

# *CITY OF KINGSPORT, TENNESSEE*



*ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2023*



**City of Kingsport, Tennessee**  
**Annual Comprehensive Financial Report**  
**Fiscal Year Ended June 30, 2023**

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

**CITY OF KINGSPORT, TENNESSEE**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2023**

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**CITY OF KINGSFORT, TENNESSEE  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**I. INTRODUCTORY SECTION (UNAUDITED)**



January 12, 2024

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

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the City of Kingsport for the fiscal year ended June 30, 2023.

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, 2023. The independent auditors' report is located at the front of the financial section of this report.

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

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

## **Profile of the Government**

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



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

The City of Kingsport provides a full range of services, including police, fire and rescue, elementary and secondary education, street construction and maintenance, planning and zoning, parks and recreation, cultural events, public transportation and general administrative services. In addition, water and sewer service, storm water management, solid waste collection, Kingsport Aquatic Center, MeadowView Convention Center and 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. 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 37 through 39 as part of the basic financial statements for the City's funds.

## **Factors Affecting Financial Condition**

### **Local Economy**

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

In June 2020, the unemployment rate was 9.1% and is currently at 3.9% as of June 2023. The City enjoys a very diverse business and industry community with manufacturing serving as the lead in employment. The City economic base is led by the manufacturing sector which includes Eastman Chemical Company, BAE Systems, Domtar and others.

The City continues to grow through local development efforts. Total taxable assessed value for property in the City has increased approximately 11.4% over the last five years. The City's property tax rate for fiscal year 2023 was \$1.9983 per \$100 of assessed value for Sullivan County portion of Kingsport and \$1.9983 per \$100 of assessed value for the Hawkins County portion of Kingsport. Property tax collections were \$43,138,035 representing 97.93% of the current year tax levy, at June 30, 2023.

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

In the past few years:

- Eastman Chemical Company is nearing completion on a \$250M investment to their Kingsport plant. The investment is in a process known as Methanolysis, which returns certain plastics back to their raw form.
- Domtar has opened its new \$350 million plant converting the Kingsport Mill from an uncoated free-sheet to packaging plant. The investment aligns with international trends in the paper industry.
- The Robinette Company announced they will invest \$10.3 million to construct a new, 100,000-square-foot facility in Piney Flats, Tennessee, creating 70 new jobs.
- Stone Mountain Technologies, Inc. (SMTI) officials announced the company will invest \$13.9 million to establish manufacturing operations in Piney Flats, Tennessee. SMTI will create 111 new jobs in Sullivan County and launch production of ANESI, its brand of high efficiency gas-fired heat pumps.
- Seaman Corporation officials announced the company will build a new 350,000-square-foot facility in Bristol, Tennessee. Seaman Corp will create 58 new jobs at its new manufacturing and distribution facility.
- Leclerc Foods Tennessee LLC officials announced the company will expand manufacturing operations at its U.S. headquarters in Kingsport, Tennessee. Leclerc Foods will invest \$3.4 million and create 48 new jobs in Sullivan County.
- Cardinal Glass acquires AGC's Hawkins County Plant. The company has committed to growth at the local facility and has already invested more than \$7 million in plant upgrades.
- Cutters Resources builds new facility in Blountville. The new 16,000SF manufacturing facility will ultimately employ more than 20 people.
- Advanced Call Center Technologies announces two new projects in Kingsport and Bristol and has leased space in both cities to accommodate the company's growth. The two projects will ultimately produce more than 650 new jobs in Sullivan County.
- Tri-City Extrusion, Inc invest announces a \$33 million expansion that will see the company build a new 120,000SF building. This expansion will increase the company's local presence and create an additional 51 new jobs.
- Final Forge announced their intention to build two facilities totaling more than 50,000SF at the Tri-Cities Airport's Aerospace Park. The company is a head-borne protective equipment developer and manufacturer for military, law enforcement, first responder and homeland security use.
- TN Hills Distillery plans to invest more than \$21.3 million to locate its new HQ and automated distillery in Bristol. This announcement will ultimately create more than 45 new jobs and add to their presence in the Tri-Cities region.
- Symmco announced its intent to invest more than \$13 million and locate in the Phipps Bend Industrial Park. The company is purchasing the former 70,000SF Hawkins County Spec Building and plans to hire some 86 people.

Other notable developments include:

- Brickyard Village recently held a ground breaking ceremony and is slated to have over 450 housing units in our downtown, approximately a \$100 million investment.
- Miller Park is a 130 unit housing development that is almost complete.
- Bradley Hills is approximately 196 unit apartment development that will be starting construction this spring.
- Kingsport currently has approximately 18 residential projects in process. Most notably three of these proposed projects will provide more than 1,800 housing units.
- KEDB is currently working on a partnership to create a new small business park with additional proposals to come.
- KEDB has sold over 60 acres of land in the past year for new development and has approximately 60 additional acres under contract.
- Fort Henry Mall recently announced a new 7,000 square foot IMAX theatre would be coming to adjoin the existing NCG cinemas, along with upgrades to the existing facilities and two new restaurants locating on outparcels.

## **Long-term Financial Planning**

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

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

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

In August 2023, the City issued General Obligation Bonds, Series 2023 in the amount of \$61,945,000. The breakout was \$40,770,000 for general governmental projects, \$11,425,000 for sewer projects and \$9,750,000 for water projects. The biggest projects funded from this issue are DB Dome Replacement at \$21,000,000; Justice Center Expansion at \$13,400,000; combined water and sewer line relocation related to the State's Memorial Blvd Project at \$7,500,000; Library Renovation at \$4,400,000 and combined water and sewer lines for the Fieldcrest Annexation area at \$3,700,000. The next bond issuance is planned for Spring 2026 to coincide with a property tax reappraisal year. It will fund a new elementary school.

## **City Utilities**

In FY2020 the City hired Raftelis to perform an in-depth rate study and financial plan for city utilities. The goal of the study was to provide a new rate structure that would be simpler and more equitable than what was in use and to set rates that would provide for financial sufficiency, debt service coverage, and equity financed capital. The City's rate structure had been complicated by trying to accommodate rate structures of utility districts that had been absorbed into the city system in past years.

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

In FY2023 the City was awarded ARP grant funds through TDEC totalling approximately \$7,000,000 for various city utility projects. In addition, the City is partnering with Sullivan County and Washington County for projects using ARP grant funds through TDEC awarded to them with a combined total of approximately \$4,600,000 that will serve their residents and increase our utility customer base.

## Major Initiatives

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

- PaveKingsport is in the fifth year of a multi-phase plan to get all local roads on an industry standard 25-year paving cycle. The plan is data-driven, based on need, and is divided into three broad categories: (1) neighborhoods, (2) main roads, and (3) worst roads. This year, Kingsport paved approximately 17.72 miles of roadway between contractors and in-house crews.
- Upgrades and enhancements Bays Mountain Park & Planetarium, include a new fox habitat, nature center gift shop and planetarium renovations, and improvements to the herpetarium.
- Ribbon cutting and opening of the Brickyard Park Pump Track,
- Adoption of the Wastewater Treatment Master Plan.
- The city's holiday initiative, Christmas in Kingsport, hosted three weekends of events, featured over 100 decorated trees, and over a dozen displays in downtown.
- Creation of Brickyard Village, a downtown residential development, plus the new Scott Adams Memorial Skatepark, and Brickyard Park Pump Track, at Brickyard Park have set the stage for the next City Park, called Cement Hill, to be developed on adjoining property.
- An impactful infrastructure project, the Main Street Rebuild Project, has finally began and is rebuilding a gateway road into our downtown.
- ConnectKingsport is a free app for residents to download and use to report nonemergency issues to City departments. Issues such as potholes, streetlight outages, fallen tree, and code enforcement issues, are reported directly to the responsible department. The app currently has over 9,000 active users.

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

## Awards and Acknowledgements

**Awards** The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kingsport for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the 23rd consecutive year that the City of Kingsport has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

The audit for the year ended June 30, 2023 is the 24th year in a row that the City has received a clean, unmodified opinion. The FY 2023 annual audit reported no material weaknesses or significant deficiencies in financial controls and operations. By any measure, our citizens can rest assured that the Board and staff are safeguarding the assets that have been placed in their care.

The City of Kingsport earned an award from the American Planning Association's (APA) Economic Development Division for the redevelopment of the greater Kingsport Press site and nearby properties.

The Economic Development Department received the Excellence in Economic Development and Revitalization award from the Tennessee Municipal League at its 83rd annual conference last summer.

The City of Kingsport's Public Information and Communications Department earned two Kaleidoscope Awards in 2022 from the Southeast Festivals & Events Association (SFEA) for Christmas in Kingsport – third place for Best Social Media Campaign and the Green Initiative Award for offering Christmas trees to goats clearing park land after the holiday was over,

The City's Public Information and Communications Department received three awards from the Public Relations Society of America Tri-Cities Chapter – Award of Quality for the ConnectKingsport app, Award of Quality for Special Events – 8 Days or More, and an Award of Merit for the 2022 State of the City document.

Kingsport has been awarded a \$1.85 million Tennessee Department of Transportation Alternatives Program grant to support the construction of a pedestrian and bicycle bridge that will connect the Brickyard Park development to downtown Kingsport.

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

Respectfully submitted,



Chris McCartt  
City Manager



Lisa Winkle  
City Recorder/Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Kingsport  
Tennessee**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

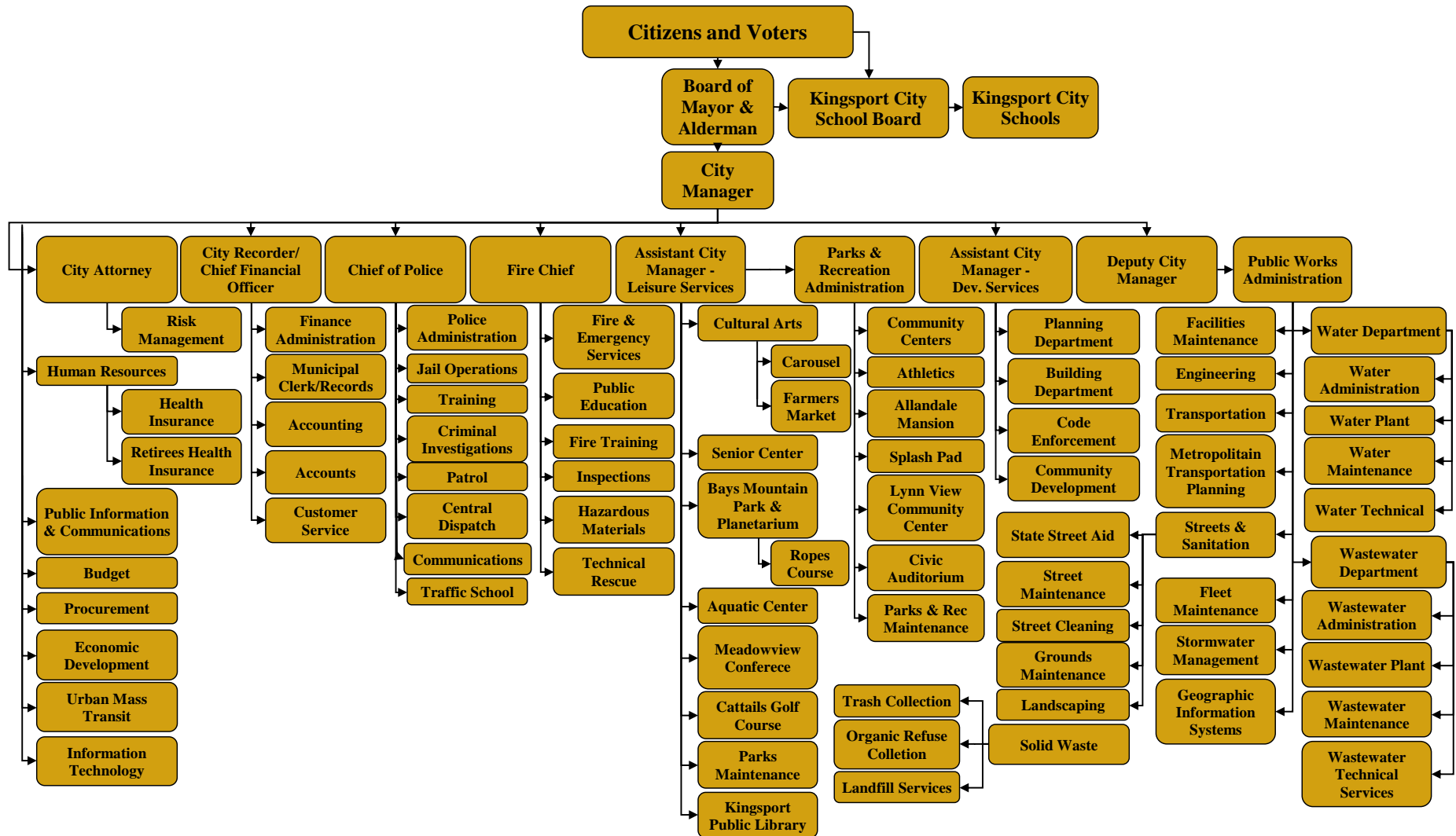
June 30, 2022

*Christopher P. Morill*

Executive Director/CEO



# CITY OF KINGSPORT ORGANIZATION CHART





## **CITY OF KINGSPORT, TENNESSEE**

### **HISTORY AND ORGANIZATION**

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

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



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

**CITY OF KINGSPORT, TENNESSEE**

**PRINCIPAL OFFICIALS**

**AS OF**

**June 30, 2023**

**BOARD OF MAYOR AND ALDERMEN**

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

**CHARTER OFFICERS**

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

**DEPARTMENT HEADS**

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

**CITY OF KINGSFORT, TENNESSEE  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**II. FINANCIAL SECTION**



CITY OF KINGSPORT, TENNESSEE

BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended June 30, 2023



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Kingsport, Tennessee (the "City") as of and for the year ended June 30, 2023, 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 22 percent, 59 percent, and 28 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 2 percent and 6 percent, respectively, of the assets and net positions of the aggregate discretely presented component units.

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, 2023, 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.

#### *Basis for Opinions*

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



## **Report on the Audit of the Financial Statements (Continued)**

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

## **Report on the Audit of the Financial Statements (Continued)**

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and the other required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kingsport, Tennessee's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the schedule of changes in long term debt by individual issue, the capital assets used in the operation of governmental funds: comparative schedules by source, schedule by function and activity, and schedule of changes by function and activity, schedule of operating costs – enterprise funds, schedule of operating costs – non-major enterprise funds, schedule of expenditures of state awards, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of changes in long term debt by individual issue, the capital assets used in the operation of governmental funds: comparative schedules by source, schedule by function and activity, and schedule of changes by function and activity, schedule of operating costs – enterprise funds, schedule of operating costs – non-major enterprise funds, schedule of expenditures of state awards, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee  
January 12, 2024

## 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, 2023**

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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, 2023. 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 6 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 \$492,667,512 (net position).
- The City's total net position increased by \$27,001,874 for the fiscal year ended June 30, 2023.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$77,936,334 a decrease of \$1,432,871.
- The decrease is directly related to appropriations of fund balance from the School Fund to be used for capital projects. \$3,736,000 was transferred from School Fund to Capital Projects Fund to cover construction costs related to HVAC projects at various schools. ESSER grant money is being used to purchase the units and school fund balance was appropriated to cover construction and installation.
- Approximately 32% of this total fund balance, \$24,976,391, is unassigned and therefore available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$24,976,391 or approximately 26% of total general fund expenditures including transfers out.
- The City's total gross debt decreased by \$18,148,814 during the current fiscal year. There were no general obligation bonds issued during the fiscal year ended June 30, 2023. City Schools did receive the final draw of \$218,574 on a School Energy Efficiency Loan from the State of Tennessee that has started in FY2022. And the Water Fund received a draw of \$891,500 from a State Revolving Loan related to a Meter Replacement Project.

### **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, 2023**

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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 and transportation, economic and physical development, culture and recreation, and education. The business-type activities of the City include water, sewer, solid waste management, storm water management, aquatic center, conference center and golf course. The government-wide financial statements can be found on pages 28 to 30 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-five (25) individual governmental funds. Twenty-one (21) 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 31 to 41 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, 2023**

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**Proprietary funds**

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information of the water, sewer, aquatic center, and convention center activities, which are considered to be major funds of the City. In addition the proprietary fund financial statements include a column for other enterprise funds. This column presents the information for the City's solid waste management, storm water management, and golf course activities. Individual fund data for these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 42 to 46 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 47 to 187 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 200 to 233 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 \$492,667,512 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, 2023**

**City of Kingsport's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 188,676,425	\$ 222,970,592	\$ 34,799,249	\$ 39,449,724	\$ 223,475,674	\$ 262,420,316
Capital Assets	368,359,401	359,724,761	304,494,647	304,555,857	672,854,048	664,280,618
Total Assets	557,035,826	582,695,353	339,293,896	344,005,581	896,329,722	926,700,934
Total Deferred Outflows of Resources	48,935,032	52,310,498	5,038,500	4,916,779	53,973,532	57,227,277
Long-term Liabilities Outstanding	196,332,785	188,277,674	129,224,127	132,918,472	325,556,912	321,196,146
Other Liabilities	31,385,200	31,551,033	5,420,160	4,589,220	36,805,360	36,140,253
Total Liabilities	227,717,985	219,828,707	134,644,287	137,507,692	362,362,272	357,336,399
Total Deferred Inflows of Resources	92,942,791	153,947,580	2,330,679	6,978,594	95,273,470	160,926,174
Net Position:						
Net Investment in Capital Assets	273,487,359	256,762,447	200,142,606	196,397,594	473,629,965	453,160,041
Restricted	17,089,975	47,012,135	1,815,357	1,538,587	18,905,332	48,550,722
Unrestricted	(5,267,252)	(42,545,018)	5,399,467	6,499,893	132,215	(36,045,125)
Total Net Position	\$ 285,310,082	\$ 261,229,564	\$ 207,357,430	\$ 204,436,074	\$ 492,667,512	\$ 465,665,638

A portion of the City's net position, \$18,905,332 (4%) represents resources that are subject to external restrictions on how they may be used. The primary reason for the decrease in restricted net position is the reduction of the restriction for net position related to pension asset. The City's total pension asset decreased by \$29,956,649. The amount is based on actuarial reports as of 6/30/2022 and may change significantly in following years.

During the current fiscal year, the government's net position increased by \$27,001,874. Net position for governmental activities increased by \$24,080,518 while net position for business-type activities increased by \$2,921,356.

The \$24,080,518 current year increase in net position for governmental activities was primarily a result of increases in federal grant revenue and sales tax revenue.

The \$2,921,356 increase in net position in the business-type activities was primarily a result of rate increases affecting charges for services.

**CITY OF KINGSPORT, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2023**

The following is a summary of activities for the City during the fiscal year ended June 30, 2023:

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

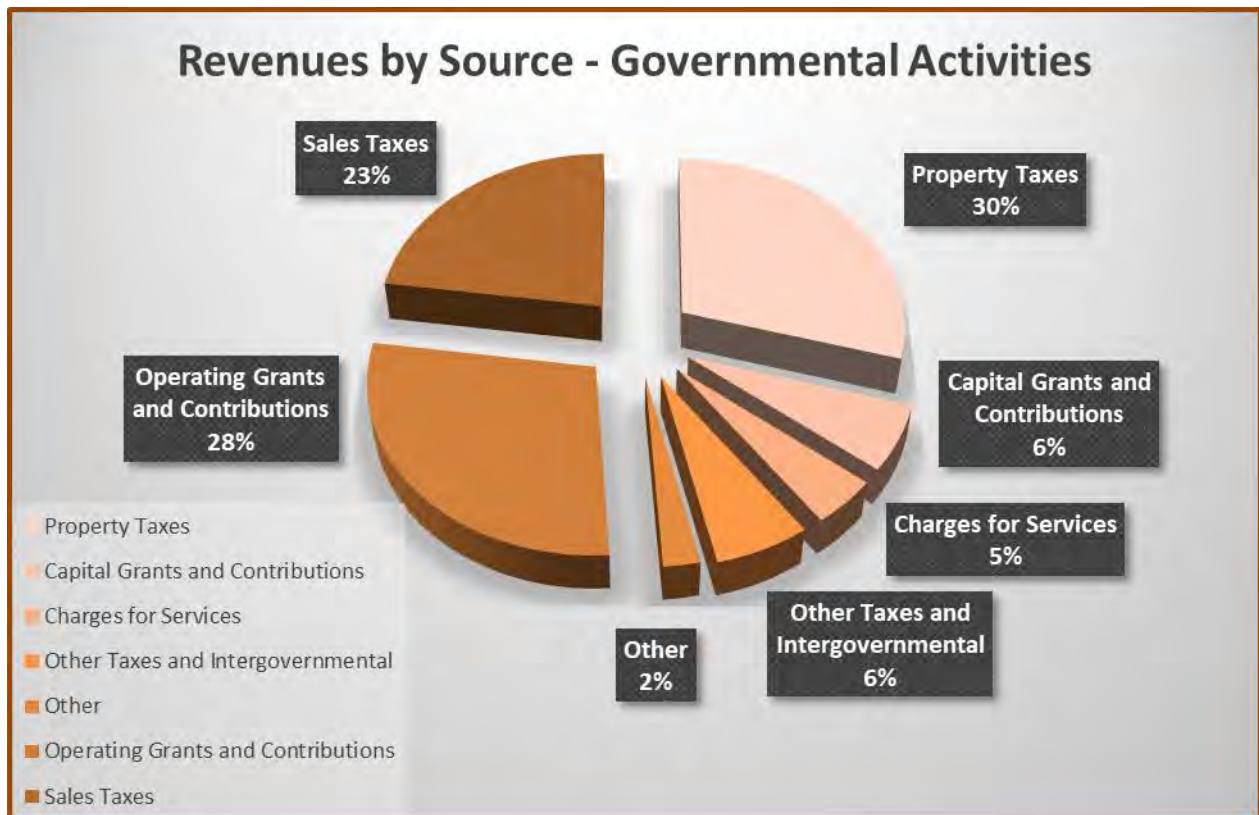
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 9,793,161	\$ 6,912,261	\$ 42,139,427	\$ 38,113,535	\$ 51,932,588	\$ 45,025,796
Operating Grants and Contributions	62,146,782	63,520,471	0	0	62,146,782	63,520,471
Capital Grants and Contributions	13,697,996	6,494,542	1,211,477	247,533	14,909,473	6,742,075
General Revenues						
Property Taxes	64,537,940	60,971,132	0	0	64,537,940	60,971,132
Sales Taxes	49,916,865	46,556,674	0	0	49,916,865	46,556,674
Other Taxes and Intergovernmental	13,846,736	11,956,174	0	0	13,846,736	11,956,174
Unrestricted Investment Earnings	1,835,591	57,904	660,800	43,425	2,496,391	101,329
Grants and Contributions Not Restricted to Specific Programs	1,317,032	1,763,461	0	0	1,317,032	1,763,461
Other	2,170,238	1,890,902	0	0	2,170,238	1,890,902
Total Revenues	<u>219,262,341</u>	<u>200,123,521</u>	<u>44,011,704</u>	<u>38,404,493</u>	<u>263,274,045</u>	<u>238,528,014</u>
<b>Expenses:</b>						
General Government	21,389,215	17,594,976	0	0	21,389,215	17,594,976
Public Safety	26,676,165	22,530,356	0	0	26,676,165	22,530,356
Public Works	22,617,812	19,487,805	0	0	22,617,812	19,487,805
Highway Transportation Planning	5,050,087	4,637,310	0	0	5,050,087	4,637,310
Economic and Physical Development	2,405,551	2,264,848	0	0	2,405,551	2,264,848
Culture and Recreation	10,125,763	9,565,508	0	0	10,125,763	9,565,508
Education	100,044,821	89,348,094	0	0	100,044,821	89,348,094
Interest on Long-term Debt	3,183,790	3,420,487	0	0	3,183,790	3,420,487
Water	0	0	13,651,930	11,600,766	13,651,930	11,600,766
Sewer	0	0	14,862,315	13,455,696	14,862,315	13,455,696
Solid Waste Management	0	0	6,555,868	6,565,280	6,555,868	6,565,280
Storm Water Management	0	0	1,921,721	1,390,291	1,921,721	1,390,291
Aquatic Center	0	0	3,360,127	3,164,069	3,360,127	3,164,069
MeadowView Conference Resort and Convention Center	0	0	2,957,802	2,676,446	2,957,802	2,676,446
Cattails at MeadowView Golf Course	0	0	1,469,204	1,438,252	1,469,204	1,438,252
Total Expenses	<u>191,493,204</u>	<u>168,849,384</u>	<u>44,778,967</u>	<u>40,290,800</u>	<u>236,272,171</u>	<u>209,140,184</u>
Increase (Decrease) in Net Position before Transfers	27,769,137	31,274,137	(767,263)	(1,886,307)	27,001,874	29,387,830
Transfers	(3,688,619)	(4,088,241)	3,688,619	4,088,241	0	0
Change in Net Position	<u>24,080,518</u>	<u>27,185,896</u>	<u>2,921,356</u>	<u>2,201,934</u>	<u>27,001,874</u>	<u>29,387,830</u>
Net Position, beginning of period	<u>261,229,564</u>	<u>234,043,668</u>	<u>204,436,074</u>	<u>202,234,140</u>	<u>465,665,638</u>	<u>436,277,808</u>
Net Position, end of period	<u>\$ 285,310,082</u>	<u>\$ 261,229,564</u>	<u>\$ 207,357,430</u>	<u>\$ 204,436,074</u>	<u>\$ 492,667,512</u>	<u>\$ 465,665,638</u>

**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2023**

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**Governmental Activities – Revenue**

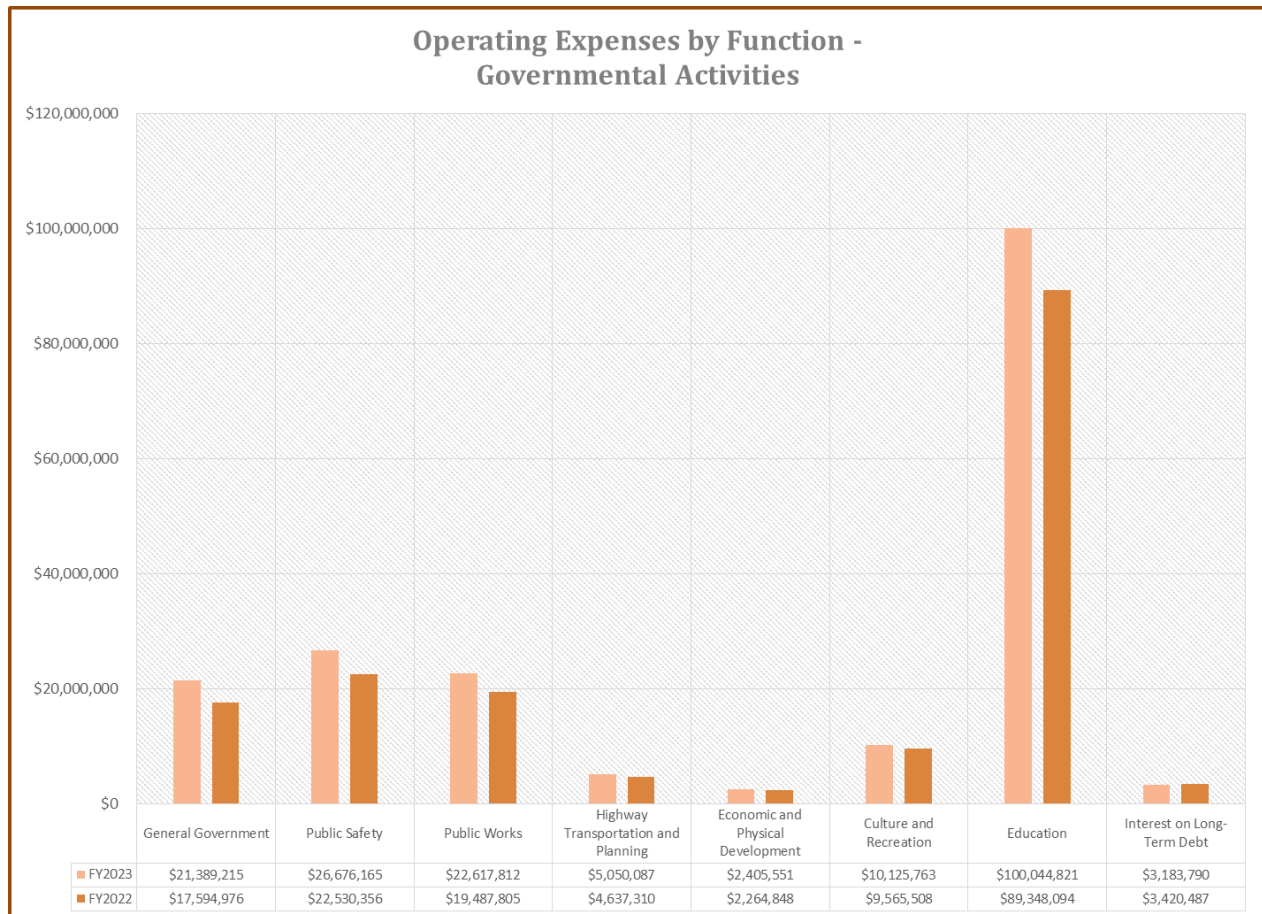
The City's governmental revenues totaling \$219,262,341 were more than the prior year by \$19,138,820. One factor of this increase is the \$7,203,454 increase of capital grants and contributions. Much of this can be attributed to federal and state grants to help local governments and school systems recover from COVID-19. In addition property taxes increased by \$3,566,808 and sales taxes increased \$3,360,191. The chart below shows the sources of governmental revenue.



**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2023**

**Governmental Activities – Operating Expenses**

Operating expenses for governmental activities were more than the prior year by \$22,643,820. This increase in expenditures can be attributed to several factors. City Staff levels have returned to normal after unprecedented high vacancies during COVID, salary increases for employees that went into effect July 2022, ability to purchase items that had been delayed due to supply chain issues, electricity fee increases and expenditures directly related to ARPA and ESSER grant revenues. The chart below shows how the City's governmental revenue has been spent by function.

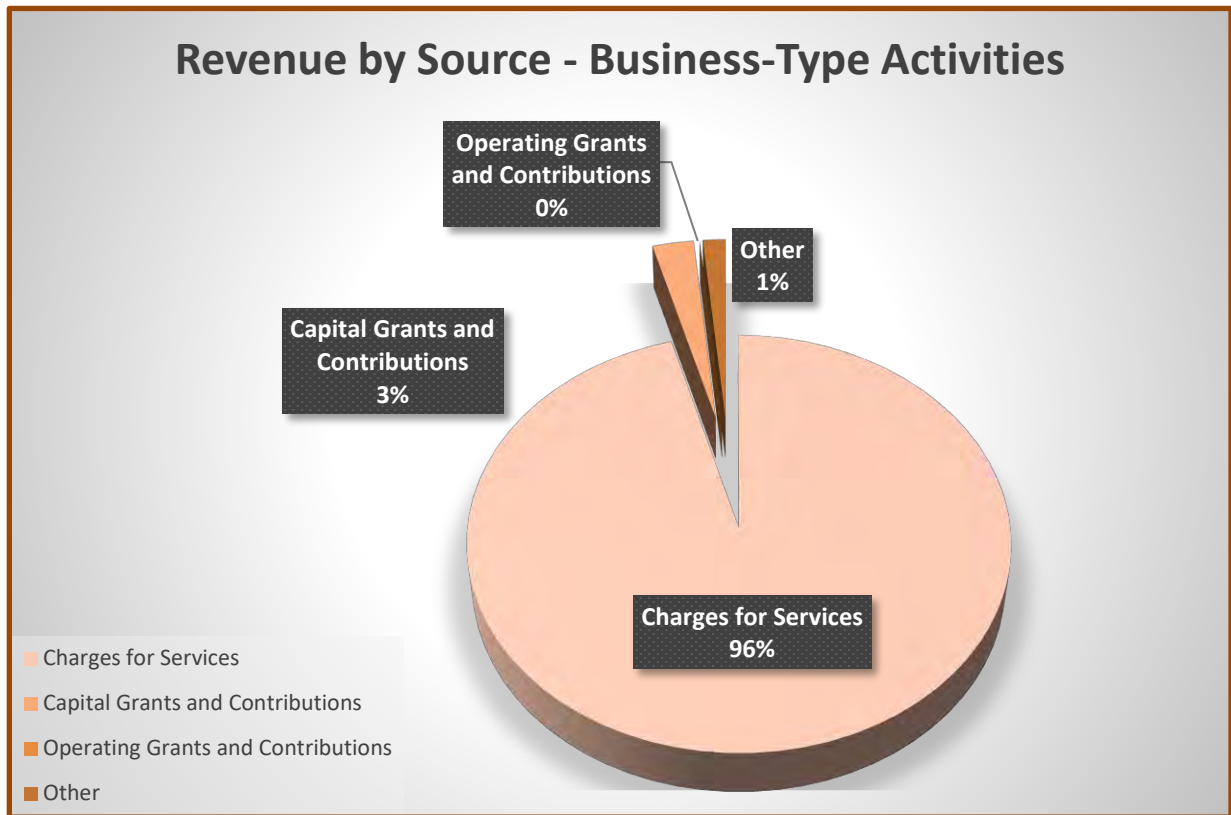


**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2023**

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**Business-Type Activities - Revenue**

The City's business-type revenues totaling \$44,011,704 were more than the prior year by \$5,607,211. The revenue increase can be attributed to utility rate increases. For FY2023 water and sewer rates were restructured to have a base fee for service by meter size with less rate tiers for gallons used. The new rate structure was recommended by a study completed by Raftelis. The rates from the study are being phased in over 4 years.

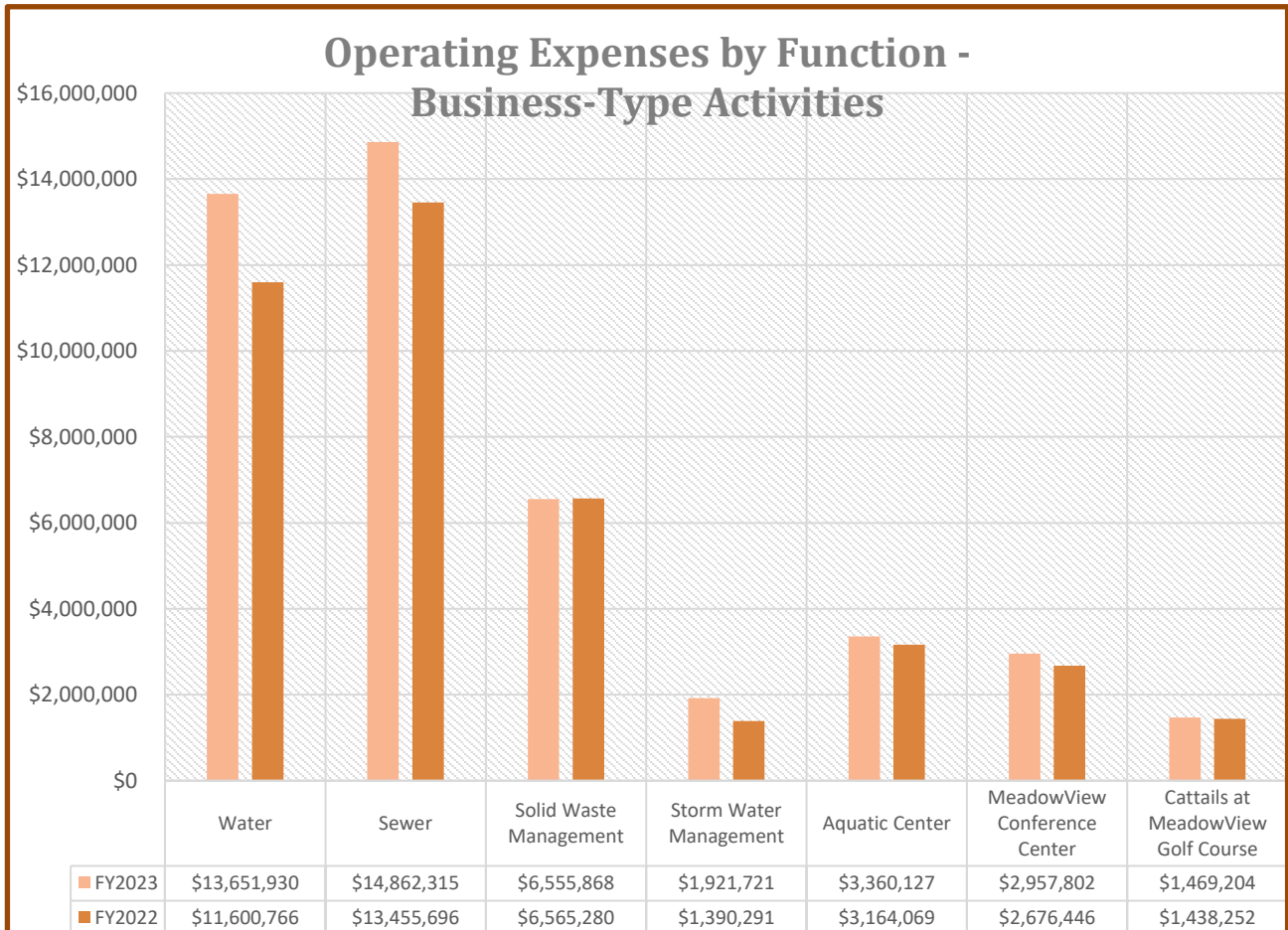




**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2023**

**Business-Type Activities – Operating Expenses**

Operating expenses for business-type activities totaled \$44,778,967 and was more than the prior year by \$4,488,167. This increase can be attributed to salary increases that went into effect July 2022, ability to purchase items that had been delayed due to supply chain issues, increases in electricity, and increases in chemical costs. The chart below shows the City's business-type expenses by function.



**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2023**

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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 \$77,936,334 a net decrease of \$1,432,871 in comparison with the prior year. Approximately 32% of the total fund balance, \$24,976,391 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance consists of \$407,903 nonspendable primarily attributed to inventories and a perpetual care trust, \$17,922,290 restricted primarily for capital projects, \$13,277,714 committed to special revenue purposes, and \$21,352,036 assigned primarily to the City's various governmental funds most significantly for education, capital projects, and debt service.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$24,976,391 while total fund balance was \$25,577,044. Of the total fund balance \$25,204 is considered nonspendable while \$87,555 is restricted for future pension costs and \$487,894 is considered assigned. The majority of the assigned fund balance represents encumbrance carryovers from fiscal year 2023 to fiscal year 2024. 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 26% of total general fund expenditures and transfers out, while total fund balance represents 26.4% of that same amount. During fiscal year 2023, the fund balance of the City's General Fund increased by \$1,002,422. This increase is a net of increases in various revenues and transfers in and increases in expenditures and transfers out. The most noteworthy fact behind the net increase is that it was achieved even after the Board of Mayor and Aldermen appropriated \$3,500,000 of prior years' fund balance to various projects in November 2022.

The general purpose school fund has a total fund balance of \$13,663,087, of which most is uncommitted. The net decrease in fund balance during the current year in the general purpose school fund was \$4,044,092. This decrease is directly related to appropriations of fund balance to capital projects.

The capital project fund has a total fund balance of \$22,037,099. Of this amount, \$14,400,589 represents unspent bond proceeds restricted for capital projects. The remainder of \$7,636,510 is assigned to the capital project fund. The net decrease in this fund balance of \$2,449,688 was primarily due to the fact that there were no general obligation bonds issued in FY2023.

The debt service fund has a total fund balance of \$559,729. Debt service expenditures (principal and interest) totaled \$13,787,495 for fiscal year 2023. This was \$903,269 more than the debt service expenditures paid in fiscal year 2022.

Nonmajor (other) governmental funds have a fund balance of \$16,099,375. The net increase in fund balance during the current year in nonmajor governmental funds was \$3,773,713. One source of the increase was transfers to the Special Revenue Project Fund from General Fund.

**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2023**

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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 \$5,297,744 and \$2,091,760 respectively. Other factors concerning the financial position of these funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

Differences between the original revenue budget and the final amended revenue budget represent an \$8,711,756 increase and are detailed as follows:

\$ 2,624,155	Appropriation of Fund Balance to transfer to projects
2,306,471	Increases in County Revenue most notably increases in sales tax
1,823,647	Increases in Gross Receipts Taxes most notably increases to AEP Franchise Fees
936,094	Increases in Earnings on Investments
592,708	Increases in State Revenue
202,355	Increases in Property Taxes
200,293	Increases in Licenses and Permits
<u>26,033</u>	Other Net Revenue Increases
<u>\$ 8,711,756</u>	

Overall expenditures came in under budget which offset the fund balance appropriation and allowed the City's general fund to end the year with \$1,002,421 revenue over expenditures.

**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, 2023, amounts to \$672,854,048 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure and construction in progress.

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

- The most significant business-type construction projects during fiscal year 2023 were various water and sewer improvement projects throughout the city. Business-type construction in progress at the close of the fiscal year was \$17,935,819. Utility Projects barely started in FY2023 include several projects funded by ARP grant money through TDEC directly to Kingsport in addition to two water projects funded by ARP grant money through TDEC passed through Sullivan County and Washington County. These projects will result in increased CIP at June 30, 2024.
- Construction continued and/or began on a variety of general governmental projects including various road improvement projects. Several governmental capital projects were also closed out during fiscal year 2023. Governmental construction in progress at the close of the fiscal year was down to \$38,131,506 compared to prior year total of \$52,489,982.

**CITY OF KINGSPORT, TENNESSEE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2023**

Additional information on the City's capital assets can be found in Note 4.C on pages 71 to 74 of this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 38,933,725	\$ 37,636,822	\$ 9,037,457	\$ 9,037,457	\$ 47,971,182	\$ 46,674,279
Buildings and Systems	125,057,380	101,372,625	272,853,695	273,138,441	397,911,075	374,511,066
Improvements other than Buildings	25,395,503	26,239,029	3,026,494	3,574,556	28,421,997	29,813,585
Machinery and Equipment	23,392,450	19,966,103	1,641,180	1,742,319	25,033,630	21,708,422
Software	151,026	242,169	2	2	151,028	242,171
Infrastructure	117,297,811	121,778,031	0	0	117,297,811	121,778,031
Construction in Progress	38,131,506	52,489,982	17,935,819	17,063,082	56,067,325	69,553,064
<b>Total Capital Assets</b>	<b>\$ 368,359,401</b>	<b>\$ 359,724,761</b>	<b>\$ 304,494,647</b>	<b>\$ 304,555,857</b>	<b>\$ 672,854,048</b>	<b>\$ 664,280,618</b>

**Long-term debt**

At the end of the current fiscal year, the City had total gross debt outstanding of \$215,615,349. 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	
	2023	2022	2023	2022	2023	2022
Notes Payable	\$ 1,666,666	\$ 1,833,333	\$ 0	\$ 0	\$ 1,666,666	\$ 1,833,333
General Obligation Bonds	98,642,708	107,925,053	100,360,489	108,938,143	199,003,197	216,863,196
Loans from Other Governments	3,962,093	4,354,897	10,983,393	10,712,737	14,945,486	15,067,634
<b>Total Long-term Debt</b>	<b>\$ 104,271,467</b>	<b>\$ 114,113,283</b>	<b>\$ 111,343,882</b>	<b>\$ 119,650,880</b>	<b>\$ 215,615,349</b>	<b>\$ 233,764,163</b>

During the current fiscal year, the City's total gross debt decreased by \$18,148,814. The governmental activities long-term debt decreased by \$9,841,816 while business-type activities long-term debt decreased by \$8,306,998. The only new debt for governmental activities in FY2023 was the final draw of \$218,574 on the Energy Efficient Schools Initiative loan through the State of Tennessee that had been issued in FY2022. The only new debt in FY2023 for business-type activities was an \$891,500 draw against a drinking water state revolving loan. Total loan approved was \$1,300,000. The final draw of \$408,500 was received in August 2023.

The City currently has a rating of AA from Standard & Poor's Rating Services and a rating of Aa2 from Moody's Investors Service. Both the Standard & Poor's rating and the Moody's rating were reaffirmed in August 2023 in conjunction with a subsequent bond sale. On August 25, 2023, Kingsport issued General Obligation Bonds, Series 2023 with a par value of \$61,945,000. Of this amount \$40,770,000 was for governmental activities while \$21,175,000 was for business activities. The next bond issue is planned for spring 2026.

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 80 to 136 of this report.

**CITY OF KINGSPORT, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2023**

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

- The City's unemployment rate was 3.9% as of June 2023.
- Inflationary trends in the region are comparable to national indices.
- 819 building permits with an estimated value of \$160,758,908 were issued during this fiscal year, compared to 840 building permits with an estimated value of \$156,118,762 for the previous year.

Interest rates on investments for the City's operating funds ranged from 1.12% to 5.06% at the end of fiscal year 2023. For the year ended June 30, 2023, the City had earnings on investments totaling \$2,496,391. However, we anticipate interest declines in the second half of FY2024.

All of these factors were considered in preparing the City's budget for the 2024 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$24,976,391. The City has assigned fund balance of \$466,967 to cover encumbrances remaining from FY2023.

The FY2024 general fund budget was adopted with no appropriation of fund balance. The FY2024 school fund budget included an appropriation of fund balance of \$910,000.

Beginning with the FY2023 budget year, water and sewer rates have been restructured to have a base fee for service varying by meter size with less rate tiers for gallons used. The new rate structure was recommended by a study completed by Raftelis. For FY2024 the second phase of the rate restructuring went into effect. The amount of free water included with the base fee was reduced from 1,500 gallons to 1,000 gallons.

**Requests for Information**

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

## B. BASIC FINANCIAL STATEMENTS

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**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

	Primary Government			Component Units	
	Governmental Activities	Business - Type Activities	Total	Industrial Development Board	Emergency Communications District
<b>ASSETS:</b>					
Cash	\$ 4,490,602	\$ 17,516	\$ 4,508,118	\$ 2,758,735	\$ 4,071,823
Equity in Pooled Cash and Investments	53,518,010	14,017,844	67,535,854	0	0
Long Term Certificates of Deposit	250,692	0	250,692	0	0
Investments	979,941	0	979,941	0	0
Accounts Receivable, Net	43,248,492	6,311,410	49,559,902	0	0
Accrued Interest Receivable	129,477	85,706	215,183	0	0
Due from Other Governments	39,199,852	415,531	39,615,383	0	0
Internal Balances	1,801,906	(1,801,906)	0	0	0
Inventories	710,137	1,196,536	1,906,673	0	0
Prepays	4,130,071	39,322	4,169,393	500	43,570
Lease Receivable	0	0	0	6,373,710	0
Land Held for Sale or Development	0	0	0	4,488,977	0
<b>Restricted Assets:</b>					
Cash	19,407,304	12,881,336	32,288,640	0	0
Long Term Certificates of Deposit	1,000,000	0	1,000,000	0	0
Investments	8,103,797	1,635,954	9,739,751	187,316	0
Pension Asset	11,622,150	0	11,622,150	0	0
Receivables	0	0	0	464,057	0
<b>Capital Assets:</b>					
Land	38,933,725	9,037,457	47,971,182	439,994	242,010
Buildings and Systems	250,305,993	482,977,028	733,283,021	8,101,744	2,022,110
Improvements Other Than Buildings	51,978,754	12,133,777	64,112,531	297,625	0
Machinery and Equipment	81,449,938	8,734,057	90,183,995	0	1,144,487
Software	1,082,501	303,855	1,386,356	0	0
Infrastructure	303,089,694	0	303,089,694	0	0
Construction in Progress	38,131,506	17,935,819	56,067,325	14,400	0
Less: Accumulated Depreciation	(396,612,710)	(226,627,346)	(623,240,056)	(1,496,486)	(1,313,321)
Right to use Leased Asset, Net	0	0	0	470,881	0
Other Assets, Net	83,994	0	83,994	0	0
<b>Total Assets</b>	<b>557,035,826</b>	<b>339,293,896</b>	<b>896,329,722</b>	<b>22,101,453</b>	<b>6,210,679</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred Outflows Related to Refunding	2,006,286	1,227,611	3,233,897	0	0
Deferred Outflows Related to OPEB	20,014,740	968,388	20,983,128	0	0
Deferred Outflows Related to Pensions	26,914,006	2,842,501	29,756,507	0	0
<b>Total Deferred Outflows of Resources</b>	<b>48,935,032</b>	<b>5,038,500</b>	<b>53,973,532</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES:</b>					
Accounts Payable and Other Current Liabilities	19,829,909	3,100,639	22,930,548	34,194	8,711
Due to Other Governments	24,154	263,525	287,679	0	0
Compensated Absences Payable	4,197,114	742,415	4,939,529	0	0
Accrued Interest Payable	1,115,283	1,034,866	2,150,149	22,232	0
Unearned Revenue	6,218,740	107,378	6,326,118	982,529	0
Liabilities Payable from Restricted Assets	0	171,337	171,337	0	0
<b>Noncurrent Liabilities:</b>					
Due Within One Year	10,517,286	9,560,153	20,077,439	256,558	0
Due in More Than One Year	100,761,631	108,433,580	209,195,211	9,758,820	0
Lease Liability Due Within One Year	0	0	0	33,099	0
Lease Liability Due in More Than One Year	0	0	0	439,601	0
Pension Liability	26,979,018	5,421,065	32,400,083	0	0
OPEB Liability	58,074,850	5,402,455	63,477,305	0	0
Post Closure Liability	0	406,874	406,874	0	0
<b>Total Liabilities</b>	<b>227,717,985</b>	<b>134,644,287</b>	<b>362,362,272</b>	<b>11,527,033</b>	<b>8,711</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>	<b>Industrial Development Board</b>	<b>Emergency Communications District</b>
DEFERRED INFLOWS OF RESOURCES:					
Deferred Inflows Related to Leases	0	0	0	6,287,896	0
Deferred Inflows Related to Property Taxes	55,481,779	0	55,481,779	0	0
Deferred Inflows Related to OPEB	33,992,163	2,061,282	36,053,445	0	0
Deferred Inflows Related to Pensions	3,468,849	269,397	3,738,246	0	0
Total Deferred Inflows of Resources	92,942,791	2,330,679	95,273,470	6,287,896	0
NET POSITION:					
Net Investment in Capital Assets	273,487,359	200,142,606	473,629,965	1,236,811	2,095,286
Restricted for Debt Service	0	823,159	823,159	0	0
Restricted for Capital Improvements	1,789,975	966,667	2,756,642	0	0
Restricted for Perpetual Care (Nonexpendable)	152,692	0	152,692	0	0
Restricted for Public Safety	663,664	0	663,664	0	0
Restricted for State Street Aid	11,543	0	11,543	0	0
Restricted for Tourism	191,191	0	191,191	0	0
Restricted for Pension asset	11,622,150	0	11,622,150	0	0
Restricted for Future Pension Cost	1,086,548	25,531	1,112,079	0	0
Restricted for Internal School Activities	1,572,212	0	1,572,212	0	0
Unrestricted	(5,267,252)	5,399,467	132,215	3,049,713	4,106,682
Total Net Position	<u>\$ 285,310,082</u>	<u>\$ 207,357,430</u>	<u>\$ 492,667,512</u>	<u>\$ 4,286,524</u>	<u>\$ 6,201,968</u>

See accompanying notes to the basic financial statements.



**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2023

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		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	\$ 21,389,215	\$ 2,346,292	\$ 2,590,829	\$ 8,036,000	\$ (8,416,094)	\$ 0	\$ (8,416,094)		
Public Safety	26,676,165	1,454,859	496,969	0	(24,724,337)	0	(24,724,337)		
Public Works	22,617,812	661,336	0	0	(21,956,476)	0	(21,956,476)		
Highways and Transportation	5,050,087	112,633	3,787,192	0	(1,150,262)	0	(1,150,262)		
Economic and Physical Development	2,405,551	0	423,233	0	(1,982,318)	0	(1,982,318)		
Culture and Recreation	10,125,763	1,881,673	475,864	0	(7,768,226)	0	(7,768,226)		
Education	100,044,821	3,336,368	54,372,695	5,661,996	(36,673,762)	0	(36,673,762)		
Interest on Long Term Debt	3,183,790	0	0	0	(3,183,790)	0	(3,183,790)		
Total Governmental Activities	191,493,204	9,793,161	62,146,782	13,697,996	(105,855,265)	0	(105,855,265)		
Business - Type Activities:									
Water	13,651,930	15,889,273	0	264,255	0	2,501,598	2,501,598		
Sewer	14,862,315	17,743,133	0	833,195	0	3,714,013	3,714,013		
Solid Waste Management	6,555,868	3,775,677	0	0	0	(2,780,191)	(2,780,191)		
Storm Water Management	1,921,721	1,864,578	0	114,027	0	56,884	56,884		
Aquatic Center	3,360,127	1,401,643	0	0	0	(1,958,484)	(1,958,484)		
MeadowView Conference Resort and Convention Center	2,957,802	326,224	0	0	0	(2,631,578)	(2,631,578)		
Cattails at MeadowView Golf Course	1,469,204	1,138,899	0	0	0	(330,305)	(330,305)		
Total Business - Type Activities	44,778,967	42,139,427	0	1,211,477	0	(1,428,063)	(1,428,063)		
Total Primary Government	\$ 236,272,171	\$ 51,932,588	\$ 62,146,782	\$ 14,909,473	(105,855,265)	(1,428,063)	(107,283,328)		
Component Units:									
Industrial Development Board	\$ 2,412,395	\$ 1,953,448	\$ 739,056	\$ 250,000				\$ 530,109	\$ 0
Emergency Communications District	648,295	733,230	156,137	0				0	241,072
Total Component Units	\$ 3,060,690	\$ 2,686,678	\$ 895,193	\$ 250,000				530,109	241,072
General Revenues:									
Property Taxes					64,537,940	0	64,537,940	0	0
Sales Taxes					49,916,865	0	49,916,865	0	0
Alcoholic Beverage Taxes					2,329,619	0	2,329,619	0	0
Occupational Licenses and Business Taxes					9,265,292	0	9,265,292	0	0
Hotel / Motel Taxes					2,249,772	0	2,249,772	0	0
Income Taxes					2,053	0	2,053	0	0
Grants and Contributions Not Restricted to Specific Programs					1,317,032	0	1,317,032	0	289,536
Unrestricted Investment Earnings					1,835,591	660,800	2,496,391	219,879	374
Miscellaneous					2,170,238	0	2,170,238	0	0
Transfers					(3,688,619)	3,688,619	0	0	0
Total General Revenues and Transfers					129,935,783	4,349,419	134,285,202	219,879	289,910
Change in Net Position					24,080,518	2,921,356	27,001,874	749,988	530,982
Net Position - Beginning					261,229,564	204,436,074	465,665,638	3,536,536	5,670,986
Net Position - Ending					\$ 285,310,082	\$ 207,357,430	\$ 492,667,512	\$ 4,286,524	\$ 6,201,968

See accompanying notes to the basic financial statements.

**CITY OF KINGSFORT, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

	General Fund	General Purpose School Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash	\$ 15,655	\$ 4,060	\$ 0	\$ 0	\$ 4,470,887	\$ 4,490,602
Equity in Pooled Cash and Investments	16,250,035	11,314,538	318,515	4,565,223	7,782,140	40,230,451
Long-Term Certificates of Deposit	0	0	0	0	250,692	250,692
Investments	0	0	0	0	979,941	979,941
Taxes Receivable, net	41,319,279	0	0	0	0	41,319,279
Accounts Receivable, net	1,231,763	40,733	0	29,582	78,612	1,380,690
Accrued Interest Receivable	4,315	0	123,317	1,165	117	128,914
Due from Other Governments	7,420,806	20,854,300	0	3,713,392	7,211,354	39,199,852
Due from Other Funds	3,212,194	3,898,515	0	0	0	7,110,709
Inventories	3,361	0	0	0	222,697	226,058
Prepays	21,843	1,370	0	0	5,940	29,153
Cash - Restricted	107,333	0	117,897	16,559,046	2,623,028	19,407,304
Investments - Restricted	87,555	993,814	0	4,997,019	179,705	6,258,093
<b>Total Assets</b>	<b>\$ 69,674,139</b>	<b>\$ 37,107,330</b>	<b>\$ 559,729</b>	<b>\$ 29,865,427</b>	<b>\$ 23,805,113</b>	<b>\$ 161,011,738</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 656,713	\$ 639,349	\$ 0	\$ 2,715,715	\$ 1,744,365	\$ 5,756,142
Compensated Absences Payable	28,987	151,984	0	0	0	180,971
Due to Other Governments	21,929	0	0	0	1,616	23,545
Due to Other Funds	0	0	0	0	4,320,032	4,320,032
Contracts Payable	0	0	0	165,822	254,341	420,163
Other Liabilities	2,173,428	7,312,085	0	0	114,289	9,599,802
Unearned Revenue	29	825	0	4,946,791	1,271,095	6,218,740
<b>Total Liabilities</b>	<b>2,881,086</b>	<b>8,104,243</b>	<b>0</b>	<b>7,828,328</b>	<b>7,705,738</b>	<b>26,519,395</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable Revenue - Property Taxes	41,216,009	15,340,000	0	0	0	56,556,009
<b>Total Deferred Inflows of Resources</b>	<b>41,216,009</b>	<b>15,340,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56,556,009</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

	<u>General Fund</u>	<u>General Purpose School Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:						
Nonspendable:						
Inventories	3,361	0	0	0	222,697	226,058
Prepays	21,843	1,370	0	0	5,940	29,153
Allendale Trust Principal	0	0	0	0	152,692	152,692
Restricted for:						
Stabilization Reserve Trust Restricted for Future Pension Costs	87,555	993,814	0	0	1,722	1,083,091
Bond Proceeds Restricted for Capital Projects	0	0	0	14,400,589	0	14,400,589
Federal Forfeitures Restricted for Public Safety	0	0	0	0	56,427	56,427
Drug Fund Restricted per State Law	0	0	0	0	607,237	607,237
State Street Aid Restricted per State Law	0	0	0	0	11,543	11,543
Hotel Tax Restricted for Tourism	0	0	0	0	191,191	191,191
Internal School Activities	0	0	0	0	1,572,212	1,572,212
Committed to:						
Education	0	0	0	0	4,022,868	4,022,868
Community Development	0	0	0	0	16,471	16,471
Other Projects	0	0	0	0	6,363,728	6,363,728
Public Safty	0	0	0	0	53,935	53,935
Transportation	0	0	0	0	376,953	376,953
Culture and Recreation	0	0	0	0	2,369,046	2,369,046
Allandale	0	0	0	0	74,713	74,713
Assigned to:						
Fund Balance Allocations	466,967	0	0	0	0	466,967
Future Industrial Park	20,927	0	0	0	0	20,927
Education	0	12,667,903	0	0	0	12,667,903
Debt Service	0	0	559,729	0	0	559,729
Capital Projects	0	0	0	7,636,510	0	7,636,510
Unassigned	24,976,391	0	0	0	0	24,976,391
<b>Total Fund Balances</b>	<u>25,577,044</u>	<u>13,663,087</u>	<u>559,729</u>	<u>22,037,099</u>	<u>16,099,375</u>	<u>77,936,334</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 69,674,139</u>	<u>\$ 37,107,330</u>	<u>\$ 559,729</u>	<u>\$ 29,865,427</u>	<u>\$ 23,805,113</u>	<u>\$ 161,011,738</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGSFORT, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2023**

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

Total Fund Balance of Governmental Funds	\$ 77,936,334
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	356,721,421
Property tax assessments are reported as revenue in the government - wide statements in the period in which an enforceable legal claim arises against property owners. In governmental funds, these assessments are not available to finance current period expenditures and are reported as unearned revenue until paid by property owners.	1,074,230
Net pension asset related to the retirement plans is reported on statement of net position.	11,622,150
Deferred outflows related to refunding is reported is on statement of net position.	2,006,286
Deferred outflows related to OPEB is reported on the statement of net position.	20,014,740
Deferred outflows related to pensions is reported on the statement of net position.	26,914,006
Deferred inflows related to OPEB is reported on the statement of net position.	(33,992,163)
Deferred inflows related to pensions is reported on the statement of net position.	(3,468,849)
Internal service funds are used by management to charge the costs of fleet maintenance, liability insurance, city employee health insurance, city retiree's insurance, school employee health insurance and school retiree's health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	27,868,483
Long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(201,386,556)</u>
Net Position of Governmental Activities	<u><u>\$ 285,310,082</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, 2023

	<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>
<b>REVENUES:</b>						
Taxes	\$ 56,053,181	\$ 35,345,814	\$ 0	\$ 0	\$ 5,454,526	\$ 96,853,521
Licenses and Permits	877,495	0	0	0	0	877,495
Intergovernmental	32,814,280	37,247,872	0	6,769,313	25,575,296	102,406,761
Charges for Services	2,186,318	1,661,158	0	0	1,970,129	5,817,605
Fines and Forfeitures	891,422	0	0	0	211,820	1,103,242
Investment Earnings	954,035	58,306	300,793	85,783	44,323	1,443,240
Internal School Collections	0	0	0	0	2,588,255	2,588,255
Contributions and Donations	275,320	0	0	28,411	801,649	1,105,380
Miscellaneous	419,335	884,948	0	1,670,449	7,827	2,982,559
Total Revenues	<u>94,471,386</u>	<u>75,198,098</u>	<u>300,793</u>	<u>8,553,956</u>	<u>36,653,825</u>	<u>215,178,058</u>
<b>EXPENDITURES:</b>						
Current:						
General Government	11,331,219	0	0	0	7,041,982	18,373,201
Public Safety	24,960,133	0	0	0	47,876	25,008,009
Public Works	13,699,424	0	0	0	0	13,699,424
Economic and Physical Development	1,947,004	0	0	0	423,233	2,370,237
Transportation	0	0	0	0	5,050,087	5,050,087
Culture and Recreation	4,903,995	0	0	0	2,069,966	6,973,961
Education	0	80,471,175	0	0	16,480,458	96,951,633
Miscellaneous	1,314,814	0	0	0	0	1,314,814
Debt Service:						
Principal	0	0	10,017,390	0	0	10,017,390
Interest	0	0	3,770,105	0	0	3,770,105
Bond Issuance Costs	0	0	0	0	0	0
Other Costs	0	0	11,125	0	0	11,125
Capital Outlay	<u>178,384</u>	<u>468,052</u>	<u>0</u>	<u>21,163,380</u>	<u>7,791,082</u>	<u>29,600,898</u>
Total Expenditures	<u>58,334,973</u>	<u>80,939,227</u>	<u>13,798,620</u>	<u>21,163,380</u>	<u>38,904,684</u>	<u>213,140,884</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>36,136,413</u>	<u>(5,741,129)</u>	<u>(13,497,827)</u>	<u>(12,609,424)</u>	<u>(2,250,859)</u>	<u>2,037,174</u>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2023**

	<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	3,555,486	14,542,231	13,782,601	9,953,570	11,017,819	52,851,707
Transfers Out	(38,689,477)	(12,845,194)	0	(12,408)	(4,993,247)	(56,540,326)
Issuance of Debt	0	0	0	218,574	0	218,574
Premiums on Debt Issued	0	0	0	0	0	0
Total Other Financing Sources (Uses)	(35,133,991)	1,697,037	13,782,601	10,159,736	6,024,572	(3,470,045)
Net Change in Fund Balances	1,002,422	(4,044,092)	284,774	(2,449,688)	3,773,713	(1,432,871)
Fund Balances, July 1, 2022	24,574,622	17,707,179	274,955	24,486,787	12,325,662	79,369,205
Fund Balances, June 30, 2023	<u>\$ 25,577,044</u>	<u>\$ 13,663,087</u>	<u>\$ 559,729</u>	<u>\$ 22,037,099</u>	<u>\$ 16,099,375</u>	<u>\$ 77,936,334</u>

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, 2023**

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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	\$ (1,432,871)
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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.	11,979,003
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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.	(3,652,652)
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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.	133,613
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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.	2,011,615
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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:	
Increase in Compensated Absences	(475,817)
Decrease in Accrued Interest	116,547
Decrease in OPEB Liabilities and Deferrals	2,686,634
Decrease in Pension Liabilities and Deferrals net of pension asset	2,402,862

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.	10,311,584
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Change in Net Position of Governmental Activities	<u><u>\$ 24,080,518</u></u>
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See accompanying notes to the basic financial statements.

**CITY OF KINGSPORT, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Taxes:				
General Property	\$ 44,003,400	\$ 44,205,755	\$ 44,119,849	\$ (85,906)
Gross Receipts	10,142,500	11,966,147	11,933,332	(32,815)
Licenses and Permits	677,200	877,493	877,495	2
Intergovernmental:				
Federal	11,500	18,969	18,970	1
State	7,912,900	8,505,608	8,505,583	(25)
County	21,685,400	23,991,871	23,991,872	1
Local	567,500	297,854	297,855	1
Charges for Services	2,205,100	2,186,307	2,186,318	11
Fines and Forfeitures	787,000	891,419	891,422	3
Investment Earnings	15,000	951,094	954,035	2,941
Contributions and Donations	150,000	275,319	275,320	1
Miscellaneous	495,300	398,081	419,335	21,254
Total Revenues	<u>88,652,800</u>	<u>94,565,917</u>	<u>94,471,386</u>	<u>(94,531)</u>
EXPENDITURES:				
General Government:				
Board of Mayor and Aldermen	162,000	182,639	182,439	200
Judicial	31,000	29,079	28,997	82
City Attorney	568,900	581,909	525,278	56,631
City Manager	441,500	448,527	417,259	31,268
Assistant City Manager	140,600	137,847	133,671	4,176
Budget Office	213,500	228,277	225,524	2,753
Special Programs	2,958,800	3,637,417	3,637,416	1
Public Information Office	515,600	534,476	523,733	10,743
Personnel	1,240,800	1,255,199	1,245,171	10,028
Purchasing	313,100	326,564	320,895	5,669
Finance Administration	2,393,600	2,321,897	2,269,314	52,583
Records Administration	116,900	123,038	122,904	134
Information Technology	1,668,200	1,793,770	1,698,618	95,152
Total General Government	<u>10,764,500</u>	<u>11,600,639</u>	<u>11,331,219</u>	<u>269,420</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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
Public Safety:				
Police Administration	2,199,400	2,296,214	2,229,591	66,623
Jail Operations	558,800	519,726	444,521	75,205
Training	459,000	538,784	494,165	44,619
Traffic School	23,900	22,210	20,951	1,259
Investigations	1,841,400	1,916,370	1,858,750	57,620
Patrol Division	7,225,500	7,390,120	6,584,548	805,572
Central Dispatch	1,632,500	1,498,456	1,448,117	50,339
Communications	315,800	188,897	175,915	12,982
Fire Control and Prevention	11,518,500	11,808,249	11,703,575	104,674
Total Public Safety	25,774,800	26,179,026	24,960,133	1,218,893
Public Works:				
Administration	325,200	342,223	336,924	5,299
Engineering	1,294,300	1,386,139	1,344,855	41,284
Transportation	1,334,500	1,490,602	1,422,184	68,418
Streets and Sanitation Administration	409,300	405,237	387,548	17,689
Street Cleaning	593,200	683,222	677,754	5,468
Street Maintenance	2,899,300	2,680,763	2,621,402	59,361
Building Maintenance	2,285,700	2,587,162	2,379,835	207,327
Grounds Maintenance	2,026,300	1,942,428	1,877,054	65,374
Park Maintenance	1,956,200	2,111,298	2,040,269	71,029
Landscaping	678,900	731,289	611,599	119,690
Total Public Works	13,802,900	14,360,363	13,699,424	660,939
Economic and Physical Development:				
Administration	355,700	361,105	352,286	8,819
Planning	368,500	372,328	345,007	27,321
Geographic Information	450,400	510,234	508,846	1,388
Code Enforcement	774,100	781,184	740,865	40,319
Total Economic and Physical Development	1,948,700	2,024,851	1,947,004	77,847

(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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
Culture and Recreation:				
Administration	332,800	334,416	298,764	35,652
Parks and Recreation Centers	517,600	626,320	619,409	6,911
Civic Auditorium	82,200	106,108	106,104	4
Lynn View	52,000	68,886	68,883	3
Farmers Market	74,300	80,700	62,532	18,168
Program Director	383,700	432,583	422,596	9,987
Carousel	85,500	103,282	98,858	4,424
Splash Pads	0	3,318	3,317	1
Athletics	944,800	943,261	839,736	103,525
Cultural Arts	227,400	200,611	186,209	14,402
Allandale	237,200	247,953	245,624	2,329
Senior Citizens Center	891,800	911,996	860,080	51,916
Bays Mountain Park	1,208,100	1,161,067	1,091,883	69,184
Total Culture and Recreation	5,037,400	5,220,501	4,903,995	316,506
Miscellaneous	1,048,900	1,868,188	1,314,814	553,374
Capital Outlay	494,200	442,124	178,384	263,740
Total Expenditures	58,871,400	61,695,692	58,334,973	3,360,719
Excess of Revenues Over Expenditures	29,781,400	32,870,225	36,136,413	3,266,188
Other Financing Sources (Uses):				
Transfers In	3,381,000	3,555,484	3,555,486	2
Transfers Out	(33,071,400)	(38,958,864)	(38,689,477)	269,387
Net Other Financing Sources (Uses)	(29,690,400)	(35,403,380)	(35,133,991)	269,389
Net Change in Fund Balances	91,000	(2,533,155)	1,002,422	3,535,577
Fund Balances, July 1, 2022	(91,000)	2,533,155	24,574,622	22,041,467
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 25,577,044	\$ 25,577,044

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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
County Taxes:				
Property Taxes	\$ 19,025,000	\$ 19,025,000	\$ 20,271,082	\$ 1,246,082
Gross Receipts Taxes	13,400,000	13,582,300	14,980,881	1,398,581
Other Taxes	64,000	64,000	93,851	29,851
Intergovernmental:				
Federal	113,500	381,644	271,324	(110,320)
State	36,376,300	37,273,244	36,976,548	(296,696)
Charges for Services	1,857,700	1,857,700	1,661,158	(196,542)
Investment Earnings	0	0	58,306	58,306
Miscellaneous	770,000	977,542	884,948	(92,594)
Total Revenues	<u>71,606,500</u>	<u>73,161,430</u>	<u>75,198,098</u>	<u>2,036,668</u>
EXPENDITURES:				
Instruction:				
Regular	41,048,500	43,072,188	41,829,567	1,242,621
Special Education	5,974,900	6,074,939	5,839,743	235,196
Vocational	1,561,700	1,614,015	1,578,390	35,625
Total Instruction	<u>48,585,100</u>	<u>50,761,142</u>	<u>49,247,700</u>	<u>1,513,442</u>
Student Support Services:				
Attendance	87,900	88,900	86,228	2,672
Health Services	1,135,700	945,915	310,441	635,474
Other	2,911,200	3,030,705	2,894,684	136,021
Total Student Support Services	<u>4,134,800</u>	<u>4,065,520</u>	<u>3,291,353</u>	<u>774,167</u>
Instructional Staff Support Services:				
Regular	3,767,200	3,624,764	3,432,113	192,651
Special Education	832,700	856,300	841,615	14,685
Vocational	196,700	196,999	185,216	11,783
Technology	2,188,000	2,715,051	2,707,075	7,976
Total Instructional Staff Support Services	<u>6,984,600</u>	<u>7,393,114</u>	<u>7,166,019</u>	<u>227,095</u>
General Administrative Support Services:				
Board of Education	1,248,700	1,231,812	1,231,741	71
Office of Superintendent	1,155,200	1,103,109	1,099,998	3,111
Total General Administrative Support Services	<u>2,403,900</u>	<u>2,334,921</u>	<u>2,331,739</u>	<u>3,182</u>
School Administrative Support Services	<u>4,415,500</u>	<u>4,436,117</u>	<u>4,337,290</u>	<u>98,827</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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
Business Administrative Support Services:				
Fiscal Services	527,100	551,760	549,241	2,519
Human Resources	420,100	404,456	379,288	25,168
Total Business Administrative Support Services	947,200	956,216	928,529	27,687
Operations and Maintenance Support Services:				
Operations	5,433,100	5,683,685	5,562,630	121,055
Plant Maintenance	2,927,100	3,447,065	3,441,783	5,282
Total Operations and Maintenance Support Services	8,360,200	9,130,750	9,004,413	126,337
Student Transportation Support Services	2,462,100	2,779,533	2,774,389	5,144
Noninstructional Services:				
After School Programs	701,600	646,573	630,713	15,860
Community Service	688,100	763,391	759,030	4,361
Total Noninstructional Services	1,389,700	1,409,964	1,389,743	20,221
Capital Outlay	2,221,500	850,187	468,052	382,135
Total Expenditures	81,904,600	84,117,464	80,939,227	3,178,237
Deficiency of Revenues Under Expenditures	(10,298,100)	(10,956,034)	(5,741,129)	5,214,905
OTHER FINANCING SOURCES (USES):				
Transfers In	14,548,600	14,548,600	14,542,231	(6,369)
Transfers Out	(4,250,500)	(13,100,758)	(12,845,194)	255,564
Total Other Financing Sources (Uses)	10,298,100	1,447,842	1,697,037	249,195
Net Change in Fund Balances	0	(9,508,192)	(4,044,092)	5,464,100
Fund Balances, July 1, 2022	0	9,508,192	17,707,179	8,198,987
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 13,663,087	\$ 13,663,087

See accompanying notes to the basic financial statements.

**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2023**

	<b>Business - Type Activities - Enterprise 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>Governmental Activities - Internal Service Funds</b>
<b>ASSETS:</b>							
<b>Current Assets:</b>							
Cash	\$ 0	\$ 0	\$ 15,983	\$ 0	\$ 1,533	\$ 17,516	\$ 0
Equity in Pooled Cash and Investments	7,437,043	4,198,445	0	119,049	2,263,307	14,017,844	13,287,559
Accounts Receivable, Net	2,213,766	2,542,599	63,827	0	1,491,218	6,311,410	548,523
Accrued Interest Receivable	30,881	51,199	543	3,083	0	85,706	563
Due from Other Governments	39,670	375,861	0	0	0	415,531	0
Inventories	1,089,049	0	24,225	0	83,262	1,196,536	484,079
Prepays	39,322	0	0	0	0	39,322	4,100,918
<b>Total Current Assets</b>	<b>10,849,731</b>	<b>7,168,104</b>	<b>104,578</b>	<b>122,132</b>	<b>3,839,320</b>	<b>22,083,865</b>	<b>18,421,642</b>
<b>Noncurrent Assets:</b>							
<b>Restricted Assets:</b>							
Cash	0	101,215	0	133,040	233,000	467,255	0
Cash from Unspent Bonds	3,341,162	8,416,260	72,115	321,748	262,796	12,414,081	0
Long Term Certificates of Deposit	0	0	0	0	0	0	1,000,000
Investments	316,259	417,263	91,124	791,430	19,878	1,635,954	1,845,704
<b>Total Restricted Assets</b>	<b>3,657,421</b>	<b>8,934,738</b>	<b>163,239</b>	<b>1,246,218</b>	<b>515,674</b>	<b>14,517,290</b>	<b>2,845,704</b>
<b>Capital Assets:</b>							
Land	852,438	1,519,630	845,711	1,515,497	4,304,181	9,037,457	14,695
Buildings and Systems	158,397,976	255,350,134	21,624,296	43,097,183	4,507,439	482,977,028	0
Improvements Other Than Buildings	0	0	0	2,975,392	9,158,385	12,133,777	0
Software	141,493	88,304	0	0	74,058	303,855	0
Machinery and Equipment	1,527,435	2,284,452	313,506	1,557,997	3,050,667	8,734,057	40,188,891
Construction in Progress	9,131,247	6,969,969	42,350	1,113,874	678,379	17,935,819	0
Less: Accumulated Depreciation	(70,542,134)	(114,440,383)	(6,807,675)	(23,755,700)	(11,081,454)	(226,627,346)	(28,565,606)
<b>Total Capital Assets</b>	<b>99,508,455</b>	<b>151,772,106</b>	<b>16,018,188</b>	<b>26,504,243</b>	<b>10,691,655</b>	<b>304,494,647</b>	<b>11,637,980</b>
<b>Other Assets:</b>							
Deposits	0	0	0	0	0	0	83,994
<b>Total Other Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>83,994</b>
<b>Total Noncurrent Assets</b>	<b>103,165,876</b>	<b>160,706,844</b>	<b>16,181,427</b>	<b>27,750,461</b>	<b>11,207,329</b>	<b>319,011,937</b>	<b>14,567,678</b>
<b>Total Assets</b>	<b>114,015,607</b>	<b>167,874,948</b>	<b>16,286,005</b>	<b>27,872,593</b>	<b>15,046,649</b>	<b>341,095,802</b>	<b>32,989,320</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>							
Deferred Outflows Related to Refunding	146,830	219,844	382,612	428,567	49,758	1,227,611	0
Deferred Outflows Related to Pensions	1,126,934	948,241	32,906	0	734,420	2,842,501	0
Deferred Outflows Related to OPEB	381,797	321,601	13,252	0	251,738	968,388	0
<b>Total Deferred Outflows of Resources</b>	<b>1,655,561</b>	<b>1,489,686</b>	<b>428,770</b>	<b>428,567</b>	<b>1,035,916</b>	<b>5,038,500</b>	<b>0</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2023**

	<b>Business - Type Activities - Enterprise 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>Governmental Activities - Internal Service Funds</b>
<b>LIABILITIES:</b>							
<b>Current Liabilities:</b>							
Accounts Payable	525,791	1,067,559	118,624	332,146	324,051	2,368,171	501,741
Due to Other Governments	151,506	103,244	8,775	0	0	263,525	609
Due to Other Funds	0	0	1,776,895	0	25,011	1,801,906	988,771
Compensated Absences Payable	231,819	241,665	19,530	0	249,401	742,415	77,655
Retainages Payable	20,695	89,992	0	48,040	12,610	171,337	0
Accrued Interest Payable	257,362	506,657	119,693	112,015	39,139	1,034,866	0
General Obligation Bonds - Current	2,283,619	3,892,016	1,258,857	1,155,009	289,832	8,879,333	0
State Revolving Loan Current	680,820	0	0	0	0	680,820	0
Unearned Revenue	0	0	71,405	0	35,973	107,378	0
Other Payables	672,676	59,792	0	0	0	732,468	3,552,061
<b>Total Current Liabilities</b>	<b>4,824,288</b>	<b>5,960,925</b>	<b>3,373,779</b>	<b>1,647,210</b>	<b>976,017</b>	<b>16,782,219</b>	<b>5,120,837</b>
<b>Noncurrent Liabilities:</b>							
General Obligation Bonds Payable (Net of Discounts and Premiums)	23,896,111	50,569,884	10,775,479	9,617,612	3,271,921	98,131,007	0
State Revolving Loan Payable	10,302,573	0	0	0	0	10,302,573	0
OPEB Liability	2,129,971	1,794,150	73,932	0	1,404,402	5,402,455	0
Post Closure Liability	0	0	0	0	406,874	406,874	0
Pension Liability	2,151,309	1,809,851	60,759	0	1,399,146	5,421,065	0
<b>Total Noncurrent Liabilities</b>	<b>38,479,964</b>	<b>54,173,885</b>	<b>10,910,170</b>	<b>9,617,612</b>	<b>6,482,343</b>	<b>119,663,974</b>	<b>0</b>
<b>Total Liabilities</b>	<b>43,304,252</b>	<b>60,134,810</b>	<b>14,283,949</b>	<b>11,264,822</b>	<b>7,458,360</b>	<b>136,446,193</b>	<b>5,120,837</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Deferred Inflows Related to Pensions	106,908	89,940	3,019	0	69,530	269,397	0
Deferred Inflows Related to OPEB	812,681	684,550	28,208	0	535,843	2,061,282	0
<b>Total Deferred Inflows of Resources</b>	<b>919,589</b>	<b>774,490</b>	<b>31,227</b>	<b>0</b>	<b>605,373</b>	<b>2,330,679</b>	<b>0</b>
<b>NET POSITION:</b>							
Net Investment in Capital Assets	65,833,324	105,946,310	4,438,579	16,481,937	7,442,456	200,142,606	11,637,980
Restricted for Future Pension Costs	10,622	8,171	1,327	0	5,411	25,531	3,457
Restricted for Debt Service	305,637	409,093	89,797	7,446	11,186	823,159	0
Restricted for Capital Improvements	0	0	0	880,386	86,281	966,667	0
Unrestricted	5,297,744	2,091,760	(2,130,104)	(333,431)	473,498	5,399,467	16,227,046
<b>Total Net Position</b>	<b>\$ 71,447,327</b>	<b>\$ 108,455,334</b>	<b>\$ 2,399,599</b>	<b>\$ 17,036,338</b>	<b>\$ 8,018,832</b>	<b>\$ 207,357,430</b>	<b>\$ 27,868,483</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, 2023**

	<b>Business - Type Activities - Enterprise 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>Governmental Activities - Internal Service Funds</b>
OPERATING REVENUES:							
Charges and Fees	\$ 15,635,477	\$ 17,638,645	\$ 1,373,022	\$ 326,224	\$ 6,779,154	\$ 41,752,522	\$ 22,733,053
Penalties and Fines	135,058	95,244	0	0	0	230,302	0
Miscellaneous	118,738	9,244	28,621	0	0	156,603	2,060,076
Total Operating Revenue	15,889,273	17,743,133	1,401,643	326,224	6,779,154	42,139,427	24,793,129
OPERATING EXPENSES:							
Operating Costs	9,060,127	7,844,437	2,160,246	1,167,999	9,109,596	29,342,405	20,667,691
Depreciation	3,627,166	5,544,669	835,393	1,472,457	738,261	12,217,946	2,668,391
Total Operating Expenses	12,687,293	13,389,106	2,995,639	2,640,456	9,847,857	41,560,351	23,336,082
Operating Income (Loss)	3,201,980	4,354,027	(1,593,996)	(2,314,232)	(3,068,703)	579,076	1,457,047
NONOPERATING REVENUES (EXPENSES):							
Investment Earnings	262,589	295,309	4,409	40,948	57,545	660,800	392,351
Interest Expense	(970,172)	(1,473,209)	(364,488)	(317,346)	(101,686)	(3,226,901)	0
Gain (Loss) on Disposal of Capital Assets	5,535	0	0	0	2,750	8,285	162,217
Bond Issue Cost	0	0	0	0	0	0	0
Total Nonoperating Revenues (Expenses)	(702,048)	(1,177,900)	(360,079)	(276,398)	(41,391)	(2,557,816)	554,568
Income (Loss) Before Capital Contributions and Transfers	2,499,932	3,176,127	(1,954,075)	(2,590,630)	(3,110,094)	(1,978,740)	2,011,615
Capital Contributions	264,255	833,195	0	0	114,027	1,211,477	0
Transfers In	216,264	0	2,081,406	2,413,355	2,749,344	7,460,369	0
Transfers Out	(1,833,301)	(1,754,321)	(54,849)	0	(129,279)	(3,771,750)	0
Change in Net Position	1,147,150	2,255,001	72,482	(177,275)	(376,002)	2,921,356	2,011,615
Net Position, July 1, 2022	70,300,177	106,200,333	2,327,117	17,213,613	8,394,834	204,436,074	25,856,868
Net Position, June 30, 2023	\$ 71,447,327	\$ 108,455,334	\$ 2,399,599	\$ 17,036,338	\$ 8,018,832	\$ 207,357,430	\$ 27,868,483

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, 2023

	<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	\$ 16,536,833	\$ 18,021,176	\$ 1,393,873	\$ 362,563	\$ 6,475,688	\$ 42,790,133	\$ 0
Receipts from Interfund Services Provided	218,991	384,087	9,774	0	173,068	785,920	25,034,860
Payments to Suppliers	(5,276,912)	(3,552,435)	(1,870,242)	(844,939)	(5,343,318)	(16,887,846)	(21,200,976)
Payments to Employees	(4,369,909)	(3,648,465)	(353,176)	0	(3,275,255)	(11,646,805)	(1,562,555)
Net Cash Provided (Used) by Operating Activities	<u>7,109,003</u>	<u>11,204,363</u>	<u>(819,771)</u>	<u>(482,376)</u>	<u>(1,969,817)</u>	<u>15,041,402</u>	<u>2,271,329</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfers from Other Funds	216,264	0	2,081,406	2,413,355	2,749,344	7,460,369	0
Transfers to Other Funds	(1,833,301)	(1,754,321)	(54,849)	0	(129,279)	(3,771,750)	0
Advances From Other Funds	0	0	458,853	0	25,011	483,864	(501,163)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,617,037)</u>	<u>(1,754,321)</u>	<u>2,485,410</u>	<u>2,413,355</u>	<u>2,645,076</u>	<u>4,172,483</u>	<u>(501,163)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from Capital Debt	891,500	0	0	0	0	891,500	0
Grant Revenue for Capital Projects	0	2,646	0	0	114,027	116,673	0
Acquisition and Construction of Capital Assets	(4,776,035)	(5,188,690)	(40,004)	(1,139,038)	(294,026)	(11,437,793)	(2,976,680)
Principal Paid on Capital Debt	(2,827,342)	(3,775,770)	(1,209,548)	(1,106,518)	(279,320)	(9,198,498)	0
Interest Paid on Capital Debt	(1,108,089)	(1,801,288)	(416,858)	(381,208)	(125,430)	(3,832,873)	0
Proceeds from Sales of Capital Assets	5,535	0	0	0	2,750	8,285	162,217
Net Cash Used by Capital and Related Financing Activities	<u>(7,814,431)</u>	<u>(10,763,102)</u>	<u>(1,666,410)</u>	<u>(2,626,764)</u>	<u>(581,999)</u>	<u>(23,452,706)</u>	<u>(2,814,463)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Proceeds from Sales and Maturities of Investments	0	0	0	0	14,919	14,919	1,548,722
Purchase of Investments	(54,869)	(53,453)	(5,179)	(177,441)	(1,565)	(292,507)	(319)
Interest Received	232,810	246,065	3,871	38,280	57,546	578,572	391,884
Net Cash Provided (Used) by Investing Activities	<u>177,941</u>	<u>192,612</u>	<u>(1,308)</u>	<u>(139,161)</u>	<u>70,900</u>	<u>300,984</u>	<u>1,940,287</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>(2,144,524)</b>	<b>(1,120,448)</b>	<b>(2,079)</b>	<b>(834,946)</b>	<b>164,160</b>	<b>(3,937,837)</b>	<b>895,990</b>
<b>Cash and Cash Equivalents, July 1, 2022</b>	<b>12,922,729</b>	<b>13,836,368</b>	<b>90,177</b>	<b>1,408,783</b>	<b>2,596,476</b>	<b>30,854,533</b>	<b>12,391,569</b>
<b>Cash and Cash Equivalents, June 30, 2023</b>	<b><u>\$ 10,778,205</u></b>	<b><u>\$ 12,715,920</u></b>	<b><u>\$ 88,098</u></b>	<b><u>\$ 573,837</u></b>	<b><u>\$ 2,760,636</u></b>	<b><u>\$ 26,916,696</u></b>	<b><u>\$ 13,287,559</u></b>

(continued)



**CITY OF KINGSPORT, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2023

	<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>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating Income (Loss)	\$ 3,201,980	\$ 4,354,027	\$ (1,593,996)	\$ (2,314,232)	\$ (3,068,703)	\$ 579,076	\$ 1,457,047
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation	3,627,166	5,544,669	835,393	1,472,457	738,261	12,217,946	2,668,391
(Increase) Decrease in Assets:							
Accounts Receivable	876,691	656,359	(5,453)	36,337	(130,397)	1,433,537	241,731
Inventory	(447,856)	0	(5,035)	0	(17,157)	(470,048)	(7,003)
Prepays and Deposits	0	0	0	0	0	0	(1,874,340)
Increase (Decrease) in Liabilities:							
Accounts Payable	298,823	572,505	(3,462)	275,022	181,582	1,324,470	50,838
Benefits and Claims Payable	0	0	0	0	0	0	(265,060)
Pension Liabilities and Deferrals	127,585	35,328	(27,315)	0	63,060	198,658	0
Compensated Absences Payable	17,092	25,531	(2,670)	0	25,416	65,369	3,338
OPEB Liabilities and Deferrals	(376,641)	218,863	(25,443)	0	84,635	(98,586)	0
Other Payables	(236,532)	(157,244)	0	0	255,197	(138,579)	(3,613)
Unearned Revenue	0	0	8,210	0	(114,027)	(105,817)	0
Retainages Payable	20,695	(45,675)	0	48,040	12,316	35,376	0
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,109,003</u>	<u>\$ 11,204,363</u>	<u>\$ (819,771)</u>	<u>\$ (482,376)</u>	<u>\$ (1,969,817)</u>	<u>\$ 15,041,402</u>	<u>\$ 2,271,329</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:							
Cash	\$ 0	\$ 0	\$ 15,983	\$ 0	\$ 1,533	\$ 17,516	\$ 0
Equity in Pooled Cash and Investments	7,437,043	4,198,445	0	119,049	2,263,307	14,017,844	13,287,559
Restricted Cash from Unspent Bonds	3,341,162	8,416,260	72,115	321,748	262,796	12,414,081	0
Restricted Cash	0	101,215	0	133,040	233,000	467,255	0
Cash and Cash Equivalents, June 30, 2023	<u>\$ 10,778,205</u>	<u>\$ 12,715,920</u>	<u>\$ 88,098</u>	<u>\$ 573,837</u>	<u>\$ 2,760,636</u>	<u>\$ 26,916,696</u>	<u>\$ 13,287,559</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:							
Capital Assets Contributed by Developers	<u>\$ 264,255</u>	<u>\$ 454,688</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 718,943</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, 2023**

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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, 2023**

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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, 2023**

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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, 2023**

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

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

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

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

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

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

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

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

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

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

The City reports the following non-major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

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

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

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

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

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

**1. Deposits and investments**

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

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

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

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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)**

*1. Deposits and investments (continued)*

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

*2. Receivables and payables*

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

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

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

*3. Inventories and prepaid items*

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

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

*4. Restricted assets*

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



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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)**

**5. *Capital assets***

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

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

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

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

**6. *Compensated absences***

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

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

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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)***

Changes in compensated absences for the fiscal year ending June 30, 2023 are as follows:

	Governmental Activities	Business-Type Activities
Compensated Absences, July 1, 2022	\$ 3,778,859	\$ 677,046
Compensated Absences Earned - FY 2023	3,807,576	671,925
Compensated Absences Used - FY 2023	<u>(3,389,321)</u>	<u>(606,556)</u>
Compensated Absences, June 30, 2023	<u>\$ 4,197,114</u>	<u>\$ 742,415</u>

**7. *Leases***

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

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

**8. *Long-term obligations***

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

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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. *Net position***

The City's net position is classified as follows:

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

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

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

**10. *Fund equity***

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

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

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

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

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

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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)**

*10. Fund equity (continued)*

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

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

*11. Fund Balance Policy*

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

*12. Deferred outflows and inflows of resources*

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

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

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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)**

*12. Deferred outflows and inflows of resources (continued)*

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

	Entity- Wide Statements Governmental	Governmental Funds Statements
Property Taxes Receivable - General Fund (unavailable)	\$ 0	\$ 1,074,230
Property Taxes Receivable - General Fund (unearned / unavailable)	40,141,779	40,141,779
Property Taxes Receivable - School Fund (unearned / unavailable)	15,340,000	15,340,000
	<u>\$55,481,779</u>	<u>\$56,556,009</u>

*13. Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Kingsport's participation in the Public Employee Retirement Plan, and Kingsport City School's participation in the Teacher Legacy Pension Plan and Teacher Retirement Plan all included in the Tennessee Consolidated Retirement System (TCRS) and additions to /deductions from the plans' fiduciary net position, have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan, Teacher Legacy Pension Plan, and Teacher Retirement Plan. Investments are reported at fair value. Pension expense is paid out of funds that include salaries. Governmental pension expense is paid out of the General Fund and General Purpose School Fund. Proprietary pension expense is paid for out of the Water, Sewer, Solid Waste, Storm Water, and Aquatics fund where the salary was incurred.

*14. Use of estimates*

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

*15. New Accounting Standards*

Implementation of GASB Statement No. 96 - During the fiscal year ended June 30, 2023, the City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**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 \$356,721,421 difference are as follows:

Governmental funds capital assets	\$ 724,768,525
Less: accumulated depreciation	<u>(368,047,104)</u>
Net adjustment to increase <i>fund balances - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 356,721,421</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 \$(201,386,556) difference are as follows:

Bonds payable, net of premiums and discounts	\$ (105,650,158)
Notes payable	(5,628,759)
Compensated absences	(3,938,488)
OPEB liability	(58,074,850)
Pension liability	(26,979,018)
Accrued interest payable	<u>(1,115,283)</u>
Net adjustment to reduce <i>fund balances - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (201,386,556)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures”. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays in the current period were exceeded by depreciation of general capital assets. The details of this \$11,979,003 difference are as follows:

Capital outlays	\$ 29,600,898
Depreciation expense	<u>(17,621,895)</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>\$ 11,979,003</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is a decrease to net position.” The details of this \$(3,652,652) difference are as follows:

Capital asset donations reported in statement of activities	\$ 1,498,494
Capital asset roads annexed reported in statement of activities	0
Forfeited vehicles reported in statement of activities	0
Capital project expenditures not meeting capitalization requirements	(4,880,258)
Asset disposals	<u>(270,888)</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>\$ (3,652,652)</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 \$133,613 difference are as follows:

Unearned property taxes as of June 30, 2023	\$ 1,074,230
Prior years' unearned property taxes	<u>(940,617)</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>\$ 133,613</u>

Another element of that reconciliation states that, “the net revenue of certain activities of internal service funds is reported with governmental activities”. The details of this \$2,011,615 difference are as follows:

Investment earnings	\$ 392,351
Gain (loss) on disposal of capital assets	162,217
Operating gain (loss)	1,457,047
Net transfers Out	<u>0</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>\$ 2,011,615</u>

CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023

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

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$10,311,584 difference are as follows:

Principal payments	\$ 10,017,390
Principal payments on HUD Loan	43,000
Issuance of general obligation bonds and notes payable	(218,574)
Premium on issuance of general obligation bonds	0
Amortization of premiums, discounts and refunding costs	<u>469,768</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><u>\$ 10,311,584</u></u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023 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	\$ 3,361	\$ 0	\$ 0	\$ 0	\$ 222,697	\$ 226,058
Prepays	21,843	1,370	0	0	5,940	29,153
Allandale Trust Principal	0	0	0	0	152,692	152,692
<b>Total Non-spendable</b>	<b>25,204</b>	<b>1,370</b>	<b>0</b>	<b>0</b>	<b>381,329</b>	<b>407,903</b>
<i>Restricted for:</i>						
Stabilization Reserve Trust						
Restricted for Future Pension Costs	87,555	993,814	0	0	1,722	1,083,091
Unspent Bond Proceeds						
Restricted for Capital Projects	0	0	0	14,400,589	0	14,400,589
Unspent Federal Forfeitures						
Restricted for Public Safety	0	0	0	0	56,427	56,427
Unspent Hotel Tax						
Restricted for Tourism	0	0	0	0	191,191	191,191
Restricted by State						
State Street Aid Fund	0	0	0	0	11,543	11,543
Drug Fund	0	0	0	0	607,237	607,237
Internal School Fund	0	0	0	0	1,572,212	1,572,212
<b>Total Restricted</b>	<b>87,555</b>	<b>993,814</b>	<b>0</b>	<b>14,400,589</b>	<b>2,440,332</b>	<b>17,922,290</b>
<i>Committed for:</i>						
Other Projects	0	0	0	0	6,363,728	6,363,728
Community Development	0	0	0	0	16,471	16,471
Allandale	0	0	0	0	74,713	74,713
Education:						
School Nutrition Fund	0	0	0	0	3,950,151	3,950,151
School Projects Fund	0	0	0	0	0	0
Palmer Center Fund	0	0	0	0	72,717	72,717
Public Safety:						
Criminal Forfeiture Fund	0	0	0	0	53,935	53,935
Transportation:						
Federal Transit Fund	0	0	0	0	248,090	248,090
MPO Fund	0	0	0	0	128,863	128,863
Culture and Recreation:						
Regional Sales Tax Fund	0	0	0	0	1,413,946	1,413,946
Steadman Cemetary Fund	0	0	0	0	5,056	5,056
Library Commission Fund	0	0	0	0	5,249	5,249
Library Governing Board Fund	0	0	0	0	77,485	77,485
Bays Mountain Park Fund	0	0	0	0	432,542	432,542
Senior Citizens Fund	0	0	0	0	434,768	434,768
<b>Total Committed</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,277,714</b>	<b>13,277,714</b>
<i>Assigned to:</i>						
Fund Balance Allocations	466,967	0	0	0	0	466,967
Future Industrial Park	20,927	0	0	0	0	20,927
Debt Service	0	0	559,729	0	0	559,729
Capital Projects	0	0	0	7,636,510	0	7,636,510
Education	0	12,667,903	0	0	0	12,667,903
<b>Total Assigned</b>	<b>487,894</b>	<b>12,667,903</b>	<b>559,729</b>	<b>7,636,510</b>	<b>0</b>	<b>21,352,036</b>
<i>Unassigned:</i>	<b>24,976,391</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,976,391</b>
<b>Total Fund Balances</b>	<b>\$ 25,577,044</b>	<b>\$ 13,663,087</b>	<b>\$ 559,729</b>	<b>\$ 22,037,099</b>	<b>\$ 16,099,375</b>	<b>\$ 77,936,334</b>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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, 2023, there were no instances of expenditures exceeding appropriations in any funds.

**C. Deficit fund equity**

For the fiscal year ended June 30 2023, there were no instances of deficit fund equity in any funds of the City.

**D. Legal Debt Limit**

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

**E. Investigations**

The City initiated an investigation into possible theft at Bays Mountain Park. The investigation has been turned over to the State Comptroller's Office. Findings, if any, resulting from the State's investigation will be included in the subsequent audit report.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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, 2023, 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, 2023, the City's carrying amount of deposits was \$104,272,469 and the bank balance was \$108,672,996.

The carrying amount of deposits at June 30, 2023 for the IDBK, a discretely presented component unit, was \$2,758,735, and the bank balance was \$2,743,732. The IDBK's deposits in financial institutions were entirely insured through FDIC or collateralized through the Tennessee Bank Collateral Pool at June 30, 2023.

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, 2023.

The carrying amount of deposits at June 30, 2023 for the ECD was \$4,071,823 and the deposits in financial institutions were \$4,071,823.

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, 2023**

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

**A. Deposits and investments (continued)**

Investments (continued)

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

At June 30, 2023, the City's carrying amount for investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in Years)</u>
Certificate of Deposit	\$ 1,250,692	0.64
Tennessee Local Government	9,607,613	
Investment Pool		0.13
TCRS Stabilization Trust	<u>1,112,079</u>	n/a
Total	<u>\$ 11,970,384</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, 2023.

***Concentration of Credit Risk***

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

**Restricted Investments – TCRS Stabilization Trust**

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

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

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

**A. Deposits and investments (continued)**

Investments (continued)

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

Investments are reported at fair value or amortized cost which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2022, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.

- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable

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

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

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

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

**A. Deposits and investments (continued)**

Investments (continued)

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

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

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

At June 30, 2023, the City had the following investments held by the trust on its behalf:

<b>Investment Type</b>	<b>Weighted Average Maturity (days)</b>	<b>Maturities</b>	<b>KCS Teachers Fair Value</b>	<b>City Hybrid WCC Fair Value</b>	<b>Combined Total Fair Value</b>
Investments at Fair Value:					
U.S. Equity	N/A	N/A	\$ 298,057	\$ 46,687	\$ 344,744
Developed Market International Equity	N/A	N/A	134,607	21,084	155,691
Emerging Market International Equity	N/A	N/A	38,459	6,024	44,483
U.S. Fixed Income	N/A	N/A	192,296	30,120	222,416
Real Estate	N/A	N/A	96,148	15,060	111,208
Short-term Securities	N/A	N/A	9,615	1,506	11,121
Investments at Amortize Cost using the NAV:					
Private Equity and Strategic Lending:	N/A	N/A	192,296	30,120	222,416
Total			<u>\$ 961,478</u>	<u>\$ 150,601</u>	<u>\$ 1,112,079</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

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

**A. Deposits and investments (continued)**

Investments (continued)

Investment Type	Fair Value	Kingsport City Schools - Teachers Fair Value Measurement Using			Amortized Cost
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 298,057	\$ 298,057	\$ 0	\$ 0	\$ 0
Developed Market International Equity	134,607	134,607	0	0	0
Emerging Market International Equity	38,459	38,459	0	0	0
U.S. Fixed Income	192,296	0	192,296	0	0
Real Estate	96,148	0	0	96,148	0
Short-term Securities	9,615	0	9,615	0	0
Private Equity and Strategic Lending	192,296	0	0	0	192,296
	<u>\$ 961,478</u>	<u>\$ 471,123</u>	<u>\$ 201,911</u>	<u>\$ 96,148</u>	<u>\$ 192,296</u>

Investment Type	Fair Value	City of Kingsport Hybrid Plan with Cost Controls Fair Value Measurement Using			Amortized Cost
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 46,687	\$ 46,687	\$ 0	\$ 0	\$ 0
Developed Market International Equity	21,084	21,084	0	0	0
Emerging Market International Equity	6,024	6,024	0	0	0
U.S. Fixed Income	30,120	0	30,120	0	0
Real Estate	15,060	0	0	15,060	0
Short-term Securities	1,506	0	1,506	0	0
Private Equity and Strategic Lending	30,120	0	0	0	30,120
	<u>\$ 150,601</u>	<u>\$ 73,795</u>	<u>\$ 31,626</u>	<u>\$ 15,060</u>	<u>\$ 30,120</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

**A. Deposits and investments (continued)**

Restricted Investments – TCRS Stabilization Trust (continued)

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

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

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

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

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

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



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

**B. Receivables**

Receivables as of June 30, 2023 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	\$ 42,152,498	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$42,152,498	\$ 0
Accounts	1,647,443	151,666	29,582	2,556,363	3,083,410	63,827	0	78,612	1,882,346	548,523	10,041,772	0
Intergovernmental	7,420,806	20,854,300	3,713,392	39,670	375,861	0	0	7,211,354	0	0	39,615,383	0
Gross receivables	51,220,747	21,005,966	3,742,974	2,596,033	3,459,271	63,827	0	7,289,966	1,882,346	548,523	91,809,652	0
Less: Allowances for uncollectibles	(1,248,899)	(110,933)	0	(342,597)	(540,811)	0	0	0	(391,128)	0	(2,634,368)	0
Net total receivables	<u>\$ 49,971,848</u>	<u>\$20,895,033</u>	<u>\$3,742,974</u>	<u>\$2,253,436</u>	<u>\$2,918,460</u>	<u>\$ 63,827</u>	<u>\$ 0</u>	<u>\$ 7,289,966</u>	<u>\$1,491,218</u>	<u>\$ 548,523</u>	<u>\$89,175,285</u>	<u>\$ 0</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

**C. Capital assets**

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

**Primary government**

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 37,636,822	\$ 1,564,934	\$ (268,031)	\$ 0	\$ 38,933,725
Construction in Progress	52,489,982	24,031,623	(38,121,544)	(268,555)	38,131,506
Total capital assets, not being depreciated	90,126,804	25,596,557	(38,389,575)	(268,555)	77,065,231
Capital assets, being depreciated:					
Buildings	220,372,730	29,933,262	0	1	250,305,993
Improvements other than buildings	50,258,812	1,745,176	(25,234)	0	51,978,754
Equipment	73,861,812	8,650,694	(1,062,569)	1	81,449,938
Software	1,082,501	0	0	0	1,082,501
Infrastructure	301,423,521	1,666,173	0	0	303,089,694
Total capital assets, being depreciated	646,999,376	41,995,305	(1,087,803)	2	687,906,880
Less accumulated depreciation for:					
Buildings	(119,000,105)	(6,248,508)	0	0	(125,248,613)
Improvements other than buildings	(24,019,783)	(2,588,701)	25,234	(1)	(26,583,251)
Equipment	(53,895,709)	(5,215,541)	1,053,762	0	(58,057,488)
Software	(840,332)	(91,143)	0	0	(931,475)
Infrastructure	(179,645,490)	(6,146,393)	0	0	(185,791,883)
Total accumulated depreciation	(377,401,419)	(20,290,286)	1,078,996	(1)	(396,612,710)
Total capital assets, being depreciated, net	269,597,957	21,705,019	(8,807)	1	291,294,170
Governmental activities capital assets, net	\$ 359,724,761	\$ 47,301,576	\$ (38,398,382)	\$ (268,554)	\$ 368,359,401

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

Governmental activities:	
General government	\$ 2,079,808
Economic and physical development	44,911
Public safety	1,135,804
Public works	8,464,772
Culture and recreation	2,907,371
Education	5,657,620
Total depreciation expense - governmental activities	<u>\$ 20,290,286</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

**C. Capital assets (continued)**

**Primary government (continued)**

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
<u>Water</u>					
Land	\$ 852,438	\$ 0	\$ 0	\$ 0	\$ 852,438
Construction in Progress	8,657,087	4,584,818	(4,110,658)	0	9,131,247
<u>Sewer</u>					
Land	1,519,630	0	0	0	1,519,630
Construction in Progress	5,435,587	5,138,890	(3,604,508)	0	6,969,969
<u>Solid Waste Management</u>					
Land	1,716,309	0	0	0	1,716,309
Construction in Progress	25,957	359,589	(347,046)	0	38,500
<u>Storm Water</u>					
Land	1,606,272	0	0	0	1,606,272
Construction in Progress	336,763	115,943	0	0	452,706
<u>Aquatic Center</u>					
Land	845,711	0	0	0	845,711
Construction in Progress	2,471,981	0	(2,429,631)	0	42,350
<u>Meadowview Conference Resort and Convention Center</u>					
Land	1,515,497	0	0	0	1,515,497
Construction in Progress	69,560	1,044,314	0	0	1,113,874
<u>Cattails at Meadowview Golf Course</u>					
Land	981,600	0	0	0	981,600
Construction in Progress	66,147	121,026	0	0	187,173
Total capital assets, not being depreciated	26,100,539	11,364,580	(10,491,843)	0	26,973,276
Capital assets, being depreciated:					
<u>Water</u>					
Buildings and system	153,841,325	4,556,651	0	0	158,397,976
Equipment and machinery	1,581,327	10,478	(64,370)	0	1,527,435
Software	141,493	0	0	0	141,493
<u>Sewer</u>					
Buildings and system	251,356,684	3,993,450	0	0	255,350,134
Equipment and machinery	2,168,906	115,546	0	0	2,284,452
Software	88,304	0	0	0	88,304
<u>Solid Waste Management</u>					
Buildings and system	519,836	0	0	0	519,836
Improvements other than Buildings	2,565,154	0	0	0	2,565,154
Equipment and machinery	1,936,734	6,475	0	0	1,943,209
Software	6,750	0	0	0	6,750
<u>Storm Water</u>					
Buildings and system	2,553,056	0	0	0	2,553,056
Improvements other than Buildings	534,297	0	0	0	534,297
Equipment and machinery	587,290	21,724	0	0	609,014
Software	67,308	0	0	0	67,308
<u>Aquatic Center</u>					
Buildings and system	19,277,951	2,346,345	0	0	21,624,296
Equipment and machinery	190,216	123,290	0	0	313,506
<u>MeadowView Conference Resort and Convention Center</u>					
Buildings	43,097,183	0	0	0	43,097,183
Improvements other than Buildings	2,958,692	16,700	0	0	2,975,392
Equipment	1,479,973	78,024	0	0	1,557,997
<u>Cattails at MeadowView Golf Course</u>					
Buildings	1,434,547	0	0	0	1,434,547
Improvements other than Buildings	6,058,934	0	0	0	6,058,934
Equipment	501,531	16,566	(19,653)	0	498,444
Total capital assets, being depreciated	492,947,491	11,285,249	(84,023)	0	504,148,717

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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	(65,389,369)	(3,581,092)	0	0	(68,970,461)
Equipment and machinery	(1,447,478)	(46,074)	63,370	1	(1,430,181)
Software	(141,492)	0	0	0	(141,492)
<u>Sewer</u>					
Buildings and system	(107,610,233)	(5,392,709)	0	0	(113,002,942)
Equipment and machinery	(1,197,177)	(151,960)	0	0	(1,349,137)
Software	(88,304)	0	0	0	(88,304)
<u>Solid Waste Management</u>					
Buildings and system	(227,563)	(19,171)	0	0	(246,734)
Improvements other than Buildings	(1,246,658)	(161,920)	0	0	(1,408,578)
Equipment and machinery	(1,611,951)	(156,432)	0	0	(1,768,383)
Software	(6,750)	0	0	0	(6,750)
<u>Storm Water</u>					
Buildings and system	(320,994)	(85,020)	0	0	(406,014)
Improvements other than Buildings	(356,199)	(35,620)	0	0	(391,819)
Equipment and machinery	(374,870)	(54,681)	0	0	(429,551)
Software	(67,307)	0	0	0	(67,307)
<u>Aquatic Center</u>					
Buildings and system	(5,807,478)	(803,558)	0	0	(6,611,036)
Equipment and machinery	(164,804)	(31,835)	0	0	(196,639)
<u>MeadowView Conference Resort and Convention Center</u>					
Buildings	(18,914,416)	(1,258,538)	0	0	(20,172,954)
Improvements other than Buildings	(1,957,795)	(183,184)	0	0	(2,140,979)
Equipment	(1,411,032)	(30,735)	0	0	(1,441,767)
<u>Cattails at MeadowView Golf Course</u>					
Buildings	(672,088)	(41,103)	0	(1)	(713,192)
Improvements other than Buildings	(4,981,869)	(184,038)	0	0	(5,165,907)
Equipment	(496,346)	(276)	19,403	0	(477,219)
Total accumulated depreciation	(214,492,173)	(12,217,946)	82,773	0	(226,627,346)
Total capital assets, being depreciated, net	278,455,318	(932,697)	(1,250)	0	277,521,371
Business-type activities capital assets, net	\$ 304,555,857	\$ 10,431,883	\$ (10,493,093)	\$ 0	\$ 304,494,647

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

Business-type activities:	
Water	\$ 3,627,166
Sewer	5,544,669
Solid waste management	337,523
Storm Water	175,321
Aquatic Center	835,393
MeadowView Conference Resort and Convention Center	1,472,457
Cattails at MeadowView Golf Course	225,417
Total depreciation expense - business-type activities	<u>\$ 12,217,946</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023. 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, \$14,400,589 through city bonded debt. In the proprietary funds, funding for construction projects has been provided and is in segregated deposit and investment accounts totaling \$12,414,081. 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, 2023:

		Business-Type					
	Governmental	Water	Sewer	Aquatic Center	MeadowView Conference Center	Other Enterprise Funds	Total Business-Type
Capital Assets	\$ 764,972,111	\$ 170,050,589	\$ 266,212,489	\$ 22,825,863	\$ 50,259,943	\$ 21,773,109	\$ 531,121,993
Less Accumulated Depreciation	(396,612,710)	(70,542,134)	(114,440,383)	(6,807,675)	(23,755,700)	(11,081,454)	(226,627,346)
Net Capital Assets	<u>368,359,401</u>	<u>99,508,455</u>	<u>151,772,106</u>	<u>16,018,188</u>	<u>26,504,243</u>	<u>10,691,655</u>	<u>304,494,647</u>
Deferred Outflows Related to Refunding	<u>2,006,286</u>	<u>146,830</u>	<u>219,844</u>	<u>382,612</u>	<u>428,567</u>	<u>49,758</u>	<u>1,227,611</u>
Total Debt	111,278,917	37,163,123	54,461,900	12,034,336	10,772,621	3,561,753	117,993,733
Less Debt not related to Capital Assets	0	0	0	0	0	0	0
Less Capital related unspent debt proceeds	(14,400,589)	(3,341,162)	(8,416,260)	(72,115)	(321,748)	(262,796)	(12,414,081)
Total Capital Debt	<u>96,878,328</u>	<u>33,821,961</u>	<u>46,045,640</u>	<u>11,962,221</u>	<u>10,450,873</u>	<u>3,298,957</u>	<u>105,579,652</u>
Net Investment in Capital Assets	<u>\$ 273,487,359</u>	<u>\$ 65,833,324</u>	<u>\$ 105,946,310</u>	<u>\$ 4,438,579</u>	<u>\$ 16,481,937</u>	<u>\$ 7,442,456</u>	<u>\$ 200,142,606</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 439,994	\$ 0	\$ 0	\$ 439,994
Construction in Progress	0	14,400	0	14,400
Total capital assets, not being depreciated	439,994	14,400	0	454,394
Capital assets, being depreciated:				
Buildings	8,101,744	0	0	8,101,744
Improvements other than buildings	242,203	0	0	242,203
Signs	55,422	0	0	55,422
Total capital assets, being depreciated	8,399,369	0	0	8,399,369
Less accumulated depreciation for:				
Buildings	(1,078,397)	(202,544)	0	(1,280,941)
Improvements other than buildings	(143,977)	(16,146)	0	(160,123)
Signs	(55,422)	0	0	(55,422)
Total accumulated depreciation	(1,277,796)	(218,690)	0	(1,496,486)
Total capital assets, being depreciated, net	7,121,573	(218,690)	0	6,902,883
IDBK capital assets, net	<u>\$ 7,561,567</u>	<u>\$ (204,290)</u>	<u>\$ 0</u>	<u>\$ 7,357,277</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

**C. Capital assets (continued)**

**Discretely presented component units (continued)**

Right-to-use leased asset activity for IDBK for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Right-to-use leased assets, being amortized:				
Right-to-use leased land	\$ 0	\$ 0	\$ 0	\$ 0
Right-to-use leased structures and improvements	0	478,862	0	478,862
Right-to-use leased equipment	0	0	0	0
Total right-to-use leased assets, being amortized	0	478,862	0	478,862
Less accumulated amortization for:				
Right-to-use leased land	0	0	0	0
Right-to-use leased structures and improvements	0	(7,981)	0	(7,981)
Right-to-use leased equipment	0	0	0	0
Total accumulated amortization	0	(7,981)	0	(7,981)
Total right-to-use leased assets, being amortized, net	<u>\$ 0</u>	<u>\$ 470,881</u>	<u>\$ 0</u>	<u>\$ 470,881</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023, 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	241,259	0	0	241,259
Office Equipment	9,332	0	0	9,332
Communications Equipment	789,557	0	0	789,557
Other Capital Assets	104,339	0	0	104,339
Total capital assets, being depreciated	3,166,597	0	0	3,166,597
Less accumulated depreciation for:				
Building	(341,232)	(50,552)	0	(391,784)
Furniture and Fixtures	(150,918)	(24,672)	0	(175,590)
Office Equipment	(9,077)	(255)	0	(9,332)
Communications Equipment	(613,208)	(75,527)	0	(688,735)
Other Capital Assets	(40,329)	(7,551)	0	(47,880)
Total accumulated depreciation	(1,154,764)	(158,557)	0	(1,313,321)
Total capital assets, being depreciated, net	2,011,833	(158,557)	0	1,853,276
ECD capital assets, net	<u>\$2,253,843</u>	<u>\$(158,557)</u>	<u>\$ 0</u>	<u>\$2,095,286</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

The composition of Inter-fund balances as of June 30, 2023, 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)	\$ 1,776,895
	Cattails Golf Course Fund (nonmajor)	25,011
	Community Development Fund (nonmajor)	129,044
	Fleet Maintenance Fund (internal service)	988,771
	State Street Aid Fund (nonmajor)	111,545
	Federal Transit (nonmajor)	180,928
		<u>3,212,194</u>
General Purpose School Fund (major)	Public Law 93-380 Fund (nonmajor)	3,806,686
	Special School Projects Fund (nonmajor)	91,829
		<u>3,898,515</u>
Total		<u>\$ 7,110,709</u>

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

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, 2023**

**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
General	\$ 0	\$ 14,464,648	\$ 9,859,405	\$ 906,253	\$ 10,859,171	\$ 36,089,477	\$ 0	\$ 0	\$ 0	\$ 2,600,000	\$ 2,600,000	\$ 38,689,477
General Purpose												
School	0	0	3,910,788	8,775,758	158,648	12,845,194	0	0	0	0	0	12,845,194
Capital Projects	0	0	12,408	0	0	12,408	0	0	0	0	0	12,408
Nonmajor												
Governmental	0	77,583	0	271,559	0	349,142	0	2,081,406	2,413,355	149,344	4,644,105	4,993,247
Total Governmental	\$ 0	\$ 14,542,231	\$ 13,782,601	\$ 9,953,570	\$ 11,017,819	\$ 49,296,221	\$ 0	\$ 2,081,406	\$ 2,413,355	\$ 2,749,344	\$ 7,244,105	56,540,326
Water	\$ 1,833,301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,833,301	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,833,301
Sewer	1,564,113	0	0	0	0	1,564,113	190,208	0	0	0	190,208	1,754,321
Storm Water	103,223	0	0	0	0	103,223	26,056	0	0	0	26,056	129,279
Aquatic Center	54,849	0	0	0	0	54,849	0	0	0	0	0	54,849
Cattails at Meadow View	0	0	0	0	0	0	0	0	0	0	0	0
Total Proprietary	\$ 3,555,486	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,555,486	\$ 216,264	\$ 0	\$ 0	\$ 0	\$ 216,264	3,771,750
Fleet Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Health Insurance	0	0	0	0	0	0	0	0	0	0	0	0
Total Internal Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Total	\$ 3,555,486	\$ 14,542,231	\$ 13,782,601	\$ 9,953,570	\$ 11,017,819	\$ 52,851,707	\$ 216,264	\$ 2,081,406	\$ 2,413,355	\$ 2,749,344	\$ 7,460,369	\$ 60,312,076

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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.

Governmental Activities:

**Notes Payable**

In December 2009, the City issued a loan with the State of Tennessee for Qualified School Construction Bonds in the amount of \$1,240,000, with a variable interest rate and a maturity date of September 2026. As of June 30, 2023, \$240,586 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, 2023, \$340,000 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, 2023, \$583,162 is outstanding.

In October 2020, the City issued a General Obligation Capital Outlay Note, Series 2020 in the amount of \$2,000,000, with an interest rate of 1.99% and a maturity date of October 2032. As of June 30, 2023, \$1,666,666 is outstanding.

In June 2021, the City was approved for a loan with the State of Tennessee Energy Efficient Schools Initiative in the amount of \$2,866,134 with an annual interest rate of .50%. As of June 30, 2023, \$2,798,345 is outstanding.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

**Notes Payable (continued)**

Payments to maturity on notes payable are as follows:

Fiscal Year Ending June 30	2009 QSCB	2010 HUD 108 Loan	2010 School Energy Efficiency Loan	2020 Capital Outlay Notes	2021 School Energy Efficiency Loan
2024	\$ 77,374	\$ 43,000	\$ 436,801	\$ 166,667	\$ 172,776
2025	77,374	43,000	146,361	166,667	173,641
2026	77,374	43,000	0	166,667	174,517
2027	8,464	43,000	0	166,667	175,393
2028	0	43,000	0	166,667	176,269
2029	0	43,000	0	166,667	177,146
2030	0	43,000	0	166,667	178,035
2031	0	39,000	0	166,667	178,934
2032	0	0	0	166,667	179,823
2033	0	0	0	166,663	180,724
2034	0	0	0	0	181,636
2035	0	0	0	0	182,548
2036	0	0	0	0	183,461
2037	0	0	0	0	184,384
2038	0	0	0	0	185,288
2039	0	0	0	0	113,770
	<u>\$ 240,586</u>	<u>\$ 340,000</u>	<u>\$ 583,162</u>	<u>\$ 1,666,666</u>	<u>\$ 2,798,345</u>

**Bonds Payable**

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

As previously mentioned, during the fiscal year ended June 30, 2022, the City issued General Obligation Improvement Bonds, Series 2021 at par value of \$17,760,000. The portion of these bonds related to general governmental activities totals \$9,205,000 while \$7,725,000 related to Water and Sewer activities and \$830,000 related to Meadowview activities and carry an average coupon rate of 3.51%.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Governmental Activities (continued):

**Bonds Payable (continued)**

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

Debt Service Fund	Interest Payable Dates	Issue Date	Amount Authorized and Issued	Interest Rates	Outstanding June 30, 2023
2013 General Obligation Refunding	02/01, 05/01	02/08/13	12,177,052	2.500%-3.750%	\$ 3,714,446
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	13,406,846	2.000%-5.000%	8,394,508
2014A General Obligation Public Improvement	03/01, 09/01	10/31/14	14,596,848	2.000%-5.000%	9,527,894
2015 General Obligation Refunding	03/01, 09/01	02/06/15	17,695,000	2.000%-4.000%	11,475,000
2015A General Obligation Refunding and Improvement	03/01, 09/01	10/27/15	8,054,686	1.000%-4.000%	3,938,024
2016A General Obligation Refunding	03/01, 09/01	06/03/16	6,928,927	2.000%-4.000%	4,467,445
2016B General Obligation Refunding	03/01, 09/01	06/03/16	4,330,138	2.000%-4.000%	3,059,618
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	7,821,325	3.000%-4.000%	5,882,033
2017A General Obligation Public Improvement	03/01, 09/01	09/08/17	14,690,288	2.000%-5.000%	11,743,331
2018A General Obligation Public Improvement	03/01, 09/01	09/17/18	7,040,000	3.000%-5.000%	5,820,000
2019 General Obligation Refunding	03/01, 09/01	05/01/19	7,377,513	3.000%-5.000%	5,478,196
2019 General Obligation Public Improvement	03/01, 09/01	11/15/19	8,906,518	3.000%-5.000%	7,935,246
2020 General Obligation Refunding	03/01, 09/01	11/20/20	9,250,917	1.300%-2.000%	8,302,582
2021 General Obligation Public Improvement	03/01, 09/01	11/19/21	9,205,000	2.000%-5.000%	8,904,385
Total General Obligation Bonds (before net premiums and discounts of \$7,007,450 )					<u>\$ 98,642,708</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Governmental Activities (continued):

**Bonds Payable (continued)**

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 3,714,446</u>	<u>\$ 262,793</u>	<u>\$ 3,977,239</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 8,394,508</u>	<u>\$ 2,192,340</u>	<u>\$ 10,586,848</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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
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>\$ 9,527,894</u>	<u>\$ 2,123,867</u>	<u>\$ 11,651,761</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Governmental Activities (continued):

**Bonds Payable (continued)**

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 11,475,000</u>	<u>\$ 1,126,150</u>	<u>\$ 12,601,150</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 3,938,024</u>	<u>\$ 897,610</u>	<u>\$ 4,835,634</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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
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	802,385	24,072	826,457
	<u>\$ 4,467,445</u>	<u>\$ 485,944</u>	<u>\$ 4,953,389</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
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>\$ 3,059,618</u>	<u>\$ 365,777</u>	<u>\$ 3,425,395</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 5,882,033</u>	<u>\$ 1,398,454</u>	<u>\$ 7,280,487</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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
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>\$ 11,743,331</u>	<u>\$ 2,691,102</u>	<u>\$ 14,434,433</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 October 09, 2018 debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 5,820,000</u>	<u>\$ 1,611,763</u>	<u>\$ 7,431,763</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Governmental Activities (continued):

**Bonds Payable (continued)**

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 5,478,196</u>	<u>\$ 1,142,468</u>	<u>\$ 6,620,664</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 421,044	\$ 282,446	\$ 703,490
2025	442,575	261,394	703,969
2026	464,105	239,265	703,370
2027	488,028	216,060	704,088
2028	511,951	191,659	703,610
2029	533,482	166,061	699,543
2030	550,228	150,057	700,285
2031	397,121	133,550	530,671
2032	409,083	121,636	530,719
2033	421,044	109,364	530,408
2034	433,006	96,733	529,739
2035	444,967	85,907	530,874
2036	456,929	72,558	529,487
2037	471,282	58,851	530,133
2038	483,244	44,712	527,956
2039	497,598	30,215	527,813
2040	509,559	15,287	524,846
	<u>\$ 7,935,246</u>	<u>\$ 2,275,755</u>	<u>\$ 10,211,001</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Governmental Activities (continued):

**Bonds Payable (continued)**

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 855,362	\$ 148,359	\$ 1,003,721
2025	877,055	131,251	1,008,306
2026	886,353	113,710	1,000,063
2027	908,046	95,983	1,004,029
2028	926,641	77,822	1,004,463
2029	942,137	59,290	1,001,427
2030	954,534	47,042	1,001,576
2031	966,930	33,201	1,000,131
2032	985,524	17,247	1,002,771
	\$ 8,302,582	\$ 723,905	\$ 9,026,487

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Governmental Activities (continued):

**Bonds Payable (continued)**

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 321,345	\$ 285,444	\$ 606,789
2025	334,303	269,377	603,680
2026	352,444	252,661	605,105
2027	370,584	235,039	605,623
2028	391,316	216,510	607,826
2029	404,274	196,944	601,218
2030	430,189	176,730	606,919
2031	450,921	155,221	606,142
2032	463,878	137,184	601,062
2033	479,427	123,268	602,695
2034	494,976	108,885	603,861
2035	507,934	94,036	601,970
2036	523,482	78,798	602,280
2037	536,440	68,328	604,768
2038	544,214	57,599	601,813
2039	559,763	46,715	606,478
2040	567,538	35,520	603,058
2041	577,904	24,169	602,073
2042	593,453	12,611	606,064
	<u>\$ 8,904,385</u>	<u>\$ 2,575,039</u>	<u>\$ 11,479,424</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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
2024	\$ 9,620,668	\$ 3,334,907	\$ 12,955,575
2025	9,914,020	2,940,189	12,854,209
2026	10,289,487	2,543,674	12,833,161
2027	10,685,760	2,155,371	12,841,131
2028	8,599,891	1,796,502	10,396,393
Next Five Years	29,954,849	5,399,818	35,354,667
Next Five Years	16,272,218	1,537,989	17,810,207
Next Five Years	3,305,815	164,517	3,470,332
	<u>\$ 98,642,708</u>	<u>\$ 19,872,967</u>	<u>\$ 118,515,675</u>

The total on the statement of net assets has been adjusted by net premiums and discounts of \$7,007,450.



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023 the outstanding principal balance was \$10,091,893. Principal and interest is paid monthly.

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

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 10,091,893</u>	<u>\$ 1,333,295</u>	<u>\$ 11,425,188</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Business-type Activities (continued):

**Loans Payable (continued)**

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

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 48,840	\$ 11,290	\$ 60,130
2025	59,184	12,972	72,156
2026	59,808	12,348	72,156
2027	60,444	11,712	72,156
2028	61,092	11,064	72,156
2029	61,740	10,416	72,156
2030	62,400	9,756	72,156
2031	63,060	9,096	72,156
2032	63,732	8,424	72,156
2033	64,416	7,740	72,156
2034	65,100	7,056	72,156
2035	65,796	6,360	72,156
2036	66,492	5,664	72,156
2037	67,200	4,956	72,156
2038	67,920	4,236	72,156
2039	68,640	3,516	72,156
2040	69,372	2,784	72,156
2041	70,116	2,040	72,156
2042	70,860	1,296	72,156
2043	71,616	540	72,156
2044	12,172	16	12,188
	<u>\$ 1,300,000</u>	<u>\$ 143,282</u>	<u>\$ 1,443,282</u>

The outstanding balance for this note was \$891,500 as of June 30, 2023.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Business-type Activities (continued):

**Bonds Payable**

As previously mentioned, during the fiscal year ended June 30, 2022, the City issued General Obligation Improvement Bonds, Series 2021 at par value of \$17,760,000. The portion of these bonds related to general governmental activities totals \$9,205,000 while \$7,725,000 related to Water and Sewer activities and \$830,000 related to Meadowview activities and carry an average coupon rate of 3.51%.

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, 2023</u>
2013 General Obligation Refunding	05/01, 11/01	02/08/13	\$ 132,948	2.500%-4.000%	\$ 40,554
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	289,856	2.000%-5.000%	181,489
2014A General Obligation Public Improvement	03/01, 09/01	10/31/14	2,371,107	2.000%-5.000%	1,707,107
2019 General Obligation Refunding	03/01, 09/01	05/01/19	161,953	3.000%-5.000%	<u>120,258</u>
Total Solid Waste Management Fund ( before net premiums and discounts of \$162,493 )					<u>\$ 2,049,408</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023</u>
2016A General Obligation Refunding	03/01, 09/01	06/03/16	\$ 9,221,015	2.000%-4.000%	\$ 5,945,274
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	3,266,427	3.000%-4.000%	2,456,518
2019 General Obligation Refunding	03/01, 09/01	05/01/19	542,374	3.000%-5.000%	402,741
2019 (NOV) General Obligation Improvement	03/01, 09/01	11/15/19	324,543	3.000%-5.000%	289,151
2021 General Obligation Improvement	03/01, 09/01	11/19/21	830,000	2.000%-5.000%	802,895
Total MeadowView Conference Resort and Convention Center Fund ( before net premiums and discounts of \$876,042 )					<u>\$ 9,896,579</u>
<u>Cattails at MeadowView Golf Course Fund</u>					
2019 (NOV) General Obligation Improvement	03/01, 09/01	11/15/19	\$ 231,817	3.000%-5.000%	\$ 206,536
2020 General Obligation Refunding	03/01, 09/01	11/20/20	334,626	1.300%-2.000%	300,324
Total Cattails at MeadowView Golf Course Fund ( before net premiums and discounts of \$25,135 )					<u>\$ 506,860</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023</u>
2016A General Obligation Refunding	03/01, 09/01	06/03/16	\$ 430,058	2.000%-4.000%	\$ 277,281
2019 General Obligation Refunding	03/01, 09/01	05/01/19	323,907	3.000%-5.000%	240,518
2020 General Obligation Refunding	03/01, 09/01	11/20/20	255,992	1.300%-2.000%	229,750
Total Storm Water Fund ( before net premiums and discounts of \$70,308 )					<u>\$ 747,549</u>

<u>Aquatic Center Fund</u>	<u>Interest Payable Dates</u>	<u>Issue Date</u>	<u>Amount Authorized and Issued</u>	<u>Interest Rates</u>	<u>Outstanding June 30, 2023</u>
2012A General Obligation Public Improvement	04/01, 10/01	06/22/12	\$ 3,110,000	2.000%-5.000%	\$ 1,755,000
2013A General Obligation Public Improvement	03/01, 09/01	10/21/13	1,310,000	3.000%-4.000%	830,000
2016B General Obligation Refunding	03/01, 09/01	06/03/16	9,029,862	2.000%-4.000%	6,380,382
2017A General Obligation Public Improvement	03/01, 09/01	09/08/17	164,712	2.000%-5.000%	131,669
2018C General Obligation Public Improvement	03/01, 09/01	09/28/18	2,360,000	3.000%-5.000%	1,965,000
2019 General Obligation Refunding	03/01, 09/01	05/01/19	295,809	3.000%-5.000%	219,654
2020 General Obligation Refunding	03/01, 09/01	11/20/20	103,584	1.300%-2.000%	92,966
Total Aquatic Center Fund ( before net premiums and discounts of \$659,665 )					<u>\$ 11,374,671</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023</u>
2008 Tennessee Municipal Bond Fund	Monthly	10/17/08	\$ 9,698,196	Variable	\$ 2,128,196
2013 General Obligation Refunding	05/01, 11/01	02/08/13	3,025,000	2.500%-3.750%	40,000
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	4,262,308	2.000%-5.000%	2,668,784
2014B General Obligation Public Improvement	03/01, 09/01	10/31/14	2,717,899	2.000%-3.000%	1,868,921
2015A General Obligation Refunding and Improvement	03/01, 09/01	10/27/15	2,226,419	1.000%-4.000%	1,088,521
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	3,294,425	3.000%-4.000%	2,477,574
2017B General Obligation Public Improvement	03/01, 09/01	09/08/17	1,167,095	2.000%-5.000%	929,526
2018B General Obligation Public Improvement	03/01, 09/01	09/28/18	3,966,023	3.000%-5.000%	3,364,541
2019 General Obligation Refunding	03/01, 09/01	05/01/19	2,159,378	3.000%-5.000%	1,603,453
2019 (NOV) General Obligation Improvement	03/01, 09/01	11/15/19	5,730,508	3.000%-5.000%	5,105,585
2020 General Obligation Refunding	03/01, 09/01	11/20/20	2,337,395	1.300%-2.000%	2,097,782
2021 General Obligation Public Improvement	03/01, 09/01	11/19/21	1,380,000	2.000%-5.000%	1,334,933
Total Water Fund ( before net premiums and discounts of \$1,471,914 )					<u>\$ 24,707,816</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023</u>
2013 General Obligation Refunding	05/01, 11/01	02/08/13	\$ 27,760,000	2.500%-4.000%	\$ 9,880,000
2013B General Obligation Public Improvement	03/01, 09/01	10/21/13	9,550,990	2.000%-5.000%	5,980,218
2014B General Obligation Public Improvement	03/01, 09/01	10/31/14	6,582,101	2.000%-3.000%	4,526,080
2015A General Obligation Refunding and Improvement	03/01, 09/01	10/27/15	4,823,895	1.000%-4.000%	2,358,455
2016 (NOV) General Obligation Public Improvement	03/01, 09/01	11/04/16	6,952,823	3.000%-4.000%	5,228,876
2017B General Obligation Public Improvement	03/01, 09/01	09/08/17	10,082,905	2.000%-5.000%	8,030,474
2018B General Obligation Public Improvement	03/01, 09/01	09/28/18	1,308,977	3.000%-5.000%	1,110,459
2019 General Obligation Refunding	03/01, 09/01	05/01/19	3,239,067	3.000%-5.000%	2,405,180
2019 (NOV) General Obligation Improvement	03/01, 09/01	11/15/19	3,421,614	3.000%-5.000%	3,048,480
2020 General Obligation Refunding	03/01, 09/01	11/20/20	2,642,486	3.000%-5.000%	2,371,597
2021 General Obligation Public Improvement	03/01, 09/01	11/19/21	6,345,000	2.000%-5.000%	<u>6,137,787</u>
Total Sewer Fund ( before net premiums and discounts of \$3,384,294 )					<u>\$ 51,077,606</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 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
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>\$ 40,554</u>	<u>\$ 2,869</u>	<u>\$ 43,423</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 181,489</u>	<u>\$ 47,398</u>	<u>\$ 228,887</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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
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>\$ 1,707,107</u>	<u>\$ 380,533</u>	<u>\$ 2,087,640</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 120,258</u>	<u>\$ 25,079</u>	<u>\$ 145,337</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 MeadowView Conference Resort and Convention Center Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 5,945,274</u>	<u>\$ 646,696</u>	<u>\$ 6,591,970</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 2,456,518</u>	<u>\$ 584,037</u>	<u>\$ 3,040,555</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Business-type Activities (continued):

**Bonds Payable (continued)**

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 402,741</u>	<u>\$ 83,991</u>	<u>\$ 486,732</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 15,342	\$ 10,292	\$ 25,634
2025	16,127	9,525	25,652
2026	16,911	8,719	25,630
2027	17,783	7,873	25,656
2028	18,655	6,984	25,639
2029	19,439	6,051	25,490
2030	20,050	5,468	25,518
2031	14,471	4,866	19,337
2032	14,907	4,432	19,339
2033	15,342	3,985	19,327
2034	15,778	3,525	19,303
2035	16,214	3,130	19,344
2036	16,650	2,644	19,294
2037	17,173	2,145	19,318
2038	17,609	1,629	19,238
2039	18,132	1,101	19,233
2040	18,568	557	19,125
	<u>\$ 289,151</u>	<u>\$ 82,926</u>	<u>\$ 372,077</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 28,975	\$ 25,738	\$ 54,713
2025	30,144	24,289	54,433
2026	31,779	22,782	54,561
2027	33,415	21,193	54,608
2028	35,284	19,522	54,806
2029	36,453	17,758	54,211
2030	38,789	15,936	54,725
2031	40,659	13,996	54,655
2032	41,827	12,370	54,197
2033	43,229	11,115	54,344
2034	44,631	9,818	54,449
2035	45,799	8,479	54,278
2036	47,202	7,105	54,307
2037	48,370	6,161	54,531
2038	49,071	5,194	54,265
2039	50,473	4,212	54,685
2040	51,174	3,203	54,377
2041	52,109	2,179	54,288
2042	53,512	1,137	54,649
	<u>\$ 802,895</u>	<u>\$ 232,187</u>	<u>\$ 1,035,082</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 10,959	\$ 7,351	\$ 18,310
2025	11,519	6,803	18,322
2026	12,080	6,228	18,308
2027	12,702	5,624	18,326
2028	13,325	4,988	18,313
2029	13,885	4,322	18,207
2030	14,321	3,906	18,227
2031	10,336	3,476	13,812
2032	10,647	3,166	13,813
2033	10,959	2,846	13,805
2034	11,270	2,518	13,788
2035	11,582	2,236	13,818
2036	11,893	1,889	13,782
2037	12,266	1,532	13,798
2038	12,578	1,164	13,742
2039	12,951	786	13,737
2040	13,263	398	13,661
	<u>\$ 206,536</u>	<u>\$ 59,233</u>	<u>\$ 265,769</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 30,940	\$ 5,366	\$ 36,306
2025	31,725	4,748	36,473
2026	32,061	4,113	36,174
2027	32,846	3,472	36,318
2028	33,519	2,815	36,334
2029	34,079	2,145	36,224
2030	34,528	1,702	36,230
2031	34,976	1,201	36,177
2032	35,650	624	36,274
	<u>\$ 300,324</u>	<u>\$ 26,186</u>	<u>\$ 326,510</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 277,281</u>	<u>\$ 30,161</u>	<u>\$ 307,442</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 01, 2019 debt service requirements to maturity for the Storm Water Fund are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 240,518</u>	<u>\$ 50,160</u>	<u>\$ 290,678</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 23,670	\$ 4,105	\$ 27,775
2025	24,270	3,632	27,902
2026	24,527	3,147	27,674
2027	25,127	2,656	27,783
2028	25,642	2,153	27,795
2029	26,071	1,641	27,712
2030	26,414	1,302	27,716
2031	26,757	919	27,676
2032	27,272	477	27,749
	<u>\$ 229,750</u>	<u>\$ 20,032</u>	<u>\$ 249,782</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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
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>\$ 1,755,000</u>	<u>\$ 285,307</u>	<u>\$ 2,040,307</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 830,000</u>	<u>\$ 207,507</u>	<u>\$ 1,037,507</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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
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>\$ 6,380,382</u>	<u>\$ 762,773</u>	<u>\$ 7,143,155</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 131,669</u>	<u>\$ 30,173</u>	<u>\$ 161,842</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,965,000</u>	<u>\$ 547,230</u>	<u>\$ 2,512,230</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 01, 2019 debt service requirements to maturity for the Aquatic Center Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 219,654</u>	<u>\$ 45,809</u>	<u>\$ 265,463</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 9,578	\$ 1,661	\$ 11,239
2025	9,820	1,470	11,290
2026	9,925	1,273	11,198
2027	10,168	1,075	11,243
2028	10,376	871	11,247
2029	10,549	664	11,213
2030	10,688	527	11,215
2031	10,827	372	11,199
2032	11,035	193	11,228
	<u>\$ 92,966</u>	<u>\$ 8,106</u>	<u>\$ 101,072</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest *</u>	<u>Total</u>
2024	\$ 735,000	\$ 84,033	\$ 819,033
2025	735,000	55,011	790,011
2026	<u>658,196</u>	<u>25,989</u>	<u>684,185</u>
	<u>\$ 2,128,196</u>	<u>\$ 165,033</u>	<u>\$ 2,293,229</u>

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, 2023, to calculate an estimated annual effective interest rate of 03.949%.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 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
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>\$ 40,000</u>	<u>\$ 2,788</u>	<u>\$ 42,788</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 2,668,784</u>	<u>\$ 696,989</u>	<u>\$ 3,365,773</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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
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	182,655	2,740	185,395
	<u>\$ 1,868,921</u>	<u>\$ 355,146</u>	<u>\$ 2,224,067</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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
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>\$ 1,088,521</u>	<u>\$ 248,111</u>	<u>\$ 1,336,632</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 (Nov), issued November 04, 2016 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 2,477,574</u>	<u>\$ 589,044</u>	<u>\$ 3,066,618</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 929,526</u>	<u>\$ 213,166</u>	<u>\$ 1,142,692</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 3,364,541</u>	<u>\$ 965,689</u>	<u>\$ 4,330,230</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 01, 2019 debt service requirements to maturity for the Water Fund portion are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	248,865	25,537	274,402
2030	261,882	13,094	274,976
	<u>\$ 1,603,453</u>	<u>\$ 334,397</u>	<u>\$ 1,937,850</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 270,902	\$ 181,728	\$ 452,630
2025	284,755	168,183	452,938
2026	298,608	153,945	452,553
2027	314,000	139,014	453,014
2028	329,393	123,314	452,707
2029	343,246	106,845	450,091
2030	354,020	96,547	450,567
2031	255,510	85,927	341,437
2032	263,206	78,262	341,468
2033	270,902	70,365	341,267
2034	278,599	62,238	340,837
2035	286,295	55,273	341,568
2036	293,991	46,685	340,676
2037	303,226	37,865	341,091
2038	310,922	28,768	339,690
2039	320,157	19,440	339,597
2040	327,853	9,836	337,689
	<u>\$ 5,105,585</u>	<u>\$ 1,464,235</u>	<u>\$ 6,569,820</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 2020, issued November 20, 2020 debt service requirements to maturity for the Water Fund portion are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 216,121	\$ 37,485	\$ 253,606
2025	221,602	33,163	254,765
2026	223,951	28,731	252,682
2027	229,433	24,252	253,685
2028	234,131	19,663	253,794
2029	238,046	14,980	253,026
2030	241,178	11,886	253,064
2031	244,311	8,389	252,700
2032	249,009	4,358	253,367
	<u>\$ 2,097,782</u>	<u>\$ 182,907</u>	<u>\$ 2,280,689</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 48,177	\$ 42,793	\$ 90,970
2025	50,118	40,385	90,503
2026	52,838	37,879	90,717
2027	55,557	35,237	90,794
2028	58,666	32,459	91,125
2029	60,608	29,526	90,134
2030	64,493	26,495	90,988
2031	67,601	23,270	90,871
2032	69,544	20,566	90,110
2033	71,875	18,480	90,355
2034	74,206	16,324	90,530
2035	76,149	14,098	90,247
2036	78,480	11,813	90,293
2037	80,422	10,244	90,666
2038	81,588	8,635	90,223
2039	83,919	7,003	90,922
2040	85,084	5,325	90,409
2041	86,638	3,623	90,261
2042	88,970	1,891	90,861
	<u>\$ 1,334,933</u>	<u>\$ 386,046</u>	<u>\$ 1,720,979</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 2013, issued February 08, 2013 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>
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>\$ 9,880,000</u>	<u>\$ 1,329,495</u>	<u>\$ 11,209,495</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 Sewer Fund are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 5,980,218</u>	<u>\$ 1,561,816</u>	<u>\$ 7,542,034</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 Sewer Fund are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 4,526,080</u>	<u>\$ 860,079</u>	<u>\$ 5,386,159</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 2,358,455</u>	<u>\$ 537,573</u>	<u>\$ 2,896,028</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 (Nov), issued November 04, 2016 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>
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>\$ 5,228,876</u>	<u>\$ 1,243,166</u>	<u>\$ 6,472,042</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 8,030,474</u>	<u>\$ 1,841,608</u>	<u>\$ 9,872,082</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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:

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 1,110,459</u>	<u>\$ 318,724</u>	<u>\$ 1,429,183</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 01, 2019 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>
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>\$ 2,405,180</u>	<u>\$ 501,596</u>	<u>\$ 2,906,776</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 161,752	\$ 108,507	\$ 270,259
2025	170,024	100,420	270,444
2026	178,295	91,918	270,213
2027	187,486	83,004	270,490
2028	196,676	73,629	270,305
2029	204,948	63,796	268,744
2030	211,381	57,647	269,028
2031	152,562	51,306	203,868
2032	157,157	46,729	203,886
2033	161,752	42,014	203,766
2034	166,348	37,162	203,510
2035	170,943	33,003	203,946
2036	175,538	27,875	203,413
2037	181,052	22,609	203,661
2038	185,647	17,177	202,824
2039	191,162	11,607	202,769
2040	195,757	5,873	201,630
	<u>\$ 3,048,480</u>	<u>\$ 874,276</u>	<u>\$ 3,922,756</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 2020, issued November 20, 2020 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>
2024	\$ 244,330	\$ 42,378	\$ 286,708
2025	250,527	37,491	288,018
2026	253,183	32,481	285,664
2027	259,380	27,417	286,797
2028	264,691	22,230	286,921
2029	269,118	16,936	286,054
2030	272,659	13,437	286,096
2031	276,199	9,484	285,683
2032	281,510	4,926	286,436
	<u>\$ 2,371,597</u>	<u>\$ 206,780</u>	<u>\$ 2,578,377</u>



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 221,505	\$ 196,756	\$ 418,261
2025	230,435	185,681	416,116
2026	242,939	174,159	417,098
2027	255,443	162,012	417,455
2028	269,734	149,240	418,974
2029	278,665	135,753	414,418
2030	296,529	121,820	418,349
2031	310,819	106,994	417,813
2032	319,751	94,561	414,312
2033	330,469	84,968	415,437
2034	341,187	75,054	416,241
2035	350,118	64,819	414,937
2036	360,836	54,315	415,151
2037	369,768	47,099	416,867
2038	375,127	39,703	414,830
2039	385,844	32,201	418,045
2040	391,202	24,484	415,686
2041	398,348	16,660	415,008
2042	409,068	8,693	417,761
	<u>\$ 6,137,787</u>	<u>\$ 1,774,972</u>	<u>\$ 7,912,759</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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

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

Business-type Activities (continued):

Long-term liability activity for the year ended June 30, 2023, 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
2024	\$ 8,879,333	\$ 3,337,372	\$ 12,216,705
2025	9,090,980	2,987,560	12,078,540
2026	9,323,709	2,638,754	11,962,463
2027	8,954,237	2,296,057	11,250,294
2028	9,155,107	1,987,451	11,142,558
Next Five Years	35,095,156	5,833,365	40,928,521
Next Five Years	16,627,783	1,571,261	18,199,044
Next Five Years	3,234,184	160,209	3,394,393
	<u>\$ 100,360,489</u>	<u>\$ 20,812,029</u>	<u>\$ 121,172,518</u>

The total on the statement of net position has been adjusted by net premiums and discounts of \$6,649,851.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental activities:</b>					
General Obligation Debt	\$ 107,925,053	\$ 0	\$ (9,282,345)	\$ 98,642,708	\$ 9,620,668
Plus: Net Premiums and discounts	<u>7,843,304</u>	<u>0</u>	<u>(835,854)</u>	<u>7,007,450</u>	<u>0</u>
Total Bonds Payable	115,768,357	0	(10,118,199)	105,650,158	9,620,668
Notes Payable-State	317,960	0	(77,374)	240,586	77,374
Capital Outlay Note	1,833,333	0	(166,667)	1,666,666	166,667
School Energy Efficiency Note 2010	1,016,778	0	(433,616)	583,162	436,801
School Energy Efficiency Note 2021	2,637,159	218,574	(57,388)	2,798,345	172,776
Hud 108 Note	<u>383,000</u>	<u>0</u>	<u>(43,000)</u>	<u>340,000</u>	<u>43,000</u>
Total Governmental Activities	<u>\$ 121,956,587</u>	<u>\$ 218,574</u>	<u>\$ (10,896,244)</u>	<u>\$ 111,278,917</u>	<u>\$ 10,517,286</u>
<b>Business-type activities:</b>					
General Obligation Debt	\$ 108,938,143	\$ 0	\$ (8,577,654)	\$ 100,360,489	\$ 8,879,333
Local Option Sales Tax					
Revenue and Tax Bonds	0	0	0	0	0
Water and Sewer Revenue					
and Tax Bonds	0	0	0	0	0
Plus: Net Premiums and discounts	<u>7,350,971</u>	<u>0</u>	<u>(701,120)</u>	<u>6,649,851</u>	<u>0</u>
Total Bonds Payable	116,289,114	0	(9,278,774)	107,010,340	8,879,333
State Revolving Note	<u>10,712,737</u>	<u>891,500</u>	<u>(620,844)</u>	<u>10,983,393</u>	<u>680,820</u>
Total Business-type Activities	<u>\$ 127,001,851</u>	<u>\$ 891,500</u>	<u>\$ (9,899,618)</u>	<u>\$ 117,993,733</u>	<u>\$ 9,560,153</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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, 2023.

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

In October, 2019 the IDBK entered into a construction loan agreement in the amount of \$1,800,000 to build a Miracle League Ball Field, which is specifically designed for safe use by special needs children and adults. The loan bears interest at a rate per annum of 3.25% and matures July, 2030. The loan will be paid from donations raised privately in the community, as well as through lease payments made by the City of Kingsport. In FY2023, the City of Kingsport received an award from the State of Tennessee for the Miracle Field Project. The State agreed for the \$250,000 award to be used to pay down the construction loan. The outstanding balance on this loan as of June 30, 2023 was \$608,000.

In June, 2020 a consolidation loan was issued in the amount of \$6,640,000 for Anita's Snack Foods. This loan will replace two loans for properties in use by Anita's Snack Foods. The original loan issued on May 15, 2015 for \$6,540,000 that was used to purchase 33.75 acres and to construct an industrial building for lease to Pure Foods. In February 2017, Pure Foods, Inc. filed for Chapter 11 Bankruptcy. In May 2018, the IDBK entered into a lease agreement with Anita's Snack Foods Corp for this property. The second loan being consolidated was originally issued in March, 2019. This was a construction loan agreement known as the Anita's Snack Foods Loan, and was issued in the amount of \$1,900,000 for the purposes of expansion. As a condition of providing the consolidation loan, the IDBK has entered into a negative pledge agreement. IDBK has agreed not to encumber or otherwise transfer any interest in the property while the loan is outstanding. At June 20, 2023 the outstanding principle balance on the loan was \$6,118,647.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

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

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

**Discretely presented component units**

**Industrial Development Board (IDBK) (continued)**

Amortization of the Anita's Loan is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 272,928	\$ 191,952	\$ 464,880
2025	282,297	182,583	464,880
2026	291,446	173,434	464,880
2027	300,891	163,989	464,880
2028	310,223	154,657	464,880
2029	320,696	144,184	464,880
2030	4,340,166	133,790	4,473,956
	<u>\$ 6,118,647</u>	<u>\$ 1,144,589</u>	<u>\$ 7,263,236</u>

**Changes in Long-Term Liabilities – IDBK**

Long-term liability activity for IDBK for the year ended June 30, 2023, was as follows:

Component Unit - IDBK	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Loans Payable:					
General Shale Loan	\$ 3,289,320	\$ 0	\$ (589)	\$ 3,288,731	\$ 0
Miracle Field Loan	1,127,500	0	(519,500)	608,000	0
Anita's Loan	6,383,916	0	(265,269)	6,118,647	256,558
Total Loans Payable	<u>\$ 10,800,736</u>	<u>\$ 0</u>	<u>\$ (785,358)</u>	<u>\$ 10,015,378</u>	<u>\$ 256,558</u>

**Emergency Communications District (ECD)**

The ECD, a discretely presented component unit of the City, reports no long-term liabilities at June 30, 2023.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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, 2023, the estimated remaining useful life of the landfill cell is 23 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 2022 financial assurance amount of, \$2,275,158, was adjusted for inflation by 7.30%, resulting in an amended amount of \$2,441,245 at June 30, 2023.

The City's demolition landfill has over 100 acres and has room for several cells to be constructed, used, and then closed. Costs to open and construct a new cell are capitalized and depreciated over the expected life of the cell. While a cell is being used closing and post-closing costs are accrued. The amount accrued should equal the amount needed to close the cell when it is full. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As of 06/30/2023 the demolition landfill was at 16.07% capacity.

The current open cell being used by the City is expected to last an additional 10 years. Estimated post closure costs of \$406,874 are included in long-term liabilities.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**5. OTHER INFORMATION**

**A. Risk management**

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

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

An actuarial study for workers compensation and public liability was conducted for the period ended June 30, 2023. The estimated reserve requirements were as follows:

**ESTIMATED REQUIRED RESERVES**

	<u>Low</u>	<u>Expected</u>	<u>High</u>
Workers Compensation *	\$ 2,204,315	\$ 2,449,239	\$ 2,694,163
Public Liability *	\$ 587,540	\$ 652,822	\$ 718,104

\* Calculation utilizes U.S. Treasury yields as of June 30, 2023

Liabilities have been accrued to reflect the discounted expected claims of \$2,449,239 for workers compensation and \$652,822 for public liability, at June 30, 2023. The Insurance Reserve Fund has total assets of \$7,398,653 at June 30, 2023. 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</u> <u>June 30, 2023</u>	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Year Ended</u> <u>June 30, 2019</u>
Claims Accrued, Beginning	\$ 2,664,299	\$ 2,544,907	\$ 2,592,317	\$ 2,399,771	\$ 2,268,885
Claims Incurred	224,917	956,600	657,310	1,074,299	831,313
Claims Paid	<u>(439,977)</u>	<u>(837,208)</u>	<u>(704,720)</u>	<u>(881,753)</u>	<u>(700,427)</u>
Claims Accrued, Ending	<u><u>\$ 2,449,239</u></u>	<u><u>\$ 2,664,299</u></u>	<u><u>\$ 2,544,907</u></u>	<u><u>\$ 2,592,317</u></u>	<u><u>\$ 2,399,771</u></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, 2023**

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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, 2023</u>	Year Ended <u>June 30, 2022</u>	Year Ended <u>June 30, 2021</u>	Year Ended <u>June 30, 2020</u>	Year Ended <u>June 30, 2019</u>
Claims Accrued, Beginning	\$ 656,435	\$ 783,678	\$ 882,885	\$ 761,393	\$ 802,303
Claims Incurred	308,728	192,789	95,451	499,175	153,810
Claims Paid	<u>(312,341)</u>	<u>(320,032)</u>	<u>(194,658)</u>	<u>(377,683)</u>	<u>(194,720)</u>
Claims Accrued, Ending	<u>\$ 652,822</u>	<u>\$ 656,435</u>	<u>\$ 783,678</u>	<u>\$ 882,885</u>	<u>\$ 761,393</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.



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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, 2023 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, 2023, the water fund and sewer fund had arbitrage rebate liabilities recorded of \$40,037 and \$97,473, respectively. These arbitrage rebate liabilities are not directly related to any bond issue, however they are recorded in anticipation of future liabilities.

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

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

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

The capital outlay notes and the bonds are secured by the assignment of revenue derived from property sales in the industrial park. The SCEDP is responsible for making the bond payments, funded primarily from the sale of land in the industrial park. In the event that SCEDP is financially unable to repay these debt issues, the City is responsible for a 31% portion of the debt. During the fiscal year 2023, there were no property sales in the industrial park, resulting in no reduction of the City's 31% proportionate share of the debt. The current and prior residual net proceeds from property sales, were not sufficient for the SCEDP to make the total amount of the annual debt service payments at their time of maturity. Therefore, the City recorded an expenditure of \$279,535 for the repayment of the associated debt principal and interest. As of June 30, 2023, a total of \$6,640,000 of principal debt was outstanding, with \$2,058,400 representing the City's 31% contingent share.

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**5. OTHER INFORMATION (CONTINUED)**

**B. Contingencies (continued)**

**Primary government (continued)**

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

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

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

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

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

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

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

**B. Contingencies (continued)**

**Primary government (continued)**

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

**Component Unit – Industrial Development Board**

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

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

On June 15, 2020, the IDBK closed on a loan totaling \$6,640,000 in order to consolidate two previously held loans. The first loan for \$6,540,000 was used for the acquisition of 33.75 acres for industrial development and an industrial building that is leased by Anita's Snack Foods. The second loan for \$1,900,000 was used for the construction of a warehouse for Anita's Snack Foods. The construction of the warehouse is now complete and the Lender has determined that it is appropriate to consolidate the two loans. At the time of consolidation the acquisition loan balance was \$4,740,075 and the expansion loan balance was \$1,899,661. The outstanding principal balance under the loan consolidation note shall bear interest at a fixed rate of 3.15% per annum. The maturity date of the loan will be June 15, 2030. At June 30, 2023 the outstanding principal balance on the loan was \$6,118,647. IDBK has entered into a negative pledge agreement. IDBK has agreed they will not encumber or otherwise transfer any interest in the property while the loan is outstanding.

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**5. OTHER INFORMATION (CONTINUED)**

**B. Contingencies (continued)**

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

In October, 2019 the IDBK entered into a construction loan agreement in the amount of \$1,800,000 to build a Miracle League Ball Field, which is specifically designed for safe use by special needs children and adults. The loan bears interest at a rate per annum of 3.25% and matures July, 2030. The loan will be paid from donations raised privately in the community, as well as through lease payments made by the City of Kingsport. The outstanding balance on this loan as of June 30, 2023 was \$608,000.

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

In November, 2022 the IDBK was named as a defendant along with Domtar Paper Company, LLC in a lawsuit brought by a construction contractor. IDBK was named due to the fact that the property is listed in their name during the PILOT period. IDBK is not expected to have any liability as a result of the lawsuit and has been indemnified by Domtar.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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, 2023 is \$1,295,000, 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
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>\$ 1,295,000</u>	<u>\$ 387,364</u>	<u>\$ 1,682,364</u>

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

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving bene	1,018
Inactive employees entitled to but not yet receiving benefits	719
Active employees	445
	<u>2,182</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, 2023**

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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, 2023, the Actuarially Determined Contribution (ADC) for the City was \$6,270,520 based on an aggregate employer rate of 25.61 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 24.53 percent and the employer rate for public safety officers was 28.03 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 (asset)**

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

**Actuarial assumptions**

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

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

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

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

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased

**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 – City of Kingsport (continued)**

**Actuarial assumptions (continued)**

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.

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

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

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

**Discount rate**

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



**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**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 6/30/21</b>	\$ 254,036,494	\$ 254,042,541	\$ (6,047)
<b>Changes for the year:</b>			
Service Cost	2,428,098	0	2,428,098
Interest	16,853,422	0	16,853,422
Differences between expected and actual experience	8,821,594	0	8,821,594
Changes in Assumptions	0		0
Contributions by employer	0	5,194,398	(5,194,398)
Contributions by employees	0	109,242	(109,242)
Net Investment income	0	(9,559,711)	9,559,711
Benefit payments, including refunds of employee contributions	(13,568,542)	(13,568,542)	0
Administrative expense	0	(46,945)	46,945
<b>Net Changes</b>	<u>14,534,572</u>	<u>(17,871,558)</u>	<u>32,406,130</u>
<b>Balance at 6/30/22</b>	<u>\$ 268,571,066</u>	<u>\$ 236,170,983</u>	<u>\$ 32,400,083</u>

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

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

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
City's Net Pension Liability	<u>\$ 65,103,294</u>	<u>\$ 32,400,083</u>	<u>\$ 5,044,786</u>

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

**Pension expense**

For the year ended June 30, 2023, the City recognized pension expense (income) of \$6,917,044

**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 – City of Kingsport (continued)**

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

For the year ended June 30, 2023, 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	\$ 5,881,063	\$ 1,610,120
Net difference between projected and actual earning on pension plan investments	120,297	0
Changes in Assumptions	4,461,723	0
Contributions subsequent to the measurement date June 30, 2022	6,270,520	(not applicable)
	<u>\$ 16,733,603</u>	<u>\$ 1,610,120</u>

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

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:**

2024	\$ 4,327,573
2025	1,551,504
2026	(2,311,522)
2027	5,285,408
2028	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, 2023, the City reported a payable of \$674,610 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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.

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

**Contributions**

A mandatory employee contribution equal to 5% of compensation is required from each participant. An employer matching contribution equal to 5% of the employee's compensation is currently made by the City. Employees may make voluntary contributions to the plan up to the Internal Revenue Service code annual maximum. Voluntary contributions made by the employee receive an equal matching contribution made by the City, which is currently up to a maximum of 3%. Contribution requirements may be amended at the discretion of the City's BMA, by resolution and subject to applicable federal laws governing such plans. During the year ended June 30, 2022, \$72,790 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 City contributions for the year ended June 30, 2023 were \$1,396,497.

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

**Plan description**

Beginning January 1, 2023, the City of Kingsport Hybrid Plan with Cost Controls (Kingsport Hybrid WCC) became effective for employees employed by the City of Kingsport on January 1, 2023. Employees that were on the previous defined contribution plan had the option to join the Kingsport Hybrid WCC Plan or remain on their current defined contribution plan. The Kingsport Hybrid WCC 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>.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

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

**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 Kingsport Hybrid WCC Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is 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 Kingsport Hybrid WCC Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls, and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

The City adopted the bridge benefit for public safety personnel.

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the City Police and Fire Plan are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested pursuant to the rule of 80. Members are vested with five years of service credit. Service related to disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 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 City Police and Fire Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls, and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

**CITY OF KINGSPORT, TENNESSEE**  
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**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

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

**Contributions**

Contributions for regular employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the City Regular Plan are required to be paid. The TCRS may intercept the state shared taxes of the City if the required employer contributions are not remitted. Amounts paid by the City for the year ended June 30, 2023 to the Kingsport Hybrid WCC Plan total \$423,772, which is 4 percent of covered payroll. Of this amount \$278,228 is considered employer contributions, while the remaining \$145,544 is an increase to the Stabilization Reserve Trust. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension liabilities**

Since the measurement date is June 30, 2022, which is prior to the January 1, 2023 inception of the City Regular Plan, there is not a net pension liability to report at June 30, 2023 for the Kingsport Hybrid WCC Plan.

**Pension expense**

Since the measurement date is June 30, 2022, the City did not recognize a pension expense at June 30, 2023 for the Kingsport Hybrid WCC Plan.

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

For the year ended June 30, 2023, the City reported deferred outflows of resources related to pensions from the following sources:

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Contributions subsequent to the measurement date June 30, 2022	\$ 278,228	(not applicable)
	<u>\$ 278,228</u>	<u>\$ 0</u>

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

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**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

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

**Payable to the pension plan**

At June 30, 2023, the City reported a payable of \$59,137 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

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

**Plan description**

Teachers employed by Kingsport City Schools with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a 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-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, 2023 to the Teacher Legacy Pension Plan were \$2,578,738 which is 8.69 percent of covered payroll. The employer rate, when combined with member contributions, is expected

**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 Legacy Pension Plan - Kingsport City (continued)**

**Contributions (continued)**

to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net pension liability (asset)**

At June 30, 2023, the Kingsport City Schools reported an asset of (\$11,434,331) for its proportionate share of the net pension liability (asset). The net pension asset was measured as of June 30, 2022, 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, 2022, Kingsport City Schools' proportion was 0.932345 percent. The proportion measured as of June 30, 2021 was 0.948432 percent.

**Pension expense (negative pension expense)**

For the year ended June 30, 2023, Kingsport City Schools recognized pension expense of \$128,013.

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

For the year ended June 30, 2023, 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	\$ 1,880,905	\$ 1,932,055
Changes in assumptions	7,163,058	0
Net difference between projected and actual earnings on pension plan investments	195,522	0
Changes in proportion of Net Pension Liability (Asset)	202,777	60,808
Kingsport City Schools contributions subsequent to the measurement date of June 30, 2022	2,578,738	(not applicable)
	<u>\$ 12,021,000</u>	<u>\$ 1,992,863</u>

**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 Legacy Pension Plan - Kingsport City (continued)**

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

Kingsport City Schools employer contributions of \$2,578,738 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, 2024. 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:**

2024	\$ 1,167,006
2025	2,172,539
2026	(1,925,177)
2027	6,035,031
2028	0
Thereafter	0

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

**Actuarial assumptions**

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

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

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

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

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



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**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

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

**Actuarial assumptions (continued)**

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

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

**Discount rate**

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

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

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Kingsport City Schools' proportionate share of the net pension liability (asset)	\$ 22,647,469	\$ (11,434,331)	\$ (39,822,206)

**Pension plan fiduciary net position**

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

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

**D. Retirement Plans (continued)**

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

**Payable to the pension plan**

At June 30, 2023, Kingsport City Schools reported a payable of \$449,999 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

**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

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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)**

the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Amounts paid by Kingsport City Schools for the year ended June 30, 2023 to the Teacher Retirement Plan total \$534,602, which is 4 percent of covered payroll. Of this amount \$388,855 is considered employer contributions, while the remaining \$145,747 is an increase to the Stabilization Reserve Trust. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net pension liability (asset)**

At June 30, 2023, Kingsport City Schools reported an asset of (\$187,819) for its proportionate share of the net pension liability (asset). The net pension asset was measured as of June 30, 2022, 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, 2022 Kingsport City Schools' proportion was 0.620016 percent. The proportion measured as of June 30, 2021 was 0.613552 percent.

**Pension expense (negative pension expense)**

For the year ended June 30, 2023, Kingsport City Schools recognized pension expense of \$268,016.

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

For the year ended June 30, 2023, Kingsport City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**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)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 10,270	\$ 114,112
Net difference between projected and actual earnings on pension plan investments	59,201	0
Changes in assumptions	220,020	0
Changes in proportion of Net Pension Liability (Asset)	45,330	21,151
Kingsport City Schools contributions subsequent to the measurement date of June 30, 2022	<u>388,855</u>	<u>(not applicable)</u>
	<u><u>\$ 723,676</u></u>	<u><u>\$ 135,263</u></u>

Kingsport City Schools' employer contributions of \$388,855 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, 2024. 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:**

2024	\$ 6,891
2025	7,493
2026	(2,235)
2027	100,880
2028	13,457
Thereafter	73,072

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

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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**

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

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

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

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

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

**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)**

**Discount rate**

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

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

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

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Kingsport City Schools' proportionate share of the net pension liability (asset)	\$ 985,938	\$ (187,819)	\$ (1,045,022)

**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, 2023, Kingsport City Schools reported a payable of \$69,905 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

**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.

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**5. OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (continued)**

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

**Contributions**

An employer contribution equal to 5% of the teacher's compensation is made by the Kingsport City Schools. Teachers are automatically enrolled in the plan when hired with an employee contribution rate of 2 percent. Teachers have the ability to opt out of employee contribution portion within 30 days of hire date. Teachers may make voluntary contributions to the plan up to the Internal Revenue Service code annual maximum. Total employer contributions for the year ended June 30, 2023 were \$1,003,413.

**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	11,434,331	0	11,434,331
Defined Benefit Teacher Retirement	187,819	0	187,819
Total Net Pension Asset	<u>\$ 11,622,150</u>	<u>\$ 0</u>	<u>\$ 11,622,150</u>
<b>Deferred Outflows Related to Pensions</b>			
Defined Benefit City of Kingsport	\$ 13,933,797	2,799,806	\$ 16,733,603
Defined Benefit Teacher Legacy	12,021,000	0	12,021,000
Defined Benefit Teacher Retirement	723,676	0	723,676
Defined Benefit City of Kingsport Hybrid WCC	235,533	42,695	278,228
Total Deferred Outflows Related to Pension	<u>\$ 26,914,006</u>	<u>\$ 2,842,501</u>	<u>\$ 29,756,507</u>
<b>Net Pension Liability</b>			
Defined Benefit City of Kingsport	\$ 26,979,018	\$ 5,421,065	\$ 32,400,083
Defined Benefit Teacher Legacy	0	0	0
Defined Benefit Teacher Retirement	0	0	0
Total Net Pension Liability	<u>\$ 26,979,018</u>	<u>\$ 5,421,065</u>	<u>\$ 32,400,083</u>
<b>Deferred Inflows Related to Pensions</b>			
Defined Benefit City of Kingsport	\$ 1,340,723	\$ 269,397	\$ 1,610,120
Defined Benefit Teacher Legacy	1,992,863	0	1,992,863
Defined Benefit Teacher Retirement	135,263	0	135,263
Total Deferred Inflows Related to Pensions	<u>\$ 3,468,849</u>	<u>\$ 269,397</u>	<u>\$ 3,738,246</u>
<b>Net Pension Expense</b>			
Defined Benefit City of Kingsport	\$ 5,759,708	\$ 1,157,336	\$ 6,917,044
Defined Benefit Teacher Legacy	128,013	0	128,013
Defined Benefit Teacher Retirement	268,016	0	268,016
Total Net Pension Expense	<u>\$ 6,155,737</u>	<u>\$ 1,157,336</u>	<u>\$ 7,313,073</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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, 2023 was as follows:

Active employees - health & life insurance benefits	609
Active employees - life insurance benefit only	143
Retired employees - health & life insurance benefits	88
Retired employees - life insurance benefit only	<u>319</u>
Total	<u>1,159</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 \$29,029,991 was measured as of June 30, 2023 and was determined based on an actuarial valuation performed as of June 30, 2023.

**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, 2023
<b>Discount Rate</b>	4.09% as of June 30, 2022 and 4.13% as of June 30, 2023
<b>Payroll Growth</b>	Payroll growth rates are based on the Tennessee Consolidated Retirement System (TCRS) actuarial valuation as of June 30, 2021
<b>Inflation Rate</b>	3.00% per year
<b>Cost Method</b>	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: - Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and - Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.
<b>Census Data</b>	June 30, 2022
<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>	SSA-Pub-2010 Total Dataset Mortality Table fully generational using Scale MP-2021
<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, 2023**

**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>
	2023	Actual*	2027	5.5%
	2024	7.0%	2028	5.0%
	2025	6.5%	2029+	4.5%
	2026	6.0%		
<b>Retiree Contributions</b>	Retiree contributions are assumed to increase according to health care trend rates. All retirees are assumed to qualify for the wellness rate.			
<b>Per Capita Costs</b>	Annual per capita costs were calculated based on City paid claims experience for the 12-month period ending June 30, 2022 plus administrative expenses, actuarially increased using health index factors and current enrollment. The costs are assumed to increase with health care trend rates.			
<b>Explicit Subsidy</b>	The difference between the premium rate and the retiree contribution.			
<b>Implicit Subsidy</b>	The difference between the per capita cost and the premium rate.			
<b>Experience Study</b>	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, 2024 valuation.			

**Changes in the total OPEB liability**

Balance at June 30, 2022	<u>\$ 30,248,717</u>
Changes for the year:	
Service cost	983,079
Interest	1,260,781
Benefit changes	0
Differences between expected and actual experience	(2,551,084)
Assumption or other input changes	(91,538)
Benefit payments	<u>(819,964)</u>
Net changes	<u>(1,218,726)</u>
Balance at June 30, 2023	<u><u>\$ 29,029,991</u></u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**5. OTHER INFORMATION (CONTINUED)**

**D. Other Postemployment Benefits (OPEB) (continued)**

**Postemployment Health and Life Insurance Plans – City of Kingsport (continued)**

**Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current discount rate:

	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
Total OPEB liability	<u>\$ 31,457,810</u>	<u>\$ 29,029,991</u>	<u>\$ 26,875,235</u>

**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 (6.00%) or one percentage point higher (8.00%) than the current healthcare cost trend rates:

	<b>1% Decrease (6.00%)</b>	<b>Current Healthcare Cost Trend Rates (7.00%)</b>	<b>1% Increase (8.00%)</b>
Total OPEB liability	<u>\$ 26,800,417</u>	<u>\$ 29,029,991</u>	<u>\$ 31,588,951</u>

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$924,765. At June 30, 2023, 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	\$ 3,225,214	\$ (7,640,477)
Changes in Assumptions	1,978,404	(3,435,786)
Contributions subsequent to the measurement date	0	(not applicable)
Net difference between projected and actual earnings in OPEB plan investments	<u>0</u>	<u>0</u>
	<u>\$ 5,203,618</u>	<u>\$ (11,076,263)</u>

**CITY OF KINGSPORT, TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2023**

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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:**

2022	\$ (1,319,095)
2023	(1,319,100)
2024	(816,547)
2025	(806,626)
2026	(394,118)
Thereafter	(1,217,159)

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, 2023**

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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, 2022, the following employees of KCS were covered by the benefit terms of the TGOP.

Inactive employees currently receiving benefit payments	81
Inactive employees entitled to but not yet receiving benefit payments	2
Active employees eligible for future benefits	580
Active employees not eligible for future benefits*	<u>22</u>
Total*	<u><u>685</u></u>

\*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 \$851,087 to the TGOP for OPEB benefits as they came due.

**Total OPEB liability**

The KCS collective total OPEB liability of \$19,316,795 was measured as of June 30, 2022 and was determined based on an actuarial valuation performed as of June 30, 2023, of which \$14,069,330 (72.83%) and \$5,247,465 (27.17%) represented the KCS and non-employer contributor's proportionate share respectively.

**Actuarial Methods and Assumptions**

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

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	8.37% for 2023, decreasing annually to an ultimate rate of 4.50% for 2030 and later years.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**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, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2020 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2020. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2020.

**Discount rate** - The discount rate used to measure the total OPEB liability was 3.54 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**

**Changes in the Total OPEB Liability**

Balance at June 30, 2021	<u>\$ 21,772,541</u>
Changes for the year:	
Service cost	1,216,514
Interest	484,881
Benefit changes	(2,724,125)
Differences between expected and actual experience	1,398,161
Assumption or other input changes	(1,743,631)
Benefit payments	<u>(1,087,546)</u>
Net changes	<u>(2,455,746)</u>
Balance at June 30, 2022	<u><u>\$ 19,316,795</u></u>
Non-employer contributing entities proportionate share of the collective total OPEB liability	<u><u>\$ 5,247,465</u></u>
Employer's proportionate share of the collective total OPEB liability	<u><u>\$ 14,069,330</u></u>
Employer's proportion of the collective total OPEB liability	<u><u>72.83%</u></u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**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. The proportion changed (2.81%) from the prior measurement date. KCS recognized (\$80,903) 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 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2022. This change in assumption decreased the total OPEB liability.

**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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate.

	<b>1% Decrease (2.54%)</b>	<b>Current Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Proportionate share of collective total OPEB liability	\$ 15,062,594	\$ 14,069,330	\$ 13,129,085

**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 (7.37% decreasing to 3.50%) or 1-percentage-point higher (9.37% decreasing to 5.50%) than the current healthcare cost trend rate.

	<b>1% Decrease (7.37%/7.99% decreasing to 3.50%)</b>	<b>Current Healthcare Cost Trend Rates (8.37%/8.99% decreasing to 4.50%)</b>	<b>1% Increase (9.37%/9.99% decreasing to 5.50%)</b>
Proportionate share of collective total OPEB liability	\$ 12,717,736	\$ 14,069,330	\$ 15,640,540

**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)**

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

For the fiscal year ended June, 30, 2023, KCS recognized OPEB expense of (\$1,061,138). For the fiscal year ended June, 30, 2023, KCS reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 5,067,215	\$ (4,722,919)
Changes in Assumptions	1,327,609	(1,959,417)
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.	61,930	(1,367,818)
Employer payments subsequent to the measurement date	851,087	0
	<u>\$ 7,307,841</u>	<u>\$ (8,050,154)</u>

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:**

2024	(235,333)
2025	(235,333)
2026	(235,333)
2027	(222,572)
2028	(171,539)
Thereafter	(493,290)

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**  
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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, 2022, the following employees of KCS were covered by the benefit terms of the TNP.

Inactive employees currently receiving benefit payments	347
Inactive employees entitled to but not yet receiving benefit payments	108
Active employees	<u>608</u>
Total	<u><u>1,063</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 \$391,284 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, 2023**

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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 \$22,822,680 was measured as of June 30, 2022 and was determined based on an actuarial valuation performed as of June 30, 2023, of which \$20,377,954 (89.29%) and \$2,444,696 (10.71%) represented the KCS and non-employer contributor's proportionate share respectively.

**Actuarial Methods and Assumptions**

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

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	8.99% for 2023, decreasing annually to an ultimate rate of 4.50% for 2029 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, 2022, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2020. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2020.

**Discount rate** - The discount rate used to measure the total OPEB liability was 3.54 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, 2023**

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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)**

**Changes in collective total OPEB liability**

**Changes in the Total OPEB Liability**

Balance at June 30, 2021	<u>\$ 28,283,243</u>
Changes for the year:	
Service cost	1,085,818
Interest	629,920
Benefit changes	0
Differences between expected and actual experience	376,833
Assumption or other input changes	(7,138,730)
Benefit payments	<u>(414,404)</u>
Net changes	<u>(5,460,563)</u>
Balance at June 30, 2022	<u><u>\$ 22,822,680</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	<u><u>\$ 2,444,696</u></u>
Employer's proportionate share of the collective total OPEB liability	<u><u>\$ 20,377,984</u></u>
Employer's proportion of the collective total OPEB liability	<u><u>89.29%</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. The proportion changed (.40%) from the prior measurement date. KCS recognized (\$27,832) 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 2.16% as of the beginning of the measurement period to 3.54% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**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 (2.54%) or 1-percentage-point higher (4.54 %) than the current discount rate.

	<b>1% Decrease (2.54%)</b>	<b>Current Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Proportionate share of collective total OPEB liability	\$ 24,704,301	\$ 20,377,984	\$ 16,999,698

**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 (7.99% decreasing to 3.50%) or 1-percentage-point higher (9.99% increasing to 5.50%) than the current healthcare cost trend rate.

	<b>1% Decrease (7.99% decreasing to 3.50%)</b>	<b>Current Healthcare Cost Trend Rates (8.99% decreasing to 4.50%)</b>	<b>1% Increase (9.99% decreasing to 5.50%)</b>
Proportionate share of collective total OPEB liability	\$ 16,648,088	\$ 20,377,984	\$ 25,343,004

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**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, 2023, KCS recognized OPEB expense of (\$695,246). For the fiscal year ended June, 30, 2023, KCS reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TNP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 924,861	\$ (2,861,486)
Changes in Assumptions	6,662,983	(13,471,977)
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.	492,541	(593,565)
Employer payments subsequent to the measurement date	391,284	0
	<u>\$ 8,471,669</u>	<u>\$ (16,927,028)</u>

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:**

2024	(2,199,367)
2025	(2,199,367)
2026	(1,551,619)
2027	(709,391)
2028	(1,639,312)
Thereafter	(547,587)

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, 2023

**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	\$ 4,235,230	\$ 968,388	\$ 5,203,618
Post Employment City Schools Pre 65	7,307,841	0	7,307,841
Post Employment City Schools Post 65	8,471,669	0	8,471,669
Total Deferred Outflows Related to OPEB	<u>\$ 20,014,740</u>	<u>\$ 968,388</u>	<u>\$ 20,983,128</u>
<b>Net OPEB Liability</b>			
Post Employment City of Kingsport	\$ 23,627,536	\$ 5,402,455	\$ 29,029,991
Post Employment City Schools Pre 65	14,069,330	0	14,069,330
Post Employment City Schools Post 65	20,377,984	0	20,377,984
Total Net OPEB Liability	<u>\$ 58,074,850</u>	<u>\$ 5,402,455</u>	<u>\$ 63,477,305</u>
<b>Deferred Inflows Related to OPEB</b>			
Post Employment City of Kingsport	\$ 9,014,981	\$ 2,061,282	\$ 11,076,263
Post Employment City Schools Pre 65	8,050,154	0	8,050,154
Post Employment City Schools Post 65	16,927,028	0	16,927,028
Total Deferred Inflows Related to OPEB	<u>\$ 33,992,163</u>	<u>\$ 2,061,282</u>	<u>\$ 36,053,445</u>
<b>Net OPEB Expense</b>			
Post Employment City of Kingsport	\$ 752,667	\$ 172,098	\$ 924,765
Post Employment City Schools Pre 65	(1,061,138)	0	(1,061,138)
Post Employment City Schools Post 65	(695,246)	0	(695,246)
Total OPEB Expense	<u>\$ (1,003,717)</u>	<u>\$ 172,098</u>	<u>\$ (831,619)</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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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 OPEB Plan**

The State of Tennessee made contribution (on-behalf payments) for retired teachers who participated in the State-administered Teacher Group OPEB Plan through TCRS. The on-behalf payments for fiscal year 2022 was \$319,008 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 2022, on-behalf payments made by the State of Tennessee totaled, \$46,941, and have been recorded as revenue and expenditure in the general purpose school fund.

During the year ended June 30, 2023, Kingsport City Schools contributed \$994,834 to the Medicare Supplement plan.

**F. Economic Dependency**

A material portion of the City's property tax revenue is derived from one taxpayer, the loss of which would have a material effect on the City. During the tax years ended December 31, 2022 and 2023, the taxes assessed on the previously mentioned taxpayer, accounted for approximately 23.4% and 24.7% 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, 2023 is valued as follows:

Note Receivable from Phipps Bend Venture	\$ 464,057
20% interest in capital of Phipps Bend Joint Venture	<u>187,316</u>
Total Investment	<u><u>\$ 651,373</u></u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**5. OTHER INFORMATION (CONTINUED)**

**G. Joint Ventures (continued)**

Audited information for the Phipps Bend joint venture as of June 30, 2023 is as follows:

	<u>Phipps Bend Joint Venture</u>
Operating Revenues	\$ 4,413
Operating Expenses	(36,421)
Non Operating Revenues	136
Non Operating Expenses	0
Capital Transactions	
Loss on land held for sale	(8,871)
Gain(loss) on disposal of asset	(1,699)
Accounting fees paid by Hawkins County	<u>4,500</u>
Change in Net Position	(37,942)
Net Position, July 1	<u>1,014,353</u>
Net Postion, June 30	<u><u>\$ 976,411</u></u>
 Total Assets	 \$ 2,307,255
Total Liabilities	<u>(1,330,844)</u>
 Total Net Position	 <u><u>\$ 976,411</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, 2023**

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**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, 2023 is presented below:

	<u>Tri-Cities Airport Authority</u>
Operating Revenues	\$ 8,692,820
Operating Expenses	(7,490,408)
Depreciation	(6,180,260)
Non Operating Revenues	6,013,848
Non Operating Expenses	(196,275)
Capital Contributions	<u>6,651,884</u>
Change in Net Position	7,491,609
Beginning Net Position, July 1	<u>101,518,882</u>
Net Position, June 30	<u><u>\$ 109,010,491</u></u>
 Total Assets	 \$ 117,665,030
Total Deferred Outflows of Resources	602,973
Total Liabilities	(7,457,921)
Total Deferred Inflows of Resources	<u>(1,799,591)</u>
Total Net Position	<u><u>\$ 109,010,491</u></u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

**5. OTHER INFORMATION (CONTINUED)**

**I. Leases**

**Lessor Activity**

The IDBK leases two IDBK owned properties to lessees. These leases range from 5 years to 20 years. IDBK recognized lease revenue for non-cancellable operating leases for the year ended June 30, 2023 as follows:

The lease is between IDBK and Anita's Snack Foods, Corp., and includes a parcel of land, including a building and easements pertaining thereto and all stationary utility fixtures, lines, pipes, tanks, etc., presently installed and now operated in the 13th Civil District of Sullivan County, Tennessee.

<b>Lessor or Lessee:</b>	<b>Lessor</b>
<b>Fund with Lease:</b>	<b>Component Unit</b>
<b>Department with Lease:</b>	<b>IDBK</b>
<b>Leased Asset:</b>	<b>Building</b>
<b>Asset Description:</b>	<b>Anita's Snack Foods</b>
Inception Date	7/1/2021
Lease Term in Years	20
Monthly Payments	\$ 39,575
Payments Made At First or End of Year	Beginning
Annual Discount (Interest) Rate	3.15%
Beginning inflows of resources for leases	\$ 6,518,358
Total Amount of inflows of resources recognized in the reporting period from leases	357,953
Ending inflows of resources for leases	\$ 6,160,405

Lease Payment Schedule - Anita's Snack Foods

Lease Payment Schedule – Anita's Snack Foods

<b>Year ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2024	\$ 282,243	\$ 192,658	\$ 474,901
2025	291,263	183,638	474,901
2026	300,572	174,329	474,901
2027	310,177	164,724	474,901
2028	320,090	154,811	474,901
2029 - 2033	1,760,595	613,912	2,374,507
2034 - 2038	2,060,493	314,014	2,374,507
2039 - 2040	919,335	30,468	949,803
	<u>\$ 6,244,768</u>	<u>\$ 1,828,554</u>	<u>\$ 8,073,322</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**5. OTHER INFORMATION (CONTINUED)**

**I. Leases (continued)**

**Lessor Activity (continued)**

The lease is between IDBK and Kingsport Chamber Foundation, and includes a building with 5,432 square feet located in the City of Kingsport, 11<sup>th</sup> Civil District of Sullivan County, and Tennessee on the grounds of the Meadowview Convention Center Complex.

<b>Lessor or Lessee:</b>	<b>Lessor</b>
<b>Fund with Lease:</b>	<b>Component Unit</b>
<b>Department with Lease:</b>	<b>IDBK</b>
<b>Leased Asset:</b>	<b>Building</b>
<b>Asset Description:</b>	<b>Kingsport Chamber Foundation</b>
Inception Date	9/1/2022
Lease Term in Years	4.7
Monthly Payments	\$ 3,000
Payments Made At First or End of Year	Beginning
Annual Discount (Interest) Rate	3.51%
New inflows of resources for leases	\$ 155,207
Total Amount of inflows of resources recognized in the reporting period from leases	27,716
Ending inflows of resources for leases	\$ 127,491

Lease Payment Schedule - Kingsport Chamber Foundation

<b>Year ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2024	\$ 31,985	\$ 4,015	\$ 36,000
2025	33,126	2,874	36,000
2026	34,308	1,692	36,000
2027	29,523	477	30,000
	<u>\$ 128,942</u>	<u>\$ 9,058</u>	<u>\$ 138,000</u>

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended June 30, 2023

**5. OTHER INFORMATION (CONTINUED)**

**I. Leases (continued)**

**Lessee Activity**

The IDBK has one leasing arrangement in which the IDBK is the lessee. The IDBK is leasing a building at 117 Sevier Avenue. The building is a medical office space and will be used for the purposes of setting up a Dental Clinic that will be staffed by students from ETSU and UT Memphis School of Dentistry. The base rent will be payable in monthly installments of \$5.90 per square foot or \$5.90 in year 1. Beginning in year 2, the base rent will be payable in monthly installments of \$14.00 per square foot or \$8,260 and increase annually by a rate of 3%. An initial deposit of \$12,980 was paid at the beginning of the lease agreement and will be returned upon the completion of this agreement. The interest rate on the lease is 3.51%.

Lease expense and changes in lease liabilities are as follows:

Lease expense					
Amortization expense by class of underlying asset					
Building				\$	7,981
Total amortization expense					7,981
Interest on lease liabilities					6,583
Total				\$	14,564
	Year Ending June 30, 2022	Additions	Deletions	Year Ending June 30, 2023	Due Within One Year
Lease Assets					
Building	\$ 0	\$478,862	\$ 0	\$ 478,862	
Less: Accumulated Amortization					
Building	0	(7,981)	0	(7,981)	
	0	(7,981)	0	(7,981)	
Total Lease Assets, net	\$ 0	\$470,881	\$ 0	\$ 470,881	
Lease Liabilities	\$ 0	\$465,882	\$ (6,818)	\$ 472,700	\$ 33,099

Maturities and future interest requirements related to the balances of lease liabilities outstanding as of June 30, 2023, are summarized as follows:

Year Ended June 30,	Principal	Interest	Total Payment
2024	\$ 33,099	\$ 16,497	\$ 49,596
2025	86,547	14,059	100,606
2026	92,692	10,924	103,616
2027	99,164	7,567	106,731
2028	105,974	3,978	109,952
2029	55,224	567	55,791
	\$ 472,700	\$ 53,592	\$ 526,292

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**5. OTHER INFORMATION (CONTINUED)**

**J. SBITAs**

The City of Kingsport did not have any SBITA agreements that met the criteria for GASB 96 as of 6/30/23.

**K. Subsequent Events**

In July 2023, IDBK began leasing the Dobyons-Taylor Warehouse property. The property is located in Downtown Kingsport on Press Street and consists of approximately 3.1 acres of land and 5 buildings totaling approximately 108,000 square feet. Lease payments are \$6,777 per month for an initial term of 25 years. There is an option to purchase and an option to renew after the initial lease ends. There are currently 2 sub-lease tenants using one building and one floor of another building. Both sub-leases are month to month with 60 day termination clause. The City continues to seek a developer for this historical site.

In August 2023, the City awarded a construction contract for the Phase 1 Sanitary Sewer Lining project to Morgan Contracting, Inc. in the amount of \$3,068,087. The total cost of the project is \$3,588,100, which includes a 6% contingency of \$184,113 and engineering, administration, and inspection fees of \$335,900.

In August 2023, the City applied for TDEC ARP Competitive Grant Funds for two water infrastructure projects. The first includes a grant request for up to \$15,000,000 to design and construct necessary infrastructure to connect Kingsport's water system to North Green Utilities to supplement their additional water needs. The second request of \$250,000 will be used to evaluate the necessary infrastructure to connect to First Utility District of Hawkins to provide water during an emergency.

On August 25, 2023, the City issued thirty year tax-exempt General Obligation Public Improvement Bonds, Series 2023 with a par value of \$61,945,000. These bonds were issued to finance certain projects in the City's FY2024 Capital Improvement plan approved by the BMA. The bonds were sold at a competitive sale which resulted in a true interest cost of 4.10% and an average coupon rate of 4.27%. The premium on the bonds was \$1,610,519. Total cost related to the bond sale was \$650,842. The bonds will mature on March 1 of each year, beginning March 1, 2025, with a final maturity of March 1, 2053. The net proceeds from the bonds were distributed for a variety of capital improvements as follows: General Projects Fund - \$41,401,157; Water Projects Fund - \$9,901,860; Sewer Projects Fund - \$11,601,660.

In August 2023, the IDBK received a loan from Eastman Credit Union totaling \$800,000. The interest rate is 4.35% and the loan will mature in September 2033. \$745,000 was used to purchase 301 W Main St property. The property will be leased to Northeast State Community College at an annual lease amount of \$70,000. Lease term is for 5 years with options for renewal.

In August 2023, the IDBK obtained a loan from Eastman Credit Union for up to \$3,500,000. Maturity date of the loan is December 1, 2029. The loan is intended to be used for development of the dental clinic. No amounts have been drawn against the loan. The total draws are now expected to be significantly less than the loan available because UT ended up purchasing specific dental equipment directly and IDBK received a donation of \$1,000,000 toward the project. IDBK has used the donation money to cover the construction to date. The dental clinic is expected to open in the Fall of 2025.

In September 2023, the IDBK Board approved acceptance of the Anita's lease assignment agreement resolution. Anita's Snack Foods assigned its rights as tenant under the existing lease to Palmex Food Group Tennessee.

In October 2023, the City of Kingsport awarded a construction contract for the Water Treatment Plant High Service Pump Station Upgrade project to J. Cumby Construction in the amount of \$7,994,000. The project is funded through a 2.13% interest loan from State Revolving Fund and a \$1,500,000 EDA grant. The total project cost is expected to be \$8,473,700, including a 6% contingency of \$479,700.

**CITY OF KINGSPORT, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2023**

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**5. OTHER INFORMATION (CONTINUED)**

**L. Subsequent Events (continued)**

In October 2023, the BMA approved settlement of a dispute with the contractor who provided remediation services at the Tribe Athletic Complex after multiple sprinkler line breaks on December 25 and 26, 2022. The settlement agreement provided for the exchange of mutual release of claims between the parties after the City paid \$850,000. This payment brought the total paid for the incident to \$2,070,063, which is roughly \$450,000 more than the City received from insurance proceeds. All amounts not paid before June 30, 2023 have been accrued as of June 30, 2023.

In October 2023, the BMA awarded the Buck Van Huss Dome renovation project to Preston Construction. Total project was approved at \$23,215,000, which included 4% contingency of \$816,200. Funding for the project is primarily from the August 25, 2023 G.O. bond issue.

In November 2023, the City authorized a financial contribution to the Industrial Development Board of Kingsport in an amount not to exceed \$2,800,000 to facilitate the redevelopment and improvement of the Fort Henry Mall property. A loan will be secured in 2025 for the funds that will be used for the development of the new IMAX Theater building, NCG Cinema improvements and upgrades, construction of a new sanitary sewer line, and out-parcel development.

In November 2023, the IDBK entered into a PILOT with the Fort Henry Mall Hull Property Group for the development of an IMAX theater at the Fort Henry Mall. The PILOT payment will be \$50,000 per year for 15 years.

In December of 2013 the Industrial Development Board of Kingsport (aka. Kingsport Economic Development Board or KEDB) purchased a portion of the property owned by General Shale. At the October 27, 2020 KEDB meeting a motion was made and approved to amend the current loan (\$4.0m) with First Horizon at a fixed rate of 2.15% for an additional 36 months with no early principal payment penalties and then approved at the December 1, 2020 BMA meeting. In December 2023, KEDB extended the loan for 12 months commencing December 31, 2023 through December 20, 2024 at a fixed interest rate of 7.5%. If extended, the City's contribution for interest payments will not exceed \$300,000. The plan is to evaluate and restructure the loan as the land is sold in phases to the developer.

In December 2023, the BMA awarded the bid for the Johnson Elementary School HVAC replacement project to S.B. White Company, Inc. Total project cost is \$3,499,860, which includes 6% contingency of \$190,860. Funding is from ESSER grant funds and school funds allocated to HVAC replacements.

On January 9, 2024, the IDBK approved an incentive to the owners of Kingsport Pavilion of \$1,125,000 to secure an anchor tenant for the former Dick's Sporting Goods space. The incentive will go to the Kingsport Board of Mayor and Alderman at the January 18, 2024 meeting to request their approval.

**CITY OF KINGSPORT, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2023**

**City of Kingsport**  
**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**  
**Based on Participation in the Public Employee Pension Plan of the TCRS**  
**Fiscal Year Ended June 30**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total Pension Liability</b>									
Service Cost	\$ 3,134,841	\$ 2,928,686	\$ 2,641,482	\$ 2,561,651	\$ 2,682,495	\$ 2,563,093	\$ 2,418,469	\$ 2,280,676	\$ 2,428,098
Interest	13,948,239	14,225,977	14,899,301	15,290,619	15,337,903	15,902,804	16,493,665	17,025,502	16,853,422
Changes in Benefit Terms	0	0	0	0	0	0	0	0	0
Differences Between Actual & Expected Experience	(4,085,461)	1,727,975	(2,335,240)	(5,025,737)	556,022	1,300,327	888,913	(4,830,360)	8,821,594
Change of Assumptions	0	0	0	4,884,302	0	0	0	13,385,169	0
Benefit Payments, Including Refunds of Employee Contribution	(8,744,114)	(9,432,488)	(9,803,076)	(10,013,182)	(10,285,453)	(11,045,104)	(11,898,492)	(12,756,651)	(13,568,542)
<b>Net Change in Total Pension Liability</b>	<b>4,253,505</b>	<b>9,450,150</b>	<b>5,402,467</b>	<b>7,697,653</b>	<b>8,290,967</b>	<b>8,721,120</b>	<b>7,902,555</b>	<b>15,104,336</b>	<b>14,534,572</b>
<b>Total Pension Liability-Beginning</b>	<b>187,213,741</b>	<b>191,467,246</b>	<b>200,917,396</b>	<b>206,319,863</b>	<b>214,017,516</b>	<b>222,308,483</b>	<b>231,029,603</b>	<b>238,932,158</b>	<b>254,036,494</b>
<b>Total Pension Liability-Ending (a)</b>	<b>\$191,467,246</b>	<b>\$200,917,396</b>	<b>\$206,319,863</b>	<b>\$214,017,516</b>	<b>\$222,308,483</b>	<b>\$231,029,603</b>	<b>\$238,932,158</b>	<b>\$254,036,494</b>	<b>\$268,571,066</b>
<b>Plan Fiduciary Net Position</b>									
Contributions-Employer	\$ 6,099,494	\$ 5,677,773	\$ 5,449,196	\$ 5,411,825	\$ 5,297,090	\$ 5,735,438	\$ 5,807,518	\$ 5,510,253	\$ 5,194,398
Contributions-Employee	149,333	138,269	128,305	125,734	121,321	111,298	104,498	107,141	109,242
Net Investment Income	24,199,909	5,146,329	4,463,037	19,072,897	15,161,522	14,350,101	9,990,910	52,832,924	(9,559,711)
Benefit Payments, Including Refunds of Employee Contribution	(8,744,114)	(9,432,488)	(9,803,076)	(10,013,182)	(10,285,453)	(11,045,104)	(11,898,492)	(12,756,651)	(13,568,542)
Administrative Expense	(42,145)	(43,337)	(59,140)	(63,078)	(66,245)	(57,018)	(52,685)	(48,454)	(46,945)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>21,662,477</b>	<b>1,486,546</b>	<b>178,322</b>	<b>14,534,196</b>	<b>10,228,235</b>	<b>9,094,715</b>	<b>3,951,749</b>	<b>45,645,213</b>	<b>(17,871,558)</b>
<b>Plan Fiduciary Net Position-Beginning</b>	<b>147,261,088</b>	<b>168,923,565</b>	<b>170,410,111</b>	<b>170,588,433</b>	<b>185,122,629</b>	<b>195,350,864</b>	<b>204,445,579</b>	<b>208,397,328</b>	<b>254,042,541</b>
<b>Plan Fiduciary Net Position-Ending (b)</b>	<b>\$168,923,565</b>	<b>\$170,410,111</b>	<b>\$170,588,433</b>	<b>\$185,122,629</b>	<b>\$195,350,864</b>	<b>\$204,445,579</b>	<b>\$208,397,328</b>	<b>\$254,042,541</b>	<b>\$236,170,983</b>
<b>Net Pension Liability (Asset)- Ending (a) - (b)</b>	<b>\$ 22,543,681</b>	<b>\$ 30,507,285</b>	<b>\$ 35,731,430</b>	<b>\$ 28,894,887</b>	<b>\$ 26,957,619</b>	<b>\$ 26,584,024</b>	<b>\$ 30,534,830</b>	<b>\$ (6,047)</b>	<b>\$ 32,400,083</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>88.23%</b>	<b>84.82%</b>	<b>82.68%</b>	<b>86.50%</b>	<b>87.87%</b>	<b>88.49%</b>	<b>87.22%</b>	<b>100.00%</b>	<b>87.94%</b>
<b>Covered Payroll</b>	<b>\$ 35,655,016</b>	<b>\$ 33,574,550</b>	<b>\$ 32,180,488</b>	<b>\$ 31,970,958</b>	<b>\$ 30,929,617</b>	<b>\$ 29,333,269</b>	<b>\$ 27,887,750</b>	<b>\$ 25,869,732</b>	<b>\$ 24,340,450</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>63.23%</b>	<b>90.86%</b>	<b>111.03%</b>	<b>90.38%</b>	<b>87.16%</b>	<b>90.63%</b>	<b>109.49%</b>	<b>-(0.02)%</b>	<b>133.11%</b>

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

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

**CITY OF KINGSPORT, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2023**

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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**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Actuarially Determined Contribution	\$ 6,099,494	\$ 5,677,773	\$ 5,449,196	\$ 5,390,303	\$ 5,297,090	\$ 5,734,838	\$ 5,807,518	\$ 5,510,253	\$ 5,194,398	\$ 6,270,520
Contributions in Relation to the										
Actuarially Determined Contribution	6,099,494	5,677,773	5,449,196	5,411,825	5,297,090	5,734,838	5,807,518	5,510,253	5,194,398	6,270,520
Contribution Deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (21,522)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	<u>\$35,655,016</u>	<u>\$33,574,550</u>	<u>\$32,180,488</u>	<u>\$31,970,958</u>	<u>\$30,929,617</u>	<u>\$29,333,269</u>	<u>\$27,887,750</u>	<u>\$25,869,732</u>	<u>\$24,340,450</u>	<u>\$24,484,654</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>17.13%</u>	<u>19.55%</u>	<u>20.82%</u>	<u>21.30%</u>	<u>21.34%</u>	<u>25.61%</u>



**CITY OF KINGSPORT, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2023**

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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 2023 were calculated based on the June 30, 2022 actuarial valuation.

**Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125 percent

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF KINGSPORT, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2023**

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of the Net Pension Liability (Asset)	<u>0.83%</u>	<u>0.86%</u>	<u>0.88%</u>	<u>0.89%</u>	<u>0.90%</u>	<u>0.93%</u>	<u>0.93%</u>	<u>0.95%</u>	<u>0.93%</u>
Proportionate Share of the Net Pension Liability (Asset)	<u>\$ (135,007)</u>	<u>\$ 350,455</u>	<u>\$ 5,468,376</u>	<u>\$ (291,014)</u>	<u>\$ (3,166,290)</u>	<u>\$ (9,515,735)</u>	<u>\$ (7,115,078)</u>	<u>\$ (40,908,145)</u>	<u>\$ (11,434,331)</u>
Covered Payroll	<u>\$ 32,610,169</u>	<u>\$ 32,026,901</u>	<u>\$ 31,586,342</u>	<u>\$ 31,441,513</u>	<u>\$ 31,507,841</u>	<u>\$ 30,974,844</u>	<u>\$ 31,053,810</u>	<u>\$ 31,130,263</u>	<u>\$ 30,673,790</u>
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	<u>-(0.41)%</u>	<u>(1.09)%</u>	<u>(17.31)%</u>	<u>-(0.93)%</u>	<u>-(10.05)%</u>	<u>-(30.72)%</u>	<u>-(22.91)%</u>	<u>-(131.41)%</u>	<u>-(37.28)%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>100.08%</u>	<u>99.81%</u>	<u>97.14%</u>	<u>100.14%</u>	<u>101.49%</u>	<u>104.28%</u>	<u>103.09%</u>	<u>116.13%</u>	<u>104.42%</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, 2023**

**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>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually Required Contribution	\$ 2,895,779	\$ 2,895,224	\$ 2,855,408	\$ 2,842,315	\$ 2,860,912	\$ 3,246,064	\$ 3,301,020	\$ 3,196,964	\$ 3,160,339	\$ 2,578,738
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>2,860,912</u>	<u>3,246,064</u>	<u>3,301,020</u>	<u>3,196,964</u>	<u>3,160,339</u>	<u>2,578,738</u>
Contribution Deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	<u>\$32,610,169</u>	<u>\$32,026,901</u>	<u>\$31,586,342</u>	<u>\$31,441,513</u>	<u>\$31,507,841</u>	<u>\$30,974,844</u>	<u>\$31,053,810</u>	<u>\$31,130,263</u>	<u>\$30,673,790</u>	<u>\$29,674,776</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>10.48%</u>	<u>10.63%</u>	<u>10.27%</u>	<u>10.30%</u>	<u>8.69%</u>

*Changes in Assumptions.* In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF KINGSPORT, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2023**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Proportion of the Net Pension Liability (Asset)	<u>0.42%</u>	<u>0.56%</u>	<u>0.71%</u>	<u>0.74%</u>	<u>0.69%</u>	<u>0.63%</u>	<u>0.61%</u>	<u>0.62%</u>
Proportionate Share of the Net Pension Liability (Asset)	<u>\$ (16,828)</u>	<u>\$ (58,657)</u>	<u>\$ (187,351)</u>	<u>\$ (336,180)</u>	<u>\$ (390,297)</u>	<u>\$ (360,155)</u>	<u>\$ (664,607)</u>	<u>\$ (187,819)</u>
Covered Payroll	<u>\$ 869,128</u>	<u>\$ 2,479,203</u>	<u>\$ 4,660,725</u>	<u>\$ 6,477,700</u>	<u>\$ 7,316,600</u>	<u>\$ 7,992,493</u>	<u>\$ 8,854,931</u>	<u>\$ 10,588,070</u>
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>	<u>-(5.33)%</u>	<u>-(4.51)%</u>	<u>-(7.51)%</u>	<u>-(1.77)%</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>	<u>123.07%</u>	<u>116.52%</u>	<u>121.53%</u>	<u>104.55%</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, 2023**

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually Required Contribution	\$ 21,728	\$ 62,059	\$ 186,429	\$ 259,108	\$ 141,942	\$ 162,248	\$ 178,869	\$ 212,819	\$ 388,855
Contributions in Relation to the Contractually Required Contribution	34,765	99,168	186,429	259,108	141,942	162,248	178,869	212,819	388,855
Contribution Deficiency (excess)	<u>\$ (13,037)</u>	<u>\$ (37,109)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	<u>\$ 869,128</u>	<u>\$ 2,479,203</u>	<u>\$ 4,660,725</u>	<u>\$ 6,477,700</u>	<u>\$ 7,316,600</u>	<u>\$ 7,992,493</u>	<u>\$ 8,854,931</u>	<u>\$10,588,070</u>	<u>\$13,362,715</u>
Contributions as a Percentage of Covered Payroll	<u>4.00%</u>	<u>4.00%</u>	<u>4.00%</u>	<u>4.00%</u>	<u>1.94%</u>	<u>2.03%</u>	<u>2.02%</u>	<u>2.01%</u>	<u>2.91%</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 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

Note: The City is required to contribute 4% of covered payroll. For years that show less than 4%, the difference was invested in the Pension Stabilization Reserve Trust.

**CITY OF KINGSPORT, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2023**

City of Kingsport  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**City Employees Post Employment Health and Life Insurance**  
**June 30, 2023**

**Primary Government - Local Plan**

	<u>Plan Year 2018</u>	<u>Plan Year 2019</u>	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>	<u>Plan Year 2023</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 1,337,168	\$ 1,121,257	\$ 1,226,041	\$ 1,213,070	\$ 1,648,744	\$ 983,079
Interest on total OPEB liability	1,054,578	1,050,014	1,020,734	737,050	796,077	1,260,781
Changes in benefit terms	0	0	0	0	0	0
Difference between expected and actual experience	(3,995,091)	(955,196)	(4,819,997)	5,160,343	(2,249,157)	(2,551,084)
Changes in assumptions	(25,242)	875,811	1,519,904	1,424,033	(4,468,017)	(91,538)
Benefit payments	(773,365)	(183,289)	(313,829)	(297,016)	(359,518)	(819,964)
Net change in total OPEB liability	(2,401,952)	1,908,597	(1,367,147)	8,237,480	(4,631,871)	(1,218,726)
<b>Total OPEB liability - beginning</b>	<b>28,503,610</b>	<b>26,101,658</b>	<b>28,010,256</b>	<b>26,643,109</b>	<b>34,880,589</b>	<b>30,248,717</b>
<b>Total OPEB liability - ending</b>	<b>26,101,658</b>	<b>28,010,255</b>	<b>26,643,109</b>	<b>34,880,589</b>	<b>30,248,718</b>	<b>29,029,991</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	773,365	183,289	313,829	297,016	359,518	819,964
Contributions - employee	0	0	0	0	0	0
Net investment income	0	0	0	0	0	0
Benefit payments	(773,365)	(183,289)	(313,829)	(297,016)	(359,518)	(819,964)
Administrative expenses	0	0	0	0	0	0
Other	0	0	0	0	0	0
Net change in plan fiduciary net position	0	0	0	0	0	0
<b>Plan fiduciary net position - beginning</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Plan fiduciary net position - ending</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net OPEB liability - ending</b>	<b>\$ 26,101,658</b>	<b>\$ 28,010,255</b>	<b>\$ 26,643,109</b>	<b>\$ 34,880,589</b>	<b>\$ 30,248,718</b>	<b>\$ 29,029,991</b>
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%	0%	0%
Covered payroll	\$ 32,082,945	\$ 32,104,506	\$ 31,803,203	\$ 32,757,299	\$ 32,506,951	\$ 40,827,565
Net OPEB liability as a percentage of covered payroll	81.4%	87.2%	83.8%	106.5%	93.1%	71.1%

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

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

**CITY OF KINGSPORT, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2023**

**Kingsport City Schools**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Pre 65 Employees Post Employment Health and Life Insurance**  
**June 30, 2023**

**Schools - Pre 65**

	Plan Year 2017	Plan Year 2018	Plan Year 2019	Plan Year 2020	Plan Year 2021	Plan Year 2022
<b>Total OPEB Liability</b>						
Service cost	\$ 1,242,765	\$ 1,153,973	\$ 621,886	\$ 948,206	\$ 1,082,810	\$ 1,216,514
Interest on total OPEB liability	602,104	728,693	379,447	675,609	439,534	484,881
Changes in benefit terms	0	(822,660)	1,721,006	0	0	(2,724,125)
Difference between expected and actual experience	0	(9,682,354)	8,278,348	(1,850,005)	1,286,156	1,398,161
Changes in assumptions	(858,352)	263,689	(1,458,039)	1,795,042	669,416	(1,743,631)
Benefit payments	(994,943)	(1,102,686)	(1,099,473)	(1,105,906)	(1,016,433)	(1,087,546)
Net change in total OPEB liability	(8,426)	(9,461,345)	8,443,175	462,946	2,461,483	(2,455,746)
<b>Total OPEB liability - beginning</b>	<b>19,874,708</b>	<b>19,866,282</b>	<b>10,404,937</b>	<b>18,848,112</b>	<b>19,311,058</b>	<b>21,772,541</b>
<b>Total OPEB liability - ending</b>	<b>19,866,282</b>	<b>10,404,937</b>	<b>18,848,112</b>	<b>19,311,058</b>	<b>21,772,541</b>	<b>19,316,795</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	1,757,282	116,177	1,889,379	962,691	1,025,904	(980,235)
Contributions - employee	0	0	0	0	0	0
Net investment income	0	0	0	0	0	0
Benefit payments	(1,757,282)	(116,177)	(1,889,379)	(962,691)	(1,025,904)	980,235
Administrative expenses	0	0	0	0	0	0
Other	0	0	0	0	0	0
Net change in plan fiduciary net position	0	0	0	0	0	0
<b>Plan fiduciary net position - beginning</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Plan fiduciary net position - ending</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net OPEB liability - ending</b>	<b>\$ 19,866,282</b>	<b>\$ 10,404,937</b>	<b>\$ 18,848,112</b>	<b>\$ 19,311,058</b>	<b>\$ 21,772,541</b>	<b>\$ 19,316,795</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2023**

**Kingsport City Schools  
Schedule of Changes in Net OPEB Liability and Related Ratios  
Pre 65 Employees Post Employment Health and Life Insurance  
June 30, 2023**

**Schools - Pre 65**

	<u>Plan Year 2017</u>	<u>Plan Year 2018</u>	<u>Plan Year 2019</u>	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%	0%	0%	0%
Covered payroll	\$ 42,671,617	\$ 43,617,259	\$ 45,505,667	\$ 46,823,809	\$ 47,517,094	\$ 47,523,694
Net OPEB liability as a percentage of covered payroll	46.6%	23.9%	41.4%	41.2%	45.8%	40.6%
<b>Non-employer contributing entities proportionate share of the collective total OPEB liability</b>						
	3,599,631	2,333,848	4,125,117	4,542,367	5,303,290	5,247,465
<b>Employer's proportionate share of the collective total OPEB liability</b>						
	16,266,651	8,071,089	14,722,995	14,768,691	16,469,251	14,069,330
<b>Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll</b>						
	38.1%	18.5%	32.4%	31.5%	34.7%	29.6%

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, 2023**

**Kingsport City Schools**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Post 65 Employees Post Employment Health and Life Insurance**  
**June 30, 2023**

**Schools - Post 65**

	<u>Plan Year 2017</u>	<u>Plan Year 2018</u>	<u>Plan Year 2019</u>	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 2,165,989	\$ 1,762,492	\$ 1,602,798	\$ 873,403	\$ 1,646,287	\$ 1,085,818
Interest on total OPEB liability	878,623	1,034,874	760,193	879,320	847,237	629,920
Changes in benefit terms	0	0	0	0	0	0
Difference between expected and actual experience	0	(9,139,536)	1,005,059	207,267	159,932	376,833
Changes in assumptions	(3,180,197)	(1,089,673)	1,860,884	10,974,865	(10,840,284)	(7,138,730)
Benefit payments	(488,960)	(473,540)	(487,087)	(407,107)	(437,923)	(414,404)
Net change in total OPEB liability	(624,545)	(7,905,383)	4,741,847	12,527,748	(8,624,751)	(5,460,563)
<b>Total OPEB liability - beginning</b>	<b>28,168,327</b>	<b>27,543,782</b>	<b>19,638,399</b>	<b>24,380,246</b>	<b>36,907,994</b>	<b>28,283,243</b>
<b>Total OPEB liability - ending</b>	<b>27,543,782</b>	<b>19,638,399</b>	<b>24,380,246</b>	<b>36,907,994</b>	<b>28,283,243</b>	<b>22,822,680</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	2,656,783	1,081,068	1,020,837	1,905,506	1,042,073	(667,414)
Contributions - employee	0	0	0	0	0	0
Net investment income	0	0	0	0	0	0
Benefit payments	(2,656,783)	(1,081,068)	(1,020,837)	(1,905,506)	(1,042,073)	667,414
Administrative expenses	0	0	0	0	0	0
Other	0	0	0	0	0	0
Net change in plan fiduciary net position	0	0	0	0	0	0
<b>Plan fiduciary net position - beginning</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Plan fiduciary net position - ending</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net OPEB liability - ending</b>	<b>\$ 27,543,782</b>	<b>\$ 19,638,399</b>	<b>\$ 24,380,246</b>	<b>\$ 36,907,994</b>	<b>\$ 28,283,243</b>	<b>\$ 22,822,680</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2023**

**Kingsport City Schools**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**Post 65 Employees Post Employment Health and Life Insurance**  
**June 30, 2023**

**Schools - Post 65**

	<u>Plan Year 2017</u>	<u>Plan Year 2018</u>	<u>Plan Year 2019</u>	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Covered payroll	<u>\$ 42,671,617</u>	<u>\$ 43,617,259</u>	<u>\$ 45,505,667</u>	<u>\$ 46,823,809</u>	<u>\$ 47,517,094</u>	<u>\$ 47,523,694</u>
Net OPEB liability as a percentage of covered payroll	<u>64.5%</u>	<u>45.0%</u>	<u>53.6%</u>	<u>78.8%</u>	<u>59.5%</u>	<u>48.0%</u>
<b>Non-employer contributing entities proportionate share of the collective total OPEB liability</b>	<u>2,725,511</u>	<u>2,135,381</u>	<u>3,039,607</u>	<u>3,624,623</u>	<u>2,915,181</u>	<u>2,444,696</u>
<b>Employer's proportionate share of the collective total OPEB liability</b>	<u>24,818,271</u>	<u>17,503,018</u>	<u>21,340,639</u>	<u>33,283,371</u>	<u>25,368,062</u>	<u>20,377,984</u>
<b>Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll</b>	<u>58.2%</u>	<u>40.1%</u>	<u>46.9%</u>	<u>71.1%</u>	<u>53.4%</u>	<u>42.9%</u>

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2018 information was presented in the entity's fiscal year 2019 financial report.

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

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

**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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Investment Earnings	\$ 110,000	\$ 105,992	\$ 300,793	\$ 194,801
Total Revenues	110,000	105,992	300,793	194,801
EXPENDITURES:				
Principal	10,003,010	10,060,391	10,017,390	43,001
Interest	3,780,090	3,785,300	3,770,105	15,195
Bond Issuance Costs	60,000	0	0	0
Miscellaneous	50,000	55,809	11,125	44,684
Total Expenditures	13,893,100	13,901,500	13,798,620	102,880
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,783,100)	(13,795,508)	(13,497,827)	297,681
OTHER FINANCING SOURCES (USES):				
Transfers In	13,783,100	13,795,508	13,782,601	(12,907)
Total Other Financing Sources (Uses)	13,783,100	13,795,508	13,782,601	(12,907)
Net Change in Fund Balances	0	0	284,774	284,774
Fund Balances, July 1, 2022	0	0	274,955	274,955
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 559,729	\$ 559,729

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2023

	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>ASSETS:</b>									
Cash	\$ 0	\$ 0	\$ 4,357	\$ 100	\$ 8,260	\$ 4,458,170	\$ 4,470,887	\$ 0	\$ 4,470,887
Equity in Pooled Cash & Investments	0	5,209,064	672,387	66,576	896,838	932,258	7,777,123	5,017	7,782,140
Long Term Certificates of Deposit	0	0	0	0	0	98,000	98,000	152,692	250,692
Investments	0	0	0	0	837,645	72,717	910,362	69,579	979,941
Accounts Receivable	0	6,750	0	303	59,250	12,309	78,612	0	78,612
Accrued Interest Receivable	0	0	0	0	0	0	0	117	117
Due from Other Governments	161,527	60,796	1,370	856,188	830,772	5,300,701	7,211,354	0	7,211,354
Prepays	0	0	0	0	0	5,940	5,940	0	5,940
Inventories	0	0	0	0	11,596	211,101	222,697	0	222,697
Restricted Cash	0	2,368,687	0	0	0	254,341	2,623,028	0	2,623,028
Restricted Investments	0	121,556	56,427	0	1,722	0	179,705	0	179,705
<b>Total Assets</b>	<b>\$ 161,527</b>	<b>\$ 7,766,853</b>	<b>\$ 734,541</b>	<b>\$ 923,167</b>	<b>\$ 2,646,083</b>	<b>\$ 11,345,537</b>	<b>\$ 23,577,708</b>	<b>\$ 227,405</b>	<b>\$ 23,805,113</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>									
<b>Liabilities:</b>									
Accounts Payable	\$ 16,012	\$ 324,005	\$ 0	\$ 242,198	\$ 70,912	\$ 1,091,238	\$ 1,744,365	\$ 0	\$ 1,744,365
Contracts Payable	0	0	0	0	0	254,341	254,341	0	254,341
Other Liabilities	0	0	0	0	0	114,289	114,289	0	114,289
Due to Other Funds	129,044	0	0	292,473	0	3,898,515	4,320,032	0	4,320,032
Due to Other Governments	0	0	0	0	1,616	0	1,616	0	1,616
Unearned Revenue	0	1,079,120	16,942	0	0	175,033	1,271,095	0	1,271,095
<b>Total Liabilities</b>	<b>145,056</b>	<b>1,403,125</b>	<b>16,942</b>	<b>534,671</b>	<b>72,528</b>	<b>5,533,416</b>	<b>7,705,738</b>	<b>0</b>	<b>7,705,738</b>
<b>Fund Balances:</b>									
<b>Nonspendable:</b>									
Inventory	0	0	0	0	11,596	211,101	222,697	0	222,697
Prepays	0	0	0	0	0	5,940	5,940	0	5,940
Allandale Trust Principal	0	0	0	0	0	0	0	152,692	152,692
<b>Restricted:</b>									
Internal School Activities	0	0	0	0	0	1,572,212	1,572,212	0	1,572,212
Federal Forfeitures for Public Safety	0	0	56,427	0	0	0	56,427	0	56,427
Hotel Tax for Tourism	0	0	0	0	191,191	0	191,191	0	191,191
Drug Fund Per State Law	0	0	607,237	0	0	0	607,237	0	607,237
Stabilization Reserve Trust for Future Pension Costs	0	0	0	0	1,722	0	1,722	0	1,722
State Street Aid Per State Law	0	0	0	11,543	0	0	11,543	0	11,543
Committed	16,471	6,363,728	53,935	376,953	2,369,046	4,022,868	13,203,001	74,713	13,277,714
<b>Total Fund Balances</b>	<b>16,471</b>	<b>6,363,728</b>	<b>717,599</b>	<b>388,496</b>	<b>2,573,555</b>	<b>5,812,121</b>	<b>15,871,970</b>	<b>227,405</b>	<b>16,099,375</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 161,527</b>	<b>\$ 7,766,853</b>	<b>\$ 734,541</b>	<b>\$ 923,167</b>	<b>\$ 2,646,083</b>	<b>\$ 11,345,537</b>	<b>\$ 23,577,708</b>	<b>\$ 227,405</b>	<b>\$ 23,805,113</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, 2023

	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
REVENUES:									
Local Option Sales Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,892,083	\$ 0	\$ 4,892,083	\$ 0	\$ 4,892,083
Hotel/Motel Tax Allocation	0	0	0	0	562,443	0	562,443	0	562,443
Federal Government	423,233	1,459,391	6,239	1,058,388	0	18,568,274	21,515,525	0	21,515,525
State Government	0	365,381	0	2,627,234	0	1,052,156	4,044,771	0	4,044,771
County Government	0	0	0	0	15,000	0	15,000	0	15,000
Charges for Services	0	0	0	112,633	690,445	1,167,051	1,970,129	0	1,970,129
Fines and Forfeitures	0	235	200,891	0	10,694	0	211,820	0	211,820
Investment Earnings	0	0	1,110	0	33,526	3,140	37,776	6,547	44,323
Internal School Fund Collections	0	0	0	0	0	2,588,255	2,588,255	0	2,588,255
Contributions and Donations	0	230,519	0	0	369,784	201,346	801,649	0	801,649
Other	0	0	250	0	7,577	0	7,827	0	7,827
Total Revenues	423,233	2,055,526	208,490	3,798,255	6,581,552	23,580,222	36,647,278	6,547	36,653,825
EXPENDITURES:									
General & Administrative	0	7,041,982	0	0	0	0	7,041,982	0	7,041,982
School Food Service	0	0	0	0	0	3,998,944	3,998,944	0	3,998,944
School Federal Projects	0	0	0	0	0	8,909,607	8,909,607	0	8,909,607
Economic & Physical Development	423,233	0	0	0	0	0	423,233	0	423,233
Public Safety	0	0	47,876	0	0	0	47,876	0	47,876
Transportation	0	0	0	5,050,087	0	0	5,050,087	0	5,050,087
Culture and Recreation	0	0	0	0	2,069,966	0	2,069,966	0	2,069,966
Education	0	0	0	0	0	1,197,632	1,197,632	0	1,197,632
Internal School Fund Payments	0	0	0	0	0	2,374,275	2,374,275	0	2,374,275
Capital Outlay	0	1,224,999	12,739	85,621	0	6,467,723	7,791,082	0	7,791,082
Total Expenditures	423,233	8,266,981	60,615	5,135,708	2,069,966	22,948,181	38,904,684	0	38,904,684
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(6,211,455)	147,875	(1,337,453)	4,511,586	632,041	(2,257,406)	6,547	(2,250,859)
OTHER FINANCING SOURCES (USES):									
Transfers In	0	8,106,909	0	1,377,262	1,375,000	158,648	11,017,819	0	11,017,819
Transfers Out	0	0	0	0	(4,915,664)	(77,583)	(4,993,247)	0	(4,993,247)
Total Other Financing Sources (Uses)	0	8,106,909	0	1,377,262	(3,540,664)	81,065	6,024,572	0	6,024,572
Net Change in Fund Balances	0	1,895,454	147,875	39,809	970,922	713,106	3,767,166	6,547	3,773,713
Fund Balances, July 1, 2022	16,471	4,468,274	569,724	348,687	1,602,633	5,099,015	12,104,804	220,858	12,325,662
Fund Balances, June 30, 2023	\$ 16,471	\$ 6,363,728	\$ 717,599	\$ 388,496	\$ 2,573,555	\$ 5,812,121	\$ 15,871,970	\$ 227,405	\$ 16,099,375

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - PUBLIC SAFETY**  
**June 30, 2023**

	<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	\$ 4,357	\$ 0	\$ 4,357
Equity in Pooled Cash and Investments	53,935	618,452	0	672,387
Due from Other Governments	0	1,370	0	1,370
Restricted Investments	56,427	0	0	56,427
<b>Total Assets</b>	<b>\$ 110,362</b>	<b>\$ 624,179</b>	<b>\$ 0</b>	<b>\$ 734,541</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Due to Other Funds	0	0	0	0
Unearned Revenue	0	16,942	0	16,942
<b>Total Liabilities</b>	<b>0</b>	<b>16,942</b>	<b>0</b>	<b>16,942</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Unspent Federal Forfeitures	56,427	0	0	56,427
Drug Fund Per State Law	0	607,237	0	607,237
Committed	53,935	0	0	53,935
<b>Total Fund Balances</b>	<b>110,362</b>	<b>607,237</b>	<b>0</b>	<b>717,599</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 110,362</b>	<b>\$ 624,179</b>	<b>\$ 0</b>	<b>\$ 734,541</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, 2023**

	<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	\$ 6,239	\$ 6,239
State Government	0	0	0	0
Fines and Forfeitures	45,257	155,634	0	200,891
Miscellaneous	0	250	0	250
Investment Earnings	1,110	0	0	1,110
Total Revenues	46,367	155,884	6,239	208,490
<b>EXPENDITURES:</b>				
General and Administrative	0	0	0	0
Public Safety	0	47,876	0	47,876
Capital Outlay	0	6,500	6,239	12,739
Total Expenditures	0	54,376	6,239	60,615
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,367	101,508	0	147,875
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	46,367	101,508	0	147,875
Fund Balances, July 1, 2022	63,995	505,729	0	569,724
Fund Balances, June 30, 2023	\$ 110,362	\$ 607,237	\$ 0	\$ 717,599

See Independent Auditors' Report.



**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - TRANSPORTATION**  
**June 30, 2023**

	<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	0	66,576	0	66,576
Accounts Receivable	303	0	0	303
Due from Other Governments	463,997	62,880	329,311	856,188
Restricted Investments	0	0	0	0
<b>Total Assets</b>	<b>\$ 464,400</b>	<b>\$ 129,456</b>	<b>\$ 329,311</b>	<b>\$ 923,167</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 35,382	\$ 593	\$ 206,223	\$ 242,198
Due to Other Governments	0	0	0	0
Due to Other Funds	180,928	0	111,545	292,473
<b>Total Liabilities</b>	<b>216,310</b>	<b>593</b>	<b>317,768</b>	<b>534,671</b>
<b>Fund Balances:</b>				
Restricted Per State Law	0	0	11,543	11,543
Committed	248,090	128,863	0	376,953
<b>Total Fund Balances</b>	<b>248,090</b>	<b>128,863</b>	<b>11,543</b>	<b>388,496</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 464,400</b>	<b>\$ 129,456</b>	<b>\$ 329,311</b>	<b>\$ 923,167</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, 2023**

	<b>Federal Transit Administration Fund</b>	<b>Metropolitan Planning Office Fund</b>	<b>State Street Aid Fund</b>	<b>Total Transportation Funds</b>
REVENUES:				
Federal Government	\$ 858,488	\$ 199,900	\$ 0	\$ 1,058,388
State Government	688,499	12,711	1,926,024	2,627,234
Charges for Services	112,633	0	0	112,633
Investment Earnings	0	0	0	0
Total Revenues	<u>1,659,620</u>	<u>212,611</u>	<u>1,926,024</u>	<u>3,798,255</u>
EXPENDITURES:				
Transportation	1,867,530	250,851	2,931,706	5,050,087
Capital Outlay	<u>0</u>	<u>0</u>	<u>85,621</u>	<u>85,621</u>
Total Expenditures	<u>1,867,530</u>	<u>250,851</u>	<u>3,017,327</u>	<u>5,135,708</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(207,910)</u>	<u>(38,240)</u>	<u>(1,091,303)</u>	<u>(1,337,453)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	172,125	113,834	1,091,303	1,377,262
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>172,125</u>	<u>113,834</u>	<u>1,091,303</u>	<u>1,377,262</u>
Net Change in Fund Balances	(35,785)	75,594	0	39,809
Fund Balances, July 1, 2022	<u>283,875</u>	<u>53,269</u>	<u>11,543</u>	<u>348,687</u>
Fund Balances, June 30, 2023	<u>\$ 248,090</u>	<u>\$ 128,863</u>	<u>\$ 11,543</u>	<u>\$ 388,496</u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - CULTURE AND RECREATION**  
June 30, 2023

	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	\$ 278	\$ 4,289	\$ 3,693	\$ 8,260
Equity in Pooled Cash & Investments	558,002	155,877	900	691	99,062	50,689	31,617	896,838
Investments	25,172	0	4,476	4,558	0	404,513	398,926	837,645
Accounts Receivable	0	56,521	0	0	0	0	2,729	59,250
Due from Other Governments	830,772	0	0	0	0	0	0	830,772
Restricted Investments	0	0	0	0	1,722	0	0	1,722
Inventories	0	0	0	0	0	11,596	0	11,596
<b>Total Assets</b>	<b>\$ 1,413,946</b>	<b>\$ 212,398</b>	<b>\$ 5,376</b>	<b>\$ 5,249</b>	<b>\$ 101,062</b>	<b>\$ 471,087</b>	<b>\$ 436,965</b>	<b>\$ 2,646,083</b>
<b>LIABILITIES AND FUND BALANCES:</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ 0	\$ 21,207	\$ 320	\$ 0	\$ 21,814	\$ 25,377	\$ 2,194	\$ 70,912
Due to Other Governments	0	0	0	0	41	1,572	3	1,616
Due to Other Funds	0	0	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>21,207</b>	<b>320</b>	<b>0</b>	<b>21,855</b>	<b>26,949</b>	<b>2,197</b>	<b>72,528</b>
<b>Fund Balances:</b>								
<b>Nonspendable:</b>								
Inventory	0	0	0	0	0	11,596	0	11,596
<b>Restricted For:</b>								
Stabilization Reserve Trust for Future Pension Costs	0	0	0	0	1,722	0	0	1,722
Hotel Tax for Tourism	0	191,191	0	0	0	0	0	191,191
Committed	1,413,946	0	5,056	5,249	77,485	432,542	434,768	2,369,046
<b>Total Fund Balances</b>	<b>1,413,946</b>	<b>191,191</b>	<b>5,056</b>	<b>5,249</b>	<b>79,207</b>	<b>444,138</b>	<b>434,768</b>	<b>2,573,555</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,413,946</b>	<b>\$ 212,398</b>	<b>\$ 5,376</b>	<b>\$ 5,249</b>	<b>\$ 101,062</b>	<b>\$ 471,087</b>	<b>\$ 436,965</b>	<b>\$ 2,646,083</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, 2023

	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
REVENUES:								
Local Option Sales Tax	\$ 4,892,083	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,892,083
Hotel/Motel Tax Allocation	0	562,443	0	0	0	0	0	562,443
County Government	0	0	0	0	15,000	0	0	15,000
Fines and Forfeitures	0	0	0	0	10,694	0	0	10,694
Charges for Services	0	0	0	0	8,329	283,897	398,219	690,445
Investment Earnings	17,499	0	196	164	58	6,576	9,033	33,526
Contributions and Donations	0	0	0	0	(3,390)	288,193	84,981	369,784
Other	0	0	0	0	13	33	7,531	7,577
Total Revenues	4,909,582	562,443	196	164	30,704	578,699	499,764	6,581,552
EXPENDITURES:								
Culture and Recreation	0	223,308	1,280	0	1,392,214	131,387	321,777	2,069,966
Capital Outlay	0	0	0	0	0	0	0	0
Total Expenditures	0	223,308	1,280	0	1,392,214	131,387	321,777	2,069,966
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,909,582	339,135	(1,084)	164	(1,361,510)	447,312	177,987	4,511,586
OTHER FINANCING SOURCES (USES):								
Transfers In	0	0	0	0	1,375,000	0	0	1,375,000
Transfers Out	(4,380,424)	(285,240)	0	0	0	(250,000)	0	(4,915,664)
Total Other Financing Sources (Uses)	(4,380,424)	(285,240)	0	0	1,375,000	(250,000)	0	(3,540,664)
Net Change in Fund Balances	529,158	53,895	(1,084)	164	13,490	197,312	177,987	970,922
Fund Balances, July 1, 2022	884,788	137,296	6,140	5,085	65,717	246,826	256,781	1,602,633
Fund Balances, June 30, 2023	\$ 1,413,946	\$ 191,191	\$ 5,056	\$ 5,249	\$ 79,207	\$ 444,138	\$ 434,768	\$ 2,573,555

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - EDUCATION**  
**June 30, 2023**

	<b>School Nutrition Services Fund</b>	<b>Special School Projects Fund</b>	<b>Public Law 93- 380 Fund</b>	<b>Palmer Center Fund</b>	<b>Internal School Fund</b>	<b>Total Education Funds</b>
<b>ASSETS:</b>						
Cash	\$ 2,879,793	\$ 0	\$ 0	\$ 0	\$ 1,578,377	\$ 4,458,170
Equity in Pooled Cash and Investments	932,258	0	0	0	0	932,258
Long Term Certificates of Deposit	98,000	0	0	0	0	98,000
Investments	0	0	0	72,717	0	72,717
Accounts Receivable	0	8,700	1,500	0	2,109	12,309
Due from Other Governments	134,270	244,798	4,921,633	0	0	5,300,701
Prepays	0	0	0	0	5,940	5,940
Cash Restricted	0	0	254,341	0	0	254,341
Inventories	187,801	0	0	0	23,300	211,101
<b>Total Assets</b>	<b>\$ 4,232,122</b>	<b>\$ 253,498</b>	<b>\$ 5,177,474</b>	<b>\$ 72,717</b>	<b>\$ 1,609,726</b>	<b>\$ 11,345,537</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 49,978	\$ 32,128	\$ 1,002,158	\$ 0	\$ 6,974	\$ 1,091,238
Contracts Payable	0	0	254,341	0	0	\$ 254,341
Other Liabilities	0	0	114,289	0	0	114,289
Due to Other Funds	0	91,829	3,806,686	0	0	3,898,515
Due to Other Governments	0	0	0	0	0	0
Unearned Revenue	44,192	129,541	0	0	1,300	175,033
<b>Total Liabilities</b>	<b>94,170</b>	<b>253,498</b>	<b>5,177,474</b>	<b>0</b>	<b>8,274</b>	<b>5,533,416</b>
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Inventory	187,801	0	0	0	23,300	211,101
Prepays	0	0	0	0	5,940	5,940
<b>Restricted For:</b>						
Internal School Activities	0	0	0	0	1,572,212	1,572,212
Committed	3,950,151	0	0	72,717	0	4,022,868
<b>Total Fund Balances</b>	<b>4,137,952</b>	<b>0</b>	<b>0</b>	<b>72,717</b>	<b>1,601,452</b>	<b>5,812,121</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,232,122</b>	<b>\$ 253,498</b>	<b>\$ 5,177,474</b>	<b>\$ 72,717</b>	<b>\$ 1,609,726</b>	<b>\$ 11,345,537</b>

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, 2023**

	<b>School Nutrition Services Fund</b>	<b>Special School Projects Fund</b>	<b>Public Law 93- 380 Fund</b>	<b>Palmer Center Fund</b>	<b>Internal School Fund</b>	<b>Total Education Funds</b>
<b>REVENUES:</b>						
Federal Government	\$ 3,441,665	\$ 319	\$ 15,126,290	\$ 0	\$ 0	\$ 18,568,274
State Government	34,835	1,017,321	0	0	0	1,052,156
Charges for Services	921,943	245,108	0	0	0	1,167,051
Investment Earnings	525	0	0	2,615	0	3,140
Internal School Fund Collections	0	0	0	0	2,588,255	2,588,255
Contributions and Donations	201,346	0	0	0	0	201,346
<b>Total Revenues</b>	<b>4,600,314</b>	<b>1,262,748</b>	<b>15,126,290</b>	<b>2,615</b>	<b>2,588,255</b>	<b>23,580,222</b>
<b>EXPENDITURES:</b>						
School Food Service	3,998,944	0	0	0	0	\$ 3,998,944
School Federal Projects	0	0	8,909,607	0	0	8,909,607
Education	0	1,197,632	0	0	0	1,197,632
Internal School Fund	0	0	0	0	2,374,275	2,374,275
Capital Outlay	54,679	273,944	6,139,100	0	0	6,467,723
<b>Total Expenditures</b>	<b>4,053,623</b>	<b>1,471,576</b>	<b>15,048,707</b>	<b>0</b>	<b>2,374,275</b>	<b>22,948,181</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>546,691</b>	<b>(208,828)</b>	<b>77,583</b>	<b>2,615</b>	<b>213,980</b>	<b>632,041</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	0	158,648	0	0	0	158,648
Transfers Out	0	0	(77,583)	0	0	(77,583)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>158,648</b>	<b>(77,583)</b>	<b>0</b>	<b>0</b>	<b>81,065</b>
<b>Net Change in Fund Balances</b>	<b>546,691</b>	<b>(50,180)</b>	<b>0</b>	<b>2,615</b>	<b>213,980</b>	<b>713,106</b>
<b>Fund Balances, July 1, 2022</b>	<b>3,591,261</b>	<b>50,180</b>	<b>0</b>	<b>70,102</b>	<b>1,387,472</b>	<b>5,099,015</b>
<b>Fund Balances, June 30, 2023</b>	<b>\$ 4,137,952</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 72,717</b>	<b>\$ 1,601,452</b>	<b>\$ 5,812,121</b>

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Federal Government	\$ 0	\$ 0	\$ 0	\$ 0
Fines and Forfeitures	6,000	6,000	45,257	39,257
Investment Earnings	0	0	1,110	1,110
Contributions and Donations	0	0	0	0
Total Revenues	6,000	6,000	46,367	40,367
EXPENDITURES:				
Public Safety	6,000	6,000	0	6,000
Capital Outlay	0	0	0	0
Total Expenditures	6,000	6,000	0	6,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	46,367	46,367
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	46,367	46,367
Fund Balances, July 1, 2022	0	0	63,995	63,995
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 110,362	\$ 110,362

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
State Government	\$ 0	\$ 0	\$ 0	\$ 0
Fines and Forfeitures	157,100	156,850	155,634	(1,216)
Miscellaneous	0	250	250	0
<b>Total Revenues</b>	<b>157,100</b>	<b>157,100</b>	<b>155,884</b>	<b>(1,216)</b>
<b>EXPENDITURES:</b>				
General and Administrative	0	0	0	0
Public Safety	107,100	100,600	47,876	52,724
Capital Outlay	50,000	56,500	6,500	50,000
<b>Total Expenditures</b>	<b>157,100</b>	<b>157,100</b>	<b>54,376</b>	<b>102,724</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	101,508	101,508
<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>0</b>	<b>0</b>	<b>101,508</b>	<b>101,508</b>
<b>Fund Balances, July 1, 2022</b>	<b>0</b>	<b>0</b>	<b>505,729</b>	<b>505,729</b>
<b>Fund Balances, June 30, 2023</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 607,237</b>	<b>\$ 607,237</b>

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
State Government	\$ 1,995,900	\$ 1,919,090	\$ 1,926,024	\$ 6,934
Investment Earnings	0	0	0	0
Miscellaneous	0	0	0	0
<b>Total Revenues</b>	<b>1,995,900</b>	<b>1,919,090</b>	<b>1,926,024</b>	<b>6,934</b>
<b>EXPENDITURES:</b>				
Highways and Streets	2,722,100	3,118,385	2,931,706	186,679
Capital Outlay	0	85,622	85,621	1
<b>Total Expenditures</b>	<b>2,722,100</b>	<b>3,204,007</b>	<b>3,017,327</b>	<b>186,680</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(726,200)	(1,284,917)	(1,091,303)	193,614
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	726,200	1,284,917	1,091,303	(193,614)
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>726,200</b>	<b>1,284,917</b>	<b>1,091,303</b>	<b>(193,614)</b>
<b>Net Change in Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances, July 1, 2022</b>	<b>0</b>	<b>0</b>	<b>11,543</b>	<b>11,543</b>
<b>Fund Balances, June 30, 2023</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,543</b>	<b>\$ 11,543</b>

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Local Option Sales Tax	\$ 4,400,000	\$ 4,900,524	\$ 4,892,083	\$ (8,441)
Investment Earnings	0	17,498	17,499	1
Total Revenues	4,400,000	4,918,022	4,909,582	(8,440)
EXPENDITURES:				
Culture and Recreation	0	0	0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,400,000	4,918,022	4,909,582	(8,440)
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	(4,400,000)	(4,918,022)	(4,380,424)	537,598
Total Other Financing Sources (Uses)	(4,400,000)	(4,918,022)	(4,380,424)	537,598
Net Change in Fund Balances	0	0	529,158	529,158
Fund Balances, July 1, 2022	0	0	884,788	884,788
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 1,413,946	\$ 1,413,946

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Taxes	\$ 440,000	\$ 545,206	\$ 562,443	\$ 17,237
Other	0	0	0	0
Total Revenues	440,000	545,206	562,443	17,237
EXPENDITURES:				
Culture and Recreation	145,000	238,159	223,308	14,851
Capital Outlay	75,000	21,806	0	21,806
Total Expenditures	220,000	259,965	223,308	36,657
Excess (Deficiency) of Revenues Over (Under) Expenditures	220,000	285,241	339,135	53,894
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	(220,000)	(285,241)	(285,240)	1
Total Other Financing Sources (Uses)	(220,000)	(285,241)	(285,240)	1
Net Change in Fund Balances	0	0	53,895	53,895
Fund Balances, July 1, 2022	0	0	137,296	137,296
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 191,191	\$ 191,191

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Investment Earnings	\$ 50	\$ 196	\$ 196	\$ 0
Total Revenues	50	196	196	0
EXPENDITURES:				
Culture and Recreation	2,550	2,550	1,280	1,270
Total Expenditures	2,550	2,550	1,280	1,270
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,500)	(2,354)	(1,084)	1,270
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(2,500)	(2,354)	(1,084)	1,270
Fund Balances, July 1, 2022	2,500	2,354	6,140	3,786
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 5,056	\$ 5,056

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Investment Earnings	\$ 10	\$ 10	\$ 164	\$ 154
Contributions and Donations	0	0	0	0
Total Revenues	10	10	164	154
EXPENDITURES:				
Culture and Recreation	10	10	0	10
Total Expenditures	10	10	0	10
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	164	164
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	164	164
Fund Balances, July 1, 2022	0	0	5,085	5,085
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 5,249	\$ 5,249

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Charges for Services	\$ 8,400	\$ 8,135	\$ 8,329	\$ 194
County Government	15,000	15,000	15,000	0
Fines and Forfeitures	10,000	10,694	10,694	0
Investment Earnings	0	0	58	58
Other	0	12	13	1
Contributions and Donations	0	888	(3,390)	(4,278)
Total Revenues	33,400	34,729	30,704	(4,025)
EXPENDITURES:				
Capital Outlay	0	0	0	0
Culture and Recreation	1,408,400	1,409,729	1,392,214	17,515
Total Expenditures	1,408,400	1,409,729	1,392,214	17,515
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,375,000)	(1,375,000)	(1,361,510)	13,490
OTHER FINANCING SOURCES (USES):				
Transfers In	1,375,000	1,375,000	1,375,000	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	1,375,000	1,375,000	1,375,000	0
Net Change in Fund Balances	0	0	13,490	13,490
Fund Balances, July 1, 2022	0	0	65,717	65,717
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 79,207	\$ 79,207

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Charges for Service	\$ 256,200	\$ 258,168	\$ 283,897	\$ 25,729
Investment Earnings	1,000	1,000	6,576	5,576
Contributions and Donations	0	250,000	288,193	38,193
Other	2,000	32	33	1
Total Revenues	259,200	509,200	578,699	69,499
EXPENDITURES:				
Capital Outlay	10,500	10,500	0	10,500
Culture and Recreation	248,700	248,700	131,387	117,313
Total Expenditures	259,200	259,200	131,387	127,813
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	250,000	447,312	197,312
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	0	(250,000)	(250,000)	0
Total Other Financing Sources (Uses)	0	(250,000)	(250,000)	0
Net Change in Fund Balances	0	0	197,312	197,312
Fund Balances, July 1, 2022	0	0	246,826	246,826
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 444,138	\$ 444,138

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Charges for Services	\$ 283,200	\$ 281,610	\$ 398,219	\$ 116,609
Investment Earnings	400	400	9,033	8,633
Contributions and Donations	55,400	55,171	84,981	29,810
Other	0	1,819	7,531	5,712
Total Revenues	339,000	339,000	499,764	160,764
EXPENDITURES:				
Capital Outlay	0	0	0	0
Culture and Recreation	339,000	339,000	321,777	17,223
Total Expenditures	339,000	339,000	321,777	17,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	177,987	177,987
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	177,987	177,987
Fund Balances, July 1, 2022	0	0	256,781	256,781
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 434,768	\$ 434,768

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Federal Government	\$ 2,703,000	\$ 2,703,000	\$ 3,441,665	\$ 738,665
State Government	40,000	40,000	34,835	(5,165)
Charges for Services	803,250	803,250	921,943	118,693
Investment Earnings	1,350	1,350	525	(825)
Contributions and Donations	270,000	270,000	201,346	(68,654)
<b>Total Revenues</b>	<b>3,817,600</b>	<b>3,817,600</b>	<b>4,600,314</b>	<b>782,714</b>
<b>EXPENDITURES:</b>				
School Food Service	3,705,600	4,033,100	3,998,944	34,156
Capital Outlay	112,000	404,600	54,679	349,921
<b>Total Expenditures</b>	<b>3,817,600</b>	<b>4,437,700</b>	<b>4,053,623</b>	<b>384,077</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(620,100)	546,691	1,166,791
<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>0</b>	<b>(620,100)</b>	<b>546,691</b>	<b>1,166,791</b>
<b>Fund Balances, July 1, 2022</b>	<b>0</b>	<b>620,100</b>	<b>3,591,261</b>	<b>2,971,161</b>
<b>Fund Balances, June 30, 2023</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,137,952</b>	<b>\$ 4,137,952</b>

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Investment Earnings	\$ 100	\$ 100	\$ 2,615	\$ 2,515
Total Revenues	100	100	2,615	2,515
EXPENDITURES:				
Capital Outlay	100	100	0	100
Total Expenditures	100	100	0	100
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	2,615	2,615
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	2,615	2,615
Fund Balances, July 1, 2022	0	0	70,102	70,102
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 72,717	\$ 72,717

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, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Investment Earnings	\$ 2,500	\$ 6,545	\$ 6,547	\$ 2
Total Revenues	2,500	6,545	6,547	2
EXPENDITURES:				
Culture and Recreation	17,500	17,500	0	17,500
Total Expenditures	17,500	17,500	0	17,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(10,955)	6,547	17,502
OTHER FINANCING SOURCES (USES):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(15,000)	(10,955)	6,547	17,502
Fund Balances, July 1, 2022	15,000	10,955	220,858	209,903
Fund Balances, June 30, 2023	\$ 0	\$ 0	\$ 227,405	\$ 227,405

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2023**

	<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	\$ 1,533	\$ 0	\$ 0	\$ 1,533
Equity in Pooled Cash and Investments	1,971,452	291,855	0	2,263,307
Accounts Receivable, Net	919,374	545,828	26,016	1,491,218
Inventories	0	0	83,262	83,262
Prepays	0	0	0	0
<b>Total Current Assets</b>	<b>2,892,359</b>	<b>837,683</b>	<b>109,278</b>	<b>3,839,320</b>
<b>Noncurrent Assets:</b>				
<b>Restricted Assets:</b>				
Cash	0	150,000	83,000	233,000
Cash from Unspent Bonds	0	33	262,763	262,796
Investments	15,150	1,447	3,281	19,878
<b>Total Restricted Assets</b>	<b>15,150</b>	<b>151,480</b>	<b>349,044</b>	<b>515,674</b>
<b>Capital Assets:</b>				
Land	1,716,309	1,606,272	981,600	4,304,181
Buildings and Systems	519,836	2,553,056	1,434,547	4,507,439
Improvements Other Than Buildings	2,565,154	534,297	6,058,934	9,158,385
Software	6,750	67,308	0	74,058
Machinery and Equipment	1,943,209	609,014	498,444	3,050,667
Construction in Progress	38,500	452,706	187,173	678,379
Less: Accumulated Depreciation	(3,430,445)	(1,294,691)	(6,356,318)	(11,081,454)
<b>Total Capital Assets</b>	<b>3,359,313</b>	<b>4,527,962</b>	<b>2,804,380</b>	<b>10,691,655</b>
<b>Total Noncurrent Assets</b>	<b>3,374,463</b>	<b>4,679,442</b>	<b>3,153,424</b>	<b>11,207,329</b>
<b>Total Assets</b>	<b>6,266,822</b>	<b>5,517,125</b>	<b>3,262,702</b>	<b>15,046,649</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred Outflows Related to Refunding	7,210	33,417	9,131	49,758
Deferred Outflows Related to Pensions	576,420	158,000	0	734,420
Deferred Outflows Related to OPEB	196,345	55,393	0	251,738
<b>Total Deferred Outflows of Resources</b>	<b>779,975</b>	<b>246,810</b>	<b>9,131</b>	<b>1,035,916</b>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**June 30, 2023**

	<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	72,984	83,126	167,941	324,051
Due to Other Funds	0	0	25,011	25,011
Compensated Absences Payable	191,445	57,956	0	249,401
Retainages Payable	0	12,316	294	12,610
Accrued Interest Payable	26,474	8,426	4,239	39,139
General Obligation Bonds - Current	151,331	96,602	41,899	289,832
Unearned Revenue	0	35,973	0	35,973
<b>Total Current Liabilities</b>	<b>442,234</b>	<b>294,399</b>	<b>239,384</b>	<b>976,017</b>
<b>Noncurrent Liabilities:</b>				
General Obligation Bonds Payable (Net of Deferred Refunding Costs, Discounts and Premiums)	2,060,570	721,255	490,096	3,271,921
OPEB Liability	1,095,377	309,025	0	1,404,402
Post Closure Liability	406,874	0	0	406,874
Pension Liability	1,099,348	299,798	0	1,399,146
<b>Total Noncurrent Liabilities</b>	<b>4,662,169</b>	<b>1,330,078</b>	<b>490,096</b>	<b>6,482,343</b>
<b>Total Liabilities</b>	<b>5,104,403</b>	<b>1,624,477</b>	<b>729,480</b>	<b>7,458,360</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred Inflows Related to Pensions	54,632	14,898	0	69,530
Deferred Inflows Related to OPEB	417,936	117,907	0	535,843
<b>Total Deferred Inflows of Resources</b>	<b>472,568</b>	<b>132,805</b>	<b>0</b>	<b>605,373</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	1,154,622	3,743,555	2,544,279	7,442,456
Restricted for Debt Service	11,186	0	0	11,186
Restricted for Future Pension Costs	3,964	1,447	0	5,411
Restricted for Capital Improvements	0	0	86,281	86,281
Unrestricted	300,054	261,651	(88,207)	473,498
<b>Total Net Position</b>	<b>\$ 1,469,826</b>	<b>\$ 4,006,653</b>	<b>\$ 2,542,353</b>	<b>\$ 8,018,832</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, 2023

	<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>
OPERATING REVENUES:				
Charges and Fees	\$ 3,775,677	\$ 1,864,578	\$ 1,138,899	\$ 6,779,154
Penalties and Fines	0	0	0	0
Miscellaneous	0	0	0	0
Total Operating Revenue	<u>3,775,677</u>	<u>1,864,578</u>	<u>1,138,899</u>	<u>6,779,154</u>
OPERATING EXPENSES:				
Operating Costs	6,151,152	1,724,486	1,233,958	9,109,596
Depreciation	<u>337,523</u>	<u>175,321</u>	<u>225,417</u>	<u>738,261</u>
Total Operating Expenses	<u>6,488,675</u>	<u>1,899,807</u>	<u>1,459,375</u>	<u>9,847,857</u>
Operating Income (Loss)	<u>(2,712,998)</u>	<u>(35,229)</u>	<u>(320,476)</u>	<u>(3,068,703)</u>
NONOPERATING REVENUES:				
Investment Earnings	37,072	10,082	10,391	57,545
Interest Expense	(67,193)	(21,914)	(12,579)	(101,686)
Gain (Loss) on Disposal of Capital Assets	0	0	2,750	2,750
Bond Issue Cost	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Nonoperating Revenues	<u>(30,121)</u>	<u>(11,832)</u>	<u>562</u>	<u>(41,391)</u>
Income (Loss) Before Capital Contributions and Transfers	(2,743,119)	(47,061)	(319,914)	(3,110,094)
Capital Contributions	0	114,027	0	114,027
Transfers In	2,600,000	0	149,344	2,749,344
Transfers Out	<u>0</u>	<u>(129,279)</u>	<u>0</u>	<u>(129,279)</u>
Change in Net Position	(143,119)	(62,313)	(170,570)	(376,002)
Net Position, July 1, 2022	<u>1,612,945</u>	<u>4,068,966</u>	<u>2,712,923</u>	<u>8,394,834</u>
Net Position, June 30, 2023	<u>\$ 1,469,826</u>	<u>\$ 4,006,653</u>	<u>\$ 2,542,353</u>	<u>\$ 8,018,832</u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
For the Fiscal Year Ended June 30, 2023

	<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	\$ 3,582,869	\$ 1,740,547	\$ 1,152,272	\$ 6,475,688
Receipts from Interfund Services Provided	81,500	91,568	0	173,068
Payments to Suppliers	(3,254,329)	(949,082)	(1,139,907)	(5,343,318)
Payments to Employees	(2,530,655)	(744,600)	0	(3,275,255)
Net Cash Provided (Used) by Operating Activities	<u>(2,120,615)</u>	<u>138,433</u>	<u>12,365</u>	<u>(1,969,817)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from Other Funds	2,600,000	0	149,344	2,749,344
Transfers to Other Funds	0	(129,279)	0	(129,279)
Advances From Other Funds	0	0	25,011	25,011
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,600,000</u>	<u>(129,279)</u>	<u>174,355</u>	<u>2,645,076</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from Capital Debt	0	0	0	0
Grant Revenue for Capital Projects	0	114,027	0	114,027
Acquisition and Construction of Capital Assets	(19,018)	(137,667)	(137,341)	(294,026)
Principal Paid on Capital Debt	(145,716)	(92,764)	(40,840)	(279,320)
Interest Paid on Capital Debt	(82,767)	(28,814)	(13,849)	(125,430)
Proceeds from Sales of Capital Assets	0	0	2,750	2,750
Net Cash Used by Capital and Related Financing Activities	<u>(247,501)</u>	<u>(145,218)</u>	<u>(189,280)</u>	<u>(581,999)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from Sales and Maturities of Investments	14,919	0	0	14,919
Purchase of Investments	0	(1,447)	(118)	(1,565)
Interest Received	37,073	10,082	10,391	57,546
Net Cash Provided (Used) by Investing Activities	<u>51,992</u>	<u>8,635</u>	<u>10,273</u>	<u>70,900</u>
Net Increase (Decrease) In Cash and Cash Equivalents	283,876	(127,429)	7,713	164,160
Cash and Cash Equivalents, July 1, 2022	<u>1,689,109</u>	<u>569,317</u>	<u>338,050</u>	<u>2,596,476</u>
Cash and Cash Equivalents, June 30, 2023	<u>\$ 1,972,985</u>	<u>\$ 441,888</u>	<u>\$ 345,763</u>	<u>\$ 2,760,636</u>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended June 30, 2023**

	<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>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (2,712,998)	\$ (35,229)	\$ (320,476)	\$ (3,068,703)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	337,523	175,321	225,417	738,261
(Increase) Decrease in Assets:				
Accounts Receivable	(111,308)	(32,462)	13,373	(130,397)
Inventory	0	0	(17,157)	(17,157)
Prepays	0	0	0	0
Increase (Decrease) in Liabilities:				
Accounts Payable	(1,895)	72,269	111,208	181,582
Pension Liabilities and Deferrals	42,473	20,587	0	63,060
Compensated Absences Payable	15,303	10,113	0	25,416
OPEB Liabilities and Deferrals	55,090	29,545	0	84,635
Other Payables	255,197	0	0	255,197
Unearned Revenue	0	(114,027)	0	(114,027)
Retainages Payable	0	12,316	0	12,316
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,120,615)</u>	<u>\$ 138,433</u>	<u>\$ 12,365</u>	<u>\$ (1,969,817)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:				
Cash on Hand	\$ 1,533	\$ 0	\$ 0	\$ 1,533
Equity in Pooled Cash and Investments	1,971,452	291,855	0	2,263,307
Restricted Cash from Unspent Bonds	0	33	262,763	262,796
Restricted Cash	0	150,000	83,000	233,000
Cash and Cash Equivalents, June 30, 2023	<u>\$ 1,972,985</u>	<u>\$ 441,888</u>	<u>\$ 345,763</u>	<u>\$ 2,760,636</u>

See Independent Auditors' Report.



**CITY OF KINGSPORT, TENNESSEE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2023**

	<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>Total Internal Service Funds</b>
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Equity in Pooled Cash and Investments	\$ 0	\$ 6,460,316	\$ 4,141,293	\$ 2,685,950	\$ 13,287,559
Accounts Receivable	272,445	10,221	197,530	68,327	548,523
Accrued Interest Receivable	522	41	0	0	563
Due from Other Funds	0	0	0	0	0
Inventories	375,854	0	108,225	0	484,079
Prepays	3,723,663	373,075	3,069	1,111	4,100,918
<b>Total Current Assets</b>	<b>4,372,484</b>	<b>6,843,653</b>	<b>4,450,117</b>	<b>2,755,388</b>	<b>18,421,642</b>
<b>Capital Assets:</b>					
Land	14,695	0	0	0	14,695
Buildings and Improvements	0	0	0	0	0
Machinery and Equipment	40,188,891	0	0	0	40,188,891
Less: Accumulated Depreciation	(28,565,606)	0	0	0	(28,565,606)
<b>Net Capital Assets</b>	<b>11,637,980</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,637,980</b>
<b>Other Assets:</b>					
Advances to Other Funds	0	0	0	0	0
Deposits	0	55,000	26,920	2,074	83,994
<b>Total Other Assets</b>	<b>0</b>	<b>55,000</b>	<b>26,920</b>	<b>2,074</b>	<b>83,994</b>
<b>Restricted Assets:</b>					
Long Term Certificates of Deposit	500,000	500,000	0	0	1,000,000
Investments	1,845,385	0	319	0	1,845,704
<b>Total Restricted Assets</b>	<b>2,345,385</b>	<b>500,000</b>	<b>319</b>	<b>0</b>	<b>2,845,704</b>
<b>Total Assets</b>	<b>18,355,849</b>	<b>7,398,653</b>	<b>4,477,356</b>	<b>2,757,462</b>	<b>32,989,320</b>

**CITY OF KINGSPORT, TENNESSEE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**June 30, 2023**

	<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>Total Internal Service Funds</b>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	257,633	86,470	157,638	0	501,741
Due to Other Governments	609	0	0	0	609
Due to Other Funds	988,771	0	0	0	988,771
Claims Payable	0	652,822	0	0	652,822
Benefits Payable	0	2,449,239	390,000	60,000	2,899,239
Compensated Absences Payable	70,832	4,428	2,395	0	77,655
Total Current Liabilities	<u>1,317,845</u>	<u>3,192,959</u>	<u>550,033</u>	<u>60,000</u>	<u>5,120,837</u>
Total Liabilities	<u>1,317,845</u>	<u>3,192,959</u>	<u>550,033</u>	<u>60,000</u>	<u>5,120,837</u>
NET POSITION:					
Net Investment in Capital Assets	11,637,980	0	0	0	11,637,980
Restricted for Future Pension Costs	3,138	0	319	0	3,457
Unrestricted	<u>5,396,886</u>	<u>4,205,694</u>	<u>3,927,004</u>	<u>2,697,462</u>	<u>16,227,046</u>
Total Net Position	<u>\$ 17,038,004</u>	<u>\$ 4,205,694</u>	<u>\$ 3,927,323</u>	<u>\$ 2,697,462</u>	<u>\$ 27,868,483</u>

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, 2023**

	<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>Total Internal Service Funds</b>
OPERATING REVENUE:					
Charges for Sales and Services	\$ 9,735,606	\$ 2,449,580	\$ 9,292,945	\$ 1,254,922	\$ 22,733,053
Miscellaneous	55,831	2,250	1,811,881	190,114	2,060,076
Total Operating Revenue	<u>9,791,437</u>	<u>2,451,830</u>	<u>11,104,826</u>	<u>1,445,036</u>	<u>24,793,129</u>
OPERATING EXPENSES:					
Personnel Services and Benefits	1,357,672	116,159	92,062	0	1,565,893
Materials and Supplies	5,115,588	350	509,520	0	5,625,458
Contractual Services	108,764	168,502	615,957	700	893,923
Insurance	16,526	779,472	585,961	91,167	1,473,126
Insurance Claims	0	756,774	7,988,742	1,371,797	10,117,313
Depreciation	2,668,391	0	0	0	2,668,391
Miscellaneous	137,454	98,447	712,058	44,019	991,978
Total Operating Expenses	<u>9,404,395</u>	<u>1,919,704</u>	<u>10,504,300</u>	<u>1,507,683</u>	<u>23,336,082</u>
Operating Income (Loss)	<u>387,042</u>	<u>532,126</u>	<u>600,526</u>	<u>(62,647)</u>	<u>1,457,047</u>
NONOPERATING REVENUES:					
Gain on Disposal of Capital Assets	162,217	0	0	0	162,217
Investment Earnings	134,497	130,011	73,957	53,886	392,351
Total Nonoperating Revenues	<u>296,714</u>	<u>130,011</u>	<u>73,957</u>	<u>53,886</u>	<u>554,568</u>
Income (Loss) Before Transfers	683,756	662,137	674,483	(8,761)	2,011,615
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	683,756	662,137	674,483	(8,761)	2,011,615
Net Position, July 1, 2022	<u>16,354,248</u>	<u>3,543,557</u>	<u>3,252,840</u>	<u>2,706,223</u>	<u>25,856,868</u>
Net Position, June 30, 2023	<u>\$ 17,038,004</u>	<u>\$ 4,205,694</u>	<u>\$ 3,927,323</u>	<u>\$ 2,697,462</u>	<u>\$ 27,868,483</u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2023**

	<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>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Interfund Services Provided	\$ 10,157,200	\$ 2,441,609	\$ 11,038,171	\$ 1,397,880	\$ 25,034,860
Payments to Suppliers	(7,169,305)	(2,102,157)	(10,421,508)	(1,508,006)	(21,200,976)
Payments to Employees	(1,355,071)	(113,073)	(94,411)	0	(1,562,555)
Net Cash Provided (Used) by Operating Activities	<u>1,632,824</u>	<u>226,379</u>	<u>522,252</u>	<u>(110,126)</u>	<u>2,271,329</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers (to) from Other Funds	0	0	0	0	0
Advances (to) from Other Funds	(501,163)	0	0	0	(501,163)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(501,163)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(501,163)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchase of Capital Assets	(2,976,680)	0	0	0	(2,976,680)
Proceeds from Sales of Capital Assets	162,217	0	0	0	162,217
Net Cash Used by Capital and Related Financing Activities	<u>(2,814,463)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,814,463)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Proceeds from Sales and Maturities of Investments	1,548,722	0	0	0	1,548,722
Purchase of Investments	0	0	(319)	0	(319)
Interest Received	134,030	130,011	73,957	53,886	391,884
Net Cash Provided (Used) by Investing Activities	<u>1,682,752</u>	<u>130,011</u>	<u>73,638</u>	<u>53,886</u>	<u>1,940,287</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(50)	356,390	595,890	(56,240)	895,990
Cash and Cash Equivalents, July 1, 2022	<u>50</u>	<u>6,103,926</u>	<u>3,545,403</u>	<u>2,742,190</u>	<u>12,391,569</u>
Cash and Cash Equivalents, June 30, 2023	<u>\$ 0</u>	<u>\$ 6,460,316</u>	<u>\$ 4,141,293</u>	<u>\$ 2,685,950</u>	<u>\$ 13,287,559</u>

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2023**

	<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>Total Internal Service Funds</b>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 387,042	\$ 532,126	\$ 600,526	\$ (62,647)	\$ 1,457,047
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	2,668,391	0	0	0	2,668,391
(Increase) Decrease in Assets:					
Accounts Receivable	365,763	(10,221)	(66,655)	(47,156)	241,731
Due From Other Governments	0	0	0	0	0
Inventory	59,038	0	(66,041)	0	(7,003)
Prepays	(1,794,762)	(79,578)	0	0	(1,874,340)
Increase (Decrease) in Liabilities:					
Accounts Payable	(55,249)	(361)	106,771	(323)	50,838
Benefits Payable	0	(215,060)	(50,000)	0	(265,060)
Claims Payable	0	(3,613)	0	0	(3,613)
Compensated Absences Payable	2,601	3,086	(2,349)	0	3,338
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,632,824</u>	<u>\$ 226,379</u>	<u>\$ 522,252</u>	<u>\$ (110,126)</u>	<u>\$ 2,271,329</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:					
Equity in Pooled Cash and Investments	\$ 0	\$ 6,460,316	\$ 4,141,293	\$ 2,685,950	\$ 13,287,559
Restricted Assets Cash in Bank	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash and Cash Equivalents, June 30, 2023	<u>\$ 0</u>	<u>\$ 6,460,316</u>	<u>\$ 4,141,293</u>	<u>\$ 2,685,950</u>	<u>\$ 13,287,559</u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2023**

	<b>Industrial Development Board</b>	<b>Emergency Communications District</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Customers and Users	\$ 4,380,759	\$ 889,367
Payments to Suppliers	(1,857,990)	(483,110)
Net Cash Provided (Used) by Operating Activities	<u>2,522,769</u>	<u>406,257</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Noncapital Grants	0	289,536
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>289,536</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Note Proceeds	0	0
Proceeds from Sale of Capital Assets	0	0
Purchases of Capital Assets	(14,400)	0
Capital Grants	250,000	0
Payments to Grantees	0	0
Principal Paid on Capital Debt	(785,358)	0
Interest Paid on Capital Debt	(301,382)	0
Security Deposit Paid on Lease	(12,980)	0
Payments on Leases	(35)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(864,155)</u>	<u>0</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Maturities of Investments	14,105	0
Interest Received	14,744	374
Net Cash Provided by Investing Activities	<u>28,849</u>	<u>374</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,687,463	696,167
Cash and Cash Equivalents, July 1, 2022	<u>1,071,272</u>	<u>3,375,656</u>
Cash and Cash Equivalents, June 30, 2023	<u><u>\$ 2,758,735</u></u>	<u><u>\$ 4,071,823</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 799,443	\$ 241,072
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	226,671	158,556
(Increase) Decrease in Assets:		
Accounts Receivable	0	10
Land Held for Sale or Development	731,636	0
Prepaid Items	3,000	18,338
Lease Receivables and Related Deferrals	(85,903)	0
Increase (Decrease) in Liabilities:		
Accounts Payable	19,022	(11,729)
Unearned Income	828,900	0
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 2,522,769</u></u>	<u><u>\$ 406,247</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS FROM STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:</b>		
Cash	\$ 2,758,735	\$ 4,071,823
Restricted Assets Cash in Bank	0	0
Cash and Cash Equivalents, June 30, 2023	<u><u>\$ 2,758,735</u></u>	<u><u>\$ 4,071,823</u></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>		
Decrease in Investment in Joint Venture	\$ 8,489	\$ 0
Right to Use Lease Asset Acquired in Exchange for a Lease Liability	<u><u>\$ 478,862</u></u>	<u><u>\$ 0</u></u>

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, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS:</b>		
Land	\$ 38,919,030	\$ 37,622,127
Buildings	250,305,993	220,372,730
Improvements Other Than Buildings	51,978,754	50,258,812
Equipment	41,261,047	35,853,401
Software	1,082,501	1,082,501
Infrastructure	303,089,694	301,423,521
Construction in Progress	38,131,506	52,489,982
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 724,768,525</b>	<b>\$ 699,103,074</b>
<b>INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:</b>		
General Obligation Bonds	\$ 467,154,731	\$ 454,216,216
Contributions from Municipalities	203,747	471,778
Federal Grants	21,855,444	19,579,546
State Grants	2,788,361	2,747,985
County Grants	21,296,887	19,817
Federal Revenue Sharing	366,414	366,414
General Fund Revenue	20,552,395	19,895,474
Gifts	39,692,055	38,201,561
Annexed Roads	14,297,831	14,297,831
Forfeitures	113,485	113,485
Special Revenue Funds	93,273,502	91,660,818
Operating Revenue	2,279,181	2,279,181
Notes Payable	2,762,986	2,762,986
Construction in Progress	38,131,506	52,489,982
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 724,768,525</b>	<b>\$ 699,103,074</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 assets.



**CITY OF KINGSPORT, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**JUNE 30, 2023**

Function and Activity	Land	Buildings	Improvements other than Buildings	Equipment	Software	Infrastructure	Construction in Progress	Total
General Government:								
General Government	\$ 14,415,964	\$ 32,989,796	\$ 6,591,533	\$ 2,145,488	\$ 0	\$ 0	\$ 4,583,229	\$ 60,726,010
Finance	0	0	5,797	19,251	47,560	0	0	72,608
Information Services	0	0	0	1,370,221	156,531	0	0	1,526,752
Personnel	0	0	0	10,522	0	0	0	10,522
Geographic Information	0	0	0	80,823	8,500	0	0	89,323
Total General Government	14,415,964	32,989,796	6,597,330	3,626,305	212,591	0	4,583,229	62,425,215
Economic and Physical Development:								
Development Services	0	658,584	43,221	0	0	0	0	701,805
Transportation	511,342	6,955,066	1,423,504	2,935,109	287,075	0	6,125,424	18,237,520
Engineering	0	576,203	76,879	189,996	0	0	0	843,078
Total Economic and Physical Development	511,342	8,189,853	1,543,604	3,125,105	287,075	0	6,125,424	19,782,403
Public Safety:								
Police	90,588	4,677,342	175,384	3,949,544	87,248	0	848,101	9,828,207
Fire	653,337	6,060,441	1,138,601	3,290,574	60,273	0	1,855,374	13,058,600
Communication	0	66,535	0	204,629	0	0	0	271,164
Central Dispatch	0	0	0	2,046,631	0	0	0	2,046,631
Total Public Safety	743,925	10,804,318	1,313,985	9,491,378	147,521	0	2,703,475	25,204,602
Public Works:								
General and Administrative	44,620	514,645	5,370	148,655	32,262	344,469	0	1,090,021
Sanitation	0	0	0	5,000	0	0	0	5,000
Streets	0	0	1,174,765	1,599,936	0	49,503,884	4,625,066	56,903,651
Maintenance	0	634,033	153,399	2,243,612	52,010	0	553,207	3,636,261
Bridges System	0	0	0	0	0	9,159,085	52,682	9,211,767
Highways System	0	0	0	0	0	243,605,639	0	243,605,639
Total Public Works	44,620	1,148,678	1,333,534	3,997,203	84,272	302,613,077	5,230,955	314,452,339

(continued)

**CITY OF KINGSPORT, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**JUNE 30, 2023**

Function and Activity	Land	Buildings	Improvements other than Buildings	Equipment	Software	Infrastructure	Construction in Progress	Total
Culture and Recreation:								
Senior Citizens	0	3,901,672	42,621	112,221	13,550	0	0	4,070,064
Recreation	15,497,652	24,342,798	22,864,184	1,558,890	0	0	5,043,997	69,307,521
Cultural Arts	140,000	2,050,524	711,069	375,874	0	0	15,000	3,292,467
Bays Mountain	1,386,962	953,077	2,502,172	2,620,265	0	0	104,849	7,567,325
Allandale	306,018	463,417	780,576	192,686	0	0	0	1,742,697
Library	133,000	4,788,976	313,412	162,330	0	476,617	0	5,874,335
Total Culture and Recreation	17,463,632	36,500,464	27,214,034	5,022,266	13,550	476,617	5,163,846	91,854,409
Education	5,739,547	160,672,884	13,976,267	15,998,790	337,492	0	14,324,577	211,049,557
Total Governmental Funds Capital Assets	<u>\$ 38,919,030</u>	<u>\$ 250,305,993</u>	<u>\$ 51,978,754</u>	<u>\$ 41,261,047</u>	<u>\$ 1,082,501</u>	<u>\$ 303,089,694</u>	<u>\$ 38,131,506</u>	<u>\$ 724,768,525</u>

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 assets.

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, 2023**

<b>Function and Activity</b>	<b>Governmental Funds Capital Assets June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Governmental Funds Capital Assets June 30, 2023</b>
General Government:					
General Government	\$ 59,084,572	12,380,904	\$ (10,545,004)	(194,462)	\$ 60,726,010
Finance	72,608	0	0	0	72,608
Information Services	1,415,460	111,292	0	0	1,526,752
Personnel	10,522	0	0	0	10,522
Geographic Information	89,323	0	0	0	89,323
Total General Government	60,672,485	12,492,196	(10,545,004)	(194,462)	62,425,215
Economic and Physical Development:					
Development Services	701,805	0	0	0	701,805
Transportation	13,813,499	4,739,056	(315,035)	0	18,237,520
Engineering	843,078	0	0	0	843,078
Total Economic and Physical Development	15,358,382	4,739,056	(315,035)	0	19,782,403
Public Safety:					
Police	9,545,585	336,613	(53,991)	0	9,828,207
Fire	12,903,861	169,058	(14,319)	0	13,058,600
Communication	271,164	0	0	0	271,164
Central Dispatch	2,046,631	0	0	0	2,046,631
Total Public Safety	24,767,241	505,671	(68,310)	0	25,204,602
Public Works:					
General and Administrative	1,129,395	148,366	(187,886)	146	1,090,021
Sanitation	5,000	0	0	0	5,000
Streets	52,567,140	4,426,587	(90,076)	0	56,903,651
Maintenance	2,959,707	676,554	0	0	3,636,261
Bridges System	9,199,372	12,395	0	0	9,211,767
Highways System	243,605,639	0	0	0	243,605,639
Total Public Works	309,466,253	5,263,902	(277,962)	146	314,452,339
Culture and Recreation:					
Senior Citizens	4,015,483	54,581	0	0	4,070,064
Recreation	68,709,054	1,319,230	(606,046)	(114,717)	69,307,521
Cultural Arts	3,277,467	15,000	0	0	3,292,467
Bays Mountain	7,436,615	224,851	(94,618)	477	7,567,325
Allandale	1,742,697	0	0	0	1,742,697
Library	5,883,235	0	(8,900)	0	5,874,335
Total Culture and Recreation	91,064,551	1,613,662	(709,564)	(114,240)	91,854,409
Education	197,774,162	39,994,748	(26,759,353)	40,000	211,049,557
Total Governmental Funds Capital Assets	\$ 699,103,074	\$ 64,609,235	\$ (38,675,228)	\$ (268,556)	\$ 724,768,525

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 assets.

See Independent Auditors' Report.

**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, 2023**

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2022	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2023
<b>PRIMARY GOVERNMENT</b>									
<b>GOVERNMENTAL ACTIVITIES</b>									
<u><b>Notes Payable</b></u>									
<u><b>Payable through Debt Service Fund</b></u>									
2009 QSCB	\$ 1,240,000	1.52%	12/17/09	7/1/26	\$ 317,960	\$ 0	\$ 77,374	\$ 0	\$ 240,586
2010A HUD 108	856,000	4.25%	7/21/10	8/1/31	383,000	0	43,000	0	340,000
2010 EESI	5,045,078	0.75%	12/7/10	11/1/24	1,016,778	0	433,616	0	583,162
2020 CAPITAL OUTLAY SCHOOLS	2,000,000	1.99%	10/30/20	10/1/32	1,833,333	0	166,667	0	1,666,666
2021 EESI	2,976,123	0.50%	6/1/21	6/1/38	2,637,159	218,574	57,388	0	2,798,345
<b>Total Notes Payable through Debt Service Fund</b>	<b>12,117,201</b>				<b>6,188,230</b>	<b>218,574</b>	<b>778,045</b>	<b>0</b>	<b>5,628,759</b>
<u><b>Bonds Payable</b></u>									
<u><b>Payable through Debt Service Fund</b></u>									
General Obligation Refunding, Series 2013	\$ 12,177,052	2.5 - 3.75%	2/8/13	5/1/27	\$ 4,579,996	\$ 0	\$ 865,550	\$ 0	\$ 3,714,446
General Obligation, Series 2013B	13,406,846	2.0 - 5.0%	10/21/13	3/1/34	9,035,366	0	640,858	0	8,394,508
General Obligation, Series 2014A	13,233,893	2.0 - 5.0%	10/31/14	9/1/34	10,130,013	0	602,119	0	9,527,894
General Obligation Refunding, Series 2015	17,695,000	2.0 - 4.0%	2/6/15	3/1/28	13,775,000	0	2,300,000	0	11,475,000
General Obligation Refunding, Series 2015A	8,054,686	1.0 - 4.0%	10/27/15	3/1/36	4,228,643	0	290,619	0	3,938,024
General Obligation Refunding, Series 2016A	6,928,927	2.0 - 4.0%	6/3/16	3/1/29	5,119,382	0	651,937	0	4,467,445
General Obligation, Series 2016B	4,330,138	2.0 - 4.0%	6/3/16	3/1/30	3,458,276	0	398,658	0	3,059,618
General Obligation, Series 2016	7,821,325	3.0 - 4.0%	11/4/16	3/1/36	6,237,631	0	355,598	0	5,882,033
General Obligation, Series 2017A	14,690,288	2.0 - 5.0%	9/8/17	3/1/37	12,391,068	0	647,737	0	11,743,331
General Obligation, Series 2018A	7,040,000	3.0 - 5.0%	9/17/18	3/17/38	6,145,000	0	325,000	0	5,820,000
General Obligation Refunding, Series 2019	7,377,513	3.0 - 5.0%	5/1/19	3/1/30	6,140,079	0	661,883	0	5,478,196
General Obligation, Series 2019	8,906,518	3.0 - 5.0%	11/15/19	3/1/40	8,337,152	0	401,906	0	7,935,246
General Obligation Refunding, Series 2020	9,250,917	1.3 - 2.0%	11/20/20	3/1/32	9,142,447	0	839,865	0	8,302,582
General Obligation, Series 2021	9,205,000	2.0 - 5.0%	11/19/21	11/19/42	9,205,000	0	300,615	0	8,904,385
<b>Total Bonds Payable through Debt Service Fund</b>	<b>140,118,103</b>				<b>107,925,053</b>	<b>0</b>	<b>9,282,345</b>	<b>0</b>	<b>98,642,708</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>152,235,304</b>				<b>114,113,283</b>	<b>218,574</b>	<b>10,060,390</b>	<b>0</b>	<b>104,271,467</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, 2023

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2022	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2023
<b>BUSINESS-TYPE ACTIVITIES</b>									
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Solid Waste Fund</u></b>									
General Obligation Refunding, Series 2013	132,948	2.5 - 4.0%	2/8/13	5/1/27	50,004	0	9,450	0	40,554
General Obligation, Series 2013B	289,856	2.0 - 5.0%	10/21/13	3/1/34	195,344	0	13,855	0	181,489
General Obligation, Series 2014A	2,371,107	2.0 - 5.0%	10/31/14	9/1/34	1,814,988	0	107,881	0	1,707,107
General Obligation Refunding, Series 2019	161,953	3.0 - 5.0%	5/1/19	3/1/30	134,788	0	14,530	0	120,258
<b>Total Bonds Payable</b>	<b>2,955,864</b>				<b>2,195,124</b>	<b>0</b>	<b>145,716</b>	<b>0</b>	<b>2,049,408</b>
<b><u>Bonds Payable</u></b>									
<b><u>Payable through MeadowView Fund</u></b>									
General Obligation Refunding, Series 2016A	9,221,015	2.0 - 4.0%	6/3/16	3/1/29	6,812,873	0	867,599	0	5,945,274
General Obligation, Series 2016	3,266,427	3.0 - 4.0%	11/4/16	3/1/36	2,605,027	0	148,509	0	2,456,518
General Obligation Refunding, Series 2019	542,374	3.0 - 5.0%	5/1/19	3/1/30	451,401	0	48,660	0	402,741
General Obligation, Series 2019	324,543	3.0 - 5.0%	11/15/19	3/1/40	303,796	0	14,645	0	289,151
General Obligation, Series 2021	830,000	2.0 - 5.0%	11/19/21	11/19/42	830,000	0	27,105	0	802,895
<b>Total Bonds Payable</b>	<b>14,184,359</b>				<b>11,003,097</b>	<b>0</b>	<b>1,106,518</b>	<b>0</b>	<b>9,896,579</b>
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Cattails Fund</u></b>									
General Obligation, Series 2019	231,817	3.0 - 5.0%	11/15/19	3/1/40	216,997	0	10,461	0	206,536
General Obligation Refunding, Series 2020	334,626	1.3 - 2.0%	11/20/20	3/1/32	330,703	0	30,379	0	300,324
<b>Total Bonds Payable</b>	<b>566,443</b>				<b>547,700</b>	<b>0</b>	<b>40,840</b>	<b>0</b>	<b>506,860</b>
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Storm Water Fund</u></b>									
General Obligation Refunding, Series 2016A	430,058	2.0 - 4.0%	6/3/16	3/1/29	317,745	0	40,464	0	277,281
General Obligation Refunding, Series 2019	323,907	3.0 - 5.0%	5/1/19	3/1/30	269,578	0	29,060	0	240,518
General Obligation Refunding, Series 2020	255,992	1.3 - 2.0%	11/20/20	3/1/32	252,990	0	23,240	0	229,750
<b>Total Bonds Payable</b>	<b>1,009,957</b>				<b>840,313</b>	<b>0</b>	<b>92,764</b>	<b>0</b>	<b>747,549</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, 2023**

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2022	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2023
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Aquatic Center Fund</u></b>									
General Obligation, Series 2012A	3,110,000	2.0 - 5.0%	6/22/12	4/1/32	1,925,000	0	170,000	0	1,755,000
General Obligation, Series 2013A	1,310,000	3.0 - 4.0%	10/21/13	3/1/34	890,000	0	60,000	0	830,000
General Obligation, Series 2016B	9,029,862	2.0 - 4.0%	6/3/16	3/1/30	7,211,724	0	831,342	0	6,380,382
General Obligation, Series 2017A	164,712	2.0 - 5.0%	9/8/17	3/1/37	138,932	0	7,263	0	131,669
General Obligation, Series 2018C	2,360,000	3.0 - 5.0%	9/28/18	3/1/38	2,070,000	0	105,000	0	1,965,000
General Obligation Refunding, Series 2019	295,809	3.0 - 5.0%	5/1/19	3/1/30	246,193	0	26,539	0	219,654
General Obligation Refunding, Series 2020	103,584	1.3 - 2.0%	11/20/20	3/1/32	102,370	0	9,404	0	92,966
<b>Total Bonds Payable</b>	<b>16,373,967</b>				<b>12,584,219</b>	<b>0</b>	<b>1,209,548</b>	<b>0</b>	<b>11,374,671</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	10,712,737	0	620,844	0	10,091,893
DG8 2022-249	1,300,000	1.06%	10/19/22	8/20/43	0	891,500	0	0	891,500
<b>Total Other Loans Payable</b>	<b>14,856,601</b>				<b>10,712,737</b>	<b>891,500</b>	<b>620,844</b>	<b>0</b>	<b>10,983,393</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	2,838,196	0	710,000	0	2,128,196
General Obligation Refunding, Series 2013	3,025,000	2.5 - 3.75%	2/8/13	5/1/27	50,000	0	10,000	0	40,000
General Obligation, Series 2013B	4,262,308	2.0 - 5.0%	10/21/13	3/1/34	2,872,526	0	203,742	0	2,668,784
General Obligation, Series 2014B	2,717,899	2.0 - 3.0%	10/31/14	3/1/35	1,998,971	0	130,050	0	1,868,921
General Obligation Refunding, Series 2015A	2,226,420	1.0 - 4.0%	10/27/15	3/1/36	1,168,852	0	80,331	0	1,088,521
General Obligation, Series 2016	3,294,425	3.0 - 4.0%	11/4/16	3/1/36	2,627,356	0	149,782	0	2,477,574
General Obligation, Series 2017B	1,167,095	2.0 - 5.0%	9/8/17	3/1/37	980,878	0	51,352	0	929,526
General Obligation, Series 2018B	396,023	3.0 - 5.0%	9/28/18	3/1/38	3,526,189	0	161,648	0	3,364,541
General Obligation Refunding, Series 2019	2,159,378	3.0 - 5.0%	5/1/19	3/1/30	1,797,184	0	193,731	0	1,603,453
General Obligation, Series 2019	5,730,509	3.0 - 5.0%	11/15/19	3/1/40	5,364,174	0	258,589	0	5,105,585
General Obligation Refunding, Series 2020	2,337,395	1.3 - 2.0%	11/20/20	3/1/32	2,309,988	0	212,206	0	2,097,782
General Obligation, Series 2021	1,380,000	2.0 - 5.0%	11/19/21	11/19/42	1,380,000	0	45,067	0	1,334,933
<b>Total Bonds Payable</b>	<b>38,394,648</b>				<b>26,914,314</b>	<b>0</b>	<b>2,206,498</b>	<b>0</b>	<b>24,707,816</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, 2023**

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2022	Issued During Period	Paid and/or matured During Period	Refunded During Period	Outstanding 6/30/2023
<b><u>Bonds Payable</u></b>									
<b><u>Payable through Sewer Fund</u></b>									
General Obligation Refunding, Series 2013	27,760,000	2.5 - 4.0%	2/8/13	5/1/32	11,005,000	0	1,125,000	0	9,880,000
General Obligation, Series 2013B	9,550,991	2.0 - 5.0%	10/21/13	3/1/34	6,436,763	0	456,545	0	5,980,218
General Obligation, Series 2014B	6,582,101	2.0 - 3.0%	10/31/14	9/1/34	4,841,030	0	314,950	0	4,526,080
General Obligation Refunding, Series 2015A	4,823,895	1.0 - 4.0%	10/27/15	3/1/36	2,532,505	0	174,050	0	2,358,455
General Obligation, Series 2016	6,952,823	3.0 - 4.0%	11/4/16	3/1/36	5,544,987	0	316,111	0	5,228,876
General Obligation, Series 2017B	10,082,905	2.0 - 5.0%	9/8/17	3/1/37	8,474,122	0	443,648	0	8,030,474
General Obligation, Series 2018B	1,308,977	3.0 - 5.0%	9/28/18	3/1/38	1,163,811	0	53,352	0	1,110,459
General Obligation Refunding, Series 2019	3,239,067	3.0 - 5.0%	5/1/19	3/1/30	2,695,777	0	290,597	0	2,405,180
General Obligation, Series 2019	3,421,614	3.0 - 5.0%	11/15/19	3/1/40	3,202,880	0	154,400	0	3,048,480
General Obligation Refunding, Series 2020	2,642,486	1.3 - 2.0%	11/20/20	3/1/32	2,611,501	0	239,904	0	2,371,597
General Obligation, Series 2021	6,345,000	2.0 - 5.0%	11/19/21	11/19/42	6,345,000	0	207,213	0	6,137,787
<b>Total Bonds Payable</b>	<b>82,709,859</b>				<b>54,853,376</b>	<b>0</b>	<b>3,775,770</b>	<b>0</b>	<b>51,077,606</b>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>171,051,698</b>				<b>119,650,880</b>	<b>891,500</b>	<b>9,198,498</b>	<b>0</b>	<b>111,343,882</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 323,287,002</b>				<b>\$ 233,764,163</b>	<b>\$ 1,110,074</b>	<b>\$ 19,258,888</b>	<b>\$ 0</b>	<b>\$ 215,615,349</b>
<b>COMPONENT UNIT</b>									
<b><u>INDUSTRIAL DEVELOPMENT BOARD</u></b>									
<b><u>Bank Loans Payable</u></b>									
General Shale Loan	\$ 4,000,000	3.0%-7.5%	12/27/13	12/30/24	\$ 3,289,320	\$ 0	\$ 589	\$ 0	\$ 3,288,731
Miracle Field Loan	1,800,000	3.25%	10/15/19	7/17/30	1,127,500	0	519,500	0	608,000
Antia's Consolidation Loan	6,640,000	3.15%	6/15/20	6/15/30	6,383,916	0	265,269	0	6,118,647
<b>Total Bank Loans Payable - IDBK</b>	<b>\$ 12,440,000</b>				<b>\$ 10,800,736</b>	<b>\$ 0</b>	<b>\$ 785,358</b>	<b>\$ 0</b>	<b>\$ 10,015,378</b>

See Independent Auditors' Report.

**CITY OF KINGSPORT**  
**SCHEDULE OF CHANGES IN LEASE OBLIGATIONS**  
For the Fiscal Year Ended June 30, 2023

DESCRIPTION OF INDEBTEDNESS	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 6/30/2022	Issued During Period	Paid and/or matured During Period	Remeasure ments	Outstanding 6/30/2023
<b>PRIMARY GOVERNMENT</b>									
<b>GOVERNMENTAL ACTIVITIES</b>									
<u>Leases Payable</u>									
<u>Payable through Governmental Funds</u>									
	\$ 0	0.00%	n/a	n/a	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Leases Payable through Governmental Funds	<u>0</u>				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Leases Payable - Governmental Activities	<u>0</u>				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>BUSINESS-TYPE ACTIVITIES</b>									
<u>Leases Payable</u>									
<u>Payable through Proprietary Funds</u>									
	0	0.00%	n/a	n/a	0	0	0	0	0
Total Leases Payable through Business-Type Funds	<u>0</u>				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>0</u>				<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL PRIMARY GOVERNMENT	<u><u>\$ 0</u></u>				<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
<b>COMPONENT UNIT</b>									
<u>INDUSTRIAL DEVELOPMENT BOARD</u>									
<u>Leases Payable</u>									
<u>Payable through IDBK</u>									
A.W. Sevier Center	\$ 465,882	0.0351	1/1/23	1/1/29	\$ 0	\$ 465,882	\$ (6,818)	\$ 0	\$ 472,700
Total Leases Payable - IDBK	<u><u>\$ 465,882</u></u>				<u><u>\$ 0</u></u>	<u><u>\$ 465,882</u></u>	<u><u>\$ (6,818)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 472,700</u></u>

See Independent Auditors' Report.



**CITY OF KINGSPORT, TENNESSEE**  
**ENTERPRISE FUNDS**  
**SCHEDULE OF OPERATING COSTS**  
For the Fiscal Year Ended June 30, 2023

	<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>
General and Administrative:						
Personnel Services	\$ 343,364	\$ 480,341	\$ 0	\$ 0	\$ 0	\$ 823,705
Contractual Services	173,784	436,084	25,976	17,827	309,085	962,756
Supplies	267,961	158	9,511	79,023	5,717	362,370
Insurance	46,398	27,285	42,309	78,664	47,875	242,531
Subsidies and Contributions	0	0	0	673,425	0	673,425
Base Management Fee	0	0	0	158,797	33,173	191,970
Other	319,495	114,480	16,935	160,263	100,153	711,326
Total General and Administrative	<u>1,151,002</u>	<u>1,058,348</u>	<u>94,731</u>	<u>1,167,999</u>	<u>496,003</u>	<u>3,968,083</u>
Operations:						
Water Plant Operations	3,885,430	0	0	0	0	3,885,430
Sewer Plant Operations	0	4,051,845	0	0	0	4,051,845
Water Distribution System Maintenance	2,591,764	0	0	0	0	2,591,764
Sewer Collection System Maintenance	0	2,046,861	0	0	0	2,046,861
Utility Technical Services	1,431,931	687,383	0	0	0	2,119,314
Landfill Operations and Services	0	0	0	0	1,385,227	1,385,227
Solid Waste Collection Services	0	0	0	0	1,083,476	1,083,476
Organic Refuse Services	0	0	0	0	3,620,972	3,620,972
Storm Water Maintenance	0	0	0	0	1,676,305	1,676,305
Aquatic Center Operations	0	0	1,791,527	0	0	1,791,527
Aquatic Center Concessions	0	0	147,847	0	0	147,847
Aquatic Center Programs	0	0	126,141	0	0	126,141
Golf Grounds Maintenance	0	0	0	0	395,854	395,854
Golf Pro Shop	0	0	0	0	385,191	385,191
Golf Shop Food and Beverage	0	0	0	0	66,568	66,568
Total Operations	<u>7,909,125</u>	<u>6,786,089</u>	<u>2,065,515</u>	<u>0</u>	<u>8,613,593</u>	<u>25,374,322</u>
Total Operating Costs	<u>\$ 9,060,127</u>	<u>\$ 7,844,437</u>	<u>\$ 2,160,246</u>	<u>\$ 1,167,999</u>	<u>\$ 9,109,596</u>	<u>\$ 29,342,405</u>

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**NONMAJOR ENTERPRISE FUNDS**  
**SCHEDULE OF OPERATING COSTS**  
**For the Fiscal Year Ended June 30, 2023**

	<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	5,500	40,087	263,498	309,085
Supplies	0	5,717	0	5,717
Insurance	20,500	0	27,375	47,875
Base Management Fee	0	0	33,173	33,173
Other	35,477	2,377	62,299	100,153
Total General and Administrative	61,477	48,181	386,345	496,003
Operations:				
Landfill Operations and Services	1,385,227	0	0	1,385,227
Solid Waste Collection Services	1,083,476	0	0	1,083,476
Organic Refuse Services	3,620,972	0	0	3,620,972
Storm Water Maintenance	0	1,676,305	0	1,676,305
Golf Grounds Maintenance	0	0	395,854	395,854
Golf Pro Shop	0	0	385,191	385,191
Golf Shop Food and Beverage	0	0	66,568	66,568
Total Operations	6,089,675	1,676,305	847,613	8,613,593
Total Operating Costs	\$ 6,151,152	\$ 1,724,486	\$ 1,233,958	\$ 9,109,596

See Independent Auditors' Report.

**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2023

<b>Federal Granting Agency/ Recipient State Agency/ Grant Program/ Grant Number</b>	<b>Federal Assistance Listing Number</b>	<b>Contract Number</b>	<b>Subrecipient UEI/ DUNS</b>	<b>Passed - Through to Subrecipient</b>	<b>FY2023 Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
Pass Through Tennessee Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555				\$ 2,300,976
NSLP Supply Chain Assistance Grant	10.555				220,216
School Breakfast Program	10.553				746,092
Summer Feeding Program	10.559				174,381
Child Nutrition Cluster Total					<u>3,441,665</u>
Pass Through Tennessee Department of Agriculture:					
Food Distribution Cluster:					
Commodity Supplemental Feeding	10.569				152,155
Food Distribution Cluster Total					<u>152,155</u>
<b>Total U.S. Department of Agriculture</b>					<b><u>3,593,820</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>					
Pass Through Tennessee Department of Education:					
Title I Program:					
Title I, Project 23-01	84.010				1,975,556
Title I, Project 22-21	84.010				331,331
Title I, Project Neglected 22-21	84.010				82
Title I, Project Neglected 23-01	84.010				12,814
Title I Program Total					<u>2,319,783</u>
Special Education Cluster:					
IDEA Part B, 23-01	84.027				1,267,585
IDEA Part B, 22-21	84.027				470,590
IDEA Compensatory 21-31	84.027				37,792
IDEA Part B, High Cost	84.027				15,639
IDEA Pre School 22-21	84.173				32,382
IDEA Pre School 23-01	84.173				28,064
ARP IDEA Preschool 22-21 (ARPA)	84.173X				7,407
ARP IDEA Part B 22-01 (ARPA)	84.027X				254,654
Special Education Cluster Total					<u>2,114,113</u>
Title II Program:					
Title II, 22-21	84.367				102,196
Title II, 23-01	84.367				314,145
Title II Program Total					<u>416,341</u>
Carl Perkins, 2022	84.048				(68,540)
Carl Perkins, 2023	84.048				159,923
CTE PERKINS Reserve 2023	84.048				61,606
					<u>152,989</u>
Transition School to Work 2022	84.126				29,395
Transition School to Work 2023	84.126				210,557
					<u>239,952</u>
Homeless Assistance Grant	84.196				319
Title IX McKinney, 23-01	84.196A				55,325
Title IX McKinney, 23-31	84.196A				22,699
					<u>78,343</u>
TITLE IV 22-21	84.366				112,979
TITLE IV 23-01	84.366				168,828
					<u>281,807</u>
Learning Camps and Transportation For At Risk Children (ARPA)	93.558				199,166
Education Stabilization Fund:					
Literacy Training Teacher Stipend PK5 22	84.425C				10,974
ESSER II (CRRSA ACT)	84.425D				2,771,926
ESSER III (ARPA)	84.425U				5,684,046
Homeless ARP 1.0 22-21 (ARPA)	84.425W				35,108
Homeless ARP 2.0 22-21 (ARPA)	84.425W				66,240
Education Stabilization Fund Total					<u>8,568,294</u>
Pass Through City of Greeneville, Tennessee:					
TITLE III, 22-21	84.365				3,863
TITLE III, 23-01	84.365				10,109
					<u>13,972</u>
<b>Total U.S. Department of Education</b>					<b><u>14,384,760</u></b>

(continued)

**CITY OF KINGSFORT, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2023

<b>Federal Granting Agency/ Recipient State Agency/ Grant Program/ Grant Number</b>	<b>Federal Assistance Listing Number</b>	<b>Contract Number</b>	<b>Subrecipient UEI/ DUNS</b>	<b>Passed - Through to Subrecipient</b>	<b>FY2023 Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>					
Direct Programs:					
Federal Transit Cluster:					
Federal Transit - Formula Grants	20.507	TN-2020-022-00			377,591
Federal Transit - Formula Grants	20.507	TN-2020-023-00			480,896
Federal Transit - Formula Grants	20.507	TN-2021-031-01			2,112,432
Federal Transit - Formula Grants	20.507	TN-2016-015-00			1,697
Federal Transit Cluster Total					<u>2,972,616</u>
Pass Through Tennessee Department of Transportation:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	Z18THS164			63,243
Highway Safety Cluster Total					<u>63,243</u>
Highway Planning and Construction	20.205	123325			1,591,930
Highway Planning and Construction	20.205	123325			611,612
Highway Planning and Construction	20.205	Z-19MPO007			39,857
Highway Planning and Construction	20.205	Z-19MPO007			136,606
Pass-Through Virginia Department of Transportation:					
Highway Planning and Construction	20.205				3,960
					<u>2,383,965</u>
Pass Through Tennessee Department of Transportation:					
Metropolitan Transportation Planning	20.505	GG-17-53600-00			10,466
Pass-Through Virginia Department of Transportation:					
Metropolitan Transportation Planning	20.505	46019-02			4,260
<b>Total U.S. Department of Transportation</b>					<b><u>5,434,550</u></b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>					
Direct Programs:					
Bulletproof Vest Partnership Program 10054361	16.607				3,822
Edward Byrne Memorial Justice Assistance Grant Program	16.738	O-BJA-2022-171368			6,239
<b>Total U.S. Department of Justice</b>					<b><u>10,061</u></b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>					
Pass-Through Federal Emergency Management Agency:					
Technical Rescue - Assistance to Firefighters	97.044	EMW-2021-FG-07363			69,213
<b>Total U.S. Department of Homeland Security</b>					<b><u>69,213</u></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			18,970
<b>Total Executive Office of the President</b>					<b><u>18,970</u></b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>					
Direct Programs:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants	14.218	B-22-MC-47-0004			366,260
Community Development Block Grants (CARES ACT)	14.218	B-20-MC-47-0004			56,973
Community Development Block Grants	14.218	B-20-MC-47-0004	10-604-7138	\$ 15,000	
Community Development Block Grants	14.218	B-20-MC-47-0004	06-318-8200	\$ 3,357	
Community Development Block Grants	14.218	B-20-MC-47-0004	DVLTHFW4DKM1	\$ 34,846	
Community Development Block Grants	14.218	B-20-MC-47-0004	LJ1RRDHA1LD5	\$ 3,771	
Community Development Block Grants	14.218	B-22-MC-47-0004	LJGZAL4ERWL1	\$ 10,000	
Community Development Block Grants	14.218	B-22-MC-47-0004	WEUWKWDY51B7	\$ 5,000	
Community Development Block Grants	14.218	B-22-MC-47-0004	06-765-9915	\$ 2,311	
Community Development Block Grants	14.218	B-22-MC-47-0004	LJ1RRDHA1LD5	\$ 10,000	
Community Development Block Grants	14.218	B-22-MC-47-0004	JZ6BJ6BZRLJ8	\$ 6,356	
CDBG - Entitlement Grants Cluster Total					<u>423,233</u>
<b>Total U.S. Department of Housing and Urban Development</b>					<b><u>423,233</u></b>

(continued)

**CITY OF KINGSFORT, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2023

<b>Federal Granting Agency/ Recipient State Agency/ Grant Program/ Grant Number</b>	<b>Federal Assistance Listing Number</b>	<b>Contract Number</b>	<b>Subrecipient UEI/ DUNS</b>	<b>Passed - Through to Subrecipient</b>	<b>FY2023 Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
Pass-Through First Tennessee Development District: Aging Cluster: Title III-B Transportation& III-D Health Promotion	93.044	KINGS-2020-HOOT-20			12,000
Aging Cluster Total					<u>12,000</u>
Pass-Through Tennessee Department of Health: Epidemiology and Laboratory Capacity 22-21	93.323				555,035
Epidemiology and Laboratory Capacity - ADDITIONAL 23-01	93.323				372,725
					<u>927,760</u>
Resilient School Communities	93.354				<u>28,897</u>
<b>Total U.S. Department of Health and Human Services</b>					<b><u>968,657</u></b>
<b><u>U.S. DEPARTMENT OF COMMERCE</u></b>					
Pass-Through Tenn Dept of Economic & Community Development: Appalachian Regional Development	23.001				101,195
<b>Total U.S. Department of Commerce</b>					<b><u>101,195</u></b>
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>					
Direct Programs: Coronavirus State & Local Fiscal Recovery Funds (ARPA)	21.027		DVLTHFW4DKM1	\$ 112,060	1,697,359
Pass-Through Tennessee Department of Environment and Conservation: Pass Through Washington County, Tennessee: Coronavirus State & Local Fiscal Recovery Funds (ARPA)	21.027				277,312
<b>Total U.S.Department of The Treasury</b>					<b><u>1,974,671</u></b>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>					
Pass-Through Tennessee Department of Environment and Conservation: Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Loan Funds	66.468	DG8-2022-249			1,300,000
Drinking Water State Revolving Fund Cluster Total					<u>1,300,000</u>
<b>Total Environmental Protection Agency</b>					<b><u>1,300,000</u></b>
<b>Total Expenditures of Federal Awards</b>				<b><u>\$ 202,701</u></b>	<b><u>\$ 28,279,130</u></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, 2023, the School Board had food commodities totaling \$81,964 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 \$10,091,893 at June 30, 2023. The interest rate is 1.78%. The project was completed in FY2018. For FY23, the City has a new State Revolving Loan with an outstanding balance of \$891,500 at June 30, 2023. Of this balance \$891,500 was federal money. The total loan available is \$1,300,000 and carries an interest rate of 1.06%.The remaining \$408,500 was drawn down in FY24.

**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Fiscal Year Ended June 30, 2023

Granting Agency/ Pass-Through Agency Grant Program/ Grant Number	State Contract Number	Pass-Through Entity identifying Number	2023 State Expenditures
<b><u>PRIMARY GOVERNMENT</u></b>			
<b>Tennessee Arts Commission:</b>			
TAC Creative Partner Elementary School Arts Grants	31625-29216		\$ 16,000 6,000
<b>Total Tennessee Arts Commission</b>			<b>22,000</b>
<b>Tennessee Department of Health and Human Services:</b>			
Pass-Through First Tennessee Development District: State Senior Center Operations Grant		KINGS-2020-HOOT-20	19,079
<b>Total Tennessee Department of Health and Human Services</b>			<b>19,079</b>
<b>Tennessee Department of Transportation:</b>			
Z19MPO007 59110 MPO Administration TN-90-X483 Operating 82UROP-S3-035 Transit Center Transit Center; Ph 2 Transit Garage Transit Garage- Improvement Act Capital Assistance	82956-1089-54 SPR-PL 82NPLN-F7-003 Z-23-UROP-07 GG-17-52819-00 GG-22-73094 82IMPV-S3-002		654 11,029 688,501 212 264,054 1,897,575
<b>Total Tennessee Department of Transportation</b>			<b>2,862,025</b>
<b>Tennessee Department of Agriculture:</b>			
CDC 1305 Snap Grant Tennessee Agricultural Enhancement Program			1,088 1,500
<b>Total Tennessee Department of Agriculture</b>			<b>2,588</b>
<b>Tennessee Department of Children's Services:</b>			
Truancy Intervention Program	GG-10-28898		53,720
<b>Total Tennessee Department of Children's Services</b>			<b>53,720</b>
<b>Tennessee Department of Education:</b>			
Safe Schools Pre-Kindergarten- Lottery Family Resource Coordinated School Health	GP-46590 MX0-AAX MTE-AAX GZB-AAX		157,476 676,900 29,612 99,581
<b>Total Tennessee Department of Education</b>			<b>963,569</b>
<b>Tennessee Department of Intellectual and Development Disabilities:</b>			
State Direct Appropriations Grant - Miracle Field Award			250,000
<b>Total Tennessee Department of Intellectual and Development Disabilities</b>			<b>250,000</b>
<b>Tennessee Commission on Aging and Disability:</b>			
Direct Appropriation Grant - Senior Center			16,000
<b>Total Commission on Aging and Disability</b>			<b>16,000</b>
<b>Total State Awards</b>			<b>\$ 4,188,981</b>

See Independent Auditor's Report.

**CITY OF KINGSPORT, TENNESSEE  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**III. STATISTICAL SECTION (UNAUDITED)**

## **STATISTICAL SECTION**

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

### **Contents:**

### **Page**

#### **Financial Trends**

*Tables 1 - 6 contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

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#### **Revenue Capacity**

*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.*

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#### **Debt Capacity**

*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.*

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#### **Demographic and Economic Information**

*Tables 18 - 19 offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

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#### **Operating Information**

*Tables 20 - 28 contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

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#### **Note:**

Statistical tables are exclusive of any prior period adjustments.

#### **Sources:**

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

#### **Additional Information:**

Please see the City's most recent official statement and other information posted on the MSRB Electronic Municipal Market Access (EMMA) website - <https://emma.msrb.org>. The City posts information on the website between audits to comply with continuing disclosure requirements.



Table 1

**CITY OF KINGSPORT, TENNESSEE**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Governmental Activities										
Net Investment in Capital Assets	\$ 229,484,970	\$ 220,670,564	\$ 215,146,670	\$ 232,739,291	\$ 236,836,283	\$ 255,053,440	\$ 259,148,746	\$ 255,695,914	\$ 256,762,447	\$ 273,487,359
Restricted	247,951	215,639	172,941	25,660,368	23,104,992	13,661,733	14,206,441	11,600,273	47,012,135	17,089,975
Unrestricted	(9,459,253)	(42,782,973)	(39,294,647)	(35,204,137)	(46,530,391)	(43,769,895)	(50,841,661)	(33,252,519)	(42,545,018)	(5,267,252)
Total Governmental Activities Net Position	<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>	<u>\$ 222,513,526</u>	<u>\$ 234,043,668</u>	<u>\$ 261,229,564</u>	<u>\$ 285,310,082</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 183,789,590	\$ 183,083,561	\$ 188,268,413	\$ 193,031,301	\$ 192,493,822	\$ 194,615,588	\$ 197,585,013	\$ 199,680,773	\$ 196,397,594	\$ 200,142,606
Restricted	469,895	406,253	604,795	858,037	1,236,060	1,093,122	1,624,835	1,455,645	1,538,587	1,815,357
Unrestricted	11,926,884	6,201,559	3,791,304	3,460,513	3,964,589	3,275,447	2,293,377	1,097,722	6,499,893	5,399,467
Total Business-Type Activities Net Position	<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>	<u>\$ 201,503,225</u>	<u>\$ 202,234,140</u>	<u>\$ 204,436,074</u>	<u>\$ 207,357,430</u>
Primary Government										
Net Investment in Capital Assets	\$ 403,754,125	\$ 403,415,083	\$ 425,770,592	\$ 429,330,105	\$ 429,330,105	\$ 449,669,028	\$ 456,733,759	\$ 455,376,687	\$ 453,160,041	\$ 473,629,965
Restricted	621,892	777,736	26,518,405	24,341,052	24,341,052	14,754,855	15,831,276	13,055,918	48,550,722	18,905,332
Unrestricted	(36,581,414)	(35,503,343)	(31,743,624)	(42,565,802)	(42,565,802)	(40,494,448)	(48,548,284)	(32,154,797)	(36,045,125)	132,215
Total Primary Government Net Position	<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>	<u>\$ 424,016,751</u>	<u>\$ 436,277,808</u>	<u>\$ 465,665,638</u>	<u>\$ 492,667,512</u>

Source: City of Kingsport Finance Department

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<u>Governmental Activities:</u>										
General Government	\$ 9,342,864	\$ 10,576,342	\$ 10,413,192	\$ 11,672,892	\$ 11,654,457	\$ 10,051,430	\$ 13,650,464	\$ 13,398,336	\$ 17,594,976	\$ 21,389,215
Public Safety	21,804,504	21,215,734	21,663,334	23,373,247	23,574,401	23,359,946	24,844,743	24,735,757	22,530,356	26,676,165
Public Works	13,920,899	14,606,362	15,579,088	18,087,183	17,995,836	21,056,262	19,461,480	22,751,093	19,487,805	22,617,812
Highway Transportation Planning	4,876,627	5,319,159	4,428,006	4,381,789	4,309,081	4,456,199	4,323,380	4,467,824	4,637,310	5,050,087
Economic and Physical Development	4,647,819	4,358,455	4,326,769	2,023,477	2,003,996	1,816,758	1,809,966	2,019,149	2,264,848	2,405,551
Culture and Recreation	7,308,927	7,347,859	7,784,401	8,322,721	8,539,135	8,713,814	8,650,854	8,611,592	9,565,508	10,125,763
Education	77,124,830	74,368,054	78,180,717	81,495,584	82,061,934	79,704,213	85,634,703	90,207,179	89,348,094	100,044,821
Interest on Long-Term Debt	4,121,095	4,189,508	4,008,351	3,847,436	4,077,838	3,959,266	3,869,974	3,558,701	3,420,487	3,183,790
Total Governmental Activities Expenses	143,147,565	141,981,473	146,383,858	153,204,329	154,216,678	153,117,888	162,245,564	169,749,631	168,849,384	191,493,204
<u>Business-Type Activities:</u>										
Water	10,848,749	10,689,783	11,029,910	11,389,112	11,682,737	11,907,425	12,502,667	12,005,149	11,600,766	13,651,930
Sewer	8,912,004	11,281,230	11,853,057	11,727,265	12,020,168	13,273,850	13,659,939	13,321,178	13,455,696	14,862,315
Solid Waste Management	4,379,003	4,249,886	4,424,383	4,638,331	4,606,197	4,969,412	5,092,975	4,820,616	6,565,280	6,555,868
Storm Water Management	1,230,005	1,347,121	1,457,499	1,476,865	1,464,050	1,506,017	1,356,009	1,455,996	1,390,291	1,921,721
Aquatic Center	3,220,643	3,058,481	2,984,965	3,062,597	3,095,614	3,165,293	2,805,099	2,770,680	3,164,069	3,360,127
MeadowView Conference Center	2,954,368	2,944,790	2,685,147	2,637,666	2,376,920	2,271,450	2,927,452	2,885,764	2,676,446	2,957,802
Cattails at MeadowView Golf Course	1,335,963	1,274,216	1,311,917	1,274,403	1,281,058	1,297,199	1,222,051	1,353,981	1,438,252	1,469,204
Total Business-Type Activities Expenses	32,880,735	34,859,507	35,746,878	36,206,239	36,526,744	38,390,646	39,566,192	38,613,364	40,290,800	44,778,967
Total Primary Government Expenses	\$ 176,028,300	\$ 176,840,980	\$ 182,130,736	\$ 189,410,568	\$ 190,743,422	\$ 191,508,534	\$ 201,811,756	\$ 208,362,995	\$ 209,140,184	\$ 236,272,171
<b>Program Revenues</b>										
<u>Governmental Activities:</u>										
Charges for Services:										
General Government	\$ 491,916	\$ 1,036,182	\$ 1,097,954	\$ 1,011,092	\$ 873,420	\$ 1,226,607	\$ 1,332,054	\$ 2,083,277	\$ 1,562,877	\$ 2,346,292
Public Safety	1,227,933	1,106,788	1,259,977	1,422,778	1,497,607	1,571,833	1,214,122	1,183,373	1,364,592	1,454,859
Public Works	0	0	0	1,218,571	694,464	837,147	852,152	321,506	494,938	661,336
Highway Transportation Planning	130,945	147,631	117,862	121,005	131,331	137,499	116,270	108,828	112,177	112,633
Economic and Physical Development	764,682	599,980	900,416	25	0	0	0	0	0	0
Culture and Recreation	963,498	1,029,146	1,324,523	1,465,081	1,430,394	1,404,863	947,440	886,610	1,551,568	1,881,673
Education	2,344,300	2,287,373	2,417,198	2,202,762	2,229,939	2,430,625	2,077,017	1,674,025	1,826,109	3,336,368
Operating Grants and Contributions	38,620,397	38,081,890	38,590,390	42,102,696	43,383,591	45,097,644	46,845,170	53,247,450	63,520,471	62,146,782
Capital Grants and Contributions	2,043,937	3,351,516	2,411,235	47,444,523	4,566,083	6,248,957	2,402,227	8,287,092	6,494,542	13,697,996
Total Governmental Activities Program Revenues	46,587,608	47,640,506	48,119,555	96,988,538	54,806,829	58,955,175	55,786,452	67,792,161	76,927,274	85,637,939
<u>Business-Type Activities:</u>										
Charges for Services:										
Water	12,791,336	13,262,329	13,575,659	13,643,424	13,561,961	14,026,187	14,187,690	13,907,975	14,551,652	15,889,273
Sewer	13,142,602	13,305,667	13,750,057	14,363,873	14,129,069	14,203,143	14,648,731	14,381,890	15,383,305	17,743,133
Solid Waste Management	832,053	1,006,285	872,231	2,829,363	2,860,951	3,118,977	3,104,370	3,278,216	3,484,181	3,775,677
Storm Water Management	1,840,865	1,813,527	1,860,884	1,901,456	1,844,224	1,893,941	1,870,424	1,836,587	1,853,792	1,864,578
Aquatic Center	1,428,226	1,388,065	1,348,766	1,337,074	1,382,559	1,483,712	984,822	944,830	1,507,876	1,401,643
MeadowView Conference Center	180,481	223,898	384,717	435,600	380,866	325,982	238,806	84,398	232,275	326,224
Cattails at MeadowView Golf Course	948,586	819,742	898,760	881,851	879,919	849,403	814,850	1,237,870	1,100,454	1,138,899
Operating Grants and Contributions	185,308	181,030	174,903	167,877	160,187	177,713	9,969	0	0	0
Capital Grants and Contributions	1,033,605	868,632	1,495,226	1,709,857	258,915	37,701	83,784	190,100	247,533	1,211,477
Total Business-Type Activities Program Revenues	32,383,062	32,869,175	34,361,203	37,270,375	35,458,651	36,116,759	35,943,446	35,861,866	38,361,068	43,350,904
Total Primary Government Program Revenues	\$ 78,970,670	\$ 80,509,681	\$ 82,480,758	\$ 134,258,908	\$ 90,265,480	\$ 95,071,934	\$ 91,729,898	\$ 103,654,027	\$ 115,288,342	\$ 128,988,843

(continued)

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (96,559,957)	\$ (94,340,967)	\$ (98,264,303)	\$ (56,215,796)	\$ (99,409,849)	\$ (94,162,713)	\$ (106,459,112)	\$ (101,957,470)	\$ (91,922,110)	\$ (105,855,265)
Business-Type Activities	(497,673)	(1,990,332)	(1,385,675)	1,064,136	(1,068,093)	(2,273,887)	(3,622,746)	(2,751,498)	(1,929,732)	(1,428,063)
<b>Total Primary Government Net (Expense) Revenue</b>	<b>\$ (97,057,630)</b>	<b>\$ (96,331,299)</b>	<b>\$ (99,649,978)</b>	<b>\$ (55,151,660)</b>	<b>\$ (100,477,942)</b>	<b>\$ (96,436,600)</b>	<b>\$ (110,081,858)</b>	<b>\$ (104,708,968)</b>	<b>\$ (93,851,842)</b>	<b>\$ (107,283,328)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<u>Governmental Activities:</u>										
Taxes:										
Property Taxes	\$ 52,677,994	\$ 55,935,014	\$ 57,058,121	\$ 59,355,264	\$ 57,621,560	\$ 57,748,741	\$ 59,138,963	\$ 60,603,676	\$ 60,971,132	\$ 64,537,940
Sales Taxes	30,753,163	32,690,121	34,386,506	34,602,066	35,891,135	36,618,697	36,662,041	41,096,952	46,556,674	49,916,865
Other Taxes	6,144,010	6,596,149	6,774,085	11,137,599	11,776,636	11,550,105	10,772,453	10,844,561	11,956,174	13,846,736
Grants and Contributions Not Restricted	1,151,744	1,126,538	995,380	1,121,189	1,111,256	1,125,983	1,268,998	2,418,904	1,763,461	1,317,032
Unrestricted Investment Earnings	178,084	158,346	211,962	332,007	850,735	1,235,699	1,250,933	461,428	57,904	1,835,591
Gain (Loss) on Disposal of Capital Assets	0	0	0	0	0	0	0	0	0	0
Miscellaneous	903,143	1,047,776	939,546	182,882	232,232	272,160	307,726	261,387	1,890,902	2,170,238
Transfers	(4,331,130)	(4,539,037)	(4,179,563)	(3,344,653)	(3,195,912)	(2,854,278)	(5,381,570)	(3,262,562)	(4,088,241)	(3,688,619)
<b>Total Governmental Activities</b>	<b>87,477,008</b>	<b>93,014,907</b>	<b>96,186,037</b>	<b>103,386,354</b>	<b>104,287,642</b>	<b>105,697,107</b>	<b>104,019,544</b>	<b>112,424,346</b>	<b>119,108,006</b>	<b>129,935,783</b>
<u>Business-Type Activities:</u>										
Unrestricted Investment Earnings	74,889	77,171	179,251	276,550	403,815	709,295	760,244	219,851	43,425	660,800
Gain (Loss) on Disposal of Capital Assets	0	0	0	0	0	0	0	0	0	0
Transfers	4,331,130	4,539,037	4,179,563	3,344,653	3,195,912	2,854,278	5,381,570	3,262,562	4,088,241	3,688,619
<b>Total Business-Type Activities</b>	<b>4,406,019</b>	<b>4,616,208</b>	<b>4,358,814</b>	<b>3,621,203</b>	<b>3,599,727</b>	<b>3,563,573</b>	<b>6,141,814</b>	<b>3,482,413</b>	<b>4,131,666</b>	<b>4,349,419</b>
<b>Total Primary Government</b>	<b>\$ 91,883,027</b>	<b>\$ 97,631,115</b>	<b>\$ 100,544,851</b>	<b>\$ 107,007,557</b>	<b>\$ 107,887,369</b>	<b>\$ 109,260,680</b>	<b>\$ 110,161,358</b>	<b>\$ 115,906,759</b>	<b>\$ 123,239,672</b>	<b>\$ 134,285,202</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (9,082,949)	\$ (1,326,060)	\$ (2,078,266)	\$ 47,170,558	\$ 4,877,793	\$ 11,534,394	\$ (2,439,568)	\$ 10,466,876	\$ 27,185,896	\$ 24,080,518
Business-Type Activities	3,908,346	2,625,876	2,973,139	4,685,339	2,531,634	1,289,686	2,519,068	730,915	2,201,934	2,921,356
<b>Total Primary Government</b>	<b>\$ (5,174,603)</b>	<b>\$ 1,299,816</b>	<b>\$ 894,873</b>	<b>\$ 51,855,897</b>	<b>\$ 7,409,427</b>	<b>\$ 12,824,080</b>	<b>\$ 79,500</b>	<b>\$ 11,197,791</b>	<b>\$ 29,387,830</b>	<b>\$ 27,001,874</b>

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)**

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<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>
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
2020	\$ 59,138,963	\$ 36,662,041	\$ 478,717	\$ 6,814,149	\$ 2,041,964	\$ 1,437,623	\$ 106,573,457
2021	\$ 60,603,676	\$ 41,096,952	\$ 242,319	\$ 7,041,983	\$ 2,204,644	\$ 1,355,615	\$ 112,545,189
2022	\$ 60,971,132	\$ 46,556,674	\$ 6,311	\$ 7,629,584	\$ 2,280,339	\$ 2,039,940	\$ 119,483,980
2023	\$ 64,537,940	\$ 49,916,865	\$ 2,053	\$ 9,265,292	\$ 2,329,619	\$ 2,249,772	\$ 128,301,541

Source: City of Kingsport Finance Department

Note: Business Tax includes franchise fees

Table 4

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 34,360	\$ 20,941	\$ 22,927	\$ 24,390	\$ 32,018	\$ 40,972	\$ 29,665	\$ 32,627	\$ 23,814	\$ 25,204
Restricted	0	0	0	0	0	0	0	0	0	87,555
Committed	0	0	0	0	0	0	0	0	0	0
Assigned	85,660	139,451	94,905	179,468	160,364	169,353	492,756	255,189	363,614	487,894
Unassigned	11,648,737	12,736,020	13,130,953	13,911,298	15,585,389	15,828,588	17,716,474	20,215,891	24,187,194	24,976,391
Total General Fund	<u>\$ 11,768,757</u>	<u>\$ 12,896,412</u>	<u>\$ 13,248,785</u>	<u>\$ 14,115,156</u>	<u>\$ 15,777,771</u>	<u>\$ 16,038,913</u>	<u>\$ 18,238,895</u>	<u>\$ 20,503,707</u>	<u>\$ 24,574,622</u>	<u>\$ 25,577,044</u>
All Other Governmental Funds										
Nonspendable	\$ 321,674	\$ 328,598	\$ 349,582	\$ 312,662	\$ 335,197	\$ 373,070	\$ 515,367	\$ 418,114	\$ 304,084	\$ 382,699
Restricted	14,014,752	15,519,288	8,264,217	37,108,397	41,610,698	25,537,386	20,776,298	9,978,803	19,434,295	17,834,735
Committed	18,510	15,000	15,000	0	0	0	5,420,189	6,195,502	9,969,064	13,277,714
Assigned	9,192,987	10,510,648	11,859,220	16,105,744	16,256,502	16,891,707	11,521,848	21,321,183	25,087,140	20,864,142
Total all Other Governmental Funds	<u>\$ 23,547,923</u>	<u>\$ 26,373,534</u>	<u>\$ 20,488,019</u>	<u>\$ 53,526,803</u>	<u>\$ 58,202,397</u>	<u>\$ 42,802,163</u>	<u>\$ 38,233,702</u>	<u>\$ 37,913,602</u>	<u>\$ 54,794,583</u>	<u>\$ 52,359,290</u>

Source: City of Kingsport Finance Department

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Taxes	\$ 69,564,106	\$ 73,722,283	\$ 75,549,547	\$ 81,991,726	\$ 81,464,793	\$ 82,005,281	\$ 83,073,457	\$ 86,802,063	\$ 90,176,062	\$ 96,853,521
Licenses and Permits	530,179	518,480	456,360	569,817	547,907	497,594	392,623	412,534	730,992	877,495
Intergovernmental	61,026,056	61,752,080	62,852,964	111,324,918	70,846,844	73,873,732	72,808,702	83,009,640	93,552,111	102,406,761
Charges for Services	4,446,028	4,453,764	5,093,344	5,401,380	4,767,530	5,221,404	4,387,509	3,373,942	4,342,095	5,817,605
Fines and Forfeitures	924,190	872,162	1,025,281	1,174,085	1,186,920	1,222,064	884,770	843,312	1,021,436	1,103,242
Contributions and Donations	456,400	713,459	471,323	1,248,466	585,059	558,352	461,323	604,469	1,835,866	1,105,380
Investment Earnings	152,238	140,248	187,494	293,534	757,810	1,034,953	1,019,663	426,849	37,368	1,443,240
Internal School Collections	0	0	0	0	0	0	0	1,422,627	2,180,361	2,588,255
Miscellaneous	683,627	426,932	459,683	750,654	896,475	901,614	767,263	781,011	3,091,408	2,982,559
<b>Total Revenues</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>163,795,310</b>	<b>177,676,447</b>	<b>196,967,699</b>	<b>215,178,058</b>
<b>Expenditures:</b>										
General Government	8,748,363	8,888,732	9,295,398	9,815,240	10,738,807	9,855,283	11,393,041	10,088,044	14,279,759	18,373,201
Public Safety	20,067,727	20,349,756	20,379,496	21,421,493	21,925,456	22,070,767	22,438,584	22,363,184	23,104,262	25,008,009
Public Works	6,823,759	6,854,129	7,343,759	10,134,719	10,327,076	10,497,786	10,721,615	10,801,664	11,172,782	13,699,424
Transportation	4,876,627	5,319,159	4,428,006	4,381,788	4,309,081	4,456,199	4,323,381	4,467,831	4,637,309	5,050,087
Development	4,080,865	4,009,648	3,962,118	2,029,686	1,845,723	1,871,119	1,795,809	1,978,625	2,391,899	2,370,237
Recreation	5,300,591	5,413,181	5,592,782	5,997,447	6,108,430	6,403,332	6,038,314	5,940,438	7,087,419	6,973,961
Maintenance	0	0	0	0	0	0	0	0	0	0
Education	68,827,804	69,933,085	73,886,673	76,315,602	78,543,665	80,196,367	81,873,281	87,299,393	89,730,919	96,951,633
Miscellaneous	726,702	1,010,101	769,025	798,983	963,700	960,043	1,025,990	1,297,432	1,062,775	1,314,814
Capital Outlay	14,160,334	15,864,508	11,667,728	31,017,522	18,996,093	35,898,326	18,276,347	18,259,481	18,196,338	29,600,898
Arbitrage	0	0	0	0	0	41,586	0	0	0	0
Debt Service:										
Principal	6,657,299	7,696,331	7,697,555	7,953,385	8,624,257	8,529,857	8,430,318	8,889,873	8,987,152	10,017,390
Interest	4,032,477	4,352,406	4,356,358	4,004,572	4,268,268	4,368,020	4,216,949	4,125,270	3,897,074	3,770,105
Bond Issuance Costs	165,924	498,456	242,887	88,997	199,766	248,086	101,943	251,026	109,031	0
Other Charges	29,895	0	17,311	14,941	20,531	13,740	8,538	17,576	17,033	11,125
<b>Total Expenditures</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>	<b>170,644,110</b>	<b>175,779,837</b>	<b>184,673,752</b>	<b>213,140,884</b>
Excess (deficiency) of revenues over (under) expenditures	(6,715,543)	(7,590,084)	(3,543,100)	28,780,205	(5,817,515)	(20,095,517)	(6,848,800)	1,896,610	12,293,947	2,037,174

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Other Financing Sources (Uses):</b>										
Transfers In	29,439,834	31,868,200	33,017,651	82,273,310	35,013,443	38,550,693	34,491,747	40,008,164	44,062,330	52,851,707
Transfers Out	(33,770,964)	(36,752,237)	(37,553,446)	(85,617,963)	(38,219,397)	(41,023,278)	(39,873,317)	(43,270,726)	(48,150,571)	(56,540,326)
Transfer Bonds to Enterprise Funds	0	0	(1,362,955)	0	0	0	0	0	0	0
Issuance of Debt	13,406,845	14,596,848	8,054,686	7,821,325	14,690,288	7,040,000	8,906,518	2,000,000	11,842,159	218,574
Issuance of Refunding Debt	0	17,695,000	11,259,065	0	0	7,377,513	0	9,250,917	0	0
Premiums on Debt Issued	866,390	4,044,772	1,685,668	648,278	671,390	1,713,137	800,555	288,551	904,031	0
Payments to Refunded Bond Escrow Agent	0	(19,901,049)	(17,090,711)	0	0	(8,701,640)	0	(9,292,070)	0	0
Total Other Financing Sources (Uses)	9,942,105	11,551,534	(1,990,042)	5,124,950	12,155,724	4,956,425	4,325,503	(1,015,164)	8,657,949	(3,470,045)
Net Change in Fund Balances	\$ 3,226,562	\$ 3,961,450	\$ (5,533,142)	\$ 33,905,155	\$ 6,338,209	\$ (15,139,092)	\$ (2,523,297)	\$ 881,446	\$ 20,951,896	\$ (1,432,871)
Debt Service as a Percentage of Noncapital Expenditures	8.2%	9.0%	8.7%	8.4%	8.7%	8.6%	8.3%	8.3%	7.7%	7.5%

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>
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
2020	\$ 59,115,638	\$ 36,662,041	\$ 478,717	\$ 6,814,149	\$ 2,041,964	\$ 1,437,623	\$ 106,550,132
2021	\$ 60,691,058	\$ 41,096,952	\$ 242,319	\$ 7,041,983	\$ 2,204,644	\$ 1,355,615	\$ 112,632,571
2022	\$ 60,943,045	\$ 46,556,674	\$ 6,311	\$ 7,629,584	\$ 2,280,339	\$ 2,039,940	\$ 119,455,893
2023	\$ 64,404,327	\$ 49,916,865	\$ 2,053	\$ 9,265,292	\$ 2,329,619	\$ 2,249,772	\$ 128,167,928

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



Table 7

**CITY OF KINGSFORT, TENNESSEE**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Tax Year	Real Property				Total Taxable Assessed Value	Direct Tax Rates*		Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential and Farm Property	Industrial and Commercial Property	Personal Property	Public Utility		Kingsport City Sullivan County	Kingsport City Hawkins County		
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%
2020	2019	\$ 728,712,283	\$ 705,350,930	\$ 391,603,183	\$ 53,331,659	\$ 1,878,998,055	\$ 2.06430	\$ 1.89000	\$ 6,080,537,053	30.90%
2021	2020	\$ 732,082,392	\$ 710,538,560	\$ 380,900,243	\$ 61,876,832	\$ 1,885,398,027	\$ 2.06430	\$ 1.89000	\$ 6,086,846,776	30.97%
2022	2021	\$ 804,461,450	\$ 744,566,040	\$ 475,251,106	\$ 73,144,682	\$ 2,097,423,278	\$ 1.87830	\$ 1.87830	\$ 6,796,421,584	30.86%
2023	2022	\$ 818,468,175	\$ 725,521,200	\$ 480,395,276	\$ 73,471,513	\$ 2,097,856,164	\$ 1.99830	\$ 1.99830	\$ 6,822,577,856	30.75%

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 KINGSFORT, TENNESSEE**  
**PROPERTY TAX RATES (PER \$100 ASSESSED VALUE)**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Tax Year	City Direct Rates*		Overlapping Rates	
		Kingsport City Sullivan County	Kingsport City Hawkins County	Sullivan County	Hawkins County
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
2020	2019	\$ 2.06430	\$ 1.89000	\$ 2.57000	\$ 2.53230
2021	2020	\$ 2.06430	\$ 1.89000	\$ 2.57000	\$ 2.53230
2022	2021	\$ 1.87830	\$ 1.87830	\$ 2.40620	\$ 2.16770
2023	2022	\$ 1.99830	\$ 1.99830	\$ 2.40620	\$ 2.31770

Source: City of Kingsport Finance Department

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

Table 9

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

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Eastman	\$ 517,476,030	1	24.7%	\$ 434,699,204	1	24.4%
Domtar, Inc (Weyerhaeuser Co/ Willamette Industries)				45,203,497	2	2.5%
Kingsport Power Company (AEP)	34,436,607	2	1.6%	20,948,531	3	1.2%
Holston Family Practice	27,611,610	3	1.3%	18,370,269	5	1.0%
Ballad Health (Wellmont Health/ Mountain States Health)	22,691,654	4	1.1%	33,719,897	4 & 9	1.9%
Eastman Credit Union	18,216,646	5	0.9%	16,301,465	8	0.9%
RPAI Kpt East Stone LLC/C Jackson	12,701,160	6	0.6%	16,455,080	7	0.9%
Wal-Mart Properties	12,493,825	7	0.6%			
Kingsport Hotel LLC	11,567,857	8	0.6%			
Portola/Cap Snap	10,878,009	9	0.5%	17,375,391	6	1.0%
Cross Creek/Allandale Falls/ Brandy Mill Apartments	10,481,096	10	0.5%			
Fort Henry Mall - Baltry, LLC				11,914,253	10	0.7%
Totals	<u>\$ 678,554,494</u>		<u>32.4%</u>	<u>\$ 614,987,587</u>		<u>34.5%</u>
Total Taxable Assessed Value:						
FYE 2023 (Tax Year 2022)	\$ 2,097,856,164					
FYE 2014 (Tax Year 2013)	\$ 1,784,395,940					

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	
2014	2013	\$ 34,588,442	\$ 486,648	\$ 35,075,090	\$ 34,296,005	97.78%	\$ 720,786	\$ 35,016,791	99.83%	\$ 58,299
2015	2014	\$ 37,776,783	\$ 271,368	\$ 38,048,151	\$ 37,242,818	97.88%	\$ 735,551	\$ 37,978,369	99.82%	\$ 69,782
2016	2015	\$ 37,829,084	\$ (243,210)	\$ 37,585,874	\$ 36,831,749	97.99%	\$ 687,201	\$ 37,518,950	99.82%	\$ 66,924
2017	2016	\$ 38,289,949	\$ 405,139	\$ 38,695,088	\$ 38,148,030	98.59%	\$ 470,518	\$ 38,618,548	99.80%	\$ 76,540
2018	2017	\$ 38,789,017	\$ (186,250)	\$ 38,602,767	\$ 37,910,311	98.21%	\$ 615,679	\$ 38,525,990	99.80%	\$ 76,777
2019	2018	\$ 39,208,746	\$ (90,577)	\$ 39,118,169	\$ 38,376,785	98.10%	\$ 672,483	\$ 39,049,268	99.82%	\$ 68,901
2020	2019	\$ 39,954,621	\$ 63,974	\$ 40,018,595	\$ 39,181,627	97.91%	\$ 736,043	\$ 39,917,670	99.75%	\$ 100,925
2021	2020	\$ 40,205,230	\$ 1,086,221	\$ 41,291,451	\$ 39,502,136	95.67%	\$ 1,619,017	\$ 41,121,153	99.59%	\$ 170,298
2022	2021	\$ 40,807,539	\$ (554,076)	\$ 40,253,463	\$ 39,310,968	97.66%	\$ 533,606	\$ 39,844,574	98.98%	\$ 408,889
2023	2022	\$ 41,921,460	\$ 2,129,959	\$ 44,051,419	\$ 43,138,035	97.93%	\$ 0	\$ 43,138,035	97.93%	\$ 913,384

Source: City of Kingsport Finance Department

Table 11

**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLE**  
**For the Fiscal Year Ended June 30, 2023**

<b>Tax Year</b>	<b>Property Tax Receivable Balance June 30, 2022</b>	<b>Property Tax Levied</b>	<b>Anticipated Current Year Levy</b>	<b>Abatements and Adjustments</b>	<b>Collections</b>	<b>Property Tax Receivable Balance June 30, 2023</b>
2013	\$ 60,103	\$ 0	\$ 0	\$ 214	\$ 2,018	\$ 58,299
2014	72,934	0	0	410	3,562	69,782
2015	71,142	0	0	531	4,749	66,924
2016	81,662	0	0	201	5,323	76,540
2017	92,911	0	0	(7,520)	8,614	76,777
2018	88,646	0	0	(7,527)	12,218	68,901
2019	134,285	0	0	(1,444)	31,916	100,925
2020	241,671	0	0	(2,180)	69,193	170,298
2021	959,116	0	0	(16,620)	533,607	408,889
2022	0	41,921,460	0	2,129,959	43,138,035	913,384
2023	0	0	40,141,779	0	0	40,141,779
<b>Totals</b>	<b>\$ 1,802,470</b>	<b>\$ 41,921,460</b>	<b>\$ 40,141,779</b>	<b>\$ 2,096,024</b>	<b>\$ 43,809,235</b>	<b>\$ 42,152,498</b>

NOTES: All uncollected real property taxes for years prior to 2022 have been turned over to the Clerk & Master for collection.

Source: City of Kingsport Finance Department

Table 12

**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>
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
2020	\$ 21,561,830	\$ 17,784,092	\$ 3,777,738
2021	\$ 23,632,660	\$ 19,528,179	\$ 4,104,481
2022	\$ 26,512,948	\$ 21,934,952	\$ 4,577,996
2023	\$ 28,339,910	\$ 23,447,827	\$ 4,892,083

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.

Table 13

**CITY OF KINGSFORT, 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			
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
2020	\$ 123,123,143	\$ 3,139,576	\$ 125,113,960	\$ 0	\$ 11,921,785	\$ 263,298,464	16.80%	\$ 4,901
2021	\$ 114,803,818	\$ 4,268,486	\$ 116,198,548	\$ 0	\$ 11,322,637	\$ 246,593,489	14.82%	\$ 4,556
2022	\$ 115,768,357	\$ 6,188,230	\$ 116,289,114	\$ 0	\$ 10,712,737	\$ 248,958,438	14.79%	\$ 4,479
2023	\$ 105,650,158	\$ 5,628,759	\$ 107,010,340	\$ 0	\$ 10,983,393	\$ 229,272,650	12.89%	\$ 4,083

Source: City of Kingsport Finance Department

Note:

- Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- See the Schedule of Demographic and Economic Statistics for personal income and population data.
- In FY 2018 all years calculations for Percentage of Personal Income and Per Capita were retroactively updated based on information provided in Schedule 18

Table 14

**CITY OF KINGSFORT, 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 Property</b>	<b>Per Capita</b>
2014	\$ 220,125,552	\$ 120,580	\$ 220,004,972	3.82%	\$ 4,241
2015	\$ 232,184,788	\$ 166,983	\$ 232,017,805	4.02%	\$ 4,391
2016	\$ 230,180,522	\$ 311,026	\$ 229,869,496	4.03%	\$ 4,346
2017	\$ 236,583,444	\$ 543,875	\$ 236,039,569	4.03%	\$ 4,464
2018	\$ 246,709,088	\$ 774,135	\$ 245,934,953	4.03%	\$ 4,667
2019	\$ 245,391,059	\$ 451,537	\$ 244,939,522	3.94%	\$ 4,611
2020	\$ 248,237,103	\$ 875,007	\$ 247,362,096	4.07%	\$ 4,605
2021	\$ 231,002,366	\$ 714,222	\$ 230,288,144	3.78%	\$ 4,255
2022	\$ 232,057,471	\$ 743,025	\$ 231,314,446	3.40%	\$ 4,162
2023	\$ 212,660,498	\$ 823,159	\$ 211,837,339	3.10%	\$ 3,773

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



Table 15

**CITY OF KINGSPORT, TENNESSEE**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**For the Fiscal Year Ended June 30, 2023**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt Repaid with Property Taxes:</b>			
<b>Net Direct Debt:</b>			
City of Kingsport	\$ 98,642,708	100.00%	\$ 98,642,708
Total Direct Debt	98,642,708	100.00%	98,642,708
<b>Overlapping Debt:</b>			
Sullivan County	219,026,380	44.67% (1)	97,839,084
Hawkins County	60,473,430	6.43% (1)	3,888,442
Subtotal, Overlapping Debt	279,499,810		101,727,526
<b>Total Direct and Overlapping Debt</b>	<b>\$ 378,142,518</b>		<b>\$ 200,370,234</b>

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Kingsport. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Sources:

-City of Kingsport Finance Department  
 -County Governments  
 -Tennessee Comptroller of the Treasury Division of Property Assessments

Table 16

**CITY OF KINGSPORT, TENNESSEE  
LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years**

	<b>2013</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Debt Limit	\$ 335,275,813	\$ 357,919,548	\$ 353,720,273	\$ 362,924,328	\$ 376,420,578	\$ 383,584,600	\$ 375,799,611	\$ 377,079,605	\$ 419,484,656	\$ 419,571,233
Total Net Debt Applicable to Limit	96,398,159	112,003,505	107,558,337	108,241,746	115,126,367	113,409,176	114,710,280	107,032,790	107,925,053	98,642,708
Legal Debt Margin	<u>\$ 238,877,654</u>	<u>\$ 245,916,043</u>	<u>\$ 246,161,936</u>	<u>\$ 254,682,582</u>	<u>\$ 261,294,211</u>	<u>\$ 270,175,424</u>	<u>\$ 261,089,331</u>	<u>\$ 270,046,815</u>	<u>\$ 311,559,603</u>	<u>\$ 320,928,525</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>28.75%</u>	<u>31.29%</u>	<u>30.41%</u>	<u>29.82%</u>	<u>30.58%</u>	<u>29.57%</u>	<u>30.52%</u>	<u>28.38%</u>	<u>25.73%</u>	<u>23.51%</u>
<b>Legal Debt Margin Calculation for Fiscal Year 2023</b>										
Total Taxable Assessed Value										<u>\$ 2,097,856,164</u>
Debt Limit (20% of Taxable Assessed Value)										<u>\$ 419,571,233</u>
Debt Applicable to Limit: General Obligation Bonds										<u>\$ 98,642,708</u>
Legal Debt Margin										<u>\$ 320,928,525</u>

Limitation on Borrowing Power

City Charter - Article XIII, Section 5 "The total bonded indebtedness of the City shall not exceed twenty per centum (20%) of the assessed value of the taxable property of the City according to the last complete assessment." Revenue Bonds and Special Assessment Bonds are excluded in computing the debt limit.

Bond Rating: "Standard & Poor's" AA  
"Moody's" Aa2

Source: City of Kingsport Finance Department

Table 17

**CITY OF KINGSPORT, TENNESSEE  
PLEDGED-REVENUE COVERAGE  
Last Ten Fiscal Years**

Fiscal Year	Operating Revenue	(1) Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				(2) Principal	Interest	Total	
<u>Water, Sewer and Storm Water Bonds:</u>							
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
2020	\$ 30,706,845	\$ 15,469,401	\$ 15,237,444	\$ 6,409,727	\$ 2,830,501	\$ 9,240,228	1.65
2021	\$ 30,126,452	\$ 15,310,229	\$ 14,816,223	\$ 6,742,288	\$ 2,615,333	\$ 9,357,621	1.58
2022	\$ 31,788,749	\$ 14,919,200	\$ 16,869,549	\$ 6,678,874	\$ 2,553,610	\$ 9,232,484	1.83
2023	\$ 35,496,984	\$ 18,629,050	\$ 16,867,934	\$ 6,695,876	\$ 2,465,295	\$ 9,161,171	1.84

(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.

Table 18

**CITY OF KINGSPORT, TENNESSEE**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Census Data Year	Education Level - Population 25 Years and Over (1)									
		Population (1)	Personal Income	Per Capita Personal Income (1)	Median Age (1)	High School	Associate's Degree (1)	Bachelor's Degree (1)	Masters or	School Enrollment (2)	Unemployment Rate (3)
						Graduate or Higher (1)			Professional Degree (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%
2020	2019	53,719	\$ 1,567,198,106	\$ 29,174	44.0	88.1%	7.5%	15.2%	9.9%	7,618	9.1%
2021	2020	54,127	\$ 1,663,863,980	\$ 30,740	44.5	88.2%	9.1%	17.1%	13.4%	7,567	7.3%
2022	2021	55,582	\$ 1,682,745,050	\$ 30,275	44.9	88.3%	9.1%	17.5%	10.9%	7,737	4.6%
2023	2022	56,150	\$ 1,778,719,700	\$ 31,678	45.2	89.0%	9.2%	17.5%	11.0%	7,526	3.9%

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	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eastman	6,500	1	9.3%	6,737	1	10.1%
Partner Industrial	1,390	2	2.0%			
Ballad Health/Holston Valley Comm Hospital	1,387	3	2.0%	2,967	2	4.4%
Kingsport City Schools	1,181	4	1.7%	1,047	4	1.6%
BAE SYSTEMS Ordnance Systems, Inc.	886	5	1.3%	650	9	1.0%
City of Kingsport	796	6	1.1%	740	6	1.1%
Eastman Credit Union	695	7	1.0%			
Holston Medical Group	622	8	0.9%	724	7	1.1%
TEC Industrial Maintenance & Construction	550	9	0.8%			
Ballad Health/Indian Path Comm Hospital	404	10	0.6%	630	10	0.9%
Brock				1,500	3	2.2%
Jacobs				672	8	1.0%
Wal-Mart				744	5	1.1%
	<u>14,411</u>		<u>20.7%</u>	<u>16,411</u>		<u>24.5%</u>
Total Sullivan County Employment:						
	FYE 2023	69,916				
	FYE 2014	66,910				

Source:

-NETWORKS/Sullivan Partnership & Employers

Table 20

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	104	100	125	84	84	88	86	86	85	91
Public Safety	265	269	271	280	283	282	283	283	283	283
Public Works	135	135	119	166	154	165	172	170	160	163
Development	23	19	21	15	15	14	18	18	21	20
Recreation	58	61	59	65	65	67	68	68	85	86
Education	1,047	1,057	1,073	1,092	1,123	1,115	1,132	1,148	1,172	1,181
Water	73	73	72	72	83	67	67	65	65	66
Sewer	42	42	42	42	42	47	47	53	55	52
Solid Waste	34	34	35	35	35	35	35	35	35	35
	<u>1,781</u>	<u>1,790</u>	<u>1,817</u>	<u>1,851</u>	<u>1,884</u>	<u>1,880</u>	<u>1,908</u>	<u>1,926</u>	<u>1,961</u>	<u>1,977</u>

Sources:

-City of Kingsport Finance Department  
-Kingsport City School System

**CITY OF KINGSPORT, TENNESSEE  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

**Table 21**

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Education:										
Student Transportation:										
Miles	414,823	447,373	473,260	501,153	501,780	488,410	387,371	339,802	487,407	505,714
Average Daily Ridership	1,976	1,972	2,011	2,299	2,044	1,742	1,845	2,105	2,280	2,415
Public Safety:										
Police:										
Physical Arrests	3,501	4,406	4,119	5,110	4,452	4,010	5,031	4,999	4,431	4,747
Parking Citations	1,387	1,246	325	511	501	1,052	382	241	416	701
Traffic Citations	14,870	15,699	17,210	20,962	22,436	17,632	8,786	5,143	4,039	6,405
Calls for Service	63,789	62,935	63,006	68,012	70,179	68,404	62,645	60,969	56,933	62,866
Fire:										
Calls for Service	8,115	8,593	8,035	8,167	8,053	8,528	6,654	6,685	8,332	8,254
Inspections	2,577	3,225	3,285	2,944	3,063	2,277	1,436	1,428	1,572	2,718
Fire Loss	\$ 1,664,021	\$ 1,771,938	\$ 1,526,790	\$ 2,239,390	\$ 2,527,429	\$ 3,075,280	\$ 1,147,358	\$ 1,237,668	\$ 2,981,847	\$ 1,890,656
Public Works:										
Potholes Repaired	3,151	9,491	5,004	8,455	7,842	5,422	6,006	3,644	2,994	3,084
Streets Swept (linear miles)	4,715	4,432	5,247	6,100	6,492	7,727	9,446	9,347	9,116	7,273
Traffic Signal Maintenance Calls	608	549	497	507	774	863	811	923	496	686
Leaves Collected (Tons)	2,414	2,028	1,739	2,058	1,716	2,173	2,093	2,030	1,635	1,813
Parks and Recreation:										
Civic Auditorium Rentals	598	757	661	509	564	615	560	453	483	575
Civic Auditorium Attendance	78,856	68,461	47,668	67,084	42,472	68,295	35,000	68,670	36,070	63,033
Splash Pad Attendance	10,100	10,750	14,585	16,720	19,850	23,000	4,500	9,000	10,500	11,520
Participation in Athletic Division events	288,108	286,000	312,564	270,464	268,563	162,000	35,801	39,467	29,907	121,538
Participation in Community Services Division events	171,878	172,475	184,650	190,540	191,550	136,441	113,450	65,000	65,000	240,000
Allandale Rentals	215	212	260	245	284	184	89	106	168	152
Allandale Visitors	32,711	38,401	31,942	33,331	28,919	24,186	18,056	10,325	22,957	23,827
Athletics Games Played	1,908	1,986	2,280	3,315	2,720	2,797	2,384	3,040	3,164	3,164
Athletics Attendance	171,720	176,500	200,640	116,195	113,051	52,893	98,030	97,239	83,985	419,247
Lynn View Rentals	268	154	122	54	40	41	22	23	16	211
Lynn View Attendance	57,650	52,250	56,550	65,450	60,450	43,960	27,000	22,000	24,500	68,500
Cultural Arts:										
Carousel Rentals	n/a	n/a	81	157	165	187	151	60	197	212
Carousel Attendance	n/a	n/a	88,945	78,954	68,641	94,459	48,543	15,980	57,747	63,225
Cultural Arts Program Attendance	11,700	12,378	18,610	17,660	18,610	10,519	9,190	10,275	9,967	12,984
Farmers Market Rentals	n/a	n/a	166	161	166	80	126	128	220	249
Farmers Market Attendance	n/a	n/a	94,600	93,100	82,900	83,342	14,850	51,840	67,620	74,786
Renaissance Center Rentals	1,712	1,813	1,652	1,536	1,940	1,888	805	999	1,344	1,586
Renaissance Center Attendance	163,183	172,647	132,160	126,130	129,980	127,760	41,660	29,067	68,204	80,886
Senior Center:										
Active Members	3,045	3,424	3,615	3,980	4,251	4,552	4,482	3,221	4,052	4,673
Average Daily Attendance	301	333	330	394	375	400	394	270	306	321
Aquatic Center:										
Aquatic Center Attendance	140,433	115,982	103,825	97,928	112,586	127,619	106,751	37,540	51,531	55,559
YMCA Entering Pools Attendance	74,567	69,660	57,644	45,208	49,361	47,961	28,749	20,355	34,707	40,738
Total Attendance	215,000	185,642	161,469	143,136	161,947	175,580	135,500	57,895	86,238	96,297
Bays Mountain Park:										
Total Programs	5,091	5,176	3,332	2,938	3,049	2,891	1,723	888	800	1,687
Total Attendance	257,692	235,578	228,308	211,984	200,886	187,374	97,320	110,869	188,005	148,425
Library:										
Total Circulation	254,073	233,778	264,251	253,765	262,449	263,462	263,177	282,618	295,018	329,066
Building Attendance	189,598	172,806	166,331	158,828	152,551	187,601	130,755	36,703	98,140	115,000
Water:										
Average Daily Consumption in Gallons	13.9 mgd	14.9 mgd	15.21 mgd	15.34 mgd	15.4 mgd	16.0 mgd	15.8 mgd	16.3 mgd	17.1 mgd	17.2 mgd
Maximum Daily Capacity in Gallons	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd	28.0 mgd
Water Taps	186	192	195	178	207	238	223	215	301	356
Sewer:										
Average Daily Treatment in Gallons	9.1 mgd	9.6 mgd	8.78 mgd	8.13 mgd	8.02 mgd	10.5 mgd	10.1 mgd	10.0 mgd	8.4 mgd	8.4 mgd
Maximum Daily Plant Capacity in Gallons	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd	12.4 mgd
Sewer Taps	206	263	205	367	388	119	105	97	211	282
Solid Waste:										
Landfill Material Accepted (Tons)	25,670	35,809	27,240	27,630	33,591	45,335	32,590	31,287	36,991	37,933
Household Refuse Collected (Tons)	18,039	19,065	19,647	20,197	20,816	21,725	23,210	27,273	27,403	27,208
Recyclables Collected (Tons)	2,607	3,041	3,249	3,240	3,276	3,180	2,635	0	0	0
Golf Course:										
Rounds of Golf	24,387	20,455	22,630	22,269	21,447	20,121	20,338	28,474	27,292	25,927

Source: Various City Departments

Table 22

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Education:										
Student Transportation:										
Buses	39	41	46	45	44	43	44	42	44	45
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	116	124	124	124	124	120	120	120	120	120
Motorcycle Units	0	0	0	0	0	1	0	0	0	0
Fire:										
Stations	8	8	8	8	8	8	8	8	8	8
Fire Trucks/Rescue Units	14	15	16	17	17	17	17	16	16	18
Public Works:										
Streets (Miles)	498	499	499	500	500	500	500	503	503	503
Street Lights	10,075	10,525	10,559	10,606	10,616	10,636	10,656	10,686	10,745	10,786
Traffic Signals	103	102	103	103	105	107	108	108	108	108
Leisure Services:										
Parks and Recreation:										
Park Sites	18	18	18	18	25	28	28	28	28	29
Park Acreage	237	237	237	237	244	308	308	308	308	308
Swimming Pools	0	0	0	0	0	0	0	0	0	0
Splash Pad	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	6	6	6
Pickle Ball Courts	0	0	0	0	0	0	0	6	8	8
Community Centers	5	5	5	5	5	5	5	5	5	5
Senior Citizens:										
Senior Center	1	1	1	1	1	1	2	2	2	2
Other Recreational Facilities:										
Aquatic Center - Acreage	17	17	17	17	17	17	17	17	17	17
Bays Mountain Park & Nature Center - Acreage	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550
Hunter Wright Baseball Stadium - Acreage	54	54	54	54	54	54	54	54	54	54
Allandale - Acreage	25	25	25	25	25	25	25	25	25	25
Civic Auditorium - Acreage	5	5	5	5	5	5	5	5	5	5
Dogwood Park Facility - Acreage	3	3	3	3	3	3	3	3	3	3
Lynn View Facility - Acreage	14	14	14	14	14	14	14	14	14	14
Renaissance Center - Acreage	5	5	5	5	5	5	5	5	5	5
Legion Pool - Acreage	5	5	5	5	5	5	5	5	5	5
Brickyard Park - Acreage	n/a	n/a	39	39	43	43	43	43	43	43
School System:										
Elementary Schools	8	8	8	8	8	8	8	8	8	8
Middle Schools	2	2	2	2	2	2	2	2	2	2
High Schools	1	1	1	1	1	1	1	1	1	1
Water and Sewer:										
Water Mains (Miles)	830	837	847	847	847	852	852	855	857	858
Fire Hydrants	2,003	2,028	2,226	2,349	2,371	2,431	2,454	2,492	2,538	2,543
Sanitary Sewers (Miles)	522	531	533	544	544	546	553	559	559	559
Storm Sewers (Miles)	300	300	300	300	300	300	300	300	300	300
Solid Waste:										
Collection Trucks	15	15	15	15	15	15	15	15	15	15
Golf Courses										
Cattails Golf Course - Acreage	192	192	192	192	192	192	192	192	192	192

Source: Various City Departments



Table 23

**CITY OF KINGSPORT, TENNESSEE**  
**UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS**  
**June 30, 2023**

**Water Rates:**

	<u>INSIDE CITY</u>	<u>OUTSIDE CITY</u>
<b><u>Base Charge per Month, by Meter Size</u></b> <b><u>(includes 1500 gallons)</u></b>		
5/8 inch	\$ 8.80	\$ 17.27
1 inch	\$ 15.67	\$ 37.35
1 1/2 inch	\$ 29.40	\$ 66.49
2 inch	\$ 50.00	\$ 110.19
3 inch	\$ 130.17	\$ 301.78
4 inch	\$ 276.45	\$ 689.97
6 inch	\$ 578.85	\$ 1,441.43
8 inch	\$ 799.98	\$ 1,972.14
10 inch	\$ 1,344.30	\$ 3,278.51
12 inch	\$ 2,334.66	\$ 5,655.37

**Usage Rate Charge per 1000 Gallons**

1,501 - 70,000 Gallons	\$ 3.38	\$ 6.76
Over 70,000 Gallons	\$ 2.14	\$ 4.28

**Sewer Rates:**

	<u>INSIDE CITY</u>	<u>OUTSIDE CITY</u>
<b><u>Base Charge per Month</u></b> <b><u>(includes 1500 gallons)</u></b>	\$ 15.33	\$ 23.05
<b><u>Usage Rate Charge per 1000 Gallons</u></b>		
All Usage Over First 1500 Gallons	\$ 9.91	\$ 14.86

**Number of Customers:**

	<u>INSIDE CITY</u>	<u>OUTSIDE CITY</u>
Water	<u>23,654</u>	<u>12,737</u>
Sewer	<u>22,380</u>	<u>1,176</u>

Source: City of Kingsport Finance Department

Table 24

**CITY OF KINGSPORT, TENNESSEE  
TOP TEN WATER CUSTOMERS  
For the Fiscal Year Ended June 30, 2023**

<u>Customer Name</u>	<u>Consumption (in gallons)</u>	<u>Revenue</u>	<u>Revenue as % of FY23 Water Sales</u>
Eastman	1,267,991,100	\$ 2,924,730	19.58%
Domtar Paper Co, LLC	101,694,600	265,535	1.78%
BAE Systems	59,302,200	143,512	0.96%
Holston Valley Medical Center	54,455,000	107,952	0.72%
Allandale Falls	24,146,600	58,277	0.39%
Kingsport Housing Authority	24,126,800	81,743	0.55%
Indian Path Hospital	18,350,600	45,345	0.30%
North Greene Utility District	16,885,200	46,280	0.31%
City of Johnson City	14,618,100	94,303	0.63%
Model City II, L.P.	13,254,700	41,047	0.27%
	<u>1,594,824,900</u>	<u>\$ 3,808,724</u>	<u>25.49%</u>
Total Water Sales Revenue - FY 2023	<u>\$ 14,938,648</u>		

Source: City of Kingsport Finance Department

Table 25

**CITY OF KINGSPORT, TENNESSEE**  
**TOP TEN SEWER CUSTOMERS**  
**For the Fiscal Year Ended June 30, 2023**

<u>Customer Name</u>	<u>Treatment (in gallons)</u>	<u>Revenue</u>	<u>Revenue as % of FY23 Sewer User Fees</u>
Eastman	201,065,500	\$ 1,935,683	11.40%
Domtar Paper Co, LLC	39,216,800	381,181	2.24%
Allandale Falls	24,146,600	234,316	1.38%
BAE Systems	23,177,300	226,805	1.34%
Kingsport Housing Authority	22,959,600	227,343	1.34%
Holston Valley Medical Center	17,395,100	148,765	0.88%
Model City II, L.P.	13,254,700	127,768	0.75%
Cross Creek Apartments	12,521,400	121,757	0.72%
Indian Path Hospital	12,397,100	120,307	0.71%
Sullivan County Department of Education	9,422,700	98,813	0.58%
	<u>375,556,800</u>	<u>\$ 3,622,738</u>	<u>21.34%</u>
Total Sewer User Fee Revenue - FY 2023	<u>\$ 16,982,951</u>		

Source: City of Kingsport Finance Department

**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF BONDS PAYABLE - FUTURE REQUIREMENTS**  
**JUNE 30, 2023**

Table 26

GENERAL OBLIGATION BONDS		GENERAL OBLIGATION AND REVENUE BONDS									
GENERAL FUND SUPPORTED		REVENUE SUPPORTED BONDS									
Fiscal Year	General Obligation Bonds (3)		Water Bonds (1)		Sewer Bonds (1)		Storm Water Bonds (1)		Aquatic Center Bonds MeadowView Convention Center Bonds and Cattails Golf Course Bonds (2)		Combined Bonds and Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 9,771,999	\$ 3,412,100	\$ 2,283,619	\$ 855,361	\$ 3,892,016	\$ 1,658,252	\$ 96,602	\$ 25,277	\$ 2,455,765	\$ 721,289	\$ 25,172,280
2025	10,070,375	3,009,876	2,319,230	761,768	3,977,888	1,508,196	99,233	21,579	2,538,274	626,330	24,932,749
2026	10,453,400	2,605,764	2,301,695	667,919	4,120,861	1,363,378	102,440	17,783	2,634,800	527,585	24,795,625
2027	10,857,457	2,210,109	1,705,979	575,990	4,238,617	1,226,201	106,334	13,853	2,731,609	425,275	24,091,424
2028	8,767,812	1,844,165	1,758,310	511,130	4,301,331	1,080,019	110,013	10,233	2,817,532	338,406	21,538,951
2029	7,600,165	1,555,149	1,821,422	444,702	4,442,018	936,467	113,202	6,966	2,893,195	269,230	20,082,516
2030	6,851,517	1,299,844	1,884,229	383,528	4,591,037	788,167	65,696	3,266	1,507,524	177,790	17,552,598
2031	5,626,190	1,065,913	1,558,237	321,352	4,187,917	636,532	26,757	919	735,899	129,442	14,289,158
2032	5,799,608	891,830	1,607,982	274,545	3,220,043	505,487	27,272	477	765,097	106,254	13,198,595
2033	4,957,674	720,555	1,399,891	226,361	2,857,003	406,092	0	0	510,431	82,315	11,160,322
2034	5,121,921	561,329	1,446,099	180,878	2,952,235	313,693	0	0	524,747	65,802	11,166,704
2035	4,310,820	397,589	1,189,021	134,870	2,367,041	218,108	0	0	448,120	48,945	9,114,514
2036	3,273,382	283,753	1,035,109	101,190	1,979,838	153,264	0	0	461,670	35,139	7,323,345
2037	2,446,523	188,292	733,677	69,700	1,325,791	96,617	0	0	244,007	21,199	5,125,806
2038	1,477,458	118,061	670,695	47,139	652,589	60,094	0	0	239,258	13,587	3,278,881
2039	1,057,361	76,930	404,076	26,443	577,006	43,808	0	0	81,556	6,099	2,273,279
2040	1,077,097	50,807	412,937	15,161	586,959	30,357	0	0	83,005	4,158	2,260,481
2041	577,904	24,169	86,638	3,623	398,348	16,660	0	0	52,109	2,179	1,161,630
2042	593,453	12,611	88,970	1,891	409,068	8,693	0	0	53,512	1,137	1,169,335
	<u>\$ 100,692,116</u>	<u>\$ 20,328,846</u>	<u>\$ 24,707,816</u>	<u>\$ 5,603,551</u>	<u>\$ 51,077,606</u>	<u>\$ 11,050,085</u>	<u>\$ 747,549</u>	<u>\$ 100,353</u>	<u>\$ 21,778,110</u>	<u>\$ 3,602,161</u>	<u>\$ 239,688,193</u>
							Principal	Interest	Total		
General Obligation Bonds - Supported By General Fund Revenue							\$ 100,692,116	\$ 20,328,846	\$ 121,020,962		
General Obligation and Revenue Bonds - Supported By Dedicated Revenue							98,311,081	20,356,150	118,667,231		
TOTAL							<u>\$ 199,003,197</u>	<u>\$ 40,684,996</u>	<u>\$ 239,688,193</u>		

**Notes:** Future interest requirements above reflect interest on TMBF bonds at the average current rate.

- (1) General Obligation secured, but paid from revenues of the individual fund.
- (2) General Obligation secured, but paid from local option sales tax collections.
- (3) Includes General Obligation secured debt of the Solid Waste Management Fund paid by General Fund Revenue.

Source: City of Kingsport Finance Department

Table 27

**CITY OF KINGSFORT, TENNESSEE**  
**SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS**  
**For the Fiscal Year Ended June 30, 2023**

<b>NAME</b>	<b>TITLE</b>	<b>ANNUAL SALARY</b>	<b>AMOUNT OF SURETY BOND</b>
Christopher W. McCartt	City Manager	\$ 188,508	\$ 5,000
Rodney B. Rowlett III	City Attorney	\$ 126,183	\$ 0
Lisa E. Winkle	City Recorder/Treasurer	\$ 112,624	\$ 4,300,000
Christopher M. Hampton	Superintendent of Schools	\$ 180,000	\$ 0
Anthony D. Phipps	Chief of Police	\$ 109,877	\$ 0
Patrick W. Shull	Mayor	\$ 3,000	\$ 0
Colette George	Vice-Mayor	\$ 2,400	\$ 0
Paul W. Montgomery	Alderman	\$ 2,400	\$ 0
Betsy Cooper	Alderman	\$ 2,400	\$ 0
Darrell Duncan	Alderman	\$ 2,400	\$ 0
James Phillips	Alderman	\$ 2,400	\$ 0
Tommy Olterman	Alderman	\$ 2,400	\$ 0

Source: City of Kingsport Finance Department

Table 28

**CITY OF KINGSPORT, TN  
INSURANCE IN FORCE  
June 30, 2023**

Type of Coverage/ Insurance Carrier	Policy Number	Policy Period	Details of Coverage	Claim Limits	Annual Premiums
<b>Comprehensive General Liability/</b>					
Public Entity Partners	PLI-0213-23	7/1/22-7/1/23 Annual Renewal	General Liability/Law Enforcement Liability Auto Liability Auto Physical Damage Errors and Omissions	\$ 5,000,000 \$ 5,000,000 Replacement \$ 5,000,000	\$ 202,267
Safety National Casualty Corporation	EW0009790 / SPX0702404	1/1/22-1/1/24	Worker's Compensation	Statutory	\$ 181,310
<b>Government Crime/</b>					
Travelers Insurance Company	106463733	2/1/23 - 2/1/24	Crime (Government)	\$ 1,000,000	\$ 3,763
Travelers Insurance Company	106694635	3/2/23 - 3/2/26	Crime (Schools)	\$ 2,000,000	\$ 6,369
Hartford Insurance Company	20-SR-145719	02/01/23 - 02/01/24	Police Accident	\$ 11,350	\$ 340
<b>Unemployment Compensation</b>					
City of Kingsport	Self insured				
<b>Property and Casualty</b>					
Travelers Insurance Company	KTKCMB9A14090022	12/31/22-12/31/23	Buildings and Contents	\$ 610,393,077	\$ 407,692
Selective	S2402472	8/1/22-8/1/23	Aquatic Center Property Insurance	\$ 20,375,390	\$ 19,515
Hartford Insurance Company	87053342652020	1/25/2023-1/25/2024	Flood Insurance Aquatic Center	\$ 5,000,000	\$ 2,302
Hartford Insurance Company	20MSCYQ7488	5/26/23-5/26/24	Grand Piano - Allandale	\$ 32,000	\$ 562
Argonaut Insurance Company	726OM393002	9/2/22-9/2/23	Pontoon Boat at Bays Mountain	\$ 165,000	\$ 4,538
<b>Boiler and Machinery</b>					
The Cincinnati Insurance Co.	ENP0590150	1/1/23-1/1/24	Boilers and Machinery	\$ 500,000	\$ 6,271
<b>Public Officials Bond</b>					
Liberty Mutual Insurance Company	82C003889	3/1/23 - 3/1/24	Education Bond - Treasurer - Lisa Winkle	\$ 1,800,000	\$ 1,765
Liberty Mutual Insurance Company	82C003887	3/1/23 - 3/1/24	Bond - Treasurer - Lisa Winkle	\$ 2,500,000	\$ 4,765
Liberty Mutual Insurance Company	82C003892	6/22/22 - 6/22/23	Bond - City Manager - Christopher McCartt	\$ 5,000	\$ 100
Travelers Insurance Company	1068822129	12/31/22-12/31/23	Bond - City Judge - Curt Rose	\$ 1,000	\$ 100
Western Surety Company	58368775	4/4/23-4/4/24	Blanket Notary Errors and Omissions	\$ 25,000	\$ 390
<b>Other</b>					
Stadium General Liability/ Hunter Wright Property - D.B. High School Liberty Mutual Insurance	BKW2058547314	3/8/23 - 3/8/24	General Liability/ Scoreboard/ Public Address system	\$ 2,000,000	\$ 2,425
Crum & Forster Specialty Insurance Co	STP419674	10/12/22-10/12/23	Above ground storage tanks	\$ 4,000,000	\$ 10,564
Hanover Insurance	IH5A19679508	1/14/23-1/14/24	Employee Tools Coverage	\$ 400,000	\$ 11,381
Total Premium					<b>\$ 866,419</b>

Source: City of Kingsport

**CITY OF KINGSFORT, TENNESSEE  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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

We have audited, 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, 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, 2023, 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 January 12, 2024. Our report includes a reference to other auditors who audited the financial statements of the Emergency Communications District (ECD), a discretely presented component unit, as well as auditors who audited the financial statements of the Phipps Bend Joint Venture (a joint venture with the Industrial Development Board of Kingsport, a discretely presented component unit) as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Kingsport, Tennessee's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City 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 or significant deficiencies may exist that have not been identified.**



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001.**

## 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 City of Kingsport, Tennessee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee  
January 12, 2024

**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

**Report on Compliance for Each Major Federal Program**

*Opinion on Compliance for Each Major Federal Program*

We have audited the City of Kingsport, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Kingsport, Tennessee's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Kingsport, Tennessee and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the City of Kingsport, Tennessee's compliance with the compliance requirements referred to above.

## **Report on Compliance for Each Major Federal Program (Continued)**

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Kingsport, Tennessee's federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Kingsport, Tennessee's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Kingsport, Tennessee's compliance the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Kingsport, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Kingsport, Tennessee's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Kingsport, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee  
January 12, 2024

**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2023**

**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 or material weaknesses** relating to the audit of the financial statements are 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 or material weaknesses** relating to the audit of the major federal award programs are 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:

Name of Program	Assistance Listing Number
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Highway Planning and Construction	20.205
Coronavirus State & Local Fiscal Recovery Funds	21.027
Capitalization Grants For Drinking Water State Revolving Funds	66.468
Special Education Cluster:	
IDEA, Part B	84.027
IDEA, Part B - ARPA	84.027X
IDEA Preschool	84.173
IDEA Preschool - ARPA	84.173X
Education Stabilization Fund:	
Governor's Emergency Education Relief Fund	84.425C
Elementary and Secondary School Emergency Relief Fund	84.425D
Elementary and Secondary School Emergency Relief Fund – ARPA	84.425U
Elementary and Secondary School Emergency Relief Fund – Homeless Children and Youth – ARPA	84.425W

8. The **threshold** used for distinguishing Type A and B programs was **\$848,374**.
9. The City of Kingsport, Tennessee was determined to be a **low risk auditee**.

**CITY OF KINGSPORT, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2023**

**Section II – Findings - Financial Statement Audit**

**2023-001: Bays Mountain Investigation**

As required by state law (Section 8-4-501, Tennessee Code Annotated), City staff has self-reported the discovery of an employee manipulating records and misappropriating cash funds of the City. A State investigation is ongoing.

**Section III - Findings and Questioned Costs – Major Federal Award Programs**

None

**Section IV - Findings and Questioned Costs –State of Tennessee**

None

**CITY OF KINGSPORT, TENNESSEE**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2022**

**Financial Statement Audit**

**2022-001: Purchasing Investigation**

As required by state law (Section 8-4-501, Tennessee Code Annotated), City staff has self-reported the discovery of certain employees personally benefitting from the City's tax exempt status. A City investigation is ongoing. At this time it is not known if the State will choose to open their own investigation.

**Current Year Status:** Issue was resolved in the current year with the implementation of city cards. Employees were also moved to positions that don't deal with purchasing and were written up. The state was satisfied with this approach and no further action was taken.

**2022-002: Bays Mountain Investigation**

As required by state law (Section 8-4-501, Tennessee Code Annotated), City staff has self-reported the discovery of an employee manipulating records and misappropriating cash funds of the City. A State investigation is ongoing.

**Current Year Status:** A State investigation is ongoing. See 2023-001.

**Major Federal Award Programs**

None

**State of Tennessee**

None



**Carter and Cash are bobcat brothers from Montana who are now living at Kingsport's Bays Mountain Park.**