

CITY OF JAMESTOWN
Jamestown, Kentucky

FINANCIAL STATEMENTS
June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Jamestown
Jamestown, Kentucky

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jamestown, Kentucky, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other post-employment benefit (OPEB) schedules on pages 3–10 and 36–46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jamestown, Kentucky's basic financial statements. The budgetary information – nonmajor governmental funds, combining nonmajor governmental fund financial statements, and combining statement of operating revenues and expenses – proprietary fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary information – nonmajor governmental funds, combining nonmajor governmental fund financial statements, combining statement of operating revenues and expenses – proprietary funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary information – nonmajor governmental funds, the combining nonmajor governmental fund financial statements, combining statement of operating revenues and expenses – proprietary funds, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the City of Jamestown, Kentucky'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 of Jamestown, Kentucky'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 of Jamestown, Kentucky's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
December 14, 2021

City of Jamestown, Kentucky

Management's Discussion and Analysis

Our discussion and analysis of the City of Jamestown's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read in conjunction with the auditors' report on page 1 and the City's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The City's net position increased in the governmental activities and decreased in the business-type activities. The net position of the governmental activities increased by \$216,203 to \$1,442,849, and the net position of the business-type activities decreased by \$79,974 or .6 percent to \$13,615,789.
- In the City's governmental activities, revenues increased by \$129,007 to \$1,418,578, and expenses decreased by \$84,847, or 6.6 percent to \$1,202,375. In the business-type activities, revenues increased by \$778,459, or 23.9 percent to \$4,034,726, while expenses decreased by \$236,056, or 5.4 percent to \$4,114,700.

OVERVIEW OF THIS ANNUAL REPORT

This annual report consists of the management's discussion and analysis report, the independent auditors' report, the basic financial statements of the City and the independent auditors' report on compliance. The financial statements also include notes that explain in more detail some of the information in the financial statements.

The City's financial statements now present two kinds of statements, each with a different snapshot of the City's finances. The focus is both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual funds of the City, reporting the City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the City's accountability.

GOVERNMENT – WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the City's activities in a way that will help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

These two statements report the net position of the City and the changes in them. One can think of the City's net position—the difference between assets and liabilities—as one way to measure financial health or financial position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health or position is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, changes in property tax rates or valuation, infrastructure asset condition, and new or changed government legislation.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental activities—Most of the City's basic services are reported here, including general government administration, police, fire, dispatch, streets, sanitation and parks. Property taxes, licenses and permits, and grants finance most of these activities.

Business-type activities—The City collects fees from customers to cover the costs of the services, which includes water and sewer.

FUND FINANCIAL STATEMENTS

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the City's funds. The fund financial statements provide more information about the City's funds and not the City as a whole.

The City has two kinds of funds:

Governmental Fund—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or differences) between them.

Proprietary Fund—Services for which the City charges customers a fee are generally reported in proprietary funds.

NET POSITION

Our analysis begins with a summary of the City's Statement of Net Position, which is presented on Table A-1 followed by an explanation of the results. Changes in net position are presented in Table A-2, which is also followed by an explanation of the results.

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>
Current and Other Assets	\$ 1,087,482	\$ 884,578	\$ 3,175,151	\$ 3,250,406	\$ 4,262,633	\$ 4,134,984
Capital Assets	1,413,655	1,743,023	22,333,062	21,260,278	23,746,717	23,003,301
Deferred Outflows	<u>157,635</u>	<u>199,894</u>	<u>810,359</u>	<u>714,383</u>	<u>967,994</u>	<u>914,277</u>
Total Assets	<u>2,658,772</u>	<u>2,827,495</u>	<u>26,318,572</u>	<u>25,225,067</u>	<u>28,977,344</u>	<u>28,052,562</u>
Current Liabilities	13,724	22,463	371,967	374,823	385,691	397,286
Deferred Inflows	259,530	268,877	156,404	276,784	415,934	545,661
Long-Term Debt Outstanding	-	289,952	8,801,361	7,969,500	8,801,361	8,259,452
Net pension liability	703,794	799,435	2,580,847	2,358,726	3,284,641	3,158,161
Net OPEB liability	<u>238,875</u>	<u>220,122</u>	<u>792,204</u>	<u>549,471</u>	<u>1,031,079</u>	<u>769,593</u>
Total Liabilities	<u>1,215,923</u>	<u>1,600,849</u>	<u>12,702,783</u>	<u>11,529,304</u>	<u>13,918,706</u>	<u>13,130,153</u>
Net Position:						
Invested in Capital Assets, net of debt	1,413,655	1,453,071	13,531,701	13,290,778	14,945,356	14,743,849
Restricted	55,767	31,644	734,013	724,216	789,780	755,860
Unrestricted	<u>(26,573)</u>	<u>(258,069)</u>	<u>(649,925)</u>	<u>(319,231)</u>	<u>(676,498)</u>	<u>(577,300)</u>
Total Net Position	<u>\$ 1,442,849</u>	<u>\$ 1,226,646</u>	<u>\$ 13,615,789</u>	<u>\$ 13,695,763</u>	<u>\$ 15,058,638</u>	<u>\$ 14,922,409</u>

The net position of the City's governmental activities increased by \$216,203 or 17.6%, from \$1,226,646 in 2020 to \$1,442,849 in 2021. The net position of the business-type activities decreased by .6 percent, from \$13,695,763 in 2020 to \$13,615,789 in 2021. The net position from one activity generally cannot be used to make up for any deficits in the other activities.

NET POSITION, continued

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>
Revenues						
<u>Program Revenues</u>						
Charges for Service	\$ 77,036	\$ 73,364	\$ 3,124,208	\$ 3,204,902	\$ 3,201,244	\$ 3,278,266
Operating Grants & Contributions	155,835	126,313	-	-	155,835	126,313
Capital Grants & Contributions	53,120	55,878	\$ 903,876	\$ 42,871	956,996	98,749
<u>General Revenue</u>						
Taxes	224,876	211,102	-	-	224,876	211,102
License fees	825,475	782,628	-	-	825,475	782,628
Other Grants & Contributions	-	-	-	-	-	-
Investment Earnings	-	-	6,477	8,494	6,477	8,494
Donations	-	-	-	-	-	-
Gain on disposal of fixed assets	12,333	-	165	-	12,498	-
Miscellaneous	69,903	40,286	-	-	69,903	40,286
Total Revenue	<u>1,418,578</u>	<u>1,289,571</u>	<u>4,034,726</u>	<u>3,256,267</u>	<u>5,453,304</u>	<u>4,545,838</u>
Program Expenses						
General Government	373,231	362,408	-	-	373,231	362,408
Public Safety - Police	408,245	420,873	-	-	408,245	420,873
Public Safety - Fire	102,174	121,612	-	-	102,174	121,612
Parks and Recreation	15,954	11,878	-	-	15,954	11,878
Sanitation	76,052	72,613	-	-	76,052	72,613
Public Works	223,759	286,431	-	-	223,759	286,431
Cemetery	-	441	-	-	-	441
Community Development	-	-	-	-	-	-
Interest on Long-term Debt	2,960	10,966	-	-	2,960	10,966
Sewer and Water	-	-	4,114,700	4,350,756	4,114,700	4,350,756
Total Program Expenses	<u>1,202,375</u>	<u>1,287,222</u>	<u>4,114,700</u>	<u>4,350,756</u>	<u>5,317,075</u>	<u>5,637,978</u>
Net Change In Net Position	<u>\$ 216,203</u>	<u>\$ 2,349</u>	<u>\$ (79,974)</u>	<u>\$ (1,094,489)</u>	<u>\$ 136,229</u>	<u>\$ (1,092,140)</u>

The City's total revenue increased by 20.0 percent and the total cost of all programs decreased by 5.7 percent. On the following page is a more in-depth description of the revenues and expenses of the governmental activities.

Looking at the business-type activities, revenues for the City increased to \$4,034,726 in 2021, or 23.9 percent, while total expenses decreased to \$4,114,700, or 5.4 percent. The increase in revenues and decrease in expenses resulted in a decrease in net position by \$79,974. Capital grants and contributions increased by \$861,005 see the discussion on page 9 on the capital assets. The City's major source of revenue in the business-type activities is charges for service, which decreased by \$80,694. This revenue source makes up 77.4 percent of total business type activities revenues.

GOVERNMENTAL ACTIVITIES

Next, the City analyzes the governmental activities and the changes in those activities, which is presented in Table A-3.

Table A-3

Condensed Governmental Activities - Revenues & Expenditures

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Variance</u>
Taxes	\$ 224,876	\$ 211,102	\$ 13,774
Licenses and permits	825,475	782,628	42,847
Intergovernmental	173,752	159,392	14,360
Charges for Services	77,036	73,364	3,672
Other Revenues	<u>105,107</u>	<u>63,086</u>	<u>42,021</u>
Total Revenues	<u>1,406,246</u>	<u>1,289,572</u>	<u>116,674</u>
General Administration	\$ 351,557	\$ 307,282	\$ 44,275
Public Safety	458,285	495,302	(37,017)
Public Works	218,888	241,260	(22,372)
Sanitation	73,502	70,533	2,969
Other	8,247	4,612	3,635
Capital Outlay	106,211	66,488	39,723
Debt Service	<u>294,846</u>	<u>22,081</u>	<u>272,765</u>
Total Expenditures	<u>1,511,536</u>	<u>1,207,558</u>	<u>303,978</u>
Excess (Deficiency) of Revenues over			
Expenditures before transfers	<u>\$ (105,290)</u>	<u>\$ 82,014</u>	<u>\$(187,304)</u>

Revenues for the City's governmental activities increased by \$116,674, while total expenditures increased by 25.2 percent. Governmental activities excess (deficiency) of revenues over expenditures before transfers decreased by \$187,304. The City's major source of revenue in the governmental activities is licenses and permits, which makes up 58.7 percent of total revenues. This revenue source increased by \$42,847 in 2021.

BUDGET HIGHLIGHTS

Over the course of the year, the City Council revised the City budget several times. These amendments were made shortly after the beginning of the year to reflect events that may occur. The budget contains proposed expenditures and expected revenues. A comparison of the final amended budget to actual amounts is presented in the table below (Tables A-4 & A-5).

Table A-4

Condensed Governmental Activities - Revenues

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes	\$ 205,000	\$ 224,876	\$ 19,876
Licenses and permits	812,513	825,475	12,962
Intergovernmental	44,230	139,406	95,176
Charges for Services	75,000	77,036	2,036
Municipal Aid Fund	36,050	34,390	(1,660)
Other Revenues	<u>257,157</u>	<u>105,063</u>	<u>(152,094)</u>
Total Revenues	<u>\$ 1,429,950</u>	<u>\$ 1,406,246</u>	<u>\$ (23,704)</u>

Table A-5

Condensed Governmental Activities - Expenditures

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government	\$ 394,150	\$ 351,557	\$ (42,593)
Public Safety	494,600	458,285	(36,315)
Sanitation	75,000	73,502	(1,498)
Public Works	210,200	208,621	(1,579)
Recreation	10,500	8,247	(2,253)
Municipal Aid Fund	56,250	10,267	(45,983)
Transfer in (out)	(22,000)	-	22,000
Debt Service	22,000	294,846	272,846
Capital Outlay	<u>189,094</u>	<u>106,211</u>	<u>(82,883)</u>
Total Expenditures	<u>\$ 1,429,794</u>	<u>\$ 1,511,536</u>	<u>\$ 81,742</u>

The City budgeted for a total of \$1,429,950 in revenues for 2021, but ended up having revenues of \$1,406,246, which put the City 1.7 percent under the revenue budget. A total of \$1,429,794 was budgeted for expenses, but expenditures totaled \$1,511,536 at the end of 2021. The City was over budget on the expenses by \$81,742 or 5.7 percent as detailed above.

CAPITAL ASSETS

The City has a total of \$50,092,052 invested in a broad range of capital assets, including police and fire equipment and vehicles, buildings, land, infrastructure assets, and water and sewer lines. This amount represents an increase of \$2,030,721 from last year's total investment of \$48,061,331. The major capital additions included a police vehicle for \$45,565, various plots of land for \$50,700, and various sewer lines for \$1,143,619, and sewer membranes for \$1,089,685.

Table A-6

Capital Assets at Year End Without Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>
Land & Improvements	\$ 449,219	\$ 698,519	\$ -	\$ -	\$ 449,219	\$ 698,519
Buildings & Improvements	1,026,435	1,026,435	-	-	1,026,435	1,026,435
Vehicles & Equipment	1,235,166	1,184,656	-	-	1,235,166	1,184,656
Infrastructure Assets	435,128	435,128	-	-	435,128	435,128
Water & Sewer System	-	-	46,946,104	44,716,593	46,946,104	44,716,593
Total Capital Assets	<u>\$ 3,145,948</u>	<u>\$ 3,344,738</u>	<u>\$ 46,946,104</u>	<u>\$ 44,716,593</u>	<u>\$ 50,092,052</u>	<u>\$ 48,061,331</u>

DEBT

This year the City has \$8,801,361 in long-term debt, a \$541,909 increase from last year's total of \$8,259,452. The City business activities issued new revenue bonds for \$1,224,000 for sewer improvements.

Table A-7

Debt Outstanding at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>
Note Payable	\$ -	\$ 289,952	\$ 3,157,361	\$ 3,339,500	\$ 3,157,361	\$ 3,629,452
Revenue Bond Payable	-	-	5,644,000	4,630,000	5,644,000	4,630,000
Total Debt Outstanding	<u>\$ -</u>	<u>\$ 289,952</u>	<u>\$ 8,801,361</u>	<u>\$ 7,969,500</u>	<u>\$ 8,801,361</u>	<u>\$ 8,259,452</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected officials consider many factors when setting the fiscal year 2022 budget. Some of the factors are the local economy, expected grant money, and anticipated tax revenue.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens of the City, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Tyler McGowan, City Clerk, at P.O. Box 587, Jamestown, KY 42629.

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 796,044	\$ 1,805,351	\$ 2,601,395
Certificates of deposit	-	362,000	362,000
Receivables, net	232,113	246,452	478,565
Internal balances	7,500	(7,500)	-
Other current assets	-	34,835	34,835
Total current assets	<u>1,035,657</u>	<u>2,441,138</u>	<u>3,476,795</u>
Noncurrent assets			
Restricted cash	51,825	734,013	785,838
Capital assets			
Land	276,594	208,100	484,694
Plant and sewer system, net	-	22,090,645	22,090,645
Depreciable buildings, property, and equipment, net	787,220	34,317	821,537
Infrastructure, net	349,841	-	349,841
Total noncurrent assets	<u>1,465,480</u>	<u>23,067,075</u>	<u>24,532,555</u>
Total assets	<u>2,501,137</u>	<u>25,508,213</u>	<u>28,009,350</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	67,281	452,916	520,197
Deferred outflows - OPEB	90,354	357,443	447,797
Total deferred outflows of resources	<u>157,635</u>	<u>810,359</u>	<u>967,994</u>
Total assets and deferred outflows of resources	<u>\$ 2,658,772</u>	<u>\$ 26,318,572</u>	<u>\$ 28,977,344</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 13,724	\$ 48,013	\$ 61,737
Accrued payroll taxes	-	29,429	29,429
Accrued interest	-	71,370	71,370
Customer deposits	-	223,155	223,155
Current portion of long-term obligations	-	382,220	382,220
Total current liabilities	<u>13,724</u>	<u>754,187</u>	<u>767,911</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	-	8,419,141	8,419,141
Net pension liability	703,794	2,580,847	3,284,641
Net OPEB liability	238,875	792,204	1,031,079
Total noncurrent liabilities	<u>942,669</u>	<u>11,792,192</u>	<u>12,734,861</u>
Total liabilities	<u>956,393</u>	<u>12,546,379</u>	<u>13,502,772</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	159,711	8,871	168,582
Deferred inflows - OPEB	99,819	147,533	247,352
Total deferred inflows of resources	<u>259,530</u>	<u>156,404</u>	<u>415,934</u>
NET POSITION			
Net investment in capital assets	1,413,655	13,531,701	14,945,356
Restricted for:			
Debt service	-	268,216	268,216
Depreciation	-	302,930	302,930
Other purposes	55,767	162,867	218,634
Unrestricted	<u>(26,573)</u>	<u>(649,925)</u>	<u>(676,498)</u>
Total net position	<u>1,442,849</u>	<u>13,615,789</u>	<u>15,058,638</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,658,772</u>	<u>\$ 26,318,572</u>	<u>\$ 28,977,344</u>

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF ACTIVITIES
for the year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 373,231	\$ -	\$ 35,159	\$ -	\$ (338,072)	\$ -	\$ (338,072)
Public safety - police	408,245	-	110,176	18,730	(279,339)	-	(279,339)
Public safety - fire	102,174	-	10,500	-	(91,674)	-	(91,674)
Public works	223,759	-	-	34,390	(189,369)	-	(189,369)
Parks and recreation	15,954	-	-	-	(15,954)	-	(15,954)
Sanitation	76,052	77,036	-	-	984	-	984
Interest on long-term debt	2,960	-	-	-	(2,960)	-	(2,960)
Total governmental activities	<u>1,202,375</u>	<u>77,036</u>	<u>155,835</u>	<u>53,120</u>	<u>(916,384)</u>	<u>-</u>	<u>(916,384)</u>
Business-type activities							
Water & Sewer	<u>4,114,700</u>	<u>3,124,208</u>	<u>-</u>	<u>903,876</u>	<u>-</u>	<u>(86,616)</u>	<u>(86,616)</u>
Total primary government	<u>\$ 5,317,075</u>	<u>\$ 3,201,244</u>	<u>\$ 155,835</u>	<u>\$ 956,996</u>	<u>(916,384)</u>	<u>(86,616)</u>	<u>(1,003,000)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					224,876	-	224,876
License fees							
Franchise					102,025	-	102,025
Payroll					363,549	-	363,549
Insurance premiums					324,716	-	324,716
Other fees					35,185	-	35,185
Investment earnings					-	6,477	6,477
Miscellaneous					69,903	-	69,903
Total general revenues					1,120,254	6,477	1,126,731
Gain on sale of property					12,333	165	12,498
Total general revenues and gain on sale					<u>1,132,587</u>	<u>6,642</u>	<u>1,139,229</u>
Change in net position					216,203	(79,974)	136,229
Net position - beginning					<u>1,226,646</u>	<u>13,695,763</u>	<u>14,922,409</u>
Net position - ending					<u>\$ 1,442,849</u>	<u>\$ 13,615,789</u>	<u>\$ 15,058,638</u>

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

CITY OF JAMESTOWN, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 796,044	\$ 51,825	\$ 847,869
Receivables, net	228,171	3,942	232,113
Due from other funds	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Total assets	<u>\$ 1,031,715</u>	<u>\$ 55,767</u>	<u>\$ 1,087,482</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	<u>\$ 13,724</u>	<u>\$ -</u>	<u>\$ 13,724</u>
Total liabilities	<u>13,724</u>	<u>-</u>	<u>13,724</u>
Fund balances			
Restricted	-	55,767	55,767
Assigned to			
Capital projects	39,786	-	39,786
Cemetery	13,835	-	13,835
Public safety	13,836	-	13,836
Unassigned	<u>950,534</u>	<u>-</u>	<u>950,534</u>
Total fund balances	<u>1,017,991</u>	<u>55,767</u>	<u>1,073,758</u>
Total liabilities and fund balances	<u>\$ 1,031,715</u>	<u>\$ 55,767</u>	<u>\$ 1,087,482</u>

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

Fund balances reported above	\$ 1,073,758
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,413,655
Net deferred inflows/outflows related to the long-term net pension/OPEB liability are not reported in the funds.	(101,895)
Long-term liabilities, including bonds payable and net pension and OPEB liability are not due and payable in the current period and therefore are not reported in the funds.	<u>(942,669)</u>
Net position of governmental activities	<u>\$ 1,442,849</u>

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
for the year ended June 30, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 224,876	\$ -	\$ 224,876
Licenses and permits	825,475	-	825,475
Intergovernmental	139,406	34,346	173,752
Charges for services	77,036	-	77,036
Other revenues	<u>105,063</u>	<u>44</u>	<u>105,107</u>
Total revenues	<u>1,371,856</u>	<u>34,390</u>	<u>1,406,246</u>
EXPENDITURES			
Current			
General administration	351,557	-	351,557
Public safety-police	397,457	-	397,457
Public safety-fire	60,828	-	60,828
Sanitation	73,502	-	73,502
Public works	208,621	10,267	218,888
Parks and recreation	8,247	-	8,247
Capital outlay	106,211	-	106,211
Debt service	<u>-</u>	<u>294,846</u>	<u>294,846</u>
Total expenditures	<u>1,206,423</u>	<u>305,113</u>	<u>1,511,536</u>
Excess (deficiency) of revenues over expenditures	<u>165,433</u>	<u>(270,723)</u>	<u>(105,290)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in (out)	(294,846)	294,846	-
Proceeds from sale of asset	<u>315,000</u>	<u>-</u>	<u>315,000</u>
Total other financing sources (uses)	<u>20,154</u>	<u>294,846</u>	<u>315,000</u>
Net change in fund balances	185,587	24,123	209,710
Fund balances-beginning	<u>832,404</u>	<u>31,644</u>	<u>864,048</u>
Fund balances-ending	<u>\$ 1,017,991</u>	<u>\$ 55,767</u>	<u>\$ 1,073,758</u>
Reconciliation to government-wide change in net position:			
Net change in fund balances			\$ 209,710
Add: Capital outlay			106,211
Add: Debt service			294,846
Less: Interest on long-term obligations			(2,960)
Less: Depreciation on governmental activities			(132,912)
Less: Proceeds from sale of assets			(315,000)
Add: Gain on disposal of assets			12,333
Add: Decrease in net pension liability			42,441
Add: Decrease in net OPEB liability			1,534
Change in net position Governmental Activities			<u>\$ 216,203</u>

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities Water & Sewer
ASSETS	
Current assets	
Cash	\$ 1,805,351
Certificates of deposit	362,000
Receivables, net	246,452
Other current assets	34,835
Total current assets	<u>2,448,638</u>
Noncurrent assets	
Restricted cash and cash equivalents	734,013
Capital assets	
Land, easements and buildings	208,100
Vehicle and equipment	196,343
Plant and sewer equipment	46,541,660
Less: accumulated depreciation	<u>(24,613,041)</u>
Total noncurrent assets	<u>23,067,075</u>
Total assets	<u>25,515,713</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension	452,916
Deferred outflows - OPEB	357,443
Total deferred outflows of resources	<u>810,359</u>
Total assets and deferred outflows of resources	<u>\$ 26,326,072</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 48,013
Accrued payroll taxes	29,429
Due to other funds	7,500
Accrued interest	71,370
Customer deposits	223,155
Current portion of long-term obligations	382,220
Total current liabilities	<u>761,687</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations	8,419,141
Net pension liability	2,580,847
Net OPEB liability	792,204
Total noncurrent liabilities	<u>11,792,192</u>
Total liabilities	<u>12,553,879</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension	8,871
Deferred inflows - OPEB	147,533
Total deferred inflows of resources	<u>156,404</u>
NET POSITION	
Net investment in capital assets	13,531,701
Restricted for:	
Debt service	268,216
Depreciation	302,930
Other purposes	162,867
Unrestricted	<u>(649,925)</u>
Total net position	<u>13,615,789</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 26,326,072</u>

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
for the year ended June 30, 2021

	Business-type Activities Water & Sewer
Operating revenues	
Charges for services	\$ 3,080,051
Other income	44,157
Total operating revenues	<u>3,124,208</u>
Operating expenses	
Office	455,988
Water production	993,903
Water distribution	517,711
Sewer treatment	787,281
Depreciation and amortization	<u>1,192,695</u>
Total operating expenses	<u>3,947,578</u>
Operating (loss)	<u>(823,370)</u>
Non-operating revenues (expenses)	
Interest and investment revenue	6,477
Gain on sale of assets	165
Bond issuance cost	(19,095)
Interest expense	<u>(148,027)</u>
Total non-operating (expense)	<u>(160,480)</u>
(Loss) before capital contributions	(983,850)
Capital contributions	
Principal forgiveness	250,000
Grants received	595,685
Water and sewer tap fees	<u>58,191</u>
Total capital contributions	<u>903,876</u>
Change in net position	(79,974)
Total net position - beginning	<u>13,695,763</u>
TOTAL NET POSITION - ENDING	<u><u>\$ 13,615,789</u></u>

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
for the year ended June 30, 2021

	Business-type Activities Water & Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,157,952
Payments to suppliers	(612,794)
Payments for employee services and benefits	<u>(1,900,614)</u>
Net cash provided by operating activities	<u>644,544</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	653,876
Purchase of capital assets	(2,266,996)
Proceeds from sale of capital asset	1,682
Principal paid on capital debt	(412,139)
Bond issuance cost	(19,095)
Proceeds from loans and bonds	1,494,000
Interest paid on capital debt	<u>(151,892)</u>
Net cash (used in) capital and related financing activities	<u>(700,564)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts on interfund loans	<u>(1,682)</u>
Net cash (used in) noncapital financing activities	<u>(1,682)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>6,477</u>
Net cash provided by investing activities	<u>6,477</u>
Net (decrease) in cash	(51,225)
Cash - beginning of the year	<u>2,590,589</u>
CASH - END OF THE YEAR	<u><u>\$ 2,539,364</u></u>
Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (823,370)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,192,695
Net pension liability	211,698
Net OPEB liability	36,800
Change in assets and liabilities:	
Receivables, net	28,968
Other current assets	(3,256)
Accounts payables	(5,222)
Accrued payroll payable	1,455
Customer deposits	<u>4,776</u>
Net cash provided by operating activities	<u><u>\$ 644,544</u></u>

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

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jamestown, Kentucky (the City) operates under the Mayor-Council form of government and provides the following services as authorized by its charter: public safety, public works, recreation, and community development. The accounting policies of the City of Jamestown conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant accounting policies.

Reporting Entity

The financial statements of the City of Jamestown, Kentucky include the funds, account groups and entities over which the Mayor and Council exercise significant oversight responsibility. Oversight responsibility, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, was determined on the basis of the City's ability to significantly influence operation, select the governing body, and participate in fiscal management and the scope of public service. The Jamestown Cemetery Board and the Jamestown Parks and Recreation Board are component units that are subject to the City's oversight responsibility. The Cemetery Board and Parks and Recreation Board have been included in the accompanying financial statements.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements display information about the City as a whole. The statements distinguish between governmental and business-type activities of the City. These financial statements include the financial activities of the City except for fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. The government-wide statement of activities reflects costs of government by function for governmental activities and business-type activities. Program revenues include charges paid by recipient for the goods or services offered by the program and grants or contributions that are restricted to the program. Revenues which are not classified as program revenues are presented as general revenues of the City.

Fund Financial Statements

Fund financial statements report detailed information about the City. The accounts of the City are organized on the basis of funds, each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts comprised of its assets, liabilities, fund balance or net position, revenues and expenditures or expenses.

Governmental funds are those through which most governmental functions are financed. The governmental fund measurement focus is upon the determination of financial position and budgetary control over revenues and expenditures. Proprietary fund types are used to account for operations that are financed and operated in a manner similar to business enterprises - where intent of the governing body is that costs of providing services are to be financed or recovered primarily through user charges.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

The following funds are used by the City of Jamestown:

Governmental Funds

General Fund – The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund. Most of the essential governmental services such as police and fire protection, community services and general administration are reported in this fund.

Special Revenue Funds – The Municipal Road Aid Fund accounts for the money received from the Commonwealth of Kentucky under the gasoline tax distribution program.

Debt Service Fund – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term leases and debt principal, interest and related costs.

Proprietary Funds

Proprietary funds are used to account for the ongoing organizations and activities of the City, which are similar to those found in private business enterprises. The measurement focus is upon the determination of net income, financial position, and changes in cash flows.

Enterprise funds are established to account for the acquisition, operations and maintenance of the City's facilities and services which are entirely or predominantly self-supported by user charges or where the City has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The accounts are maintained on the accrual basis of accounting. The City's enterprise operations include the following:

Water & Sewer Fund – A proprietary fund used to account for the water and sewer utility services provided to the residents of the City of Jamestown, the operations of which are financed by user charges.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for individual funds.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Fund Financial Statements (continued)

The financial transactions of the City are recorded in individual funds. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred.

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and expenses are recognized when they are incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Permits, fines and forfeits, and miscellaneous revenues (except for investment earnings) are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available in all funds.

Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts constrained for a specific purpose by the City, using its highest level of decision making authority. The City Council is the highest level of decision making authority for the City of Jamestown. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City has designated the Mayor to carry the intent of the City Council.

Unassigned – all other spendable amounts.

It is the policy of the City to spend restricted funds first when both restricted and unrestricted funds are available. Once restricted funds are spent, the City will use committed funds first, assigned funds second and unassigned funds last.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgeting

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

Budgeted amounts in the financial statements are as adopted by ordinance of the City and have been revised for amendments authorized during the year.

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 County Employees' Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments, (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Other Accounting Policies

Accounts receivable are stated less an allowance for doubtful accounts.

Cash - The City considers all cash, both restricted and unrestricted, as cash for purposes of the Statement of Cash Flows.

Unearned revenues represent grant revenues received but unearned. Revenues are recognized when eligible expenditures are incurred.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management's Review of Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through December 14, 2021, which represents the date these financials statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2021, have not been evaluated by the City.

2. CASH AND INVESTMENTS

KRS 66.480 authorizes the City to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United State government, bonds or certifications of indebtedness of this state, and certificates of deposits issued by or other interest-bearing accounts of any bank or savings and loan institution which have a physical presence in Kentucky and are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninured, by any obligation permitted by KRS 41.240(4). The Statute also authorizes investment in mutual funds, exchange traded funds, individual equity securities and high-quality corporate bonds that are managed by a professional investment manager and subject to additional requirements outlined in KRS 66.480.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy states that unless matched to a specific cash flow need, the City's funds should not, in general, be invested in securities maturing more than one year from the date of purchase.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City of Jamestown's deposits and investments at June 30, 2021 were entirely covered by federal depository insurance or by collateral held by the custodial banks in the City's name. Bank deposits at June 30, 2021 totaled \$3,778,831, of which \$723,729 was covered by FDIC, and \$3,055,102 was covered by pledged collateral.

Statement of Cash Flows

The proprietary fund type Statement of Cash Flows includes the following as cash:

Cash – unrestricted	\$ 1,805,351
Cash – restricted	<u>734,013</u>
	<u>\$ 2,539,364</u>

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

3. RECEIVABLES

Receivables at year end of the City's major individual and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	Nonmajor Funds	Governmental Funds Total
Governmental Funds:			
Taxes	\$ 107,385	\$ -	\$ 107,385
Licenses, permits, billings	119,744	-	119,744
Charges for service	6,473	-	6,473
Intergovernmental	-	3,942	3,942
Other	<u>17,430</u>	<u>-</u>	<u>17,430</u>
Gross Receivables	251,032	3,942	254,974
Less: allowance for uncollectible	<u>(22,861)</u>	<u>-</u>	<u>(22,861)</u>
Receivables, net	<u>\$ 228,171</u>	<u>\$ 3,942</u>	<u>\$ 232,113</u>
Total			
Business-Type Activities:			
Customer	\$ 263,777		
Less: allowance for uncollectible	<u>(17,325)</u>		
Receivables, net	<u>\$ 246,452</u>		

4. CAPITAL ASSETS

A summary of capital asset activity during the fiscal year is as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 542,094	\$ 34,500	\$ (300,000)	\$ 276,594
Capital assets that are depreciated:				
Land improvements	156,425	16,200	-	172,625
Buildings and improvements	1,026,435	-	-	1,026,435
Vehicles and equipment	<u>1,184,656</u>	<u>55,511</u>	<u>(5,000)</u>	<u>1,235,167</u>
Total	<u>2,367,516</u>	<u>71,711</u>	<u>(5,000)</u>	<u>2,434,227</u>
Total non-infrastructure assets	2,909,610	106,211	(305,000)	2,710,821
Infrastructure assets	<u>435,128</u>	<u>-</u>	<u>-</u>	<u>435,128</u>
Total capital assets	<u>3,344,738</u>	<u>106,211</u>	<u>(305,000)</u>	<u>3,145,949</u>
Less accumulated depreciation:				
Land improvements	90,074	8,397	-	98,471
Buildings and improvements	472,465	24,225	-	496,690
Vehicles and equipment	964,767	89,412	(2,333)	1,051,846
Infrastructure	<u>74,409</u>	<u>10,878</u>	<u>-</u>	<u>85,287</u>
Total	<u>1,601,715</u>	<u>132,912</u>	<u>(2,333)</u>	<u>1,732,294</u>
Capital assets, net	<u>\$ 1,743,023</u>	<u>\$ (26,701)</u>	<u>\$ (302,667)</u>	<u>\$ 1,413,655</u>

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

4. CAPITAL ASSETS (CONTINUED)

A summary of capital asset activity during the fiscal year is as follows (continued):

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Business-type Activities:				
Land and easements	\$ 208,100	\$ -	\$ -	\$ 208,100
Water and sewer system	44,274,664	2,266,996	-	46,541,660
Construction in progress	-	-	-	-
Vehicles and equipment	<u>233,830</u>	<u>-</u>	<u>(37,486)</u>	<u>196,344</u>
Total	<u>44,716,594</u>	<u>2,266,996</u>	<u>(37,486)</u>	<u>46,946,104</u>
Less accumulated depreciation:	<u>23,456,316</u>	<u>1,192,695</u>	<u>(35,969)</u>	<u>24,613,042</u>
Capital assets, net	<u>\$ 21,260,278</u>	<u>\$ 1,074,301</u>	<u>\$ (1,517)</u>	<u>\$ 22,333,062</u>

Depreciation expense was charged to the Governmental functions as follows:

General government	\$ 46,045
Police	35,264
Fire	41,346
Parks and recreation	7,707
Sanitation	<u>2,550</u>
Total depreciation expense	<u>\$ 132,912</u>

Capital assets acquired are recorded at cost or estimated cost. Depreciation of capital assets is provided over the estimated useful lives of the respective assets using the straight-line basis. The estimated useful lives are as follows:

Infrastructure	20-40 years
Utility systems	25-40 years
Buildings and improvements	25-40 years
Land improvements	10-20 years
Machinery and equipment	5-10 years
Vehicles	3-5 years

5. BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT

Revenue Bonds

On December 5, 2019, the City of Jamestown refinanced \$4,406,500 of the 1996, 1999, 2004, and 2009 Revenue Bond Issues with the 2020A Revenue Bond for \$4,630,000. The bonds bear a coupon interest rate ranging from 2.25% to 3.00% and will mature on February 1, 2047. The new issue will reduce future debt service by \$875,470 and has a net economic gain of \$523,010. This action constitutes a defeasance of the bonds maturing on or after December 5, 2019 from the 1996, 1999, 2004, and 2009 Issues. The balance of the bonds as of June 30, 2021 totaled \$4,420,000.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

5. BUSINESS - TYPE ACTIVITIES – LONG-TERM DEBT (CONTINUED)

Notes Payable

The City obtained a construction loan in connection with the water system expansion project in 2009. This loan is through the Kentucky Infrastructure Authority. The original amount of the loan was \$3,038,700 and bears interest at a rate of 0.4% and requires semi-annual payments of \$53,795 which includes principal and interest. The balance as of June 30, 2021, totaled \$1,866,746.

The City improved and expanded its sewer wastewater treatment facility in 2015. The total cost for the facility was \$3,153,000. Funding for this project was made up of the following grants and loans: CDBG grant of \$653,000 and a Kentucky Infrastructure Authority loan of \$2,500,000, with 30% of the loan forgiven upon distribution leaving a total payable amount of \$1,733,353. The loan requires semi-annual payments of \$47,919 which includes principal and interest. The balance at June 30, 2021, totaled \$1,290,615. The loan bears interest at a rate of 1%.

The City obtained a construction loan in connection with a construction project to replace waterlines and road bores around downtown Jamestown in fiscal year 2021. The original loan amount was \$500,000 with \$250,000 of the principal forgiven immediately. The loan bears an interest rate of 0.5% and requires semiannual payments of \$4,805 which includes principal and interest. The balance as of June 30, 2021 totaled \$250,000.

The City obtained a USDA Rural Development loan totaling \$994,000 dated November 2, 2020, bearing interest at the rate of 1.125% to provide funds for water treatment plant membrane replacement. The balance of the bonds as of June 30, 2021 totaled \$974,000.

Business-type activities long-term debt consists of net pension liability, net OPEB liability, revenue bonds, and three loans through Kentucky Infrastructure Authority. Proceeds from the revenue bonds and KIA loans were used for expansions and improvements to the water and sewer utility systems.

	Balance			Balance
	July 1, 2020	Additions	Payments	June 30, 2021
2020A Revenue bonds	\$ 4,630,000	\$ -	\$ (210,000)	\$ 4,420,000
Direct placement debt:				
KIA water expansion loan	1,966,570	-	(99,824)	1,866,746
KIA sewer expansion loan	1,372,930	-	(82,315)	1,290,615
KIA F19-019 loan	-	500,000	(250,000)	250,000
USDA 91-12 loan	-	994,000	(20,000)	974,000
Net pension liability	2,358,726	222,121	-	2,580,847
Net OPEB liability	<u>549,471</u>	<u>242,733</u>	<u>-</u>	<u>792,204</u>
Total Business-type activities	<u>\$ 10,877,697</u>	<u>\$ 1,958,854</u>	<u>\$ (662,139)</u>	<u>\$ 12,174,412</u>

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

5. BUSINESS - TYPE ACTIVITIES – LONG-TERM DEBT (CONTINUED)

The annual requirements to retire the water and sewer debt as of June 30, 2021, is as follows:

Fiscal year	Principal	Interest	Fees	Total
2022	\$ 382,220	\$ 147,286	\$ 18,036	\$ 547,542
2023	387,361	142,478	17,529	547,368
2024	393,644	137,033	16,702	547,379
2025	400,939	131,463	15,861	548,263
2026	407,243	125,660	15,003	547,906
2027-2031	1,974,052	542,880	62,093	2,579,025
2032-2036	1,911,437	401,048	41,403	2,353,888
2037-2041	1,334,674	262,782	23,715	1,621,171
2042-2046	1,098,110	125,476	11,343	1,234,929
2047-2051	271,200	21,355	1,036	293,591
2052-2056	149,481	10,069	6	159,556
2057-2060	<u>91,000</u>	<u>2,059</u>	<u>-</u>	<u>93,059</u>
	<u>\$ 8,801,361</u>	<u>\$ 2,049,589</u>	<u>\$ 222,727</u>	<u>\$ 11,073,677</u>

6. GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT

Note Payable

The City established a line of credit through the Bank of Jamestown on July 18, 2006. The available line is \$362,000, and matures on December 4, 2023. The annual interest rate on the line of credit is 2.40%. During fiscal year 2021, the City made no draws on the line of credit and as of June 30, 2021, the line of credit had a balance of \$0.

In February 2019, the City borrowed \$300,000 from the Bank of Jamestown for the purchase of land to develop a sports complex. Principal and interest were payable annually in the amount of \$22,081 starting on April 2, 2020. The loan bore interest at a rate of 4.0%. The City paid the loan off in its entirety during fiscal year 2021. The balance at June 30, 2021, totaled \$0.

A summary of changes in general long-term debt is as follows:

	Balance July 1, 2020	Additions	Payments	Balance June 30, 2021
Notes payable	\$ <u>289,952</u>	\$ <u>-</u>	\$ <u>289,952</u>	\$ <u>-</u>

7. RETIREMENT PLAN

The City of Jamestown is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description – CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. RETIREMENT PLAN (CONTINUED)

Contributions – For the year ended June 30, 2021, plan members were required to contribute 5% of wages for non-hazardous job classifications and 8% of wages for hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium.

The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2021, participating employers contributed 24.06% of each employee's wages for non-hazardous job classifications and 39.58% of each employee's wages for hazardous job classifications. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described in Note 8. Plan members contributed 19.30% to the pension trust for non-hazardous job classifications and 30.06% to the pension trust for hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5% of wages to their own account for non-hazardous job classifications and 8% of wages to their own account for hazardous classifications. Plan members also contribute 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. Each member's account is credited with a 4% employer pay credit for non-hazardous members, and a 7.5% pay credit for hazardous members. The employer pay credit represents a portion of the employer contribution.

For the year ended June 30, 2021, the City contributed \$243,031 or 100% of the required contribution for non-hazardous job classifications, which was allocated \$194,950 to the CERS pension funds and \$48,081 to the CERS insurance fund. The City contributed \$19,499 or 100% of the required contribution for hazardous job classifications, which was allocated \$14,809 to the CERS pension funds and \$4,690 to the CERS insurance fund.

Benefits – CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. RETIREMENT PLAN (CONTINUED)

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old or 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal to 87+
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal to 87+
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources –

At June 30, 2021, the City reported a liability for its proportionate share of the net pension liability as follows:

Total Net		
Pension Liability	Non-hazardous	Hazardous
<u>\$ 3,284,641</u>	<u>\$ 2,911,501</u>	<u>\$ 373,140</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2020 was as follows:

Non-hazardous	Hazardous
.0380%	.0124%

The proportionate share at June 30, 2020 increased by .0002% for non-hazardous and decreased .0059% for hazardous compared to the proportionate share as of June 30, 2019.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2021, the City recognized pension expense of \$379,755. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 84,177	\$ -
Changes of assumptions	127,841	-
Net difference between projected and actual earnings on Plan investments	81,265	-
Changes in proportion and differences between City contributions and proportionate share of contributions	17,155	168,582
City contributions subsequent to the measurement date	<u>209,759</u>	<u>-</u>
Total	<u>\$ 520,197</u>	<u>\$ 168,582</u>

The \$209,759 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,

2022	\$ 60,438
2023	\$ 51,041
2024	\$ 9,604
2025	\$ 20,773

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-hazardous

Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

Hazardous

Inflation	2.30%
Salary increases	3.55 to 19.05%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2020.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. RETIREMENT PLAN (CONTINUED)

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Special credit/high yield	15.00%	3.90%
Liquidity	14.50%	
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies	23.00%	
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	100.00%	3.96%
Long term inflation assumption		2.30%
Expected nominal return for portfolio		6.25%

Discount Rate – The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

Non-hazardous			Hazardous		
	Discount rate	City's proportionate share of net pension liability	Discount rate		City's proportionate share of net pension liability
1% decrease	5.25%	\$ 3,590,508	5.25%	\$	461,156
Current discount rate	6.25%	\$ 2,911,501	6.25%	\$	373,140
1% increase	7.25%	\$ 2,349,249	7.25%	\$	301,308

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

7. RETIREMENT PLAN (CONTINUED)

Payable to the Pension Plan – At June 30, 2021, the City reported a payable of \$24,941 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021. The payable includes both the pension and insurance contribution allocation.

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description – As more fully described in Note 7, the City of Jamestown participates in the County Employees' Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

Contributions – As more fully described in Note 7, plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ending June 30, 2021, the employer's contribution was 4.76% to the insurance trust for non-hazardous job classifications and 9.52% to the insurance trust for hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

For the year ended June 30, 2021, the City contributed \$48,081, or 100% of the required contribution for non-hazardous job classifications, and \$4,690, or 100% of the required contribution for hazardous job classifications.

Benefits – CERS provides health insurance benefits to Plan employees and beneficiaries.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date Insurance eligibility Benefit	Before July 1, 2003 10 years of service credit required Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 1	Participation date Insurance eligibility Benefit	Before September 1, 2008 but after July 1, 2003 10 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 2	Participation date Insurance eligibility Benefit	After September 1, 2008 and before December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 3	Participation date Insurance eligibility Benefit	After December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2021, the City reported a liability for its proportionate share of the net OPEB liability as follows:

Total Net OPEB Liability	Non-hazardous	Hazardous
\$ <u>1,031,079</u>	\$ <u>916,739</u>	\$ <u>114,340</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2020 was as follows:

Non-hazardous	Hazardous
.0380%	.0124%

The proportionate share at June 30, 2020 increased by .0002% for non-hazardous and decreased .0059% for hazardous compared to the proportionate share as of June 30, 2019.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

For the year ended June 30, 2021, the City recognized OPEB expense of \$116,780. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 157,092	\$ 164,706
Changes of assumptions	178,111	1,076
Net difference between projected and actual earnings on Plan investments	35,546	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,331	81,570
City contributions subsequent to the measurement date	<u>75,717</u>	<u>-</u>
Total	<u>\$ 447,797</u>	<u>\$ 247,352</u>

The \$75,717 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Contributions also include an allocation for the implicit subsidy of \$23,036, which are required to be recognized as deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in expense as follows:

Year ending June 30,	
2022	\$ 28,354
2023	\$ 38,147
2024	\$ 30,473
2025	\$ 34,920
2026	\$ (7,166)

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-hazardous and Hazardous

Inflation	2.30%
Salary increases	3.30 to 19.05%, varies by service, including inflation
Investment rate of Return	6.25%, net of Plan investment expense, including inflation
Healthcare trend:	
Pre – 65:	Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Post – 65:	Initial trend starting at 2.90% at January 1, 2022, and gradually increasing to an ultimate trend rate of 4.05% over a period of 14 years.

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2010.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
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8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2020.

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	62.50%	
US Equity	18.75%	4.30%
Non-US Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Special credit/high yield	15.00%	2.60%
Liquidity	14.50%	
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
Diversifying Strategies	23.00%	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Total	100.00%	3.96%
Long term inflation assumption		2.30%
Expected nominal return for portfolio		6.25%

Discount Rate – The discount rate used to measure the total OPEB liability was 5.34% and 5.30% for non-hazardous and hazardous classifications, respectively. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Non-hazardous			Hazardous		
	Discount rate	City's proportionate share of net OPEB liability		Discount rate	City's proportionate share of net OPEB liability
1% decrease	4.34%	\$ 1,177,754		4.30%	\$ 155,220
Current discount rate	5.34%	\$ 916,739		5.30%	\$ 114,340
1% increase	6.34%	\$ 702,376		6.30%	\$ 81,407

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the City's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Non-hazardous	Hazardous
	City's proportionate share of net OPEB liability	City's proportionate share of net OPEB liability
1% decrease	\$ 709,792	\$ 81,714
Current trend rate	\$ 916,739	\$ 114,340
1% increase	\$ 1,167,895	\$ 154,460

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report.

9. PROPERTY TAX CALENDAR

Property taxes for fiscal year 2021 were levied in October 2020, on the assessed property located in the City of Jamestown as of the preceding January 1. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	Date Per K.R.S. 134.020
1. Due date for payment	Upon receipt
2. Discount of 2%	December 31
3. Face value payment period	January 1
4. 10% penalty delinquent date	January 31

These taxes are collected by the City Clerk. Vehicle taxes are collected by the County Clerk of Russell County and are due and collected in the birth month of the licensee.

10. RISK MANAGEMENT

The City of Jamestown is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the City also carries commercial insurance for all other risks of loss such as worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. COVID-19 PANDEMIC

Since early 2020, various restrictions were placed on travel and business across the United States in response to the COVID-19 pandemic. The duration and pervasiveness of these restrictions are uncertain as of the date of these financial statements. The City is continuously evaluating the impact of COVID-19 and related responses on the operations and finances of the City. Restrictions placed on the City could negatively impact the City's revenue and expenses for an unknown period of time. At this time, a specific estimate of the impact could not reasonably be determined due to a number of unknown factors regarding the severity and duration of the event.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2021

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
MUNICIPAL TAXATION				
General property taxes	\$ 180,000	\$ 180,000	\$ 195,044	\$ 15,044
P.I.L.O.T.	3,000	3,000	2,934	(66)
Motor vehicle taxes	22,000	22,000	26,898	4,898
Total municipal taxation	<u>205,000</u>	<u>205,000</u>	<u>224,876</u>	<u>19,876</u>
LICENSES, PERMITS AND BILLINGS				
Occupational license fees	350,000	350,000	363,549	13,549
Insurance license	300,000	330,000	324,716	(5,284)
Net profits license fees	11,500	10,500	10,600	100
Franchise fees	95,000	99,000	102,025	3,025
Alcohol license fees	20,025	23,013	24,585	1,572
Total licenses, permits and billings	<u>776,525</u>	<u>812,513</u>	<u>825,475</u>	<u>12,962</u>
INTERGOVERNMENTAL				
State fire aid	10,500	10,500	10,500	-
Grants	-	18,730	18,730	-
CARES Act	-	-	95,424	95,424
KLEFPF	18,000	15,000	14,752	(248)
Total intergovernmental	<u>28,500</u>	<u>44,230</u>	<u>139,406</u>	<u>95,176</u>
CHARGES FOR SERVICE				
Sanitation fees	<u>68,000</u>	<u>75,000</u>	<u>77,036</u>	<u>2,036</u>
OTHER REVENUE				
Donations	10,000	30,000	30,017	17
Fire department	-	-	940	940
Interest	500	350	378	28
Arrest fees	1,200	800	745	(55)
Law enforcement citation fees	7,500	5,000	5,142	142
Cemetery	5,515	14,507	16,070	1,563
Miscellaneous	30,000	206,500	51,771	(154,729)
Total other	<u>54,715</u>	<u>257,157</u>	<u>105,063</u>	<u>(152,094)</u>
TOTAL REVENUE	<u>\$ 1,132,740</u>	<u>\$ 1,393,900</u>	<u>\$ 1,371,856</u>	<u>\$ (22,044)</u>

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2021

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
GENERAL ADMINISTRATION				
Elected officials compensation	\$ 21,200	\$ 21,200	\$ 21,187	\$ (13)
Fringe benefits and payroll tax	52,000	70,000	66,890	(3,110)
Printing and advertising	6,000	8,500	8,557	57
Professional fees	30,000	50,000	44,202	(5,798)
Maintenance and repairs	5,000	52,000	35,603	(16,397)
Travel	1,000	150	108	(42)
Utilities	95,000	101,000	93,010	(7,990)
Telephone	3,000	3,000	2,567	(433)
Small equipment purchases	-	600	158	(442)
Insurance and bonds	7,000	7,000	5,565	(1,435)
Uniforms	-	3,000	2,910	(90)
Education and certification	-	200	199	(1)
Technical supplies	500	500	434	(66)
Postage	3,500	3,500	64	(3,436)
Office supplies	2,500	2,500	1,130	(1,370)
Miscellaneous supplies	2,000	2,000	1,449	(551)
Dues and subscriptions	1,000	1,000	895	(105)
Community development	-	35,000	34,140	(860)
Festivals and holidays	-	33,000	32,489	(511)
Total administration	<u>229,700</u>	<u>394,150</u>	<u>351,557</u>	<u>(42,593)</u>
PUBLIC SAFETY - POLICE				
Police salaries	250,000	250,000	238,978	(11,022)
Fringe benefits and payroll taxes	85,000	85,000	84,180	(820)
Dispatch	25,000	25,000	25,000	-
Printing and advertising	100	100	-	(100)
Professional fees	500	500	232	(268)
Uniforms	3,000	6,000	5,085	(915)
Maintenance and repairs	8,000	7,500	7,362	(138)
Travel	4,000	1,000	778	(222)
Ammunition	1,000	1,000	-	(1,000)
Telephone	4,200	2,600	2,589	(11)
Small equipment purchases	4,500	4,500	1,120	(3,380)
Insurance and bonds	25,000	15,000	11,735	(3,265)
Technical supplies	3,000	9,000	8,270	(730)
Postage	100	100	-	(100)
Office Supplies	200	500	487	(13)
Motor fuel	12,000	11,000	11,141	141
Miscellaneous materials and supplies	500	500	200	(300)
Dues and subscriptions	500	500	300	(200)
Total public safety - police	<u>\$ 426,600</u>	<u>\$ 419,800</u>	<u>\$ 397,457</u>	<u>\$ (22,343)</u>

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2021

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
PUBLIC SAFETY - FIRE				
Firefighter allowances	\$ 12,000	\$ 12,000	\$ 8,800	\$ (3,200)
Professional fees	1,000	200	195	(5)
Uniforms	1,000	6,500	6,341	(159)
Maintenance and repairs	5,000	8,500	7,984	(516)
Vehicle maintenance	3,000	1,000	-	(1,000)
Vehicle repair	3,000	7,000	6,986	(14)
Telephone	2,200	2,500	2,449	(51)
Small equipment purchase	500	500	2,140	1,640
Insurance	10,500	11,500	11,226	(274)
Technical supplies	1,000	5,000	4,124	(876)
Heating supplies	3,000	4,500	4,052	(448)
Motor fuel and lubricants	5,000	3,000	3,282	282
Miscellaneous material and supplies	500	1,800	1,575	(225)
Equipment repair	1,000	-	-	-
Dues and subscriptions	100	100	-	(100)
Education and certification	200	200	-	(200)
State fire aid expenses	10,500	10,500	1,674	(8,826)
Total public safety - fire	59,500	74,800	60,828	(13,972)
SANITATION				
Outside services	110,000	75,000	73,502	(1,498)
PUBLIC WORKS				
Salaries	125,000	116,000	115,741	(259)
Fringe benefits	65,000	70,000	70,246	246
Uniforms	600	600	600	-
Maintenance and repairs	10,000	10,000	9,467	(533)
Insurance	11,500	6,100	6,005	(95)
Technical supplies	1,000	500	290	(210)
Motor fuel	6,000	5,000	5,340	340
Capital expense - equipment	10,500	-	-	-
Telephone	400	1,000	932	(68)
Small equipment purchase	3,000	1,000	-	(1,000)
Total public works	233,000	210,200	208,621	(1,579)
PARKS AND RECREATION	10,500	10,500	8,247	(2,253)
CEMETERY	6,855	-	-	-
CAPITAL OUTLAY	80,500	189,094	106,211	(82,883)
TOTAL EXPENDITURES	<u>1,156,655</u>	<u>1,373,544</u>	<u>1,206,423</u>	<u>(167,121)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	-	-	(294,846)	(294,846)
Sale of property	-	-	315,000	315,000
Total other financing sources (uses)	-	-	20,154	20,154
Net change in fund balances	<u>\$ (23,915)</u>	<u>\$ 20,356</u>	<u>\$ 185,587</u>	<u>\$ 165,231</u>

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTAL SCHEDULE OF
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NONHAZARDOUS
Last Eight Fiscal Years

Reporting Fiscal Year (Measurement Date)	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)
City's proportion of the net pension liability	0.0473%	0.0473%	0.0423%	0.0433%	0.0393%	0.0377%	0.0377%	0.0380%
City's proportionate share of the net pension liability (asset)	\$ 1,730,395	\$ 1,533,428	\$ 1,820,100	\$ 2,130,255	\$ 2,303,165	\$ 2,298,359	\$ 2,653,075	\$ 2,911,501
City's covered employee payroll	\$ 1,024,619	\$ 1,084,182	\$ 995,271	\$ 1,027,887	\$ 959,081	\$ 928,974	\$ 951,998	\$ 969,758
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	168.88%	141.44%	182.87%	207.25%	240.14%	247.41%	278.68%	300.23%
Plan fiduciary net position as a percentage of the total pension liability	61.22%	66.80%	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%

The above schedule will present 10 years of historical data, once available.

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTAL SCHEDULE OF
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - HAZARDOUS
Last Eight Fiscal Years

Reporting Fiscal Year (Measurement Date)	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)
City's proportion of the net pension liability	0.0470%	0.0470%	0.0457%	0.0303%	0.0289%	0.0227%	0.0183%	0.0124%
City's proportionate share of the net pension liability (asset)	\$ 628,642	\$ 564,789	\$ 700,843	\$ 519,928	\$ 645,634	\$ 547,663	\$ 505,086	\$ 373,140
City's covered employee payroll	\$ 234,424	\$ 238,195	\$ 233,526	\$ 161,120	\$ 158,413	\$ 123,957	\$ 104,137	\$ 71,516
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	268.16%	237.11%	300.11%	322.70%	407.56%	441.82%	485.02%	521.76%
Plan fiduciary net position as a percentage of the total pension liability	57.74%	63.46%	57.52%	53.95%	49.78%	49.26%	46.63%	44.11%

The above schedule will present 10 years of historical data, once available.

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTAL
SCHEDULE OF PENSION CONTRIBUTIONS - NONHAZARDOUS
Last Nine Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required employer contribution	\$ 129,559	\$ 148,967	\$ 126,897	\$ 127,664	\$ 133,963	\$ 134,515	\$ 154,414	\$ 187,163	\$ 194,950
Contributions relative to contractually required employer contribution	<u>129,559</u>	<u>148,967</u>	<u>126,897</u>	<u>127,664</u>	<u>133,963</u>	<u>134,515</u>	<u>154,414</u>	<u>187,163</u>	<u>194,950</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 1,024,619	\$ 1,084,182	\$ 995,271	\$ 1,027,887	\$ 959,081	\$ 928,974	\$ 951,998	\$ 969,758	\$ 1,010,103
Employer contributions as a percentage of covered-employee payroll	12.64%	13.74%	12.75%	12.42%	13.97%	14.48%	16.22%	19.30%	19.30%

The above schedule will present 10 years of historical data, once available.

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTAL
SCHEDULE OF PENSION CONTRIBUTIONS - HAZARDOUS
Last Nine Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required employer contribution	\$ 47,083	\$ 51,855	\$ 48,410	\$ 32,643	\$ 34,391	\$ 28,471	\$ 25,899	\$ 21,498	\$ 14,809
Contributions relative to contractually required employer contribution	<u>47,083</u>	<u>51,855</u>	<u>48,410</u>	<u>32,643</u>	<u>34,391</u>	<u>28,471</u>	<u>25,899</u>	<u>21,498</u>	<u>14,809</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 234,424	\$ 238,195	\$ 233,526	\$ 161,120	\$ 158,413	\$ 123,957	\$ 104,137	\$ 71,516	\$ 49,140
Employer contributions as a percentage of covered-employee payroll	20.08%	21.77%	20.73%	20.26%	21.71%	22.97%	24.87%	30.06%	30.14%

The above schedule will present 10 years of historical data, once available.

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTAL SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - NONHAZARDOUS
Last Five Fiscal Years

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)
City's proportion of the net OPEB liability	0.0433%	0.0393%	0.0377%	0.0377%	0.0380%
City's proportionate share of the net OPEB liability (asset)	\$ 620,460	\$ 791,029	\$ 670,102	\$ 634,332	\$ 916,739
City's covered employee payroll	\$ 1,027,887	\$ 959,081	\$ 928,974	\$ 951,998	\$ 969,758
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	60.36%	82.48%	72.13%	66.63%	94.53%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	52.39%	57.62%	60.44%	51.67%

The above schedule will present 10 years of historical data, once available.

**CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTAL SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HAZARDOUS
Last Five Fiscal Years**

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)
City's proportion of the net OPEB liability	0.0303%	0.0289%	0.0227%	0.0183%	0.0124%
City's proportionate share of the net OPEB liability (asset)	\$ 142,549	\$ 238,561	\$ 161,457	\$ 135,261	\$ 114,340
City's covered employee payroll	\$ 161,120	\$ 158,413	\$ 123,957	\$ 104,137	\$ 71,516
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	88.47%	150.59%	130.25%	129.89%	159.88%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	58.99%	64.24%	64.44%	58.84%

The above schedule will present 10 years of historical data, once available.

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTAL
SCHEDULE OF OPEB CONTRIBUTIONS - NONHAZARDOUS
Last Nine Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required employer contribution	\$ 71,145	\$ 55,835	\$ 48,967	\$ 47,694	\$ 45,423	\$ 43,662	\$ 50,075	\$ 46,161	\$ 48,081
Contributions relative to contractually required employer contribution	<u>71,145</u>	<u>55,835</u>	<u>48,967</u>	<u>47,694</u>	<u>45,423</u>	<u>43,662</u>	<u>50,075</u>	<u>46,161</u>	<u>48,081</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 1,024,619	\$ 1,084,182	\$ 995,271	\$ 1,027,887	\$ 959,081	\$ 928,974	\$ 951,998	\$ 969,758	\$ 1,010,103
Employer contributions as a percentage of covered-employee payroll	6.94%	5.15%	4.92%	4.64%	4.74%	4.70%	5.26%	4.76%	4.76%

The above schedule will present 10 years of historical data, once available.

**CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTAL
SCHEDULE OF OPEB CONTRIBUTIONS - HAZARDOUS
Last Nine Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required employer contribution	\$ 40,992	\$ 33,181	\$ 31,713	\$ 20,446	\$ 14,812	\$ 10,637	\$ 10,903	\$ 6,808	\$ 4,690
Contributions relative to contractually required employer contribution	<u>40,992</u>	<u>33,181</u>	<u>31,713</u>	<u>20,446</u>	<u>14,812</u>	<u>10,637</u>	<u>10,903</u>	<u>6,808</u>	<u>4,690</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 234,424	\$ 238,195	\$ 233,526	\$ 161,120	\$ 158,413	\$ 123,957	\$ 104,137	\$ 71,516	\$ 49,140
Employer contributions as a percentage of covered-employee payroll	17.49%	13.93%	13.58%	12.69%	9.35%	8.58%	10.47%	9.52%	9.54%

The above schedule will present 10 years of historical data, once available.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

1. GENERAL INFORMATION

Contributions

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

Payroll

The City's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the City's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

2. CHANGES OF ASSUMPTIONS

June 30, 2020 – Pension and OPEB – Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for both pension and OPEB:

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increases to 6.30% in 2023 and then gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years.

June 30, 2019 – Pension and OPEB – Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average for non-hazardous and 3.05% to 3.55% to 19.05% on average for hazardous.

June 30, 2018 – Pension and OPEB – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018 for either pension or OPEB.

June 30, 2017 – Pension – Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

- The assumed rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- Payroll growth assumption was reduced from 4% to 2%

June 30, 2016 – Pension and OPEB – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016 for either pension or OPEB.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

2. CHANGES OF ASSUMPTIONS (CONTINUED)

June 30, 2015 – Pension – Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

June 30, 2014 – Pension – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

June 30, 2013 – Pension – Hazardous and Nonhazardous

The following assumptions were made by the Kentucky Legislature and reflected in the initial valuation performed as of June 30, 2013:

- The assumed rate of return was 7.75%.
- The assumed rate of inflation was 3.5%.
- The assumed rate of wage inflation was 1%.
- Payroll growth assumption was 4.5%.
- Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members.

SUPPLEMENTARY INFORMATION

**CITY OF JAMESTOWN, KENTUCKY
BUDGETARY COMPARISON
NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2021**

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
MUNICIPAL ROAD AID FUND				
REVENUES				
Intergovernmental	\$ 30,000	\$ 36,000	\$ 34,346	\$ (1,654)
Interest	<u>50</u>	<u>50</u>	<u>44</u>	<u>(6)</u>
TOTAL REVENUES	<u>\$ 30,050</u>	<u>\$ 36,050</u>	<u>\$ 34,390</u>	<u>\$ (1,660)</u>
EXPENDITURES				
Public works	<u>\$ 59,430</u>	<u>\$ 56,250</u>	<u>\$ 10,267</u>	<u>\$ (45,983)</u>
TOTAL EXPENDITURES	<u>\$ 59,430</u>	<u>\$ 56,250</u>	<u>\$ 10,267</u>	<u>\$ (45,983)</u>
 DEBT SERVICE FUND				
REVENUES				
Transfers in	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 294,846</u>	<u>\$ 272,846</u>
TOTAL REVENUES	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 294,846</u>	<u>\$ 272,846</u>
EXPENDITURES				
Debt service	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 294,846</u>	<u>\$ 272,846</u>
TOTAL EXPENDITURES	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 294,846</u>	<u>\$ 272,846</u>

CITY OF JAMESTOWN, KENTUCKY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Municipal Road Aid Fund	Debt Service Fund	Total
ASSETS			
Cash	\$ 51,825	\$ -	\$ 51,825
Accounts receivable	<u>3,942</u>	<u>-</u>	<u>3,942</u>
Total assets	<u>\$ 55,767</u>	<u>\$ -</u>	<u>\$ 55,767</u>
LIABILITIES AND FUND BALANCE			
Restricted fund balance	<u>\$ 55,767</u>	<u>\$ -</u>	<u>\$ 55,767</u>
Total liabilities and fund balance	<u>\$ 55,767</u>	<u>\$ -</u>	<u>\$ 55,767</u>

CITY OF JAMESTOWN, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2021

	Municipal Road Aid Fund	Debt Service Fund	Total
REVENUES			
Intergovernmental	\$ 34,346	\$ -	\$ 34,346
Interest	<u>44</u>	<u>-</u>	<u>44</u>
Total revenues	<u>34,390</u>	<u>-</u>	<u>34,390</u>
EXPENDITURES			
Public works	10,267	-	10,267
Debt service	<u>-</u>	<u>294,846</u>	<u>294,846</u>
Total expenditures	<u>10,267</u>	<u>294,846</u>	<u>305,113</u>
Excess revenues over (under) expenditures before other sources (uses)	<u>24,123</u>	<u>(294,846)</u>	<u>(270,723)</u>
OTHER FINANCING SOURCES			
Transfers from other funds	<u>-</u>	<u>294,846</u>	<u>294,846</u>
Excess revenues and other financing sources over (under) expenditures	<u>24,123</u>	<u>-</u>	<u>24,123</u>
Fund balances, July 1, 2020	<u>31,644</u>	<u>-</u>	<u>31,644</u>
FUND BALANCES - JUNE 30, 2021	<u>\$ 55,767</u>	<u>\$ -</u>	<u>\$ 55,767</u>

CITY OF JAMESTOWN, KENTUCKY
COMBINING STATEMENT OF OPERATING REVENUES AND EXPENSES
PROPRIETARY FUND
for the year ended June 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 2,320,551	\$ 759,500	\$ 3,080,051
Penalties	15,295	10,197	25,492
Other revenue	18,465	200	18,665
Total operating revenues	<u>2,354,311</u>	<u>769,897</u>	<u>3,124,208</u>
OPERATING EXPENSES			
Salaries and wages	578,179	277,047	855,226
Outside services	12,480	8,320	20,800
Payroll taxes	542,547	252,888	795,435
Insurance	26,938	26,938	53,876
Utilities	259,444	138,534	397,978
Telephone	6,899	4,366	11,265
Professional services	44,116	57,393	101,509
Materials and supplies	122,759	13,904	136,663
Chemicals	93,509	93,434	186,943
Sludge expense	-	18,395	18,395
Analytical	8,346	16,902	25,248
Fuel and lube	9,323	3,287	12,610
Advertising	729	729	1,458
Uniforms	2,000	1,000	3,000
Maintenance and repairs	74,726	22,144	96,870
Travel and lodging	-	169	169
Postage	11,858	7,906	19,764
Equipment Rental	6,510	6,842	13,352
Dues and subscriptions	952	943	1,895
Training	206	2,060	2,266
Miscellaneous	85	76	161
Depreciation and amortization	743,754	448,941	1,192,695
Total operating expenses	<u>2,545,360</u>	<u>1,402,218</u>	<u>3,947,578</u>
Operating income (loss)	<u>\$ (191,049)</u>	<u>\$ (632,321)</u>	<u>\$ (823,370)</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council
City of Jamestown
Jamestown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jamestown, Kentucky, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Jamestown, Kentucky's basic financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jamestown, Kentucky'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 Jamestown, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jamestown, Kentucky's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RFH

RFH, PLLC
Lexington, Kentucky
December 14, 2021



Members American Institute of Certified Public Accountants
and Kentucky Society of Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Mayor and City Council
City of Jamestown
Jamestown, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the City of Jamestown, Kentucky's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Jamestown, Kentucky, 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, 2021.

Report on Internal Control over Compliance

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

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

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

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

RFH

RFH, PLLC
Lexington, Kentucky
December 14, 2021

CITY OF JAMESTOWN, KENTUCKY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2021

GRANTOR/PROGRAM TITLE	Federal AL Number	Pass/Through Contract Number	Grant Contract Period	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture (USDA)					
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	7/1/2020-6/30/2021	\$ -	\$ 1,089,685
Total U.S. Department of Agriculture				-	1,089,685
U.S. Department of the Treasury (TREAS)					
Passed through the Kentucky Department for Local Government COVID-19 – Coronavirus Relief Fund	21.019	C2-238	7/1/2020-6/30/2021	-	95,424
Total U.S. Department of the Treasury				-	95,424
U.S. Department of Housing and Urban Development					
Passed through the Kentucky Department for Local Government State-Administered Small Cities Program	14.228	18-020	7/1/2020-6/30/2021	-	500,000
Total U.S. Department of Housing and Urban Development				-	500,000
Total federal awards expended				\$ -	\$ 1,685,109

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Jamestown, Kentucky and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the basic financial statements may differ from these numbers.

Indirect Cost Rates

The City of Jamestown, Kentucky did not elect to use the 10 percent *de minimis* cost rate as allowed under the *Uniform Guidance*.

CITY OF JAMESTOWN, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2021

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Non-compliance material to financial statements noted	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Federal Awards:

Internal control over major programs:

Material weaknesses identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditors' report issued on compliance for major programs:

Unmodified for all major programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Major Programs:

AL Number

Name of Federal Program or Cluster

10.760	USDA – Water and Waste Disposal Systems for Rural Communities
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Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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II. FINDINGS RELATED TO FINANCIAL STATEMENTS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE