

CITY OF CAMPBELLSVILLE, KENTUCKY

BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor,
City Council and City Clerk of
City of Campbellsville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of City of Campbellsville, Kentucky (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Honorable Mayor,
City Council and City Clerk
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the City's proportionate share of net pension, and net OPEB liability schedules, and the schedules of pension and OPEB contributions on pages 3 through 8 and pages 39 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 obtained during our audit of basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The additional information shown on pages 54 through 55 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The additional information shown on pages 54 through 55 are the responsibility of management and were derived from and relate directly to the underlying accounting and records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards accepted in the United States of America. In our opinion, the information found on pages 54 through 55 are fairly stated in all material respects in relation to the 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 September 19, 2022 on our consideration of the City of Campbellsville, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Campbellsville, Kentucky's internal control over financial reporting and compliance.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Certified Public Accountants

Campbellsville, Kentucky
September 19, 2022

CITY OF CAMPBELLSVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
June 30, 2021

The discussion and analysis of the City of Campbellsville's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the fiscal year ending June 30, 2021 by \$24.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City of Campbellsville's basic financial statements. The City of Campbellsville's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Campbellsville's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City of Campbellsville's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Campbellsville is improving or deteriorating. The Statement of Net position combines and consolidates governmental funds' current financial resources (short-term resources available for spending) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the Statement of Net position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

Governmental Activities—Most of the City's basic services are reported here, including the police, fire, rescue, planning and development, parks and recreation, and general administration. Property taxes, occupational tax and insurance premiums, provides revenue for most of these activities.

Business type Activities—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds—governmental and proprietary—utilize different accounting approaches.

Governmental funds—The majority of 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. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long term effect of the government's near term financing decisions. The relationships or difference between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City of Campbellsville maintains three individual governmental funds. They are all combined in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.

Proprietary funds—The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's budgetary comparative information for the general fund.

THE CITY AS A WHOLE—Government-wide Financial Analysis

The City's combined net position was \$22 million as of June 30, 2021 as compared to \$24.1 million at June 30, 2020. The largest component of the City's net position (150 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Total restricted assets are 4.7 million, the largest component (4.03 million) related to the debt liabilities of the City.

Summary of Net Position
 June 30, 2021

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and Other Assets	\$ 6,541,988	\$ 5,580,447	\$ 6,371,355	\$ 6,071,681	\$ 12,913,343	\$ 11,652,128
Capital Assets	4,855,513	5,220,681	47,545,229	47,918,396	52,400,742	53,139,077
Total Assets	11,397,501	10,801,128	53,916,584	53,990,077	65,314,085	64,791,205
Deferred Outflows of Resources	5,067,434	5,673,838	1,671,290	1,649,166	6,738,724	7,323,004
Total Deferred Outflows	5,067,434	5,673,838	1,671,290	1,649,166	6,738,724	7,323,004
Liabilities:						
Long-term Liabilities	22,004,897	20,494,191	23,005,594	23,005,594	45,010,491	43,499,785
Other Liabilities	777,199	933,292	1,672,621	1,597,342	2,449,820	2,530,634
Total Liabilities	22,782,096	21,427,483	24,678,215	24,602,936	47,460,311	46,030,419
Deferred Inflow of Resources	1,591,253	1,693,506	732,308	841,192	2,341,206	2,341,206
Total Deferred Inflows	1,591,253	1,693,506	732,308	841,192	2,341,206	2,341,206
Net Position:						
Invested in Capital Assets						
Net of Related Debt	2,783,701	2,920,380	30,283,356	30,613,351	33,067,057	33,533,731
Restricted	612,943	192,338	4,093,753	3,756,502	4,706,696	3,948,840
Unrestricted	(11,305,058)	(9,758,741)	(4,199,660)	(3,586,877)	(15,504,718)	(13,345,618)
Total Net Position	\$(7,908,414)	\$(6,646,023)	\$30,177,449	\$30,782,976	\$22,269,035	\$24,136,953

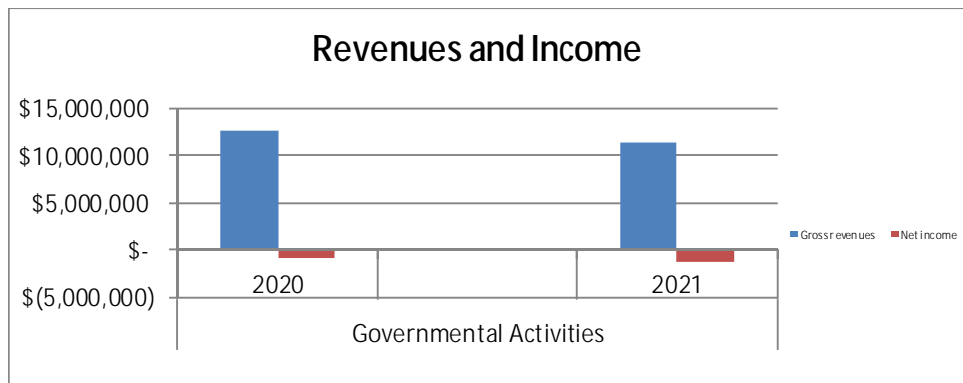
Governmental Activities

The City's general revenues increased by \$74,368 compared to the prior year. The increase is spread over numerous revenue streams.

General Revenues

	2021	2020	Increase/ (Decrease)
Taxes	\$5,977,684	\$6,040,829	\$ (63,145)
Franchise fees and Permits	631,823	590,802	41,021
Other Income/(Expense)	693,120	843,174	(150,054)
Total General Revenue	\$7,302,627	\$7,474,804	\$ (172,178)

The following chart shows the Governmental Activities gross revenues as compared to net income for the years June 30, 2021 and 2020.



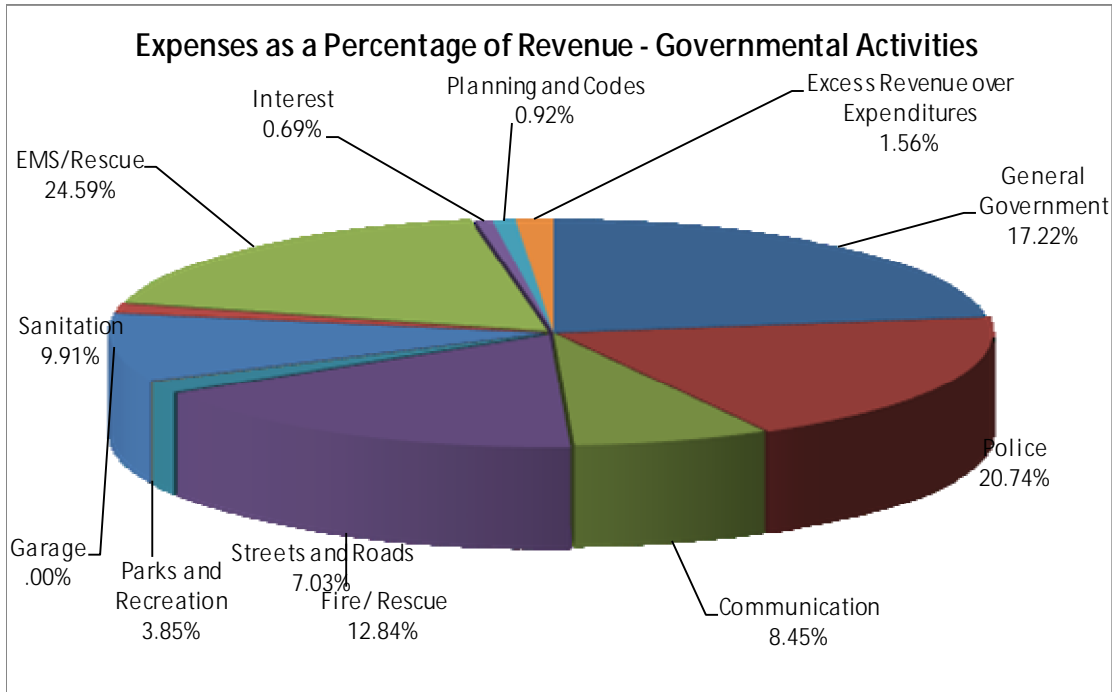
Governmental and Business type activities decreased the City's net position by \$2.07 million. The key elements of this increase are as follows:

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues						
Charges for Services	\$ 2,530,879	\$ 2,872,917	\$ 6,460,299	\$ 6,319,861	\$ 8,991,178	\$ 9,192,778
Operating Grants and Contributions	1,122,431	1,148,075	0	-	1,122,431	1,148,075
Capital Grants and Contributions	459,616	1,222,270	172,052	1,021,016	631,668	2,243,286
General Revenues						
Taxes	5,977,684	6,040,828	-	-	5,977,684	6,040,828
Franchise Fees/Permits	631,823	590,802	-	-	631,823	590,802
Other Income	693,120	843,174	119,679	106,222	812,799	949,396
TOTAL REVENUES	11,415,553	12,718,066	6,752,030	7,447,099	18,167,583	20,165,165
EXPENSES						
General Government	2,926,552	2,189,960	-	-	2,926,552	2,189,960
Police	2,464,627	2,637,911	-	-	2,464,627	2,637,911
Communication	937,969	1,074,881	-	-	937,969	1,074,881
Fire / Rescue	2,192,702	1,632,773	-	-	2,192,702	1,632,773
EMS/Rescue	2,325,962	3,126,810	-	-	2,325,962	3,126,810
Streets and Roads	215,304	893,988	-	-	215,304	893,988
Planning and Codes	109,160	116,825	-	-	109,160	116,825
Recreation and Parks	6,111	489,840	-	-	6,111	489,840
Public Works	1,253,909	-	-	-	1,253,909	-
Sanitation and Landfill	166,323	1,260,873	-	-	166,323	1,260,873
Interest	79,325	88,376	202,155	216,973	281,480	305,349
Water and Sewer	-	-	5,674,963	5,468,668	5,674,963	5,468,668
Depreciation	-	-	1,479,467	1,355,586	1,479,467	1,355,586
TOTAL EXPENSES	12,677,944	13,512,237	7,356,585	7,041,227	20,034,529	20,553,464
Increase in net assets before transfers	(1,262,391)	(794,171)	(604,555)	405,872	(1,866,946)	(388,299)
Transfers	-	-	-	-	-	-
Increase in Net Position	(1,262,391)	(794,171)	(604,555)	405,872	(1,866,946)	(388,299)
Net Position, July 1, restated	(6,646,023)	(5,851,852)	30,782,004	30,377,104	24,135,981	24,525,252
Net Position, June 30	<u>\$ (7,908,414)</u>	<u>\$ (6,646,023)</u>	<u>\$30,177,449</u>	<u>\$30,782,976</u>	<u>\$22,269,035</u>	<u>\$24,136,953</u>

The most significant governmental expenses for the City was in providing for public safety, which incurred expenses of \$7.9 million. These expenses were offset by revenues collected from a variety of sources, with the largest being from medic runs, which are \$1.6 million for the fiscal year ending June 30, 2021. The major components of public safety are police, communications, fire/rescue and EMS. Police accounted for \$2.5 million in public safety expense of which \$2.4 million was incurred for salary and benefits. Fire/rescue accounted for \$2.2 million in public safety expense, of which \$1.02 million was incurred for salary and benefits. EMS accounted for \$2.3 million in public safety expense of which \$1.4 million was for salary and benefits. Communications accounted for \$937,969 thousand in public safety expenses of which \$862,183 was for salary and benefits.

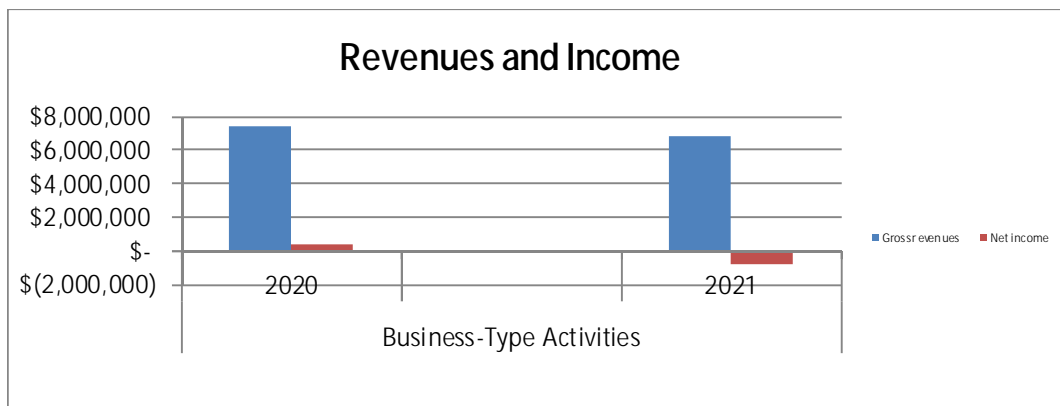
The following pie chart shows the Governmental Activities expenses as a percentage of revenue.



Business-type Activities

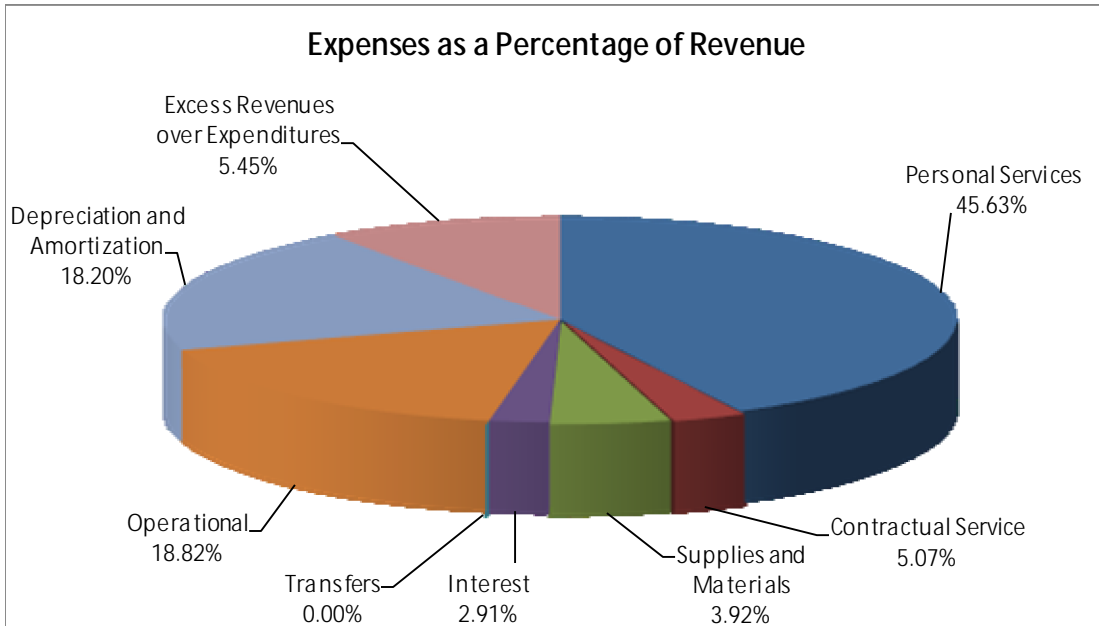
Operating revenues of the City's business-type activities were \$6.46 million for the fiscal year ending June 30, 2021. Operating expenses for the City's business-type activities were \$7.36 million for the year, resulting in net operating expenses over revenues of \$0.9 million before non-operating revenues and expenses, capital contributions, grants and extraordinary income.

The following graph shows the business-type activities gross revenues as compared to net income for the years ended June 30, 2021 and 2020.



The City's water and sewer system's most significant expenses were \$3.56 million in salaries and benefits.

The following pie chart shows the Water Company's expenses as a percentage of Revenue.



General Fund Budgetary Highlights

General Fund revenues exceeded budget by \$192,974.

Budgeted expenditures were \$1.26 million less than budgeted. Of this, general government expenses were \$1 million lower than budget, Fire/Rescue expenses exceeded budget by \$226,494 and EMS/Rescue expenses were \$61,293 than budgeted.

The city budget included a \$.528 million contingency.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2021, the City had \$32,861,294 net invested in a broad range of capital assets, as compared to \$33,533,731 in fiscal year 2020, including police, fire and rescue equipment, buildings, park facilities, and water and sewer lines.

Debt

At year-end, the City had \$19,548,150 in General Obligation Bonds, Notes and Capital Lease Obligations outstanding as compared to \$19,605,345 at June 30, 2020.

CURRENT ECONOMIC EVENTS

Beginning in fiscal year 2021-2022, the retirement contribution rates increased to 26.95% for non-hazardous and 44.33% for hazardous workers.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor, Diane Ford-Benningfield, at the City of Campbellsville, 110 South Columbia, Suite B, Campbellsville, KY 42718 or phone (270) 465-7011.

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

	Governmental Activities	Business Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,064,036	\$ 1,547,595	\$ 5,611,631
Accounts receivable, net of allowance	1,483,086	476,160	1,959,246
Other	298,396	-	298,396
Inventory	-	316,282	316,282
Restricted assets			
Cash and cash equivalents	696,470	4,031,318	4,727,788
Total current assets	6,541,988	6,371,355	12,913,343
Noncurrent assets:			
Land and construction in progress	2,524,613	1,121,241	3,645,854
Other capital assets, net of depreciation	2,330,900	46,423,988	48,754,888
Total noncurrent assets	4,855,513	47,545,229	52,400,742
Total assets	11,397,501	53,916,584	65,314,085
Deferred outflows of resources			
Bond Discount	11,920	9,903	21,823
CERS - OPEB	1,810,024	741,694	2,551,718
CERS - OPEB Contributions	313,518	84,505	398,023
CERS - Pension	2,038,462	752,919	2,791,381
CERS - Pension Contributions	893,510	342,636	1,236,146
Total deferred outflows of resources	5,067,434	1,931,657	6,999,091

See accompanying notes to financial statements.

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

	Governmental Activities	Business Type Activities	Total
Liabilities:			
Current liabilities:			
Accounts payable - trade	\$ 103,905	\$ 401,182	\$ 505,087
Accounts payable from restricted assets	50,687	-	50,687
Accrued payroll and related expenses	337,582	178,282	515,864
Customer deposits	-	169,445	169,445
Interest payable	-	30,588	30,588
Current portion of capital leases	133,512	-	133,512
Current portion of notes payable	106,513	724,335	830,848
Current portion of bonds payable	45,000	92,500	137,500
Current portion of compensated absences	-	76,289	76,289
Total current liabilities	<u>777,199</u>	<u>1,672,621</u>	<u>2,449,820</u>
Noncurrent liabilities:			
Noncurrent portion of capital leases	353,561	294,380	647,941
Noncurrent portion of notes payable	853,225	12,905,159	13,758,384
Noncurrent portion of bonds payable	580,000	3,245,500	3,825,500
Noncurrent portion of compensated absences	-	240,174	240,174
Net OPEB liability	4,794,058	1,596,597	6,390,655
Net pension liability	15,424,053	5,072,807	20,496,860
Total noncurrent liabilities	<u>22,004,897</u>	<u>23,354,617</u>	<u>45,359,514</u>
Total liabilities	<u>22,782,096</u>	<u>25,027,238</u>	<u>47,809,334</u>
Deferred inflows of resources			
Bond Premium	-	183,777	183,777
CERS - OPEB	927,435	328,214	1,255,649
CERS - Pension	663,818	131,563	795,381
Total deferred inflows of resources	<u>1,591,253</u>	<u>643,554</u>	<u>2,051,030</u>
Net position:			
Net investment in capital assets	2,783,701	30,283,356	33,067,057
Restricted for:			
Debt service	-	4,031,318	4,031,318
Employee benefits	612,943	62,435	675,378
Unrestricted	<u>(11,305,058)</u>	<u>(4,199,660)</u>	<u>(15,504,718)</u>
Total net position	<u>\$ (7,908,414)</u>	<u>\$30,177,449</u>	<u>\$22,269,035</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Expense	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental activities:							
General government	\$ 2,926,552	\$ 5,084	\$ 80,999	\$ 238,205	\$ (2,602,264)	\$ -	\$ (2,602,264)
Public safety:							
Police	2,464,627	41,130	110,692	-	(2,312,805)	-	(2,312,805)
Communication	937,969	-	-	-	(937,969)	-	(937,969)
Fire/ rescue	2,192,702	-	56,369	221,411	(1,914,922)	-	(1,914,922)
EMS	2,325,962	1,608,405	700,000	-	(17,557)	-	(17,557)
Streets and roads	215,304	-	-	-	(215,304)	-	(215,304)
Planning and codes	109,160	-	-	-	(109,160)	-	(109,160)
Recreation and parks	6,111	14,121	174,371	-	182,381	-	182,381
Public Works	1,253,909	-	-	-	(1,253,909)	-	(1,253,909)
Sanitation and landfill	166,323	862,139	-	-	695,816	-	695,816
Interest on long-term debt	79,325	-	-	-	(79,325)	-	(79,325)
Total governmental activities	12,677,944	2,530,879	1,122,431	459,616	(8,565,018)	-	(8,565,018)
Business-type activities							
Water	5,092,825	4,803,615	-	164,252	-	(124,958)	(124,958)
Sewer	2,263,759	1,656,683	-	7,800	-	(599,276)	(599,276)
Total business-type activities	7,356,584	6,460,298	-	172,052	-	(724,234)	(724,234)
Total government	\$ 20,034,528	\$ 8,991,177	\$ 1,122,431	\$ 631,668	(8,565,018)	(724,234)	(9,289,252)
General Revenues							
Taxes:							
Property taxes					1,338,353	-	1,338,353
Occupational					2,876,203	-	2,876,203
Insurance premium					1,763,128	-	1,763,128
Franchise fees/permits					631,823	-	631,823
Investment earnings					-	43,144	43,144
Gain (loss) on sale of assets					58,197	76,535	134,732
Other income					634,923	0	634,923
Total General Revenue and Special Items					7,302,627	119,679	7,422,306
Change in Net Position					(1,262,391)	(604,555)	(1,866,946)
Net Position - Beginning-restated					(6,646,023)	30,782,004	24,135,981
Net Position - Ending					\$ (7,908,414)	\$ 30,177,449	\$ 22,269,035

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General	Special Revenue	Totals - Memorandum Only June 30, 2021
	<u> </u>	<u> </u>	<u> </u>
Assets and resources:			
Cash and cash equivalents	\$ 4,064,036	\$ -	\$ 4,064,036
Receivables (net of allowances)			
Accounts, general	1,483,086	-	1,483,086
State of Kentucky	8,370	-	8,370
Other	85,447	204,579	290,026
Interfund receivable		-	-
Restricted cash	696,470	-	696,470
Total assets and resources	<u><u>\$ 6,337,409</u></u>	<u><u>\$ 204,579</u></u>	<u><u>\$ 6,541,988</u></u>
Liabilities and fund balance:			
Accounts payable	\$ 103,905	\$ -	\$ 103,905
Accrued payroll and related expenses	337,582	-	337,582
Accounts payable from restricted assets	50,687	-	50,687
Interfund Payable	-	-	-
Total liabilities	<u><u>492,174</u></u>	<u><u>-</u></u>	<u><u>492,174</u></u>
Fund balance			
Unassigned fund balance	<u>5,845,235</u>	<u>204,579</u>	<u>6,049,814</u>
Total fund balance	<u><u>5,845,235</u></u>	<u><u>204,579</u></u>	<u><u>6,049,814</u></u>
Total liabilities and fund balance	<u><u>\$ 6,337,409</u></u>	<u><u>\$ 204,579</u></u>	<u><u>\$ 6,541,988</u></u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balance per fund financial statements	\$ 6,049,814
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets are not reported in this fund financial statement because they are not current financial resource, but they are reported in the statement of net position.

Capital Assets, Net	\$ 4,855,513	4,855,513
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Deferred outflows, deferred inflows and certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.

Deferred Outflows	5,067,434	
Deferred Inflows	(1,591,253)	
Net OPEB liability	(4,794,058)	
Net pension liability	(15,424,053)	
Long-Term Debt Payable	<u>(2,071,811)</u>	<u>(18,813,741)</u>

Net position for governmental activities	<u><u>\$ (7,908,414)</u></u>
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CITY OF CAMPBELLSVILLE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 2021

	Governmental Fund Types		Totals - Memorandum Only June 30,
	General	Special Revenue	2021
Revenues			
Taxes			
Occupational tax	\$ 2,876,203	\$ -	\$ 2,876,203
Property	1,338,353	-	1,338,353
Insurance premium	1,763,128	-	1,763,128
Franchise fees/permits	631,823	-	631,823
Intergovernmental revenues	413,181	468,866	882,047
Charges for services	3,234,379	-	3,234,379
Other Income	634,923	-	634,923
Total revenues	<u>10,891,990</u>	<u>468,866</u>	<u>11,360,856</u>
Expenditures			
General government	2,055,614	432,660	2,488,274
Public safety:			
Police	1,777,871	40,177	1,818,048
Communication	764,882	25,662	790,544
Fire/ rescue	1,187,395	19,991	1,207,386
Planning and codes	82,274	-	82,274
Public Works	1,231,245	-	1,231,245
Sanitation and landfill	37,672	-	37,672
EMS	2,256,197	-	2,256,197
Debt service			
Principal retirement	302,941	-	302,941
Interest and fiscal charges	73,702	-	73,702
Total expenditures	<u>9,769,793</u>	<u>518,490</u>	<u>10,288,283</u>
Excess revenues over (under) expenditures	1,122,197	(49,624)	1,072,573
Other financing sources (uses)			
Transfers in	-	49,624	49,624
Transfers out	(49,624)	-	(49,624)
Sale of fixed assets	-	-	-
Total other financing sources (uses)	<u>(49,624)</u>	<u>49,624</u>	<u>(0)</u>
Excess of revenues and other sources over (under) expenditures and other uses	1,072,573	(0)	1,072,573
Fund balances - beginning of year	4,977,241	-	4,977,241
Fund balances - end of year	<u>\$ 6,049,814</u>	<u>\$ (0)</u>	<u>\$ 6,049,814</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in total fund balances per fund financial statements \$ 1,072,573

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

Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.

Depreciation Expense	\$ (745,808)	
Capital Outlays	<u>446,936</u>	(298,872)

The Proceeds from debt are not reported in this fund financial statement but they are presented as liabilities in the statement of net assets.

Proceeds from Long-Term Debt (net of bond discount)	(190,620)	(190,620)
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In the statement of activities the net gain on the sale/disposal of assets is reported, whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net assets differs from the change in fund balances by the cost of the assets sold/disposed.

Actual Proceeds from Sale of Assets	(124,494)	
Gain/(Loss) on Sale/Disposal of Assets	<u>58,197</u>	(66,297)

Generally, expenditures in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

Net OPEB liability	(1,052,310)	
Net pension liability	(641,824)	
Deferred outflows of resources	(606,404)	
Deferred inflows of resources	<u>102,253</u>	(2,198,285)

Debt service payments are recognized as expenditures of current financial resources in the governmental fund financial statement but are reductions of liabilities in the statement of net assets.

Note Payments	102,973	
Bond Payments	45,000	
Lease Payments	<u>271,136</u>	419,109

Rounding		<u>1</u>
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Change in net position of governmental activities		<u><u>\$ (1,262,391)</u></u>
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CITY OF CAMPBELLVILLE, KENTUCKY
 PROPRIETARY FUND
 CAMPBELLVILLE MUNICIPAL WATER AND SEWER SYSTEM
 STATEMENT OF NET POSITION
 June 30, 2021

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,547,595
Accounts receivable - trade (net of allowance)	476,160
Accounts receivable - other	0
Inventory	316,282
Restricted cash and cash equivalents	4,031,318
Total current assets	6,371,355
Noncurrent assets:	
Land and construction in progress	1,121,241
Capital assets net of accumulated depreciation	46,423,988
Total noncurrent assets	47,545,229
Total assets	53,916,584
Deferred outflows of resources:	
Debt Refunding	9,903
CERS - OPEB	741,694
CERS - OPEB contributions	84,505
CERS - Pension	752,919
CERS - Pension contributions	342,636
Total deferred outflows of resources	1,931,657
Liabilities:	
Current liabilities:	
Accounts payable - trade	401,182
Accrued payroll and related expenses	178,282
Customer deposits	169,445
Accrued interest	30,588
Current portion of notes payable	724,335
Current portion of bonds payable	92,500
Current portion of compensated absences	76,289
Total current liabilities	1,672,621
Noncurrent liabilities:	
Noncurrent portion of notes payable	12,905,159
Noncurrent portion of lease payable	294,380
Noncurrent portion of bonds payable	3,245,500
Noncurrent portion of compensated absences	240,174
Net OPEB liability	1,596,597
Net pension liability	5,072,807
Total noncurrent liabilities	23,354,617
Total liabilities	25,027,238

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
 PROPRIETARY FUND
 CAMPBELLSVILLE MUNICIPAL WATER AND SEWER SYSTEM
 STATEMENT OF NET POSITION, CONTINUED
 June 30, 2021

Deferred inflows of resources:	
Bond Premium	\$ 183,777
CERS - OPEB	328,214
CERS - pension	<u>131,563</u>
Total deferred inflows of resources	643,554
Net position	
Net investment in capital assets	30,283,356
Restricted for:	
Debt service	4,031,318
Employee benefits	62,435
Unrestricted	<u>(4,199,660)</u>
Total net position	<u><u>\$ 30,177,449</u></u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION - PROPRIETARY FUND
 For the Year Ended June 30, 2021

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 4,682,198	\$ 1,655,132	\$ 6,337,330
Service charges and other	122,378	591	122,969
Total operating revenues	<u>4,804,576</u>	<u>1,655,723</u>	<u>6,460,299</u>
Operating expenses:			
Personal service	2,300,405	1,258,976	3,559,381
Contractual service	111,977	141,620	253,597
Supplies and materials	319,870	92,295	412,165
Operational	1,086,192	363,628	1,449,820
Depreciation and amortization	1,072,228	407,239	1,479,467
Total operating expenses	<u>4,890,672</u>	<u>2,263,758</u>	<u>7,154,430</u>
Operating income (loss)	(86,096)	(608,035)	(694,131)
Non-operating revenues(expenses):			
Interest revenue	43,144	-	43,144
Interest expense and fiscal charges	(202,155)	-	(202,155)
Gain/(loss) on disposition of assets	76,535	-	76,535
Operating transfers out	-	-	-
Total non-operating revenue (expenses)	<u>(82,476)</u>	<u>-</u>	<u>(82,476)</u>
Net income (loss) before capital contributions and grants	(168,572)	(608,035)	(776,607)
Capital contributions	85,800	7,800	93,600
Grants	78,452	-	78,452
Total capital contributions and grants	<u>164,252</u>	<u>7,800</u>	<u>172,052</u>
Change in net position	(4,320)	(600,235)	(604,555)
Net position - beginning of year, Restated	<u>27,727,718</u>	<u>3,054,286</u>	<u>30,782,004</u>
Net position - end of year	<u>\$ 27,723,398</u>	<u>\$ 2,454,051</u>	<u>\$ 30,177,449</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2021

Cash flows from operating activities:	
Cash received from customers	\$ 6,556,021
Cash payments to employees for services	(2,894,658)
Customer deposits received	6,920
Customer deposits returned	-
Cash payments to suppliers for goods and services	(2,184,361)
Net cash provided/(used) by operating activities	<u>1,483,922</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets and construction in progress	(1,127,945)
Grants received	211,282
Disposal of capital assets net of gain	88,015
Increase in debt	544,253
Principal paid on bonds and notes	(587,424)
Interest paid on debt	(214,335)
Contributed capital	93,600
Transfers	-
Net cash provided/(used) by capital and related financing activities	<u>(92,554)</u>
Cash flows from investing activities:	
Interest	<u>43,144</u>
Net cash provided/(used) by investing activities	43,144
Net increase/(decrease) in cash and cash equivalents	
	534,512
Cash and cash equivalents – beginning of year	<u>5,044,401</u>
Cash and cash equivalents – end of year	<u>\$ 5,578,913</u>
Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents	\$ 1,547,595
Restricted cash and cash equivalents	<u>4,031,318</u>
Total cash and cash equivalents	<u>\$ 5,578,913</u>
Reconciliation of operating income (loss) to net cash provided/(used) for operating activities:	
Operating income (loss)	\$ (694,131)
Adjustments to reconcile operating income/(loss) to net cash provided/ (used) for operating activities:	
Depreciation and amortization	1,479,467
Change in Assets and Liabilities:	
(Increase)/decrease in accounts receivable	95,722
(Increase)/decrease in deferred outflows	(283,014)
(Increase)/decrease in inventory	6,286
Increase/(decrease) in accounts payable	(75,065)
Increase/(decrease) in salaries and accrued w/h taxes	(73,369)
Increase/(decrease) in compensated absences	-
Increase/(decrease) in customer deposits	6,920
Increase/(decrease) in net OPEB liability	542,987
Increase/(decrease) in net pension liability	666,042
Increase/(decrease) in deferred inflows	(187,923)
Total reconciling adjustments	<u>2,178,053</u>
Net cash provided/ (used) by operating activities	<u>\$ 1,483,922</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Campbellville, Kentucky operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, fire and rescue), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting policies and practices used by the City are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. For the most part, the effect of inter-fund activity has been removed from these statements. Certain eliminations have been made as prescribed by GASB Statement No 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. 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 Statement of Net Position presents the City's assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

None of the net position is restricted by enabling legislation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements consist of a series of statements focusing on information about the City's major governmental and proprietary funds. Separate financial statements are provided for governmental funds, and proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes are recognized as revenue in the year for which they have been levied, provided they are collected within 60 days after year-end.

The City has the following governmental funds:

The *General Fund* is the main operating fund of the City. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the City.

The *Special Revenue Fund* account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specific purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds.

The City has the following major proprietary funds:

Campbellsville Municipal Water and Sewer System

Enterprise Funds are used to account for operations (A) which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) 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 appropriated for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Position

Deposits and Investments - The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with an original maturity of three months or less from the date of acquisition. Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, federally insured savings accounts and certificates of deposits. Investments are carried at fair value. Deposits are carried at cost plus accrued interest. At June 30, 2021, the City has no investments.

Property Taxes - Property taxes are assessed on January 1 and levied on the subsequent November 1 for the fiscal year beginning on the levy date, at which time a lien is attached. These taxes are due and payable on November 1. All unpaid taxes levied November 1 become delinquent January 1 of the following year. Property tax is accounted for using the modified accrual basis of accounting.

Accounts Receivable and Unbilled Usage - Accounts receivable are recorded at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

CITY OF CAMPBELLVILLE, KENTUCKY
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Activity between funds outstanding at the end of the fiscal year is referred to as either “due to/from other funds” or “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Due From Other Governments - Due from other governments represents various shared revenues, grants, and reimbursements from other governments. Federal grant revenue is recognized when expenditures for the purpose of the grant have been incurred in the government-wide financial statements and as long as it meets the measurable and available criteria in the governmental fund statements.

Allowance for Doubtful Accounts – The Campbellsville Water & Sewer Company’s valuation method of estimating the allowance for doubtful accounts is based upon a percentage (3%) of total sales. The allowance for doubtful accounts for Campbellsville Water and Sewer Company at June 30, 2021 was \$190,138.

Inventories and Prepaid Items - Inventories of materials and supplies in the proprietary fund types are stated at cost (first-in, first-out). Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items.

Restricted Assets - Funds set aside for the payment of City enterprise revenue bonds are classified as restricted assets because their use is restricted by applicable bond indentures. Other restricted assets include funds for customer deposits restricted for application to unpaid customer accounts or for refund to customers. When both restricted and unrestricted resources are available for use, it is the City’s policy to use unrestricted resources first, and then restricted resources as they are needed.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. All land is reported regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City and its proprietary fund are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements other than buildings	5-40
Equipment	5-20
Meters	10-20
Storm/sanitary sewer	30-75
System infrastructure	20-75

Compensated Absences - The Proprietary Fund (Campbellsville Water and Sewer) employees accumulate a limited amount of earned but unused sick leave hours for subsequent use or for payment upon termination, retirement, or death. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Water Company’s past experience of making termination payments. The compensated absences liability, if any, has been computed based on rates of pay in effect as of June 30, 2021. The entire compensated absence liability is reported on the government-wide financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Long-Term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

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

The Campbellsville Municipal Water and Sewer System provide the annual debt service requirements on certain water and sewer revenue bonds issued by the City on behalf of the system to finance system improvements. Since the Campbellsville Municipal Water and Sewer System provides the annual debt service the bonds are considered to be obligations of the Campbellsville Municipal Water and Sewer System and are payable from the sale of water and sewer service provided to customers of the system, and have been reported on the balance sheet of the Campbellsville Municipal Water and Sewer System.

Postemployment Benefits Other Than OPEBs (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Kentucky Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balance Reserves

Beginning with fiscal year 2011, the City implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance- amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balances- amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance- amounts constrained to specific purposes by the City itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City takes the action to remove or change the constraint;
- Assigned fund balance- amounts the City intends to use for specific purpose (such as encumbrances); intent can be expressed by the City or by an official or body to which the City delegates the authority;
- Unassigned fund balances- amounts that are available for any purpose; positive amounts are reported only in the General Fund.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

Statement of Cash Flows—Cash Equivalents - For purposes of the statement of cash flows for the proprietary funds, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase they have a maturity date no longer than three months.

CITY OF CAMPBELLVILLE, KENTUCKY
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 2: BUDGET AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City of Campbellsville does not use encumbrance accounting.

Budgets were adopted for the following funds in accordance with generally accepted accounting principles (GAAP), compliance with federal and state programs and in accordance with the laws and regulations of the City:

General Fund
 Special Revenue

A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the General Fund is included in the required supplemental information. Budget comparisons for the budgeted non-major funds are included in other supplemental information. The Community Development Block Grant Fund has been budgeted over the life of the projects and, therefore, their financial activity has been omitted from the budget statement.

NOTE 3: DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy is to have all deposits secured by pledged securities.

At June 30, 2021, the carrying amount of the City’s cash and cash equivalents (cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less) was \$4,760,506 while the bank statements totaled \$4,804,862. Of the total bank balances, \$819,341 was insured by FDIC; collateral agreements were executed and collateral, with a FMV of \$3,619,365, was pledged and held by the pledging bank’s trust departments in the City’s name for the purpose of securing the remainder of the deposits.

At June 30, 2021, the carry amount of the Water Company’s cash and cash equivalents was \$5,578,913, while the bank statements totaled \$5,604,289. Of the total bank balances, \$750,032 was insured by FDIC; collateral agreements were executed and collateral, with a FMV of \$4,927,441 was pledged and held by the pledging bank’s trust departments in the Water Company’s name.

Due to the nature of the accounts and certain limitations on the use of the funds, each bank account within the following funds is considered to be restricted.

A detail of the City’s restricted cash is reported as follows:

	<u>Business Type</u>	<u>Governmental</u>
Debt Reserve Account	\$ 1,636,171	\$ -
Construction Account	878,654	-
Depreciation Replacement Account	827,498	-
USDA Reserve	209,658	-
Forcht Bank KIA Reserve Account	249,932	-
Customer Performance Deposit	137,754	-
Customer Escrow Security Deposit	29,118	-
Flexible Spending Account	5,231	22,857
HRA Insurance Account	3,808	2,001
Self-Insured Account	53,395	612,943
Bond Escrow Account	-	30,184
Bond Escrow Account	-	28,485
Hwy 55 Relocations	0	-
WTP Improvements Project	100	-
	<u>\$ 4,031,319</u>	<u>\$ 696,470</u>

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4: CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets tangible in nature, with an initial cost of more than \$1,000 and an estimated useful life in excess of two years. In the proprietary fund, a \$2,000 capitalization level is used for water and sewer line extensions. Assets are reported as historical cost or estimated historical cost of purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed.

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance at Beginning of Year	Transfers and Additions	Transfers and Deductions	Balance at End of Year
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated				
Land	\$ 2,524,613	\$ -	\$ -	\$ 2,524,613
Construction In Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>2,524,613</u>	<u>-</u>	<u>-</u>	<u>2,524,613</u>
Capital Assets Being Depreciated				
Buildings and Improvements	4,425,745	106,984	-	4,532,729
General Equipment and Vehicles	11,568,313	339,953	121,341	11,786,925
Total Capital Assets Being Depreciated	<u>15,994,058</u>	<u>446,937</u>	<u>121,341</u>	<u>16,319,654</u>
Less: Accumulated Depreciation				
Buildings and Improvements	3,580,081	-	-	3,580,081
General Equipment and Vehicles	9,717,909	745,808	55,044	10,408,673
Total Accumulated Depreciation	<u>13,297,990</u>	<u>745,808</u>	<u>55,044</u>	<u>13,988,754</u>
Total Capital Assets Being Depreciated, Net	<u>2,696,068</u>	<u>(298,871)</u>	<u>66,297</u>	<u>2,330,900</u>
Governmental Activities Capital Assets - Net	<u>\$ 5,220,681</u>	<u>\$ (298,871)</u>	<u>\$ 66,297</u>	<u>\$ 4,855,513</u>

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4: CAPITAL ASSETS, CONTINUED

	Balance at Beginning of Year	Transfers and Additions	Transfers and Deductions	Balance at End of Year
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated				
Land	\$ 758,368	\$ -	\$ -	\$ 758,368
Construction In Progress	10,286,352	362,872	10,286,352	362,872
Total Capital Assets, Not Being Depreciated	<u>11,044,720</u>	<u>362,872</u>	<u>10,286,352</u>	<u>1,121,240</u>
Capital Assets Being Depreciated				
Source of Supply	6,380,328	52,022	-	6,432,350
Buildings & Improvements	10,383,931	7,214,366	-	17,598,297
Machinery and Equipment	1,126,853	394,069	246,007	1,274,915
Water System	31,551,760	2,904,395	-	34,456,155
Sewer System	17,568,776	717,267	7,999	18,278,044
Total Capital Assets Being Depreciated	<u>67,011,648</u>	<u>11,282,119</u>	<u>254,006</u>	<u>78,039,761</u>
Less: Accumulated Depreciation				
Source of Supply	1,851,473	113,474	-	1,964,947
Buildings & Improvements	3,164,560	289,731	-	3,454,291
Machinery and Equipment	1,288,701	198,772	246,007	1,241,466
Water System	12,643,066	789,406	-	13,432,472
Sewer System	11,190,172	340,423	7,999	11,522,596
Total Accumulated Depreciation	<u>30,137,972</u>	<u>1,731,806</u>	<u>254,006</u>	<u>31,615,772</u>
Total Capital Assets Being Depreciated, Net	<u>36,873,677</u>	<u>9,550,313</u>	<u>-</u>	<u>46,423,989</u>
Business-Type Activities Capital Assets - Net	<u>\$ 47,918,396</u>	<u>\$ 9,913,185</u>	<u>\$10,286,352</u>	<u>\$ 47,545,229</u>

NOTE 5: OPERATING LEASES

As of June 30, 2021, the City had no operating leases.

NOTE 6: CAPITAL LEASES

The City has entered into agreements to lease various equipment and vehicles. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations.

The following schedule presents future minimum lease payments as of June 30, 2021.

Year Ending June 30:	City	Water & Sewer
2022	\$ 151,620	\$ 35,570
2023	125,866	35,570
2024	107,701	35,570
2025	76,175	35,570
2026	55,456	35,570
Thereafter	-	142,280
Total minimum lease payments	516,818	320,130
Less: Interest	<u>(29,745)</u>	<u>(25,750)</u>
Present Value of future minimum lease payments	<u>\$ 487,073</u>	<u>\$ 294,380</u>

Amortization of leased equipment and vehicles under capital assets is included with depreciation expense.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7: LONG-TERM DEBT

Revenue Bonds

On December 4, 2017, the City Council approved a new inter-local agreement in which the City and County split the balance of the EDA debt equally at \$714,859 each. As a result of the new inter-local agreement, the City issued revenue bonds of \$745,000. Bond principal and interest will be paid annually beginning June 30, 2019 with interest ranging from 1.250% - 3.450%. The City will deposit funds into a sinking fund monthly held by BYN Mellon Bank for debt service.

The City of Campbellsville and Campbellsville Water and Sewer have issued revenue bonds for various projects for the City. As of June 30, 2021, revenue bonds reported as liabilities of the City are:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances	
				Governmental Activities	Business-type Activities
2013	1,650,000	2054	2.50%	-	1,523,000
2020	1,850,000	2040	2.00% - 5.00%	-	1,815,000
2018A	745,000	2033	3.00% - 3.375%	625,000	-
<u>Total</u>				<u>625,000</u>	<u>3,338,000</u>
Amount due within one year				<u>\$ 45,000</u>	<u>\$ 92,500</u>

Notes Payable

In fiscal year ended June 30, 1999, the Campbellsville Water and Sewer Company funded a Water Line Project with a \$1,905,000 loan administered by the Kentucky Infrastructure Authority. Terms of the note require twenty-six annual principal payments with interest at 1.6% beginning June 30, 2004 and maturing June 30, 2029. The balance of the loan at June 30, 2021 is \$653,079.

In the fiscal year ended June 30, 2017 the Campbellsville Water and Sewer Company completed the construction phase of the North Water Tank project which is being administered by the United States Department of Agriculture Rural Development. Upon completion North Water Tank project was financed by a \$1,307,000 USDA note maturing January 1, 2055. Terms of the note require annual principal payments beginning January 1, 2018 with interest paid semi-annually @ 1.875%. The balance of the loan at June 30, 2021 is \$1,232,000.

The Campbellsville Water and Sewer Company's Downtown Water Line Project was funded with a loan administered by the Kentucky Infrastructure Authority. Exhibit A of the Project Specifics outlines the terms of financing up to \$1,218,750 to be paid with monthly installments including interest @ 1% beginning upon project completion. The balance of the loan at June 30, 2021 is \$936,457.

Campbellsville Water and Sewer completed construction of a one million gallon water storage tank, 40,000 linear feet of 12-inch transmission water main, and a 700 gallon water per minute booster pump station in the fiscal year ended June 30, 2018. This project enables the City of Campbellsville to sell potable water to the City of Lebanon. The project was financed by a 20 year loan with interest @ .75% from the Kentucky Infrastructure Authority. The balance of the loan at June 30, 2021 is \$7,758,101.

On March 5, 2020 the Campbellsville Water and Sewer Company issued General Obligation Refunding Bonds, Series 2020 reducing the present value of future debt service payments by \$220,766. The savings were due to improved municipal bond market conditions (i.e., lower interest rates) during the year. The proceeds of the Series 2020 bonds refunded 1,027,647 of Series 2000 KLC loan including interest of \$2,647, Series 2009 #91-08 and Series 2010 #91-10 USDA Rural Development Bonds in the amount of \$931,778 including interest of \$3,769 and \$2,209 respectively. The cost of issuance of \$76,704 was a current period expense and the bond premium of \$196,730 and Bond discount of \$10,600 will be amortized over the life of the bond issue.

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7: LONG-TERM DEBT, CONTINUED

As of June 30, 2021, annual debt service requirements for the Enterprise Fund (Campbellsville Water and Sewer) activity loans to maturity are as follows:

Fiscal Year	Revenue Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2022	92,500	101,831	724,335	102,074	1,020,740
2023	98,500	97,893	729,027	105,920	1,031,340
2024	104,500	93,681	733,759	99,712	1,031,652
2025	105,000	89,292	739,031	93,503	1,026,826
2026	111,000	84,303	743,844	77,110	1,016,257
2027-2031	885,000	337,183	3,562,230	342,580	5,126,993
2032-2036	562,500	206,266	3,434,155	211,285	4,414,206
2037-2041	598,500	135,753	2,292,613	98,788	3,125,654
2042-2046	265,000	84,729	206,000	55,415	611,144
2047-2051	307,500	49,541	242,500	34,753	634,294
2052	208,000	10,535	222,000	10,563	451,098
Total	<u>\$ 3,338,000</u>	<u>\$ 1,291,007</u>	<u>\$13,629,494</u>	<u>\$1,231,703</u>	<u>\$ 19,490,204</u>

For Campbellsville Water and Sewer Company, no Interest was capitalized during the fiscal year ended June 30, 2021; interest incurred and charged to expense totaled \$211,347.

In December 2011, the City purchased approximately 180 acres of what was formerly known as the Dowell property and financed the purchase with a 240 month commercial installment note dated December 21, 2011 with Taylor County Bank for \$1,500,000. Monthly payments are \$8,866.54 a month including a current interest rate of 3.5%. The balance of the loan at June 30, 2021 is \$925,304.

The City purchased a lot for \$150,000 to provide additional parking. The lot was financed by a 5-year note maturing July, 2022. Terms of the financing are monthly payments of \$2,695.30 including interest at 3% for 60 months beginning August, 2017. The balance of the loan at June 30, 2021 is \$34,434.

As of June 30, 2021, annual debt service requirements for the governmental activity loans to maturity are as follows:

Fiscal Year	Principal	Interest	Principal	Interest	Total
2022	45,000	18,927	106,513	32,228	202,668
2023	45,000	18,028	80,154	28,939	172,121
2024	45,000	17,060	80,189	26,209	168,458
2025	45,000	16,004	83,152	23,247	167,403
2026	50,000	14,810	462,932	69,061	596,803
2027-2032	275,000	52,245			
2033-2037	120,000	7,500	146,798	3,942	278,240
Total	<u>\$ 625,000</u>	<u>\$ 144,574</u>	<u>\$ 959,738</u>	<u>\$ 183,626</u>	<u>\$ 1,585,693</u>

For the City, no interest was capitalized during the fiscal year ended June 30, 2021; interest incurred and charged to expense totaled \$79,325

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7: LONG-TERM DEBT, CONTINUED

Long-term liabilities for the year ended June 30, 2021 was as follows:

	Beginning Balance June 30, 2020	Additions	Reductions	Ending Balance June 30, 2021	Amount Due Within One Year
Governmental Activities:					
Notes Payable	\$ 1,062,711	\$ -	\$ 102,973	\$ 959,738	\$ 106,513
Capital Leases Payable	567,589	190,620	271,136	487,073	133,511
Revenue Bonds Payable	670,000	-	45,000	625,000	45,000
Net OPEB Liability	3,741,748	1,052,310	-	4,794,058	-
Net Pension Liability	14,782,229	641,824	-	15,424,053	-
Long-term Liabilities	\$ 20,824,277	\$ 1,884,754	\$ 419,109	\$ 22,289,922	\$ 285,024
Business-type Activities:					
Revenue Bonds Payable	\$ 3,400,000	\$ -	\$ 62,000	\$ 3,338,000	\$ 92,500
Notes Payable	13,843,959	310,959	525,424	13,629,494	724,335
Capital Lease Payable	61,086	233,294	-	294,380	-
Compensated Absences	316,463	-	-	316,463	76,289
Net OPEB Liability	1,053,610	542,987	-	1,596,597	-
Net Pension Liability	4,406,765	666,042	-	5,072,807	-
Long-term Liabilities	\$ 23,081,883	\$ 1,753,282	\$ 587,424	\$ 24,247,741	\$ 893,124

NOTE 8: PENSION AND RETIREMENT SYSTEMS

General information about the County Employees retirement system Hazardous & Non-Hazardous (“CERS”)

Plan description – Employees of the City and Campbellville Water and Sewer Company are covered by the 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 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, employees are grouped into three tiers, based on hire date:

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

CITY OF CAMPBELLVILLE, KENTUCKY
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

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

Contributions – Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The City's contribution requirement for CERS for the years ended June 30, 2021, 2020, and 2019 was \$893,510, \$948,280, and \$830,527 from the City and \$200,821, \$261,108, and \$254,687 from employees. The total covered payroll for CERS during the years ended June 30, 2021, 2020 and 2019 was \$4,016,429, \$4,329,004, and \$4,432,983.

The Campbellsville Water and Sewer Company (Company) contribution requirement for CERS for the years ended June 30, 2019, 2018, and 2017 was \$320,512, \$257,065, and 231,974 from the Company and \$83,034 \$79,243 and 80,102 from employees. The total covered payroll for CERS during the years ended June 30, 2020, 2019 and 2018 was \$1,660,684, \$1,584,861, and \$1,602,034.

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

City of Campbellsville

At June 30, 2021, the City reported a liability of \$8,030,480 for its non-hazardous proportionate share of the net pension liability for CERS and a liability of \$7,393,573 for its hazardous proportionate share of the net pension liability for a total net pension liability for the City of \$15,424,053 at June 30, 2021. The net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2020, the City's non-hazardous proportion was .104701% percent and the City's hazardous proportion was .245224%.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

For the year ended June 30, 2021, the City recognized pension expense of \$2,615,397. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 429,558	\$ -
Changes of assumptions	593,983	-
Net difference between projected and actual earnings on pension plan investments	628,080	260,568
Changes in proportion and differences between City contributions and proportionate share of contributions	386,841	403,250
City contributions subsequent to the measurement date	893,510	-
Total	\$ 2,931,972	\$ 663,818

\$893,510 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	773,404
2023	356,350
2024	116,532
2025	128,358

Campbellsville Water and Sewer

At June 30, 2021, Campbellsville Water and Sewer (Company) reported a liability of \$5,072,807 for its proportionate share of the net pension liability for CERS. The net pension liability for each plan was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Company'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, 2020, the Company's proportion was 0.066139%.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

For the year ended June 30, 2021, the Company recognized pension expense of \$738,092. At June 30, 2021, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 126,500	\$ -
Changes of assumptions	198,085	-
Net difference between projected and actual earnings on pension plan investments	219,889	92,949
Changes in proportion and differences between Company contributions and proportionate share of contributions	208,445	38,614
Company contributions subsequent to the measurement date	342,636	-
Total	\$ 1,095,555	\$ 131,563

\$342,636 reported as deferred outflows of resources related to pensions resulting from Company contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	301,424
2023	197,222
2024	71,727
2025	50,983

Actuarial assumptions—the total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	CERS
Inflation	2.30%
Payroll growth rate	2.00%
Projected salary increases	3.05%
Investment rate of return, net of investment expense & inflation	6.25%

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disability Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

CITY OF CAMPBELLVILLE, KENTUCKY
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

The actuarial assumptions used in the June 30, 2018 valuation were based on an actuarial experience study for the period July 1, 2008-June-June 30, 2013.

Long-term rate of return: The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering July 1, 2010 – June 30, 2015 adopted by the Board on November 19, 2016. 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 weighting 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.

Discount rate—The projection of cash flows used to determine the discount rate of 6.25% assumes that the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate—The following table present the net pension liability of the City and the Campbellsville Water and Sewer Company, calculated using the discount rates selected by CERS, as well as what the City and the Campbellsville Water and Sewer Company'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	5.25%	6.25%	7.25%
City's proportionate share of net pension liability-non hazardous	\$9,903,329	\$ 8,030,480	\$6,479,690
City's proportionate share of net pension liability- hazardous	\$9,137,404	\$ 7,393,573	\$5,970,147
Campbellsville Water and Sewer's proportionate share of net pension liability	\$6,255,874	\$ 5,072,807	\$4,093,181

Pension plan fiduciary net positions—detailed information about the pension plan's fiduciary net position is available in the financial report of CERS.

DEFERRED COMPENSATION:

The City also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The City does not contribute to these plans. For the year ended June 30, 2020, employees contributed approximately \$40,450 to the plan.

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 - POST EMPLOYMENT BENEFIT PLAN

General Information about the OPEB Plan – CERS

Medical Insurance Plan

Plan description - Employees whose positions do not require a degree beyond a high school diploma are covered by the Kentucky Retirement Systems' Insurance Fund, a component of the 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 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 – To be eligible for medical benefits, the member must have retired either for service or disability. The Kentucky Retirement Systems' Insurance Fund offers coverage for eligible members receiving benefits from KERS, CERS, and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance based on years of service.

Contributions – In order to fund the post-retirement healthcare benefit, for Tier 1 plan members (those participating prior to September 1, 2008) 5.26% of the gross annual payroll of members is contributed, all of which is paid by the District. For Tier 2 plan members (those participating on, or after September 1, 2008 and before January 1, 2014 an additional 1% of the gross annual payroll is contributed by the plan member. Tier 3 plan members (those whose participation began after January 1, 2014) also contribute an additional 1% of their annual payroll into a Cash Balance Plan. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

City of Campbellville

At June 30, 2021, the City reported a liability of \$2,527,680 for its non-hazardous proportionate share of the net OPEB liability for CERS and a liability of \$2,266,378 for its hazardous proportionate share of the net OPEB liability for a total net OPEB liability for the City of \$4,794,058 at June 30, 2021. The net OPEB liability for each plan was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB 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, 2020, the City's non-hazardous proportion was .104679% percent and the City's hazardous proportion was .245251%.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 - POST EMPLOYMENT BENEFIT PLAN, CONTINUED

For the year ended June 30, 2021, the City recognized OPEB expense of \$745,505. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 500,095	\$ 648,975
Changes of assumptions	809,400	4,762
Net difference between projected and actual earnings on OPEB plan investments	303,410	118,791
Changes in proportion and differences between Company contributions and proportionate share of contributions	197,119	154,907
Company contributions subsequent to the measurement date	313,518	-
Total	\$ 2,123,542	\$ 927,435

Of the total amount reported as deferred outflows of resources related to OPEB, \$313,518 resulting from City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ended June 30:	
2022	253,847
2023	224,822
2024	212,757
2025	177,944
2026	13,219

Campbellsville Water and Sewer

At June 30, 2021, Campbellsville Water and Sewer (Company) reported a liability of \$1,596,597 for its proportionate share of the net OPEB liability for CERS. The net OPEB liability for the plan was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Company's proportion of the net OPEB 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, 2020, the Company's proportion was 0.066120%.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9: POST EMPLOYMENT BENEFIT PLAN, CONTINUED

For the year ended June 30, 2021, the Company recognized OPEB expense of \$241,275. At June 30, 2021, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 266,758	\$ 266,966
Changes of assumptions	277,713	1,689
Net difference between projected and actual earnings on OPEB plan investments	85,646	32,579
Changes in proportion and differences between Company contributions and proportionate share of contributions	111,577	26,980
Company contributions subsequent to the measurement date	84,505	-
Total	\$ 826,199	\$ 328,214

Of the total amount reported as deferred outflows of resources related to OPEB, \$84,505 resulting from Company contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Company's OPEB expense as follows:

Year Ended June 30:	
2022	112,561
2023	128,266
2024	98,126
2025	80,018
2026	(5,491)

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount rate - The discount rate used to measure the total OPEB liability was 8.00%. 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.

CITY OF CAMPBELLVILLE, KENTUCKY
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2021

NOTE 9: POST EMPLOYMENT BENEFIT PLAN, CONTINUED

Sensitivity of CERS proportionate share of net OPEB liability to changes in the discount rate—The following table present the net OPEB liability of the City and the Campbellsville Water and Sewer Company,, calculated using the discount rates selected by each OPEB system, as well as what the City and the Campbellsville Water and Sewer Company's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage- point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.34%	5.34%	6.34%
City's proportionate share of net OPEB liability-non hazardous	\$3,247,326	\$2,527,680	\$1,936,610
City's proportionate share of net OPEB liability- hazardous	\$3,076,549	\$2,266,378	\$1,613,545
Campbellsville Water and Sewer's proportionate share of net OPEB liability	\$2,051,158	\$1,596,597	\$1,223,251

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 and the Campbellsville Water and Sewer Company's proportionate share of the collective net OPEB liability, as well as what the City and the Campbellsville Water and Sewer Company'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 Trend Rate</u>	<u>1% Increase</u>
CERS	4.34%	5.34%	6.34%
City's net OPEB liability - non-hazardous	\$1,957,056	\$2,527,680	\$3,220,145
City's net OPEB liability - hazardous	\$1,619,620	\$2,266,378	\$3,061,511
Campbellsville Water and Sewer's net OPEB liability	\$1,236,165	\$1,596,597	\$2,033,989

NOTE 10: RISK MANAGEMENT

The City of Campbellsville participates in the Kentucky Municipal Risk Management Association (KMRMA), to provide workers compensation and general liability and property insurance. The City along with other participating entities contributes annual amounts determined by KMRMA management. As claims arise they are submitted to and paid by KMRMA. There were no significant reductions in insurance coverage from the prior year.

NOTE 11: LANDFILL CLOSURE AND POSTCLOSURE CARE COST

In 2003 the Kentucky legislature passed House Bill No. 174 that provided for State assumption of responsibility for the costs of closure for formerly permitted municipal solid waste landfills. This was implemented as an amendment to KRS 224, Subchapter 43. The Kentucky Division of Waste Management has determined the City of Campbellsville's landfill qualifies for assistance under this program. As a result of this legislation, the City will be required to incur some post-closure costs for monitoring and maintenance of the landfill. Neither the duration or exact costs for this monitoring period have been determined, therefore no estimate for post-closure costs have been accrued.

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12: INTERLOCAL AGREEMENT

Effective July 1, 2019 the City entered into an agreement with the Taylor County Fiscal Court to provide emergency medical services, rescue services, dispatch and E-911 services for the entire geographical area of Taylor County. The County will maintain the land line tax imposed by County Ordinance and pay to the City all revenues generated from this tax. The County will pay to the City an annual sum of \$700,000 paid in quarterly payments. This will be done to insure that the County has paid one-half of the operating deficits for these services. Within a month after the fiscal year-end the City will reimburse any amount due to the county or request payment for any amount due.

Effective July 1, 2009 the City entered into an agreement with the Taylor County Fiscal Court for the County's occupational tax office to administer, collect, and distribute all receipts from the City of Campbellsville Occupational License fee ordinance for consideration of \$16,000 base pay plus FICA and retirement and one-fourth of the actual monthly general operating expenses of the Occupational Tax Office. These expenses include, but are limited to, supplies, bond, postage, phone, travel, conference training, and equipment, hardware and software. Additional part-time help during peak season and postage for initial mailing and notification of taxpayers and license holders at the inception of the tax will be paid 100% by the City.

Effective January 1, 2018 the City entered into a new agreement with the County and the Campbellsville – Taylor County Economic Authority (EDA) in which the County and City agreed to each pay one-half of the EDA's outstanding HCTP debt in full totaling \$714,859 each. The City and County will allot \$65,000 each toward debt service of the acquired debt and \$85,000 budgeted toward annual support to the EDA for operating expenses effective July 1, 2018.

NOTE 13: DEFICIT OPERATING/FUND BALANCES

There are no funds of the City that currently have a deficit fund balance. In addition, no funds had operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance.

NOTE 14: RESTATEMENT OF NET POSITION

Campbellsville Water and Sewer Company experienced minor prior year activity which resulted in a non-material restatement of the net position.

NOTE 15: SUBSEQUENT EVENT

Management has reviewed subsequent events through September 19, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY SCHEDULES

CITY OF CAMPBELLSVILLE, KENTUCKY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ACTUAL AND BUDGETED (GAAP BASIS)-
 GOVERNMENTAL FUND TYPE
 For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues:				
Taxes				
Occupational taxes	\$ 2,600,000	\$ 2,600,000	\$ 2,876,203	\$ 276,203
Property	1,070,500	1,070,500	1,338,353	267,853
Insurance	1,750,000	1,750,000	1,763,128	13,128
Franchise fees/permits	510,000	510,000	631,823	121,823
Intergovernmental revenues	1,481,000	1,481,000	882,047	(598,953)
Charges for service	2,233,200	2,233,200	3,234,379	1,001,179
Other income	1,909,130	1,909,130	634,923	(1,274,207)
Total revenues	11,553,830	11,553,830	11,360,856	(192,974)
Expenditures:				
General government	3,489,721	3,489,721	2,488,274	(1,001,447)
Public safety				
Police	2,133,613	2,133,613	1,818,048	(315,565)
Communication	921,833	921,833	790,544	(131,289)
Fire/ rescue	980,892	980,892	1,207,386	226,494
EMS/rescue	2,317,490	2,317,490	2,256,197	(61,293)
Planning and codes	91,900	91,900	82,274	(9,626)
Public Works	1,133,921	1,133,921	1,231,245	97,324
Sanitation and landfill	40,000	40,000	37,672	(2,328)
Debt service	444,460	444,460	376,643	(67,817)
Total expenditures	11,553,830	11,553,830	10,288,283	(1,265,546)
Excess revenues over (uinder) expenditures	-	-	1,072,573	1,072,572
Other financing sources (uses)				
Sale of fixed assets	-	-	-	-
Total other financing sources (used)	-	-	-	-
Excess revenues and other sources				
Over (under) expenditures and other uses	-	-	1,072,573	1,072,573
Fund balance - beginning of year	-	-	4,977,241	4,977,241
Fund balance - end of year	\$ -	\$ -	\$ 6,049,814	\$ 6,049,814

CITY OF CAMPBELLSVILLE KENTUCKY
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE CERS NON-HAZARDOUS NET PENSION LIABILITY
 June 30, 2021

	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.104701%	0.107393%	0.099584%	0.094524%	0.096195%	0.09749%	0.092513%
City's proportionate share of the net pension liability (asset)	\$8,030,480	\$7,552,998	\$6,064,969	\$5,532,780	\$4,736,273	\$4,191,567	\$3,001,000
City's covered-employee payroll	\$2,840,413	\$2,933,564	\$2,588,564	\$2,469,141	\$2,398,850	\$2,364,874	\$2,262,727
City's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	282.72%	257.47%	234.30%	224.08%	197.44%	177.24%	115.03%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
 SCHEDULE OF NON-HAZARDOUS CONTRIBUTIONS TO CERS
 June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 487,406	\$ 548,200	\$ 459,843	\$ 374,824	\$ 344,445	\$ 297,937	\$ 301,521
Contributions in relation to the contractually required contribution	<u>(487,406)</u>	<u>(548,200)</u>	<u>(459,843)</u>	<u>(374,824)</u>	<u>(344,445)</u>	<u>(297,937)</u>	<u>(301,521)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,525,422	\$ 2,840,413	\$ 2,933,564	\$ 2,588,564	\$ 2,469,141	\$ 2,398,850	\$ 2,364,874
Contributions as a percentage of covered-employee payroll	19.30%	19.30%	15.68%	14.48%	13.95%	12.42%	12.75%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE HAZARDOUS CERS NET PENSION LIABILITY
 June 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.245224%	0.261711%	0.241376%	0.244415%	0.237719%	0.250199%	0.245229%
City's proportionate share of the net pension liability (asset)	\$7,393,573	\$7,229,231	\$5,837,575	\$5,468,244	\$4,079,111	\$3,840,827	\$2,947,000
City's covered-employee payroll	\$1,488,591	\$1,499,419	\$1,376,126	\$1,474,143	\$1,313,908	\$1,343,653	\$1,298,383
City's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	496.68%	482.14%	424.20%	370.94%	310.46%	285.85%	226.97%
Plan fiduciary net position as a percentage of the total pension liability	44.11%	46.63%	49.26%	49.80%	53.95%	57.52%	63.46%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
 SCHEDULE OF HAZARDOUS CONTRIBUTIONS TO CERS
 June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 448,197	\$ 447,471	\$ 370,684	\$ 305,500	\$ 320,036	\$ 266,198	\$ 278,539
Contributions in relation to the contractually required contribution	<u>(448,197)</u>	<u>(447,471)</u>	<u>(370,684)</u>	<u>(305,500)</u>	<u>(320,036)</u>	<u>(266,198)</u>	<u>(278,539)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,491,007	\$ 1,488,591	\$ 1,499,419	\$ 1,376,126	\$ 1,474,143	\$ 1,313,908	\$ 1,343,653
Contributions as a percentage of covered-employee payroll	30.06%	30.06%	24.72%	22.20%	21.71%	20.26%	20.73%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER
SCHEDULE OF THE ENTERPRISE'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY
June 30, 2021

	2020	2019	2018	2017	2016	2015	2014
Company's proportion of the net pension liability (asset)	0.066139%	0.062658%	0.064556%	0.056676%	0.054060%	0.056800%	0.054242%
Company's proportionate share of the net pension liability (asset)	\$5,072,807	\$4,406,765	\$3,931,657	\$3,317,421	\$2,661,695	\$2,442,123	\$1,760,000
Company's covered-employee payroll	\$1,718,664	\$1,584,861	\$1,602,034	\$1,388,081	\$1,289,570	\$1,325,325	\$1,248,295
Company's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	295.16%	278.05%	245.42%	238.99%	206.40%	184.27%	140.99%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	49.80%	55.50%	59.97%	66.80%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER
SCHEDULE OF CONTRIBUTIONS TO CERS
June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 346,949	\$ 331,702	\$ 257,065	\$ 231,974	\$ 193,637	\$ 160,165	\$ 168,979
Contributions in relation to the contractually required contribution	(346,949)	(331,702)	(257,065)	(231,974)	(193,637)	(160,165)	(168,979)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Company's covered-employee payroll	\$1,797,661	\$1,718,664	\$1,584,861	\$1,602,034	\$1,388,081	\$1,289,573	\$1,325,325
Contributions as a percentage of covered-employee payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE, KENTUCKY
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS
 For the Year Ended June 30, 2021

NOTE 1 – ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTIONS FOR FISCAL YEAR 2020

The following actuarial methods and assumptions were used to determined contributions effective for fiscal year ending June 30, 2020 (the most current available):

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected acturarial value of assets is recognized
Amortization method	Level percent of pay
Remaining amortization period	26 years, closed
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increases	3.30% to 11.55% varies by service
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back 1 year for females)
Healthcare cost trend rates:	
Pre - 65	Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

CITY OF CAMPBELLSVILLE KENTUCKY
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE CERS NON-HAZARDOUS NET OPEB LIABILITY
 June 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability (asset)	0.104679%	0.107365%	0.099588%	0.094524%
City's proportionate share of the net OPEB liability (asset)	\$ 2,527,680	\$ 1,805,831	\$ 1,768,165	\$ 1,900,256
City's covered-employee payroll	\$ 2,840,413	\$ 2,933,564	\$ 2,588,564	\$ 2,469,141
City's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	88.99%	61.56%	68.31%	76.96%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.40%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
SCHEDULE OF NON-HAZARDOUS CONTRIBUTIONS TO CERS - OPEB
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 120,210	\$ 135,204	\$ 149,123	\$ 121,663
Contributions in relation to the contractually required contribution	<u>(120,210)</u>	<u>(135,204)</u>	<u>(149,123)</u>	<u>(121,663)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,525,422	\$ 2,840,413	\$ 2,933,564	\$ 2,588,564
Contributions as a percentage of covered-employee payroll	4.76%	4.76%	5.08%	4.70%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE HAZARDOUS CERS NET OPEB LIABILITY
 June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability (asset)	0.245251%	0.261660%	0.241389%	0.244415%
City's prportionate share of the net OPEB liability (asset)	\$ 2,266,378	\$ 1,935,917	\$ 1,721,006	\$ 2,020,509
City's covered-employee payroll	\$ 1,488,591	\$ 1,499,419	\$ 1,376,126	\$ 1,474,143
City's proportionate share of the net pension OPEB (asset) as a percentage of it covered-employee payroll	152.25%	129.11%	125.06%	137.06%
Plan fiduciary net position as a percentage of the total OPEB liability	58.84%	64.44%	64.24%	49.80%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
 SCHEDULE OF HAZARDOUS CONTRIBUTIONS TO CERS - OPEB
 June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 141,944	\$ 141,714	\$ 156,054	\$ 128,667
Contributions in relation to the contractually required contribution	<u>(141,944)</u>	<u>(141,714)</u>	<u>(156,054)</u>	<u>(128,667)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,491,007	\$ 1,488,591	\$ 1,499,419	\$ 1,376,126
Contributions as a percentage of covered-employee payroll	9.52%	9.52%	10.41%	9.35%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER
 SCHEDULE OF THE ENTERPRISE'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY
 June 30, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Company's proportion of the net OPEB liability (asset)	0.066120%	0.062642%	0.064557%	0.056676%
Company's proportionate share of the net OPEB liability (asset)	\$ 1,596,597	\$ 1,053,610	\$ 1,146,197	\$ 1,139,381
Company's covered-employee payroll	\$ 1,718,664	\$ 1,584,861	\$ 1,602,034	\$ 1,388,081
Company's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	92.90%	66.48%	71.55%	82.08%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.40%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER
SCHEDULE OF CONTRIBUTIONS TO CERS - OPEB
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 85,569	\$ 81,808	\$ 83,364	\$ 75,296
Contributions in relation to the contractually required contribution	<u>(85,569)</u>	<u>(81,808)</u>	<u>(83,364)</u>	<u>(75,296)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,797,661	\$ 1,718,664	\$ 1,584,861	\$ 1,602,034
Contributions as a percentage of covered-employee payroll	4.76%	4.76%	5.26%	4.70%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLVILLE, KENTUCKY
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – CERS OPEB
 For the Year Ended June 30, 2021

NOTE 1 – ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTIONS FOR FISCAL YEAR 2020

The following actuarial methods and assumptions, for actuarially determined contributions effective for the fiscal year ending June 30, 2019 (the most current available):

Valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Remaining amortization period	26 years, closed
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increases	3.30% to 11.55% varies by service
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back 1 year for females)
Healthcare cost trend rates:	
Pre - 65	Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

OTHER SUPPLEMENTARY INFORMATION

CITY OF CAMPBELLSVILLE, KENTUCKY
BALANCE SHEET - SPECIAL REVENUE FUNDS
June 30, 2021

	Special Revenue	Totals- Memorandum Only June 30, 2021
Assets and resources:		
Cash and investments	\$ -	\$ -
Receivables (net of allowances)		
Other	204,579	204,579
Due from other funds	-	-
Total assets and resources	\$ 204,579	\$ 204,579
Liabilities and fund balance:		
Interfund payable	\$ -	\$ -
Total liabilities	-	-
Fund balance		
Unassigned fund balance	204,579	204,579
Total Fund Equity	204,579	204,579
Total liabilities and fund balance	\$ 204,579	\$ 204,579

CITY OF CAMPBELLSVILLE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2021

	Special Revenue	Totals - Memorandum Only June 30, 2021
Revenues:		
Intergovernmental revenues	\$ 468,866	\$ 468,866
Other income	-	-
Total revenues	468,866	468,866
Expenditures:		
General government	432,660	432,660
Public safety:		
Police	40,177	40,177
Communication	25,662	25,662
Fire/rescue	19,991	19,991
EMS	-	-
Total expenditures	518,490	518,490
Excess revenues over (under) expenditures	(49,624)	(49,624)
Other financing sources (uses)		
Transfers in	49,624	49,624
Transfers out	-	-
Total other financing sources	49,624	49,624
Excess revenues and other sources over (under) expenditures and other uses	-	-
Fund balance - beginning of year	-	-
Fund balance - end of year	\$ -	\$ -



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

Honorable Mayor
City Council and City Clerk of
City of Campbellsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of City of Campbellsville, Kentucky, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Campbellsville, Kentucky's basic financial statements, and have issued our report thereon dated September 19, 2022.

Internal Control Over Financial Reporting

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

We also noted other matters that we reported to management of the City of Campbellsville in a separate letter dated September 19, 2022.

Honorable Mayor
City Council and City Clerk of
Campbellsville, Kentucky
Page 2

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.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC

Campbellsville, Kentucky
September 19, 2022

MANAGEMENT LETTER



To the Members of the City Council and
Diane Ford-Benningfield, Mayor of
The City of Campbellsville, Kentucky

In planning and performing our audit of the financial statements of the City of Campbellsville, Kentucky for the year ended June 30, 2021 we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated September 19, 2022, contains our report on the City's internal control. This letter does not affect our report dated September 19, 2022 on the financial statements of the City of Campbellsville, Kentucky.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and their implementation is currently being reviewed. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information and use of management, Council Members, the Governor's Office for Local Development and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Certified Public Accountant

Campbellsville, Kentucky
September 19, 2022

CITY OF CAMPBELLSVILLE, KENTUCKY
MANAGEMENT LETTER POINTS
February 8, 2021

PRIOR YEAR COMMENTS:

CAMPBELLSVILLE WATER AND SEWER:

During our auditing procedures for the Campbellsville Water and Sewer Company we noted closing procedures were incomplete and/or resulted in amounts not intended. We recommend that the Controller be aware of the purpose and effect the closing entries and review the trial balance after entries are performed for accuracy. Additionally, we recommend the Controller review the year-end closing procedures and update the controls over them with consideration of someone within the department or City to assist in a review capacity.

Current observation: See comment below.

CURRENT YEAR COMMENTS:

GENERAL GOVERNMENT:

None

CAMPBELLSVILLE WATER AND SEWER:

During our auditing procedures for the Campbellsville Water and Sewer Company, we noted monthly and closing procedures were incomplete and/or resulted in amounts not intended. This was a direct result of COVID-19 related personnel issues. We are fully aware of the unprecedented circumstances that COVID-19 brought upon everyone. Although the Campbellsville Water and Sewer Company operates in a small office environment, this may give thought to the advantages, if possible, to cross train individuals in the financial department to ensure proper and accurate financial and accounting procedures continue during such times of extenuating circumstances within the department.

September 19, 2022

Honorable Mayor,
City Council and City Clerk of
City of Campbellsville, Kentucky
Campbellsville, KY

We have audited the financial statements of the governmental activities, the business-type activities of the City of Campbellsville, Kentucky for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 26, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Campbellsville, Kentucky are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City of Campbellsville, KY changed accounting policies related to Postemployment Benefit Plans Other Than OPEBs (OPEB) by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75. We noted no transactions entered into by the governmental unit during the year which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the accrued sick leave is based on expected future employee retirements. We evaluated the key factors and assumptions used to develop the accrued sick leave estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Campbellsville, Kentucky's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Combined Statement of Revenue, Expenditures, and Changes in Fund Balance – Actual and Budgeted – Governmental Fund Type, Schedule of City's Proportionate Share of the CERS Non-Hazardous Net Pension Liability, Schedule of Non-Hazardous Contributions to CERS, Schedule of City's Proportionate Share of the Hazardous Contributions to CERS, Schedule of Enterprise's Proportionate Share of the CERS Net Pension Liability, Schedule of Contributions to CERS, Notes to Required Supplementary Information – CERS, Schedule of City's Proportionate Share of the CERS Non-Hazardous Net OPEB Liability, Schedule of Non-Hazardous Contributions to CERS – OPEB, Schedule of the City's Proportionate Share of the Hazardous CERS Net OPEB Liability, Schedule of Hazardous Contributions to CERS – OPEB, Schedule of Enterprise's Proportionate Share of the CERS Net OPEB Liability, Schedule of Contributions to CERS – OPEB, Notes to Required Supplementary Information – CERS - OPEB, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the MD&A, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of City Council and management of the City of Campbellsville, Kentucky and is not intended to be, and should not be, used by anyone other than these specified parties.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Certified Public Accountants

Campbellsville, KY
September 19, 2022