CITY OF PARK CITY, KENTUCKY

ANNUAL FINANCIAL REPORT

June 30, 2021

CONTENTS

HENSLEY & THRONEBERRY | CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commissioners
City of Park City, Kentucky

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Park City, Kentucky, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively compromise the City of Park City, 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.

Auditor's 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 and each major fund of the City of Park City, Kentucky, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

324 East 10th Avenue | P.O. Box 1349 | Bowling Green, KY 42101 | (270) 904-2545
www.hensleyandthroneberry.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 23 and 24 and certain pension/OPEB information on pages 25 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 inquires, 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.

The City of Park City, Kentucky has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021 on our consideration of the City of Park City, 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 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 entity's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Park City, Kentucky's internal control over financial reporting and compliance.

Hensley & Throneberry, CPAs
November 24, 2021

BASIC FINANCIAL STATEMENTS

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

Assets	
Current assets	
Cash and cash equivalents	$ 167,579
Taxes receivable, net	509
Prepaid insurance	1,411
Total current assets	169,499
Restricted assets	
Cash and cash equivalents	342
Certificate of deposit	35,514
Total restricted assets	35,856
Capital assets, net	1,819,445
Total assets	**2,024,800**
Deferred outflows of resources	
Deferred outflows – pension	17,113
Deferred outflows – OPEB	13,481
Total deferred outflows of resources	**30,594**
Total assets and deferred outflows of resources	**$ 2,055,394**
Liabilities	
Current liabilities	
Accounts payable	$ 10,248
Payroll taxes payable	2,033
Accrued wages	2,371
Accrued interest payable	2,449
Notes payable, current portion	23,167
Total current liabilities	40,268
Noncurrent liabilities	
Notes payable, noncurrent portion	86,961
Net pension liability	84,062
Net OPEB liability	26,465
Total noncurrent liabilities	197,488
Total liabilities	**237,756**
Deferred inflows of resources	
Deferred inflows – pension	1,540
Deferred inflows – OPEB	5,011
Total deferred inflows of resources	**6,551**
Net position	
Invested in capital assets, net of related debt	1,709,317
Restricted for care of cemetery	35,514
Restricted for park improvements	342
Unrestricted	65,914
Total net position	**1,811,087**
Total liabilities, deferred inflows of resources, and net position	**$ 2,055,394**

See accompanying notes.

CITY OF PARK CITY, KENTUCKY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions / programs Primary government	Expenses	Program Revenues Charges for Services	Program Revenues Operating Grants	Program Revenues Capital Grants	Net (Expense) Revenue and Change in Net Position
Governmental activities					
General government	$ 120,018	$ 200	$ -0-	$ -0-	$ (119,818)
Public safety					
Police	15,000	2,765	-0-	-0-	(12,235)
Fire	92,182	-0-	11,000	-0-	(81,182)
Highways and streets	122,980	-0-	104,646	-0-	(18,334)
Cemetery	4,267	4,250	-0-	-0-	(17)
Parks and recreation	25,977	-0-	-0-	-0-	(25,977)
Interest expense	5,359	-0-	-0-	-0-	(5,359)
Total governmental activities	385,783	7,215	115,646	-0-	(262,922)
Total primary government	**$ 385,783**	**$ 7,215**	**$ 115,646**	**$ -0-**	**(262,922)**

General revenues	
Property tax	98,127
Franchise tax	15,641
Other taxes	10,956
Insurance premium tax	81,588
Occupational tax	45,296
Licenses and permits	2,982
Interest income	633
Contributions	54,370
Miscellaneous	11,927
Total general revenues	321,520
Change in net position	**58,598**
Net position, beginning of year	1,752,489
Net position, end of year	**$1,811,087**

CITY OF PARK CITY, KENTUCKY
BALANCE SHEET – GOVERNMENTAL FUND
June 30, 2021

	General Fund
Assets	
Cash and cash equivalents	$ 167,579
Prepaid insurance	1,411
Taxes receivable, net	509
Restricted cash and cash equivalents	342
Restricted certificate of deposit	35,514
Total assets	**$ 205,355**
Liabilities	
Accounts payable	$ 10,248
Payroll taxes payable	2,033
Accrued wages	2,371
Total liabilities	**14,652**
Fund balances	
Nonspendable	
Prepaid items	1,411
Restricted	35,856
Unassigned	153,436
Total fund balances	**190,703**
Total liabilities and fund balances	**$ 205,355**

Reconciliation of the balance sheet of governmental funds to the statement of net position

Total fund balances – total governmental fund	$ 190,703
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund.	1,819,445
Some liabilities are not due and payable in the current period, and therefore, are not reported in the fund:	
Net pension liability	(84,062)
Net OPEB liability	(26,465)
Net deferred outflows and inflows related to pensions	15,573
Net deferred outflows and inflows related to OPEB	8,470
Notes payable	(110,128)
Accrued interest on notes payable	(2,449)
Net position of governmental activities	**$ 1,811,087**

CITY OF PARK CITY, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUND
Year Ended June 30, 2021

	General Fund
Revenues	
Taxes	$ 251,609
Contributions	54,370
Intergovernmental revenue	115,646
Charges for services	7,215
Licenses and permits	2,982
Interest received	633
Other revenues	11,926
Total revenues	**444,381**
Expenditures	
General government	102,897
Public safety	
Police	15,000
Fire	47,950
Highways and streets	65,949
Cemetery	4,267
Parks and recreation	21,625
Capital outlay	202,693
Debt service	
Principal	23,740
Interest	5,359
Total expenditures	**489,480**
Net change in fund balances	**(45,099)**
Fund balances, beginning of year	235,802
Fund balances, end of year	**$ 190,703**

CITY OF PARK CITY, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUND *(Continued)*
Year Ended June 30, 2021

Net change in fund balance – total governmental fund	$	(45,099)
Amounts reported for *governmental activities* in the statement of activities are different because:		
The governmental fund report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		97,996
The repayment of principal of long-term debt consumes the current financial resources of a governmental fund. This transaction has no effect on net position. This is the amount of principal repayment.		23,740
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental fund:		
Pension expense		(15,867)
OPEB expense		(2,172)
Change in net position of governmental activities	**$**	**58,598**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting principles of the City of Park City, Kentucky, (the "City") is presented to assist in understanding the financial statements. The City operates under a mayor-commissioner form of government and provides the following services authorized by its charter: public safety (police and fire department), highways and streets, public improvements, and general administrative services.

The financial statements of the City were prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

Reporting Entity

In evaluating how to define the City for financial reporting purposes, all potential component units have been considered. The decision whether to include or exclude a potential component unit in the reporting entity was made by applying the criteria set forth in the GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. No other government or agency has been included in the City's financial statements because none of the criteria have been met.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with distinct functional activity. Program revenues include:

(1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses.

Taxes and other revenue sources not included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for the governmental fund (general fund).

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The statement of net position presents assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is related to the acquisition, construction, and improvement of capital assets. The outstanding debt is also offset by any unspent proceeds from such debt.

- Restricted net assets result from restrictions placed by external sources such as creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net assets consist of net position which do not meet the definition of the two preceding categories.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources, such as taxes and other items not included among program revenues, are reported as general revenues.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 30 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major governmental revenues sources susceptible to accrual include property taxes, franchise taxes (fees), and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Fund financial statements reflect assets equaling liabilities and fund balance. Fund balance is reported in the following fund categories.

<u>Nonspendable</u> – Amounts that cannot be spent either because they are not in a spendable form, or they are legally or contractually required to be maintained intact.

<u>Restricted</u> – Amounts that can be spent only for specific purposed city charter, city code, state or federal laws, or extremely imposed conditions by grantors or creditors.

<u>Committed</u> – Amounts that can be used only for specific purposes determined by a formal action by city council ordinance.

<u>Assigned</u> – Amounts that are designated by the mayor for a specific purpose but are not spendable until a budget or ordinance is passed by city council.

<u>Unassigned</u> – All amounts not included in other spendable classifications.

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fund Types and Major Funds

The City has only one major governmental fund, the general fund. The general fund reports revenues by major source and expenditures by function and character.

Cash and Investments

The City's cash consist of cash on hand, demand deposits, and certificates of deposit. Cost approximates fair value.

The City is authorized by statute to invest in: (1) obligations of the United States and of its agencies and instrumentalities; (2) bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; (3) shares of any savings and loan association insured by an agency of the government of the United States up to the amount so insured; and (4) interest-bearing deposits in national or state banks chartered in Kentucky and insured by an agency of the government of the United Stated up to the amount so insured, and in larger amounts providing such banks shall pledge as security obligations of the United States government, its agencies and instrumentalities.

Capital Assets and Depreciation

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of $500 or more at purchase and as construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Construction interest is capitalized, however there was none for the current year. Estimated useful lives for depreciable assets are as follows:

	Years
Buildings	40-50
Infrastructure	12-25
Equipment and furnishings	5-10
Vehicles	5-10

Long-Term Debt

In the government-wide financial statements, outstanding debt is reported as a liability. The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period.

Property Tax

Taxes are levied in September and are payable through December 31 of each year, becoming delinquent as of January 31. The City's property taxes are billed, collected, and remitted monthly to the City by the Sheriff of Barren County. City property tax revenues are recognized if collected within 30 days after year end.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The 2020 tax rate was $0.2940 per $100 assessed valuation for real property and $0.3099 per $100 assessed valuation for tangible property. The City is permitted by the State Constitution to levy taxes up to $0.75 per $100 assessed valuation; however, accordingly to statutes, the City may not increase the tax rate on real property by more than four percent per year (exclusive of assessment growth) without obtaining consent through referendum.

Motor vehicle taxes are due and collected in the birth month of the vehicle's licensee. They are collected by the County Clerk of Barren County and remitted to the City monthly.

Estimates
The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the financial statements and of reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

Deferred Outflows of Resources
Deferred outflows of resources represent a consumption of net assets in a future period and will not be recognized as an outflow of resources (expense) until that time.

Deferred Inflows of Resources
Deferred inflows of resources represent an acquisition of net assets in a future period and will not be recognized as an inflow of resources (revenue) until that time.

Concentration of Credit Risk
The majority of the City's activities are with citizens in and around Park City, Kentucky.

Subsequent Events
Subsequent events have been evaluated through November 24,2021, the date the financial statements were available to be issued.

NOTE 2. BUDGETARY INFORMATION

Budget Policy and Practice
The mayor submits an annual budget to the city commission in accordance with the city charter and Kentucky revised statutes. The budget is presented to the city commission for review, and public hearings are held to address priorities and the allocation of resources. In May, the city commission adopts the annual fiscal year budgets for the operating funds. Once approved, the city commission may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting
Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class. The mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter total expenditures of any fund must be approved by the city commission. Total expenditures for a fund legally may not exceed the total appropriations. The budget is usually amended near year end, if necessary.

The budget is prepared on the cash basis of accounting, and the fund financial statements are prepared on the modified accrual basis of accounting. A reconciliation to GAAP basis is provided after the budget to actual comparison schedule on pages 23 and 24.

NOTE 3. CASH, CASH EQUIVALENTS, AND CUSTODIAL CREDIT RISK

Under Kentucky Revised Statute 66.480, the City is allowed to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, and interest-bearing deposits of insured national or state banks.

The City deposits and investments at June 30, 2021 were covered by federal depository insurance. The book balance of the City's deposits was $203,419 and the bank balance was $205,482. Cash on hand was $17.

Custodial credit risk is the risk that in an event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2021, none of the City's bank balance of $205,482 was exposed to custodial credit risk, detailed as follows:

Insured	$ 205,482
Collateral held by pledging bank's trust department in the City's name	-0-
Total bank deposits	**$ 205,482**

NOTE 4. RESTRICTED ASSETS

The City's restricted assets are as follows at June 30, 2021:

	Cash	Certificate of Deposit
Governmental activities		
Perpetual care of cemetery	$ -0-	$ 35,514
Park improvements	342	-0-
Total governmental activities	**342**	**35,514**
Total restricted assets	**$ 342**	**$ 35,514**

NOTE 5. RECEIVABLES

Governmental funds recognize revenues when measurable and available. Therefore, property taxes that are remitted to the City within 30 days subsequent to year end are recorded as income to the current year and as a receivable. There is no allowance for uncollected property taxes as the balances are immaterial.

Accounts receivables are stated at net realizable value. Receivables past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

NOTE 6. RISK MANAGEMENT – INSURANCE

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, employee injuries, and natural disasters. The City carries commercial insurance coverage for all risks of loss, including workers' compensation and natural disasters. Any settled claims have not exceeded this commercial coverage in the current year or any of the prior three years.

NOTE 7. CAPITAL ASSETS

The following is a summary of changes in capital assets of governmental activities for the year ended June 30, 2021:

	Balance 07/01/20	Increase	Decrease	Balance 06/30/21
Capital assets not being depreciated				
Land	$ 30,815	$ -0-	$ -0-	$ 30,815
Historic Bells Tavern	123,254	-0-	-0-	123,254
Total capital assets not being depreciated	154,069	-0-	-0-	154,069
Capital assets being depreciated				
Buildings and improvements	729,505	-0-	-0-	729,505
Infrastructure	965,294	195,718	-0-	1,161,012
Furniture, machinery, and equipment	1,072,727	6,975	-0-	1,079,702
Total capital assets being depreciated	2,767,526	202,693	-0-	2,970,219
Less: accumulated depreciation				
Buildings and improvements	(67,224)	(8,881)	-0-	(76,105)
Infrastructure	(577,893)	(41,818)	-0-	(619,711)
Furniture, machinery, and equipment	(555,029)	(53,998)	-0-	(609,027)
Total accumulated depreciation	(1,200,146)	(104,697)	-0-	(1,304,843)
Capital assets, net	**$ 1,721,449**	**$ 97,996**	**$ -0-**	**$ 1,819,445**

Depreciation expense was charged to the governmental activities as follows:

General government	$ 17,120
Fire	44,232
Highways and streets	38,992
Parks and recreation	4,353
Total depreciation	$ 104,697

NOTE 8. LONG-TERM DEBT

The activity for the year of the outstanding notes payable was as follows:

	Balance 07/01/20	Increases	Decreases	Balance 06/30/21	Current Portion
(1) Peoples Bank	$ 81,842	$ -0-	$ (14,961)	$ 66,881	$ 15,700
(2) Peoples Bank	1,699	-0-	(1,699)	-0-	-0-
(3) South Central Bank	39,644	-0-	(4,473)	35,171	4,672
(4) South Central Bank	10,683	-0-	(2,607)	8,076	2,795
Total	**$ 133,868**	**$ -0-**	**$ (23,740)**	**$ 110,128**	**$ 23,167**

(1) The City borrowed $171,500 to purchase a new fire truck for $196,500. The interest rate is 4.25%, and the annual payment is $18,542.08. The note will mature on January 8, 2025 when the final annual payment is made. Total interest expense for the year was $3,160. The loan is secured by the purchased fire truck.

(2) The City borrowed $11,300 to purchase a Kubota tractor. Monthly payments were $203.07, and the loan bore an interest rate of 3%. Total interest expense for the year was $25. The loan was secured by the purchased tractor and matured on March 8, 2021.

(3) The City refinanced two loans with a new promissory note at South Central Bank. This loan has a variable rate of interest, currently at 3.25%. The rate is calculated as 65% of the WSJ prime rate. Monthly payments are $502.25. Total interest expense for the year was $1,869. The loan is secured by real estate and matures on December 20, 2027.

(4) The City financed a purchase of a lawn mower with a promissory note from South Central Bank for $11,445. The interest rate is 3.25%, and the monthly payment is $251.34 for forty-eight months. Total interest expense for the year was $305. The loan is secured by the mower and matures on March 25, 2024.

The annual requirements of the notes payable at June 30, 2021 are as follows:

June 30,	Principal	Interest	Total
2022	$ 23,167	$ 4,245	$ 27,412
2023	24,096	3,316	27,412
2024	24,475	2,349	26,824
2025	22,989	1,407	24,396
2026	5,390	464	5,854
2027 - 2028	10,011	364	10,375
	$ 110,128	**$ 12,145**	**$ 122,273**

NOTE 9. COUNTY EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN

Plan Description

The City is a participating employer of the County Employees' Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer defined benefit pension plan that covers substantially all regular full-time employees (members) employed in positions of each participating county, city, school board, and any additional eligible local agencies electing to participate in the plan. Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems ("KRS") administers the CERS. The plan issues publicly available financial statements on the KRS website at http://kyret.ky.gov/.

The Plan is divided into both a pension plan and a health insurance fund plan ("OPEB"), and each plan is further subdivided based on non-hazardous and hazardous duty covered employee classifications. All of the City's employees are employed in non-hazardous duty positions.

Benefits Provided

CERS provides for retirement, disability, and death benefits to plan members. Members are vested in the plan after five years' service credit. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments ("COLA") are provided at the discretion of state legislature. Senate Bill 2 of 2013 eliminated all future COLAs unless state legislature so authorizes on a biennial basis and either (i) the system is over 100% funded or (ii) the state legislature appropriates sufficient funds to pay the increased liability for the COLA. For retirement purposes, employees are grouped into three tiers based on hire date. Tier 1 includes plan members whose participation began before September 1, 2008, Tier 2 includes plan members whose participation began on or after September 1, 2008 but before January 1, 2014, and Tier 3 includes plan members whose participation began on or after January 1, 2014.

Tier 1 non-hazardous members are eligible to retire with an unreduced retirement benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a benefit formula calculation based on final compensation multiplied by a benefit factor multiplied by years of service. Tier 1 final compensation is the average of the five highest years' earnings, the benefit factor is 2.20% for members participating prior to August 1, 2004 and 2.00% for members participating on or after August 1, 2004 and before September 1, 2008. Reduced benefits for early retirement are available at age 55 with five years' service credit or at age 57 based on the Rule of 87 – sum of service years plus age equal to 87. Final compensation for Tier 2 benefit formula calculation is the average of the last complete five years' earnings, and the benefit factor is an increasing percentage based on service at retirement plus 2.00% for each year of service over 30. Reduced benefits for early retirement are available at age 60 with 10 years of service. Tier 3 non-hazardous members are eligible to retire with an unreduced retirement benefit at age 65 with five years' service credit or at age 57 based on the Rule of 87. Tier 3 members are not eligible for reduced retirement benefits. Tier 3 is a hybrid cash balance plan. When a member is eligible to retire, the benefit is calculated based on the member's accumulated account balance. A member earns service credit for each month contributing to the plan. Upon retirement, the hypothetical account, which includes member contributions, employer contributions, and interest credits, can be withdrawn in a lump sum or annuitized into a single life annuity option.

Death benefits are provided for both death after retirement and death prior to retirement. Members receiving a monthly benefit based on at least four years of creditable service are eligible for a $5,000 death benefit. Beneficiaries of deceased members are eligible for a monthly benefit if the member was (i) eligible for retirement at the time of death or, (ii) under the age of 55 with at least 60 months of service credit and currently working for a participating agency at the time of death or, (iii) no longer working for a participating agency but at the time of death had at least 144 months of service credit. If the beneficiary of a deceased active member is not eligible for a monthly benefit, the beneficiary will receive a lump sum payment of the member's contributions and any accumulated interest.

NOTE 9. COUNTY EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN *(Continued)*

Members participating before August 1, 2004 may retire on account of disability provided the member has at least 60 months of service credit and is not eligible for an unreduced benefit. Additional service credit may be added for computation of benefits under the benefit formula. Members participating on or after August 1, 2004 but before January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit. Benefits are computed as the higher of 20% of the final rate of pay or the amount calculated under the benefit formula based upon actual service. Members participating on or after January 1, 2014 may retire on account of disability provided the member has at least 60 months of service credit.

The hypothetical account, which includes member contributions, employer contributions, and interest credits can be withdrawn as a lump sum or an annuity equal to the larger of 20% of the member's monthly final rate of pay or the annuitized hypothetical account into a single life annuity option. Members disabled as a result of a single duty-related injury or act of violence related to their job may be eligible for special benefits.

CERS Contributions

Employee contribution rates are set by statutes governing the KRS and may only be changed by the Kentucky General Assembly. Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statutes Section 61.565(3), normal contribution and actuarially accrued liability contribution rates shall be determined by the Board of Trustees on the basis of annual actuarial valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of July of the second year of a biennium if it determines on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with the actuarial basis adopted by the Board. The normal contribution rate (the percentage computed of employee creditable compensation) shall be determined by the entry age normal cost funding method. The actuarially accrued liability shall be determined by actuarial method consistent with the methods prescribed for determining the normal contribution rate. The actuarially accrued liability contribution shall be computed by amortizing the total unfunded actuarially accrued liability over a period of 30 years using the level-percentage-of-payroll amortization method. Administrative costs of CERS are financed through employer contributions and investment earnings.

Plan members with non-hazardous duty positions participating in CERS on or before August 31, 2008 (Tier 1) were required to contribute 5% of their annual creditable compensation. For plan members with non-hazardous duty positions who began participating on or after September 1, 2008 but before January 1, 2014 (Tier 2), contribution rates were 6% of annual creditable compensation. The additional 1% is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (Kentucky Administrative Regulation 105 KAR 1:420E). Plan members with non-hazardous duty positions participating in CERS on or after January 1, 2014 (Tier 3) were required to contribute to the hybrid cash balance plan. Plan members and employers contribute a set percentage of creditable compensation into the member's account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund, which is not credited to the members' account and is not refundable. Employers contribute 4% of non-hazardous creditable compensation into member's hypothetical account.

For the year ended June 30, 2021, the City contributed 24.06% (19.30% for the pension fund and 4.76% for the OPEB) of each employee's creditable compensation to CERS, in accordance with its actuarially determined contribution rate. The City's employer contributions to CERS for pension benefits were $5,419 for the year ended June 30, 2021.

NOTE 9. COUNTY EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN *(Continued)*

Pension Liabilities, Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2021, the City reported a liability of $84,062 as its proportionate share of the net pension liability. 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 principles. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the City's proportionate share was 0.001096%. For the year ended June 30, 2021, the City recognized pension expense of $15,867 in addition to its pension fund contributions of $5,419. 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
Difference between expected and actual experience	$ 2,096	$ -0-
Changes of assumptions	3,282	-0-
Difference between projected and actual earnings on plan investments	3,664	1,540
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,672	-0-
Company contributions subsequent to the measurement date	5,419	-0-
	$ 17,133	$ 1,540

The $5,419 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	$ 5,270
2023	2,944
2024	1,095
2025	865
	$ 10,174

Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2020 were based on an actuarial valuation date of June 30, 2017. The total pension liability was rolled-forward from the valuation date (June 30, 2017) to the measurement period ending June 30, 2019, using generally accepted actuarial principles. There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for any of the systems.

The Board of Trustees adopted new actuarial assumptions for June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The total pension liability as of June 30, 2020, was determined using these updated assumptions. The assumptions are:

Inflation	2.30%
Salary increases	3.30% to 10.30%
Payroll growth rate	2.00%
Investment rate of return	6.25%

NOTE 9. COUNTY EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN *(Continued)*

The mortality table used for active members was a Pub-2010 General Mortality table for the non-hazardous system, 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 rate from the MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled member was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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 table below.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. equity	18.75%	4.50%
Non-U.S. equity	18.75%	5.25%
Private equity	10.00%	6.65%
Specialty credit / high yield	15.00%	3.90%
Core bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real return	15.00%	3.95%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.25% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the KRS Board of Trustees as required to be paid by state statute.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9. COUNTY EMPLOYEES' RETIREMENT SYSTEM – PENSION PLAN *(Continued)*

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%, 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%) or 1-percentage-point higher (7.25%) than the current rate:

	Discount Rate	Proportionate Share of Net Pension Liability
1% decrease	5.25%	$ 103,667
Current discount rate	6.25%	84,062
1% increase	7.25%	67,829

NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

Employees of the City are provided hospital and medical insurance through the Kentucky Retirement Systems' Insurance Fund (Insurance Fund), a cost-sharing, multiple-employer defined benefit OPEB plan. The Insurance Fund is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS), pursuant to Kentucky Revised Statute Section 61.645 and covers substantially all regular full-time City employees (members). All of the City's employees are employed in non-hazardous duty positions. KRS issues publicly available financial statements on the KRS website at http://kyret.ky.gov/.

Benefits Provided

The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003 earn $10 per month for insurance benefits at retirement for year of earned service without regard to a maximum dollar amount.

Contributions

Contribution requirements of the participating employers are established and may be amended by the KRS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2021 was 4.76% of covered payroll. Contributions to the Insurance Fund from the City were $1,337 for the year ended June 30, 2021. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation, which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

The City's proportion of the collective net OPEB liability and OPEB expense was determined using the employers' actual contributions for fiscal year 2020. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2021, the City's proportion was 0.001096%.

NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) ***(Continued)***

Net OPEB Liability

At June 30, 2021, the City reported a liability of $26,465 for its proportionate share of the net OPEB liability. The City's net OPEB liability was measured as of June 30, 2020 and was based on an actuarial valuation date as of June 30, 2019. The net OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2020 using generally accepted actuarial principles.

Actuarial Assumptions

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare cost trend rates (Pre-65)	Initial trend starting at 6.40% at January 1, 2022, and gradually decreasing to ultimate trend rate of 4.05% over a period of 14 years.
Healthcare cost trend rates (Post-65)	Initial trend starting at 2.90% at January 1, 2022, increasing to 6.30% in 2023, and gradually decreasing to ultimate trend rate of 4.05% over a period of 14 years.

The mortality table used for active members was a 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 rate from the MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled member was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rates of return 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 table below.

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
U.S. equity	18.75%	4.50%
Non-U.S. equity	18.75%	5.25%
Private equity	10.00%	6.65%
Specialty credit / high yield	15.00%	3.90%
Core bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real return	15.00%	3.95%
Total	100.00%	

NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) ***(Continued)***

Discount Rate

The discount rate used to measure the total OPEB liability was 5.34% for non-hazardous employees. The discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 2.45% as reported in Fidelity's "20-Year Municipal GO AA Index" as of June 30, 2020. Based on the state assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance future benefit payments of current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system.

However, the cost associated with the implicit employer subsidy was not included in the calculation of the retirement plan's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the retirement plan's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the KPPA financial report.

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 collective net OPEB liability calculated using the discount rate of 5.34%, 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 (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	Discount Rate	Proportionate Share of Net OPEB Liability
1% decrease	4.34%	$ 34,000
Current discount rate	5.34%	26,465
1% increase	6.34%	20,277

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the City's proportionate share of the collective net OPEB liability as well as what the City's proportionate share of the collective net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	Proportionate Share of Net OPEB Liability
1% decrease	$ 20,491
Current discount rate	26,465
1% increase	33,715

NOTE 10. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) ***(Continued)***

OPEB Expense, Deferred Outflows of Resources - OPEB, and Deferred Inflows of Resources - OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of $2,172 in addition to its Insurance Fund contributions of $1,337. 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
Difference between expected and actual experience	$ 4,422	$ 4,425
Changes of assumptions	4,603	28
Difference between projected and actual earnings on plan investments	1,420	540
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,699	18
Company contributions subsequent to the measurement date	1,337	-0-
	$ 13,481	**$ 5,011**

The $1,337 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2022	$ 1,929
2023	2,189
2024	1,690
2025	1,375
2026	(50)
	$ 7,133

In the table above, positive amounts will increase OPEB expense, and negative amounts will decrease OPEB expense.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARK CITY, KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL – GENERAL FUND
Year Ended June 30, 2021

	Original Budget	Amended Budget	Actual	Variance
Revenues				
Property tax	$ 58,000	$ 62,953	$ 64,797	$ 1,844
Occupational tax	43,000	44,770	45,296	526
Vehicle tax	9,000	11,971	11,971	-0-
Net profit tax	4,000	9,055	6,783	(2,272)
Intergovernmental	380,494	176,320	115,646	(60,674)
Franchise tax	13,000	13,397	15,641	2,244
Licenses and permits	76,500	84,695	84,570	(125)
Interest income	100	56	633	577
Parks	3,500	125	200	75
Miscellaneous	26,751	227,982	111,041	(116,941)
Total revenues	**614,345**	**631,324**	**456,578**	**(174,746)**
Expenditures				
General government	155,250	160,425	102,897	57,528
Police	15,000	15,000	15,000	-0-
Fire	76,742	76,790	47,950	28,840
Highways and streets	37,389	35,705	65,949	(30,244)
Cemetery	12,300	7,902	4,267	3,635
Parks and recreation	29,500	47,047	21,625	25,422
Capital outlays	9,120	10,557	202,693	(192,136)
Miscellaneous	318,294	319,636	43,299	276,337
Total expenditures	**653,595**	**673,062**	**503,680**	**169,382**
Excess (deficit) of revenues over expenditures	**(39,250)**	**(41,738)**	**(47,102)**	**(5,364)**
Fund balance, beginning of year	249,727	249,727	249,727	-0-
Fund balance, end of year	**$ 210,477**	**$ 207,989**	**$ 202,625**	**$ (5,364)**

See independent auditor's report.

CITY OF PARK CITY, KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL – GENERAL FUND *(Continued)*
Year Ended June 30, 2021

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues	
Actual amount (budgetary basis) "total revenues" from the budgetary comparison schedule.	$ 456,578
Adjustments	
The City budgets their revenues on a cash basis rather than the modified accrual basis. On the budgetary basis, revenues are recognized when received, and on GAAP basis revenues are recognized when measurable and available. This is the difference in revenues due to the change in accounts receivable and taxes receivable.	(12,197)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds.	$ 444,381
Expenditures	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	$ 503,680
Adjustments:	
The City budgets their expenditures on a cash basis rather than the modified accrual basis. On the budgetary basis, expenditures are recognized when paid for, and on the GAAP basis they are recognized when incurred. This is the difference in expenditures due to the change in accounts payable, payroll taxes payable, accrued wages, and prepaid insurance.	(14,200)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds.	$ 489,480

CITY OF PARK CITY, KENTUCKY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of net pension liability	0.001096%	0.001072%	0.001049%	0.000907%	0.000000%	0.000857%	0.000262%			
Proportionate share of the net pension liability	$ 84,062	$ 75,394	$ 63,887	$ 53,089	$ -0-	$ 36,831	$ 8,500			
Covered employee payroll in year of measurement	$ 28,080	$ 28,080	$ 27,040	$ 26,000	$ 22,080	$ -0-	$ 19,987			
Share of the net pension liability (asset) as a % of its covered payroll	299.37%	268.50%	236.27%	204.19%	-0-	-0-	42.53%			
Plan fiduciary net position as a % of total pension liability	46.82%	49.43%	52.40%	52.4%	55.11%	59.97%	66.80%			

SCHEDULE OF PENSION CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 5,419	$ 5,419	$ 4,386	$ 3,765	$ 3,081	$ -0-	$ 2,548			
Actual contribution	5,419	5,419	4,386	3,765	3,081	-0-	2,548			
Contribution deficiency (excess)	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-			
Covered employee payroll	$ 28,080	$ 28,080	$ 27,040	$ 26,000	$ 22,080	$ -0-	$ 19,987			
Contributions as a % of covered employee payroll	19.30%	19.30%	16.22%	14.48%	13.95%	0.00%	12.75%			

Notes:

- These schedules are intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
- The amounts presented for each fiscal year were determined (measured) as of June 30 of the fiscal year presented.

CITY OF PARK CITY, KENTUCKY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of net OPEB liability	0.001096%	0.001072%	0.001049%	0.000907%						
Proportionate share of the net OPEB liability	$ 26,465	$ 18,031	$ 18,625	$ 18,234						
Covered employee payroll in year of measurement	$ 28,080	$ 28,080	$ 27,040	$ 26,000						
Share of the net OPEB liability (asset) as a % of its covered payroll	94.25%	64.21%	68.88%	70.13%						
Plan fiduciary net position as a % of total OPEB liability	53.89%	61.75%	59.76%	54.52%						

SCHEDULE OF OPEB CONTRIBUTIONS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 1,337	$ 1,337	$ 1,422	$ 1,222						
Actual contribution	1,337	1,337	1,422	1,222						
Contribution deficiency (excess)	$ -0-	$ -0-	$ -0-	$ -0-						
Covered employee payroll	$ 28,080	$ 28,080	$ 27,040	$ 26,000						
Contributions as a % of covered employee payroll	4.76%	4.76%	5.26%	4.70%						

Notes:

- These schedules are intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
- The amounts presented for each fiscal year were determined (measured) as of June 30 of the fiscal year presented.

SUPPLEMENTARY INFORMATION

CITY OF PARK CITY, KENTUCKY
SCHEDULE OF GOVERNMENTAL FUND EXPENDITURES
Year Ended June 30, 2021

Administration	
Wages	$ 37,122
Legal and professional fees	17,420
Insurance	13,897
Utilities and telephone	12,943
Office supplies	5,383
Miscellaneous	5,353
Dues	4,488
Payroll taxes	2,793
Building maintenance	2,660
Training	838
Total administration	**102,897**
Police	
Contract services	15,000
Total police	**15,000**
Fire	
Insurance	13,933
Repairs and maintenance	11,355
Supplies	10,683
Utilities and telephone	3,927
Gas and oil	3,077
Training incentives	2,800
Miscellaneous	1,419
Training and education	756
Total fire	**47,950**
Highways and streets	
Wages	28,080
Repairs and maintenance	10,488
Utilities	8,095
Retirement	5,971
Gas and oil	5,651
Supplies	5,371
Payroll taxes	2,113
Contract services	180
Total highways and streets	**65,949**
Cemetery	
Miscellaneous	2,265
Maintenance	2,002
Total cemetery	**4,267**

CITY OF PARK CITY, KENTUCKY
SCHEDULE OF GOVERNMENTAL FUND EXPENDITURES *(Continued)*
Year Ended June 30, 2021

Parks and recreation	
Park improvements	$ 16,544
Park pavilion maintenance	4,816
Bell's Tavern maintenance	265
Total parks and recreation	**21,625**
Capital outlays	
Infrastructure	195,718
Furniture, machinery, and equipment	6,975
Total capital outlays	**202,693**
Debt service	
Principal	23,740
Interest	5,359
Total debt service	**29,099**
Total expenditures	**$ 489,480**

HENSLEY & THRONEBERRY | CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and City Commission
City of Park City, 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 and each major fund of the City of Park City, 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 Park City, Kentucky's basic financial statements and have issued our report thereon dated November 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Park City, Kentucky's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Park City, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Park City, 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding and response as item 2021-01, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Park City, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Park City, Kentucky's Response to Finding

The City of Park City, Kentucky's response to the finding identified in our audit is described in the accompanying schedule of finding and response. The City of Park City, Kentucky's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Hensley & Throneberry, CPAs
November 24, 2021

324 East 10th Avenue | P.O. Box 1349 | Bowling Green, KY 42101 | (270) 904-2545
www.hensleyandthroneberry.com

CITY OF PARK CITY, KENTUCKY
SCHEDULE OF FINDING AND RESPONSE
Year Ended June 30, 2021

FINDING – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2021-01 Segregation of Duties

Criteria
The objectives of internal control are to provide reasonable, but not absolute, assurance that assets are safeguarded, and financial statements are reliable. The segregation of accounting duties is an essential element of effective internal control, involving the separation of the custody of assets from the related recording of those transactions.

Condition
As is common with small organizations, segregation of conflicting duties within the City is difficult because of the limited number of personnel. Delegation of duties with a limited number of personnel cannot adequately provide the separation of the custody of assets from the related recording and monitoring of those transactions.

Effect
Material misstatements in the financial statements or material misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.

Cause
Duties in various transaction cycles are not adequately segregated.

Recommendation
While the City has implemented mitigating controls to compensate for some segregation of duties issues, we encourage you to limit, to the extent possible, performance of incompatible duties by individuals in the City.

Response
The City will continue to evaluate the cost versus the benefit of hiring additional personnel and further implementing compensating controls to mitigate the risk that internal control objectives will not be achieved.