

**CITY OF FT. THOMAS, KENTUCKY**

***ANNUAL FINANCIAL STATEMENTS***

**Year Ended June 30, 2023**

# CITY OF FT. THOMAS, KENTUCKY

## ANNUAL FINANCIAL STATEMENTS

Year Ended June 30, 2023

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Mayor and Council  
City of Ft. Thomas, Kentucky**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ft. Thomas, Kentucky, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Ft. Thomas, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Ft. Thomas, Kentucky, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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



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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and schedules of City contributions and net pension liability on pages 5-10, 43-45, and 48-50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an



appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2024, on our consideration of the City of Ft. Thomas, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the City of Ft. Thomas, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ft. Thomas, Kentucky's internal control over financial reporting and compliance.

**RANKIN, RANKIN, & COMPANY**

A handwritten signature in black ink that reads "Rankin, Rankin &amp; Company". The signature is written in a cursive, flowing style.

**Ft. Wright, Kentucky  
October 4, 2024**

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*"Founded in 1867"*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

As management of the City of Ft. Thomas, Kentucky, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Ft. Thomas, Kentucky for the year ended June 30, 2023.

### **Financial Highlights**

The assets of the City exceeded its liabilities (net position) at the close of the most recent year by \$12,125,301.

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$18,718,857. This total represents a decrease of \$1,355,434 in comparison to the prior fiscal year. The decrease was primarily attributable to no new bonds issued in the current year.

At the end of the current fiscal year, total fund balance for the general fund was \$17,287,641 a \$215,981 increase from the prior fiscal year.

### **Overview of the Financial Statements**

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

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, the increases and decreases in net assets are one indicator of whether the City's financial position is improving or deteriorating. Other nonfinancial factors such as changes in the City's property tax base and the condition of the City's infrastructure will also assist in assessing the overall financial health of the City.

The statement of activities presents how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. As a result, revenues and

expenses are reported in this statement for some items that will only result in cash flows for future fiscal periods (e.g. uncollected revenue and earned by unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, license fees and intergovernmental activities which are considered governmental activities from those functions that are intended to cover all or a significant portion of their costs through user fees and charges which are considered business-type activities. The governmental activities include most of the City's basic services. These include but are not limited to police, fire, street maintenance, parks and recreation, and general administration.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for grant funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Ft. Thomas maintains individual governmental funds. (Information is presented separately in the governmental balance sheet and in the statement of revenues, expenditures and changes in fund balances for the general fund, public works/KDOT, central business district and Tower Park funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Ft. Thomas' own programs. The accounting used for fiduciary funds is much like that used 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.



**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ft. Thomas, assets exceeded liabilities by \$12,125,301 at the close of the most recent year.

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt to finance those assets that is still outstanding. The City uses these capital assets to provide services to its 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 resource needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

For the years ended June 30, 2023 and 2022, net position changed as follows:

	Governmental Activities	
	2023	2022
Current and other assets	\$ 23,048,684	\$ 24,534,344
Capital assets, net	28,265,863	25,103,938
Total assets	<u>51,314,547</u>	<u>49,638,282</u>
Deferred outflows of resources	9,143,421	6,902,563
Other liabilities	971,341	1,108,022
Long-term liabilities	40,794,722	38,854,100
Total liabilities	<u>41,766,063</u>	<u>39,962,122</u>
Deferred inflow of resources	6,566,604	6,800,502
Net assets:		
Invested in capital assets, net of debt	19,023,363	15,480,188
Restricted	790,110	-
Unrestricted	<u>(7,688,172)</u>	<u>(5,701,967)</u>
Total net position	<u>\$ 12,125,301</u>	<u>\$ 9,778,221</u>

Net position of the City increased by \$2,347,080 during the current fiscal year.

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, the City's government funds reported combined ending fund balances of \$18,718,857, a decrease of \$1,355,434 in comparison with fiscal year FY 2022-23.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the balance of the general fund was \$17,287,641, which represents an increase of \$215,981 from fiscal year 2022-2023. Key factors in this change are as follows:

Significant activity in funds other than the City's General Fund includes Special Revenue (Public Works/KDOT Fund and Central Business District Fund), Capital Projects (Tower Park Fund) and Other Governmental Funds (Waste Fee and Debt Service). These funds account for the majority of non-operating activity including, but not limited to, capital infrastructure projects, special projects, debt repayment and activity that must be segregated from the General Fund. The Public Works/KDOT Special Revenue Fund included total expenditures of \$771,835, which consisted primarily of road resurfacing and pier walls for road stabilization. Significant activity under the Central Business District Fund included park improvements and business district revitalization projects, as well as city-sponsored events. The primary source of revenue in this fund is a portion of the city's occupational license fee (.25%), specifically earmarked for infrastructure improvements in the City's business districts. The amount of that transfer for FY2021 totaled \$695,000.

Activity within the Debt Service Fund included total expenditures of \$694,772 representing repayment of borrowed funds associated with the CBD revitalization, Towne Center revitalization, building improvements, general obligation bonds and park improvements. Debt was repaid in the amount of \$381,250 and interest of \$314,094.

The following schedules present a summary of general, special revenue, debt service and capital projects revenues and expenditures for the fiscal year ended June 30, 2023, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FYE 2023 Amount	Percent of Total	FYE 2022 Amount	Percent of Total
Taxes	\$ 7,087,794	36.14%	\$ 6,759,010	35.72%
Licenses and permits	8,334,895	42.50%	7,263,206	38.39%
Intergovernmental	931,558	4.75%	1,563,044	8.26%
Charges for services	2,100,920	10.71%	2,038,374	10.77%
Fines and forfeitures	67,209	0.34%	100,375	0.53%
Interest	145,254	0.74%	29,459	0.16%
Special assessments	201,197	1.03%	125,532	0.66%
Miscellaneous	742,036	3.78%	1,042,671	5.51%
Total revenues	\$ 19,610,863	100.00%	\$ 18,921,671	100.00%

As in years past, the increase in the Taxes line is mostly due to the increase in property taxes. Intergovernmental revenue decreased primarily due to CMR Grants.

Licenses and permits increased slightly.

Expenditures	FYE 2023 Amount	Percent of Total	FYE 2022 Amount	Percent of Total
General government	\$ 2,319,802	11.08%	\$ 2,072,009	9.16%
Police	4,864,290	23.23%	4,774,368	21.11%
Fire	4,061,686	19.40%	3,973,863	17.57%
General services	4,368,678	20.86%	4,523,308	20.00%
Recreation	939,707	4.49%	1,014,682	4.49%
Capital outlay	3,692,041	17.63%	5,558,988	24.58%
Debt service	695,344	3.32%	695,894	3.08%
<b>Total expenditures</b>	<b>\$ 20,941,548</b>	<b>100.00%</b>	<b>\$ 22,613,112</b>	<b>100.00%</b>

The chart above shows that Police and Fire departmental expenditures increased over fiscal year 2022-2023. Most of this can be attributed to increase in pension contributions, although cost-of-living increases did play a small part as well. Capital outlay expenditures increased significantly due to ongoing capital projects such as the City Building, Highland project, and Park Improvement. The debt service expenditures were for payment of old bonds.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the budget. The budget amendment adjusts revenues and expenditures to more closely reflect the anticipated actual revenues and expenditures for the year.

The fiscal year 2022-2023 budget relied primarily on the anticipation of moderate increases in property and payroll taxes and licenses and fees. Actual revenue categories exceeded budgeted amounts by \$2,097,257. In addition, actual expenditures finished \$287,199 over budgeted appropriations primarily due to transfers to other funds.

### DEBT AND CAPITAL ASSET ADMINISTRATION

#### Debt

At year-end, the City had \$9,242,500 in outstanding bonds and capital leases.

	Governmental Activities	
	2023	2022
General Obligation Bonds	\$ -	\$ -
Capital lease and general obligations (backed by City)	9,425,000	9,623,750
<b>Totals</b>	<b>\$ 9,425,000</b>	<b>\$ 9,623,750</b>

#### Capital Assets

At the end of June 30, 2023, the City had \$53,331,147 invested in capital assets including police and fire equipment, buildings, park facilities, roads and sidewalks. This represents a net increase

of \$4,735,749. The majority of this increase came from infrastructure improvements. Construction-in-progress increased \$3,004,577 this year.

		<b>Governmental Activities</b>	
		<u>2023</u>	<u>2022</u>
Land	\$	1,327,654	1,285,636
Construction Progress		10,418,113	7,413,536
Buildings		3,952,347	3,952,347
Improvements/Infrastructure		30,220,019	29,107,789
Equipment		3,682,727	3,528,063
Vehicles		3,730,287	3,308,027
<b>TOTALS</b>	<b>\$</b>	<b><u>53,331,147</u></b>	<b><u>\$ 48,595,398</u></b>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City of Fort Thomas Budget for the Fiscal Year 2022-2023 continued the City's long-standing aim of providing cost-effective City services and first-class amenities for our citizens. Through conservative budgeting and controlled spending, the City has managed to build a fund balance sufficient to allow reinvestment in both amenities and City infrastructure. Both the implementation of the latest Community Plan and other initiatives have provided us with numerous opportunities to allocate these reserves for projects. The Fiscal Year 2023-2024 budget contains substantial investments in our parks, the City Building, and City infrastructure. It also provides for salary increases and replacement of necessary equipment. We at the City of Fort Thomas pride ourselves on our fiscal responsibility and we're thrilled to be able to reinvest in those things that make Fort Thomas great. This is the best place to live in the area, and we're striving to keep it that way!

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact the City Administrator's Office at 130 N. Ft. Thomas, Ft. Thomas, Kentucky.

**BASIC FINANCIAL STATEMENTS**

**CITY OF FT. THOMAS, KENTUCKY****Statement of Net Position**

June 30, 2023

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,104,206
Investments	635,504
Receivables:	
Taxes	129,447
Intergovernmental	24,663
Assessments	42,062
Accounts	1,990,825
Accrued interest	-
Prepays	121,977
Deferred expenses	-
Capital assets not being depreciated	11,745,767
Capital assets, net of accumulated depreciation	16,520,096
Total assets	<u>51,314,547</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on debt issuance	108,871
Contributions subsequent to the measurement date	2,655,459
Other deferred outflows	6,379,091
Total deferred outflows of resources	<u>9,143,421</u>
<b>LIABILITIES</b>	
Accounts payable	336,238
Accrued liabilities	635,103
Accrued interest payable	-
Unearned revenue	-
Noncurrent liabilities:	
Net pension liability	31,266,205
Compensated absences	286,017
Due within one year	396,250
Due in more than one year	8,846,250
Total liabilities	<u>41,766,063</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Differences between projected and actual earnings on pension plan and other deferred inflows	<u>6,566,604</u>
<b>NET POSITION</b>	
Net investment in capital assets	19,023,363
Restricted for:	
Capital	790,110
Unrestricted	<u>(7,688,172)</u>
Total net position	<u>\$ 12,125,301</u>

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

**CITY OF FT. THOMAS, KENTUCKY**  
**STATEMENT OF ACTIVITIES**  
June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,525,464	\$ 259,254	\$ 299,150	\$ -	\$ (1,967,060)
Police	5,219,806	-	166,411	-	(5,053,395)
Fire	4,429,202	351,910	125,376	-	(3,951,916)
General services and property mgt.	4,489,966	1,215,249	-	340,621	(2,934,096)
Recreation	1,041,499	72,724	-	-	(968,775)
Interest and other debt costs	314,094	-	-	-	(314,094)
Total governmental activities	<u>18,020,031</u>	<u>1,899,137</u>	<u>590,937</u>	<u>340,621</u>	<u>(15,189,336)</u>
Total primary government	<u>\$ 18,020,031</u>	<u>\$ 1,899,137</u>	<u>\$ 590,937</u>	<u>\$ 340,621</u>	<u>\$ (15,189,336)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					6,876,476
Taxes, levied for bank deposits					110,895
Franchise taxes					100,423
Licenses and permits					8,334,895
Interest					145,254
Miscellaneous					1,968,473
Total general revenues and special items					<u>17,536,416</u>
Change in net position					<u>2,347,080</u>
Net position-beginning					<u>9,778,221</u>
Net position-ending					<u>\$ 12,125,301</u>

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

**CITY OF FT. THOMAS, KENTUCKY**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

June 30, 2023

	Special Revenue					Total Governmental Funds	
	General	Public Works/ KDOT	Central Business District	Other Governmental Funds			
<b>ASSETS</b>							
Cash and cash equivalents	\$ 18,183,246	\$ 658,622	\$ 636,036	\$ 626,302		\$ 20,104,206	
Investments	635,504	-	-	-		635,504	
Receivables:							
Taxes	129,447	-	-	-		129,447	
Governmental units	24,663	-	-	-		24,663	
Assessments	-	42,062	-	-		42,062	
Accounts	1,880,799	102,579	-	7,447		1,990,825	
Accrued interest	-	-	-	-		-	
Prepays	120,522	-	1,455	-		121,977	
Deferred expenses	-	-	-	-		-	
Due from other funds	670,000	45,057	86,640	-		801,697	
<b>Total assets</b>	<b>\$ 21,644,181</b>	<b>\$ 848,320</b>	<b>\$ 724,131</b>	<b>\$ 633,749</b>		<b>\$ 23,850,381</b>	
<b>LIABILITIES DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 308,423	\$ 16,231	\$ 11,584	\$ -		\$ 336,238	
Accrued liabilities	635,103	-	-	-		635,103	
Due to other funds	102,139	-	699,558	-		801,697	
<b>Total liabilities</b>	<b>1,045,665</b>	<b>16,231</b>	<b>711,142</b>	<b>-</b>		<b>1,773,038</b>	
Deferred inflows of resources							
Unavailable inflows of resources	3,310,875	41,979	-	5,632		3,358,486	
Fund balances:							
Nonspendable - prepaids	120,522	-	1,455	-		121,977	
Restricted-capital projects	-	790,110	-	-		790,110	
Committed to - capital projects	-	-	-	-		-	
Assigned to - capital projects	-	-	-	-		-	
- waste	-	-	-	190,182		190,182	
- debt service	-	-	-	437,935		437,935	
Unassigned	17,167,119	-	11,534	-		17,178,653	
<b>Total fund balances</b>	<b>17,287,641</b>	<b>790,110</b>	<b>12,989</b>	<b>628,117</b>		<b>18,718,857</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 21,644,181</b>	<b>\$ 848,320</b>	<b>\$ 724,131</b>	<b>\$ 633,749</b>		<b>\$ 23,850,381</b>	
<b>Total governmental fund balances</b>						<b>\$ 18,718,857</b>	
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$25,065,284							28,265,863
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.							3,358,486
Costs of issuance of debt, including discounts and premiums, are expensed currently for government funds and are carried as deferred expense in the statement of net position.							108,871
Deferred outflows from net pension liability							3,531,604
Deferred outflows from OPEB liability.							2,847,487
Contributions subsequent to net pension liability measurement date							2,655,459
Deferred inflows from net pension liability							(3,247,422)
Deferred inflows from OPEB liability							(3,319,182)
Accrual interest payable on long-term debt							
Long-term liabilities, including notes payable, are not due and payable in current period and therefore are not reported in the funds:							
Net pension and OPEB liability							(31,266,205)
Accrued absences payable							(286,017)
Bonds and leases payable							(9,242,500)
<b>Net position of governmental activities</b>							<b>\$ 12,125,301</b>

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



**CITY OF FT. THOMAS, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

	General	Special Revenue		Other Governmental Funds	Total Governmental Funds
		Public Works/KDOT	Central Business District		
<b>REVENUES</b>					
Taxes	\$ 6,987,371	\$ 100,423	\$ -	\$ -	\$ 7,087,794
Licenses and permits	8,334,895	-	-	-	8,334,895
Intergovernmental	590,937	340,621	-	-	931,558
Charges for services	687,836	-	-	1,211,301	1,899,137
Uses of property	201,783	-	-	-	201,783
Fines and forfeitures	67,209	-	-	-	67,209
Interest and rentals	116,187	3,263	-	25,804	145,254
Special assessments	-	201,197	-	-	201,197
Miscellaneous	442,780	242,890	56,366	-	742,036
<b>Total revenues</b>	<b>17,428,998</b>	<b>888,394</b>	<b>56,366</b>	<b>1,237,105</b>	<b>19,610,863</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,931,425	-	388,377	-	2,319,802
Police	4,864,290	-	-	-	4,864,290
Fire	4,061,686	-	-	-	4,061,686
General services and property mgt.	3,146,957	553	-	1,221,168	4,368,678
Recreation	939,707	-	-	-	939,707
Capital outlay	-	771,282	2,920,759	-	3,692,041
Debt service:					
Principal	-	-	-	381,250	381,250
Interest	572	-	-	313,522	314,094
<b>Total expenditures</b>	<b>14,944,637</b>	<b>771,835</b>	<b>3,309,136</b>	<b>1,915,940</b>	<b>20,941,548</b>
Excess(deficiency) of revenues over(under) expenditures	2,484,361	116,559	(3,252,770)	(678,835)	(1,330,685)
<b>OTHER FINANCING SOURCES(USES)</b>					
Other adjustment	-	-	-	(6,369)	(6,369)
Transfers in	175,000	-	3,828,021	695,000	4,698,021
Transfers out	(2,443,380)	-	(625,000)	(1,648,021)	(4,716,401)
<b>Total other financing sources and uses</b>	<b>(2,268,380)</b>	<b>-</b>	<b>3,203,021</b>	<b>(959,390)</b>	<b>(24,749)</b>
<b>Net change in fund balances</b>	<b>215,981</b>	<b>116,559</b>	<b>(49,749)</b>	<b>(1,638,225)</b>	<b>(1,355,434)</b>
Fund balances - beginning	\$ 17,071,660	\$ 673,551	\$ 62,738	\$ 2,266,342	\$ 20,074,291
Fund balances - ending	\$ 17,287,641	\$ 790,110	\$ 12,989	\$ 628,117	\$ 18,718,857

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

**CITY OF FT. THOMAS, KENTUCKY****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2023

Net change in fund balances-total governmental funds	\$ (1,355,434)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital asset purchases capitalized	5,045,385
Depreciation expense	(1,573,824)
The effect of disposition of capital assets is a decrease to net assets	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	6,455
Government funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(108,871)
Accrued interest on long-term debt is reported in the government wide financial statements and not in governmental funds.	-
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(6,327)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement net assets. This is the amount of debt principal payments.	(381,250)
Other changes in fund balances	136,669
Government funds report the effect of net pension liability expenses based on proportionate share of service cost and calculated pension costs from measurement date to measurement date.	584,277
Change in net position of governmental activities	\$ <u>2,347,080</u>

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

**CITY OF FT. THOMAS, KENTUCKY**  
**STATEMENT OF NET POSITION - INTERNAL SERVICE FUND**  
For Year Ended June 30, 2023

	<b>Self Insured Health Insurance Fund</b>
	<u>                    </u>
<b>Assets</b>	
Cash and cash equivalents	\$ 912,348
	<u>                    </u>
<b>Total Assets</b>	912,348
	<u>                    </u>
<b>Liabilities</b>	
Due to General Fund	-
Accrued expenses	307,242
	<u>                    </u>
<b>Total Liabilities</b>	307,242
	<u>                    </u>
<b>Net Position</b>	
Held for insurance claims	-
	<u>                    </u>
<b>Total Net Position</b>	\$ 605,106
	<u>                    </u>

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

**CITY OF FT. THOMAS, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUND**  
For the Year Ended June 30, 2023

	<b>Self Insured Health Insurance Fund</b>
<b>Revenues</b>	
Health insurance premiums	\$ 96,705
Stop loss reimbursement	62,940
Refunds and credits	11,714
Interest Income	6,395
<b>Total Revenues</b>	<u>177,754</u>
<b>Expenditures</b>	
Medical claims	1,435,860
Prescription claims	178,409
Stop loss premiums	251,823
Administrative costs	52,456
<b>Total Expenditures</b>	<u>1,918,548</u>
<b>Transfers in</b>	<u>1,665,125</u>
<b>Change in Net Position</b>	(75,669)
<b>Net Position, Beginning of Year</b>	680,775
<b>Net Position, End of Year</b>	<u>\$ 605,106</u>

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

**CITY OF FT. THOMAS, KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
For Year Ended June 30, 2023

	<u>Self Insured Health Insurance Fund</u>
<b>Cash Flows From Operating Activities:</b>	
Medical premiums and other reimbursements	\$ 1,842,879
Claims and other cost paid	<u>(1,670,672)</u>
Net change in cash from operating activities	172,207
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>740,141</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 912,348</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ (75,669)
Adjustments to reconcile operating income to net cash provided by operating activities:	-
Increase (decrease) in accrued expenses	<u>247,876</u>
Net change in cash from operating activities	<u>\$ 172,207</u>

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

**CITY OF FT. THOMAS, KENTUCKY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2023**

	<u>Police and Firemen's Pension Plan</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>2,800</u>
Total assets	<u>2,800</u>
<b>LIABILITIES</b>	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u>2,800</u>
Total net position	\$ <u><u>2,800</u></u>

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

**CITY OF FT. THOMAS, KENTUCKY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**For the Year Ended June 30, 2023**

	Police and Firemen's Pension Plan
<b>ADDITIONS</b>	
Investment earnings:	
Interest and dividends	\$ -
Total investment earnings	
Miscellaneous income	-
Transfer from General Fund	18,380
Total additions (reductions)	<u>18,380</u>
<b>DEDUCTIONS</b>	
Benefits paid	20,552
Administrative expense	835
Total deductions	<u>21,387</u>
<b>CHANGE IN NET POSITION</b>	(3,007)
<b>NET POSITION-BEGINNING OF YEAR</b>	<u>5,807</u>
<b>NET POSITION END OF YEAR</b>	<u>\$ 2,800</u>
The notes to the financial statements are an integral part of this statement.	

**NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Ft. Thomas, Kentucky, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

*Financial Reporting Entity*

The City of Ft. Thomas is a municipality governed by a mayor and six-member council. As required by U.S. generally accepted accounting principles, these financial statements present the government and its component unit entities for which the government is considered to be financially accountable.

*Blended Component Units*

Blended components units, although legally separate entities, are, in substance, part of government's operations and so data from these units are combined with data of the primary government. Each blended component unit of the City has a June 30 year end. The component units discussed below are included in the City's reporting entity because of the significance of their operational and/or financial relationship with the City.

*Included within the reporting entity:*

**City of Fort Thomas Police and Firemen's Pension Fund**

All public safety employees who retired prior to February 1, 1988 participate in the Police and Firemen's Pension Fund. The fund functions for the benefit of the retirees and is governed by a five member board of trustees, the mayor, a member of the legislative body, the finance director and two public safety retirees. The City is obligated to fund all costs based upon actuarial valuations.

*Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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 activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Amounts paid to acquire capital assets are capitalized as assets in the government-wide finan-



**CITY OF FT. THOMAS, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

cial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure. The beginning net position has been restated to reflect GASB 67, financial reporting for pension plans.

*Measurement focus, basis of accounting and financial statement presentation*

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

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

The government reports the following funds of the financial reporting entity:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes.

The capital project funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities.

The debt service fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City.

The fiduciary fund is used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds in the City. These funds are not presented in the government-wide financial statements.

*Assets, liabilities and net assets or equity*

*Cash and Cash Equivalents*

Cash and cash equivalents including amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the City.

**CITY OF FT. THOMAS, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

The City is authorized by state statute to invest in:

1. Obligations of the United States and of its agencies and instrumentalities;
2. Certificates of deposit
3. Bankers' acceptances
4. Commercial paper.
5. Bonds of this state or local governments.
6. Mutual funds.

*Investments*

In accordance with GASB Statement 31, investments held at June 30, 2023 are recorded at fair value based upon quoted market prices. (Level 1)

*Property Tax Receivable*

Property taxes are levied as of July 1 on property values assessed on January 1. The taxes are billed on approximately October 1 and are due and payable on October 31. On November 1, the bill becomes delinquent and penalties and interest may be assessed by the City. A lien may be placed on the property on November 1. Property tax rates for the year ended June 30, 2023 (2022 tax year) were \$0.337 per \$100 valuation for real estate and \$0.337 personal property. The taxable assessed value of property on which 2022 was based was \$1,776,547,900.

*Short-Term Interfund Receivables/Payables*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from/to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

*Capital Assets*

Capital assets are reported in the governmental activities column of the government-wide statement of net position.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for) in the government-wide financial statements. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for capital assets are historical costs, or where historical cost is not available, estimated historical cost based on replacement cost. Prior to July 1, 2000, governmental funds infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost.

**CITY OF FT. THOMAS, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each fixed asset class are as follows:

Buildings	40 years
Building Improvements	10-20 years
Public Domain Infrastructure	20-30 years
Vehicles	5 years
Office Equipment	3-5 years

*Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused sick pay benefits. There is a liability for unpaid accumulated sick leave since the government does have a policy to pay amounts when employees separate from service with the government. There is also a liability for vacation pay that has been approved for carryover by the City's Administrative Officer. The total liability for these types of compensated absences is reported in the government-wide financial statements.

*Long-Term Obligations*

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

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.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report as a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/Expenditure) until then. The government only has one item that qualifies for reporting in the government-wide statement of net position, a deferred charge on debt. This amount is deferred and amortized over the life of the debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one type of item, which

**CITY OF FT. THOMAS, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

*Fund Balance Policies*

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

In the fund financial statements, government funds report components of fund balance for amounts that are nonspendable, restricted, committed, assigned or unassigned:

Nonspendable fund balances arise when resources cannot be spent because of their form and because resources must be maintained intact.

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

Committed fund balances are those that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the City is the Council, The Council must approve the establishment (and modification or rescinding) of a fund balance commitment.

Assigned fund balances are those that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

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

Restricted, committed and assigned amounts can only be used when expenditures for the amounts set aside for that specific purpose are incurred. Otherwise, the unassigned fund balance amount will be used.

*Expenditures/Expenses*

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, governmental funds are classified as follows:

Governmental funds – by character	Current-further classified by function
	Debt service
	Capital outlay

In the fund financial statements governmental funds report expenditures of financial resources.

*Interfund Transactions*

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed.

*Restricted Revenues*

When there are restricted and unrestricted revenues in a program, the City's policy is that the restricted revenues are expended first.

*Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

*Date of Management's Review*

Subsequent events were evaluated through October 4, 2024, which is the date the financial statements were available for review.

**NOTE B-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

- A. In accordance with City ordinance, by May 31, the Mayor submits to the Council, a proposed operating budget on the modified accrual basis of accounting for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- B. A public meeting is conducted to obtain citizen comment.
- C. By July 1, the budget is legally enacted through passage of an ordinance.
- D. The Mayor is required by Kentucky Revised Statutes to present a quarterly report to the Council explaining any variance from the approved budget.
- E. Appropriations continue in effect until a new budget is adopted.
- F. The Council may authorize supplemental appropriations during the year.

Expenditures may not legally exceed budgeted appropriations at the function level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the Council; however, with proper approval by the Council, budgetary transfers between departments can be made. The Council adopted one supplementary appropriation ordinances. All appropriations lapse at fiscal year end.

**CITY OF FT. THOMAS, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE C-DEPOSITS AND INVESTMENTS**

*Custodial credit risk – deposits.* For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The City maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2023, the City's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance, as required by state legal requirements.

As of June 30, 2023, the City had the following investments: Government and Corporate Bonds, fair value \$635,504, with a maturity from 09/01/23 to 8/01/24. Interest rate risk is limited and credit risk is within the City's investment policy. For investments, custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of the investments that are in the possession of an outside party. The City has custodial risk at June 30, 2023 in the amount of \$3,919,759 for its certificates of deposit. All cash and investments are Level 1, quoted prices in active markets for identical assets.

As of June 30, 2023, the City had the following recurring fair value measurements:

<u>Deposits &amp; Investments</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Debt securities:				
Government bonds	\$ 635,504	\$ -	\$ 635,504	\$ -
Corporate bonds	0	-	0	-
Total debt securities	<u>635,504</u>	<u>-</u>	<u>635,504</u>	<u>-</u>
Cash and Cash Equivalents	20,104,206	20,104,206		
Total Deposits & Investments	<u>\$ 20,739,710</u>	<u>\$ 20,104,206</u>	<u>\$ 635,504</u>	<u>\$ -</u>

**CITY OF FT. THOMAS, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE D-CAPITAL ASSETS AND DEPRECIATION**

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

	Balance June 30, 2022	Additions	Retirements/ Deletions	Balance June 30, 2023
Governmental activities:				
Not being depreciated:				
Land	\$ 1,285,636	\$ 42,018	\$ -	\$ 1,327,654
Construction in progress	7,413,536	3,314,213	(309,636)	10,418,113
Subtotal	<u>8,699,172</u>	<u>3,356,231</u>	<u>(309,636)</u>	<u>11,745,767</u>
Other capital assets:				
Buildings	3,952,347	-	-	3,952,347
Improvements/infrastructure	29,107,789	1,112,230	-	30,220,019
Equipment	3,528,063	154,664	-	3,682,727
Vehicles	3,308,027	422,260	-	3,730,287
Subtotal	<u>39,896,226</u>	<u>1,689,154</u>	<u>-</u>	<u>41,585,380</u>
Accumulated depreciation:				
Buildings	2,394,221	139,571	-	2,533,792
Improvements/infrastructure	15,519,222	1,031,264	-	16,550,486
Equipment	2,852,332	176,867	-	3,029,199
Vehicles	2,725,685	226,122	-	2,951,807
Subtotal	<u>23,491,460</u>	<u>1,573,824</u>	<u>-</u>	<u>25,065,284</u>
Net other assets	<u>16,404,766</u>	<u>115,330</u>	<u>-</u>	<u>16,520,096</u>
Net capital assets	<u>\$ 25,103,938</u>	<u>\$ 3,471,561</u>	<u>\$ (309,636)</u>	<u>\$ 28,265,863</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 95,134
Police	121,805
Fire	133,805
General services	1,121,288
Recreation	101,792
Total governmental activities depreciation expense	<u>\$ 1,573,824</u>

**NOTE E-LONG-TERM DEBT**

Capital Lease Obligations

The capital lease obligations are payable from general revenues of the City.

Long-term debt outstanding at June 30, 2023 for the capital leases consisted of the following:

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*Capital Lease Payable – 2020 F*

The City entered into a \$10,185,000 capital lease agreement on October 29, 2020 with the Kentucky Bond Corporation to refund the Parks and Midway issues and finance the City Building renovation. The lease payable is for a period of thirty years with interest rates of 3.00%.

Annual debt service requirements to maturity are as follows:

Year Ending June 30	Amount
2024	696,413
2025	698,737
2026	695,575
2027	692,088
2028-2031	3,487,362
2032-2036	3,067,213
2037-2041	1,448,888
2042-2046	1,466,926
2047-2050	870,713
Subtotal	<u>13,123,915</u>
Less: Interest	<u>(3,881,415)</u>
Total	<u>\$ 9,242,500</u>

*Changes in Long-Term Liabilities*

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

	June 30, 2022	Additions	Retirements	June 30, 2023	Due Within One Year
Governmental activities:					
Lease payable - 2020 F	\$ 9,623,750	\$ -	\$ 381,250	\$ 9,242,500	\$ 396,250
Net pension liab -single employer	160,877	-	82,751	78,126	-
Net pension liability - multi employer plan	28,790,083	-	4,433,067	24,357,016	-
Compensated absences	279,690	6,327	-	286,017	-
Totals	<u>\$ 38,854,400</u>	<u>\$ 6,327</u>	<u>\$ 4,897,068</u>	<u>\$ 33,963,659</u>	<u>\$ 396,250</u>

**NOTE F-CLAIMS AND JUDGMENTS**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.



**NOTE G-EMPLOYEE RETIREMENT SYSTEM**

*County Employees Retirement System (CERS)*

City employees who work at least 100 hours per month participate in the County Employees Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems (KRS) administers the CERS.

The plan issues separate financial statements, which may be obtained by request from Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601.

*General Information about the Pension Plan*

*Plan Description* - CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in non-hazardous and hazardous positions of each county, City, and school board, and any additional eligible local agencies electing to participate in CERS. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, cost-of-living (COLA) adjustments were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5%.

Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

*Non-hazardous Benefits* – For members who began contributing to CERS prior to September 1, 2008, final compensation represents the average fiscal year of earnings with the highest monthly average used when calculating your retirement benefit. Final compensation is based on the 5-high creditable compensation years with a minimum of 48 months and a minimum of five fiscal years. Final compensation is determined by dividing the total salary earned during the 5-high years by the number of months worked, then multiplying by twelve. Non-hazardous members, age 65 or older, or with 27 or more years of service are eligible to retire and receive unreduced benefits. Any non-hazardous member, age 55, with a minimum of five years of service may retire with a reduction in benefits.

For non-hazardous members who began contributing to CERS on or after September 1, 2008, any member age 57 or older, may retire with no reduction in benefits if the member's age and years of service equal 87. In addition, a member, age 65, with at least 60 months of service may retire with no reduction in benefits. A member, age 60 or older, with at least 120 months of service credit may retire at any time with a reduction of benefits.

*Hazardous Benefits* – For members who began contributing to CERS prior to September 1, 2008, final compensation represents the average fiscal year of earnings with the highest monthly average used when calculating your retirement benefit. Final compensation is based on the 3-high creditable compensation years with a minimum of 24 months and a minimum of three

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fiscal years. Final compensation is determined by dividing the total salary earned during the 3-high years by the number of months worked, then multiplying by twelve. Hazardous members, age 55 or older, or with 20 or more years of service are eligible to retire and receive unreduced benefits. Any non-hazardous member, age 55, with a minimum of five years of service may retire with a reduction in benefits.

For hazardous members who began contributing to CERS on or after September 1, 2008, any member age 60 or older with 60 months of service or a member with 25 years of service, may retire with no reduction in benefits. In addition, a member, age 60 with at least 60 months of service may retire with no reduction in benefits. A member, age 60 or older, with at least 120 months of service credit may retire at any time with a reduction of benefits.

*Non-hazardous Contributions* - For the year ended June 30, 2023, all plan members who began participating before September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2022, participating employers contributed 26.95% of each employee's creditable compensation. The actuarially determined rate set by the Board for the year ended June 30, 2022 was 26.95% of creditable compensation. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 6% of their annual creditable compensation. Five percent of the contribution was deposited to the member's account while 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative regulation 102 KAR 1:420E). Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of their annual creditable compensation.

In accordance with Senate Bill 2 signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to participate in the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

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Contributions to the non-hazardous pension plan from the City were \$526,288 for the year ended June 30, 2023.

*Hazardous Contributions* – For the year ended June 30, 2023, all plan members who began participating before September 1, 2008, were required to contribute 8% of their annual creditable compensation. The state was required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2023, participating employers contributed 44.33% of each employee's creditable compensation. The actuarially determined rate set by the Board for the year ended June 30, 2023 was 44.33% of creditable compensation. Administrative costs of KRS are financed through employer contributions and investment earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 9% of their annual creditable compensation. Eight percent of the contribution was deposited to the member's account while 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative regulation 102 KAR 1:420E). Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 8% of their annual creditable compensation.

In accordance with Senate Bill 2 signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to participate in the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Hazardous members contribute 8% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 7.5% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Contributions to the hazardous pension plan from the City were \$2,129,170 for the year ended June 30, 2023.

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

At June 30, 2023, the City reported a liability of \$5,130,069 for its proportionate share of the net pension liability for non-hazardous and \$19,340,014 for hazardous. The City's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net

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pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2022, the City's proportion was 0.07 percent for non-hazardous and 0.67 percent for hazardous.

For the year ended June 30, 2023, the City recognized pension income of \$48,081 for non-hazardous and \$698,245 for hazardous. At June 30, 2023 the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	GENERAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 559,997	\$ 45,685
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	2,855,412	2,277,194
Changes in proportion and difference between City contributions and proportionate share of contributions	116,195	924,543
City contributions subsequent to the measurement date	2,298,034	-
Total	<u>\$ 5,829,638</u>	<u>\$ 3,247,422</u>

The \$2,298,034 reported as deferred outflows of resources relating to pensions resulting from the City's contributions made after the measurement date of the net pension liability but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	General	
	Hazardous	Non-Hazardous
June 30		
2023	(82,457)	59,388
2024	(50,520)	34,184
2025	(204,990)	(43,110)
2026	425,951	145,735
2027	-	-
Totals	<u>\$ 87,984</u>	<u>\$ 196,197</u>

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

Inflation	2.30 percent
Salary increases	Non-hazardous 3.3% to 10.3% Hazardous 3.55% to 19.05%
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2022 valuation were based on results of an actuarial experience study for the period 2013 through 2018.

*Target Asset Allocation* - The long-term expected rates of return were determined by using a building block method in which the best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighing the expected future real rate of return by the target asset allocation percentage. The target allocations and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	CERS Non-Hazardous		CERS Hazardous	
	Target Allocation	Long-Term Expected Nominal Return	Target Allocation	Long-Term Expected Nominal Return
Public equity	50.00%	4.45%	50.00%	4.45%
Private Equity	10.00%	10.15%	10.00%	10.15%
Core Bonds	10.00%	0.28%	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%	10.00%	2.28%
Cash	0.00%	-0.91%	0.00%	-0.91%
Real Estate	7.00%	3.67%	7.00%	3.67%
Real Return	13.00%	4.07%	13.00%	4.07%
Expected Real Return	<u>100.00%</u>	<u>4.28%</u>	<u>100.00%</u>	<u>4.28%</u>
Long Term Inflation Assumption		<u>2.30%</u>		<u>2.30%</u>
Expected Nominal Return for Portfolio		<u>6.58%</u>		<u>6.58%</u>

*Discount Rate* – The Single discount rates were based on the expected rate of return on pension investments of 6.25% for each plan. Based on the stated assumptions and the projection of cashflows for each fiscal year ending, the Pension Plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of the projected benefit payments to determine the Total Pension Liability for each plan. The projection of cash flows used to determine the single discount rate assumes that each fund receives the employer required contributions each future year, as determined by the current funding policy established in Statute, which includes the phase-in provisions from House Bill 362 (passed 2018) that applies to CERS.

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*401 (h) Subaccount* – Based on guidance issued by GASB in connection with BASB Statement No. 74, the 1% member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered as an Other Post Employment Benefit (OPEB) asset. As a result, the reported pension fiduciary net positions as of June 30, 2017 and later are net of the 401(h) asset balance.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The discount rate used to measure the total pension liability for the system was 6.25% for both, nonhazardous and hazardous. The following presents the net pension liability calculated using the discount rate of percent, as well as what the systems’ net position liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate for non-hazardous and (5.25%) or one percentage point higher (7.25%) than the current rate for hazardous.

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
<b>CERS</b>			
Non-hazardous Ft. Thomas percent 0.067	\$ 6,411,950	\$ 5,130,069	\$ 4,069,848
Hazardous Ft. Thomas percent 0.663	\$ 24,091,153	\$ 19,340,014	\$ 15,470,505

*Pension Plan Fiduciary Net Position* – Detailed information about the plan’s fiduciary net position is available in the separately issued CERS financial report.

**NOTE H-POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

*Insurance Benefits County Employees Retirement System (CERS)*

City employees who work at least 100 hours per month participate in the County Employees Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.701, the Board of Trustees of Kentucky Retirement Systems (KRS) administers the insurance fund for members participating in CERS.

The plan issues separate financial statements, which may be obtained by request from Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601.

*General Information about the Insurance Fund*

*Plan Description* – The Kentucky Retirement Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for members receiving benefits from KERS, CERS and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to eligible retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for the whole or partial payment of required premiums to purchase hospital and medical insurance. The Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty.

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*Insurance Benefits* – For members participating prior to July 1, 2003, the amount of contribution paid for hospital and medical insurance is based on the years of service and respective percentages of the maximum contribution as follows:

<u>Years of Service</u>	<u>% Paid by Insurance Fund</u>
20 or More	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on, or after, July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5% based upon Kentucky Revised Statutes. Dollar contributions for fiscal year 2020 was \$12.99 for non-hazardous and \$20.07 for hazardous. This benefit is not protected under the invariable contract provisions of the Kentucky Revised Statute 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

*Insurance Contributions* – Future contributions are projected in accordance with the Board's current funding policy, which includes the requirement that each participating employer in the system contribute the actuarially determined contribution rate, which is determined using a closed funding period (25 years as of June 30, 2019) and the actuarial assumptions and methods adopted by the Board. Current assets, future contributions and investment earnings are projected to be sufficient to pay the projected benefit payment from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions. It is the understanding that cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

At June 30, 2023, the City reported a liability of \$1,400,247, for its proportionate share of the net OPEB liability for non-hazardous and \$5,395,875 for hazardous. The City's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At

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June 30, 2022, the City's proportion was 0.071 percent for non-hazardous and 0.663 percent for hazardous.

For the year ended June 30, 2023 the City recognized OPEB expense of \$40,602 for non-hazardous and \$121,447 expense for hazardous. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	GENERAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 260,172	\$ 640,683
Change in assumptions	1,122,188	1,110,918
Net difference between projected and actual earnings on OPEB plan investments	1,388,774	1,134,996
Changes in proportion and difference between City contributions and proportionate share of contributions	76,353	432,585
City contributions subsequent to the measurement date	357,425	-
<b>Total</b>	<b>\$ 3,204,912</b>	<b>\$ 3,319,182</b>

The \$357,425 is reported as deferred outflows of resources relating to OPEB resulting from the City's contributions made after the measurement date of the net OPEB liability but before the end of the City's reporting period will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Hazardous	Non- Hazardous
2023	\$ (35,965)	\$ (3,432)
2024	(71,022)	(1,140)
2025	(177,106)	(70,954)
2026	79,718	9,799
2027	(201,593)	-
Thereafter	-	-
Totals	\$ (405,968)	\$ (65,727)

*Actuarial Assumptions* – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:



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Inflation	2.30 percent
Payroll growth	2.0 percent, average
Investment rate of return	6.25 percent
Health cost trend rates Pre-65	6.20% for 2024, decreasing to an ultimate trend rate of 4.05% over a period of thirteen years
Health cost trend rates Post-65	9.00% for 2024, decreasing to an ultimate trend rate of 4.05% over a period of thirteen years
Amortization	30 years, closed, with level percentage of payroll

The actuarial assumptions used in the June 30, 2022 valuation were based on results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

*Target Asset Allocation* – The long-term expected rates of return were determined by using a building block method in which the best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocations and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	CERS Insurance Plans	
	Target Allocation	Long-Term Expected Nominal Return
Public equity	50.00%	4.45%
Private equity	10.00%	10.15%
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Expected Real Return	100%	4.28%
Long-Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

*Discount Rate* – The single discount rates are based on the expected rate of return on OPEB plan investments of 5.70%. Based on the stated assumptions and the projection of cash flows for each fiscal year ended, the plan’s insurance fiduciary net position and future contributions were projected to sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on Insurance Plan Investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the cost associated with the implicit subsidy will not be paid out of the Plan’s trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate assumes that funds receive 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 2018) that applies to CERS.

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401 (h) Subaccount – Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered as an OPEB asset. As a result, these member contributions and associated investment income are included in the reconciliation of the fiduciary net position.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The discount rates of 5.70% for non-hazardous and 5.70% for hazardous were used to measure the total OPEB liability for the system as of June 30, 2022. The following presents the net OPEB liability calculated using the discount rate of percent, as well as what the systems' net position liability would be if it were calculated using a discount rate that is one percentage point lower (4.70%) or one percentage point higher (6.70%) than the current rate for non-hazardous and one percentage point lower (4.70%) or one percentage point higher (6.70%) than the current rate for hazardous:

CERS	1% Decrease	Current	
		5.70% Non-hazardous	5.70% Hazardous
Proportionate Share Non-hazardous	\$ 1,871,907	\$ 1,400,247	\$ 1,010,342
Proportionate Share Hazardous	\$ 7,497,408	\$ 5,395,875	\$ 3,689,039

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates* – For both the non-hazardous and hazardous plans the initial trend rate for Pre-65 starts at 7.50% and is expected to gradually decrease to an ultimate trend rate of 5.00% over a period of 5 years. For both the non-hazardous and hazardous plans the initial trend rate for Post-65 starts at 5.50% and is expected to gradually decrease to an ultimate trend rate of 5.00% over a period of 2 years.

CERS	1% Decrease	Healthcare	1% Increase
		Trend Rate	
Proportionate Share Non-hazardous	\$ 1,041,053	\$ 1,400,247	\$ 1,831,572
Proportionate Share Hazardous	\$ 3,767,872	\$ 5,395,875	\$ 7,380,324

*OPEB Plan Fiduciary Net Position* – Detailed information about the plan's fiduciary net position is available in the separately issued KRS financial report.

**NOTE I-CONTINGENT LIABILITIES**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**NOTE J-RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through a commercial insurance company. In addition, the City has effectively managed risk through various employee education and prevention programs through the efforts and cooperation of its risk manager and department heads. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred and the amount of loss can be reasonably estimated.

The City Attorney estimates that the amount of actual or potential claims against the City as of June 30, 2023, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

**NOTE K – INTERFUND BALANCES AND TRANSFERS**

The General Fund recorded a \$670,000 receivable from the Central Business District Fund for funds advanced for construction projects. It records \$102,139 due to the Public Works/KDOT and Central Business District funds for past costs incurred by those funds for the General Fund. The KDOT Fund records a receivable from the General Fund of \$45,057. The CBD Fund records a receivable from the General Fund of \$86,640.

The Central Business District Fund transferred \$625,000 to the Debt Service Fund for payment of the City's debt. The General Fund transferred \$625,000 to the Central Business District Fund representing a .25 percent tax collected by the General Fund on behalf of the CBD. The General Fund transferred \$70,000 to the Debt Service Fund and \$2,355,000 to the CBD Fund for capital improvements. The Debt Service transferred \$1,473,021 to CBD Fund and \$175,000 to the General Fund. The General Fund transferred \$18,380 to the Pension Fund.

**NOTE L – COMMITMENTS - NONE**

**NOTE M – COVID 19 GLOBAL PANDEMIC**

The primary effects on the City from the COVID-19 Global Pandemic have been a delay in receiving occupational license tax revenue received and an increase in expenses for personal protective equipment. As the pandemic has waned, City management believes these revenues and expenses will return to pre-pandemic levels. The 2023-24 fiscal year budget has been passed to incorporate the effects of the pandemic on the revenues and expenses.

**NOTE N – AMERICAN RECOVERY PLAN ACT**

In response to the COVID-19 Global Pandemic, the City qualified for and was awarded additional federal funds from the American Recovery Plan Act (ARPA), passed through the Commonwealth of Kentucky's Department for Local Government. This funding has been to reimburse the City for general governmental expenditures, excluding debt service and pension pay-down, during the pandemic. The City received \$4,278,762 in ARPA funds during the fiscal year

**CITY OF FT. THOMAS, KENTUCKY**

***NOTES TO FINANCIAL STATEMENTS***

**June 30, 2023**

but recognized only \$1,000,000 as other financial resources at June 30, 2022. None of these funds were recognized as other financial resources at June 30, 2023. The remaining \$3,278,762 will be deferred for use in future years.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF FT. THOMAS, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND**  
**For the Year Ended June 30, 2023**

	Required Supplementary Information		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Budgeted Amounts			
	Original	Final		
Budgetary fund balance, July 1	\$ 15,742,347	\$ 18,920,805	\$ 17,071,660	\$ (1,849,145)
Resources (inflows):				
Taxes	6,837,619	6,992,349	6,987,371	(4,978)
Licenses and permits	6,229,000	6,232,660	8,334,895	2,102,235
Intergovernmental	292,500	603,640	590,937	(12,703)
Fines and forfeitures	62,000	62,000	67,209	5,209
Charges for services	610,750	638,980	687,836	48,856
Interest and uses of property	246,000	241,080	317,970	76,890
Lease proceeds	-	-	-	-
Miscellaneous	55,000	176,300	442,780	266,480
Transfer in	1,350,000	1,525,000	175,000	(1,350,000)
Amounts available for appropriation	<u>31,425,216</u>	<u>35,392,814</u>	<u>34,675,658</u>	<u>(717,156)</u>
Charges to appropriations (outflows):				
General government	1,650,040	1,801,516	1,931,425	129,909
Police	4,560,316	4,624,701	4,864,290	239,589
Fire	3,914,275	4,004,644	4,061,686	57,042
General services and property mgt.	3,024,805	3,223,480	3,146,957	(76,523)
Recreation	857,882	1,020,875	939,707	(81,168)
Capital outlay	-	-	-	-
Debt service	-	-	572	572
Transfers out	1,595,000	3,000,000	2,443,380	(556,620)
Total charges to appropriations	<u>15,602,318</u>	<u>17,675,216</u>	<u>17,388,017</u>	<u>(287,199)</u>
Budgetary fund balance, June 30	\$ <u>15,822,898</u>	\$ <u>17,717,598</u>	\$ <u>17,287,641</u>	\$ <u>(429,957)</u>

NOTE: Capital outlay expenditures are budgeted in the respective departments.

**CITY OF FT. THOMAS, KENTUCKY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL-PUBLIC WORKS/KDOT FUND**

For the Year Ended June 30, 2023

	Required Supplementary Information			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Budgetary fund balances, July 1	\$ 725,685	\$ 1,169,122	\$ 673,551	\$ (495,571)
Resources (inflows):				
Taxes	97,000	100,000	100,423	423
Intergovernmental	300,000	310,000	340,621	30,621
Interest	1,000	2,100	3,263	1,163
Special assessments	178,000	178,000	201,197	23,197
Miscellaneous	5,000	242,800	242,890	90
Transfers	500,000	500,000	-	(500,000)
Amounts available for appropriation	<u>1,806,685</u>	<u>2,502,022</u>	<u>1,561,945</u>	<u>(940,077)</u>
Charges to appropriations (outflows):				
Current:				
General services	30,000	30,000	553	29,447
Capital outlay:				
Street and sidewalk projects	940,000	1,150,000	771,282	378,718
Transfers to other funds	-	-	-	-
Total	<u>970,000</u>	<u>1,180,000</u>	<u>771,835</u>	<u>408,165</u>
Budgetary fund balances, June 30	\$ <u>836,685</u>	\$ <u>1,322,022</u>	\$ <u>790,110</u>	\$ <u>(531,912)</u>



**CITY OF FT. THOMAS, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL-CENTRAL BUSINESS DISTRICT**  
**For the Year Ended June 30, 2023**

	Required Supplementary Information			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Budgetary fund balances, July 1	\$ (592,788)	\$ 73,446	\$ 62,738	\$ (10,708)
Resources (inflows):				
Current services	-	-	-	-
Special assessments	-	-	-	-
Interest	-	-	-	-
Miscellaneous	57,400	74,600	56,366	(18,234)
Lease Proceeds	1,300,000	1,500,000	-	(1,500,000)
Transfers from other funds	2,500,000	2,500,000	3,828,021	1,328,021
Amounts available for appropriation	<u>3,264,612</u>	<u>4,148,046</u>	<u>3,947,125</u>	<u>(200,921)</u>
Charges to appropriations (outflows):				
Current:				
General government	-	-	-	-
General services and recreation	223,300	385,977	388,377	(2,400)
Capital outlay	3,075,000	3,633,300	2,920,759	712,541
Transfers to other funds	660,000	660,000	625,000	35,000
Total	<u>3,958,300</u>	<u>4,679,277</u>	<u>3,934,136</u>	<u>745,141</u>
Budgetary fund balances, June 30	\$ <u>(693,688)</u>	\$ <u>(531,231)</u>	\$ <u>12,989</u>	\$ <u>544,220</u>

**CITY OF FT. THOMAS, KENTUCKY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**POLICE AND FIREMEN'S PENSION PLAN**  
**For the Year Ended June 30, 2023**

	<u>2023</u>
<u>Schedule of City Contributions</u>	
Actuarially determined contribution	\$ 11,020
Contributions in relation to the actuarially determined contribution	-
Contribution deficiency (excess)	\$ <u>11,020</u>
Covered-employee payroll	no active employees
Actual contributions as a percentage of covered-employee payroll	no active employees
<u>Schedule of Changes in the Net Position Liability and Related Ratios</u>	
Total pension liability	
Difference between expected and actual experience	\$ 11,020
Benefit payments	<u>(11,020)</u>
Net change in total pension liability	-
Total pension liability - June 30 2022	<u>168,203</u>
Total pension liability - June 30 2023	<u>82,490</u>
Contributions-employer, less plan costs	-
Benefit payments	<u>(11,020)</u>
Plan fiduciary net position - June 30, 2022	<u>7,326</u>
Plan fiduciary net position - ending June 30, 2023	<u>4,364</u>
Net pension liability	\$ <u>78,126</u>
Plan fiduciary net position as percentage of the total pension liability	5.3%
Covered-employee payroll	No active employees
Net pension liability as a percentage of covered-employee payroll	No active employees

**CITY OF FT. THOMAS, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2023**

**Note 1. Valuation Date:** Actuarially determined contribution rates are calculated as of July 1<sup>st</sup> preceding the fiscal year end in which contributions are reported.

**Note 2. Benefit Changes:** None

**Note 3. Change in Assumptions:** In 2023, amounts reported as change in assumptions under the Employees' Pension Plan resulted primarily from updating the mortality table.

**Note 4. Methods and Assumptions Used to Determine Contribution Rates:**

	Police and Firemen's Pension Plan
Actuarial cost method	Unit Credit
Asset valuation method	Market Value
Investment rate of return	5.0%, compounded annually net of investment expenses, including inflation
Mortality	IRS 2023 Static Mortality Tables: Annuitant Male/Female

**CITY OF FT. THOMAS, KENTUCKY**  
**SCHEDULE OF CITY CONTRIBUTIONS-PENSION**  
**Year Ended June 30, 2023**

	2016	2017	2018	2019	2020	2021	2022	2023
<b>Non-hazardous:</b>								
Contractually required contribution	\$ 265,240	\$ 316,994	\$ 241,730	\$ 295,351	\$ 335,981	\$ 344,266	\$ 417,405	\$ 447,018
Contributions in relation to the contractually required contribution	\$ 265,240	\$ 316,994	\$ 241,730	\$ 295,351	\$ 335,981	\$ 344,266	\$ 417,405	\$ 447,018
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,554,748	\$ 1,696,971	\$ 1,669,303	\$ 1,820,955	\$ 1,740,834	\$ 1,783,578	\$ 1,971,683	\$ 1,949,430
Contributions as a percentage of covered-employee payroll	17.06%	18.68%	14.48%	16.22%	19.30%	19.30%	21.17%	22.93%
<b>Hazardous:</b>								
Contractually required contribution	\$ 1,127,717	\$ 1,132,211	\$ 840,566	\$ 998,441	\$ 1,206,046	\$ 1,191,504	\$ 1,400,164	\$ 1,469,423
Contributions in relation to the contractually required contribution	\$ 1,127,717	\$ 1,132,211	\$ 840,566	\$ 998,441	\$ 1,206,046	\$ 1,191,504	\$ 1,400,164	\$ 1,469,423
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,422,510	\$ 3,645,239	\$ 3,786,575	\$ 4,015,413	\$ 4,012,129	\$ 3,963,754	\$ 4,135,157	\$ 4,290,336
Contributions as a percentage of covered-employee payroll	32.95%	31.06%	22.20%	24.86%	30.06%	30.06%	33.86%	34.25%

Required supplementary information is intended to show ten years of data. Additional years information will be added as it is available.  
Beginning in 2018, reported contributions and covered payroll excludes OPEB, which is reported separately.

**CITY OF FT. THOMAS, KENTUCKY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY-**  
**NON-HAZARDOUS AND HAZARDOUS**  
Year Ended June 30, 2023

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
<b>Non-hazardous:</b>								
City's proportion of the net pension liability	0.0636%	0.0633%	0.0698%	0.0675%	0.0722%	0.0679%	0.0698%	0.0710%
City's proportionate share of the net pension liability	\$ 2,733,591	\$ 3,480,085	\$ 4,087,482	\$ 4,112,844	\$ 5,077,225	\$ 5,211,555	\$ 4,447,747	\$ 5,130,069
City's covered-employee payroll	\$ 1,554,748	\$ 1,696,971	\$ 1,669,303	\$ 1,820,955	\$ 1,740,834	\$ 1,783,578	\$ 1,971,683	\$ 1,949,430
City's proportionate share of net pension liability as a percentage of its covered-employee payroll	175.82%	205.08%	244.80%	225.86%	291.65%	292.20%	225.58%	263.16%
Plan fiduciary net position as a percentage of the total pension liability	57.5%	55.5%	53.30%	53.54%	50.5%	47.8%	57.3%	52.4%
<b>Hazardous:</b>								
City's proportion of the net pension liability	0.6015%	0.5992%	0.6640%	0.6798%	0.7049%	0.6695%	0.6629%	0.6338%
City's proportionate share of the net pension liability	\$ 9,233,553	\$ 12,228,122	\$ 14,856,559	\$ 16,439,485	\$ 19,475,783	\$ 20,186,218	\$ 17,647,028	\$ 19,340,014
City's covered-employee payroll	\$ 3,422,510	\$ 3,645,239	\$ 3,786,576	\$ 4,015,413	\$ 4,012,129	\$ 3,963,754	\$ 4,135,157	\$ 4,290,336
City's proportionate share of net pension liability as a percentage of its covered-employee payroll	269.79%	335.45%	392.35%	409.41%	485.42%	509.27%	426.76%	450.78%
Plan fiduciary net position as a percentage of the total pension liability	60.0%	54.0%	49.8%	49.30%	46.6%	44.1%	52.3%	52.4%

Required supplementary information is intended to show ten years of data. Additional years information will be added as it is available.

**CITY OF FT. THOMAS, KENTUCKY**  
**SCHEDULE OF CITY CONTRIBUTIONS - OPEB**  
**For the Year Ended June 30, 2023**

	2017	2018	2019	2020	2021	2022	2023
<b>Non-hazardous:</b>							
Contractually required contribution	\$ 80,263	\$ 78,444	\$ 95,790	\$ 82,864	\$ 84,898	\$ 113,963	\$ 81,829
Contributions in relation to the contractually required contribution	\$ 80,263	\$ 78,442	\$ 95,790	\$ 82,864	\$ 84,898	\$ 113,963	\$ 81,829
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City' covered payroll	\$ 1,696,971	\$ 1,669,303	\$ 1,820,955	\$ 1,740,834	\$ 1,783,578	\$ 1,971,683	\$ 1,949,430
Contributions as a percentage of covered-employee payroll	4.73%	4.70%	5.26%	4.76%	4.76%	5.78%	4.20%
<b>Hazardous:</b>							
Contractually required contribution	\$ 340,796	\$ 354,099	\$ 420,606	\$ 381,955	\$ 377,349	\$ 432,951	\$ 360,339
Contributions in relation to the contractually required contribution	\$ 340,796	\$ 354,099	\$ 420,606	\$ 381,955	\$ 377,349	\$ 432,951	\$ 360,339
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,645,239	\$ 3,786,576	\$ 4,015,413	\$ 4,012,129	\$ 3,963,754	\$ 4,135,157	\$ 4,290,336
Contributions as a percentage of covered-employee payroll	9.35%	9.35%	10.47%	9.52%	9.52%	10.47%	8.40%

Required supplementary information is intended to show ten years of data. Additional years information will be shown once it becomes available.

**CITY OF FT. THOMAS, KENTUCKY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF NET OPEB LIABILITY-**  
**NON-HAZARDOUS AND HAZARDOUS**  
For the Year Ended June 30, 2023

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
<b>Non-hazardous:</b>						
City's proportion of the net OPEB liability	0.0698%	0.0675%	0.0722%	0.0679%	0.0679%	0.0710%
City's proportionate share of the net OPEB liability	\$ 1,403,862	\$ 1,198,982	\$ 1,213,901	\$ 1,640,255	\$ 1,335,214	\$ 1,400,247
City's covered-employee payroll	\$ 1,669,303	\$ 1,820,955	\$ 1,740,834	\$ 1,783,578	\$ 1,971,683	\$ 1,949,430
City's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	84.10%	65.84%	69.73%	91.96%	67.72%	71.83%
Plan fiduciary net position as a percentage of the total OPEB liability	52.4%	57.6%	60.4%	51.7%	62.9%	61.0%
<b>Hazardous:</b>						
City's proportion of the net OPEB liability	0.6640%	0.6798%	0.7049%	0.6693%	0.6629%	0.6335%
City's proportionate share of the net OPEB liability	\$ 5,489,480	\$ 4,846,627	\$ 5,215,412	\$ 6,185,122	\$ 5,359,794	\$ 5,395,875
City's covered-employee payroll	\$ 3,786,576	\$ 4,015,413	\$ 4,012,129	\$ 3,963,754	\$ 4,135,157	\$ 4,290,336
City's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	144.97%	120.70%	129.99%	154.53%	129.62%	125.77%
Plan fiduciary net position as a percentage of the total OPEB liability	59.0%	64.2%	64.4%	58.8%	66.8%	63.4%

Required supplementary information is intended to show ten years of data. Additional years information will be shown once it becomes available.

<p><b>CITY OF FT. THOMAS, KENTUCKY</b>  <b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>  <b>June 30, 2023</b></p>
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***Pension***

The actuarial assumptions for CERS Non-Hazardous and CERS Hazardous plans are as follows:

Valuation Date	June 30, 2022
Experience Study	July 1, 2013 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous 3.55% to 19.05% varies by service for Hazardous
Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

***Changes of Assumptions***

There have been no changes in actuarial assumptions since June 30, 2021.

In addition, refer to Note G, starting on page 30.

***OPEB***

The actuarial assumptions for CERS Non-Hazardous and CERS Hazardous plans liability are as follows:

Valuation Date	June 30, 2022
Experience Study	July 1, 2013 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay



Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous 3.55% to 19.05% varies by service for Hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non- disabled)	System-specific mortality table based on mortality experience 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

### *Changes of Assumptions*

The discount rates used to calculate the total OPEB liability increased from 5.20% to 5.70% for the non-hazardous Plan and from 5.05% to 5.61% for the hazardous Plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2022 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

In addition, refer to Note G, starting on page 30

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**SUPPLEMENTARY INFORMATION**

**CITY OF FT. THOMAS, KENTUCKY**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2023**

	<u>Special Revenue</u>		Total Nonmajor Governmental Funds
	<u>Waste Fee</u>	<u>Debt Service</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 188,367	\$ 437,935	\$ 626,302
Accounts receivable	7,447	-	7,447
<b>Total assets</b>	<u>\$ 195,814</u>	<u>\$ 437,935</u>	<u>\$ 633,749</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenues	5,632	-	5,632
Due to General Fund	-	-	-
<b>Total liabilities</b>	<u>5,632</u>	<u>-</u>	<u>5,632</u>
<b>Fund balances:</b>			
Assigned to:			
Debt service	-	437,935	437,935
Waste	190,182	-	190,182
<b>Total fund balances</b>	<u>190,182</u>	<u>437,935</u>	<u>628,117</u>
<b>Total liabilities and fund balances</b>	<u>\$ 195,814</u>	<u>\$ 437,935</u>	<u>\$ 633,749</u>

**CITY OF FT. THOMAS, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2023**

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Waste Fee</u>	<u>Debt Service</u>	
<b>REVENUES</b>			
Charges for services	\$ 1,211,301	\$ -	\$ 1,211,301
Interest	-	25,804	25,804
Miscellaneous income	-	-	-
<b>Total revenues</b>	<u>1,211,301</u>	<u>25,804</u>	<u>1,237,105</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
General services	1,221,167	-	1,221,167
Debt service:			
Principal	-	381,250	381,250
Interest	-	313,522	313,522
<b>Total expenditures</b>	<u>1,221,167</u>	<u>694,772</u>	<u>1,915,939</u>
Excess (deficiency) of revenues over(under) expenditures	<u>(9,866)</u>	<u>(668,968)</u>	<u>(678,834)</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Other adjustment	(6,369)	-	(6,369)
Transfers in	-	695,000	695,000
Transfers out	-	(1,648,021)	(1,648,021)
<b>Total other financing sources and uses</b>	<u>(6,369)</u>	<u>(953,021)</u>	<u>(959,390)</u>
<b>Net change in fund balances</b>	<u>(16,235)</u>	<u>(1,621,989)</u>	<u>(1,638,224)</u>
Fund balances - beginning	206,417	2,059,924	2,266,341
Fund balances - ending	<u>\$ 190,182</u>	<u>\$ 437,935</u>	<u>\$ 628,117</u>



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

**To the Mayor and  
Members of City Council  
City of Ft. Thomas, 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, each major fund, and the aggregate remaining fund information of City of Ft. Thomas, Kentucky as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Ft. Thomas, Kentucky's basic financial statements, and have issued our report thereon dated October 4, 2024.

*Report on Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the City of Ft. Thomas, Kentucky's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ft. Thomas, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ft. Thomas, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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*Report on Compliance and Other Matters*

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

*Purpose of this Report*

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

**RANKIN, RANKIN & COMPANY**

A handwritten signature in cursive script that reads "Rankin, Rankin &amp; Company".

**Ft. Wright, Kentucky  
October 4, 2024**