

**CITY OF CALVERT CITY
CALVERT CITY, KENTUCKY**

**FINANCIAL STATEMENTS
With Independent Auditor's Report**

YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1-3
 REQUIRED SUPPLEMENTARY INFORMATION	
Management Discussion and Analysis.....	4-11
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Proprietary Fund:	
Statement of Net Position	17
Statement of Revenues, Expenses and Changes in Net Position	18
Statement of Cash Flows	19-20
 NOTES TO FINANCIAL STATEMENTS	 21-44
 REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	45
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Municipal Aid Fund	46
Schedule of City’s Proportionate Share of the Net Pension Liability	47
Schedule of City’s Contributions to CERS – Pension Plan	48
Schedule of City’s Proportionate Share of the Net Medical Insurance Liability	49
Schedule of City’s Contributions to CERS – Medical Insurance Plan.....	50
 SUPPLEMENTAL INFORMATION	
Balance Sheet – Non-Major Governmental Funds	51
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	52
 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 <i>Government Auditing Standards</i>.....	 53-54



INDEPENDENT AUDITOR'S REPORT

Honorable Gene Colburn, Mayor
Members of the City Council
City of Calvert City
Calvert City, Kentucky

Opinions

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 Calvert City, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Calvert City, Kentucky's basic financial statements as listed in the table of contents.

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 Calvert City, Kentucky, as of June 30, 2024, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11, the respective budgetary comparison for the General Fund and the Special Revenue Municipal Aid Fund on pages 45-46, and pension and other post-employment benefits schedules on pages 47-50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Calvert City, Kentucky's basic financial statements. The accompanying combining and individual nonmajor fund financial statements on pages 51-52 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 February 10, 2025, on our consideration of the City of Calvert 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 solely 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 Calvert City, 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 City of Calvert City, Kentucky's internal control over financial reporting and compliance.

Kemper CPA Group, LLP

Paducah, Kentucky
February 10, 2025

REQUIRED SUPPLEMENTARY INFORMATION

CALVERT CITY, KENTUCKY
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2024

This Management Discussion and Analysis of the financial condition of the City of Calvert City, Kentucky is intended to provide those who may be interested a narrative overview and analysis of the fiscal condition of the City. The information presented herein should be weighed in conjunction with the financial statements (pages 12-52) provided to fully understand the fiscal status of the City of Calvert City on June 30, 2024 and as a basis for projecting and forecasting the needs, not only for the immediate future but for the long term.

Financial Highlights:

City total assets exceeded its total liabilities on June 30, 2024 by \$37,276,747. Of this amount, \$5,815,365 is unrestricted and therefore available to meet the City's continuing obligations.

The total net assets of the City increased by \$2,216,343 from June 30, 2023 to June 30, 2024.

As of June 30, 2024 the City's combined ending fund balances was \$10,725,575, an increase of \$1,059,056 from the end of the previous year. Of this amount, \$5,850,913 of these funds was unassigned and available for current expenditures.

The unassigned fund balance of the general fund represents 128% percent of the total 2024 general fund expenditures.

Overview of Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Reporting the City as A Whole

Government-wide financial statements

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 the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps 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. Current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net assets is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base, income tax base, and the condition of the City's capital assets (roads, buildings, and sidewalks) to assess the overall health of the City.

The City accounts for all activities in the Statement of Net Assets and the Statement of Activities under governmental and business-type activities:

- **Governmental activities:** all of the City's basic services are reported here, including police, fire, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, and state and federal grants finance most of these activities. Fee charges to customers help cover most of the cost of the City's refuse operations reported here.
- **Business-Type activities:** the City's water and sewer systems services are reported here. Revenues are primarily from charges for services. Costs (expenses) are primarily to provide services.

The government-wide financial statements can be found on pages 12-13 of this report.

Reporting the City's Most Significant Funds

Fund financial statements

Our analysis of the City's major funds begins on page 14. The fund financial statements provide detailed information about the most significant-funds and not the City as a whole. Some funds are required to be established by state statutes. However the City Council establishes many other funds to help it control and manage money for particular purposes (Ex. Capital Project Fund) or to show that it is meeting legal responsibilities for grant funds (Ex. Municipal Aid Grant Fund).

Governmental funds : The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The Governmental fund statements provide a short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation statement at the end of the fund financial statements.

Business-type funds : The City's Water and Sewer System is an enterprise fund and is reported here. Operations of the System are accounted for and financed and operated in a manner similar to private business enterprise. As such, its revenues are expected to cover the expense of providing services, capital maintenance, and debt service. As a proprietary fund, a distinction is made between operating and nonoperating revenues and expenses.

Notes to the financial statements

The notes provide additional information that is essential to understanding the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-44 of this report.

THE CITY AS A WHOLE

The following section presents a condensed financial comparison of net assets, revenues and expenses and provides explanation for significant changes. Please see the following for the condensed Statement of Net Assets and condensed Statement of Revenues, Expenses and Changes in Net Assets for the previous and current fiscal year.

**Condensed Statement of Net Assets
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 11,727,203	\$ 10,533,312	\$ 2,344,124	\$ 1,465,900	\$ 14,071,327	\$ 11,999,212
Non-current assets	19,348,634	19,822,896	15,638,733	15,387,187	34,987,367	35,210,083
Total Assets	<u>31,075,837</u>	<u>30,356,208</u>	<u>17,982,857</u>	<u>16,853,087</u>	<u>49,058,694</u>	<u>47,209,295</u>
Deferred Outflows of Resources	<u>967,735</u>	<u>1,373,953</u>	<u>172,903</u>	<u>234,899</u>	<u>1,140,638</u>	<u>1,608,852</u>
Liabilities:						
Current liabilities	429,485	306,552	378,356	354,462	807,841	661,014
Non-current liabilities	<u>5,570,766</u>	<u>7,378,921</u>	<u>3,902,888</u>	<u>4,524,662</u>	<u>9,473,654</u>	<u>11,903,583</u>
Total Liabilities	<u>6,000,251</u>	<u>7,685,473</u>	<u>4,281,244</u>	<u>4,879,124</u>	<u>10,281,495</u>	<u>12,564,597</u>
Deferred Inflows of Resources	<u>2,174,174</u>	<u>899,741</u>	<u>466,916</u>	<u>293,405</u>	<u>2,641,090</u>	<u>1,193,146</u>
Net assets:						
Invested in capital assets, net of related debt	18,754,894	19,264,146	12,132,715	11,741,077	30,887,609	31,005,223
Restricted net assets	428,674	353,765	145,099	142,869	573,773	496,634
Unrestricted net assets	<u>4,685,579</u>	<u>3,527,036</u>	<u>1,129,786</u>	<u>31,511</u>	<u>5,815,365</u>	<u>3,558,547</u>
Total net assets	<u>\$ 23,869,147</u>	<u>\$ 23,144,947</u>	<u>\$ 13,407,600</u>	<u>\$ 11,915,457</u>	<u>\$ 37,276,747</u>	<u>\$ 35,060,404</u>

As of June 30, 2024, the City had assets greater than its liabilities of \$37,276,747, an increase of \$2,216,343 from the previous year. The City's governmental activities accounted for \$724,200 of the increase in net position. The business-type activity accounted for \$1,492,143 of the remainder of the increase.

The majority of the City's net assets (83%) are invested in capital assets (streets, drainage, buildings, equipment, water and sewer system, etc.). Restrictions for special purpose are imposed upon (1%) of the net assets. Unrestricted assets available for general expenditures account for (16%) of the City's net assets.

(Continued on next page)

**Comparison of
Condensed Statement of Revenues, Expenses and Changes in Net Assets
For the Years Ended**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 271,449	\$ 255,557	\$ 2,775,749	\$ 2,411,019	\$ 3,047,198	\$ 2,666,576
Operating grants and contributions	47,407	56,360	-	-	47,407	56,360
Capital grants and contributions	10,777	370,370	731,744	11,098	742,521	381,468
General revenues:						
Property taxes	1,543,489	1,377,633	-	-	1,543,489	1,377,633
Payroll taxes	1,729,039	1,739,648	-	-	1,729,039	1,739,648
Other taxes	1,622,359	2,026,972	-	-	1,622,359	2,026,972
License, permits and fees	542,408	636,837	-	-	542,408	636,837
Other revenue	529,459	331,030	137,497	69,313	666,956	400,343
	-	-	-	-	-	-
Total revenue	6,296,387	6,794,407	3,644,990	2,491,430	9,941,377	9,285,837
Expenses						
General government	1,277,246	1,207,812	-	-	1,277,246	1,207,812
Public safety	1,378,981	1,517,693	-	-	1,378,981	1,517,693
Sanitation	369,225	334,510	-	-	369,225	334,510
Highways and streets	1,287,552	1,265,347	-	-	1,287,552	1,265,347
Parks and recreation	707,101	693,468	-	-	707,101	693,468
Airport	291,849	231,483	-	-	291,849	231,483
Economic development	239,892	241,382	-	-	239,892	241,382
Interest on long-term debt	20,341	21,149	-	-	20,341	21,149
Water and sewer	-	-	2,152,847	2,283,861	2,152,847	2,283,861
Total expense	5,572,187	5,512,844	2,152,847	2,283,861	7,725,034	7,796,705
Increase in net assets before transfers	724,200	1,281,563	1,492,143	207,569	2,216,343	1,489,132
Transfers	-	-	-	-	-	-
Increase or (decrease) in net assets	724,200	1,281,563	1,492,143	207,569	2,216,343	1,489,132
Net assets - beginning	23,144,947	21,863,384	11,915,457	11,707,888	35,060,404	33,571,272
Net assets - end of year	\$ 23,869,147	\$ 23,144,947	\$ 13,407,600	\$ 11,915,457	\$ 37,276,747	\$ 35,060,404

Revenues

Normally, the City's governmental revenues are primarily from the collection of various taxes. During the fiscal year ended June 30, 2024 the major sources of revenues are: Personal and real property taxes - 25%; Payroll taxes - 27%; Franchise and Insurance Premium taxes - 26%. Charges for services, grants, contributions, fees, and licenses combined represent the balance of revenues.

The City's business-type activity revenues were primarily from charges for services - 76%, and grants and other revenues - 24%

Expenditures

The costs of all governmental activities were \$5.5 million. The Statement of Activities shows that \$272 thousand was financed by those who use the services; \$58 thousand was financed by grants and contributions with the city's general revenues financing \$5.97 million.

Approximately 128% of the total costs (expenses) of \$2.15 million of the business-type activities were financed by charges for services.

General Fund Budgetary Highlights

The City's total revenues were \$531 thousand more than budgeted. There are several sources of revenue which are difficult to accurately estimate but actual total revenues were close to budget. The City's total expenditures were \$208 thousand less than budgeted.

Capital Assets and Debt Administration

The City's investments in capital assets as of June 30, 2024 for its governmental activities were \$19.3 million, net of depreciation as reflected in the schedule below:

	Capital Assets					
	June 30,					
	(In thousands, net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 5,163	\$ 5,163	\$ 285	\$ 285	\$ 5,448	\$ 5,448
Construction in progress	170	336	2,667	3,262	2,837	3,598
Infrastructure and land improvements	8,560	8,634			8,560	8,634
Water and sewer system			12,201	11,456	12,201	11,456
Buildings and improvements	3,887	4,066			3,887	4,066
Vehicles	526	566	97	87	623	653
General equipment and furnishings	993	1,057	257	177	1,250	1,234
	<u>\$ 19,299</u>	<u>\$ 19,822</u>	<u>\$ 15,507</u>	<u>\$ 15,267</u>	<u>\$ 34,806</u>	<u>\$ 35,089</u>

Major additions to capital assets during the current year include the (in thousands):

Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Infrastructure and land improvements	522	995			522	995
Water and sewer system			679	432	679	432
Buildings and improvements	-	-			-	-
Vehicles	83	222	45	44	128	266
General equipment and furnishings	108	50	116	16	224	66
	<u>\$ 713</u>	<u>\$ 1,267</u>	<u>\$ 840</u>	<u>\$ 492</u>	<u>\$ 1,553</u>	<u>\$ 1,759</u>

At year end, the City had \$543,750 of leases payable, \$3,191,874 of notes payable and \$180,000 of bonds payable outstanding. The leases, bonds, and notes payable were issued to finance equipment and infrastructure. Detailed information on the city's long-term debt can be found in Notes H and I on pages 31-34 of the report.

Future Operations

Calvert City utilizes three strategic plans, all based on responses received from its citizenry, to identify and pursue goals for the City. These have been the foundation for the City's direction for current and future projects. They include goals and objectives from the City's comprehensive plan, a study performed by Washington University and a strategic plan by Chastain and Associates. The City continues to work on projects identified in these plans and is moving progressively forward. One of the most ambitious projects is the connection of Calvert City's downtown to Kentucky Dam Village State Resort Park via a multi-use trail. This multi-use trail is a shared trail for pedestrians and bicyclists.

The goal of this project is not just connectivity, but to promote tourism by creating an aesthetically pleasing draw for the motoring public to both the City and Kentucky Lake at the I-24/I-69 interchange at US Highway 62 highlighting the northern entrance of Kentucky Lake and Kentucky Dam Village State Resort Park. This project is being constructed in segments by both the State and the City. It is in its third and final phase from East 5th Avenue south along the east side of Lone Valley Road to U.S. Highway 62 and is almost complete, stopping just short of U.S. Highway 62. In a conversation with the Kentucky Transportation Cabinet District 1, it was agreed that the final connection between the City and the state segments will be made by the state when the new intersection connecting Lone Valley Rd, Kennedy Drive and Campbell Lane to U.S. Highway 62 is constructed .

Kentucky Dam State Park Airport: The City operates and manages the airport and has had a great response to its fuel sales and hangars. All hangars have been leased and there is a waiting list for those who have an aircraft and seek a hangar here. The City and the Kentucky Department of Aviation continue to work together to upgrade the Kentucky Dam State Park Airport's facilities. The Airport has been recertified and now receives both Federal Aviation Administration and State funding for projects. Currently the City is working with Hanson Engineering to complete its Airport Layout Plan, an additional hangar (16-unit) and a wildlife fence for the perimeter. The City is striving to encourage business activities and bring special events to the airport. The City is also working to find funding to repair and widen Airport Road for better access. The City and the Kentucky Department of Aviation believe the airport is and will be an economic driver for commercial, industrial and tourism in our community.

Fiscal responsibility and efficiency are primary goals of the Mayor and Council of Calvert City. They continually strive for these while providing the community's desired amenities. This includes holding current or reducing taxes, reducing our energy costs and consumption whenever possible, efficiently utilizing our skilled workforce, and closely monitoring our expenditures. The City continues to install or replace aging lights and other fixtures with more efficient LED lights, incorporate automated and programmable controls, upgrade insulation, install thermal windows and more energy efficient HVAC systems throughout the City. Employing skilled individuals we believe brings knowledge and ability to the workforce and creates a customer friendly environment.

The City's facilities and properties maintenance program places emphasis on repair of or replacement of current facilities and infrastructure with more efficient and economical systems. The goal being to move from responsive maintenance to preventative maintenance for all City facilities and property and to enhance the aesthetics of the City facilities.

City Hall's parking lot expansion has been completed and has added about 50 parking spaces. The addition provides much-needed parking during business hours for visitors, those attending classes in City Hall's training room and visitors to Doctor's Park. City Hall has converted a small office into a meeting/conference room with teleconference capabilities. Decorative plank fencing was installed around Doctor's Park parking lot and along the west entrance to the park on Railroad Avenue to prevent vehicles from bypassing gated and closed access points, thereby, enhancing aesthetics and safety. An emergency generator and automatic transfer switch was installed at the Public Works office and maintenance building and new vehicles were acquired for the Police and Fire Departments.

The City takes its role in stormwater management seriously, and it continues an aggressive storm water drainage program of culvert replacement and/or repair and rework of storm water conveyors as needed to ensure the proper drainage of storm water. Flooding and flash flooding are ever present issues of the City. The stormwater detention basin project at the southwest corner of East 6th Avenue and Cedar Street has proven itself this year by holding stormwater that threatened surrounding residences and East 6th Avenue. Residences downstream of this area have experienced several flashfloods over the years; even though it is not in an identified special flood hazard area. The detention basin is approximately eight (8) acres and is designed to contain a 0.1% annual flood event, commonly referred to as the 100-year flood. The stored stormwater is released from the basin at the flow rate of a 25-year event over a 72-hour period. The basin is not designed to retain water but releases it in a measured quantity.

The City's workforce continues to enhance its personnel's capabilities through its hiring of skilled individuals and through specialized training. Well-trained and knowledgeable employees help to ensure public safety. Equipping employees with the knowledge and tools needed to meet the ever-changing demands is a continuous and evolving process. Demands on governmental entities is ever changing and requires constant training to hone employee skills, confidence and morale and to ensure the safety of both residents and employees. Safety trainings are held monthly to educate staff and keep safety foremost in their minds. Routine facility inspections are also part of our safety program. Cybersecurity is another priority for the City. Keenly aware of the seriousness of protecting sensitive data of employees and residents; Calvert City retains an IT service group to help ensure that the City, its citizen's, and employee's information is securely and properly maintained. They train City employees to remain vigilant while using City computers and conduct random phishing attempts to identify weaknesses in our security.

Good and proper equipment plays an extremely important part in making our employees safe and their performance effective and efficient. This year our Fire Department, replaced an aging pickup truck and our Police Department replaced a patrol car.

The Calvert City Street Revitalization Program has been highly successful in getting City streets to a condition of “very good” and this year repaired and paved portions of East 6th Avenue from Cedar to S. Main Street, West 2nd Avenue west of Arkansas to the City limits and Gilbertsville highway from N. Main to KY 282. The City’s paving program is developed by an independent third-party engineering firm to establish an annual, accelerated, and prioritized repair of City streets based on the greatest need.

In the area of economic development, the City continues to work with Marshall County Economic Development for industrial preservation and recruitment, but is actively utilizing our Director of Marketing, Communications and Business Development for commercial and residential retention and recruitment. The marketing director also acts as our person over social media and public affairs. She is active in several civic organizations within the county, promoting interagency relations. Existing events have been bolstered and several events created through this position.

Requests for Additional Information

This report is intended to provide the readers with a general overview of Calvert City’s finances and to provide information regarding the receipts and uses of funds. If you need clarification regarding a statement(s) made in this report or need additional information, please contact Calvert City Hall, Attn: City Administrator, 861 East 5th Ave., P.O. Box 36, Calvert City, KY 42029

BASIC FINANCIAL STATEMENTS

CITY OF CALVERT CITY, KENTUCKY
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,027,509	\$ 2,214,363	\$ 12,241,872
Receivables (net)	1,018,626	437,977	1,456,603
Internal balances	326,042	(326,042)	-
Investments	272,107	-	272,107
Prepaid expenses	82,444	15,992	98,436
Other current assets	475	1,834	2,309
Total current assets	<u>11,727,203</u>	<u>2,344,124</u>	<u>14,071,327</u>
Non-current assets:			
Accounts receivable - leases	-	116,720	116,720
Capital assets, not being depreciated	5,332,974	2,952,164	8,285,138
Capital assets, net of accumulated depreciation	13,965,670	12,555,082	26,520,752
Prepaid other post employment benefits	49,990	14,767	64,757
Total non-current assets	<u>19,348,634</u>	<u>15,638,733</u>	<u>34,987,367</u>
Total Assets	<u>31,075,837</u>	<u>17,982,857</u>	<u>49,058,694</u>
Deferred Outflows of Resources:			
Deferred pension related outflows	678,081	119,875	797,956
Deferred other post-employment benefits outflows	289,654	53,028	342,682
Total deferred outflows of resources	<u>967,735</u>	<u>172,903</u>	<u>1,140,638</u>
LIABILITIES			
Current liabilities:			
Accounts payable	184,952	6,563	191,515
Accrued payroll	64,019	17,454	81,473
Accrued compensated leave and other accrued expenses	165,514	196,402	361,916
Current maturities of bonds payable	-	90,000	90,000
Current maturities of notes payable	-	67,937	67,937
Current maturities of lease payable	15,000	-	15,000
Total current liabilities	<u>429,485</u>	<u>378,356</u>	<u>807,841</u>
Noncurrent liabilities:			
Pension obligations	4,281,819	686,294	4,968,113
Other post-employment benefit obligations	99,369	-	99,369
Bond payable	-	92,657	92,657
Lease payable	528,750	-	528,750
Notes payable	-	3,123,937	3,123,937
Unearned revenues	660,828	-	660,828
Total non-current liabilities	<u>5,570,766</u>	<u>3,902,888</u>	<u>9,473,654</u>
Total Liabilities	<u>6,000,251</u>	<u>4,281,244</u>	<u>10,281,495</u>
Deferred Inflows of Resources			
Deferred pension related inflows	728,543	109,131	837,674
Deferred other post-employment benefits inflows	1,445,631	251,385	1,697,016
Deferred inflows - leases	-	106,400	106,400
Total deferred inflows of resources	<u>2,174,174</u>	<u>466,916</u>	<u>2,641,090</u>
NET POSITION			
Net invested in capital assets	18,754,894	12,132,715	30,887,609
Restricted for:			
Special revenue	428,674	-	428,674
Capital projects	-	40,500	40,500
Debt service	-	104,599	104,599
Unrestricted	4,685,579	1,129,786	5,815,365
TOTAL NET POSITION	<u>\$ 23,869,147</u>	<u>\$ 13,407,600</u>	<u>\$ 37,276,747</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALVERT CITY, KENTUCKY
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,277,246	\$ -	\$ -	\$ 10,777	\$ (1,266,469)	\$ -	\$ (1,266,469)
Public safety	1,378,981	-	47,407	-	(1,331,574)	-	(1,331,574)
Sanitation	369,225	121,536	-	-	(247,689)	-	(247,689)
Highways and streets	1,287,552	-	-	-	(1,287,552)	-	(1,287,552)
Parks and recreation	707,101	27,396	-	-	(679,705)	-	(679,705)
Airport	291,849	122,517	-	-	(169,332)	-	(169,332)
Economic development	239,892	-	-	-	(239,892)	-	(239,892)
Interest on long-term debt	20,341	-	-	-	(20,341)	-	(20,341)
Total governmental activities	<u>5,572,187</u>	<u>271,449</u>	<u>47,407</u>	<u>10,777</u>	<u>(5,242,554)</u>	<u>-</u>	<u>(5,242,554)</u>
Business-type activities:							
Public water and sewer	<u>2,152,847</u>	<u>2,775,749</u>	<u>-</u>	<u>731,744</u>	<u>-</u>	<u>1,354,646</u>	<u>1,354,646</u>
Total primary activities	<u>\$ 7,725,034</u>	<u>\$ 3,047,198</u>	<u>\$ 47,407</u>	<u>\$ 742,521</u>	<u>(5,242,554)</u>	<u>1,354,646</u>	<u>(3,887,908)</u>
General revenues:							
Taxes:							
					1,325,641	-	1,325,641
					22,643	-	22,643
					112,948	-	112,948
					74,717	-	74,717
					7,540	-	7,540
					1,729,039	-	1,729,039
					1,562,020	-	1,562,020
					60,339	-	60,339
					542,408	-	542,408
					53,795	-	53,795
					31,882	41,764	73,646
					443,782	95,733	539,515
					<u>5,966,754</u>	<u>137,497</u>	<u>6,104,251</u>
					724,200	1,492,143	2,216,343
					<u>23,144,947</u>	<u>11,915,457</u>	<u>35,060,404</u>
					<u>\$ 23,869,147</u>	<u>\$ 13,407,600</u>	<u>\$ 37,276,747</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALVERT CITY, KENTUCKY
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Construction Fund	Special Revenue Funds		Total Governmental Funds
			Municipal Aid Fund	Non-Major Governmental Funds	
ASSETS					
Cash	\$ 6,032,396	\$ 3,566,439	\$ -	\$ -	\$ 9,598,835
Cash - restricted	-	-	395,214	33,460	428,674
Receivables					
Property and franchise tax	21,743	-	-	-	21,743
Payroll and insurance tax	990,570	-	-	-	990,570
Other	6,313	-	-	-	6,313
Other assets					
Due from other funds	326,042	-	-	-	326,042
Investments	272,107	-	-	-	272,107
Prepaid expenses	82,444	-	-	-	82,444
Restricted membership and security deposits	475	-	-	-	475
Total assets	<u>\$ 7,732,090</u>	<u>\$ 3,566,439</u>	<u>\$ 395,214</u>	<u>\$ 33,460</u>	<u>\$ 11,727,203</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 184,952	\$ -	\$ -	\$ -	\$ 184,952
Unearned revenues	660,828	-	-	-	660,828
Other accrued expenses	91,829	-	-	-	91,829
Accrued payroll	64,019	-	-	-	64,019
Total liabilities	<u>1,001,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,001,628</u>
Fund balances:					
Nonspendable	82,919	-	-	-	82,919
Restricted	-	-	395,214	33,460	428,674
Committed	-	3,566,439	-	-	3,566,439
Assigned	796,630	-	-	-	796,630
Unassigned	5,850,913	-	-	-	5,850,913
Total fund balances	<u>6,730,462</u>	<u>3,566,439</u>	<u>395,214</u>	<u>33,460</u>	<u>10,725,575</u>
Total liabilities and fund balances	<u>\$ 7,732,090</u>	<u>\$ 3,566,439</u>	<u>\$ 395,214</u>	<u>\$ 33,460</u>	

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 funds.

19,298,644

Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.

(73,685)

Accrued lease payments are not due and payable in the current period and therefore are not reported in the funds.

(543,750)

Pension obligations and related deferred inflows and outflows are not due and payable in the current period and therefore are not reported in the funds.

(4,332,281)

OPEB obligations and related deferred inflows and outflows are not due and payable in the current period and therefore are not reported in the funds.

(1,205,356)

Net position of governmental activities

\$ 23,869,147

The notes to the financial statements are an integral part of this statement.

CITY OF CALVERT CITY, KENTUCKY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds				Total Governmental Funds
	General Fund	Construction Fund	Municipal Aid Fund	Non-Major Governmental Funds	
REVENUES					
Taxes	\$ 4,894,886	\$ -	\$ -	\$ -	\$ 4,894,886
Licenses and permits	542,408	-	-	-	542,408
Intergovernmental	-	-	53,795	-	53,795
Charges for services	271,449	-	-	-	271,449
Fines and forfeitures	11,003	-	-	-	11,003
Grants	58,183	-	-	-	58,183
Interest	422,669	-	19,413	1,702	443,784
Other	26,725	-	-	-	26,725
Total revenues	<u>6,227,323</u>	<u>-</u>	<u>73,208</u>	<u>1,702</u>	<u>6,302,233</u>
EXPENDITURES					
Current:					
General government	963,087	-	-	-	963,087
Public safety	1,313,042	-	-	-	1,313,042
Sanitation	349,130	-	-	-	349,130
Highways and streets	990,756	-	-	-	990,756
Parks and recreation	516,622	-	-	-	516,622
Economic development	239,892	-	-	-	239,892
Airport	157,491	-	-	-	157,491
Debt service:					
Principal	15,000	-	-	-	15,000
Interest	20,341	-	-	-	20,341
Capital outlay	-	677,815	-	-	677,815
Total expenditures	<u>4,565,361</u>	<u>677,815</u>	<u>-</u>	<u>-</u>	<u>5,243,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,661,962</u>	<u>(677,815)</u>	<u>73,208</u>	<u>1,702</u>	<u>1,059,057</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	2,187,241	-	-	2,187,241
Transfers out	<u>(2,187,241)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,187,241)</u>
Total other financing sources (uses)	<u>(2,187,241)</u>	<u>2,187,241</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(525,279)	1,509,426	73,208	1,702	1,059,057
Fund balances - beginning	<u>7,255,741</u>	<u>2,057,013</u>	<u>322,006</u>	<u>31,758</u>	<u>9,666,518</u>
Fund balances - ending	<u>\$ 6,730,462</u>	<u>\$ 3,566,439</u>	<u>\$ 395,214</u>	<u>\$ 33,460</u>	<u>\$ 10,725,575</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALVERT CITY, KENTUCKY
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ 1,059,057
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of \$1,030,016 exceeded net capital outlay of \$505,764 in the current period.</p>	(524,252)
<p>Governmental funds report receipts from the issuance of debt as revenue and the payment of principal as capital outlays. However, in the statement of activities, the issuance of debt is reported as a liability and principal payments are reported as a reduction of the liability.</p>	15,000
<p>Expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	12,098
<p>Payments of pension contributions require the use of current financial resources and, therefore, are reported as expenditures in the governmental funds. However, pension expense in the government-wide statements are reported based on the actuarial study. This amount is the difference in the treatment of pension expense.</p>	55,307
<p>Payments of OPEB contributions require the use of current financial resources and, therefore, are reported as expenditures in the governmental funds. However, OPEB expense in the government-wide statements are reported based on the actuarial study. This amount is the difference in the treatment of OPEB expense.</p>	<u>106,990</u>
Change in net position of governmental activities	<u><u>\$ 724,200</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF CALVERT CITY
CALVERT CITY MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2024

ASSETS

Current Assets

Cash	\$ 2,214,363
Accounts receivable - customers	437,977
Prepaid expenses	15,992
Utility deposits	1,834
Total Current Assets	2,670,166

Noncurrent Assets

Accounts receivable - leases	116,720
Capital Assets	
Capital assets, not being depreciated	2,952,164
Capital assets, being depreciated, net	12,555,082
Prepaid other post employment benefits	14,767
Total Noncurrent Assets	15,638,733

Total Assets

18,308,899

Deferred Outflows of Resources:

Deferred pension related outflows	119,875
Deferred other post-employment benefits outflows	53,028
Total deferred outflows of resources	172,903

LIABILITIES

Current Liabilities

Accounts payable	6,563
Accrued wages	17,454
Accrued interest	6,787
Other accrued expenses	93,722
Due to the City of Calvert City	326,042
Current maturities of bond payable	90,000
Current maturities of notes payable	67,937
Customer deposits	95,893
Total Current Liabilities	704,398

Non-Current Liabilities

Pension obligations	686,294
Bond payable	92,657
Notes payable	3,123,937
Total Noncurrent Liabilities	3,902,888

Total Liabilities

4,607,286

Deferred Inflows of Resources

Deferred pension related inflows	109,131
Deferred other post-employment benefits inflows	251,385
Deferred inflows - leases	106,400
Total deferred inflows of resources	466,916

NET POSITION

Net invested in capital assets	12,132,715
Restricted for:	
Capital projects	40,500
Debt service	104,599
Unrestricted - net position	1,129,786
TOTAL NET POSITION	\$ 13,407,600

The notes to the financial statements are an integral part of this statement.

CITY OF CALVERT CITY
CALVERT CITY MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2024

Operating Revenues

Water and sewer usage fees, net	\$ 2,726,354
Hydrant fees	492
Disconnect fees	13,679
Customer penalties	35,224
	<u>2,775,749</u>

Operating Expenses

Salaries and wages	430,523
Payroll taxes	30,881
Employee benefits	(25,279)
Contractual services	191,602
Audit and legal	221,403
Operating supplies	284,283
Utilities	261,040
Communications	12,434
Maintenance	8,082
Insurance	8,583
Transportation and travel	30,922
Office supplies	10,753
Miscellaneous	3,320
Bad debts	19,504
Depreciation	600,150
	<u>2,088,201</u>

Operating income

687,548

Non-operating Revenues (Expenses)

Interest expense	(64,646)
Interest income	95,733
Miscellaneous revenue (expense)	35,713
Rental income	6,051
Grant revenue	723,020
Total nonoperating revenue (expenses)	<u>795,871</u>

Income before Contributions and Transfers

1,483,419

Contributions - tap-on and assessment fees	8,724
Total transfers in (out)	<u>8,724</u>

Changes in net position

1,492,143

Total net position - beginning

11,915,457

Total net position - ending

\$ 13,407,600

The notes to the financial statements are an integral part of this statement.

**CITY OF CALVERT CITY
CALVERT CITY MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2024**

CASH FLOW FROM OPERATING ACTIVITIES

Collections from customers	\$ 2,708,135
Cash paid to suppliers	(1,031,705)
Cash paid to employees	(658,147)
Other receipts	<u>41,764</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,060,047</u>
--	------------------

**CASH FLOW FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Capital expenditures	(854,230)
Net advances from the City of Calvert	(60,000)
Contributions and transfers	8,724
Proceeds from grant revenue	723,020
Proceeds from debt issues	7,676
Principal payments on notes and bonds	(156,196)
Interest payments on notes, bonds, and capital leases	<u>(64,646)</u>

NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(395,652)</u>
--	------------------

CASH FLOW FROM INVESTING ACTIVITIES

Interest income	<u>95,733</u>
-----------------	---------------

NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>95,733</u>
--	---------------

NET INCREASE IN CASH AND CASH

NET INCREASE IN CASH	760,128
-----------------------------	---------

CASH, BEGINNING OF YEAR	<u>1,454,235</u>
--------------------------------	------------------

CASH, END OF YEAR	<u><u>\$ 2,214,363</u></u>
--------------------------	----------------------------

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING
AND FINANCING ACTIVITIES:**

Acquisition of equipment and improvements	\$ 839,947
Amount financed in prior year with trade payables	<u>14,283</u>

Net cash paid for equipment and improvements	<u><u>\$ 854,230</u></u>
--	--------------------------

The notes to the financial statements are an integral part of this statement.

**CITY OF CALVERT CITY
CALVERT CITY MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2024**

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 687,548
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	600,150
Non-operating revenues and expenses	41,764
Debt discount and issue costs	(3,321)
Change in assets and liabilities:	
Accounts receivable	(67,614)
Other receivables	5,614
Accounts receivable - leases	3,018
Other current assets	3,638
Accounts payable	6,563
Accrued interest and fees payable	(2,237)
Customer deposits	12,997
Pension obligation and related deferrals	(241,401)
Deferred lease inflows	(6,051)
Other current liabilities	19,379
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,060,047

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Calvert City, Kentucky complies with accounting principles generally accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2024.

Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements include a blended component unit. Blended component units, although legally separate entities are, in substance, are part of the City's operations and so data from these units is combined with data of the primary government.

Blended Component Unit – The Calvert City Municipal Water and Sewer System “The System” serves all the citizens of the government and is governed by a board appointed by the Mayor of the City of Calvert City. The rates for user charges and debt issue authorizations are approved by the City of Calvert City's Council and the legal liability for general obligation debt of Calvert City Municipal Water and Sewer System remains with the City of Calvert City. The Calvert City Municipal Water and Sewer System is reported as a proprietary fund. Standalone financial statements of the Calvert City Municipal Water and Sewer System can be obtained at City Hall, Calvert City, Kentucky.

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 about the City as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the function and grants and contributions restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not classified as program revenues are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental funds and the major individual proprietary fund are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting as is the proprietary fund. 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. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The City reports unearned revenue on its government-wide statement of net position and on the fund financial statements. Unearned revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenue also arises when the City receives resources before it has a legal claim on them, as when grant funds are received prior to incurring qualified expenditures. In subsequent periods, when both revenue recognition criteria are met or the City has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

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

Fund Types and Major Funds

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City’s major governmental funds are the General Fund, Construction Fund and Municipal Aid Fund. The following funds are used in the financial statements:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Construction Fund – The Construction Fund is used to account for the activities related to major capital projects of the City.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The *Municipal Aid Fund* is used to account for state aid for streets and road improvements.

Proprietary Funds

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund’s ongoing operations. The principal operating revenues of the Municipal Water and Sewer System are charges for water and sewer service. Operating expenses for proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits and Investments

The City Council updated and adopted formal deposit and investment policies in December 1994. These policies apply to all City and component unit funds not contained in public trusts.

For the purpose of the Statement of Net Position, “cash” includes all demand and savings accounts of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash” includes all restricted and unrestricted demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits and certificates of deposits are reported at carrying amount which reasonably estimates fair value. Additional cash and investment disclosures are presented in Note B.

Governmental Fund Receivables

Receivables consist of various grants and taxes net of allowances for doubtful accounts. All property taxes are due and payable on February 1st, and all taxes not paid by March 1st, are deemed delinquent. There will be a penalty of six percent added to the balance due at this time. Taxes are normally levied by November 1st. Property tax liens will be filed for all delinquent taxes unpaid at December 31st. City property taxes are recognized when levied to the extent that they result in current receivables.

Governmental funds report receivables for revenues that are considered available to liquidate liabilities of the current period while in the Statement of Net Position; receivables are reported as revenues when earned.

Accounts Receivable balances were as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 1,198,814	\$ 627,422
Ending balance	\$ 1,018,626	\$ 1,198,814

Proprietary Fund Accounts Receivable and Bad Debts

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 15 days from the invoice mailing date. Unpaid accounts receivable with invoice mailing dates over 15 days old are subject to a 15% penalty on the outstanding balance. Customers are subject to disconnection after 30 days past invoice mailing date. Reconnections are subject to collect and reconnect fees. Due to the uncertainty regarding collecting, reconnect fees are recognized as income when received.

Accounts receivable are stated at amounts billed to the customer plus any accrued penalties. Customer account balances with invoices over 30 days old are considered delinquent.

Payments of accounts receivable are allocated to the specific invoices identified on the customer’s remittance advice or, if unspecified, are applied to the earliest unpaid invoice.

No allowance for doubtful accounts has been provided since it is believed the balance in accounts receivable is fully collectible. Customer accounts are written off after one year. The effect of using this method is not significantly different from results which would be obtained by using the allowance method.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Accounts Receivable and Bad Debts (Continued)

Accounts Receivable balances were as follows:

	2024	2023
Beginning balance	\$ 370,363	\$ 352,231
Ending balance	\$ 437,977	\$ 370,363

Interfund Transactions

Interfund transactions are reflected as either services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation, and are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Restricted Net Position

Certain special revenue funds and proprietary fund assets are restricted for special purpose or construction and are funded through enabling legislation or because of constraints that are externally imposed by creditors and grantors. Restricted assets are reported in various funds for cash deposited in bank accounts restricted for specified uses. Any required transfers to these funds have been made.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

In the government-wide financial statements, and the proprietary fund financial statements, all capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Capital assets donated are recorded at their fair market values at the date received. Depreciation is provided by the straight-line method over the estimated useful lives of the various classes of assets as follows:

Government Funds	Years	Proprietary Funds	Years
Buildings	25-50	Water and sewer plant	10-40
Building improvements	10-25	Equipment	5-10
General equipment & furnishings	5-25	Vehicles	5
Vehicles	5-10		
Infrastructure and land improvements	12-50		

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits. Vacation leave is earned based on years of credited service. Vacation leave accrues annually on January 1st and City policy requires use by the end of the calendar year. Sick leave for vested employees (minimum of six months service before becoming eligible) is earned on the basis of ½ day per month. Employees may accumulate a maximum of sixty days. Upon retirement, sick days accumulated shall have a cash value equal to 50% of their current wage and vacation days accumulated shall have a cash value equal to 100% of their current wage. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirement. As of June 30, 2024, the liability for accrued vacation and sick leave was \$73,685 for the City of Calvert City and \$63,466 for the Calvert City Municipal Water and Sewer System.

Fund Balance Reserves

The City fund balance reserves are reported under the requirements of GASB Statement 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", which defines how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable fund balances are amounts that cannot be spent either because they are not in spendable form (such as prepaid) or because they are legally or contractually required to be maintained intact.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances includes amounts that can only be used for specific purposes (such as future construction projects) pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the City is the City Council. The City Council must approve by majority vote the establishment (and modification or rescinding) of fund balance commitments.

Assigned fund balances are those amounts that are constrained by the government's intent to be used for specific purpose but are neither restricted nor committed. Assigned fund balance also includes 1) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted or committed and 2) amounts in the general fund that are intended to be used for a specific purpose (such as Cemetery, Fire Vehicles and Equipment, DARE, City Beautification).

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Use of Estimates

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

Deferred Outflows/Inflows of Resources

Government-wide Statement

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent the consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in the category deferred pension and other post-employment benefits (OPEB) related outflows reported in the statements of net position.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

The deferred pension and OPEB outflows result from pension and OPEB contributions subsequent to the measurement date of the pension and OPEB plans and various changes resulting from actuarial pension and OPEB measurements. The pension and OPEB contribution amounts are deferred and recognized as a component of the change in pension and OPEB plan liabilities in the next measurement period. The various changes resulting from actuarial pension and OPEB measurements are deferred and amortized in future periods as a component of the pension and OPEB expense.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items reported in this category deferred pension and OPEB related inflows. The various changes resulting from actuarial pension measurements are deferred and amortized in future periods as a component of the pension and OPEB expense. The City also entered into a lease agreement on behalf of the Calvert City Municipal Water & Sewer System where the System is a lessor of property and space to an organization. Further cash receipts under the lease are measured at present value are deferred inflows of resources and amortized in future periods as a component of non-operating income.

Budget

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. Prior to July 1, the Mayor submits to the City Council a proposed operating budget covering the General Fund and each of the City's Special Revenue Funds for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the City to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. Budgets are adopted on a basis consistent with U.S. GAAP.

Excess of Expenditures Over Appropriation

There are no funds of the City that currently have a deficit fund balance.

NOTE B – DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. The City's investment policy requires all investments be made in accordance with applicable legal requirements with consideration of investment safety. Accordingly, the City maintains collateral agreements with its financial institutions. Deposits are 100% secured with collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). The City Council approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or City Clerk.

Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City. During the year ended June 30, 2024, the City's cash was in demand deposits. At year end, the carrying amount and the bank balance of the City's cash was \$10,027,509 and \$10,166,726, respectively. As of June 30, 2024, \$250,000 of the City's bank balances were insured by FDIC and \$9,916,726 was collateralized with securities held by the City's agent.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE B – DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS (Continued)

Deposits (Continued)

Deposits of the City's proprietary fund are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City. During the year ended June 30, 2024, the proprietary fund's cash was in demand deposits. At year end, the carrying amount, including restricted cash, and the bank balance of the proprietary fund's cash was \$2,214,363 and \$2,227,901, respectively. As of June 30, 2024, \$351,729 of the System's bank balances were insured by FDIC and \$1,876,172 was collateralized with securities held by the City's agent.

Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City's City Clerk. Investing is performed in accordance with investment policies adopted by the City Council complying with State Statutes. In accordance with the City's investment policy and the State Statutes, the City may invest funds temporarily in excess of operating needs in the following:

1. Obligations of the U.S. Treasury, agencies, and instrumentalities, including obligations subject to repurchase agreements, provided delivery of obligations subject to repurchase agreements are held by the City or through an authorized agent;
2. Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency;
3. Obligations of any corporation of the United States government;
4. Bonds or certificates of indebtedness of the state of Kentucky and of its agencies and instrumentalities;
5. Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by section 41.240(4) of the Kentucky Revised Statutes;
6. Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency.
7. Commercial paper rated in the highest category by a nationally recognized rating agency.
8. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a national recognized rating agency.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.
- Level 3: Unobservable inputs – market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

For the year ended June 30, 2024, the City's only investment was a certificate of deposit for \$272,107 maturing March 15, 2025 with a fair value hierarchy of Level 2.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City policy provides that to the extent feasible, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. With the exception of fully collateralized investments and authorized investment pools, no more than 15% of the City's total investment portfolio shall be invested in a single security type or with a single financial institution. Unless matched to a specific cash flow, investments are not, in general, made in securities maturing more than five years from the date of purchase. Surplus cash may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as feasible with the expected use of the investment.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE B – DEPOSITS AND INVESTMENTS WITH FINANCIAL INSTITUTIONS (Continued)

Investment Policies (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City’s policy limits total cumulative investments at any one time in categories 6, 7, and 8 listed previously not to exceed 20% of the total amount of funds invested. In addition, the policy does not permit purchases on a margin basis or through the use of any similar leveraging technique.

NOTE C – RECEIVABLES

Receivables, net of reserve, as of June 30, 2024 consist of the following:

<u>Description</u>	<u>Statement of Net Position</u>	<u>Governmental Funds</u>
Taxes:		
Payroll (general fund)	\$ 430,625	\$ 430,625
Insurance (general fund)	559,944	559,944
Bank Deposit (general fund)	6,704	6,704
Property (general fund)	12,895	12,895
Other (general fund)	<u>8,458</u>	<u>8,458</u>
Total	<u>\$ 1,018,626</u>	<u>\$ 1,018,626</u>

Due to the uncertainty of collection of property taxes, an allowance for doubtful accounts has been provided. The reserve amount for the year ended June 30, 2024 was \$104,339.

Due to the uncertainty of collection of franchise taxes, an allowance for doubtful accounts equal to the estimate of material delinquent accounts has been provided. The reserve amount for the year ended June 30, 2024 was \$5,644.

NOTE D – LEASES RECEIVABLES

During fiscal year June 30, 2024, the City leased out twenty-three hangar spots at the Airport on a month-to-month basis to various individuals and businesses ranging from \$150 to \$300 a month. The leases may be terminated by either the lessor or lessee by giving no less than thirty days written notice to the other party. During the fiscal year ended June 30, 2024, the City recognized \$51,975 in rental income.

In February 2022, the City of Calvert City System entered into a new lease agreement on behalf of the System of property that has a term of 20 years with an expiration date of February 2042. The agreement provides an option for the Lessee to extend the lease for a further term of 20 years provided the Lessee give to the System on or before July 2041, a written notice of its election to take such extension at a rental equal to current rate. During the year ended June 30, 2024, the System recognized base lease income of \$6,051 and interest income of \$2,983.

As of June 30, 2024 future leases receivable principal and interest payments are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,094	\$ 2,906	\$ 6,000
2026	3,173	2,827	6,000
2027	3,882	2,743	6,625
2028	4,870	2,630	7,500
2029	4,995	2,505	7,500
2030 – 2034	30,682	10,443	41,125
2035 – 2039	41,289	5,886	47,175
2040 - 2042	<u>24,735</u>	<u>840</u>	<u>25,575</u>
	<u>\$ 116,720</u>	<u>\$ 30,780</u>	<u>\$ 147,500</u>

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE E – DUE TO/FROM BALANCES

During the fiscal year ending June 30, 2020, the City approved advances up to \$1,300,000 to the System for improvements. During the year ended June 30, 2024, the System reimbursed the City \$60,000. Total advance outstanding as of June 30, 2024 was \$309,835. Additionally, the City is due \$16,207 for sanitation fees collected by the system.

The summary of due to/from other funds as of June 30, 2024 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Municipal Water & Sewer System	\$ 326,042

NOTE F– CAPITAL ASSETS

A summary of the capital asset activity for the fiscal year ended at June 30, 2024, was as follows:

<u>Governmental Funds</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>
<u>Capital assets, not being depreciated:</u>					
Land	\$ 5,162,546	\$ -	\$ -	\$ -	\$ 5,162,546
Construction in Progress	<u>335,874</u>	<u>182,352</u>	<u>(146,003)</u>	<u>(201,795)</u>	<u>170,428</u>
Total capital assets, not being depreciated:	<u>5,498,420</u>	<u>182,352</u>	<u>(146,003)</u>	<u>(201,795)</u>	<u>5,332,974</u>
<u>Capital assets, being depreciated:</u>					
Infrastructure and improvements	17,875,547	340,486	146,003	-	18,362,036
Buildings	4,024,251	-	-	-	4,024,251
Building improvements	2,004,565	-	-	-	2,004,565
Vehicles	2,198,613	83,035	-	-	2,281,648
General equipment and furnishings	<u>2,947,316</u>	<u>107,533</u>	<u>-</u>	<u>(19,046)</u>	<u>3,035,803</u>
Totals at historical cost	<u>29,050,292</u>	<u>531,054</u>	<u>146,003</u>	<u>(19,046)</u>	<u>29,708,303</u>
Less: Accumulated depreciation					
Infrastructure and improvements	9,240,826	560,887	-	-	9,801,713
Buildings	1,401,347	85,820	-	-	1,487,167
Building improvements	561,317	94,134	-	-	655,451
Vehicles	1,632,201	136,524	-	(13,199)	1,755,526
General equipment and furnishings	<u>1,890,125</u>	<u>152,651</u>	<u>-</u>	<u>-</u>	<u>2,042,776</u>
Total accumulated depreciation	<u>14,725,816</u>	<u>1,030,016</u>	<u>-</u>	<u>(13,199)</u>	<u>15,742,633</u>
Total capital assets, being depreciated, net:	<u>14,324,476</u>	<u>(498,962)</u>	<u>146,003</u>	<u>(5,847)</u>	<u>13,965,670</u>
Primary Government Activities					
Capital Assets – Net	<u>\$ 19,822,896</u>	<u>\$ (316,610)</u>	<u>\$ -</u>	<u>\$ (207,642)</u>	<u>\$ 19,298,644</u>

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE F – CAPITAL ASSETS (Continued)

<u>Proprietary Fund</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>
<u>Capital assets, not being depreciated:</u>					
Land	\$ 285,056	\$ -	\$ -	\$ -	\$ 285,056
Construction in Progress	<u>3,262,201</u>	<u>637,120</u>	<u>(1,232,213)</u>	<u>-</u>	<u>2,667,108</u>
Total capital assets, not being depreciated:	<u>3,547,257</u>	<u>637,120</u>	<u>(1,232,213)</u>	<u>-</u>	<u>2,952,164</u>
<u>Capital assets, being depreciated:</u>					
Water and sewer system	22,576,261	41,598	1,232,213	-	23,850,072
Vehicles	450,686	44,940	-	-	495,626
Equipment	<u>591,183</u>	<u>116,289</u>	<u>-</u>	<u>-</u>	<u>707,472</u>
Totals at historical cost	<u>23,618,130</u>	<u>202,827</u>	<u>1,232,213</u>	<u>-</u>	<u>25,053,170</u>
Less: Accumulated depreciation					
Water and sewer system	11,119,762	529,665	-	-	11,649,427
Vehicles	363,947	34,113	-	-	398,060
Equipment	<u>414,229</u>	<u>36,372</u>	<u>-</u>	<u>-</u>	<u>450,601</u>
Total accumulated depreciation	<u>11,897,938</u>	<u>600,150</u>	<u>-</u>	<u>-</u>	<u>12,498,088</u>
Total capital assets, being depreciated, net:	<u>11,720,192</u>	<u>(397,323)</u>	<u>1,232,213</u>	<u>-</u>	<u>12,555,082</u>
Component Unit Activities					
Capital Assets – Net	<u>\$ 15,267,449</u>	<u>\$ (239,797)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,507,246</u>

Depreciation expense, by function, was as follows:

General government	\$ 212,445
Public Safety	145,324
Sanitation	20,096
Parks and recreation	194,942
Highways and streets	322,851
Airport	<u>134,358</u>
	<u>\$ 1,030,016</u>
Water and Sewer System	<u>\$ 600,150</u>

NOTE G – CONSTRUCTION IN PROGRESS

The City of Calvert City had the following capital projects in process at June 30, 2024:

	<u>Cumulative Costs Incurred</u>
Airport – leasehold improvements	\$ 66,375
Multi-use walking trail – TAP	26,334
Pickle ball courts bathroom	<u>77,719</u>
	<u>\$ 170,428</u>

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE G – CONSTRUCTION IN PROGRESS (Continued)

The Calvert City Municipal Water and Sewer System had the following capital projects in process at June 30, 2024:

	<u>Cumulative Costs Incurred</u>
Wastewater plant	\$ 2,293,607
Sanitary Sewer – Phase IV Assessment	59,000
Water plant	116,791
WTP Variable Frequency Drive & Controls	152,604
Sewer Rehab Phase V	20,885
Other projects	<u>24,221</u>
	<u>\$ 2,667,108</u>

Completion of these projects is based upon the availability of additional resources.

NOTE H - LONG-TERM DEBT

Governmental Funds

In April 2022, the City of Calvert City entered into a general obligation lease agreement with the Kentucky League of Cities Funding Trust for the acquisition, construction, installation, and equipping of T-hangars and related improvements to the City’s airport. For the year ended June 30, 2024, amortization of \$36,951 related to the T-hangars was included in depreciation.

Lease payable consists of the following:

Kentucky League of Cities Funding Trust lease, dated April 6, 2022, with interest rates ranging 3.00% to 3.625%, maturing February 1, 2047	\$ 543,750
Less current maturities	<u>15,000</u>
	<u>\$ 528,750</u>

The detail schedule of future principal and interest requirements are as follows:

<u>Years Ending June 30,</u>	<u>Interest Rate</u>	<u>Interest and Service Fee</u>	<u>Principal</u>	<u>Total</u>
2025	3.00%	19,853	15,000	34,853
2026	3.00%	19,366	15,000	34,366
2027	3.00%	18,878	17,083	35,961
2028	3.00%	18,323	20,000	38,323
2029	3.00%	17,623	20,000	37,623
2030 – 2034	3.00%	78,615	100,000	178,615
2035 – 2039	3.125%-3.375%	60,579	122,083	182,662
2040 – 2044	3.500%-3.625%	36,353	147,084	183,437
2045 – 2047	3.625%	<u>7,491</u>	<u>87,500</u>	<u>94,991</u>
		<u>\$ 277,081</u>	<u>\$ 543,750</u>	<u>\$ 820,831</u>

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE H - LONG-TERM DEBT (Continued)

Proprietary Funds – Notes Payable

The City of Calvert City entered into an assistance agreement on behalf of the System with the Kentucky Infrastructure Authority (KIA) for capital projects beginning in the fiscal year 2010. This agreement provides capital project funding utilizing a combination of both long-term borrowing and federal stimulus grants funds from the American Recovery and Reinvestment Act. The notes mature December 1, 2031 with semi-annual payments principal and interest accruing at 3.00%.

Notes payable consists of the following:

Kentucky Infrastructure Authority lease, dated February 1, 2010, with fixed interest rate of 3.00%, maturing June 30, 2031, collateralized by water and sewer system property.	\$ 198,654
Less current maturities	<u>25,908</u>
	<u>\$ 172,746</u>

The City of Calvert City entered into an assistance agreement on behalf of the System with the Kentucky Infrastructure Authority (KIA) for capital projects beginning in the fiscal year 2017. The notes mature December 1, 2037 with semi-annual payments principal and interest accruing at 2.75%.

Kentucky Infrastructure Authority lease, dated October 1, 2016, with fixed interest rate of 2.75%, maturing December 1, 2037, collateralized by water and sewer system property.	\$ 339,633
Less current maturities	<u>21,091</u>
	<u>\$ 318,542</u>

The City of Calvert City entered into an assistance agreement on behalf of the System with the Kentucky Infrastructure Authority (KIA) for capital projects beginning in the fiscal year 2019 in an amount of up to \$542,900. The loan will be repaid over a period not to exceed twenty years from the last draw of funds, with an interest at the rate of 2.00% per annum commencing with the first draw of funds. In August of 2020, the System made a final draw of \$12,028 for a total of \$470,288. The notes mature June 1, 2040 with semi-annual payments principal and interest accruing at 2.00%.

Kentucky Infrastructure Authority, dated December 1, 2018, with fixed interest rate of 2.00%, maturing June 1, 2040, collateralized by water and sewer system property.	\$ 390,580
Less current maturities	<u>20,938</u>
	<u>\$ 369,642</u>

The detail schedule of future principal and interest requirements are as follows:

<u>Years Ending June 30,</u>	<u>Interest Rate</u>	<u>Interest and Service Fee</u>	<u>Principal</u>	<u>Total</u>
2025	2.00%-3.00%	24,494	67,937	92,431
2026	2.00%-3.00%	22,569	69,725	92,294
2027	2.00%-3.00%	20,593	71,561	92,154
2028	2.00%-3.00%	18,563	73,447	92,010
2029	2.00%-3.00%	16,478	75,384	91,862
2030 – 2034	2.00%-3.00%	52,972	309,201	362,173
2035 – 2039	2.00%-3.00%	17,275	233,390	250,665
2040	2.00%-3.00%	466	28,222	28,688
		<u>\$ 173,410</u>	<u>\$ 928,867</u>	<u>\$ 1,102,277</u>

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE H - LONG-TERM DEBT (Continued)

Proprietary Funds – Notes Payable (Continued)

In fiscal year 2022, the City entered into an assistance agreement on behalf of the System with the Kentucky Infrastructure Authority (KIA) for the Waste Water Treatment Plant Influent Lift Station and Plant Improvement project beginning in fiscal year 2022 in the amount of up to \$3,185,433. The loan will be repaid over a period not to exceed twenty years from the last draw of funds, with an interest rate of 1.50% Per annum commencing with the first draw of funds. Accordingly, the note is classified as long-term until completion of the project. As of June 30, 2024, the System has made sixteen draws in the amount of \$2,263,007.

Proprietary Funds – Bonds Payable

On October 20, 2020, the City, on behalf of the System, issued \$400,000 in Series 2020G revenue bonds with an interest rate of 2.25% with annual principal payments and semi-annual interest payments. The 2020G series bonds are required to be fully paid by July 1, 2025.

The total proceeds of the bond issue exceeded the par amount of the bond by \$17,935. This amount, included in the carrying amount of bond debt in the statement of net position, is being amortized over the remaining life of the refunding debt as a component of interest expense. Unamortized bond premium as of June 30, 2024 was \$2,657.

The 2020G bond agreement requires the following monthly distribution from the revenue fund:

- First: One-sixth of the next semi-annual interest payment is to be transferred to the bond and interest redemption fund.
- Second: One-twelfth of the succeeding bond maturity is to be transferred to the bond and interest redemption fund.
- Third: Transfer to the operating and maintenance account funds sufficient to meet the current expenses not to exceed amount required to cover anticipated expenditures for a two-month period.
- Fourth: Within 60 days of fiscal year end, the balance of excess funds is to be transferred to a depreciation fund for extensions or to a sinking fund for purchase or redemption of outstanding bonds.

Bonds payable consists of the following:

Rural Water Financing Agency Public Projects Refunding's and Improvement Revenue Bonds, dated October 20, 2020, with fixed interest rate of 2.25%, maturing June 1, 2025	\$ 180,000
Less current maturities	<u>90,000</u>
	<u>\$ 90,000</u>

The detail schedule of future principal and interest requirements is as follows:

<u>Years Ending June 30,</u>	<u>Interest Rate</u>	<u>Interest and Service Fee</u>	<u>Principal</u>	<u>Total</u>
2025	2.25%	3,288	90,000	93,288
2026	2.25%	<u>1,012</u>	<u>90,000</u>	<u>91,012</u>
		<u>\$ 4,300</u>	<u>\$ 180,000</u>	<u>\$ 184,300</u>

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE I – CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Pension obligation	\$ 4,839,353	\$ -	\$ (557,534)	\$ 4,281,819	\$ -
OPEB obligation	1,334,793	-	(1,235,424)	99,369	-
Financing leases	558,750	-	(15,000)	543,750	15,000
Unearned revenue	660,628	200	-	660,828	-
Accumulated sick leave	<u>85,783</u>	<u>100,028</u>	<u>(112,126)</u>	<u>73,685</u>	<u>73,685</u>
Governmental activity Long-term liabilities	<u>\$ 7,479,307</u>	<u>\$ 100,228</u>	<u>\$ (1,920,083)</u>	<u>\$5,659,451</u>	<u>\$ 88,685</u>
Business-type activities:					
Notes Payable	\$ 3,250,394	\$ 7,676	\$ (66,196)	\$ 3,191,874	\$ 67,937
Bonds Payable	270,000	-	(90,000)	180,000	90,000
Bond premium	5,978	-	(3,321)	2,657	-
Pension obligation	906,935	-	(220,641)	686,294	-
OPEB obligation	247,551	-	(247,551)	-	-
Accumulated leave	<u>44,580</u>	<u>52,259</u>	<u>(33,373)</u>	<u>63,466</u>	<u>63,466</u>
Business-type activities Long-term liabilities	<u>\$ 4,725,438</u>	<u>\$ 59,935</u>	<u>\$ (661,082)</u>	<u>\$ 4,124,291</u>	<u>\$ 221,403</u>

NOTE J– DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A summary of change in deferred outflows/inflows of resources is as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Governmental Activities				
Pensions				
Deferred outflows of resources				
<i>Deferred pension contributions</i>	\$ 463,475	\$ 421,706	\$ (463,475)	\$ 421,706
<i>Changes in proportion and differences between employer contributions and proportionate share of contributions</i>	175,319	-	(128,752)	46,567
<i>Differences between expected and actual experience</i>	68,520	256,300	(115,012)	209,808
<i>Difference between projected and actuarial earnings</i>	<u>118,236</u>	<u>-</u>	<u>(118,236)</u>	<u>-</u>
<i>Pension related deferred outflows</i>	<u>\$ 825,550</u>	<u>\$ 678,006</u>	<u>\$ (825,475)</u>	<u>\$ 678,081</u>
Deferred inflows of resources				
<i>Changes in proportion and differences between employer contributions and proportionate share of contributions</i>	\$ 351,126	\$ -	\$ (46,122)	\$ 305,004
<i>Difference between expected and actual experience</i>	22,659	-	(16,346)	6,313
<i>Change of assumptions</i>	-	528,489	(162,601)	365,888
<i>Difference between expected and actuarial earnings</i>	<u>-</u>	<u>191,637</u>	<u>(140,299)</u>	<u>51,338</u>
<i>Pension related deferred inflows</i>	<u>\$ 373,785</u>	<u>\$ 720,127</u>	<u>\$ (365,369)</u>	<u>\$ 728,543</u>

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE J– DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

	Balance <u>July 1, 2023</u>	<u>Additions ...</u>	<u>Reductions....</u>	Balance <u>June 30, 2024</u>
Governmental Activities				
Other Post-employment Benefits (OPEB)				
Deferred outflows of resources				
<i>Deferred OPEB contributions</i>	\$ 116,029	\$ 25,886	\$ (116,029)	\$ 25,886
<i>Changes in proportion and differences between employer contributions and proportionate share of contributions</i>	80,036	-	(26,336)	53,700
<i>Differences between expected and actual experience</i>	84,056	-	(40,217)	43,839
<i>Change of assumptions</i>	216,724	40,217	(90,712)	166,229
<i>Difference between projected and actuarial earnings</i>	<u>51,558</u>	<u>-</u>	<u>(51,558)</u>	<u>-</u>
<i>OPEB related deferred outflows</i>	<u>\$ 548,403</u>	<u>\$ 66,103</u>	<u>\$ (324,852)</u>	<u>\$ 289,654</u>
Deferred inflows of resources				
<i>Changes in proportion and differences between employer contributions and proportionate share of contributions</i>	\$ 128,091	\$ 618	\$ -	\$ 128,709
<i>Differences between expected and actual experience</i>	197,187	1,183,670	(261,370)	1,119,487
<i>Change of assumptions</i>	200,678	23,202	(51,732)	172,148
<i>Difference between projected and actuarial earnings</i>	<u>-</u>	<u>82,559</u>	<u>(57,272)</u>	<u>25,287</u>
<i>OPEB related deferred inflows</i>	<u>\$ 525,956</u>	<u>\$ 1,290,049</u>	<u>\$ (370,374)</u>	<u>\$ 1,445,631</u>
Business-Type Activities				
Pensions				
<i>Deferred pension contributions</i>	\$ 72,650	\$ 82,786	\$ (72,650)	\$ 82,786
<i>Changes in proportion and differences between employer contributions and proportionate share of contributions</i>	28,148	-	(26,587)	1,561
<i>Differences between expected and actual experience</i>	970	54,732	(20,175)	35,528
<i>Change of assumptions</i>	-	-	-	-
<i>Difference between projected and actuarial earnings</i>	<u>23,251</u>	<u>-</u>	<u>(23,251)</u>	<u>-</u>
<i>Pension related deferred outflows</i>	<u>\$ 125,019</u>	<u>\$ 137,518</u>	<u>\$ (142,662)</u>	<u>\$ 119,875</u>
Deferred inflows of resources				
<i>Changes in proportion and differences between employer contributions and proportionate share of contributions</i>	\$ 60,619	\$ -	\$ (25,614)	\$ 35,005
<i>Difference between expected and actual experience</i>	8,077	-	(6,212)	1,865
<i>Change of assumptions</i>	-	96,899	(34,000)	62,899
<i>Difference between expected and actuarial earnings</i>	<u>-</u>	<u>33,220</u>	<u>(23,858)</u>	<u>9,362</u>
<i>Pension related deferred inflows</i>	<u>\$ 68,696</u>	<u>\$ 130,119</u>	<u>\$ (89,684)</u>	<u>\$ 109,131</u>

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE J– DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Business-Type Activities

Other Post-employment Benefits (OPEB)

Deferred outflows of resources				
<i>Deferred OPEB contributions</i>	\$ 19,450	\$ 4,823	\$ (19,450)	\$ 4,823
<i>Changes in proportion and differences between employer contributions and proportionate share of contributions</i>	16,313	-	(7,462)	8,851
<i>Differences between expected and actual experience</i>	24,918	-	(14,623)	10,295
<i>Change of assumptions</i>	39,152	16,127	(26,220)	29,059
<i>Difference between projected and actuarial earnings</i>	<u>10,047</u>	<u>-</u>	<u>(10,047)</u>	<u>-</u>
<i>OPEB related deferred outflows</i>	<u>\$ 109,880</u>	<u>\$ 20,950</u>	<u>\$ (77,802)</u>	<u>\$ 53,028</u>
Deferred inflows of resources				
<i>Changes in proportion and differences between employer contributions and proportionate share of contributions</i>	\$ 23,228	\$ -	\$ (5,195)	\$ 18,033
<i>Difference between expected and actual experience</i>	56,769	286,530	(133,627)	209,672
<i>Change of assumptions</i>	32,261	-	(12,009)	20,252
<i>Difference between projected and actuarial earnings</i>	<u>-</u>	<u>16,587</u>	<u>(13,159)</u>	<u>3,428</u>
<i>OPEB related deferred inflows</i>	<u>\$ 112,258</u>	<u>\$ 303,117</u>	<u>\$ (163,990)</u>	<u>\$ 251,385</u>

NOTE K – EMPLOYEE RETIREMENT SYSTEM

The City provides retirement benefits to its employees through a multi-employer public employee retirement fund administered by the Kentucky County Employees Retirement System. Information regarding this plan is as follows:

County Employees’ Retirement System

Plan description - The City is a participant in the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided - CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, non-hazardous and hazardous employees are grouped into three tiers, based on hire date:

Non-hazardous members:

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

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE K - EMPLOYEE RETIREMENT SYSTEM (Continued)

Hazardous members:

Tier 1	Participation date	Prior to September 1, 2008
	Unreduced retirement	20 years of service and any age
	Reduced retirement	Minimum 5 years of service and 55 years old Minimum 15 years of service and 50 years old
Tier 2	Participation date	September 1, 2008 to December 31, 2013
	Unreduced retirement	Minimum 5 years of service and 60 years old 25 years of service and any age
	Reduced retirement	Minimum 15 years of service and 50 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	Minimum 5 years of service and 60 years old 25 years of service and any age
	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 either death after retirement or 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 non-service related disability benefits.

Plan Funding – State statute requires active members to contribute % of creditable compensation based on the tier:

	<u><i>Non-hazardous</i></u>		<u><i>Hazardous</i></u>
	<u>Required Contribution</u>		<u>Required Contribution</u>
Tier 1	5%	Tier 1	8%
Tier 2	5% plus 1% for insurance	Tier 2	8% plus 1% for insurance
Tier 3	5% plus 1% for insurance	Tier 3	8% plus 1% for insurance

Employers contribute at the rate determined by the CERS Board to be necessary for the actuarial soundness of the system, as required by KRS 61.565 and 61.752. The City's required contribution rate was 23.34% for non-hazardous employees and 41.11% for hazardous employees for the year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the City reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the City as its proportionate share of the net pension liability that was associated with the City was as follows:

City's non-hazardous proportionate share of the CERS net pension liability	\$ 3,009,663
City's hazardous proportionate share of the CERS net pension liability	<u>1,958,450</u>
 Total CERS net pension liability associated with the City	 \$ <u>4,968,113</u>

The net pension liability for each plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The City's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2023, the City's non-hazardous proportion was 0.046905% and hazardous proportion was 0.072644%.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE K - EMPLOYEE RETIREMENT SYSTEM (Continued)

For the year ended June 30, 2024, the City recognized pension expense of \$274,773 related to CERS pension plans. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the CERS pension plans from the following sources:

	<u>Non-hazardous</u>		<u>Hazardous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 155,804	\$ 8,178	\$ 89,532	\$ -
Changes in assumptions	-	275,838	-	152,949
Net difference between projected and actual earnings on pension plan investments	-	41,053	-	19,647
Changes in proportion and differences between City contributions and proportionate share of contributions	6,844	153,510	41,284	186,499
City contributions subsequent to the measurement date	<u>337,483</u>	<u>-</u>	<u>167,009</u>	<u>-</u>
Total	<u>\$ 500,131</u>	<u>\$ 478,579</u>	<u>\$ 297,825</u>	<u>\$ 359,095</u>

The City reported \$504,492 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions which will be recognized in pension expense as follows:

	<u>Fiscal Year Ending June 30</u>	
	<u>Non-Hazardous</u>	<u>Hazardous</u>
2024	\$ (220,875)	\$ (60,961)
2025	\$ (133,107)	\$ (114,851)
2026	\$ 67,188	\$ (25,718)
2027	\$ (29,137)	\$ (26,749)

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

	<u>Non-Hazardous</u>	<u>Hazardous</u>
Inflation	2.30%	2.30%
Projected salary increases	3.30%-10.30%	3.55%-19.05%
Investment rate of return, net of investment expense & inflation	6.25%	6.25%

For CERS, the mortality table used for active members was Pub-2010 General Mortality table, for the Nonhazardous Plans, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2018-2022, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the 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 the MP-2014 mortality improvement scale using a base year of 2019. The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2018 – June 30, 2022.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE K - EMPLOYEE RETIREMENT SYSTEM (Continued)

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2019 through 2022, is outlined in a report dated May 9, 2023. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by CERS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Cash	0.00%	1.39%
Total	<u>100.00%</u>	

Discount rate - The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate - The following table presents the net pension liability of the City, calculated using the discount rates selected by the pension system, as well as what the City's net pension 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.50%	6.50%	7.50%
Non-hazardous' proportionate share of net pension liability	\$ 3,799,882	\$ 3,009,663	\$ 2,352,962
Hazardous' proportionate share of net pension liability	\$ 2,473,011	\$ 1,958,450	\$ 1,538,171

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the CERS.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE L – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

CERS Medical Insurance Plan

Plan description – the City contributes to the Kentucky Retirement Systems Insurance fund (Insurance Fund), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Kentucky Retirement Systems (KRS). The Insurance Fund was established to provide hospital and medical insurance for members for receiving benefits from the Kentucky Employees Retirement Systems (KERS), the County Employees Retirement System (CERS), and the State Police Retirement System (SPRS). The City participates in the County Employees Retirement System (CERS). CERS non-hazardous and hazardous employee plans are administered separately.

Benefits provided – the Insurance Fund pays a prescribed contribution for whole or partial payments of required premiums to purchase hospital and medical insurance, based on years of service, for retirees and certain eligible beneficiaries. The authority to establish and amend benefit provisions rests with the Kentucky General Assembly. KRS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs

Contributions – per Kentucky Revised Statutes 78.545 (33), contribution requirements are established and may be amended by the KRS Board. The City was required to contribute at actuarially determined rates of 0.00% of non-hazardous covered payroll and 2.58% of hazardous covered payroll for the fiscal years ended June 30, 2024.

At June 30, 2024, the City reported a liability for its proportionate share of the net OPEB liability for the CERS Insurance Trust. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective 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 employers, actuarially determined. At June 30, 2023, the City’s non-hazardous proportion was 0.046903% and hazardous proportion was 0.075170%.

The amount recognized by the City as its proportionate share of the OPEB liability that was associated with the District was as follows:

City’s non-hazardous proportionate share of the CERS medical insurance liability	\$ (64,757)
City’s hazardous proportionate share of the CERS medical insurance liability	<u>99,369</u>
Total CERS medical insurance liability associated with the City	<u>\$ 34,612</u>

For the year ended June 30, 2024, the City recognized a reduction in non-hazardous and hazardous OPEB expense of \$130,600 and \$45,291, respectively. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Non-hazardous		Hazardous	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 45,146	\$ 919,491	\$ 8,988	\$ 409,669
Changes in assumptions	127,438	88,812	67,850	103,588
Net difference between projected and actual earnings on pension plan investments	-	15,029	-	13,685
Changes in proportion and differences between City contributions and proportionate share of contributions	38,814	79,083	23,737	67,659
City contributions subsequent to the measurement date	<u>21,151</u>	<u>-</u>	<u>9,558</u>	<u>-</u>
Total	<u>\$ 232,549</u>	<u>\$ 1,102,415</u>	<u>\$ 110,133</u>	<u>\$ 594,601</u>

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE L – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

The City reported \$30,709 as deferred outflows of resources related to OPEB resulting from City non-hazardous and hazardous contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

	<u>Fiscal Year Ending June 30</u>	
	<u>Non-Hazardous</u>	<u>Hazardous</u>
2024	\$ (214,243)	\$ (95,188)
2025	\$ (271,888)	\$ (108,314)
2026	\$ (224,054)	\$ (90,453)
2027	\$ (180,832)	\$ (125,823)
2028	\$ -	\$ (74,248)

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

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30%-10.30%
Inflation rate	2.30%
Real Wage Growth	2.00%
Wage Inflation	2.00%
Healthcare cost trend rates	
Under 65	6.40% at January 1, 2023, decreasing to an ultimate rate of 4.05% over a period of 13 years
Ages 65 and Older	6.30% at January 1, 2023 decreasing to an ultimate rate of 4.05% over a period of 13 years
Municipal Bond Index Rate	3.86%
Discount Rate	5.93% and 5.97% for non-hazardous and hazardous

Mortality rates used for active members is PUB-2010 General (non-hazardous) Mortality Tables projected with ultimate rates from the MP-2014 mortality scale using a base year of 2010. For healthy retired members and beneficiaries, System-specific mortality table based on mortality experience from 2018-2022 projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table projected with a 4-year set-forward for both males and females with ultimate rates from the MP-2014 mortality scale using a base year of 2019 is used for the period after disability retirement.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE L– OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS’s investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Specialty Credit/High Yield	10.00%	3.65%
Core Bonds	10.00%	2.45%
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Cash	0.00%	1.39%
Total	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total OPEB liability was 5.93% for non-hazardous and 5.97% for hazardous. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the City’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.93% for non-hazardous and 5.97% for hazardous, as well as what the City’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.93% for non-hazardous and 4.97% for hazardous) or 1-percentage-point higher (6.93% for non-hazardous and 6.97% for hazardous) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS			
Non-hazardous’ proportionate share of net OPEB liability	\$ 121,525	\$ (64,757)	\$ (220,746)
Hazardous’ proportionate share of net OPEB liability	\$ 251,306	\$ 99,369	\$ (27,235)

Sensitivity of the City’s proportionate share of the collective 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 healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Non-hazardous’ proportionate share of net OPEB liability	\$ (207,559)	\$ (64,757)	\$ 110,661
Hazardous’ proportionate share of net OPEB liability	\$ 1,132	\$ 99,369	\$ 218,010

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE M – DISCLOSURES REGARDING STATEMENT OF CASH FLOWS

Accounting Policy

For purposes of the Statement of Cash Flows, cash includes all restricted and unrestricted highly liquid debt instruments with maturities of three months or less.

Supplemental Disclosure of Cash Flow Information

Cash paid for interest expense during the year ended June 30, 2024 was \$20,341 for the City and \$63,478 for the Municipal System.

NOTE N – CONCENTRATION OF CUSTOMERS

The Calvert City Municipal Water and Sewer System provides service to five significant commercial and industrial customers. These customers accounted for \$863,350 of total revenue for the year ended June 30, 2024. The City of Calvert receives approximately 60% of its payroll tax revenue from 8 industrial employers. Loss of these revenues would have a significant impact.

NOTE O – RISK MANAGEMENT

The City and the Calvert City Municipal Water & Sewer System are exposed to various risks of loss including, but not limited to property, casualty, general liability, auto liability, public officials' liability, employees' health and life, and workers compensation.

To limit exposure to these risks, the City and the Calvert City Municipal Water & Sewer System contracts for insurance coverage. During the year ended June 30, 2024, there were no significant reductions in insurance coverage. There have been no significant settlement amounts, if any, which exceed insurance coverage in the past two years. The City and Municipal System are not aware of any claims outstanding as of June 30, 2024.

NOTE P – COMMITMENTS AND CONTINGENCIES

Federal and State Grants

The City and Municipal System, on behalf of the City, receives grant funds from various federal and state government agencies to be used for designated purposes only. The grant programs are subject to audit by agents of the granting authorities to ensure compliance with conditions surrounding the granting of funds. If the grantor's review indicates the funds have not been used for the intended purpose, the grantor may request refund of funds advanced or refuse to reimburse the City for its expenditures. Management does not consider the amount of such future refunds and unreimbursed expenditures, if any, to be significant. Continuation of the City's grant programs is predicated upon the grantor's satisfaction that the funds provided are spent as intended and the grantor's intent to continue their programs.

NOTE Q - RESTRICTED NET POSITION

The following is a summary of restricted net position at June 30, 2024:

Special Revenue Funds		Proprietary Fund	
Street improvements	\$ 395,213	Capital projects	\$ 40,500
Coal severance	33,461	Debt service	104,599
	\$ 428,674		\$ 145,099

NOTE R – TAX ABATEMENTS

The Kentucky Business Investment (KBI) Program, KRS 154.32 provides income tax credits and wage assessments to new and existing manufacturing companies, and non-retail service companies that locate or expand operations in Kentucky. The Program can be set to last up to 10 years. For the year ended June 30, 2024, the City did not rebate any employee local payroll taxes under this program.

**CITY OF CALVERT CITY, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

NOTE S – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 10, 2025, the date which the financial statements were available to be issued. Subsequent to year-end, the City reached an agreement with a contractor's surety bonding company due to performance issues on the Wastewater Treatment Plant improvements project. The City has retained another contractor to complete the project with estimated cost of \$2,441,249. The City expects to recover certain additional costs incurred to complete the project and will recognize the proceeds upon receipt. To date, the City has recovered \$726,054.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CALVERT CITY, KENTUCKY
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Total Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,795,000	\$ 4,554,400	\$ 4,894,886	\$ 340,486
Licenses and permits	460,000	467,840	542,408	74,568
Charges for services	227,000	237,000	271,449	34,449
Fines and forfeitures	3,500	3,500	11,003	7,503
Grants	215,000	215,000	58,183	(156,817)
Interest	212,440	212,440	422,669	210,229
Other	6,120	6,120	26,725	20,605
Total revenues	<u>4,919,060</u>	<u>5,696,300</u>	<u>6,227,323</u>	<u>531,023</u>
EXPENDITURES				
Current:				
General government	1,049,200	990,000	963,087	(26,913)
Public safety	1,491,901	1,532,000	1,313,042	(218,958)
Sanitation	343,460	355,000	349,130	(5,870)
Highway and streets	1,097,564	995,000	990,756	(4,244)
Parks and Cemetery	594,260	502,000	516,622	14,622
Economic development	248,750	240,000	239,892	(108)
Airport	119,000	124,650	157,491	32,841
Debt service:				
Principal	15,000	15,000	15,000	-
Interest	20,350	20,350	20,341	(9)
Capital Outlay	-	-	-	-
Total expenditures	<u>4,979,485</u>	<u>4,774,000</u>	<u>4,565,361</u>	<u>(208,639)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,425)</u>	<u>922,300</u>	<u>1,661,962</u>	<u>739,662</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(2,187,241)	(2,187,241)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,187,241)</u>	<u>(2,187,241)</u>	<u>-</u>
Net change in fund balances	(60,425)	(1,264,941)	(525,279)	739,662
Fund balances - beginning	<u>7,255,741</u>	<u>7,255,741</u>	<u>7,255,741</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,195,316</u>	<u>\$ 5,990,800</u>	<u>\$ 6,730,462</u>	<u>\$ 739,662</u>

See auditors report on pages 1-3.

CITY OF CALVERT CITY, KENTUCKY
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Municipal Aid Fund
For the Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Total Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 53,795	\$ (1,205)
Interest	6,000	18,500	19,413	913
Other	-	-	-	-
Total revenues	<u>61,000</u>	<u>73,500</u>	<u>73,208</u>	<u>(292)</u>
EXPENDITURES				
Capital outlay	<u>300,000</u>	-	-	-
Total expenditures	<u>300,000</u>	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>(239,000)</u>	<u>73,500</u>	<u>73,208</u>	<u>(292)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(239,000)	73,500	73,208	(292)
Fund balances - beginning	<u>322,006</u>	<u>322,006</u>	<u>322,006</u>	-
Fund balances - ending	<u>\$ 83,006</u>	<u>\$ 395,506</u>	<u>\$ 395,214</u>	<u>\$ (292)</u>

See auditors report on pages 1-3.

CITY OF CALVERT CITY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TO COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

Year Ended June 30	City's proportion of the net pension liability	City's proportionate share of the net pension liability (asset)	City's covered employee payroll	City's share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
<u>CERS Nonhazardous</u>					
2024	4.6905%	\$ 3,009,663	\$ 1,361,528	221.0504%	57.4759%
2023	0.0477%	\$ 3,451,348	\$ 1,320,203	261.4256%	52.4175%
2022	0.0528%	\$ 3,368,773	\$ 1,349,596	249.6134%	57.3282%
2021	0.0487%	\$ 3,735,096	\$ 1,247,410	299.4281%	47.8139%
2020	0.0480%	\$ 3,372,486	\$ 1,209,560	278.8192%	50.4470%
2019	0.0456%	\$ 2,776,083	\$ 1,117,897	248.3308%	53.5420%
2018	0.0469%	\$ 2,746,840	\$ 1,141,459	240.6429%	53.3249%
2017	0.0483%	\$ 2,377,955	\$ 1,167,684	203.6471%	55.5028%
2016	0.0458%	\$ 1,970,629	\$ 1,081,582	182.1988%	59.9684%
2015	0.0484%	\$ 1,571,402	\$ 1,025,235	153.2724%	66.8010%
<u>CERS Hazardous</u>					
2024	0.0726%	\$ 1,958,450	\$ 508,123	385.4283%	52.9596%
2023	0.0752%	\$ 2,294,940	\$ 489,789	468.5572%	47.1123%
2022	0.0838%	\$ 2,230,756	\$ 501,180	445.1008%	52.2617%
2021	0.0809%	\$ 2,437,681	\$ 472,367	516.0566%	44.1116%
2020	0.0747%	\$ 2,063,020	\$ 425,339	485.0296%	46.6327%
2019	0.0776%	\$ 1,876,577	\$ 432,241	434.1506%	49.2645%
2018	0.0616%	\$ 1,378,589	\$ 340,877	404.4242%	49.7836%
2017	0.0736%	\$ 1,263,479	\$ 389,413	324.4573%	53.9483%
2016	0.0607%	\$ 931,646	\$ 311,161	299.4096%	57.5152%
2015	0.0675%	\$ 811,232	\$ 341,885	237.2821%	63.4574%

* The amounts presented were determined as of the plan's measurement date June 30 of the prior year.

**CITY OF CALVERT CITY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS
TO COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS***

Year Ended June 30	Contractually required contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	City's covered employee payroll	Contributions as a percentage of covered employee payroll
<u>CERS Nonhazardous</u>					
2024	\$ 337,483	\$ 337,483	\$ -	\$ 1,445,941	23.3400%
2023	\$ 318,598	\$ 318,598	\$ -	\$ 1,361,528	23.4000%
2022	\$ 283,850	\$ 283,850	\$ -	\$ 1,320,203	21.5005%
2021	\$ 260,473	\$ 260,473	\$ -	\$ 1,349,596	19.3001%
2020	\$ 240,750	\$ 240,750	\$ -	\$ 1,247,410	19.3000%
2019	\$ 196,190	\$ 196,190	\$ -	\$ 1,209,560	16.2199%
2018	\$ 164,108	\$ 164,108	\$ -	\$ 1,117,897	14.6801%
2017	\$ 158,957	\$ 158,957	\$ -	\$ 1,141,459	13.9258%
2016	\$ 145,295	\$ 145,295	\$ -	\$ 1,167,684	12.4430%
2015	\$ 136,843	\$ 136,843	\$ -	\$ 1,081,582	12.6521%
<u>CERS Hazardous</u>					
2024	\$ 167,009	\$ 167,009	\$ -	\$ 406,248	41.1101%
2023	\$ 217,527	\$ 217,527	\$ -	\$ 508,123	42.8099%
2022	\$ 165,843	\$ 165,843	\$ -	\$ 489,789	33.8601%
2021	\$ 150,617	\$ 150,617	\$ -	\$ 501,180	30.0525%
2020	\$ 141,994	\$ 141,994	\$ -	\$ 472,367	30.0601%
2019	\$ 105,740	\$ 105,740	\$ -	\$ 425,339	24.8602%
2018	\$ 95,957	\$ 95,957	\$ -	\$ 432,241	22.1999%
2017	\$ 73,841	\$ 73,841	\$ -	\$ 340,877	21.6621%
2016	\$ 75,695	\$ 75,695	\$ -	\$ 389,413	19.4382%
2015	\$ 65,587	\$ 65,587	\$ -	\$ 311,161	21.0782%
2014	\$ 64,954	\$ 64,954	\$ -	\$ 341,885	18.9988%

**Notes to Required Supplementary Information
For the Year Ended June 30, 2023**

Changes of Benefit Terms:

None

Changes of assumptions:

The assumptions were updated as of result of an experience study for the four year period ending June 30, 2022.

The amortization period of the unfunded accrued liability was reset to a closed 30 year period for the year ended June 30, 2019.

The discount rate changed to 6.50% from 6.25% at the prior measurement date.

The inflation rate remained unchanged from at 2.30% from the prior measurement date.

Projected salary increases of 3.30% - 10.30% for non-hazardous and 3.55% - 19.05% for hazardous.

CITY OF CALVERT CITY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET MEDICAL INSURANCE LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

Year Ended June 30	City's proportion of the net OPEB liability	City's proportionate share of the net OPEB liability (asset)	City's covered payroll	City's share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
<u>CERS Nonhazardous</u>					
2024	0.0469%	\$ (64,757)	\$ 1,361,528	-4.7562%	104.2348%
2023	0.0477%	\$ 942,057	\$ 1,320,203	71.3570%	60.9476%
2022	0.0528%	\$ 1,011,308	\$ 1,349,596	74.9341%	62.9072%
2021	0.0487%	\$ 1,175,571	\$ 1,247,410	94.2409%	51.6704%
2020	0.0479%	\$ 806,329	\$ 1,209,560	66.6630%	60.4382%
2019	0.0456%	\$ 809,264	\$ 1,117,897	72.3916%	57.6218%
2018	0.0469%	\$ 943,413	\$ 1,141,459	82.6497%	52.3940%
<u>CERS Hazardous</u>					
2024	0.0726%	\$ 99,369	\$ 508,123	19.5561%	92.2743%
2023	0.0752%	\$ 640,287	\$ 489,789	130.7272%	64.1271%
2022	0.0838%	\$ 677,524	\$ 501,180	135.1858%	66.8131%
2021	0.0808%	\$ 746,918	\$ 472,367	158.1224%	58.8413%
2020	0.0747%	\$ 552,453	\$ 425,339	129.8853%	64.4396%
2019	0.0776%	\$ 553,242	\$ 432,241	127.9939%	64.2437%
2018	0.0616%	\$ 509,387	\$ 340,877	149.4343%	58.9878%

* The amounts presented were determined as of the plan's measurement date June 30 of the prior year.

* Schedule is intended to show information for 10 years. Additional years of supplementary information will be provided as this information becomes available.

CITY OF CALVERY CITY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S CONTRIBUTIONS - MEDICAL INSURANCE PLAN
COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*

Year Ended June 30	Contractually required OPEB contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
<u>CERS Nonhazardous</u>					
2024	\$ -	\$ -	\$ -	\$ 1,445,941	0.0000%
2023	\$ 46,156	\$ 46,156	\$ -	\$ 1,361,528	3.3900%
2022	\$ 71,945	\$ 71,945	\$ -	\$ 1,320,203	5.4495%
2021	\$ 64,241	\$ 64,241	\$ -	\$ 1,349,596	4.7600%
2020	\$ 59,377	\$ 59,377	\$ -	\$ 1,247,410	4.7600%
2019	\$ 63,623	\$ 63,623	\$ -	\$ 1,209,560	5.2600%
2018	\$ 53,267	\$ 53,267	\$ -	\$ 1,117,897	4.7649%
2017	\$ 53,898	\$ 53,898	\$ -	\$ 1,141,459	4.7219%
<u>CERS Hazardous</u>					
2024	\$ 9,234	\$ 9,234	\$ -	\$ 406,248	2.2730%
2023	\$ 34,451	\$ 34,451	\$ -	\$ 508,123	6.7801%
2022	\$ 51,281	\$ 51,281	\$ -	\$ 489,789	10.4700%
2021	\$ 47,700	\$ 47,700	\$ -	\$ 501,180	9.5175%
2020	\$ 44,969	\$ 44,969	\$ -	\$ 472,367	9.5199%
2019	\$ 44,576	\$ 44,576	\$ -	\$ 425,339	10.4801%
2018	\$ 40,415	\$ 40,415	\$ -	\$ 432,241	9.3501%
2017	\$ 31,802	\$ 31,802	\$ -	\$ 340,877	9.3295%

* Schedule is intended to show information for 10 years. Additional years of supplementary information will be provided as this information becomes available.

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Changes of Benefit Terms:

None

Changes of assumptions:

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2023:

Valuation date	June 30, 2021
Experience study	June 30, 2018 - 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30-year closed period at June 30, 2019
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Payroll growth rate	2.00%
Investment Return	6.25%
Inflation	2.30%
Single discount rate	5.93% and 5.97% for non-hazardous and hazardous; increase from 5.70% and 5.61%
Mortality	System-specific mortality table based on mortality experience from 2018-2022, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare trend rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare trend rates (Post-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

SUPPLEMENTAL INFORMATION

CITY OF CALVERT CITY, KENTUCKY
Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue Funds	Total Nonmajor Governmental Funds
	LGEA Coal Severance	Funds
ASSETS		
Cash - restricted	\$ 33,460	\$ 33,460
Total assets	33,460	33,460
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	-	-
Total liabilities	-	-
Fund balances:		
Restricted:		
Program purposes	33,460	33,460
Total liabilities and fund balances	\$ 33,460	\$ 33,460

See auditors report on pages 1-3.

CITY OF CALVERT CITY, KENTUCKY
Statement of Revenues,
Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds	Total Nonmajor Governmental Funds
	LGEA Coal Severance	Funds
REVENUES		
Intergovernmental	\$ -	\$ -
Interest income	1,702	1,702
Total revenues	1,702	1,702
EXPENDITURES		
Current:		
Capital outlay	-	-
Total expenditures	-	-
Excess (deficiency) of revenues over (under) expenditures	1,702	1,702
Net change in fund balances	1,702	1,702
Fund balances - beginning	31,758	31,758
Fund balances - ending	\$ 33,460	\$ 33,460

See auditors report on pages 1-3.



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

Honorable Gene Colburn, Mayor
Members of the City Council
City of Calvert City
Calvert 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Calvert City, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Calvert City, Kentucky's basic financial statements, and have issued our report thereon dated February 10, 2025.

Internal Control Over Financial Reporting

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

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.

Kemper CPA Group, LLP

Paducah, Kentucky
February 10, 2025