93,315	0	0	0	93,315	0	93,315
Transportation	0	0	0	4,456,199	0	0	4,456,199	0	4,456,199
Culture and Recreation	0	0	0	0	1,844,370	0	1,844,370	0	1,844,370
Education	0	0	0	0	0	1,104,175	1,104,175	0	1,104,175
Capital Outlay	0	0	58,833	804,697	12,815	559,991	1,436,336	0	1,436,336
<b>Total Expenditures</b>	<b>361,673</b>	<b>408,694</b>	<b>152,148</b>	<b>5,260,896</b>	<b>1,857,185</b>	<b>9,344,052</b>	<b>17,384,648</b>	<b>0</b>	<b>17,384,648</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(285,246)	149,621	(1,022,646)	2,913,785	11,366	1,766,880	4,850	1,771,730
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers In	0	(836,132)	0	1,205,371	1,328,900	214,708	1,912,847	0	1,912,847
Transfers Out	0	0	0	0	(4,158,551)	(119,335)	(4,277,886)	0	(4,277,886)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(836,132)</b>	<b>0</b>	<b>1,205,371</b>	<b>(2,829,651)</b>	<b>95,373</b>	<b>(2,365,039)</b>	<b>0</b>	<b>(2,365,039)</b>
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>(1,121,378)</b>	<b>149,621</b>	<b>182,725</b>	<b>84,134</b>	<b>106,739</b>	<b>(598,159)</b>	<b>4,850</b>	<b>(593,309)</b>
Fund Balances, July 1, 2018	16,471	1,442,261	516,261	650,235	1,115,324	2,818,975	6,559,527	202,314	6,761,841
<b>Fund Balances, June 30, 2019</b>	<b>\$ 16,471</b>	<b>\$ 320,883</b>	<b>\$ 665,882</b>	<b>\$ 832,960</b>	<b>\$ 1,199,458</b>	<b>\$ 2,925,714</b>	<b>\$ 5,961,368</b>	<b>\$ 207,164</b>	<b>\$ 6,168,532</b>

See Independent Auditors' Report.



**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - PUBLIC SAFETY**  
**June 30, 2019**

	<b>Criminal Forfeiture Fund</b>	<b>Drug Fund</b>	<b>Justice Assistance Grant Fund</b>	<b>Total Public Safety Funds</b>
<b>ASSETS:</b>				
Cash	\$ 0	\$ 356	\$ 0	\$ 356
Equity in Pooled Cash and Investments	200,767	417,828	0	618,595
Due from Other Governments	0	746	23,284	24,030
Restricted Investments	86,776	0	0	86,776
<b>Total Assets</b>	<b>\$ 287,543</b>	<b>\$ 418,930</b>	<b>\$ 23,284</b>	<b>\$ 729,757</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 410	\$ 0	\$ 410
Due to Other Funds	0	0	23,284	23,284
Unearned Revenue	0	40,181	0	40,181
<b>Total Liabilities</b>	<b>0</b>	<b>40,591</b>	<b>23,284</b>	<b>63,875</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Unspent Federal Forfeitures	86,776	0	0	86,776
Assigned	200,767	378,339	0	579,106
<b>Total Fund Balances</b>	<b>287,543</b>	<b>378,339</b>	<b>0</b>	<b>665,882</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 287,543</b>	<b>\$ 418,930</b>	<b>\$ 23,284</b>	<b>\$ 729,757</b>

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, 2019**

	<b>Criminal Forfeiture Fund</b>	<b>Drug Fund</b>	<b>Justice Assistance Grant Fund</b>	<b>Total Public Safety Funds</b>
<b>REVENUES:</b>				
Federal Government	\$ 0	\$ 0	\$ 44,314	\$ 44,314
State Government	0	0	0	0
Fines and Forfeitures	113,477	142,168	0	255,645
Miscellaneous	0	0	0	0
Investment Earnings	1,810	0	0	1,810
<b>Total Revenues</b>	<b>115,287</b>	<b>142,168</b>	<b>44,314</b>	<b>301,769</b>
<b>EXPENDITURES:</b>				
General and Administrative	0	0	0	0
Public Safety	2,719	90,596	0	93,315
Capital Outlay	14,519	0	44,314	58,833
<b>Total Expenditures</b>	<b>17,238</b>	<b>90,596</b>	<b>44,314</b>	<b>152,148</b>
<b>(Under) Expenditures</b>	<b>98,049</b>	<b>51,572</b>	<b>0</b>	<b>149,621</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>98,049</b>	<b>51,572</b>	<b>0</b>	<b>149,621</b>
Fund Balances, July 1, 2018	189,494	326,767	0	516,261
Fund Balances, June 30, 2019	<u>\$ 287,543</u>	<u>\$ 378,339</u>	<u>\$ 0</u>	<u>\$ 665,882</u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - TRANSPORTATION**  
**June 30, 2019**

	<b>Federal Transit Administration Fund</b>	<b>Metropolitan Planning Office Fund</b>	<b>State Street Aid Fund</b>	<b>Total Transportation Funds</b>
<b>ASSETS:</b>				
Cash	\$ 100	\$ 0	\$ 0	\$ 100
Equity in Pooled Cash and Investments	292,124	0	0	292,124
Due from Other Governments	532,264	112,277	311,258	955,799
<b>Total Assets</b>	<b>\$ 824,488</b>	<b>\$ 112,277</b>	<b>\$ 311,258</b>	<b>\$ 1,248,023</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 40,913	\$ 4,972	\$ 229,756	\$ 275,641
Due to Other Governments	0	0	0	0
Due to Other Funds	0	60,602	78,820	139,422
<b>Total Liabilities</b>	<b>40,913</b>	<b>65,574</b>	<b>308,576</b>	<b>415,063</b>
<b>Fund Balances:</b>				
Assigned	783,575	46,703	2,682	832,960
<b>Total Fund Balances</b>	<b>783,575</b>	<b>46,703</b>	<b>2,682</b>	<b>832,960</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 824,488</b>	<b>\$ 112,277</b>	<b>\$ 311,258</b>	<b>\$ 1,248,023</b>

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, 2019**

	<b>Federal Transit Administration Fund</b>	<b>Metropolitan Planning Office Fund</b>	<b>State Street Aid Fund</b>	<b>Total Transportation Funds</b>
<b>REVENUES:</b>				
Federal Government	\$ 799,881	\$ 909,475	\$ 0	\$ 1,709,356
State Government	512,220	78,503	1,800,672	2,391,395
Charges for Services	137,499	0	0	137,499
Investment Earnings	0	0	0	0
<b>Total Revenues</b>	<b>1,449,600</b>	<b>987,978</b>	<b>1,800,672</b>	<b>4,238,250</b>
<b>EXPENDITURES:</b>				
Transportation	1,676,756	352,464	2,426,979	4,456,199
Capital Outlay	247	689,124	115,326	804,697
<b>Total Expenditures</b>	<b>1,677,003</b>	<b>1,041,588</b>	<b>2,542,305</b>	<b>5,260,896</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(227,403)	(53,610)	(741,633)	(1,022,646)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	408,900	54,838	741,633	1,205,371
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>408,900</b>	<b>54,838</b>	<b>741,633</b>	<b>1,205,371</b>
<b>Net Change in Fund Balances</b>	<b>181,497</b>	<b>1,228</b>	<b>0</b>	<b>182,725</b>
Fund Balances, July 1, 2018	602,078	45,475	2,682	650,235
<b>Fund Balances, June 30, 2019</b>	<b>\$ 783,575</b>	<b>\$ 46,703</b>	<b>\$ 2,682</b>	<b>\$ 832,960</b>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - CULTURE AND RECREATION**  
**June 30, 2019**

	Regional Sales Tax Revenue Fund	Visitors Enhancement 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
<b>ASSETS:</b>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 51	\$ 0	\$ 158	\$ 209
Equity in Pooled Cash & Investments	0	104,206	410	691	69,124	19,271	54,089	247,791
Investments	150	0	8,129	4,311	0	218,814	186,173	417,577
Accounts Receivable	0	45,980	0	0	0	0	15,371	61,351
Due from Other Governments	666,616	0	0	0	15,000	0	0	681,616
Due from Other Funds	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 666,766</b>	<b>\$ 150,186</b>	<b>\$ 8,539</b>	<b>\$ 5,002</b>	<b>\$ 84,175</b>	<b>\$ 238,085</b>	<b>\$ 255,791</b>	<b>\$ 1,408,544</b>
<b>LIABILITIES AND FUND BALANCES:</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ 0	\$ 390	\$ 120	\$ 0	\$ 21,725	\$ 3,741	\$ 8,637	\$ 34,613
Due to Other Governments	0	0	0	0	73	0	14	87
Due to Other Funds	174,386	0	0	0	0	0	0	174,386
<b>Total Liabilities</b>	<b>174,386</b>	<b>390</b>	<b>120</b>	<b>0</b>	<b>21,798</b>	<b>3,741</b>	<b>8,651</b>	<b>209,086</b>
<b>Fund Balances:</b>								
<b>Restricted For:</b>								
Unspent Hotel Tax	0	149,796	0	0	0	0	0	149,796
Assigned	492,380	0	8,419	5,002	62,377	234,344	247,140	1,049,662
<b>Total Fund Balances</b>	<b>492,380</b>	<b>149,796</b>	<b>8,419</b>	<b>5,002</b>	<b>62,377</b>	<b>234,344</b>	<b>247,140</b>	<b>1,199,458</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 666,766</b>	<b>\$ 150,186</b>	<b>\$ 8,539</b>	<b>\$ 5,002</b>	<b>\$ 84,175</b>	<b>\$ 238,085</b>	<b>\$ 255,791</b>	<b>\$ 1,408,544</b>

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, 2019

	Regional Sales Tax Revenue Fund	Visitors Enhancement 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
<b>REVENUES:</b>								
Local Option Sales Tax	\$ 3,880,745	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,880,745
Hotel/Motel Tax Allocation	0	436,007	0	0	0	0	0	436,007
County Government	0	0	0	0	15,000	0	0	15,000
Charges for Services	0	0	0	0	10,391	0	262,186	272,577
Investment Earnings	2,586	0	178	95	0	4,253	2,999	10,111
Contributions and Donations	0	0	0	581	2,853	27,439	104,977	135,850
Fines and Forfeitures	0	0	0	0	20,591	0	0	20,591
Other	0	0	0	0	88	0	1	89
<b>Total Revenues</b>	<b>3,883,331</b>	<b>436,007</b>	<b>178</b>	<b>676</b>	<b>48,923</b>	<b>31,692</b>	<b>370,163</b>	<b>4,770,970</b>
<b>EXPENDITURES:</b>								
Culture and Recreation	0	149,403	716	0	1,362,600	20,205	311,446	1,844,370
Capital Outlay	0	12,815	0	0	0	0	0	12,815
<b>Total Expenditures</b>	<b>0</b>	<b>162,218</b>	<b>716</b>	<b>0</b>	<b>1,362,600</b>	<b>20,205</b>	<b>311,446</b>	<b>1,857,185</b>
(Under) Expenditures	3,883,331	273,789	(538)	676	(1,313,677)	11,487	58,717	2,913,785
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers In	0	0	0	0	1,328,900	0	0	1,328,900
Transfers Out	(3,818,592)	(339,959)	0	0	0	0	0	(4,158,551)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,818,592)</b>	<b>(339,959)</b>	<b>0</b>	<b>0</b>	<b>1,328,900</b>	<b>0</b>	<b>0</b>	<b>(2,829,651)</b>
<b>Net Change in Fund Balances</b>	<b>64,739</b>	<b>(66,170)</b>	<b>(538)</b>	<b>676</b>	<b>15,223</b>	<b>11,487</b>	<b>58,717</b>	<b>84,134</b>
Fund Balances, July 1, 2018	427,641	215,966	8,957	4,326	47,154	222,857	188,423	1,115,324
<b>Fund Balances, June 30, 2019</b>	<b>\$ 492,380</b>	<b>\$ 149,796</b>	<b>\$ 8,419</b>	<b>\$ 5,002</b>	<b>\$ 62,377</b>	<b>\$ 234,344</b>	<b>\$ 247,140</b>	<b>\$ 1,199,458</b>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - EDUCATION**  
**June 30, 2019**

	<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>Total Education Funds</u>
<b>ASSETS:</b>					
Cash	\$ 1,965,607	\$ 0	\$ 0	\$ 0	\$ 1,965,607
Equity in Pooled Cash and Investments	317,950	0	0	0	317,950
Long Term Certificates of Deposit	98,000	0	0	0	98,000
Investments	0	0	0	68,769	68,769
Accounts Receivable	0	60,580	0	0	60,580
Due from Other Governments	323,384	265,515	680,005	0	1,268,904
Prepays	0	0	0	0	0
Inventories	200,406	0	0	0	200,406
<b>Total Assets</b>	<u>\$ 2,905,347</u>	<u>\$ 326,095</u>	<u>\$ 680,005</u>	<u>\$ 68,769</u>	<u>\$ 3,980,216</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 55,790	\$ 125,169	\$ 52,222	\$ 0	\$ 233,181
Other Liabilities	0	0	5,731	0	5,731
Due to Other Funds	0	131,920	622,052	0	753,972
Due to Other Governments	0	0	0	0	0
Unearned Revenue	47,998	13,620	0	0	61,618
<b>Total Liabilities</b>	<u>103,788</u>	<u>270,709</u>	<u>680,005</u>	<u>0</u>	<u>1,054,502</u>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	200,406	0	0	0	200,406
Prepays	0	0	0	0	0
Assigned	2,601,153	55,386	0	68,769	2,725,308
<b>Total Fund Balances</b>	<u>2,801,559</u>	<u>55,386</u>	<u>0</u>	<u>68,769</u>	<u>2,925,714</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,905,347</u>	<u>\$ 326,095</u>	<u>\$ 680,005</u>	<u>\$ 68,769</u>	<u>\$ 3,980,216</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, 2019**

	<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>Total Education Funds</u>
<b>REVENUES:</b>					
Federal Government	\$ 2,739,948	\$ 0	\$ 4,438,658	\$ 0	\$ 7,178,606
State Government	31,854	1,045,063	0	0	1,076,917
Charges for Services	763,523	149,811	0	0	913,334
Investment Earnings	1,622	0	0	1,507	3,129
Contributions and Donations	183,432	0	0	0	183,432
<b>Total Revenues</b>	<u>3,720,379</u>	<u>1,194,874</u>	<u>4,438,658</u>	<u>1,507</u>	<u>9,355,418</u>
<b>EXPENDITURES:</b>					
School Food Service	3,510,568	0	0	0	3,510,568
School Federal Projects	0	0	4,169,318	0	4,169,318
Education	0	1,104,175	0	0	1,104,175
Capital Outlay	152,347	210,702	196,942	0	559,991
<b>Total Expenditures</b>	<u>3,662,915</u>	<u>1,314,877</u>	<u>4,366,260</u>	<u>0</u>	<u>9,344,052</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>57,464</u>	<u>(120,003)</u>	<u>72,398</u>	<u>1,507</u>	<u>11,366</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	0	167,771	46,937	0	214,708
Transfers Out	0	0	(119,335)	0	(119,335)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>167,771</u>	<u>(72,398)</u>	<u>0</u>	<u>95,373</u>
<b>Net Change in Fund Balances</b>	<u>57,464</u>	<u>47,768</u>	<u>0</u>	<u>1,507</u>	<u>106,739</u>
<b>Fund Balances, July 1, 2018</b>	<u>2,744,095</u>	<u>7,618</u>	<u>0</u>	<u>67,262</u>	<u>2,818,975</u>
<b>Fund Balances, June 30, 2019</b>	<u>\$ 2,801,559</u>	<u>\$ 55,386</u>	<u>\$ 0</u>	<u>\$ 68,769</u>	<u>\$ 2,925,714</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Federal Government	\$ 0	\$ 0	\$ 0	\$ 0
Fines and Forfeitures	6,000	6,000	113,477	107,477
Investment Earnings	0	0	1,810	1,810
Contributions and Donations	0	0	0	0
<b>Total Revenues</b>	<u>6,000</u>	<u>6,000</u>	<u>115,287</u>	<u>109,287</u>
<b>EXPENDITURES:</b>				
Public Safety	6,000	6,000	2,719	3,281
Capital Outlay	0	80,000	14,519	65,481
<b>Total Expenditures</b>	<u>6,000</u>	<u>86,000</u>	<u>17,238</u>	<u>68,762</u>
(Under) Expenditures	<u>0</u>	<u>(80,000)</u>	<u>98,049</u>	<u>178,049</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	(80,000)	98,049	178,049
Fund Balances, July 1, 2018	<u>0</u>	<u>80,000</u>	<u>189,494</u>	<u>109,494</u>
Fund Balances, June 30, 2019	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 287,543</u>	<u>\$ 287,543</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
State Government	\$ 0	\$ 0	\$ 0	\$ 0
Federal Government	0	0	0	0
Fines and Forfeitures	96,300	96,300	142,168	45,868
Contributions and Donations	0	0	0	0
Miscellaneous	0	0	0	0
<b>Total Revenues</b>	<u>96,300</u>	<u>96,300</u>	<u>142,168</u>	<u>45,868</u>
<b>EXPENDITURES:</b>				
General and Administrative	0	0	0	0
Public Safety	107,100	128,265	90,596	37,669
Capital Outlay	50,000	28,835	0	28,835
<b>Total Expenditures</b>	<u>157,100</u>	<u>157,100</u>	<u>90,596</u>	<u>66,504</u>
(Under) Expenditures	<u>(60,800)</u>	<u>(60,800)</u>	<u>51,572</u>	<u>112,372</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u>(60,800)</u>	<u>(60,800)</u>	<u>51,572</u>	<u>112,372</u>
Fund Balances, July 1, 2018	<u>60,800</u>	<u>60,800</u>	<u>326,767</u>	<u>265,967</u>
Fund Balances, June 30, 2019	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 378,339</u>	<u>\$ 378,339</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
State Government	\$ 1,728,800	\$ 1,728,800	\$ 1,800,672	\$ 71,872
Investment Earnings	0	0	0	0
Miscellaneous	0	0	0	0
<b>Total Revenues</b>	<u>1,728,800</u>	<u>1,728,800</u>	<u>1,800,672</u>	<u>71,872</u>
<b>EXPENDITURES:</b>				
Highways and Streets	2,792,000	2,855,848	2,426,979	428,869
Capital Outlay	0	115,327	115,326	1
<b>Total Expenditures</b>	<u>2,792,000</u>	<u>2,971,175</u>	<u>2,542,305</u>	<u>428,870</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,063,200)</u>	<u>(1,242,375)</u>	<u>(741,633)</u>	<u>500,742</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,063,200	1,063,200	741,633	(321,567)
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>1,063,200</u>	<u>1,063,200</u>	<u>741,633</u>	<u>(321,567)</u>
<b>Net Change in Fund Balances</b>	0	(179,175)	0	179,175
Fund Balances, July 1, 2018	<u>0</u>	<u>179,175</u>	<u>2,682</u>	<u>(176,493)</u>
<b>Fund Balances, June 30, 2019</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,682</u>	<u>\$ 2,682</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Local Option Sales Tax	\$ 3,828,200	\$ 3,828,200	\$ 3,880,745	\$ 52,545
Investment Earnings	0	0	2,586	2,586
Total Revenues	<u>3,828,200</u>	<u>3,828,200</u>	<u>3,883,331</u>	<u>55,131</u>
<b>EXPENDITURES:</b>				
Culture and Recreation	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,828,200</u>	<u>3,828,200</u>	<u>3,883,331</u>	<u>55,131</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	0	0	0	0
Transfers Out	<u>(3,828,200)</u>	<u>(3,828,200)</u>	<u>(3,818,592)</u>	<u>9,608</u>
Total Other Financing Sources (Uses)	<u>(3,828,200)</u>	<u>(3,828,200)</u>	<u>(3,818,592)</u>	<u>9,608</u>
Net Change in Fund Balances	0	0	64,739	64,739
Fund Balances, July 1, 2018	<u>0</u>	<u>0</u>	<u>427,641</u>	<u>427,641</u>
Fund Balances, June 30, 2019	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 492,380</u></u>	<u><u>\$ 492,380</u></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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Taxes	\$ 415,000	\$ 427,500	\$ 436,007	\$ 8,507
Other	0	0	0	0
Total Revenues	<u>415,000</u>	<u>427,500</u>	<u>436,007</u>	<u>8,507</u>
<b>EXPENDITURES:</b>				
Culture and Recreation	147,000	149,553	149,403	150
Capital Outlay	0	41,365	12,815	28,550
Total Expenditures	<u>147,000</u>	<u>190,918</u>	<u>162,218</u>	<u>28,700</u>
(Under) Expenditures	<u>268,000</u>	<u>236,582</u>	<u>273,789</u>	<u>37,207</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	0	0	0	0
Transfers Out	(268,000)	(352,547)	(339,959)	12,588
Total Other Financing Sources (Uses)	<u>(268,000)</u>	<u>(352,547)</u>	<u>(339,959)</u>	<u>12,588</u>
Net Change in Fund Balances	0	(115,965)	(66,170)	49,795
Fund Balances, July 1, 2018	<u>0</u>	<u>115,965</u>	<u>215,966</u>	<u>100,001</u>
Fund Balances, June 30, 2019	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 149,796</u>	<u>\$ 149,796</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Investment Earnings	\$ 50	\$ 50	\$ 178	\$ 128
Total Revenues	<u>50</u>	<u>50</u>	<u>178</u>	<u>128</u>
<b>EXPENDITURES:</b>				
Culture and Recreation	<u>2,550</u>	<u>2,550</u>	<u>716</u>	<u>1,834</u>
Total Expenditures	<u>2,550</u>	<u>2,550</u>	<u>716</u>	<u>1,834</u>
(Under) Expenditures	<u>(2,500)</u>	<u>(2,500)</u>	<u>(538)</u>	<u>1,962</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
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)	(2,500)	(538)	1,962
Fund Balances, July 1, 2018	<u>2,500</u>	<u>2,500</u>	<u>8,957</u>	<u>6,457</u>
Fund Balances, June 30, 2019	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 8,419</u></u>	<u><u>\$ 8,419</u></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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Investment Earnings	\$ 10	\$ 10	\$ 95	\$ 85
Contributions and Donations	0	0	581	581
<b>Total Revenues</b>	<u>10</u>	<u>10</u>	<u>676</u>	<u>666</u>
<b>EXPENDITURES:</b>				
Culture and Recreation	10	10	0	10
<b>Total Expenditures</b>	<u>10</u>	<u>10</u>	<u>0</u>	<u>10</u>
(Under) Expenditures	<u>0</u>	<u>0</u>	<u>676</u>	<u>676</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	676	676
Fund Balances, July 1, 2018	<u>0</u>	<u>0</u>	<u>4,326</u>	<u>4,326</u>
Fund Balances, June 30, 2019	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 5,002</u></u>	<u><u>\$ 5,002</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Charges for Services	\$ 11,200	\$ 11,200	\$ 10,391	\$ (809)
County Government	15,000	15,000	15,000	0
Fines and Forfeitures	21,800	21,800	20,591	(1,209)
Investment Earnings	0	0	0	0
Other	0	0	88	88
Contributions and Donations	0	2,408	2,853	445
<b>Total Revenues</b>	<u>48,000</u>	<u>50,408</u>	<u>48,923</u>	<u>(1,485)</u>
<b>EXPENDITURES:</b>				
Culture and Recreation	1,376,900	1,388,906	1,362,600	26,306
<b>Total Expenditures</b>	<u>1,376,900</u>	<u>1,388,906</u>	<u>1,362,600</u>	<u>26,306</u>
(Under) Expenditures	<u>(1,328,900)</u>	<u>(1,338,498)</u>	<u>(1,313,677)</u>	<u>24,821</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,328,900	1,328,900	1,328,900	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>1,328,900</u>	<u>1,328,900</u>	<u>1,328,900</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	(9,598)	15,223	24,821
Fund Balances, July 1, 2018	<u>0</u>	<u>9,598</u>	<u>47,154</u>	<u>37,556</u>
Fund Balances, June 30, 2019	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 62,377</u>	<u>\$ 62,377</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Investment Earnings	\$ 100	\$ 100	\$ 4,253	\$ 4,153
Contributions and Donations	15,000	15,000	27,439	12,439
Total Revenues	<u>15,100</u>	<u>15,100</u>	<u>31,692</u>	<u>16,592</u>
<b>EXPENDITURES:</b>				
Culture and Recreation	56,500	56,500	20,205	36,295
Total Expenditures	<u>56,500</u>	<u>56,500</u>	<u>20,205</u>	<u>36,295</u>
(Under) Expenditures	<u>(41,400)</u>	<u>(41,400)</u>	<u>11,487</u>	<u>52,887</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
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	(41,400)	(41,400)	11,487	52,887
Fund Balances, July 1, 2018	<u>41,400</u>	<u>41,400</u>	<u>222,857</u>	<u>181,457</u>
Fund Balances, June 30, 2019	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 234,344</u></u>	<u><u>\$ 234,344</u></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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Charges for Services	\$ 308,800	\$ 308,800	\$ 262,186	\$ (46,614)
Investment Earnings	100	100	2,999	2,899
Contributions and Donations	65,400	65,400	104,977	39,577
Other	0	0	1	1
<b>Total Revenues</b>	<u>374,300</u>	<u>374,300</u>	<u>370,163</u>	<u>(4,137)</u>
<b>EXPENDITURES:</b>				
Capital Outlay	0	0	0	0
Culture and Recreation	374,300	374,300	311,446	62,854
<b>Total Expenditures</b>	<u>374,300</u>	<u>374,300</u>	<u>311,446</u>	<u>62,854</u>
(Under) Expenditures	<u>0</u>	<u>0</u>	<u>58,717</u>	<u>58,717</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u>0</u>	<u>0</u>	<u>58,717</u>	<u>58,717</u>
Fund Balances, July 1, 2018	<u>0</u>	<u>0</u>	<u>188,423</u>	<u>188,423</u>
<b>Fund Balances, June 30, 2019</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 247,140</u></u>	<u><u>\$ 247,140</u></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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Federal Government	\$ 2,470,200	\$ 2,470,200	\$ 2,739,948	\$ 269,748
State Government	26,500	26,500	31,854	5,354
Charges for Services	730,500	730,500	763,523	33,023
Investment Earnings	0	0	1,622	1,622
Contributions and Donations	216,000	216,000	183,432	(32,568)
<b>Total Revenues</b>	<u>3,443,200</u>	<u>3,443,200</u>	<u>3,720,379</u>	<u>277,179</u>
<b>EXPENDITURES:</b>				
School Food Service	3,346,200	3,581,008	3,510,568	70,440
Capital Outlay	847,000	715,366	152,347	563,019
<b>Total Expenditures</b>	<u>4,193,200</u>	<u>4,296,374</u>	<u>3,662,915</u>	<u>633,459</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(750,000)</u>	<u>(853,174)</u>	<u>57,464</u>	<u>910,638</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u>(750,000)</u>	<u>(853,174)</u>	<u>57,464</u>	<u>910,638</u>
Fund Balances, July 1, 2018	<u>750,000</u>	<u>853,174</u>	<u>2,744,095</u>	<u>1,890,921</u>
Fund Balances, June 30, 2019	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,801,559</u>	<u>\$ 2,801,559</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, 2019**

	<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	\$ 1,507	\$ 1,407
Total Revenues	<u>100</u>	<u>100</u>	<u>1,507</u>	<u>1,407</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>1,507</u>	<u>1,507</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	1,507	1,507
Fund Balances, July 1, 2018	<u>0</u>	<u>0</u>	<u>67,262</u>	<u>67,262</u>
Fund Balances, June 30, 2019	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 68,769</u></u>	<u><u>\$ 68,769</u></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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Investment Earnings	\$ 2,500	\$ 2,500	\$ 4,850	\$ 2,350
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>4,850</u>	<u>2,350</u>
<b>EXPENDITURES:</b>				
Culture and Recreation	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Total Expenditures	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>4,850</u>	<u>4,850</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
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	4,850	4,850
Fund Balances, July 1, 2018	<u>0</u>	<u>0</u>	<u>202,314</u>	<u>202,314</u>
Fund Balances, June 30, 2019	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 207,164</u></u>	<u><u>\$ 207,164</u></u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2019**

	<b>Solid Waste Management Fund</b>	<b>Storm Water Management Fund</b>	<b>Cattails at MeadowView Golf Course Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash	\$ 1,031	\$ 0	\$ 0	\$ 1,031
Equity in Pooled Cash and Investments	0	1,146,665	5,459	1,152,124
Accounts Receivable, Net	394,284	266,047	39,266	699,597
Accrued Interest Receivable	2,973	0	0	2,973
Inventories	0	0	115,444	115,444
<b>Total Current Assets</b>	<b>398,288</b>	<b>1,412,712</b>	<b>160,169</b>	<b>1,971,169</b>
<b>Noncurrent Assets:</b>				
<b>Restricted Assets:</b>				
Cash	0	0	83,000	83,000
Cash from Unspent Bonds	729,530	33	448	730,011
Investments	22,914	1,270	3,103	27,287
<b>Total Restricted Assets</b>	<b>752,444</b>	<b>1,303</b>	<b>86,551</b>	<b>840,298</b>
<b>Capital Assets:</b>				
Land	1,716,309	1,078,799	981,600	3,776,708
Buildings and Systems	458,552	1,377,277	1,439,145	3,274,974
Improvements Other Than Buildings	1,177,264	534,297	6,061,895	7,773,456
Software	6,750	73,970	0	80,720
Machinery and Equipment	2,379,276	328,563	501,531	3,209,370
Construction in Progress	1,831,505	1,207,241	24,571	3,063,317
Less: Accumulated Depreciation	(2,924,757)	(609,869)	(5,454,566)	(8,989,192)
<b>Total Capital Assets</b>	<b>4,644,899</b>	<b>3,990,278</b>	<b>3,554,176</b>	<b>12,189,353</b>
<b>Other Assets:</b>				
Prepaid Landfill Closure Costs	100,133	0	0	100,133
<b>Total Other Assets</b>	<b>100,133</b>	<b>0</b>	<b>0</b>	<b>100,133</b>
<b>Total Noncurrent Assets</b>	<b>5,497,476</b>	<b>3,991,581</b>	<b>3,640,727</b>	<b>13,129,784</b>
<b>Total Assets</b>	<b>5,895,764</b>	<b>5,404,293</b>	<b>3,800,896</b>	<b>15,100,953</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred Outflows Related to Refunding	13,142	44,040	0	57,182
Deferred Outflows Related to Pensions	254,584	83,276	0	337,860
Deferred Outflows Related to OPEB	27,498	7,844	0	35,342
<b>Total Deferred Outflows of Resources</b>	<b>295,224</b>	<b>135,160</b>	<b>0</b>	<b>430,384</b>

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2019**

	<b>Solid Waste Management Fund</b>	<b>Storm Water Management Fund</b>	<b>Cattails at MeadowView Golf Course Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	59,235	312,269	29,343	400,847
Due to Other Funds	667,164	374,667	46,368	1,088,199
Compensated Absences Payable	126,016	31,824	0	157,840
Retainages Payable	0	15,070	294	15,364
Accrued Interest Payable	35,782	11,545	3,021	50,348
General Obligation Bonds - Current	282,468	86,743	25,793	395,004
Other Payables	0	0	0	0
<b>Total Current Liabilities</b>	<b>1,170,665</b>	<b>832,118</b>	<b>104,819</b>	<b>2,107,602</b>
<b>Noncurrent Liabilities:</b>				
General Obligation Bonds Payable (Net of Deferred Refunding Costs, Discounts and Premiums)	3,021,281	1,112,197	378,989	4,512,467
OPEB Liability	1,027,569	265,294	0	1,292,863
Post Closure Liability	0	0	0	0
Pension Liability	761,934	257,773	0	1,019,707
<b>Total Noncurrent Liabilities</b>	<b>4,810,784</b>	<b>1,635,264</b>	<b>378,989</b>	<b>6,825,037</b>
<b>Total Liabilities</b>	<b>5,981,449</b>	<b>2,467,382</b>	<b>483,808</b>	<b>8,932,639</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred Inflows Related to Pensions	132,303	49,847	0	182,150
Deferred Inflows Related to OPEB	130,779	46,764	0	177,543
<b>Total Deferred Inflows of Resources</b>	<b>263,082</b>	<b>96,611</b>	<b>0</b>	<b>359,693</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	2,083,822	2,835,411	3,149,842	8,069,075
Restricted for Debt Service	22,914	1,270	0	24,184
Restricted for Capital Improvements	0	0	88,957	88,957
Unrestricted	(2,160,279)	138,779	78,289	(1,943,211)
<b>Total Net Position</b>	<b>\$ (53,543)</b>	<b>\$ 2,975,460</b>	<b>\$ 3,317,088</b>	<b>\$ 6,239,005</b>

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, 2019**

	<b>Solid Waste Management Fund</b>	<b>Storm Water Management Fund</b>	<b>Cattails at MeadowView Golf Course Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES:</b>				
Charges and Fees	\$ 3,118,977	\$ 1,893,941	\$ 849,403	\$ 5,862,321
Penalties and Fines	0	0	0	0
Miscellaneous	0	0	0	0
<b>Total Operating Revenue</b>	<b>3,118,977</b>	<b>1,893,941</b>	<b>849,403</b>	<b>5,862,321</b>
<b>OPERATING EXPENSES:</b>				
Operating Costs	4,684,428	1,313,196	1,048,617	7,046,241
Depreciation	222,220	145,217	236,290	603,727
<b>Total Operating Expenses</b>	<b>4,906,648</b>	<b>1,458,413</b>	<b>1,284,907</b>	<b>7,649,968</b>
<b>Operating Income (Loss)</b>	<b>(1,787,671)</b>	<b>435,528</b>	<b>(435,504)</b>	<b>(1,787,647)</b>
<b>NONOPERATING REVENUES:</b>				
Investment Earnings	19,994	7,660	383	28,037
Federal Interest Subsidy	4,286	8,562	0	12,848
Interest Expense	(59,992)	(42,060)	(12,292)	(114,344)
Arbitrage Expense	(913)	(1,826)	0	(2,739)
Bond Issue Cost	(1,859)	(3,718)	0	(5,577)
<b>Total Nonoperating Revenues</b>	<b>(38,484)</b>	<b>(31,382)</b>	<b>(11,909)</b>	<b>(81,775)</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>(1,826,155)</b>	<b>404,146</b>	<b>(447,413)</b>	<b>(1,869,422)</b>
Transfers In	2,001,612	0	265,172	2,266,784
Transfers Out	0	(102,853)	0	(102,853)
<b>Change in Net Position</b>	<b>175,457</b>	<b>301,293</b>	<b>(182,241)</b>	<b>294,509</b>
<b>Net Position, July 1, 2018</b>	<b>(229,000)</b>	<b>2,674,167</b>	<b>3,499,329</b>	<b>5,944,496</b>
<b>Net Position, June 30, 2019</b>	<b>\$ (53,543)</b>	<b>\$ 2,975,460</b>	<b>\$ 3,317,088</b>	<b>\$ 6,239,005</b>

See Independent Auditors' Report.



**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Solid Waste Management Fund</b>	<b>Storm Water Management Fund</b>	<b>Cattails at MeadowView Golf Course Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers and Users	\$ 3,074,088	\$ 1,790,387	\$ 831,676	\$ 5,696,151
Receipts from Interfund Services Provided	46,488	80,756	0	127,244
Payments to Suppliers	(2,597,167)	(359,206)	(1,076,558)	(4,032,931)
Payments to Employees	(2,091,894)	(753,208)	0	(2,845,102)
Net Cash Provided (Used) by Operating Activities	<u>(1,568,485)</u>	<u>758,729</u>	<u>(244,882)</u>	<u>(1,054,638)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from Other Funds	2,001,612	0	265,172	2,266,784
Transfers to Other Funds	0	(102,853)	0	(102,853)
Advances From Other Funds	(57,530)	374,667	20,352	337,489
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,944,082</u>	<u>271,814</u>	<u>285,524</u>	<u>2,501,420</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from Capital Debt	30	61	0	91
Capital Transfers from Other Funds	0	0	0	0
County Revenue for Capital Projects	0	0	0	0
Acquisition and Construction of Capital Assets	(346,021)	(431,168)	(28,005)	(805,194)
Principal Paid on Capital Debt	(275,878)	(84,012)	(24,671)	(384,561)
Interest Paid on Capital Debt	(76,196)	(41,085)	(12,822)	(130,103)
Proceeds from Sales of Capital Assets	0	0	0	0
Net Cash Used by Capital and Related Financing Activities	<u>(698,065)</u>	<u>(556,204)</u>	<u>(65,498)</u>	<u>(1,319,767)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from Sales and Maturities of Investments	9,412	0	0	9,412
Purchase of Investments	0	(1,270)	(68)	(1,338)
Interest Received	18,233	7,660	383	26,276
Net Cash Provided (Used) by Investing Activities	<u>27,645</u>	<u>6,390</u>	<u>315</u>	<u>34,350</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(294,823)	480,729	(24,541)	161,365
Cash and Cash Equivalents, July 1, 2018	<u>1,025,384</u>	<u>665,969</u>	<u>113,448</u>	<u>1,804,801</u>
Cash and Cash Equivalents, June 30, 2019	<u>\$ 730,561</u>	<u>\$ 1,146,698</u>	<u>\$ 88,907</u>	<u>\$ 1,966,166</u>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Solid Waste Management Fund</b>	<b>Storm Water Management Fund</b>	<b>Cattails at MeadowView Golf Course Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ (1,787,671)	\$ 435,528	\$ (435,504)	\$ (1,787,647)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	222,220	145,217	236,290	603,727
(Increase) Decrease in Assets:				
Accounts Receivable	1,599	(22,798)	(17,727)	(38,926)
Inventory	0	0	(1,951)	(1,951)
Prepays	78,112	0	0	78,112
Increase (Decrease) in Liabilities:				
Accounts Payable	(46,315)	211,780	(25,990)	139,475
Pension Liabilities and Deferrals	(90,552)	(24,567)	0	(115,119)
Compensated Absences Payable	3,470	(6,740)	0	(3,270)
OPEB Liabilities and Deferrals	52,945	15,102	0	68,047
Other Payables	0	0	0	0
Retainages Payable	(2,293)	5,207	0	2,914
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,568,485)</u>	<u>\$ 758,729</u>	<u>\$ (244,882)</u>	<u>\$ (1,054,638)</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:</b>				
Cash on Hand	\$ 1,031	\$ 0	\$ 0	\$ 1,031
Equity in Pooled Cash and Investments	0	1,146,665	5,459	1,152,124
Restricted Cash from Unspent Bonds	729,530	33	448	730,011
Restricted Cash	0	0	83,000	83,000
Cash and Cash Equivalents, June 30, 2019	<u>\$ 730,561</u>	<u>\$ 1,146,698</u>	<u>\$ 88,907</u>	<u>\$ 1,966,166</u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2019**

	<b>Fleet Operations &amp; Maintenance Fund</b>	<b>Insurance Reserve Fund</b>	<b>Employee Health Insurance Fund</b>	<b>Retirees Health Insurance Fund</b>	<b>School Employee Insurance Fund</b>	<b>School Retirees Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>ASSETS:</b>							
<b>Current Assets:</b>							
Equity in Pooled Cash and Investments	\$ 0	\$ 6,285,917	\$ 3,079,985	\$ 1,888,355	\$ 0	\$ 0	\$ 11,254,257
Accounts Receivable	168,817	0	220,891	23,726	0	0	413,434
Accrued Interest Receivable	192	90	0	0	0	0	282
Due from Other Funds	0	199	0	0	0	0	199
Inventories	383,730	0	34,538	0	0	0	418,268
Prepays	0	196,849	3,069	1,111	0	0	201,029
<b>Total Current Assets</b>	<b>552,739</b>	<b>6,483,055</b>	<b>3,338,483</b>	<b>1,913,192</b>	<b>0</b>	<b>0</b>	<b>12,287,469</b>
<b>Capital Assets:</b>							
Land	14,695	0	0	0	0	0	14,695
Buildings and Improvements	0	0	14,897	0	0	0	14,897
Machinery and Equipment	33,279,225	0	0	0	0	0	33,279,225
Less: Accumulated Depreciation	(22,648,275)	0	(9,062)	0	0	0	(22,657,337)
<b>Net Capital Assets</b>	<b>10,645,645</b>	<b>0</b>	<b>5,835</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,651,480</b>
<b>Other Assets:</b>							
Advances to Other Funds	0	0	0	0	0	0	0
Deposits	0	30,000	26,920	2,074	0	0	58,994
<b>Total Other Assets</b>	<b>0</b>	<b>30,000</b>	<b>26,920</b>	<b>2,074</b>	<b>0</b>	<b>0</b>	<b>58,994</b>
<b>Restricted Assets:</b>							
Long Term Certificates of Deposit	500,000	500,000	0	0	0	0	1,000,000
Investments	4,583,906	0	0	0	0	0	4,583,906
<b>Total Restricted Assets</b>	<b>5,083,906</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,583,906</b>
<b>Total Assets</b>	<b>16,282,290</b>	<b>7,013,055</b>	<b>3,371,238</b>	<b>1,915,266</b>	<b>0</b>	<b>0</b>	<b>28,581,849</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2019**

	<b>Fleet Operations &amp; Maintenance Fund</b>	<b>Insurance Reserve Fund</b>	<b>Employee Health Insurance Fund</b>	<b>Retirees Health Insurance Fund</b>	<b>School Employee Insurance Fund</b>	<b>School Retirees Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>LIABILITIES:</b>							
<b>Current Liabilities:</b>							
Accounts Payable	431,115	103,833	67,540	0	0	0	602,488
Due to Other Governments	0	0	0	0	0	0	0
Due to Other Funds	1,392,493	0	0	0	0	0	1,392,493
Claims Payable	0	761,393	0	0	0	0	761,393
Benefits Payable	0	2,399,771	340,000	20,000	0	0	2,759,771
Compensated Absences Payable	76,283	17,582	1,660	0	0	0	95,525
<b>Total Current Liabilities</b>	<b>1,899,891</b>	<b>3,282,579</b>	<b>409,200</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>5,611,670</b>
<b>Total Liabilities</b>	<b>1,899,891</b>	<b>3,282,579</b>	<b>409,200</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>5,611,670</b>
<b>NET POSITION:</b>							
Net Investment in Capital Assets	10,645,645	0	5,835	0	0	0	10,651,480
Unrestricted	3,736,754	3,730,476	2,956,203	1,895,266	0	0	12,318,699
<b>Total Net Position</b>	<b>\$ 14,382,399</b>	<b>\$ 3,730,476</b>	<b>\$ 2,962,038</b>	<b>\$ 1,895,266</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 22,970,179</b>

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, 2019**

	<b>Fleet Operations &amp; Maintenance Fund</b>	<b>Insurance Reserve Fund</b>	<b>Employee Health Insurance Fund</b>	<b>Retirees Health Insurance Fund</b>	<b>School Employee Insurance Fund</b>	<b>School Retirees Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUE:</b>							
Charges for Sales and Services	\$ 7,832,664	\$ 2,178,737	\$ 8,649,175	\$ 993,512	\$ 0	\$ 0	\$ 19,654,088
Miscellaneous	16,246	0	781,884	62,114	116,388	5,911	982,543
Total Operating Revenue	<u>7,848,910</u>	<u>2,178,737</u>	<u>9,431,059</u>	<u>1,055,626</u>	<u>116,388</u>	<u>5,911</u>	<u>20,636,631</u>
<b>OPERATING EXPENSES:</b>							
Personnel Services and Benefits	1,287,732	309,253	55,500	0	0	0	1,652,485
Materials and Supplies	3,972,640	1,623	522,630	0	0	0	4,496,893
Contractual Services	66,805	209,929	451,293	650	0	0	728,677
Insurance	12,226	504,965	473,904	38,856	0	0	1,029,951
Insurance Claims	0	912,137	5,789,585	363,492	0	0	7,065,214
Depreciation	2,247,707	0	1,490	0	0	0	2,249,197
Miscellaneous	127,021	24,664	731,186	25,949	0	0	908,820
Total Operating Expenses	<u>7,714,131</u>	<u>1,962,571</u>	<u>8,025,588</u>	<u>428,947</u>	<u>0</u>	<u>0</u>	<u>18,131,237</u>
Operating Income (Loss)	<u>134,779</u>	<u>216,166</u>	<u>1,405,471</u>	<u>626,679</u>	<u>116,388</u>	<u>5,911</u>	<u>2,505,394</u>
<b>NONOPERATING REVENUES:</b>							
Gain on Disposal of Fixed Assets	6,299	0	0	0	0	0	6,299
Investment Earnings	93,061	71,180	20,479	16,027	0	0	200,747
Total Nonoperating Revenues	<u>99,360</u>	<u>71,180</u>	<u>20,479</u>	<u>16,027</u>	<u>0</u>	<u>0</u>	<u>207,046</u>
Income (Loss) Before Transfers	234,139	287,346	1,425,950	642,706	116,388	5,911	2,712,440
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	(337,625)	(44,068)	(381,693)
Change in Net Position	234,139	287,346	1,425,950	642,706	(221,237)	(38,157)	2,330,747
Net Position, July 1, 2018	<u>14,148,260</u>	<u>3,443,130</u>	<u>1,536,088</u>	<u>1,252,560</u>	<u>221,237</u>	<u>38,157</u>	<u>20,639,432</u>
Net Position, June 30, 2019	<u>\$ 14,382,399</u>	<u>\$ 3,730,476</u>	<u>\$ 2,962,038</u>	<u>\$ 1,895,266</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,970,179</u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Fleet Operations &amp; Maintenance Fund</b>	<b>Insurance Reserve Fund</b>	<b>Employee Health Insurance Fund</b>	<b>Retirees Health Insurance Fund</b>	<b>School Employee Insurance Fund</b>	<b>School Retirees Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from Interfund Services Provided	\$ 7,848,910	\$ 2,178,737	\$ 9,361,559	\$ 1,043,884	\$ 1,619	\$ 0	\$ 20,434,709
Payments to Suppliers	(3,966,575)	(1,559,221)	(7,987,015)	(421,852)	53,273	0	(13,881,390)
Payments to Employees	(1,288,295)	(312,094)	(54,368)	0	0	0	(1,654,757)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,594,040</b>	<b>307,422</b>	<b>1,320,176</b>	<b>622,032</b>	<b>54,892</b>	<b>0</b>	<b>4,898,562</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfers (to) from Other Funds	0	0	0	0	(337,625)	(44,068)	(381,693)
Advances (to) from Other Funds	575,445	1,797	0	0	0	0	577,242
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>575,445</b>	<b>1,797</b>	<b>0</b>	<b>0</b>	<b>(337,625)</b>	<b>(44,068)</b>	<b>195,549</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Capital Transfers from Other Funds	0	0	0	0	0	0	0
Purchase of Capital Assets	(2,344,668)	0	0	0	0	0	(2,344,668)
Proceeds from Sales of Capital Assets	6,299	0	0	0	0	0	6,299
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(2,338,369)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,338,369)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Purchase of Investments	(924,215)	0	0	0	0	0	(924,215)
Interest Received	93,099	71,180	20,479	16,027	0	0	200,785
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(831,116)</b>	<b>71,180</b>	<b>20,479</b>	<b>16,027</b>	<b>0</b>	<b>0</b>	<b>(723,430)</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>0</b>	<b>380,399</b>	<b>1,340,655</b>	<b>638,059</b>	<b>(282,733)</b>	<b>(44,068)</b>	<b>2,032,312</b>
Cash and Cash Equivalents, July 1, 2018	0	5,905,518	1,739,330	1,250,296	282,733	44,068	9,221,945
<b>Cash and Cash Equivalents, June 30, 2019</b>	<b>\$ 0</b>	<b>\$ 6,285,917</b>	<b>\$ 3,079,985</b>	<b>\$ 1,888,355</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,254,257</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Fleet Operations &amp; Maintenance Fund</u>	<u>Insurance Reserve Fund</u>	<u>Employee Health Insurance Fund</u>	<u>Retirees Health Insurance Fund</u>	<u>School Employee Insurance Fund</u>	<u>School Retirees Insurance Fund</u>	<u>Total Internal Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating Income (Loss)	\$ 134,779	\$ 216,166	\$ 1,405,471	\$ 626,679	\$ 116,388	\$ 5,911	\$ 2,505,394
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation	2,247,707	0	1,490	0	0	0	2,249,197
(Increase) Decrease in Assets:							
Accounts Receivable	0	0	(69,498)	(11,743)	60	3,287	(77,894)
Due From Other Governments	0	0	0	0	0	0	0
Inventory	(7,248)	0	(15,369)	0	0	0	(22,617)
Prepays	0	16,534	0	0	0	0	16,534
Deposits	0	0	9,900	8,100	0	0	18,000
Increase (Decrease) in Liabilities:							
Accounts Payable	219,365	(12,413)	9,851	0	0	0	216,803
Benefits Payable	0	130,886	(22,801)	(1,004)	(61,556)	(9,198)	36,327
Claims Payable	0	(40,910)	0	0	0	0	(40,910)
Compensated Absences Payable	(563)	(2,841)	1,132	0	0	0	(2,272)
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,594,040</u>	<u>\$ 307,422</u>	<u>\$ 1,320,176</u>	<u>\$ 622,032</u>	<u>\$ 54,892</u>	<u>\$ 0</u>	<u>\$ 4,898,562</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:							
Equity in Pooled Cash and Investments	\$ 0	\$ 6,285,917	\$ 3,079,985	\$ 1,888,355	\$ 0	\$ 0	\$ 11,254,257
Restricted Assets Cash in Bank	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash and Cash Equivalents, June 30, 2019	<u>\$ 0</u>	<u>\$ 6,285,917</u>	<u>\$ 3,079,985</u>	<u>\$ 1,888,355</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,254,257</u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Industrial Development Board</b>	<b>Emergency Communications District</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Customers and Users	\$ 2,786,240	\$ 884,405
Payments to Suppliers	(651,616)	(572,998)
Net Cash Provided (Used) by Operating Activities	2,134,624	311,407
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Noncapital Grants	0	36,000
Net Cash Provided by Noncapital Financing Activities	0	36,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Note Proceeds	703,570	0
Proceeds from Sale of Capital Assets	0	0
Purchases of Capital Assets	(886,900)	(162,017)
Capital Grants	0	0
Payments to Grantees	0	0
Principal Paid on Capital Debt	(1,454,597)	0
Interest Paid on Capital Debt	(483,587)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,121,514)	(162,017)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Maturities of Investments	0	0
Interest Received	9,732	183
Net Cash Provided by Investing Activities	9,732	183
Net Increase (Decrease) in Cash and Cash Equivalents	22,842	185,573
Cash and Cash Equivalents, July 1, 2018	1,145,116	1,965,626
Cash and Cash Equivalents, June 30, 2019	\$ 1,167,958	\$ 2,151,199
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 784,582	\$ 279,261
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	224,195	93,214
(Increase) Decrease in Assets:		
Accounts Receivable	(1,727)	0
Due from Other Governments	500,000	0
Due from Primary Government	0	0
Land Held for Sale or Development	843,505	0
Prepaid Items	43	(70,609)
Increase (Decrease) in Liabilities:		
Accounts Payable	(291,603)	9,541
Unearned Income	75,629	0
Net Cash Provided (Used) by Operating Activities	\$ 2,134,624	\$ 311,407
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:</b>		
Cash	\$ 1,167,958	\$ 2,151,199
Restricted Assets Cash in Bank	0	0
Cash and Cash Equivalents, June 30, 2019	\$ 1,167,958	\$ 2,151,199
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Decrease in Investment in Joint Venture	\$ 6,250	\$ 0

See Independent Auditors' Report.



**D. SUPPLEMENTAL INFORMATION**

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**CITY OF KINGSPORT, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES BY SOURCE**  
**June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS:</b>		
Land	\$ 34,811,814	\$ 33,863,314
Buildings	189,684,085	188,934,261
Improvements Other Than Buildings	40,005,625	36,405,678
Equipment	29,953,310	28,042,547
Software	872,584	1,090,545
Infrastructure	297,696,396	297,613,987
Construction in Progress	65,020,290	40,533,739
<b>Total Governmental Funds Fixed Assets</b>	<b>\$ 658,044,104</b>	<b>\$ 626,484,071</b>
<b>INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:</b>		
General Obligation Bonds	\$ 442,666,439	\$ 439,677,721
Contributions from Municipalities	471,778	471,778
Federal Grants	11,977,191	11,770,194
State Grants	1,186,057	1,168,048
County Grants	19,817	19,817
Federal Revenue Sharing	308,698	288,158
General Fund Revenue	17,991,430	16,766,800
Gifts	32,383,274	30,180,438
Annexed Roads	14,297,831	14,297,831
Forfeitures	106,485	109,585
Special Revenue Funds	66,572,647	66,139,350
Operating Revenue	2,279,181	2,297,626
Notes Payable	2,762,986	2,762,986
Construction in Progress	65,020,290	40,533,739
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 658,044,104</b>	<b>\$ 626,484,071</b>

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, 2019**

Function and Activity	Land	Buildings	Improvements other than Buildings	Equipment	Software	Infrastructure	Construction in Progress	Total
General Government:								
General Government	\$ 12,750,382	\$ 23,830,244	\$ 4,328,311	\$ 1,226,490	\$ 0	\$ 0	\$ 8,816,476	\$ 50,951,903
Finance	0	0	5,797	19,251	31,320	0	0	56,368
Information Services	0	0	0	692,072	59,697	0	0	751,769
Personnel	0	0	0	10,522	0	0	0	10,522
Geographic Information	0	0	0	86,598	8,500	0	0	95,098
<b>Total General Government</b>	<b>12,750,382</b>	<b>23,830,244</b>	<b>4,334,108</b>	<b>2,034,933</b>	<b>99,517</b>	<b>0</b>	<b>8,816,476</b>	<b>51,865,660</b>
Economic and Physical Development:								
Development Services	0	650,519	33,326	0	0	0	0	683,845
Transportation	0	1,700,680	365,685	2,703,992	319,558	0	6,486,866	11,576,781
Engineering	0	576,203	76,879	133,751	0	0	0	786,833
<b>Total Economic and Physical Development</b>	<b>0</b>	<b>2,927,402</b>	<b>475,890</b>	<b>2,837,743</b>	<b>319,558</b>	<b>0</b>	<b>6,486,866</b>	<b>13,047,459</b>
Public Safety:								
Police	90,588	4,677,342	175,384	3,933,078	87,248	0	0	8,963,640
Fire	1,003,337	6,060,441	1,152,921	3,031,807	11,665	0	281,695	11,541,866
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
<b>Total Public Safety</b>	<b>1,093,925</b>	<b>10,804,318</b>	<b>1,328,305</b>	<b>9,216,145</b>	<b>98,913</b>	<b>0</b>	<b>281,695</b>	<b>22,823,301</b>
Public Works:								
General and Administrative	0	340,217	44,744	148,655	0	344,469	0	878,085
Sanitation	0	0	0	5,000	0	0	0	5,000
Streets	0	0	1,123,214	1,363,947	0	44,110,585	3,894,416	50,492,162
Maintenance	0	483,572	18,905	1,280,168	52,010	0	124,729	1,959,384
Bridges System	0	0	0	0	0	9,159,086	24,085	9,183,171
Highways System	0	0	0	0	0	243,605,639	0	243,605,639
<b>Total Public Works</b>	<b>0</b>	<b>823,789</b>	<b>1,186,863</b>	<b>2,797,770</b>	<b>52,010</b>	<b>297,219,779</b>	<b>4,043,230</b>	<b>306,123,441</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**JUNE 30, 2019**

<b>Function and Activity</b>	<b>Land</b>	<b>Buildings</b>	<b>Improvements other than Buildings</b>	<b>Equipment</b>	<b>Software</b>	<b>Infrastructure</b>	<b>Construction in Progress</b>	<b>Total</b>
Culture and Recreation:								
Senior Citizens	0	3,871,546	29,040	41,142	13,550	0	0	3,955,278
Recreation	14,275,516	24,342,798	18,624,906	990,585	55,000	0	1,801,373	60,090,178
Cultural Arts	140,000	2,039,665	389,557	375,874	0	0	50,300	2,995,396
Bays Mountain	1,386,962	953,077	1,415,432	1,341,960	0	0	1,012,705	6,110,136
Allandale	306,018	463,417	780,576	192,686	0	0	0	1,742,697
Library	133,000	4,272,439	0	149,545	0	476,617	0	5,031,601
<b>Total Culture and Recreation</b>	<b>16,241,496</b>	<b>35,942,942</b>	<b>21,239,511</b>	<b>3,091,792</b>	<b>68,550</b>	<b>476,617</b>	<b>2,864,378</b>	<b>79,925,286</b>
Education	4,726,011	115,355,390	11,440,948	9,974,927	234,036	0	42,527,645	184,258,957
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 34,811,814</b>	<b>\$ 189,684,085</b>	<b>\$ 40,005,625</b>	<b>\$ 29,953,310</b>	<b>\$ 872,584</b>	<b>\$ 297,696,396</b>	<b>\$ 65,020,290</b>	<b>\$ 658,044,104</b>

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, 2019**

<b>Function and Activity</b>	<b>Governmental Funds Capital Assets June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Governmental Funds Capital Assets June 30, 2019</b>
<b>General Government:</b>					
General Government	\$ 46,004,385	\$ 5,744,174	\$ (796,656)	\$ 0	\$ 50,951,903
Finance	205,796	0	(149,428)	0	56,368
Information Services	780,105	30,035	(58,371)	0	751,769
Personnel	10,522	0	0	0	10,522
Geographic Information	95,098	0	0	0	95,098
<b>Total General Government</b>	<b>47,095,906</b>	<b>5,774,209</b>	<b>(1,004,455)</b>	<b>0</b>	<b>51,865,660</b>
<b>Economic and Physical Development:</b>					
Development Services	683,845	0	0	0	683,845
Transportation	7,101,166	5,405,804	(930,189)	0	11,576,781
Engineering	786,833	0	0	0	786,833
<b>Total Economic and Physical Development</b>	<b>8,571,844</b>	<b>5,405,804</b>	<b>(930,189)</b>	<b>0</b>	<b>13,047,459</b>
<b>Public Safety:</b>					
Police	8,970,540	30,540	(37,440)	0	8,963,640
Fire	11,392,130	358,368	(208,632)	0	11,541,866
Communication	271,164	0	0	0	271,164
Central Dispatch	2,046,631	0	0	0	2,046,631
<b>Total Public Safety</b>	<b>22,680,465</b>	<b>388,908</b>	<b>(246,072)</b>	<b>0</b>	<b>22,823,301</b>
<b>Public Works:</b>					
General and Administrative	878,085	0	0	0	878,085
Sanitation	5,000	0	0	0	5,000
Streets	47,645,803	2,846,359	0	0	50,492,162
Maintenance	1,512,246	1,029,733	(582,595)	0	1,959,384
Bridges System	9,176,900	6,271	0	0	9,183,171
Highways System	243,605,639	0	0	0	243,605,639
<b>Total Public Works</b>	<b>302,823,673</b>	<b>3,882,363</b>	<b>(582,595)</b>	<b>0</b>	<b>306,123,441</b>
<b>Culture and Recreation:</b>					
Senior Citizens	3,955,278	0	0	0	3,955,278
Recreation	59,305,797	2,706,461	(1,922,080)	0	60,090,178
Cultural Arts	2,592,096	403,300	0	0	2,995,396
Bays Mountain	4,777,217	2,682,621	(1,349,702)	0	6,110,136
Allandale	1,702,846	39,851	0	0	1,742,697
Library	5,031,601	0	0	0	5,031,601
<b>Total Culture and Recreation</b>	<b>77,364,835</b>	<b>5,832,233</b>	<b>(3,271,782)</b>	<b>0</b>	<b>79,925,286</b>
<b>Education</b>	<b>167,947,348</b>	<b>16,891,930</b>	<b>(580,321)</b>	<b>0</b>	<b>184,258,957</b>
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 626,484,071</b>	<b>\$ 38,175,447</b>	<b>\$ (6,615,414)</b>	<b>\$ 0</b>	<b>\$ 658,044,104</b>

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, 2019**

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2018	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2019
<b>GOVERNMENTAL ACTIVITIES</b>									
<b><u>Notes Payable</u></b>									
<b><u>Payable through Debt Service Fund</u></b>									
2004 QZAB	\$ 3,524,680	0%	11/24/04	11/24/21	\$ 660,878	\$ 0	\$ 220,293	\$ 0	\$ 440,585
2005 QZAB	1,549,000	0%	12/28/05	12/1/21	309,800	0	103,267	0	206,533
2009 QSCB	1,240,000	1.52%	12/17/09	7/1/26	627,456	0	77,374	0	550,082
2010 EESI	5,045,078	0.75%	12/7/10	11/1/24	2,719,085	0	420,804	0	2,298,281
2010A HUD 108	856,000	4.25%	7/21/10	8/1/31	555,000	0	43,000	0	512,000
<b>Total Notes Payable through Debt Service Fund</b>	<b>12,214,758</b>				<b>4,872,219</b>	<b>0</b>	<b>864,738</b>	<b>0</b>	<b>4,007,481</b>
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Debt Service Fund</u></b>									
General Obligation, Series 2008A	7,480,000	3.50 - 4.375%	6/12/08	3/1/19	380,000	0	380,000	0	0
General Obligation, Series 2008B	11,165,000	3.50 - 4.375%	6/12/08	3/1/19	570,000	0	570,000	0	0
General Obligation, Series 2009A	11,507,548	2.00 - 5.00%	1/22/09	3/1/19	555,520	0	555,520	0	0
General Obligation, Series 2009B	7,100,000	2.00 - 5.00%	1/22/09	3/1/19	345,000	0	345,000	0	0
General Obligation, Series 2009D (BABS)	13,821,065	2.25 - 5.625%	12/8/09	3/1/20	9,844,532	0	698,509	8,426,585	719,438
General Obligation, Series 2011	10,742,779	2.0 - 4.0%	12/16/11	3/1/32	8,795,899	0	512,511	0	8,283,388
General Obligation Refunding, Series 2012B	4,357,887	3.00%	6/22/12	4/1/19	378,092	0	378,092	0	0
General Obligation, Series 2012C	4,790,338	2.0 - 4.0%	6/22/12	4/1/32	3,574,259	0	327,934	0	3,246,325
General Obligation Refunding, Series 2013	12,177,052	2.5 - 3.75%	2/8/13	5/1/27	8,551,634	0	1,018,876	0	7,532,758
General Obligation, Series 2013B	13,406,846	2.0 - 5.0%	10/21/13	3/1/34	11,367,309	0	550,699	0	10,816,610
General Obligation, Series 2014A	13,233,893	2.0 - 5.0%	10/31/14	9/1/34	12,296,793	0	508,833	0	11,787,960
General Obligation Refunding, Series 2015	17,695,000	2.0 - 4.0%	2/6/15	3/1/28	17,400,000	0	160,000	0	17,240,000
General Obligation Refunding, Series 2015A	8,054,686	1.0 - 4.0%	10/27/15	3/1/36	7,588,095	0	863,859	0	6,724,236
General Obligation Refunding, Series 2016A	6,928,927	2.0 - 4.0%	6/3/16	3/1/29	6,928,927	0	0	0	6,928,927
General Obligation, Series 2016B	4,330,138	2.0 - 4.0%	6/3/16	3/1/30	4,330,138	0	0	0	4,330,138
General Obligation, Series 2016	7,821,325	3.0 - 4.0%	11/4/16	3/1/36	7,529,881	0	304,274	0	7,225,607
General Obligation, Series 2017A	14,690,288	2.0 - 5.0%	9/8/17	3/1/37	14,690,288	0	534,012	0	14,156,276
General Obligation, Series 2018A	7,040,000	3.0 - 5.0%	9/28/18	3/1/38	0	7,040,000	0	0	7,040,000
General Obligation Refunding, Series 2019	7,377,513	5.0%	5/10/19	3/1/30	0	7,377,513	0	0	7,377,513
<b>Total Bonds Payable through Debt Service Fund</b>	<b>183,720,285</b>				<b>115,126,367</b>	<b>14,417,513</b>	<b>7,708,119</b>	<b>8,426,585</b>	<b>113,409,176</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>195,935,043</b>				<b>119,998,586</b>	<b>14,417,513</b>	<b>8,572,857</b>	<b>8,426,585</b>	<b>117,416,657</b>

(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, 2019

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2018	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2019
<b>BUSINESS-TYPE ACTIVITIES</b>									
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Solid Waste Fund</u></b>									
General Obligation, Series 2009D (BABS)	303,404	2.25 - 5.625%	12/8/09	3/1/20	216,110	0	15,335	184,982	15,793
General Obligation, Series 2012C	1,141,983	2.0 - 4.0%	6/22/12	4/1/22	606,978	0	146,346	0	460,632
General Obligation Refunding, Series 2013	132,948	2.5 - 4.0%	2/8/13	5/1/27	93,366	0	11,124	0	82,242
General Obligation, Series 2013B	289,856	2.0 - 5.0%	10/21/13	3/1/34	245,761	0	11,906	0	233,855
General Obligation, Series 2014A	2,371,107	2.0 - 5.0%	10/31/14	9/1/34	2,203,207	0	91,167	0	2,112,040
General Obligation Refunding, Series 2019	161,953	5.0%	5/10/19	3/1/30	0	161,953	0	0	161,953
<b>Total Bonds Payable</b>	<b>4,401,251</b>				<b>3,365,422</b>	<b>161,953</b>	<b>275,878</b>	<b>184,982</b>	<b>3,066,515</b>
<b><u>Bonds Payable</u></b>									
<b><u>Payable through MeadowView Fund</u></b>									
Local Option Sales Tax Revenue & Tax, Series 2009C	15,180,000	2.0 - 5.0%	1/22/09	3/1/19	735,000	0	735,000	0	0
General Obligation, Series 2009D (BABS)	1,016,085	2.25 - 5.625%	12/8/09	3/1/20	723,742	0	51,352	619,499	52,891
General Obligation Refunding, Series 2016A	9,221,015	2.0 - 4.0%	6/3/16	3/1/29	9,221,015	0	0	0	9,221,015
General Obligation, Series 2016	3,266,427	3.0 - 4.0%	11/4/16	3/1/36	3,144,711	0	127,075	0	3,017,636
General Obligation Refunding, Series 2019	542,374	5.0%	5/10/19	3/1/30	0	542,374	0	0	542,374
<b>Total Bonds Payable</b>	<b>29,225,901</b>				<b>13,824,468</b>	<b>542,374</b>	<b>913,427</b>	<b>619,499</b>	<b>12,833,916</b>
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Cattails Fund</u></b>									
General Obligation, Series 2012C	517,721	2.0 - 4.0%	6/22/12	4/1/32	\$ 425,017	\$ 0	\$ 24,671	\$ 0	\$ 400,346
<b>Total Bonds Payable</b>	<b>517,721</b>				<b>425,017</b>	<b>0</b>	<b>24,671</b>	<b>0</b>	<b>400,346</b>
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Storm Water Fund</u></b>									
General Obligation, Series 2009A	652,452	2.0 - 5.0%	1/22/09	3/1/19	34,480	0	34,480	0	0
General Obligation, Series 2009D (BABS)	606,808	2.25 - 5.625%	12/8/09	3/1/20	432,220	0	30,667	369,966	31,587
General Obligation, Series 2011	395,414	2.0 - 4.0%	12/16/11	3/1/32	323,755	0	18,865	0	304,890
General Obligation Refunding, Series 2016A	430,058	2.0 - 4.0%	6/3/16	3/1/29	430,058	0	0	0	430,058
General Obligation Refunding, Series 2019	323,907	5.0%	5/10/19	3/1/30	0	323,907	0	0	323,907
<b>Total Bonds Payable</b>	<b>2,408,639</b>				<b>1,220,513</b>	<b>323,907</b>	<b>84,012</b>	<b>369,966</b>	<b>1,090,442</b>

(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, 2019

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2018	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2019
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Aquatic Center Fund</u></b>									
General Obligation, Series 2009D (BABS)	554,170	2.25 - 5.625%	12/8/09	3/1/20	394,726	0	28,006	337,873	28,847
General Obligation, Series 2009E	14,225,000	2.5 - 5.0%	12/8/09	3/1/20	1,415,000	0	695,000	0	720,000
General Obligation, Series 2011	160,000	2.0 - 4.0%	12/16/11	3/1/32	131,004	0	7,634	0	123,370
General Obligation, Series 2012A	3,110,000	2.0 - 5.0%	6/22/12	4/1/32	2,565,000	0	155,000	0	2,410,000
General Obligation, Series 2013A	1,310,000	3.0 - 4.0%	10/21/13	3/1/34	1,115,000	0	55,000	0	1,060,000
General Obligation, Series 2016B	9,029,862	2.0 - 4.0%	6/3/16	3/1/30	9,029,862	0	0	0	9,029,862
General Obligation, Series 2017A	164,712	2.0 - 5.0%	9/8/17	3/1/37	164,712	0	5,988	0	158,724
General Obligation, Series 2018C	2,360,000	3.0 - 5.0%	9/28/18	3/1/38	0	2,360,000	0	0	2,360,000
General Obligation Refunding, Series 2019	295,809	5.0%	5/10/19	3/1/30	0	295,809	0	0	295,809
<b>Total Bonds Payable</b>	<b>31,209,553</b>				<b>14,815,304</b>	<b>2,655,809</b>	<b>946,628</b>	<b>337,873</b>	<b>16,186,612</b>
<b><u>Other Loans Payable</u></b>									
<b><u>Payable through Water Fund</u></b>									
DWF 2014-140	13,556,601	1.78%	10/21/14	8/20/37	13,088,581	\$ 0	578,208	\$ 0	12,510,373
<b>Total Other Loans Payable</b>	<b>13,556,601</b>				<b>13,088,581</b>	<b>0</b>	<b>578,208</b>	<b>0</b>	<b>12,510,373</b>
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Water Fund</u></b>									
2008 Tennessee Municipal Bond Fund	9,698,196	Variable	10/17/08	5/25/26	5,383,196	0	605,000	0	4,778,196
General Obligation, Series 2009D (BABS)	4,045,387	2.25 - 5.625%	12/8/09	3/1/20	2,881,467	0	204,451	2,466,438	210,578
General Obligation, Series 2011	2,430,991	2.0 - 4.0%	12/16/11	3/1/32	1,990,430	0	115,976	0	1,874,454
General Obligation Refunding, Series 2012B	1,194,406	3.00%	6/22/12	4/1/19	103,627	0	103,627	0	0
General Obligation, Series 2012C	1,181,362	2.0 - 4.0%	6/22/12	4/1/32	969,826	0	56,296	0	913,530
General Obligation Refunding, Series 2013	3,025,000	2.5 - 3.75%	2/8/13	5/1/27	310,000	0	85,000	0	225,000
General Obligation, Series 2013B	4,262,308	2.0 - 5.0%	10/21/13	3/1/34	3,613,898	0	175,078	0	3,438,820
General Obligation, Series 2014B	2,717,899	2.0 - 3.0%	10/31/14	3/1/35	2,488,485	0	118,361	0	2,370,124
General Obligation Refunding, Series 2015A	2,226,420	1.0 - 4.0%	10/27/15	3/1/36	2,097,448	0	238,782	0	1,858,666
General Obligation, Series 2016	3,294,425	3.0 - 4.0%	11/4/16	3/1/36	3,171,666	0	128,164	0	3,043,502
General Obligation, Series 2017B	1,167,095	2.0 - 5.0%	9/8/17	3/1/37	1,167,095	0	43,572	0	1,123,523
General Obligation, Series 2018B	396,023	3.0 - 5.0%	9/28/18	3/1/38	0	3,966,023	0	0	3,966,023
General Obligation Refunding, Series 2019	2,159,378	5.0%	5/10/19	3/1/30	0	2,159,377	0	0	2,159,377
<b>Total Bonds Payable</b>	<b>37,798,890</b>				<b>24,177,138</b>	<b>6,125,400</b>	<b>1,874,307</b>	<b>2,466,438</b>	<b>25,961,793</b>

(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, 2019

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2018	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2019
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Sewer Fund</u></b>									
General Obligation, Series 2009D (BABS)	6,068,081	2.25 - 5.625%	12/8/09	3/1/20	4,322,202	0	306,679	3,699,657	315,866
General Obligation, Series 2011	2,410,817	2.0 - 4.0%	12/16/11	3/1/32	1,973,912	0	115,014	0	1,858,898
General Obligation Refunding, Series 2012B	4,417,707	3.00%	6/22/12	4/1/19	383,282	0	383,282	0	0
General Obligation, Series 2012C	1,673,596	2.0 - 4.0%	6/22/12	4/1/32	1,373,920	0	79,753	0	1,294,167
General Obligation Refunding, Series 2013	27,760,000	2.5 - 4.0%	2/8/13	5/1/32	16,225,000	0	1,350,000	0	14,875,000
General Obligation, Series 2013B	9,550,991	2.0 - 5.0%	10/21/13	3/1/34	8,098,032	0	392,316	0	7,705,716
General Obligation, Series 2014B	6,582,101	2.0 - 3.0%	10/31/14	9/1/34	6,026,515	0	286,639	0	5,739,876
General Obligation Refunding, Series 2015A	4,823,895	1.0 - 4.0%	10/27/15	3/1/36	4,544,457	0	517,359	0	4,027,098
General Obligation, Series 2016	6,952,823	3.0 - 4.0%	11/4/16	3/1/36	6,693,742	0	270,487	0	6,423,255
General Obligation, Series 2017B	10,082,905	2.0 - 5.0%	9/8/17	3/1/37	10,082,905	0	376,428	0	9,706,477
General Obligation, Series 2018B	1,308,977	3.0 - 5.0%	9/28/18	3/1/38	0	1,308,977	0	0	1,308,977
General Obligation Refunding, Series 2019	3,239,067	5.0%	5/10/19	3/1/30	0	3,239,067	0	0	3,239,067
<b>Total Bonds Payable</b>	<b>84,870,960</b>				<b>59,723,967</b>	<b>4,548,044</b>	<b>4,077,957</b>	<b>3,699,657</b>	<b>56,494,397</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>203,989,516</b>				<b>130,640,410</b>	<b>14,357,487</b>	<b>8,775,088</b>	<b>7,678,415</b>	<b>128,544,394</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 399,924,559</b>				<b>\$ 250,638,996</b>	<b>\$ 28,775,000</b>	<b>\$ 17,347,945</b>	<b>\$ 16,105,000</b>	<b>\$ 245,961,051</b>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**ENTERPRISE FUNDS**  
**SCHEDULE OF OPERATING COSTS**  
For the Fiscal Year Ended June 30, 2019

	<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>
General and Administrative:						
Personnel Services	\$ 324,621	\$ 264,590	\$ 0	\$ 0	\$ 0	\$ 589,211
Contractual Services	161,576	190,075	25,439	67,178	241,739	686,007
Supplies	182,674	1,726	6,464	27,901	5,182	223,947
Insurance	37,285	27,427	38,259	30,669	24,234	157,874
Subsidies and Contributions	0	0	0	147,265	0	147,265
Base Management Fee	0	0	0	152,874	24,738	177,612
Other	295,401	105,311	12,426	149,180	90,911	653,229
<b>Total General and Administrative</b>	<u>1,001,557</u>	<u>589,129</u>	<u>82,588</u>	<u>575,067</u>	<u>386,804</u>	<u>2,635,145</u>
Operations:						
Water Plant Operations	3,249,783	0	0	0	0	3,249,783
Sewer Plant Operations	0	3,521,117	0	0	0	3,521,117
Water Distribution System Maintenance	2,305,140	0	0	0	0	2,305,140
Sewer Collection System Maintenance	0	1,707,686	0	0	0	1,707,686
Utility Technical Services	865,134	331,488	0	0	0	1,196,622
Landfill Operations and Services	0	0	0	0	870,072	870,072
Solid Waste Collection Services	0	0	0	0	877,612	877,612
Organic Refuse Services	0	0	0	0	2,070,513	2,070,513
Recycling Services	0	0	0	0	810,733	810,733
Storm Water Maintenance	0	0	0	0	1,263,530	1,263,530
Aquatic Center Operations	0	0	1,620,935	0	0	1,620,935
Aquatic Center Concessions	0	0	145,969	0	0	145,969
Aquatic Center Programs	0	0	87,303	0	0	87,303
Golf Grounds Maintenance	0	0	0	0	378,963	378,963
Golf Pro Shop	0	0	0	0	331,706	331,706
Golf Shop Food and Beverage	0	0	0	0	56,308	56,308
<b>Total Operations</b>	<u>6,420,057</u>	<u>5,560,291</u>	<u>1,854,207</u>	<u>0</u>	<u>6,659,437</u>	<u>20,493,992</u>
<b>Total Operating Costs</b>	<u>\$ 7,421,614</u>	<u>\$ 6,149,420</u>	<u>\$ 1,936,795</u>	<u>\$ 575,067</u>	<u>\$ 7,046,241</u>	<u>\$ 23,129,137</u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**NONMAJOR ENTERPRISE FUNDS**  
**SCHEDULE OF OPERATING COSTS**  
For the Fiscal Year Ended June 30, 2019

	<b>Solid Waste Management Fund</b>	<b>Storm Water Management Fund</b>	<b>Cattails at MeadowView Golf Course Fund</b>	<b>Total Nonmajor Enterprise Funds</b>
General and Administrative:				
Personnel Services	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	5,000	45,139	191,600	241,739
Supplies	0	3,583	1,599	5,182
Insurance	20,500	0	3,734	24,234
Subsidies and Contributions	0	0	0	0
Base Management Fee	0	0	24,738	24,738
Other	29,998	944	59,969	90,911
<b>Total General and Administrative</b>	<b>55,498</b>	<b>49,666</b>	<b>281,640</b>	<b>386,804</b>
Operations:				
Landfill Operations and Services	870,072	0	0	870,072
Solid Waste Collection Services	877,612	0	0	877,612
Organic Refuse Services	2,070,513	0	0	2,070,513
Recycling Services	810,733	0	0	810,733
Storm Water Maintenance	0	1,263,530	0	1,263,530
Golf Grounds Maintenance	0	0	378,963	378,963
Golf Pro Shop	0	0	331,706	331,706
Golf Shop Food and Beverage	0	0	56,308	56,308
<b>Total Operations</b>	<b>4,628,930</b>	<b>1,263,530</b>	<b>766,977</b>	<b>6,659,437</b>
<b>Total Operating Costs</b>	<b>\$ 4,684,428</b>	<b>\$ 1,313,196</b>	<b>\$ 1,048,617</b>	<b>\$ 7,046,241</b>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2019

Federal Granting Agency/ Recipient State Agency/ Grant Program/ Grant Number	Federal CFDA Number	Contract Number	Subrecipient DUNS	Passed - Through to Subrecipient	FY2019 Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
Pass Through Tennessee Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555				\$ 1,957,615
School Breakfast Program	10.553				678,703
Summer Feeding Program	10.559				103,629
Child Nutrition Cluster Total					<u>2,739,947</u>
Pass Through Tennessee Department of Agriculture:					
Commodity Supplemental Feeding	10.569				<u>206,219</u>
<b>Total U.S. Department of Agriculture</b>					<b><u>2,946,166</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>					
Pass Through Tennessee Department of Education:					
Title I Program:					
Title I, Project 18-21	84.010				212,693
Title I, Project 19-01	84.010				1,615,345
Title I, Project 18-N2	84.010				3,163
Title I, Project 19-N1	84.010				9,954
Title I Program Total					<u>1,841,155</u>
Special Education Cluster:					
IDEA Part B, 18-21	84.027				191,740
IDEA Part B, 19-01	84.027				1,366,663
IDEA Discretionary 2019-1	84.027				210,181
IDEA Discretionary Sus/Exp 2019-1	84.027				6,726
IDEA Part B, High Cost	84.027				45,381
Pre School 18-21	84.173				5,723
Pre School 19-01	84.173				37,180
Special Education Cluster Total					<u>1,863,594</u>
Title II Program:					
Title II, 2018, 2018-21	84.367				5,448
Title II, 2019, 2019-01	84.367				284,541
Title II Program Total					<u>289,989</u>
Read to be Ready Program:					
Read to be Ready 2019	93.575				87,022
Read to be Ready Coach Network	93.575				9,982
Read to be Ready Program Total					<u>97,004</u>
Carl Perkins, 2019	84.048				121,890
Homeless Assistance Grant	84.196				50,442
Title IV, 2018, 2018-01	84.366				25,030
Title IV, 2019, 2019-01	84.366				73,741
Trauma Informed School	84.424	S424A180044			1,186
Transition School to Work 3 Months	84.126				35,252
Transition School to Work 12 Months	84.126				138,172
Pass Through City of Greeneville, Tennessee:					
Title III, 2019-01	84.365				<u>7,008</u>
<b>Total U.S. Department of Education</b>					<b><u>4,544,463</u></b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>					
Federal Transit Cluster:					
Direct Programs:					
FTA Capital/Operating/Planning TN-90-X424	20.507	TN-2017-039-00			358,405
FTA Capital/Operating/Planning TN-90-X402	20.507	TN-2018-019-00			441,267
FTA Capital/Operating/Planning TN-90-0012	20.507	TN-2019-029-00			210
Transit Center TN-2016-015	20.507	TN-2016-015-00			2,910,460
Pass Through Tennessee Department of Transportation:					
FTA Capital / Operating / Planning Section 5303 10	20.505	GG-17-53600-00			55,656
Pass-Through Virginia Department of Transportation:					
FTA Capital / Operating / Planning VA 2019	20.505	46019-02			3,563
Federal Transit Cluster Total					<u>3,769,561</u>
Highway Cluster:					
Pass Through Tennessee Department of Transportation:					
Main Street Improvement STP-M-9108(48)	20.205	123325			145,984
FHWA Project No. SPR-PL-1-(318) 2018	20.205	Z-14MPO007			27,895
FHWA Project No. SPR-PL-1-(318) 2019	20.205	Z-14MPO007			137,530
Signalization SR-126 Island Rd STP-M-126(20)	20.205	140163			494,056
Lynn Garden Signal STP-M-36(33)	20.205	121579			188,688
Wilcox Sidewalk Phase 5 STP-126(18)	20.205	82LPLM F3 051			(6,647)
Greenbelt Eastern Extension - Phase 1	20.205	82PLM-F3-055			82,822
Pass-Through Virginia Department of Transportation:					
FHWA Project VA PL Funds 2019	20.205				3,984
Highway Cluster Total					<u>1,074,312</u>
Pass Through Tennessee Department of Transportation:					
Multiple Traffic Violations Z18THS164	20.600	Z18THS164			<u>23,915</u>
<b>Total U.S. Department of Transportation</b>					<b><u>4,867,788</u></b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

Federal Granting Agency/ Recipient State Agency/ Grant Program/ Grant Number	Federal CFDA Number	Contract Number	Subrecipient DUNS	Passed - Through to Subrecipient	FY2019 Federal Expenditures
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>					
Direct Programs:					
Bulletproof Vest Partnership Program 10054361	16.607				6,184
Justice Assistance Grant / 2017-DJ-BX-0166	16.738	2017-DJ-BX-0166			21,030
Justice Assistance Grant / 2018-DJ-BX-0324	16.738	2018-DJ-BX-0324			23,284
<b>Total U.S. Department of Justice</b>					<b>50,498</b>
<b><u>EXECUTIVE OFFICE OF THE PRESIDENT</u></b>					
Pass-Through Financial Commission for Appalachia HIDTA:					
High Intensity Drug Trafficking Area	95.001	G12AP0001A			5,953
<b>Total Executive Office of the President</b>					<b>5,953</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>					
Direct Programs:					
Community Development Block Grants	14.218	B-17-MC-47-0004			361,673
Community Development Block Grants	14.218	B-17-MC-47-0004		\$ 1,990	
Community Development Block Grants	14.218	B-17-MC-47-0004		\$ 7,000	
Community Development Block Grants	14.218	B-17-MC-47-0004	08-881-9396	\$ 9,051	
<b>Total U.S. Department of Housing and Urban Development</b>					<b>361,673</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
Pass-Through First Tennessee Development District:					
Title III-B Transportation& III-D Health Promotion	93.044	KINGS-2019-HOOT-19			12,000
<b>Total U.S. Department of Health and Human Services</b>					<b>12,000</b>
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>					
Pass-Through Tennessee Department of Environment and Conservation:					
Historic Preservation Grant - Main Street Project	15.904				7,868
<b>Total U.S. Department of the Interior</b>					<b>7,868</b>
<b>Total Expenditures of Federal Awards</b>					<b>\$ 12,796,409</b>

**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, 2019, the School Board had food commodities totaling \$142,837 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 \$12,510,373 at June 30, 2019. The interest rate is 1.78%. The project was completed in FY2018.

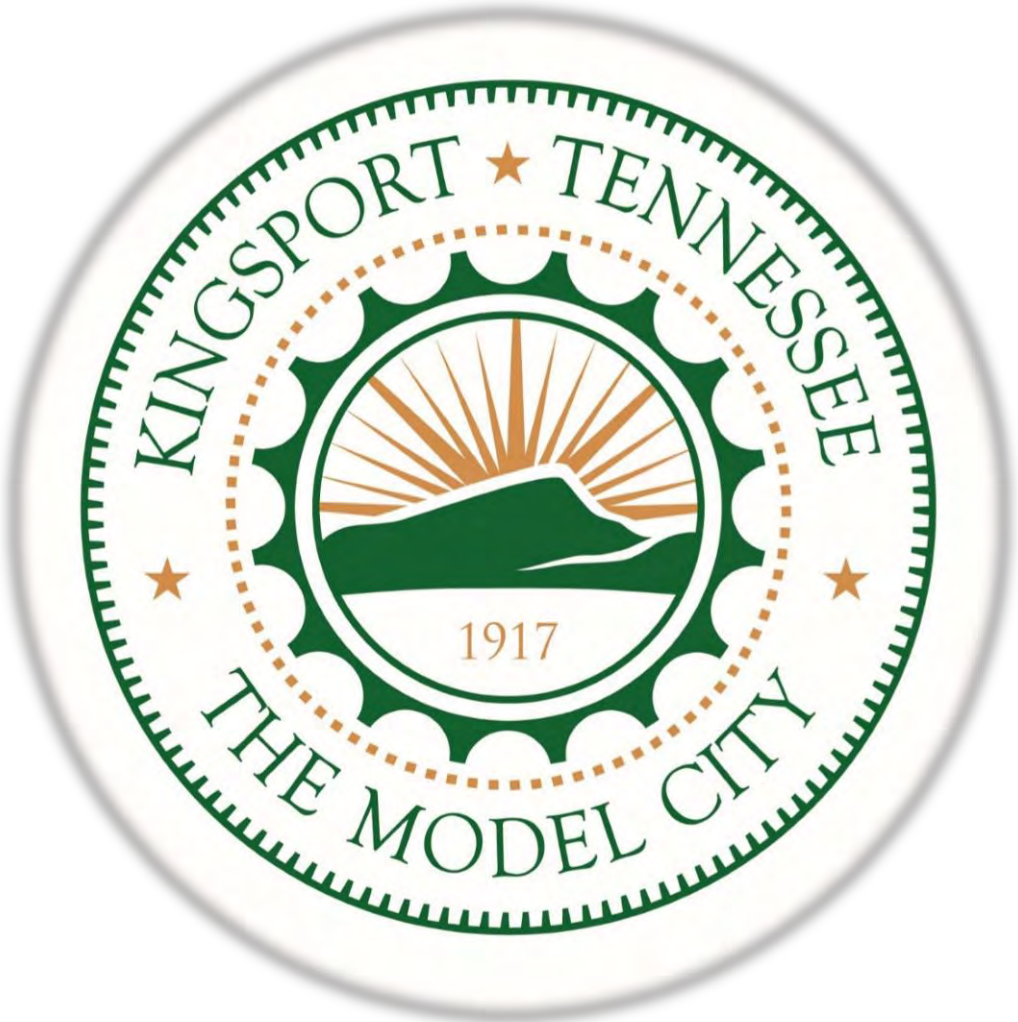
**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

Granting Agency/ Pass-Through Agency Grant Program/ Grant Number	State Contract Number	Pass-Through Entity identifying Number	2019 State Expenditures
Tennessee Arts Commission:			
Arts Program Categorical Grants	31625-28348		\$ 6,000
Elementary School Art Grants	31625-29216		11,425
Total Tennessee Arts Commission			<u>17,425</u>
Tennessee Department of Health and Human Services:			
Project Diabetes	GG-17510-20		150,761
Pass-Through First Tennessee Development District: State Senior Center Operations Grant		KINGS-2019-HOOT-19	20,004
Total Tennessee Department of Health and Human Services			<u>170,765</u>
Tennessee Department of Transportation:			
TN-80-0005-00 Operating 82-5303-S3-016	GG-14-41412-00		6,957
STP-M-126(18) Wilcox Sidewalk	82LPLM-F3-051		(1,662)
STP-M-126(20) SR126 / Island Road Signal	82LPLM-F3-058		72,264
TN-90-X-009 Operating 82UROP-S3-024	DG-19-57877-00		240,169
TN-90-X-039 Operating 82UROP-S3-022	DG-18-53683-00		272,033
TN-2016--029-00 Capital 82-5339-S3-002	82-5339-S3-002		19
Stone Drive Sidewalk	82LPLM-S0-062		14,725
Stone Drive Sidewalk Extension	82LPLM-S3-075		29,161
Transit Center	GG-17-52819-00		363,807
Realign SR93 Exit 50 to Kingsport	90010-2213-14		19,451
Total Tennessee Department of Transportation			<u>1,016,924</u>
Tennessee Department of Agriculture:			
CDC 1305 Snap Grant			103
Farmers Market Promotion and Retail Grant Program			1,000
Total Tennessee Department of Agriculture			<u>1,103</u>
Tennessee State Library and Archives:			
Library Training Opportunities for Public Grant			1,216
Total Tennessee State Library and Archives			<u>1,216</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		175,885
Pre-Kindergarten- Lottery	MX0-AAX		610,590
Family Resource	MTE-AAX		29,868
Coordinated School Health	GZB-AAX		99,449
Spark After School Physical Activity			5,128
Total Tennessee Department of Education			<u>920,920</u>
Tennessee Commission on Aging and Disability:			
Direct Appropriation Grant - Fifty Forward			49,623
Total Commission on Aging and Disability			<u>49,623</u>
Total State Awards			<u>\$ 2,231,696</u>

See Independent Auditor's Report.

**CITY OF KINGSPORT, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**III. STATISTICAL SECTION (UNAUDITED)**



## STATISTICAL SECTION

This part of the City of Kingsport, Tennessee's Comprehensive Annual 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.

<b>Contents:</b>	<b><u>Page</u></b>
<b><u>Financial Trends</u></b>	
<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>	234
<b><u>Revenue Capacity</u></b>	
<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>	242
<b><u>Debt Capacity</u></b>	
<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>	248
<b><u>Demographic and Economic Information</u></b>	
<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>	253
<b><u>Operating Information</u></b>	
<i>Tables 20 - 29 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>	255
<b><u>Note:</u></b>	Statistical tables are exclusive of any prior period adjustments.
<b><u>Sources:</u></b>	Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.
<b><u>Additional Information:</u></b>	Please see the City's most recent official statement and other information posted on the MSRB Electronic Municipal Market Access (EMMA) website - <a href="https://emma.msrb.org">https://emma.msrb.org</a> . 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)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 262,313,208	\$ 246,176,930	\$ 241,652,040	\$ 236,819,524	\$ 229,484,970	\$ 220,670,564	\$ 215,146,670	\$ 232,739,291	\$ 236,836,283	\$ 255,053,440
Restricted	184,626	184,662	178,140	195,625	247,951	215,639	172,941	25,660,368	23,104,992	13,661,733
Unrestricted	6,871,567	9,312,041	284,928	(6,270,614)	(9,459,253)	(42,782,973)	(39,294,647)	(35,204,137)	(46,530,391)	(43,769,895)
Total Governmental Activities Net Position	<u>\$ 269,369,401</u>	<u>\$ 255,673,633</u>	<u>\$ 242,115,108</u>	<u>\$ 230,744,535</u>	<u>\$ 220,273,668</u>	<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>
Business-Type Activities										
Net Investment in Capital Assets	\$ 157,978,008	\$ 163,891,065	\$ 169,428,141	\$ 179,431,176	\$ 183,789,590	\$ 183,083,561	\$ 188,268,413	\$ 193,031,301	\$ 192,493,822	\$ 194,615,588
Restricted	882,421	1,432,126	619,678	364,708	469,895	406,253	604,795	858,037	1,236,060	1,093,122
Unrestricted	16,420,757	17,296,662	17,772,154	13,894,445	11,926,884	6,201,559	3,791,304	3,460,513	3,964,589	3,275,447
Total Business-Type Activities Net Position	<u>\$ 175,281,186</u>	<u>\$ 182,619,853</u>	<u>\$ 187,819,973</u>	<u>\$ 193,690,329</u>	<u>\$ 196,186,369</u>	<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>
Primary Government										
Net Investment in Capital Assets	\$ 420,291,216	\$ 410,067,995	\$ 411,080,181	\$ 413,274,560	\$ 403,754,125	\$ 403,415,083	\$ 425,770,592	\$ 429,330,105	\$ 429,330,105	\$ 449,669,028
Restricted	1,067,047	1,616,788	797,818	717,846	621,892	777,736	26,518,405	24,341,052	24,341,052	14,754,855
Unrestricted	23,292,324	26,608,703	18,057,082	2,467,631	(36,581,414)	(35,503,343)	(31,743,624)	(42,565,802)	(42,565,802)	(40,494,448)
Total Primary Government Net Position	<u>\$ 444,650,587</u>	<u>\$ 438,293,486</u>	<u>\$ 429,935,081</u>	<u>\$ 416,460,037</u>	<u>\$ 367,794,603</u>	<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>

Source: City of Kingsport Finance Department

CITY OF KINGSPORT, TENNESSEE  
CHANGES IN NET POSITION  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$ 11,201,367	\$ 14,877,308	\$ 12,574,751	\$ 12,206,753	\$ 9,342,864	\$ 10,576,342	\$ 10,413,192	\$ 11,672,892	\$ 11,654,457	\$ 10,051,430
Public Safety	19,485,392	20,186,463	20,995,344	21,116,177	21,804,504	21,215,734	21,663,334	23,373,247	23,574,401	23,359,946
Public Works	14,690,010	15,325,189	13,397,601	13,504,933	13,920,899	14,606,362	15,579,088	18,087,183	17,995,836	21,056,262
Highway Transportation Planning	5,767,852	3,846,573	3,804,969	4,219,117	4,876,627	5,319,159	4,428,006	4,381,789	4,309,081	4,456,199
Economic and Physical Development	4,234,673	4,792,022	4,852,780	4,590,460	4,647,819	4,358,455	4,326,769	2,023,477	2,003,996	1,816,758
Culture and Recreation	6,144,900	6,590,859	6,691,418	7,295,391	7,308,927	7,347,859	7,784,401	8,322,721	8,539,135	8,713,814
Education	71,107,497	75,900,414	75,544,772	75,456,221	77,124,830	74,368,054	78,180,717	81,495,584	82,061,934	79,704,213
Interest on Long-Term Debt	4,069,104	4,718,229	4,551,533	3,253,559	4,121,095	4,189,508	4,008,351	3,847,436	4,077,838	3,959,266
<b>Total Governmental Activities Expenses</b>	<b>136,700,795</b>	<b>146,237,057</b>	<b>142,413,168</b>	<b>141,642,611</b>	<b>143,147,565</b>	<b>141,981,473</b>	<b>146,383,858</b>	<b>153,204,329</b>	<b>154,216,678</b>	<b>153,117,888</b>
<b>Business-Type Activities:</b>										
Water	9,068,323	9,630,478	10,329,009	10,373,689	10,848,749	10,689,783	11,029,910	11,389,112	11,682,737	11,907,425
Sewer	8,082,865	8,227,535	8,267,253	8,687,619	8,912,004	11,281,230	11,853,057	11,727,265	12,020,168	13,273,850
Solid Waste Management	3,614,988	4,009,722	4,367,121	4,246,071	4,379,003	4,249,886	4,424,383	4,638,331	4,606,197	4,969,412
Storm Water Management	0	0	671,575	848,997	1,230,005	1,347,121	1,457,499	1,476,865	1,464,050	1,506,017
Aquatic Center	0	0	0	753,495	3,220,643	3,058,481	2,984,965	3,062,597	3,095,614	3,165,293
MeadowView Conference Center	1,986,408	1,597,797	1,362,677	1,559,914	2,954,368	2,944,790	2,685,147	2,637,666	2,376,920	2,271,450
Cattails at MeadowView Golf Course	1,586,343	1,384,281	1,325,339	1,313,104	1,335,963	1,288,216	1,311,917	1,274,403	1,281,058	1,297,199
<b>Total Business-Type Activities Expenses</b>	<b>24,338,927</b>	<b>24,849,813</b>	<b>26,322,974</b>	<b>27,782,889</b>	<b>32,880,735</b>	<b>34,859,507</b>	<b>35,746,878</b>	<b>36,206,239</b>	<b>36,526,744</b>	<b>38,390,646</b>
<b>Total Primary Government Expenses</b>	<b>\$ 161,039,722</b>	<b>\$ 171,086,870</b>	<b>\$ 168,736,142</b>	<b>\$ 169,425,500</b>	<b>\$ 176,028,300</b>	<b>\$ 176,840,980</b>	<b>\$ 182,130,736</b>	<b>\$ 189,410,568</b>	<b>\$ 190,743,422</b>	<b>\$ 191,508,534</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$ 687,263	\$ 1,596,808	\$ 681,275	\$ 683,997	\$ 491,916	\$ 1,036,182	\$ 1,097,954	\$ 1,011,092	\$ 873,420	\$ 1,226,607
Public Safety	1,789,496	1,820,625	1,179,259	1,106,058	1,227,933	1,106,788	1,259,977	1,422,778	1,497,607	1,571,833
Public Works	0	0	0	0	0	0	0	1,218,571	694,464	837,147
Highway Transportation Planning	103,207	110,713	122,236	127,303	130,945	147,631	117,862	121,005	131,331	137,499
Economic and Physical Development	1,192,238	1,079,506	996,925	1,028,954	764,682	599,980	900,416	25	0	0
Culture and Recreation	818,919	987,328	988,565	991,503	963,498	1,029,146	1,324,523	1,465,081	1,430,394	1,404,863
Education	2,475,034	2,485,634	2,540,181	2,348,049	2,344,300	2,287,373	2,417,198	2,202,762	2,229,939	2,430,625
Operating Grants and Contributions	34,317,663	37,442,335	38,727,209	37,090,159	38,620,397	38,081,890	38,590,390	42,102,696	43,383,591	45,097,644
Capital Grants and Contributions	7,348,567	9,217,970	4,786,618	2,298,091	2,043,937	3,351,516	2,411,235	47,444,523	4,566,083	6,248,957
<b>Total Governmental Activities Program Revenues</b>	<b>48,732,387</b>	<b>54,740,919</b>	<b>50,022,268</b>	<b>45,674,114</b>	<b>46,587,608</b>	<b>47,640,506</b>	<b>48,119,555</b>	<b>96,988,533</b>	<b>54,806,829</b>	<b>58,955,175</b>
<b>Business-Type Activities:</b>										
Charges for Services:										
Water	12,513,017	12,383,505	12,667,214	12,235,550	12,791,336	13,262,329	13,575,659	13,643,424	13,561,961	14,026,187
Sewer	12,618,400	12,276,442	12,371,334	12,611,643	13,142,602	13,305,667	13,750,057	14,363,873	14,129,069	14,203,143
Solid Waste Management	772,999	829,411	944,641	802,090	832,053	1,006,285	872,231	2,829,363	2,860,951	3,118,977
Storm Water Management	0	0	910,822	1,809,829	1,840,865	1,813,527	1,860,884	1,901,456	1,844,224	1,893,941
Aquatic Center	0	0	0	331,444	1,428,226	1,388,065	1,348,766	1,337,074	1,382,559	1,483,712
MeadowView Conference Center	251,800	303,648	321,915	188,114	180,481	223,898	384,717	435,600	380,866	325,982
Cattails at MeadowView Golf Course	981,837	938,658	1,011,026	945,421	948,586	819,742	898,760	881,851	879,919	849,403
Operating Grants and Contributions	0	229,976	186,888	238,749	185,308	181,030	174,903	167,877	160,187	177,713
Capital Grants and Contributions	1,296,823	655,174	65,871	507,015	1,033,605	868,632	1,495,226	1,709,857	258,915	37,701
<b>Total Business-Type Activities Program Revenues</b>	<b>28,434,876</b>	<b>27,616,814</b>	<b>28,479,711</b>	<b>29,669,855</b>	<b>32,383,062</b>	<b>32,869,175</b>	<b>34,361,203</b>	<b>37,270,375</b>	<b>35,458,651</b>	<b>36,116,759</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 77,167,263</b>	<b>\$ 82,357,733</b>	<b>\$ 78,501,979</b>	<b>\$ 75,343,969</b>	<b>\$ 78,970,670</b>	<b>\$ 80,509,681</b>	<b>\$ 82,480,758</b>	<b>\$ 134,258,908</b>	<b>\$ 90,265,480</b>	<b>\$ 95,071,934</b>

(continued)

CITY OF KINGSPORT, TENNESSEE  
CHANGES IN NET POSITION  
For the Fiscal Years Noted  
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (87,968,408)	\$ (91,496,138)	\$ (92,390,900)	\$ (95,968,497)	\$ (96,559,957)	\$ (94,340,967)	\$ (98,264,303)	\$ (56,215,796)	\$ (99,409,849)	\$ (94,162,713)
Business-Type Activities	4,095,949	2,767,001	2,156,737	1,886,966	(497,673)	(1,990,332)	(1,385,675)	1,064,136	(1,068,093)	(2,273,887)
Total Primary Government Net (Expense) Revenue	<u>\$ (83,872,459)</u>	<u>\$ (88,729,137)</u>	<u>\$ (90,234,163)</u>	<u>\$ (94,081,531)</u>	<u>\$ (97,057,630)</u>	<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>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 45,938,645	\$ 47,144,856	\$ 48,236,082	\$ 50,347,648	\$ 52,677,994	\$ 55,935,014	\$ 57,058,121	\$ 59,355,264	\$ 57,621,560	\$ 57,748,741
Sales Taxes	26,304,997	27,514,740	29,469,816	29,687,264	30,753,163	32,690,121	34,386,506	34,602,066	35,891,135	36,618,697
Other Taxes	5,017,241	5,234,872	5,633,647	5,805,431	6,144,010	6,596,149	6,774,085	11,137,599	11,776,636	11,550,105
Grants and Contributions Not Restricted	1,040,878	986,665	1,361,422	1,370,621	1,151,744	1,126,538	995,380	1,121,189	1,111,256	1,125,983
Unrestricted Investment Earnings	786,056	421,579	401,451	332,967	178,084	158,346	211,962	332,007	850,735	1,235,699
Gain (Loss) on Disposal of Capital Assets	(869,975)	0	0	0	0	0	0	0	0	0
Miscellaneous	742,259	755,400	960,663	875,719	903,143	1,047,776	939,546	182,882	232,232	272,160
Transfers	(3,874,687)	(4,425,338)	(3,615,027)	(3,821,726)	(4,331,130)	(4,539,037)	(4,179,563)	(3,344,653)	(3,195,912)	(2,854,278)
Total Governmental Activities	<u>75,085,414</u>	<u>77,632,774</u>	<u>82,448,054</u>	<u>84,597,924</u>	<u>87,477,008</u>	<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>
Business-Type Activities:										
Unrestricted Investment Earnings	409,331	146,328	153,080	161,664	74,889	77,171	179,251	276,550	403,815	709,295
Gain (Loss) on Disposal of Capital Assets	0	0	5,812	0	0	0	0	0	0	0
Transfers	3,874,687	4,425,338	3,615,027	3,821,726	4,331,130	4,539,037	4,179,563	3,344,653	3,195,912	2,854,278
Total Business-Type Activities	<u>4,284,018</u>	<u>4,571,666</u>	<u>3,773,919</u>	<u>3,983,390</u>	<u>4,406,019</u>	<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>
Total Primary Government	<u>\$ 79,369,432</u>	<u>\$ 82,204,440</u>	<u>\$ 86,221,973</u>	<u>\$ 88,581,314</u>	<u>\$ 91,883,027</u>	<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>
<b>Change in Net Position</b>										
Governmental Activities	\$ (12,882,994)	\$ (13,863,364)	\$ (9,942,846)	\$ (11,370,573)	\$ (9,082,949)	\$ (1,326,060)	\$ (2,078,266)	\$ 47,170,558	\$ 4,877,793	\$ 11,534,394
Business-Type Activities	8,379,967	7,338,667	5,930,656	5,870,356	3,908,346	2,625,876	2,973,139	4,685,339	2,531,634	1,289,686
Total Primary Government	<u>\$ (4,503,027)</u>	<u>\$ (6,524,697)</u>	<u>\$ (4,012,190)</u>	<u>\$ (5,500,217)</u>	<u>\$ (5,174,603)</u>	<u>\$ 1,299,816</u>	<u>\$ 894,873</u>	<u>\$ 51,855,897</u>	<u>\$ 7,409,427</u>	<u>\$ 12,824,080</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)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Income Tax</b>	<b>Business Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Hotel / Motel Tax</b>	<b>Total</b>
2010	\$ 45,938,645	\$ 26,304,997	\$ 577,363	\$ 1,589,591	\$ 1,549,521	\$ 1,300,766	\$ 77,260,883
2011	\$ 47,144,856	\$ 27,514,740	\$ 555,283	\$ 1,681,523	\$ 1,617,478	\$ 1,380,588	\$ 79,894,468
2012	\$ 48,236,082	\$ 29,469,816	\$ 609,312	\$ 1,746,264	\$ 1,778,471	\$ 1,499,600	\$ 83,339,545
2013	\$ 50,347,648	\$ 29,687,264	\$ 709,109	\$ 1,845,565	\$ 1,742,979	\$ 1,507,778	\$ 85,840,343
2014	\$ 52,677,994	\$ 30,753,163	\$ 893,978	\$ 1,806,045	\$ 1,800,932	\$ 1,643,055	\$ 89,575,167
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

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									
	2010	2011*	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,574,013	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved	13,155,138	0	0	0	0	0	0	0	0	0
Nonspendable	0	44,571	23,543	23,773	34,360	20,941	22,927	24,390	32,018	40,972
Restricted	0	0	0	0	0	0	0	0	0	0
Committed	0	0	0	0	0	0	0	0	0	0
Assigned	0	1,440,450	739,876	73,750	85,660	139,451	94,905	179,468	160,364	169,353
Unassigned	0	12,099,373	11,809,520	11,537,853	11,648,737	12,736,020	13,130,953	13,911,298	15,585,389	15,828,588
<b>Total General Fund</b>	<b>\$ 14,729,151</b>	<b>\$ 13,584,394</b>	<b>\$ 12,572,939</b>	<b>\$ 11,635,376</b>	<b>\$ 11,768,757</b>	<b>\$ 12,896,412</b>	<b>\$ 13,248,785</b>	<b>\$ 14,115,156</b>	<b>\$ 15,777,771</b>	<b>\$ 16,038,913</b>
All Other Governmental Funds										
Reserved	\$ 9,018,913	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Unreserved, reported in:										
Debt Service	411,923	0	0	0	0	0	0	0	0	0
Special Revenue Funds	6,594,744	0	0	0	0	0	0	0	0	0
Capital Project Funds	38,247,760	0	0	0	0	0	0	0	0	0
Permanent Fund	36,804	0	0	0	0	0	0	0	0	0
Nonspendable	0	335,358	391,421	431,092	321,674	328,598	349,582	312,662	335,197	373,070
Restricted	0	29,898,833	32,898,517	12,101,368	14,014,752	15,519,288	8,264,217	37,108,397	41,610,698	25,537,386
Committed	0	195,000	15,000	15,000	18,510	15,000	15,000	0	0	0
Assigned	0	10,303,693	8,663,697	7,907,282	9,192,987	10,510,648	11,859,220	16,105,744	16,256,502	16,891,707
<b>Total all Other Governmental Funds</b>	<b>\$ 54,310,144</b>	<b>\$ 40,732,884</b>	<b>\$ 41,968,635</b>	<b>\$ 20,454,742</b>	<b>\$ 23,547,923</b>	<b>\$ 26,373,534</b>	<b>\$ 20,488,019</b>	<b>\$ 53,526,803</b>	<b>\$ 58,202,397</b>	<b>\$ 42,802,163</b>

Source: City of Kingsport Finance Department

Note:

\* FY 2011 Implementation of GASB Statement No. 54 Fund Balance Classification

**CITY OF KINGSPORT, TENNESSEE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Taxes	\$ 59,644,769	\$ 61,736,098	\$ 64,053,048	\$ 65,947,861	\$ 69,564,106	\$ 73,722,283	\$ 75,549,547	\$ 81,991,726	\$ 81,464,793	\$ 82,005,281
Licenses and Permits	354,400	339,843	390,916	357,816	530,179	518,480	456,360	569,817	547,907	497,594
Intergovernmental	57,016,177	57,618,712	60,411,908	58,908,421	61,026,056	61,752,080	62,852,964	111,324,918	70,846,844	73,873,732
Charges for Services	4,903,995	5,059,845	4,788,526	4,741,965	4,446,028	4,453,764	5,093,344	5,401,380	4,767,530	5,221,404
Fines and Forfeitures	1,404,126	1,475,914	888,013	808,164	924,190	872,162	1,025,281	1,174,085	1,186,920	1,222,064
Contributions and Donations	417,259	544,308	478,234	445,475	456,400	713,459	471,323	1,248,466	585,059	558,352
Investment Earnings	534,657	285,622	301,300	273,394	152,238	140,248	187,494	293,534	757,810	1,034,953
Miscellaneous	620,950	1,087,540	712,967	296,538	683,627	426,932	459,683	750,654	896,475	901,614
<b>Total Revenues</b>	<b>124,896,333</b>	<b>128,147,882</b>	<b>132,024,912</b>	<b>131,779,634</b>	<b>137,782,824</b>	<b>142,599,408</b>	<b>146,095,996</b>	<b>202,754,580</b>	<b>161,053,338</b>	<b>165,314,994</b>
<b>Expenditures:</b>										
General Government	9,493,673	8,937,456	9,897,339	9,432,504	8,748,363	8,888,732	9,295,398	9,815,240	10,738,807	9,855,283
Public Safety	18,183,202	18,602,375	19,206,238	19,422,279	20,067,727	20,349,756	20,379,496	21,421,493	21,925,456	22,070,767
Public Works	6,297,624	6,292,395	6,104,746	6,441,239	6,823,759	6,854,129	7,343,759	10,134,719	10,327,076	10,497,786
Transportation	5,767,852	4,404,721	3,804,971	4,219,117	4,876,627	5,319,159	4,428,006	4,381,788	4,309,081	4,456,199
Development	3,823,882	4,258,551	4,209,456	4,010,897	4,080,865	4,009,648	3,962,118	2,029,686	1,845,723	1,871,119
Recreation	4,883,835	5,203,012	5,137,420	5,294,145	5,300,591	5,413,181	5,592,782	5,997,447	6,108,430	6,403,332
Maintenance	0	0	0	320	0	0	0	0	0	0
Education	62,216,835	63,944,855	65,758,406	67,003,733	68,827,804	69,933,085	73,886,673	76,315,602	78,543,665	80,196,367
Miscellaneous	1,164,299	1,179,584	1,108,609	1,045,894	726,702	1,010,101	769,025	798,983	963,700	960,043
Capital Outlay	23,141,716	20,219,807	25,002,612	13,015,102	14,160,334	15,864,508	11,667,728	31,017,522	18,996,093	35,898,326
Arbitrage	0	0	0	0	0	0	0	0	0	41,586
Debt Service:										
Principal	4,286,390	5,271,066	5,426,273	6,436,120	6,657,299	7,696,331	7,697,555	7,953,385	8,624,257	8,529,857
Interest	3,612,987	4,930,280	4,549,707	4,133,024	4,032,477	4,352,406	4,356,358	4,004,572	4,268,268	4,368,020
Bond Issuance Costs	459,043	20,479	435,261	126,829	165,924	498,456	242,887	88,997	199,766	248,086
Other Charges	9,744	33,061	7,387	12,122	29,895	0	17,311	14,941	20,531	13,740
<b>Total Expenditures</b>	<b>143,341,082</b>	<b>143,297,642</b>	<b>150,648,425</b>	<b>140,593,325</b>	<b>144,498,367</b>	<b>150,189,492</b>	<b>149,639,096</b>	<b>173,974,375</b>	<b>166,870,853</b>	<b>185,410,511</b>
Excess (deficiency) of revenues over (under) expenditures	(18,444,749)	(15,149,760)	(18,623,513)	(8,813,691)	(6,715,543)	(7,590,084)	(3,543,100)	28,780,205	(5,817,515)	(20,095,517)

**CITY OF KINGSPORT, TENNESSEE**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Other Financing Sources (Uses):</b>										
Transfers In	28,905,392	29,214,433	28,958,597	29,346,521	29,439,834	31,868,200	33,017,651	82,273,310	35,013,443	38,550,693
Transfers Out	(32,780,079)	(33,051,330)	(32,573,624)	(33,018,247)	(33,770,964)	(36,752,237)	(37,553,446)	(85,617,963)	(38,219,397)	(41,023,278)
Transfer Bonds to										
Enterprise Funds	0	0	0	(10,596,258)	0	0	(1,362,955)	0	0	0
Issuance of Debt	29,207,043	4,097,044	26,376,201	12,677,052	13,406,845	32,291,848	19,313,751	7,821,325	14,690,288	14,417,513
Premiums on Debt Issued	520,024	0	740,813	1,068,429	866,390	4,044,772	1,685,668	648,278	671,390	1,713,137
Payments to Refunded										
Bond Escrow Agent	0	0	(4,654,178)	(13,115,262)	0	(19,901,049)	(17,090,711)	0	0	(8,701,640)
Total Other Financing Sources (Uses)	25,852,380	260,147	18,847,809	(13,637,765)	9,942,105	11,551,534	(1,990,042)	5,124,950	12,155,724	4,956,425
Net Change in Fund Balances	<u>\$ 7,407,631</u>	<u>\$ (14,889,613)</u>	<u>\$ 224,296</u>	<u>\$ (22,451,456)</u>	<u>\$ 3,226,562</u>	<u>\$ 3,961,450</u>	<u>\$ (5,533,142)</u>	<u>\$ 33,905,155</u>	<u>\$ 6,338,209</u>	<u>\$ (15,139,092)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>6.6%</u>	<u>8.3%</u>	<u>7.9%</u>	<u>8.3%</u>	<u>8.2%</u>	<u>9.0%</u>	<u>8.7%</u>	<u>8.4%</u>	<u>8.7%</u>	<u>8.6%</u>

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)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Income Tax</b>	<b>Business Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Hotel / Motel Tax</b>	<b>Total</b>
2010	\$ 45,745,881	\$ 26,304,997	\$ 577,363	\$ 1,589,591	\$ 1,549,521	\$ 1,300,766	\$ 77,068,119
2011	\$ 47,130,788	\$ 27,514,740	\$ 555,283	\$ 1,681,523	\$ 1,617,478	\$ 1,380,588	\$ 79,880,400
2012	\$ 48,337,930	\$ 29,469,816	\$ 609,312	\$ 1,746,264	\$ 1,778,471	\$ 1,499,600	\$ 83,441,393
2013	\$ 49,939,941	\$ 29,687,264	\$ 709,109	\$ 1,845,565	\$ 1,742,979	\$ 1,507,778	\$ 85,432,636
2014	\$ 53,084,374	\$ 30,753,163	\$ 893,978	\$ 1,806,045	\$ 1,800,932	\$ 1,643,055	\$ 89,981,547
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

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 & Farm Property	Industrial & Commercial Property	Personal Property	Public Utility		Kingsport City Sullivan County	Kingsport City Hawkins County		
2010	2009	\$ 542,112,415	\$ 601,517,500	\$ 408,047,665	\$ 47,796,156	\$ 1,599,473,736	\$ 1.94000	\$ 2.24000	\$ 5,119,304,395	31.24%
2011	2010	\$ 576,028,905	\$ 624,738,933	\$ 387,994,899	\$ 54,381,309	\$ 1,643,144,046	\$ 1.94000	\$ 2.24000	\$ 5,258,154,390	31.25%
2012	2011	\$ 594,243,299	\$ 636,435,237	\$ 359,672,056	\$ 51,874,049	\$ 1,642,224,641	\$ 1.97000	\$ 1.85000	\$ 5,261,284,595	31.21%
2013	2012	\$ 638,772,453	\$ 636,926,951	\$ 352,203,970	\$ 48,475,692	\$ 1,676,379,066	\$ 1.97000	\$ 1.85000	\$ 5,409,558,045	30.99%
2014	2013	\$ 662,428,582	\$ 660,706,711	\$ 407,373,787	\$ 53,886,860	\$ 1,784,395,940	\$ 1.94000	\$ 1.88000	\$ 5,757,369,838	30.99%
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%

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**

<b>Fiscal Year Ended June 30</b>	<b>Tax Year</b>	<b>City Direct Rates*</b>		<b>Overlapping Rates</b>	
		<b>Kingsport City Sullivan County</b>	<b>Kingsport City Hawkins County</b>	<b>Sullivan County</b>	<b>Hawkins County</b>
2010	2009	\$ 1.94000	\$ 2.24000	\$ 2.13070	\$ 2.70500
2011	2010	\$ 1.94000	\$ 2.24000	\$ 2.13070	\$ 2.70500
2012	2011	\$ 1.97000	\$ 1.85000	\$ 2.13070	\$ 2.34500
2013	2012	\$ 1.97000	\$ 1.85000	\$ 2.33070	\$ 2.34500
2014	2013	\$ 1.94000	\$ 1.88000	\$ 2.30540	\$ 2.34500
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

Source: City of Kingsport Finance Department

Note: Overlapping rates are those of county governments that apply to property owners within the City of Kingsport.

\*The City of Kingsport is located in both Sullivan County and Hawkins County, Tennessee

Table 9

**CITY OF KINGSPORT, TENNESSEE  
PRINCIPAL PROPERTY TAXPAYERS  
For The Fiscal Years Noted**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Eastman	\$ 454,732,452	1	23.7%	\$ 419,085,596	1	26.2%
Domtar, Inc (Weyerhaeuser Co/ Willamette Industries)	62,713,904	2	3.3%	31,893,757	2	2.0%
Holston Family Practice	27,773,883	3	1.4%			
Kingsport Power Company (AEP)	25,003,333	4	1.3%	17,336,451	4	1.1%
Inland Western Kpt East Stone LLC - Clara F Jackson	16,539,880	5	0.9%	10,897,760	7	0.7%
Wellmont Health System/ Holston Valley Health Care	15,077,961	6	0.8%	24,096,551	3	1.5%
Eastman Credit Union	13,859,868	7	0.7%	8,900,440	10	0.6%
Mountain States Health / HCA	13,232,138	8	0.7%	12,165,680	6	0.8%
Wal Mart Properties/Real Estate	12,229,747	9	0.6%	10,653,897	8	0.7%
Cross Creek / Allandale Falls / Brandy Mill Apartments	9,524,873	10	0.5%			
Kingsport Hotel LLC						
Fort Henry Mall - Baltry, LLC				16,977,680	5	1.1%
Sprint/United Inter-Mountain Telephone Southeast						
AFG/AGC Industries				9,323,872	9	0.6%
<b>Totals</b>	<b>\$ 650,688,039</b>		<b>33.9%</b>	<b>\$ 561,331,684</b>		<b>35.3%</b>
Total Taxable Assessed Value:						
FYE 2019 (Tax Year 2018)	\$ 1,917,923,002					
FYE 2010 (Tax Year 2009)	\$ 1,599,473,736					

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 Years	Total Collections to Date		Uncollected Delinquent Taxes
					Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy	
2010	2009	\$ 31,362,309	\$ (190,912)	\$ 31,171,397	\$ 30,151,757	96.73%	\$ 977,025	\$ 31,128,782	99.86%	\$ 42,615
2011	2010	\$ 32,011,845	\$ 212,804	\$ 32,224,649	\$ 31,071,305	96.42%	\$ 1,106,140	\$ 32,177,445	99.85%	\$ 47,204
2012	2011	\$ 32,276,181	\$ 348,310	\$ 32,624,491	\$ 31,684,065	97.12%	\$ 872,047	\$ 32,556,112	99.79%	\$ 68,379
2013	2012	\$ 32,988,793	\$ 998,029	\$ 33,986,822	\$ 32,509,744	95.65%	\$ 1,381,751	\$ 33,891,495	99.72%	\$ 95,327
2014	2013	\$ 34,588,442	\$ 486,434	\$ 35,074,876	\$ 34,296,005	97.78%	\$ 701,074	\$ 34,997,079	99.78%	\$ 77,797
2015	2014	\$ 37,776,783	\$ 270,958	\$ 38,047,741	\$ 37,242,818	97.88%	\$ 689,598	\$ 37,932,416	99.70%	\$ 115,325
2016	2015	\$ 37,829,084	\$ (243,741)	\$ 37,585,343	\$ 36,831,749	97.99%	\$ 626,666	\$ 37,458,415	99.66%	\$ 126,928
2017	2016	\$ 38,289,949	\$ 404,885	\$ 38,694,834	\$ 38,148,030	98.59%	\$ 393,296	\$ 38,541,326	99.60%	\$ 153,508
2018	2017	\$ 38,789,017	\$ (188,272)	\$ 38,600,745	\$ 37,910,311	98.21%	\$ 416,047	\$ 38,328,124	99.29%	\$ 272,621
2019	2018	\$ 39,208,746	\$ (75,300)	\$ 39,133,446	\$ 38,376,485	98.07%	\$ 0	\$ 38,376,484	98.07%	\$ 756,962

Source: City of Kingsport Finance Department

**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE**  
**For the Fiscal Year Ended June 30, 2019**

<b>Tax Year</b>	<b>Property Tax Receivable Balance June 30, 2018</b>	<b>Property Tax Levied</b>	<b>Anticipated Current Year Levy</b>	<b>Abatements and Adjustments</b>	<b>Collections</b>	<b>Net Receivable Balance June 30, 2019</b>
2009	\$ 46,021	\$ 0	\$ 0	\$ (236)	\$ (3,170)	\$ 42,615
2010	53,853	0	0	(236)	(6,413)	47,204
2011	76,700	0	0	(239)	(8,082)	68,379
2012	109,235	0	0	(145)	(13,763)	95,327
2013	96,476	0	0	(138)	(18,541)	77,797
2014	142,716	0	0	(148)	(27,243)	115,325
2015	165,572	0	0	(160,733)	122,089	126,928
2016	243,714	0	0	(238,941)	148,735	153,508
2017	823,447	0	0	(133,013)	(417,813)	272,621
2018	0	39,208,746	0	(75,300)	(38,376,484)	756,962
2019	0	0	38,637,520	0	0	38,637,520
<b>Totals</b>	<b>\$ 1,757,734</b>	<b>\$ 39,208,746</b>	<b>\$ 38,637,520</b>	<b>\$ (609,129)</b>	<b>\$ (38,600,685)</b>	<b>\$ 40,394,186</b>

NOTES: All uncollected real property taxes for years prior to 2018 have been turned over to the Clerk & Master for collection.  
All uncollected personal property taxes for years prior to 2011 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**

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<b>FISCAL YEAR ENDED JUNE 30th</b>	<b>TOTAL LOCAL OPTION SALES TAX COLLECTIONS</b>	<b>GENERAL FUND</b>	<b>REGIONAL SALES TAX FUND</b>
2010	\$ 17,067,113	\$ 14,009,678	\$ 3,057,435
2011	\$ 17,778,766	\$ 14,594,959	\$ 3,183,807
2012	\$ 18,789,437	\$ 15,432,814	\$ 3,356,623
2013	\$ 18,816,176	\$ 15,439,972	\$ 3,376,205
2014	\$ 19,390,768	\$ 15,901,590	\$ 3,489,178
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

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			
2010	\$ 112,219,869	\$ 5,323,392	\$ 73,689,344	\$ 140,000	\$ 22,190,263	\$ 213,562,868	22.53%	\$ 4,510
2011	\$ 107,563,297	\$ 8,795,620	\$ 67,014,158	\$ 0	\$ 24,288,460	\$ 207,661,535	17.82%	\$ 4,340
2012	\$ 122,673,341	\$ 10,615,303	\$ 69,832,074	\$ 0	\$ 23,658,574	\$ 226,779,292	18.94%	\$ 4,686
2013	\$ 96,542,440	\$ 10,240,943	\$ 105,705,775	\$ 0	\$ 0	\$ 212,489,158	16.43%	\$ 4,239
2014	\$ 106,683,823	\$ 9,179,827	\$ 113,441,729	\$ 0	\$ 0	\$ 229,305,379	17.36%	\$ 4,420
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

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

**CITY OF KINGSPORT, TENNESSEE**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Reserves</b>	<b>Net General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of</b>	<b>Per Capita</b>
2010	\$ 185,909,213	\$ 468,937	\$ 185,440,276	3.62%	\$ 3,916
2011	\$ 174,577,455	\$ 1,230,382	\$ 173,347,073	3.30%	\$ 3,623
2012	\$ 192,505,415	\$ 148,495	\$ 192,356,920	3.66%	\$ 3,974
2013	\$ 202,248,215	\$ 139,984	\$ 202,108,231	3.74%	\$ 4,032
2014	\$ 220,125,552	\$ 144,635	\$ 219,980,917	3.82%	\$ 4,241
2015	\$ 232,184,788	\$ 224,584	\$ 231,960,204	4.02%	\$ 4,390
2016	\$ 230,180,522	\$ 340,307	\$ 229,840,215	4.03%	\$ 4,345
2017	\$ 236,583,444	\$ 652,554	\$ 235,930,890	4.03%	\$ 4,462
2018	\$ 246,709,088	\$ 1,007,753	\$ 245,701,335	4.03%	\$ 4,662
2019	\$ 245,391,059	\$ 703,320	\$ 244,687,739	3.94%	\$ 4,607

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



**CITY OF KINGSPORT, TENNESSEE**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**For the Fiscal Year Ended June 30, 2019**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Debt Repaid with Property Taxes:</b>			
<b>Net Direct Debt:</b>			
City of Kingsport	\$ 145,896,565 (1)	100.00%	\$ 145,896,565
Total Direct Debt	<u>145,896,565</u>	<u>100.00%</u>	<u>145,896,565</u>
<b>Overlapping Debt:</b>			
Sullivan County	177,623,795	46.19% (2)	82,044,431
Hawkins County	<u>67,631,830</u>	<u>6.71% (2)</u>	<u>4,538,096</u>
Subtotal, Overlapping Debt	<u>245,255,625</u>		<u>86,582,527</u>
<b>Total Direct and Overlapping Debt</b>	<u><u>\$ 391,152,190</u></u>		<u><u>\$ 232,479,092</u></u>

(1) Includes Solid Waste Management, Aquatic Center, MeadowView Conference and Resort Center and Cattails Golf Course General Obligation Bonds. The debt for these business-type activities was structured to be funded by the taxing authority of the City.

(2) 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Limit	\$ 319,894,747	\$ 328,628,809	\$ 328,444,928	\$ 335,275,813	\$ 356,879,188	\$ 357,919,548	\$ 353,720,273	\$ 362,924,328	\$ 376,420,578	\$ 383,584,600
Total Net Debt Applicable to Limit	<u>128,636,532</u>	<u>123,381,532</u>	<u>138,767,654</u>	<u>130,382,038</u>	<u>138,394,266</u>	<u>145,513,415</u>	<u>140,652,627</u>	<u>142,585,188</u>	<u>147,556,579</u>	<u>145,896,565</u>
Legal Debt Margin	<u>\$ 191,258,215</u>	<u>\$ 205,247,277</u>	<u>\$ 189,677,274</u>	<u>\$ 204,893,775</u>	<u>\$ 218,484,922</u>	<u>\$ 212,406,133</u>	<u>\$ 213,067,646</u>	<u>\$ 220,339,140</u>	<u>\$ 228,863,999</u>	<u>\$ 237,688,035</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>40.21%</u>	<u>37.54%</u>	<u>42.25%</u>	<u>38.89%</u>	<u>38.78%</u>	<u>40.66%</u>	<u>39.76%</u>	<u>39.29%</u>	<u>39.20%</u>	<u>38.04%</u>

**Legal Debt Margin Calculation for Fiscal Year 2019**

Total Taxable Assessed Value	<u>\$ 1,917,923,002</u>
Debt Limit (20% of Taxable Assessed Value)	<u>\$ 383,584,600</u>
Debt Applicable to Limit:	
General Obligation Bonds	\$ 113,409,176
Add: Solid Waste Management General Obligation Bonds	3,066,515
Add: Aquatic Center General Obligation Bonds	16,186,612
Add: MeadowView Conference Center General Obligation Bonds	12,833,916
Add: Cattails Golf Course General Obligation Bonds	<u>400,346</u>
Total Net Debt Applicable to Limit	<u>\$ 145,896,565</u>
Legal Debt Margin	<u>\$ 237,688,035</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	
<b><u>Water, Sewer and Storm Water Bonds:</u></b>							
2010	\$ 25,131,017	\$ 10,772,806	\$ 14,358,211	\$ 5,643,153	\$ 1,007,724	\$ 6,650,877	2.16
2011	\$ 24,659,947	\$ 11,054,147	\$ 13,605,800	\$ 6,087,198	\$ 843,459	\$ 6,930,657	1.96
2012	\$ 25,038,548	\$ 11,818,993	\$ 13,219,555	\$ 6,751,577	\$ 730,976	\$ 7,482,553	1.77
2013	\$ 26,657,022	\$ 12,864,076	\$ 13,792,946	\$ 7,252,314	\$ 636,400	\$ 7,888,714	1.75
2014	\$ 27,774,803	\$ 13,435,862	\$ 14,338,941	\$ 7,465,527	\$ 749,533	\$ 8,215,060	1.75
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

(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)			
2010	2009	47,356	\$ 947,782,984	\$ 20,014	42.2	90.6%	6.8%	16.1%	8.1%	6,296	8.8%
2011	2010	47,852	\$ 1,165,148,348	\$ 24,349	43.7	83.5%	7.3%	15.6%	9.0%	6,434	8.6%
2012	2011	48,399	\$ 1,197,342,861	\$ 24,739	43.2	84.6%	7.0%	15.2%	9.9%	6,485	8.4%
2013	2012	50,131	\$ 1,293,129,145	\$ 25,795	43.6	86.8%	7.2%	15.2%	10.3%	7,045	8.1%
2014	2013	51,876	\$ 1,321,229,844	\$ 25,469	43.8	87.0%	6.5%	15.4%	10.5%	7,258	7.1%
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%

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	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eastman	6,500	1	9.3%	6,569	1	9.5%
Ballad Health/Holston Valley Comm Hospital	1,918	2	2.7%	3,000	2	4.4%
Kingsport City Schools	1,115	3	1.6%	1,041	3	1.5%
BAE SYSTEMS Ordnance Systems, Inc.	962	4	1.4%	510	8	0.7%
Brock	800	5	1.1%	N/A		
City of Kingsport	765	6	1.1%	734	7	1.1%
Eastman Credit Union	589	7	0.8%	N/A		
TEC Industrial Maintenance & Construction	575	8	0.8%	N/A		
Ballad Health/Indian Path Comm Hospital	571	9	0.8%	845	4	1.2%
Holston Medical Group	497	10	0.7%	830	5	1.2%
Wal-Mart	N/A			806	6	1.2%
AGC Flat Glass	N/A			450	9	0.7%
Domtar	N/A			325	10	0.5%
	<u>14,292</u>		<u>20.3%</u>	<u>15,110</u>		<u>22.0%</u>
Total Sullivan County Employment:						
	FYE 2019	70,232				
	FYE 2010	68,920				

Source:

-NETWORKS/Sullivan Partnership &amp; Employers

Table 20

**CITY OF KINGSPORT, TENNESSEE**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	96	93	95	112	104	100	125	84	84	88
Public Safety	262	264	267	265	265	269	271	280	283	282
Public Works	122	123	124	130	135	135	119	166	154	165
Development	25	22	23	23	23	19	21	15	15	14
Recreation	58	58	58	58	58	61	59	65	65	67
Education	1,010	1,013	1,040	1,041	1,047	1,057	1,073	1,092	1,123	1,115
Water	76	74	73	73	73	73	72	72	83	67
Sewer	40	41	42	42	42	42	42	42	42	47
Solid Waste	30	30	32	33	34	34	35	35	35	35
	<u>1,719</u>	<u>1,718</u>	<u>1,754</u>	<u>1,777</u>	<u>1,781</u>	<u>1,790</u>	<u>1,817</u>	<u>1,851</u>	<u>1,884</u>	<u>1,880</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	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Education:										
Student Transportation:										
Miles	371,912	371,726	392,811	422,471	414,823	447,373	473,260	501,153	501,780	488,410
Average Daily Ridership	1,717	1,505	1,526	1,373	1,976	1,972	2,011	2,299	2,044	1,742
Public Safety:										
Police:										
Physical Arrests	4,584	5,066	4,029	3,641	3,501	4,406	4,119	5,110	4,452	4,010
Parking Citations	1,814	1,074	1,560	1,037	1,387	1,246	325	501	501	1,052
Traffic Citations	7,579	5,127	12,442	11,647	14,870	15,699	17,210	20,962	22,436	17,632
Calls for Service	57,153	59,755	59,147	60,210	63,789	62,935	63,006	68,012	70,179	68,404
Fire:										
Calls for Service	6,468	7,388	8,106	7,851	8,115	8,593	8,035	8,167	8,053	8,528
Inspections	3,378	3,339	1,951	1,942	2,577	3,225	3,285	2,944	3,063	2,277
Fire Loss	\$ 3,390,231	\$ 846,950	\$ 664,820	\$ 933,338	\$ 1,664,021	\$ 1,771,938	\$ 1,526,790	\$ 2,239,390	\$ 2,527,429	\$ 3,075,280
Public Works:										
Potholes Repaired	2,762	4,985	4,147	4,822	3,151	9,491	5,004	8,455	7,842	5,422
Streets Swept (linear miles)	6,456	5,105	7,409	5,520	4,715	4,432	5,247	6,100	6,492	7,727
Traffic Signal Maintenance Calls	599	610	557	736	608	549	497	507	774	863
Leaves Collected (Tons)	1,497	1,628	1,780	1,526	2,414	2,028	1,739	2,058	1,716	2,173
Parks and Recreation:										
Civic Auditorium Rentals	1,349	796	539	686	598	757	661	509	564	615
Civic Auditorium Attendance	147,764	96,248	106,807	110,635	78,856	68,461	47,668	67,084	42,472	68,295
Splash Pad Attendance	22,886	8,548	23,209	10,307	10,100	10,750	14,585	16,720	19,850	23,000
Participation in Athletic Division events	201,225	265,231	278,829	280,119	288,108	286,000	312,564	270,464	268,563	162,000
Participation in Community Services Division events	141,772	138,817	167,631	162,496	171,878	172,475	184,650	190,540	191,550	136,441
Allandale Rentals	342	304	226	231	215	212	260	245	284	184
Allandale Visitors	27,435	25,986	32,296	31,285	32,711	38,401	31,942	33,331	28,919	24,186
Athletics Games Played	1,768	1,825	1,875	1,847	1,908	1,986	2,280	3,315	2,797	3,315
Athletics Attendance	172,930	185,856	188,997	166,299	171,720	176,500	200,640	116,195	113,051	52,893
Lynn View Rentals	36	238	271	254	268	154	122	54	40	41
Lynn View Attendance	18,116	43,615	48,278	53,928	57,650	52,250	56,550	65,450	60,450	43,960
Cultural Arts:										
Carousel Rentals	n/a	n/a	n/a	n/a	n/a	n/a	81	157	165	187
Carousel Attendance	n/a	n/a	n/a	n/a	n/a	n/a	88,945	78,954	68,641	94,459
Cultural Arts Program Attendance	10,057	12,761	9,276	11,143	11,700	12,378	18,610	17,660	18,610	10,519
Farmers Market Rentals	n/a	n/a	n/a	n/a	n/a	n/a	166	161	166	80
Farmers Market Attendance	n/a	n/a	n/a	n/a	n/a	n/a	94,600	93,100	82,900	83,342
Renaissance Center Rentals	2,110	1,959	1,861	1,660	1,712	1,813	1,652	1,536	1,940	1,888
Renaissance Center Attendance	211,738	188,576	166,175	158,227	163,183	172,647	132,160	126,130	129,980	127,760
Senior Center:										
Active Members	2,591	2,801	3,012	2,978	3,045	3,424	3,615	3,980	4,251	4,552
Average Daily Attendance	247	252	325	308	301	333	330	394	375	400
Aquatic Center:										
Aquatic Center Attendance	n/a	n/a	n/a	31,244	140,433	115,982	103,825	97,928	112,586	127,619
YMCA Entering Pools Attendance	n/a	n/a	n/a	19,714	74,567	69,660	57,644	45,208	49,361	47,961
Total Attendance	n/a	n/a	n/a	50,958	215,000	185,642	161,469	143,136	161,947	175,580
Bays Mountain Park:										
Total Programs	1,771	1,422	3,658	3,080	5,091	5,176	3,332	2,938	3,049	2,891
Total Attendance	176,813	201,129	178,069	191,321	257,692	235,578	228,308	211,984	200,886	187,374
Library:										
Total Circulation	244,735	248,709	248,482	248,802	254,073	233,778	264,251	253,765	262,449	263,462
Building Attendance	213,379	206,533	199,875	187,837	189,598	172,806	166,331	158,828	152,551	187,601
Water:										
Average Daily Consumption in Gallons	15.1 mgd	14.7 mgd	14.5 mgd	13.7 mgd	13.9 mgd	14.9 mgd	15.21 mgd	15.34 mgd	15.4 mgd	16.0 mgd
Maximum Daily Capacity in Gallons	28.0 mgd	16.2 mgd	17.8 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd
Water Taps	219	168	191	189	186	192	195	178	207	238
Sewer:										
Average Daily Treatment in Gallons	9.3 mgd	8.5 mgd	7.5 mgd	9.8 mgd	9.1 mgd	9.6 mgd	8.78 mgd	8.13 mgd	8.02 mgd	10.5 mgd
Maximum Daily Plant Capacity in Gallons	12.4 mgd	17.7 mgd	16.8 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd
Sewer Taps	84	237	179	213	206	263	205	367	388	119
Solid Waste:										
Landfill Material Accepted (Tons)	25,077	61,326	34,268	27,198	25,670	35,809	27,240	27,630	33,591	45,335
Household Refuse Collected (Tons)	16,437	16,647	18,452	18,834	18,039	19,065	19,647	20,197	20,816	21,725
Recyclables Collected (Tons)	1,715	1,848	1,772	1,606	2,607	3,041	3,249	3,240	3,276	3,180
Golf Course:										
Rounds of Golf	24,225	23,515	25,915	24,090	24,387	20,455	22,630	22,269	21,447	20,121

Source: Various City Departments

**CITY OF KINGSPORT, TENNESSEE  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Education:										
Student Transportation:										
Buses	38	40	40	42	39	41	46	45	44	43
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	109	117	117	117	116	124	124	124	124	120
Motorcycle Units	1	0	0	0	0	0	0	0	0	1
Fire:										
Stations	7	7	7	8	8	8	8	8	8	8
Fire Trucks/Rescue Units	15	16	16	15	14	15	16	17	17	17
Public Works:										
Streets (Miles)	459	472	490	496	498	499	499	500	500	500
Street Lights	9,219	9,372	9,737	9,993	10,075	10,525	10,559	10,606	10,616	10,636
Traffic Signals	101	104	103	102	103	102	103	103	105	107
Leisure Services:										
Parks and Recreation:										
Park Sites	18	18	18	18	18	18	18	18	25	28
Park Acreage	237	237	237	237	237	237	237	237	244	308
Swimming Pools	1	1	1	1	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	8	8	8	8
Community Centers	5	5	5	5	5	5	5	5	5	5
Senior Citizens:										
Senior Center	1	1	1	1	1	1	1	1	1	1
Other Recreational Facilities:										
Aquatic Center - Acreage	n/a	n/a	n/a	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	n/a	n/a	n/a	n/a	n/a	39	39	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)	828	828	832	838	837	847	845	850	875	969
Fire Hydrants	1,794	1,848	1,898	1,938	2,003	2,028	2,226	2,349	2,371	2,431
Sanitary Sewers (Miles)	524	533	540	549	554	563	577	591	595	599
Storm Sewers (Miles)	209	209	209	241	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, 2019**

**Water Rates:**

		Inside City	
First	2,000 gallons	\$ 4.07	per 1000 gal
Next	13,000 gallons	\$ 3.27	per 1000 gal
Next	55,000 gallons	\$ 2.52	per 1000 gal
Over	70,000 gallons	\$ 1.80	per 1000 gal
		Outside City	
First	2,000 gallons	\$ 11.67	per 1000 gal
Next	13,000 gallons	\$ 7.07	per 1000 gal
Next	35,000 gallons	\$ 6.39	per 1000 gal
Next	70,000 gallons	\$ 5.93	per 1000 gal
Next	70,000 gallons	\$ 4.85	per 1000 gal
Over	190,000 gallons	\$ 4.56	per 1000 gal

**Sewer Rates:**

		Inside City	
Minimum charge		\$ 15.80	2,000 gal
Additional gallons		\$ 7.90	per 1000 gal
		Outside City	
Minimum charge		\$ 23.76	2,000 gal
Additional gallons		\$ 11.88	per 1000 gal

**Number of Customers:**

	Inside City	Outside City
Water	22,952	12,419
Sewer	21,598	1,100

Source: City of Kingsport Finance Department

CITY OF KINGSPORT, TENNESSEE  
SCHEDULE OF UNACCOUNTED FOR WATER - AWWA METHOD  
June 30, 2019

### AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0  
American Water Works Association  
Copyright © 2014, All Rights Reserved.

[?](#) Click to access definition

[+](#) Click to add a comment

**Water Audit Report for:** City of Kingsport

**Reporting Year:** 2019 / 7/2018 - 6/2019

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

---

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below

<----- Enter grading in column 'E' and 'J' ----->

**WATER SUPPLIED**

Volume from own sources:	+ ?	8	5,826.714	MG/Yr
Water imported:	+ ?	7	4.700	MG/Yr
Water exported:	+ ?	n/a	0.000	MG/Yr

**WATER SUPPLIED:** 5,802.402 MG/Yr

---

**AUTHORIZED CONSUMPTION**

Billed metered:	+ ?	9	3,291.884	MG/Yr
Billed unmetered:	+ ?	n/a	0.000	MG/Yr
Unbilled metered:	+ ?	9	414.184	MG/Yr
Unbilled unmetered:	+ ?	8	54.518	MG/Yr

**AUTHORIZED CONSUMPTION:** 3,760.586 MG/Yr

---

**WATER LOSSES (Water Supplied - Authorized Consumption)** 2,041.816 MG/Yr

**Apparent Losses**

Unauthorized consumption:	+ ?	5	14.506	MG/Yr
---------------------------	-----	---	--------	-------

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+ ?	10	37.435	MG/Yr
Systematic data handling errors:	+ ?	5	8.230	MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

**Apparent Losses:** 60.171 MG/Yr

---

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses:	?		1,981.646	MG/Yr
---	---	--	-----------	-------

**WATER LOSSES:** 2,041.816 MG/Yr

---

**NON-REVENUE WATER**

NON-REVENUE WATER:	?		2,510.518	MG/Yr
--------------------	---	--	-----------	-------

= Water Losses + Unbilled Metered + Unbilled Unmetered

Master Meter and Supply Error Adjustments

	Pcnt:		Value:					
+ ?	4	0.50%	0	0				
+ ?	4	0.50%	0	0				
+ ?	4	0.50%	0	0				

Enter negative % or value for under-registration  
Enter positive % or value for over-registration

---

Click here: [?](#) for help using option buttons below

	Pcnt:		Value:				
+	0	0	54.518	0			

Use buttons to select percentage of water supplied OR value

---

	Pcnt:		Value:				
+	0.25%	0	0	0			

---

	Pcnt:		Value:				
+	1.00%	0	0	0			

---

	Pcnt:		Value:				
+	0.25%	0	0	0			

**SYSTEM DATA**

Length of mains:	+ ?	10	851.9	miles
Number of <u>active AND inactive</u> service connections:	+ ?	10	39,813	
Service connection density:	?	47	conn./mile main	

Are customer meters typically located at the curbside or property line? Yes (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: 0 (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure:	+ ?	10	112.5	psi
-----------------------------	-----	----	-------	-----

---

**COST DATA**

Total annual cost of operating water system:	+ ?	10	\$15,938,547	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+ ?	8	\$8.19	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+ ?	8	\$112.24	\$/Million gallons

Use Customer Retail Unit Cost to value real losses

---

**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 83 out of 100 \*\*\*

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

**PRIORITY AREAS FOR ATTENTION:**

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Volume from own sources

2: Unauthorized consumption

3: Systematic data handling errors

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**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF UNACCOUNTED FOR WATER - AWWA METHOD**  
**June 30, 2019**

AWWA Free Water Audit Software:

WAS v5.0  
American Water Works Association.  
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**System Attributes and Performance Indicators**

Water Audit Report for:

Reporting Year:

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 83 out of 100 \*\*\*

System Attributes:

	Apparent Losses:	60.171	MG/Yr												
	+ Real Losses:	1,981.646	MG/Yr												
	= Water Losses:	2,041.816	MG/Yr												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"><span style="background-color: #4a86e8; color: white; padding: 2px;">?</span> Unavoidable Annual Real Losses (UARL):</td> <td style="width: 10%;"></td> <td style="width: 20%; border: 1px solid black; background-color: yellow;">434.47</td> <td style="width: 30%; text-align: right;">MG/Yr</td> </tr> <tr> <td>Annual cost of Apparent Losses:</td> <td></td> <td style="border: 1px solid black; background-color: yellow;">\$492,798</td> <td></td> </tr> <tr> <td>Annual cost of Real Losses:</td> <td></td> <td style="border: 1px solid black; background-color: yellow;">\$222,420</td> <td style="text-align: right;">Valued at Variable Production Cost</td> </tr> </table> <p style="font-size: 10px; margin-left: 40px;">Return to Reporting Worksheet to change this assumption</p>				<span style="background-color: #4a86e8; color: white; padding: 2px;">?</span> Unavoidable Annual Real Losses (UARL):		434.47	MG/Yr	Annual cost of Apparent Losses:		\$492,798		Annual cost of Real Losses:		\$222,420	Valued at Variable Production Cost
<span style="background-color: #4a86e8; color: white; padding: 2px;">?</span> Unavoidable Annual Real Losses (UARL):		434.47	MG/Yr												
Annual cost of Apparent Losses:		\$492,798													
Annual cost of Real Losses:		\$222,420	Valued at Variable Production Cost												

Performance Indicators:

	<b>Financial:</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Non-revenue water as percent by volume of Water Supplied:</td> <td style="width: 20%; border: 1px solid black; background-color: yellow;">43.3%</td> </tr> <tr> <td>Non-revenue water as percent by cost of operating system:</td> <td style="border: 1px solid black; background-color: yellow;">4.8%</td> </tr> </table> <p style="font-size: 10px; margin-left: 40px;">Real Losses valued at Variable Production Cost</p>	Non-revenue water as percent by volume of Water Supplied:	43.3%	Non-revenue water as percent by cost of operating system:	4.8%								
Non-revenue water as percent by volume of Water Supplied:	43.3%													
Non-revenue water as percent by cost of operating system:	4.8%													
<b>Operational Efficiency:</b>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Apparent Losses per service connection per day:</td> <td style="width: 20%; border: 1px solid black; background-color: yellow;">4.14</td> <td style="font-size: 10px;">gallons/connection/day</td> </tr> <tr> <td>Real Losses per service connection per day:</td> <td style="border: 1px solid black; background-color: yellow;">136.37</td> <td style="font-size: 10px;">gallons/connection/day</td> </tr> <tr> <td>Real Losses per length of main per day*:</td> <td style="border: 1px solid black; background-color: yellow;">N/A</td> <td></td> </tr> <tr> <td>Real Losses per service connection per day per psi pressure:</td> <td style="border: 1px solid black; background-color: yellow;">1.21</td> <td style="font-size: 10px;">gallons/connection/day/psi</td> </tr> </table> <p style="margin-top: 10px;">From Above, Real Losses = Current Annual Real Losses (CARL): <span style="border: 1px solid black; background-color: yellow; padding: 2px;">1,981.65</span> million gallons/year</p> <p><span style="background-color: #4a86e8; color: white; padding: 2px;">?</span> Infrastructure Leakage Index (ILI) [CARL/UARL]: <span style="border: 1px solid black; background-color: yellow; padding: 2px;">4.56</span></p>	Apparent Losses per service connection per day:	4.14	gallons/connection/day	Real Losses per service connection per day:	136.37	gallons/connection/day	Real Losses per length of main per day*:	N/A		Real Losses per service connection per day per psi pressure:	1.21	gallons/connection/day/psi	
Apparent Losses per service connection per day:	4.14	gallons/connection/day												
Real Losses per service connection per day:	136.37	gallons/connection/day												
Real Losses per length of main per day*:	N/A													
Real Losses per service connection per day per psi pressure:	1.21	gallons/connection/day/psi												

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

Table 25

**CITY OF KINGSPORT, TENNESSEE  
TOP TEN WATER CUSTOMERS  
For the Fiscal Year Ended June 30, 2019**

<u>Customer Name</u>	<u>Consumption (in gallons)</u>	<u>Revenue</u>	<u>Revenue as % of FY19 Water Sales</u>
Eastman	1,002,588,600	\$ 1,874,633	14.57%
BAE Systems	87,446,100	160,354	1.25%
Domtar Paper Co, LLC	51,161,200	109,053	0.85%
Holston Valley Medical Center	54,624,200	100,379	0.78%
Kingsport Housing Authority	22,638,800	57,848	0.45%
Allandale Falls Apt, LLC	18,411,800	33,900	0.26%
Cross Creek Apartments	9,162,400	26,977	0.21%
Model City II, L.P.	9,959,300	24,332	0.19%
Indian Path Medical Center	11,262,600	22,293	0.17%
Eastman Credit Union	9,438,300	21,313	0.17%
	<u>1,276,693,300</u>	<u>\$ 2,431,082</u>	<u>18.89%</u>
Total Water Sales Revenue - FY 2019	<u>\$12,864,410</u>		

Source: City of Kingsport Finance Department

Table 26

**CITY OF KINGSPORT, TENNESSEE**  
**TOP TEN SEWER CUSTOMERS**  
**For the Fiscal Year Ended June 30, 2019**

<u>Customer Name</u>	<u>Treatment (in gallons)</u>	<u>Revenue</u>	<u>Revenue as % of FY19 Sewer User Fees</u>
Eastman	183,348,400	\$ 1,451,833	10.64%
Holston Valley Medical Center	27,782,500	219,814	1.61%
BAE Systems	24,531,300	193,845	1.42%
Kingsport Housing Authority	22,393,500	175,568	1.29%
Allandale Falls Apt, LLC	18,411,800	145,453	1.07%
Domtar Paper Co, LLC	13,672,400	108,082	0.79%
Holston Manor	10,513,200	83,054	0.61%
Model City II, L.P.	9,959,300	78,680	0.58%
Cross Creek Apartments	9,116,700	72,022	0.53%
Millennia	8,494,900	67,110	0.49%
	<u>328,224,000</u>	<u>\$ 2,595,461</u>	<u>19.01%</u>
Total Sewer User Fee Revenue - FY 2019	<u>\$13,649,713</u>		

Source: City of Kingsport Finance Department

**CITY OF KINGSPORT, TENNESSEE  
SCHEDULE OF BONDS PAYABLE - FUTURE REQUIREMENTS  
JUNE 30, 2019**

Table 27

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	
2020	\$ 7,887,881	\$ 4,197,095	\$ 1,940,328	\$ 894,641	\$ 3,794,068	\$ 1,882,203	\$ 86,743	\$ 40,179	\$ 2,300,981	\$ 1,025,714	\$ 24,049,833
2021	8,125,152	3,952,398	1,977,927	844,076	3,866,816	1,771,776	83,851	39,808	2,131,254	938,613	23,731,671
2022	8,160,455	3,643,694	1,943,091	779,909	3,606,803	1,657,509	87,168	36,189	2,217,483	856,625	22,988,926
2023	8,653,783	3,315,439	1,884,894	709,445	3,394,085	1,513,864	90,716	32,630	2,301,522	771,382	22,667,760
2024	8,967,454	2,968,511	1,948,902	640,725	3,491,159	1,387,113	94,858	28,923	2,397,626	683,063	22,608,334
2025	9,233,982	2,596,718	1,969,563	568,620	3,560,992	1,254,304	97,502	25,041	2,477,963	590,548	22,375,233
2026	9,586,480	2,223,853	1,937,823	496,831	3,685,938	1,127,360	100,942	21,031	2,572,014	494,344	22,246,616
2027	9,958,536	1,860,109	1,326,245	426,726	3,784,193	1,008,772	105,216	16,843	2,665,810	394,689	21,547,139
2028	7,833,301	1,526,778	1,362,453	377,803	3,826,221	881,938	109,115	12,916	2,748,907	310,607	18,990,039
2029	6,640,768	1,271,235	1,412,079	327,908	3,952,176	758,567	112,610	9,295	2,822,369	244,344	17,551,351
2030	5,871,379	1,033,320	1,465,680	275,398	4,082,957	625,184	65,741	5,042	1,434,244	154,947	15,013,892
2031	4,797,785	816,980	1,239,687	221,994	3,729,217	489,087	27,439	2,099	670,871	108,713	12,103,872
2032	4,967,902	653,010	1,285,285	180,656	2,754,060	369,646	28,541	1,070	699,213	87,093	11,026,476
2033	4,057,203	487,923	1,057,114	137,516	2,364,782	279,110	0	0	440,901	64,369	8,888,918
2034	4,193,939	355,711	1,093,294	102,316	2,444,700	201,477	0	0	453,068	49,941	8,894,446
2035	3,357,919	217,646	826,576	65,499	1,845,980	120,286	0	0	374,525	35,100	6,843,531
2036	2,292,971	132,397	662,638	42,692	1,443,464	71,074	0	0	385,925	23,501	5,054,662
2037	1,438,801	61,114	350,029	21,591	774,971	26,909	0	0	166,198	11,361	2,850,974
2038	450,000	15,750	278,185	9,736	91,815	3,214	0	0	160,000	5,600	1,014,300
	<u>\$ 116,475,691</u>	<u>\$ 31,329,681</u>	<u>\$ 25,961,793</u>	<u>\$ 7,124,082</u>	<u>\$ 56,494,397</u>	<u>\$ 15,429,393</u>	<u>\$ 1,090,442</u>	<u>\$ 271,066</u>	<u>\$ 29,420,874</u>	<u>\$ 6,850,554</u>	<u>\$ 290,447,973</u>

	Principal	Interest	Total
General Obligation Bonds - Supported By General Fund Revenue	\$ 116,475,691	\$ 31,329,681	\$ 147,805,372
General Obligation and Revenue Bonds - Supported By Dedicated Revenue	112,967,506	29,675,095	142,642,601
<b>TOTAL</b>	<u>\$ 229,443,197</u>	<u>\$ 61,004,776</u>	<u>\$ 290,447,973</u>

**Notes:** Future interest requirements above reflect interest on TMBF bonds at the average current rate. Interest shown is net of Build America Bonds (BABS) subsidy for applicable bond issues.

- (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) Incudes 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, 2019**

<u>NAME</u>	<u>TITLE</u>	<u>ANNUAL SALARY</u>	<u>AMOUNT OF SURETY BOND</u>
Chris McCartt	City Manager	\$ 163,442	\$ 5,000
J. Michael Billingsley	City Attorney	\$ 152,361	\$ 0
Sidney H. Cox	City Recorder/Chief Financial Officer	\$ 101,073	\$ 2,500,000
Lisa E. Winkle	City Treasurer	\$ 90,676	\$ 4,300,000
Jeffrey Moorhouse	Superintendent of Schools	\$ 159,000	\$ 0
David Quillen	Chief of Police	\$ 102,591	\$ 0
John Clark	Mayor	\$ 3,000	\$ 0
Mike McIntire	Vice-Mayor	\$ 2,400	\$ 0
Jennifer Adler	Alderwoman	\$ 2,400	\$ 0
Betsy Cooper	Alderwoman	\$ 2,400	\$ 0
Joe Begley	Alderman	\$ 2,400	\$ 0
Colette George	Alderwoman	\$ 2,400	\$ 0
Tommy Olterman	Alderman	\$ 2,400	\$ 0

Source: City of Kingsport Finance Department

**CITY OF KINGSPORT, TN  
INSURANCE IN FORCE  
June 30, 2019**

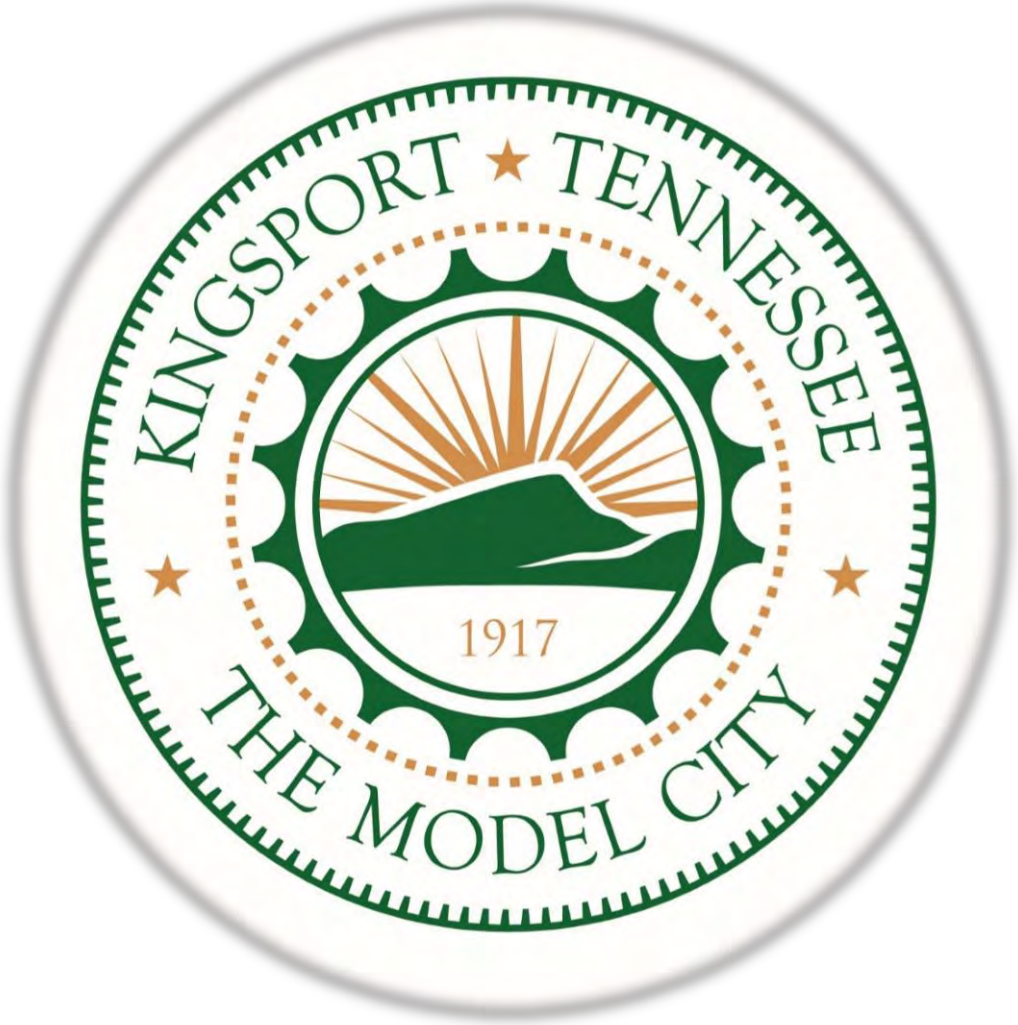
Type of Coverage/ Insurance Carrier	Policy Number	Policy Period	Details of Coverage	Claim Limits	Annual Premiums
<b>Comprehensive General Liability/</b>					
TML Risk Management Pool	TML-0213-19	7/1/18-7/1/19 Annual Renewal	General Liability Auto Liability Auto Physical Damage Errors and Omissions	\$ 5,000,000 \$ 5,000,000 replacement \$ 5,000,000	\$ 167,415
Safety National Casualty Corporation	SP 4059577	1/1/19-12/31/19	Worker's Compensation	Statutory	131,878
<b>Government Crime/</b>					
Travelers Insurance Company	106463733	2/1/19 - 2/1/20	Crime (Government)	\$ 1,000,000	3,289
Travelers Insurance Company	106694635	3/2/19 - 3/2/20	Crime (Schools)	\$ 2,000,000	5,882
Hartford Insurance Company	20-SR-145719	2/1/19 - 2/1/20	Police Accident	\$ 11,350	340
<b>Unemployment Compensation</b>					
City of Kingsport	Self insured				
<b>Property and Casualty</b>					
Travelers Insurance Company	KTK-CMB-9A14090-0-18	12/31/18 - 12/31/19	Buildings and Contents	\$ 526,500,000	192,088
Liberty Mutual Insurance	APP5A0733019	2/13/19-2/13/20	Justice Center Commercial/ Gen Property	\$ 13,543,000	12,786
Great American Insurance Company	MAC0991247	8/1/18-8/1/19	Aquatic Center Property Insurance	\$ 23,000,000	15,536
Hartford Insurance Company	87053342652019	1/25/19-1/25/20	Flood Insurance Aquatic center	\$ 23,000,000	1,934
Hartford Insurance Company	20MSCYQ7488	5/26/19-5/26/20	Grand Piano - Allandale		534
AGCS Marine Insurance Company	OHL92012392	9/2/18-9/2/19	Pontoon Boat at Bays Mountain	\$ 165,000	3,300
<b>Boiler and Machinery</b>					
The Cincinnati Insurance Co.	BEP2646328	1/1/19-1/1/20	Boilers and Machinery	\$ 100,000	5,808
<b>Public Officials Bond</b>					
Liberty Mutual Insurance Company	82C003889	4/12/19 - 4/12/20	Education Bond - Treasurer - Lisa Winkle	\$ 1,800,000	1,765
Liberty Mutual Insurance Company	82C003888	3/1/19-3/1/20	Bond - City Recorder - Sid Cox	\$ 2,500,000	4,765
Liberty Mutual Insurance Company	82C003887	4/12/19 - 4/12/20	Bond - Treasurer - Lisa Winkle	\$ 1,800,000	3,715
Travelers Insurance Company	1068822129	1/1/19-1/1/20	Bond - City Judge - Curt Rose	\$ 1,000	100
Western Surety Company	58368775	4/4/19 - 4/4/20	Blanket Notary Errors and Omissions	\$ 25,000	650
<b>Other</b>					
Stadium General Liability/ Hunter Wright Property - D.B. High School Liberty Mutual Insurance	BKW2058547314	3/8/19-3/8/20	General Liability/ Scoreboard/ Public Address system	\$ 2,000,000	1,986
Crum & Forster Specialty Insurance Co	STP123951	10/12/18-10/12/19	Above ground storage tanks		9,489
Hanover Insurance	IH5A19679505	1/14/19-1/14/20	Employee Tools Coverage		10,112
<b>Total Premium</b>					<b>\$ 573,372</b>

Source: City of Kingsport



**CITY OF KINGSFORT, TENNESSEE  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**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**

Honorable Mayor and Board of Aldermen  
City of Kingsport, Tennessee  
Kingsport, Tennessee 37660

We have audited, 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, 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, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Kingsport, Tennessee's basic financial statements and have issued our report thereon dated December 30, 2019. 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 auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Kingsport, Tennessee's internal control over financial reporting (internal control) to determine the 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 of Kingsport, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Kingsport, Tennessee's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Kingsport, Tennessee'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questions costs as item **2019-001**.

### **Purpose of this Report**

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia  
December 30, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Board of Aldermen  
City of Kingsport, Tennessee  
Kingsport, Tennessee 37660

**Report on Compliance for Each Major Federal Program**

We have audited the City of Kingsport, Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Kingsport, Tennessee's major federal programs for the year ended June 30, 2019. The City of Kingsport, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Kingsport, Tennessee, 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, 2019.

### **Report on Internal Control over Compliance**

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia  
December 30, 2019

CITY OF KINGSPORT, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

**Section I - Summary of Auditor's Results**

1. The auditor's report expresses an **unmodified opinion** on the financial statements of the City of Kingsport, Tennessee.
2. **No significant deficiencies** relating to the audit of the financial statements is 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 of the City of Kingsport, Tennessee were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award programs is 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 auditors' report on compliance for the major federal award programs for the City of Kingsport, Tennessee expresses an **unmodified opinion** on all major federal programs.
6. The audit disclosed **no audit findings** relating to major programs.
7. The programs tested as major programs include:

<u>Name of Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.553, 10.555, & 10.559
Federal Transit Cluster	20.507 and 20.505
Title 1	84.010

8. The **threshold** used for distinguishing Type A and B programs was **\$750,000**.
9. The City of Kingsport, Tennessee was determined to be a **low risk auditee**.

**Section II – Findings - Financial Statement Audit**

None

**Section III - Findings and Questioned Costs – Major Federal Award Programs**

None

CITY OF KINGSPORT, TENNESSEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

**Section IV - Findings and Questioned Costs –State of Tennessee**

**2019-001: Police Patrol Procedures**

**Criteria:** As specified in the *Tennessee Internal Control and Compliance Manual*, the City should have specific internal controls and monitoring activities related to all police patrol activities.

**Condition:** The City’s internal control policies were not adequate to ensure that all disbursements made for police patrol activities were valid.

**Effect:** A Lieutenant for the Kingsport Police Department was paid for time that he was not on active patrol in the City.

**Recommendation:** We recommend that the City implement policies to ensure the proper tracking of patrol officers to ensure that only time spent inside of the City limits and on City business is approved.

**Management Response:** While we concur that this incident is reportable to the State of Tennessee Comptroller’s Office, in accordance with the *Tennessee Internal Control and Compliance Manual*, we do not think that this particular event rises to the level of an audit finding. Consideration should be given to management’s “reasonable ability” to apply or develop an effective internal control measure to prevent such an occurrence, as well as, the materiality associated with the event. The specific facts and evidence in this case should be evaluated to conclude what is reasonable and material from a reporting standpoint.

This incident occurred in fiscal year 2018 and was reported on the *Schedule of Cash Shortages*. The amount reported as a result of a formal investigation and prosecution by the District Attorney General’s Office was, \$875. The officer plead guilty, was ordered to pay restitution by the court and resigned from employment with the City. The City was paid full restitution on September 13, 2018

The non-allowed time and compensation involved was the result of the police officer engaging in “crimes unbecoming of an officer of the law”, while using his city-issued police vehicle. It would not be reasonable or cost effective to expect management to watch and / or monitor employees every hour to insure that every minute of their time was fully compensable.

When management became aware of a potential problem with the officer’s time, they began tracking the officer’s patrol vehicle and developed a plan to investigate. This led to the officer’s termination and prosecution.

CITY OF KINGSPORT, TENNESSEE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2019

**Financial Statement Audit**

None

**Major Federal Award Programs Audit & State of Tennessee**

None