

CITY OF JAMESTOWN
Jamestown, Kentucky



FINANCIAL STATEMENTS
June 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jamestown, Kentucky, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Jamestown, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jamestown, Kentucky, as of June 30, 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Jamestown, Kentucky and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material 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 disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Jamestown, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Jamestown, 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, budgetary comparison information, and pension and OPEB schedules on pages 4–11 and 36–46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jamestown, Kentucky's basic financial statements. The budgetary information – nonmajor governmental funds, combining nonmajor governmental fund financial statements, and combining statement of operating revenues and expenses – proprietary fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary information – nonmajor governmental funds, combining nonmajor governmental fund financial statements, and combining statement of operating revenues and expenses – proprietary fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023, on our consideration of the City of Jamestown, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Jamestown, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jamestown, Kentucky's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
January 19, 2023

City of Jamestown, Kentucky

Management's Discussion and Analysis

Our discussion and analysis of the City of Jamestown's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. Please read in conjunction with the auditors' report on page 1 and the City's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- The City's net position decreased in the governmental activities and decreased in the business-type activities. The net position of the governmental activities decreased by \$138,165 to \$1,304,684, and the net position of the business-type activities decreased by \$569,849 or 4.2 percent to \$13,045,940.
- In the City's governmental activities, revenues increased by \$72,610 to \$1,491,188, and expenses increased by \$426,978, or 35.5 percent to \$1,629,353. In the business-type activities, revenues decreased by \$440,742, or 10.9 percent to \$3,593,984, while expenses increased by \$49,133, or 1.2 percent to \$4,163,833.

OVERVIEW OF THIS ANNUAL REPORT

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

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

GOVERNMENT – WIDE FINANCIAL STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

The City has two kinds of funds:

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

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

NET POSITION

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

	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Current and Other Assets	\$ 1,105,994	\$ 1,087,482	\$ 3,005,711	\$ 3,175,151	\$ 4,111,705	\$ 4,262,633
Capital Assets	1,521,646	1,413,655	21,605,745	22,333,062	23,127,391	23,746,717
Deferred Outflows	117,711	157,635	758,010	810,359	875,721	967,994
Total Assets						
and Deferred Outflows	2,745,351	2,658,772	25,369,466	26,318,572	28,114,817	28,977,344
Current Liabilities	388,056	13,724	391,290	371,967	779,346	385,691
Deferred Inflows	388,099	259,530	617,986	156,404	1,006,085	415,934
Long-Term Debt Outstanding	-	-	8,415,254	8,801,361	8,415,254	8,801,361
Net pension liability	495,587	703,794	2,244,558	2,580,847	2,740,145	3,284,641
Net OPEB liability	168,925	238,875	654,438	792,204	823,363	1,031,079
Total Liabilities						
and Deferred Inflows	1,440,667	1,215,923	12,323,526	12,702,783	13,764,193	13,918,706
Net Position:						
Invested in Capital Assets,						
net of debt	1,521,646	1,413,655	13,190,491	13,531,701	14,712,137	14,945,356
Restricted	3,151	55,767	769,712	734,013	772,863	789,780
Unrestricted	(220,113)	(26,573)	(914,263)	(649,925)	(1,134,376)	(676,498)
Total Net Position	\$ 1,304,684	\$ 1,442,849	\$ 13,045,940	\$ 13,615,789	\$ 14,350,624	\$ 15,058,638

The net position of the City's governmental activities decreased by \$138,165 or 9.6%, from \$1,442,849 in 2021 to \$1,304,684 in 2022. The net position of the business-type activities decreased by 4.2 percent, from \$13,615,789 in 2021 to \$13,045,940 in 2022. The net position from one activity generally cannot be used to make up for any deficits in the other activities.

NET POSITION, continued

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>
Revenues						
<u>Program Revenues</u>						
Charges for Service	\$ 74,140	\$ 77,036	\$ 3,159,690	\$ 3,124,208	\$ 3,233,830	\$ 3,201,244
Operating Grants & Contributions	170,396	155,835	-	-	170,396	155,835
Capital Grants & Contributions	38,208	53,120	\$ 427,790	\$ 903,876	465,998	956,996
<u>General Revenue</u>						
Taxes	234,433	224,876	-	-	234,433	224,876
License fees	879,407	825,475	-	-	879,407	825,475
Other Grants & Contributions	-	-	-	-	-	-
Investment Earnings	-	-	6,504	6,477	6,504	6,477
Donations	-	-	-	-	-	-
Gain on disposal of fixed assets	6,384	12,333	-	165	6,384	12,498
Miscellaneous	88,220	69,903	-	-	88,220	69,903
Total Revenue	<u>1,491,188</u>	<u>1,418,578</u>	<u>3,593,984</u>	<u>4,034,726</u>	<u>5,085,172</u>	<u>5,453,304</u>
Program Expenses						
General Government	691,083	373,231	-	-	691,083	373,231
Public Safety - Police	589,566	408,245	-	-	589,566	408,245
Public Safety - Fire	100,794	102,174	-	-	100,794	102,174
Parks and Recreation	19,595	15,954	-	-	19,595	15,954
Sanitation	74,444	76,052	-	-	74,444	76,052
Public Works	148,449	223,759	-	-	148,449	223,759
Cemetery	5,422	-	-	-	5,422	-
Community Development	-	-	-	-	-	-
Interest on Long-term Debt	-	2,960	-	-	-	2,960
Sewer and Water	-	-	4,163,833	4,114,700	4,163,833	4,114,700
Total Program Expenses	<u>1,629,353</u>	<u>1,202,375</u>	<u>4,163,833</u>	<u>4,114,700</u>	<u>5,793,186</u>	<u>5,317,075</u>
Net Change In Net Position	<u>\$ (138,165)</u>	<u>\$ 216,203</u>	<u>\$ (569,849)</u>	<u>\$ (79,974)</u>	<u>\$ (708,014)</u>	<u>\$ 136,229</u>

The City's total revenue decreased by 6.8 percent and the total cost of all programs increased by 9.0 percent. On the following page is a more in-depth description of the revenues and expenses of the governmental activities.

Looking at the business-type activities, revenues for the City decreased to \$3,593,984 in 2022, or 10.9 percent, while total expenses increased to \$4,163,833, or 1.2 percent. The decrease in revenues and increase in expenses resulted in a decrease in net position by \$569,849. Capital grants and contributions decreased by \$476,086 see the discussion on page 9 on the capital assets. The City's major source of revenue in the business-type activities is charges for service, which increased by \$35,482. This revenue source makes up 87.9 percent of total business type activities revenues.

GOVERNMENTAL ACTIVITIES

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

Table A-3

Condensed Governmental Activities - Revenues & Expenditures

	<u>FY 2022</u>	<u>FY 2021</u>	<u>Variance</u>
Taxes	\$ 234,433	\$ 224,876	\$ 9,557
Licenses and permits	879,407	825,475	53,932
Intergovernmental	181,809	173,752	8,057
Charges for Services	74,140	77,036	(2,896)
Other Revenues	<u>115,016</u>	<u>105,107</u>	<u>9,909</u>
Total Revenues	<u>1,484,805</u>	<u>1,406,246</u>	<u>78,559</u>
General Administration	\$ 662,965	\$ 351,557	\$ 311,408
Public Safety	597,870	458,285	139,585
Public Works	267,960	218,888	49,072
Sanitation	72,364	73,502	(1,138)
Other	17,310	8,247	9,063
Capital Outlay	228,540	106,211	122,329
Debt Service	<u>-</u>	<u>294,846</u>	<u>(294,846)</u>
Total Expenditures	<u>1,847,009</u>	<u>1,511,536</u>	<u>335,473</u>
Excess (Deficiency) of Revenues over Expenditures before transfers	<u>\$ (362,204)</u>	<u>\$ (105,290)</u>	<u>\$(256,914)</u>

Revenues for the City's governmental activities increased by \$78,559, while total expenditures increased by 22.2 percent. Governmental activities excess (deficiency) of revenues over expenditures before transfers decreased by \$256,914. The City's major source of revenue in the governmental activities is licenses and permits, which makes up 59.2 percent of total revenues. This revenue source increased by \$53,932 in 2022.

BUDGET HIGHLIGHTS

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

Table A-4

Condensed Governmental Activities - Revenues

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes	\$ 242,000	\$ 234,433	\$ (7,567)
Licenses and permits	854,313	879,407	25,094
Intergovernmental	27,500	146,296	118,796
Charges for Services	72,000	74,140	2,140
Municipal Aid Fund	35,787	35,548	(239)
Other Revenues	<u>354,460</u>	<u>114,981</u>	<u>(239,479)</u>
Total Revenues	<u>\$ 1,586,060</u>	<u>\$ 1,484,805</u>	<u>\$ (101,255)</u>

Table A-5

Condensed Governmental Activities - Expenditures

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government	\$ 654,500	\$ 662,965	\$ 8,465
Public Safety	612,500	597,870	(14,630)
Sanitation	73,000	72,364	(636)
Public Works	238,300	234,938	(3,362)
Recreation	43,000	11,888	(31,112)
Cemetery	1,500	5,422	3,922
Municipal Aid Fund	87,612	88,164	552
Transfer in (out)	(19,116)	-	19,116
Debt Service	-	-	-
Capital Outlay	<u>135,650</u>	<u>173,398</u>	<u>37,748</u>
Total Expenditures	<u>\$ 1,826,946</u>	<u>\$ 1,847,009</u>	<u>\$ 20,063</u>

The City budgeted for a total of \$1,586,060 in revenues for 2022, but ended up having revenues of \$1,484,805, which put the City 6.4 percent under the revenue budget. A total of \$1,826,946 was budgeted for expenses, but expenditures totaled \$1,847,009 at the end of 2022. The City was over budget on the expenses by \$20,063 or 1.1 percent as detailed above.

CAPITAL ASSETS

The City has a total of \$50,793,379 invested in a broad range of capital assets, including police and fire equipment and vehicles, buildings, land, infrastructure assets, and water and sewer lines. This amount represents an increase of \$701,327 from last year's total investment of \$50,092,052. The major capital additions included playground equipment for \$106,194, a fire truck for \$35,000, and various sewer lines for \$341,634, and water pumps for \$135,575.

Table A-6
Capital Assets at Year End Without Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>
Land & Improvements	\$ 449,219	\$ 449,219	\$ -	\$ -	\$ 449,219	\$ 449,219
Buildings & Improvements	1,026,435	1,026,435	-	-	1,026,435	1,026,435
Vehicles & Equipment	1,400,565	1,235,166	-	-	1,400,565	1,235,166
Infrastructure Assets	490,270	435,128	-	-	490,270	435,128
Water & Sewer System	-	-	47,426,890	46,946,104	47,426,890	46,946,104
Total Capital Assets	<u>\$ 3,366,489</u>	<u>\$ 3,145,948</u>	<u>\$ 47,426,890</u>	<u>\$ 46,946,104</u>	<u>\$ 50,793,379</u>	<u>\$ 50,092,052</u>

DEBT

This year the City has \$8,415,254 in long-term debt, a \$386,107 decrease from last year's total of \$8,801,361.

Table A-7

Debt Outstanding at Year End

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>
Note Payable	\$ -	\$ -	\$ 2,973,998	\$ 3,157,361	\$ 2,973,998	\$ 3,157,361
Revenue Bond Payable	-	-	5,441,256	5,644,000	5,441,256	5,644,000
Total Debt Outstanding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,415,254</u>	<u>\$ 8,801,361</u>	<u>\$ 8,415,254</u>	<u>\$ 8,801,361</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected officials consider many factors when setting the fiscal year 2023 budget. Some of the factors are the local economy, expected grant money, and anticipated tax revenue.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 853,065	\$ 1,586,389	\$ 2,439,454
Certificates of deposit	-	362,000	362,000
Receivables, net	240,000	255,646	495,646
Internal balances	7,500	(7,500)	-
Other current assets	-	39,464	39,464
Total current assets	<u>1,100,565</u>	<u>2,235,999</u>	<u>3,336,564</u>
Noncurrent assets			
Restricted cash	5,429	769,712	775,141
Capital assets			
Land	276,594	208,100	484,694
Plant and sewer system, net	-	21,393,249	21,393,249
Depreciable buildings, property, and equipment, net	851,637	4,396	856,033
Infrastructure, net	393,415	-	393,415
Total noncurrent assets	<u>1,527,075</u>	<u>22,375,457</u>	<u>23,902,532</u>
Total assets	<u>2,627,640</u>	<u>24,611,456</u>	<u>27,239,096</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	33,300	385,218	418,518
Deferred outflows - OPEB	84,411	372,792	457,203
Total deferred outflows of resources	<u>117,711</u>	<u>758,010</u>	<u>875,721</u>
Total assets and deferred outflows of resources	<u>\$ 2,745,351</u>	<u>\$ 25,369,466</u>	<u>\$ 28,114,817</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 28,649	\$ 54,995	\$ 83,644
Accrued payroll taxes	-	38,794	38,794
Accrued interest	-	68,903	68,903
Unearned revenue	359,407	-	359,407
Customer deposits	-	228,598	228,598
Current portion of long-term obligations	-	383,485	383,485
Total current liabilities	<u>388,056</u>	<u>774,775</u>	<u>1,162,831</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	-	8,031,769	8,031,769
Net pension liability	495,587	2,244,558	2,740,145
Net OPEB liability	168,925	654,438	823,363
Total noncurrent liabilities	<u>664,512</u>	<u>10,930,765</u>	<u>11,595,277</u>
Total liabilities	<u>1,052,568</u>	<u>11,705,540</u>	<u>12,758,108</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	248,336	310,771	559,107
Deferred inflows - OPEB	139,763	307,215	446,978
Total deferred inflows of resources	<u>388,099</u>	<u>617,986</u>	<u>1,006,085</u>
NET POSITION			
Net investment in capital assets	1,521,646	13,190,491	14,712,137
Restricted for:			
Debt service	-	276,017	276,017
Depreciation	-	329,465	329,465
Other purposes	3,151	164,230	167,381
Unrestricted	(220,113)	(914,263)	(1,134,376)
Total net position	<u>1,304,684</u>	<u>13,045,940</u>	<u>14,350,624</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,745,351</u>	<u>\$ 25,369,466</u>	<u>\$ 28,114,817</u>

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF ACTIVITIES
for the year ended June 30, 2022

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	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 691,083	\$ -	\$ 138,599	\$ -	\$ (552,484)	\$ -	\$ (552,484)
Public safety - police	589,566	-	21,297	2,660	(565,609)	-	(565,609)
Public safety - fire	100,794	-	10,500	-	(90,294)	-	(90,294)
Public works	148,449	-	-	35,513	(112,936)	-	(112,936)
Parks and recreation	19,595	-	-	-	(19,595)	-	(19,595)
Sanitation	74,444	74,140	-	-	(304)	-	(304)
Cemetery	5,422	-	-	-	(5,422)	-	(5,422)
Interest on long-term debt	-	-	-	-	-	-	-
Total governmental activities	<u>1,629,353</u>	<u>74,140</u>	<u>170,396</u>	<u>38,173</u>	<u>(1,346,644)</u>	<u>-</u>	<u>(1,346,644)</u>
Business-type activities							
Water & Sewer	<u>4,163,833</u>	<u>3,159,690</u>	<u>-</u>	<u>427,790</u>	<u>-</u>	<u>(576,353)</u>	<u>(576,353)</u>
Total primary government	\$ 5,793,186	\$ 3,233,830	\$ 170,396	\$ 465,963	(1,346,644)	(576,353)	(1,922,997)
General revenues							
Taxes							
Property taxes, levied for general purposes					234,433	-	234,433
License fees							
Franchise					108,207	-	108,207
Payroll					385,882	-	385,882
Insurance premiums					338,279	-	338,279
Other fees					47,039	-	47,039
Investment earnings					-	6,504	6,504
Miscellaneous					88,255	-	88,255
Total general revenues					<u>1,202,095</u>	<u>6,504</u>	<u>1,208,599</u>
Gain on sale of property					6,384	-	6,384
Total general revenues and gain on sale					<u>1,208,479</u>	<u>6,504</u>	<u>1,214,983</u>
Change in net position					(138,165)	(569,849)	(708,014)
Net position - beginning					<u>1,442,849</u>	<u>13,615,789</u>	<u>15,058,638</u>
Net position - ending					<u>\$ 1,304,684</u>	<u>\$ 13,045,940</u>	<u>\$ 14,350,624</u>

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

CITY OF JAMESTOWN, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 853,065	\$ 5,429	\$ 858,494
Receivables, net	236,296	3,704	240,000
Due from other funds	7,500	-	7,500
Total assets	\$ 1,096,861	\$ 9,133	\$ 1,105,994
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 22,667	\$ 5,982	\$ 28,649
Unearned revenue	359,407	-	359,407
Total liabilities	382,074	5,982	388,056
Fund balances			
Restricted	-	3,151	3,151
Assigned to			
Capital projects	39,806	-	39,806
Cemetery	26,266	-	26,266
Public safety	46,273	-	46,273
Unassigned	602,442	-	602,442
Total fund balances	714,787	3,151	717,938
Total liabilities and fund balances	\$ 1,096,861	\$ 9,133	\$ 1,105,994

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

Fund balances reported above	\$ 717,938
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,521,646
Net deferred inflows/outflows related to the long-term net pension/OPEB liability are not reported in the funds.	(270,388)
Long-term liabilities, including the net pension and OPEB liability are not due and payable in the current period and therefore are not reported in the funds.	(664,512)
Net position of governmental activities	\$ 1,304,684

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
for the year ended June 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 234,433	\$ -	\$ 234,433
Licenses and permits	879,407	-	879,407
Intergovernmental	146,296	35,513	181,809
Charges for services	74,140	-	74,140
Other revenues	114,981	35	115,016
Total revenues	1,449,257	35,548	1,484,805
EXPENDITURES			
Current			
General administration	662,965	-	662,965
Public safety-police	524,580	-	524,580
Public safety-fire	73,290	-	73,290
Sanitation	72,364	-	72,364
Public works	234,938	33,022	267,960
Parks and recreation	11,888	-	11,888
Cemetery	5,422	-	5,422
Capital outlay	173,398	55,142	228,540
Total expenditures	1,758,845	88,164	1,847,009
Excess (deficiency) of revenues over expenditures	(309,588)	(52,616)	(362,204)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of asset	6,384	-	6,384
Total other financing sources (uses)	6,384	-	6,384
Net change in fund balances	(303,204)	(52,616)	(355,820)
Fund balances-beginning	1,017,991	55,767	1,073,758
Fund balances-ending	\$ 714,787	\$ 3,151	\$ 717,938
Reconciliation to government-wide change in net position:			
Net change in fund balances			\$ (355,820)
Add: Capital outlay			228,540
Less: Depreciation on governmental activities			(120,549)
Less: Proceeds from sale of assets			(6,384)
Add: Gain on disposal of assets			6,384
Add: Decrease in net pension liability			85,601
Add: Decrease in net OPEB liability			24,063
Change in net position Governmental Activities			\$ (138,165)

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	Business-type Activities Water & Sewer
ASSETS	
Current assets	
Cash	\$ 1,586,389
Certificates of deposit	362,000
Receivables, net	255,646
Other current assets	39,464
Total current assets	2,243,499
Noncurrent assets	
Restricted cash and cash equivalents	769,712
Capital assets	
Land, easements and buildings	208,100
Vehicle and equipment	176,592
Plant and sewer equipment	47,042,198
Less: accumulated depreciation	(25,821,145)
Total noncurrent assets	22,375,457
Total assets	24,618,956
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension	385,218
Deferred outflows - OPEB	372,792
Total deferred outflows of resources	758,010
Total assets and deferred outflows of resources	\$ 25,376,966
LIABILITIES	
Current liabilities	
Accounts payable	\$ 54,995
Accrued payroll taxes	38,794
Due to other funds	7,500
Accrued interest	68,903
Customer deposits	228,598
Current portion of long-term obligations	383,485
Total current liabilities	782,275
Noncurrent liabilities	
Noncurrent portion of long-term obligations	8,031,769
Net pension liability	2,244,558
Net OPEB liability	654,438
Total noncurrent liabilities	10,930,765
Total liabilities	11,713,040
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension	310,771
Deferred inflows - OPEB	307,215
Total deferred inflows of resources	617,986
NET POSITION	
Net investment in capital assets	13,190,491
Restricted for:	
Debt service	276,017
Depreciation	329,465
Other purposes	164,230
Unrestricted	(914,263)
Total net position	13,045,940
Total liabilities, deferred inflows of resources and net position	\$ 25,376,966

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
for the year ended June 30, 2022

	Business-type Activities Water & Sewer
Operating revenues	
Charges for services	\$ 3,129,696
Other income	29,994
Total operating revenues	3,159,690
Operating expenses	
Office	446,557
Water production	1,006,259
Water distribution	510,480
Sewer treatment	799,045
Depreciation and amortization	1,237,754
Total operating expenses	4,000,095
Operating (loss)	(840,405)
Non-operating revenues (expenses)	
Interest and investment revenue	6,504
Bond service charges	(18,161)
Interest expense	(145,577)
Total non-operating revenues (expenses)	(157,234)
(Loss) before capital contributions	(997,639)
Capital contributions	
Grants received	368,815
Water and sewer tap fees	58,975
Total capital contributions	427,790
Change in net position	(569,849)
Total net position - beginning	13,615,789
TOTAL NET POSITION - ENDING	\$ 13,045,940

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

CITY OF JAMESTOWN, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
for the year ended June 30, 2022

	<u>Business-type Activities Water & Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,155,939
Payments to suppliers	(1,109,554)
Payments for employee services and benefits	<u>(1,601,194)</u>
Net cash provided by operating activities	<u>445,191</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	427,790
Purchase of capital assets	(510,436)
Proceeds from sale of capital asset	-
Principal paid on capital debt	(386,107)
Bond service charges	(18,161)
Proceeds from loans and bonds	-
Interest paid on capital debt	<u>(148,044)</u>
Net cash (used in) capital and related financing activities	<u>(634,958)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts on interfund loans	<u>-</u>
Net cash (used in) noncapital financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>6,504</u>
Net cash provided by investing activities	<u>6,504</u>
Net (decrease) in cash	(183,263)
Cash - beginning of the year	<u>2,539,364</u>
CASH - END OF THE YEAR	<u><u>\$ 2,356,101</u></u>
Reconciliation of operating (loss) to net cash provided by operating activities:	
Operating (loss)	\$ (840,405)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,237,754
Net pension liability	33,308
Net OPEB liability	6,567
Change in assets and liabilities:	
Receivables, net	(9,194)
Other current assets	(4,629)
Accounts payables	6,982
Accrued payroll payable	9,365
Customer deposits	<u>5,443</u>
Net cash provided by operating activities	<u><u>\$ 445,191</u></u>

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

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

Government-wide Financial Statements

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

Fund Financial Statements

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

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

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

The following funds are used by the City of Jamestown:

Governmental Funds

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

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

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

Proprietary Funds

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

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

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

Basis of Accounting

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

Government-wide Financial Statements

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

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Fund Financial Statements

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

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

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

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

Fund Balances

Fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned – all other spendable amounts.

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

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgeting

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Other Accounting Policies

Accounts receivable are stated less an allowance for doubtful accounts.

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

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

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

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

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's June 30, 2022 financial statements and had no effect on the beginning net position of the City.

Management's Review of Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through January 19, 2023, which represents the date these financials statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2022, have not been evaluated by the City.

2. CASH AND INVESTMENTS

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

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

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City of Jamestown's deposits and investments at June 30, 2022 were entirely covered by federal depository insurance or by collateral held by the custodial banks in the City's name. Bank deposits at June 30, 2022 totaled \$3,618,954, of which \$717,012 was covered by FDIC, and \$2,901,942 was covered by pledged collateral.

Statement of Cash Flows

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

Cash – unrestricted	\$ 1,586,389
Cash – restricted	<u>769,712</u>
	<u>\$ 2,356,101</u>

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

3. RECEIVABLES

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

	General Fund	Nonmajor Funds	Governmental Funds Total
Governmental Funds:			
Taxes	\$ 115,945	\$ -	\$ 115,945
Licenses, permits, billings	130,097	-	130,097
Charges for service	6,253	-	6,253
Intergovernmental	-	3,704	3,704
Other	<u>13,535</u>	<u>-</u>	<u>13,535</u>
Gross Receivables	265,830	3,704	269,534
Less: allowance for uncollectible	<u>(29,534)</u>	<u>-</u>	<u>(29,534)</u>
Receivables, net	<u>\$ 236,296</u>	<u>\$ 3,704</u>	<u>\$ 240,000</u>
Total			
Business-Type Activities:			
Customer	\$ 269,292		
Less: allowance for uncollectible	<u>(13,646)</u>		
Receivables, net	<u>\$ 255,646</u>		

4. CAPITAL ASSETS

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Governmental Activities:				
Capital assets not depreciated:				
Land	\$ 276,594	\$ -	\$ -	\$ 276,594
Capital assets that are depreciated:				
Land improvements	172,625	-	-	172,625
Buildings and improvements	1,026,435	-	-	1,026,435
Vehicles and equipment	<u>1,235,167</u>	<u>173,398</u>	<u>(8,000)</u>	<u>1,400,565</u>
Total	<u>2,434,227</u>	<u>173,398</u>	<u>(8,000)</u>	<u>2,599,625</u>
Total non-infrastructure assets	2,710,821	173,898	(8,000)	2,876,219
Infrastructure assets	<u>435,128</u>	<u>55,142</u>	<u>-</u>	<u>490,270</u>
Total capital assets	<u>3,145,949</u>	<u>228,540</u>	<u>(8,000)</u>	<u>3,366,489</u>
Less accumulated depreciation:				
Land improvements	98,471	8,397	-	106,868
Buildings and improvements	496,690	24,225	-	520,915
Vehicles and equipment	1,051,846	76,359	(8,000)	1,120,205
Infrastructure	<u>85,287</u>	<u>11,568</u>	<u>-</u>	<u>96,855</u>
Total	<u>1,732,294</u>	<u>120,549</u>	<u>(8,000)</u>	<u>1,844,843</u>
Capital assets, net	<u>\$ 1,413,655</u>	<u>\$ 107,991</u>	<u>\$ -</u>	<u>\$ 1,521,646</u>

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

4. CAPITAL ASSETS (CONTINUED)

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Business-type Activities:				
Land and easements	\$ 208,100	\$ -	\$ -	\$ 208,100
Water and sewer system	46,541,660	510,436	(9,898)	47,042,198
Construction in progress	-	-	-	-
Vehicles and equipment	<u>196,344</u>	<u>-</u>	<u>(19,752)</u>	<u>176,592</u>
Total	<u>46,946,104</u>	<u>510,436</u>	<u>(29,650)</u>	<u>47,426,890</u>
Less accumulated depreciation:	<u>24,613,042</u>	<u>1,237,753</u>	<u>(29,650)</u>	<u>25,821,145</u>
Capital assets, net	<u>\$ 22,333,062</u>	<u>\$ (727,317)</u>	<u>\$ -</u>	<u>\$ 21,605,745</u>

Depreciation expense was charged to the Governmental functions as follows:

General government	\$ 49,996
Police	33,262
Fire	27,504
Parks and recreation	7,707
Sanitation	<u>2,080</u>
Total depreciation expense	<u>\$ 120,549</u>

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

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

5. BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT

Revenue Bonds

On December 5, 2019, the City of Jamestown refinanced \$4,406,500 of the 1996, 1999, 2004, and 2009 Revenue Bond Issues with the 2020A Revenue Bond for \$4,630,000. The bonds bear a coupon interest rate ranging from 2.25% to 3.00% and will mature on February 1, 2047. The new issue will reduce future debt service by \$875,470 and has a net economic gain of \$523,010. This action constitutes a defeasance of the bonds maturing on or after December 5, 2019 from the 1996, 1999, 2004, and 2009 Issues. The balance of the bonds as of June 30, 2022 totaled \$4,245,000.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Notes Payable

The City obtained a construction loan in connection with the water system expansion project in 2009. This loan is through the Kentucky Infrastructure Authority. The original amount of the loan was \$3,038,700 and bears interest at a rate of 0.4% and requires semi-annual payments of \$53,795 which includes principal and interest. The balance as of June 30, 2022, totaled \$1,766,523.

The City improved and expanded its sewer wastewater treatment facility in 2015. The total cost for the facility was \$3,153,000. Funding for this project was made up of the following grants and loans: CDBG grant of \$653,000 and a Kentucky Infrastructure Authority loan of \$2,500,000, with 30% of the loan forgiven upon distribution leaving a total payable amount of \$1,733,353. The loan requires semi-annual payments of \$47,919 which includes principal and interest. The balance at June 30, 2022, totaled \$1,207,475. The loan bears interest at a rate of 1%.

The City obtained a construction loan in connection with a construction project to replace waterlines and road bores around downtown Jamestown in fiscal year 2021. The original loan amount was \$500,000 with \$250,000 of the principal forgiven immediately. The loan bears an interest rate of 0.5% and requires semiannual payments of \$4,805 which includes principal and interest. The balance as of June 30, 2022 totaled \$242,256.

The City obtained a USDA Rural Development loan totaling \$974,000 dated November 2, 2020, bearing interest at the rate of 1.125% to provide funds for water treatment plant membrane replacement. The balance of the bonds as of June 30, 2022 totaled \$954,000.

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

	Balance				Balance
	July 1, 2021	Additions	Payments		June 30, 2022
2020A Revenue bonds	\$ 4,420,000	\$ -	\$ (175,000)		\$ 4,245,000
Direct placement debt:					
KIA water expansion loan	1,866,746	-	(100,223)		1,766,523
KIA sewer expansion loan	1,290,615	-	(83,140)		1,207,475
KIA F19-019 loan	250,000	-	(7,744)		242,256
USDA 91-12 loan	974,000	-	(20,000)		954,000
Net pension liability	2,580,847	-	(336,289)		2,244,558
Net OPEB liability	<u>792,204</u>	<u>-</u>	<u>(137,766)</u>		<u>654,438</u>
Total Business-type activities	<u>\$ 12,174,412</u>	<u>\$ -</u>	<u>\$ (860,162)</u>		<u>\$ 11,314,250</u>

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

The annual requirements to retire the water and sewer debt as of June 30, 2022, is as follows:

Fiscal year	Principal	Interest	Fees	Total
2023	\$ 383,485	\$ 141,863	\$ 17,221	\$ 542,569
2024	393,642	137,033	16,702	547,377
2025	400,939	131,463	15,861	548,263
2026	407,243	125,660	15,003	547,906
2027	408,558	119,934	14,131	542,623
2028-2032	1,961,786	514,858	57,904	2,534,548
2033-2037	1,818,886	372,646	37,428	2,228,960
2038-2042	1,214,460	237,483	20,959	1,472,902
2043-2047	1,013,326	97,510	8,923	1,119,759
2048-2052	176,929	18,433	250	195,612
2053-2057	145,000	10,058	-	155,058
2058-2060	<u>91,000</u>	<u>2,059</u>	<u>-</u>	<u>93,059</u>
	<u>\$ 8,415,254</u>	<u>\$ 1,909,000</u>	<u>\$ 204,382</u>	<u>\$ 10,528,636</u>

6. RETIREMENT PLAN

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

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

Contributions – For the year ended June 30, 2022, plan members were required to contribute 5% of wages for non-hazardous job classifications and 8% of wages for hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium.

The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2022, participating employers contributed 26.95% of each employee's wages for non-hazardous job classifications and 44.33% of each employee's wages for hazardous job classifications. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described in Note 7. Plan members contributed 21.17% to the pension trust for non-hazardous job classifications and 33.86% to the pension trust for hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Public Pensions Authority are financed through employer contributions and investment earnings.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

6. RETIREMENT PLAN (CONTINUED)

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

For the year ended June 30, 2022, the City contributed \$306,869 or 100% of the required contribution for non-hazardous job classifications, which was allocated \$241,054 to the CERS pension funds and \$65,815 to the CERS insurance fund. The City contributed \$22,301 or 100% of the required contribution for hazardous job classifications, which was allocated \$17,034 to the CERS pension funds and \$5,267 to the CERS insurance fund.

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

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

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

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

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

6. RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2022, the City reported a liability for its proportionate share of the net pension liability as follows:

Total Net		
Pension Liability	Non-hazardous	Hazardous
<u>\$ 2,740,145</u>	<u>\$ 2,521,368</u>	<u>\$ 218,777</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2021 was as follows:

Non-hazardous	Hazardous
.0395%	.0082%

The proportionate share at June 30, 2021 increased by .0015% for non-hazardous and decreased .0042% for hazardous compared to the proportionate share as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$205,754. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 34,986	\$ 24,472
Changes of assumptions	36,572	-
Net difference between projected and actual earnings on Plan investments	-	359,542
Changes in proportion and differences between City contributions and proportionate share of contributions	88,872	175,093
City contributions subsequent to the measurement date	<u>258,088</u>	<u>-</u>
Total	<u>\$ 418,518</u>	<u>\$ 559,107</u>

The \$258,088 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2023	\$ (59,468)
2024	\$ (101,592)
2025	\$ (115,208)
2026	\$ (122,409)

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

6. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-hazardous

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

Hazardous

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special credit/high yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.00%	5.00%
Long term inflation assumption		2.30%
Expected nominal return for portfolio		7.30%

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

6. RETIREMENT PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 30-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

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

	Non-hazardous			Hazardous		
	Discount rate	City’s proportionate share of net pension liability		Discount rate	City’s proportionate share of net pension liability	
1% decrease	5.25%	\$ 3,233,774		5.25%	\$ 278,861	
Current discount rate	6.25%	\$ 2,521,368		6.25%	\$ 218,777	
1% increase	7.25%	\$ 1,931,868		7.25%	\$ 169,808	

Payable to the Pension Plan – At June 30, 2022, the City reported a payable of \$24,324 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022. The payable includes both the pension and insurance contribution allocation.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description – As more fully described in Note 6, the City of Jamestown participates in the County Employees’ Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

Contributions – As more fully described in Note 6, plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ending June 30, 2022, the employer’s contribution was 5.78% to the insurance trust for non-hazardous job classifications and 10.47% to the insurance trust for hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Public Pensions Authority are financed through employer contributions and investment earnings.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

For the year ended June 30, 2022, the City contributed \$65,815, or 100% of the required contribution for non-hazardous job classifications, and \$5,267, or 100% of the required contribution for hazardous job classifications.

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

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

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

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2022, the City reported a liability for its proportionate share of the net OPEB liability as follows:

Total Net OPEB Liability	Non-hazardous	Hazardous
\$ <u>823,363</u>	\$ <u>756,916</u>	\$ <u>66,447</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2021 was as follows:

Non-hazardous	Hazardous
.0395%	.0082%

The proportionate share at June 30, 2021 increased by .0015% for non-hazardous and decreased .0042% for hazardous compared to the proportionate share as of June 30, 2020.

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$78,604. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 121,101	\$ 233,139
Changes of assumptions	217,336	729
Net difference between projected and actual earnings on Plan investments	-	130,915
Changes in proportion and differences between City contributions and proportionate share of contributions	22,395	82,195
City contributions subsequent to the measurement date	<u>96,371</u>	<u>-</u>
Total	<u>\$ 457,203</u>	<u>\$ 446,978</u>

The \$96,371 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Contributions also include an allocation for the implicit subsidy of \$25,379, which are required to be recognized as deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in expense as follows:

Year ending June 30,	
2023	\$ (5,196)
2024	\$ (14,358)
2025	\$ (9,875)
2026	\$ (53,043)
2027	\$ (3,674)

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-hazardous and Hazardous

Inflation	2.30%
Salary increases	3.30 to 19.05%, varies by service, including inflation
Investment rate of Return	6.25%, net of Plan investment expense, including inflation
Healthcare trend:	

Pre – 65: Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Post – 65: Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

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

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special credit/high yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.00%	5.00%
Long term inflation assumption		2.30%
Expected nominal return for portfolio		7.30%

Discount Rate – The discount rate used to measure the total OPEB liability was 5.20% and 5.05% for non-hazardous and hazardous classifications, respectively. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2021. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

	Non-hazardous			Hazardous		
	Discount rate	City's proportionate share of net OPEB liability		Discount rate	City's proportionate share of net OPEB liability	
1% decrease	4.20%	\$ 1,039,240		4.05%	\$ 96,336	
Current discount rate	5.20%	\$ 756,916		5.05%	\$ 66,447	
1% increase	6.20%	\$ 525,222		6.05%	\$ 42,434	

CITY OF JAMESTOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

	Non-hazardous	Hazardous
	City's proportionate share of net OPEB liability	City's proportionate share of net OPEB liability
1% decrease	\$ 544,890	\$ 43,540
Current trend rate	\$ 756,916	\$ 66,447
1% increase	\$ 1,012,835	\$ 94,504

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

8. PROPERTY TAX CALENDAR

Property taxes for fiscal year 2022 were levied in October 2021, on the assessed property located in the City of Jamestown as of the preceding January 1. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date collection periods for all taxes exclusive of vehicle taxes are as follows:

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

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

9. RISK MANAGEMENT

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

10. COVID-19 PANDEMIC

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2022

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
MUNICIPAL TAXATION				
General property taxes	\$ 180,000	\$ 210,000	\$ 200,541	\$ (9,459)
P.I.L.O.T.	3,000	3,000	2,934	(66)
Motor vehicle taxes	<u>24,000</u>	<u>29,000</u>	<u>30,958</u>	<u>1,958</u>
Total municipal taxation	<u>207,000</u>	<u>242,000</u>	<u>234,433</u>	<u>(7,567)</u>
LICENSES, PERMITS AND BILLINGS				
Occupational license fees	350,000	378,000	385,882	7,882
Insurance license	330,000	327,000	338,279	11,279
Net profits license fees	10,500	12,300	12,700	400
Franchise fees	100,000	106,000	108,207	2,207
Alcohol license fees	<u>23,015</u>	<u>31,013</u>	<u>34,339</u>	<u>3,326</u>
Total licenses, permits and billings	<u>813,515</u>	<u>854,313</u>	<u>879,407</u>	<u>25,094</u>
INTERGOVERNMENTAL				
State fire aid	10,500	10,500	10,500	-
Grants	-	-	114,461	114,461
LGEA Minerals	-	-	38	38
KLEFPF	<u>15,000</u>	<u>17,000</u>	<u>21,297</u>	<u>4,297</u>
Total intergovernmental	<u>25,500</u>	<u>27,500</u>	<u>146,296</u>	<u>118,796</u>
CHARGES FOR SERVICE				
Sanitation fees	<u>85,000</u>	<u>72,000</u>	<u>74,140</u>	<u>2,140</u>
OTHER REVENUE				
Donations	30,000	20,000	19,800	(200)
Fire department	-	3,400	4,030	630
Interest	350	350	386	36
Arrest fees	800	1,500	1,606	106
Law enforcement citation fees	5,000	6,700	6,998	298
Cemetery	8,510	15,510	17,851	2,341
Miscellaneous	<u>-</u>	<u>307,000</u>	<u>64,310</u>	<u>(242,690)</u>
Total other	<u>44,660</u>	<u>354,460</u>	<u>114,981</u>	<u>(239,479)</u>
TOTAL REVENUE	<u>\$ 1,175,675</u>	<u>\$ 1,550,273</u>	<u>\$ 1,449,257</u>	<u>\$ (101,016)</u>

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2022

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
GENERAL ADMINISTRATION				
Elected officials compensation	\$ 21,200	\$ 21,200	\$ 20,998	\$ (202)
Fringe benefits and payroll tax	66,000	68,000	67,063	(937)
Printing and advertising	8,000	8,000	4,649	(3,351)
Professional fees	20,000	60,000	56,707	(3,293)
Maintenance and repairs	7,500	20,000	16,507	(3,493)
Travel	1,000	1,000	-	(1,000)
Utilities	101,000	103,000	111,201	8,201
Telephone	3,000	3,000	2,985	(15)
Small equipment purchases	-	4,200	4,152	(48)
Insurance and bonds	7,000	15,000	14,863	(137)
Education and certification	500	200	125	(75)
Technical supplies	1,000	1,000	616	(384)
Postage	3,500	3,500	3,441	(59)
Office supplies	2,000	2,000	1,830	(170)
Miscellaneous supplies	1,000	228,000	227,470	(530)
Dues and subscriptions	1,000	1,400	1,334	(66)
Community development	20,000	65,000	67,024	2,024
Festivals and holidays	10,000	50,000	62,000	12,000
Total administration	<u>273,700</u>	<u>654,500</u>	<u>662,965</u>	<u>8,465</u>
PUBLIC SAFETY - POLICE				
Police salaries	280,000	310,000	306,310	(3,690)
Fringe benefits and payroll taxes	100,000	112,000	111,954	(46)
Dispatch	30,000	35,000	35,000	-
Printing and advertising	100	100	-	(100)
Professional fees	500	850	850	-
Uniforms	7,000	7,300	7,319	19
Maintenance and repairs	8,000	13,500	13,684	184
Travel	2,000	5,200	5,346	146
Ammunition	1,000	-	-	-
Telephone	2,000	1,700	1,661	(39)
Small equipment purchases	2,000	7,800	7,631	(169)
Insurance and bonds	15,000	12,300	12,226	(74)
Technical supplies	5,000	2,200	2,089	(111)
Postage	100	100	4	(96)
Office Supplies	500	500	283	(217)
Motor fuel	12,000	17,500	18,082	582
Miscellaneous materials and supplies	500	1,600	1,541	(59)
Dues and subscriptions	500	300	600	300
Total public safety - police	<u>\$ 466,200</u>	<u>\$ 527,950</u>	<u>\$ 524,580</u>	<u>\$ (3,370)</u>

CITY OF JAMESTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2022

	<u>Enacted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
PUBLIC SAFETY - FIRE				
Firefighter allowances	\$ 12,000	\$ 12,000	\$ 11,045	\$ (955)
Professional fees	200	300	221	(79)
Uniforms	1,000	2,000	2,000	-
Maintenance and repairs	5,000	12,000	5,061	(6,939)
Vehicle maintenance	3,000	1,800	134	(1,666)
Vehicle repair	3,000	8,000	7,768	(232)
Telephone	2,500	2,500	2,092	(408)
Small equipment purchase	1,000	1,600	1,560	(40)
Insurance	11,500	19,500	19,135	(365)
Technical supplies	1,000	1,000	640	(360)
Heating supplies	5,000	3,000	2,557	(443)
Motor fuel and lubricants	5,000	6,500	7,077	577
Miscellaneous material and supplies	500	1,100	1,007	(93)
Travel	-	150	112	(38)
Dues and subscriptions	100	100	-	(100)
Education and certification	200	-	-	-
State fire aid expenses	10,500	13,000	12,881	(119)
Total public safety - fire	<u>61,500</u>	<u>84,550</u>	<u>73,290</u>	<u>(11,260)</u>
SANITATION				
Outside services	<u>75,000</u>	<u>73,000</u>	<u>72,364</u>	<u>(636)</u>
PUBLIC WORKS				
Salaries	120,000	125,000	123,098	(1,902)
Fringe benefits	75,000	75,500	75,673	173
Uniforms	600	600	600	-
Maintenance and repairs	10,000	15,000	14,433	(567)
Insurance	6,500	7,100	7,005	(95)
Technical supplies	500	500	340	(160)
Motor fuel	6,000	13,000	12,157	(843)
Telephone	400	400	561	161
Small equipment purchase	1,000	1,200	1,071	(129)
Total public works	<u>220,000</u>	<u>238,300</u>	<u>234,938</u>	<u>(3,362)</u>
PARKS AND RECREATION	<u>5,500</u>	<u>43,000</u>	<u>11,888</u>	<u>(31,112)</u>
CEMETERY	<u>17,510</u>	<u>1,500</u>	<u>5,422</u>	<u>3,922</u>
CAPITAL OUTLAY	<u>136,000</u>	<u>135,650</u>	<u>173,398</u>	<u>37,748</u>
TOTAL EXPENDITURES	<u>1,255,410</u>	<u>1,758,450</u>	<u>1,758,845</u>	<u>395</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	-	(21,500)	-	21,500
Sale of property	-	2,384	6,384	4,000
Total other financing sources (uses)	<u>-</u>	<u>(19,116)</u>	<u>6,384</u>	<u>25,500</u>
Net change in fund balances	<u>\$ (79,735)</u>	<u>\$ (227,293)</u>	<u>\$ (303,204)</u>	<u>\$ (75,911)</u>

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

Reporting Fiscal Year (Measurement Date)	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)
City's proportion of the net pension liability	0.0473%	0.0473%	0.0423%	0.0433%	0.0393%	0.0377%	0.0377%	0.0380%	0.0395%
City's proportionate share of the net pension liability (asset)	\$ 1,730,395	\$ 1,533,428	\$ 1,820,100	\$ 2,130,255	\$ 2,303,165	\$ 2,298,359	\$ 2,653,075	\$ 2,911,501	\$ 2,521,368
City's covered employee payroll	\$ 1,024,619	\$ 1,084,182	\$ 995,271	\$ 1,027,887	\$ 959,081	\$ 928,974	\$ 951,998	\$ 969,758	\$ 1,010,103
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	168.88%	141.44%	182.87%	207.25%	240.14%	247.41%	278.68%	300.23%	249.61%
Plan fiduciary net position as a percentage of the total pension liability	61.22%	66.80%	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%	57.33%

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

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

Reporting Fiscal Year (Measurement Date)	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)
City's proportion of the net pension liability	0.0470%	0.0470%	0.0457%	0.0303%	0.0289%	0.0227%	0.0183%	0.0124%	0.0082%
City's proportionate share of the net pension liability (asset)	\$ 628,642	\$ 564,789	\$ 700,843	\$ 519,928	\$ 645,634	\$ 547,663	\$ 505,086	\$ 373,140	\$ 218,777
City's covered employee payroll	\$ 234,424	\$ 238,195	\$ 233,526	\$ 161,120	\$ 158,413	\$ 123,957	\$ 104,137	\$ 71,516	\$ 49,140
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	268.16%	237.11%	300.11%	322.70%	407.56%	441.82%	485.02%	521.76%	445.21%
Plan fiduciary net position as a percentage of the total pension liability	57.74%	63.46%	57.52%	53.95%	49.78%	49.26%	46.63%	44.11%	52.26%

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required employer contribution	\$ 129,559	\$ 148,967	\$ 126,897	\$ 127,664	\$ 133,963	\$ 134,515	\$ 154,414	\$ 187,163	\$ 194,950	\$ 241,054
Contributions relative to contractually required employer contribution	<u>129,559</u>	<u>148,967</u>	<u>126,897</u>	<u>127,664</u>	<u>133,963</u>	<u>134,515</u>	<u>154,414</u>	<u>187,163</u>	<u>194,950</u>	<u>241,054</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 1,024,619	\$ 1,084,182	\$ 995,271	\$ 1,027,887	\$ 959,081	\$ 928,974	\$ 951,998	\$ 969,758	\$ 1,010,103	\$ 1,138,660
Employer contributions as a percentage of covered-employee payroll	12.64%	13.74%	12.75%	12.42%	13.97%	14.48%	16.22%	19.30%	19.30%	21.17%

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required employer contribution	\$ 47,083	\$ 51,855	\$ 48,410	\$ 32,643	\$ 34,391	\$ 28,471	\$ 25,899	\$ 21,498	\$ 14,809	\$ 17,034
Contributions relative to contractually required employer contribution	<u>47,083</u>	<u>51,855</u>	<u>48,410</u>	<u>32,643</u>	<u>34,391</u>	<u>28,471</u>	<u>25,899</u>	<u>21,498</u>	<u>14,809</u>	<u>17,034</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 234,424	\$ 238,195	\$ 233,526	\$ 161,120	\$ 158,413	\$ 123,957	\$ 104,137	\$ 71,516	\$ 49,140	\$ 50,308
Employer contributions as a percentage of covered-employee payroll	20.08%	21.77%	20.73%	20.26%	21.71%	22.97%	24.87%	30.06%	30.14%	33.86%

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

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)
City's proportion of the net OPEB liability	0.0433%	0.0393%	0.0377%	0.0377%	0.0380%	0.0395%
City's proportionate share of the net OPEB liability (asset)	\$ 620,460	\$ 791,029	\$ 670,102	\$ 634,332	\$ 916,739	\$ 756,916
City's covered employee payroll	\$ 1,027,887	\$ 959,081	\$ 928,974	\$ 951,998	\$ 969,758	\$ 1,010,103
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	60.36%	82.48%	72.13%	66.63%	94.53%	74.93%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	52.39%	57.62%	60.44%	51.67%	62.91%

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

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

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)
City's proportion of the net OPEB liability	0.0303%	0.0289%	0.0227%	0.0183%	0.0124%	0.0082%
City's proportionate share of the net OPEB liability (asset)	\$ 142,549	\$ 238,561	\$ 161,457	\$ 135,261	\$ 114,340	\$ 66,447
City's covered employee payroll	\$ 161,120	\$ 158,413	\$ 123,957	\$ 104,137	\$ 71,516	\$ 49,140
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	88.47%	150.59%	130.25%	129.89%	159.88%	135.22%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	58.99%	64.24%	64.44%	58.84%	66.81%

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required employer contribution	\$ 71,145	\$ 55,835	\$ 48,967	\$ 47,694	\$ 45,423	\$ 43,662	\$ 50,075	\$ 46,161	\$ 48,081	\$ 65,815
Contributions relative to contractually required employer contribution	<u>71,145</u>	<u>55,835</u>	<u>48,967</u>	<u>47,694</u>	<u>45,423</u>	<u>43,662</u>	<u>50,075</u>	<u>46,161</u>	<u>48,081</u>	<u>65,815</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 1,024,619	\$ 1,084,182	\$ 995,271	\$ 1,027,887	\$ 959,081	\$ 928,974	\$ 951,998	\$ 969,758	\$ 1,010,103	\$ 1,138,660
Employer contributions as a percentage of covered-employee payroll	6.94%	5.15%	4.92%	4.64%	4.74%	4.70%	5.26%	4.76%	4.76%	5.78%

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required employer contribution	\$ 40,992	\$ 33,181	\$ 31,713	\$ 20,446	\$ 14,812	\$ 10,637	\$ 10,903	\$ 6,808	\$ 4,690	\$ 5,267
Contributions relative to contractually required employer contribution	<u>40,992</u>	<u>33,181</u>	<u>31,713</u>	<u>20,446</u>	<u>14,812</u>	<u>10,637</u>	<u>10,903</u>	<u>6,808</u>	<u>4,690</u>	<u>5,267</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 234,424	\$ 238,195	\$ 233,526	\$ 161,120	\$ 158,413	\$ 123,957	\$ 104,137	\$ 71,516	\$ 49,140	\$ 50,308
Employer contributions as a percentage of covered-employee payroll	17.49%	13.93%	13.58%	12.69%	9.35%	8.58%	10.47%	9.52%	9.54%	10.47%

CITY OF JAMESTOWN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

1. GENERAL INFORMATION

Contributions

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

Payroll

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

2. CHANGES OF ASSUMPTIONS

June 30, 2021 – Pension and OPEB – Hazardous and Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.40% to 6.30%. The initial healthcare trend rate for post-65 was changed from 2.90% to 6.30%.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for pension.

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

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

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

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

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

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

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

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

CITY OF JAMESTOWN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

2. CHANGES OF ASSUMPTIONS (CONTINUED)

June 30, 2017 – Pension – Hazardous and Nonhazardous

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

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

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

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

June 30, 2015 – Pension – Hazardous and Nonhazardous

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

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

June 30, 2014 – Pension – Hazardous and Nonhazardous

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

June 30, 2013 – Pension – Hazardous and Nonhazardous

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

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

SUPPLEMENTARY INFORMATION

**CITY OF JAMESTOWN, KENTUCKY
BUDGETARY COMPARISON
NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2022**

	Enacted Budget	Amended Budget	Actual	Variance
MUNICIPAL ROAD AID FUND				
REVENUES				
Intergovernmental	\$ 36,000	\$ 35,751	\$ 35,513	\$ (238)
Interest	50	36	35	(1)
TOTAL REVENUES	\$ 36,050	\$ 35,787	\$ 35,548	\$ (239)
EXPENDITURES				
Public works	\$ 87,850	\$ 87,612	\$ 33,022	\$ (54,590)
Capital outlay	-	-	55,142	55,142
TOTAL EXPENDITURES	\$ 87,850	\$ 87,612	\$ 88,164	\$ 552
 DEBT SERVICE FUND				
REVENUES				
Transfers in	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -

**CITY OF JAMESTOWN, KENTUCKY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022**

	Municipal Road Aid Fund	Debt Service Fund	Total
ASSETS			
Cash	\$ 5,429	\$ -	\$ 5,429
Accounts receivable	3,704	-	3,704
Total assets	\$ 9,133	\$ -	\$ 9,133
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 5,982	\$ -	\$ 5,982
Total liabilities	5,982	-	5,982
Restricted fund balance	3,151	-	3,151
Total liabilities and fund balance	\$ 9,133	\$ -	\$ 9,133

**CITY OF JAMESTOWN, KENTUCKY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 for the year ended June 30, 2022**

	Municipal Road Aid Fund	Debt Service Fund	Total
REVENUES			
Intergovernmental	\$ 35,513	\$ -	\$ 35,513
Interest	<u>35</u>	<u>-</u>	<u>35</u>
Total revenues	<u>35,548</u>	<u>-</u>	<u>35,548</u>
EXPENDITURES			
Public works	33,022	-	33,022
Capital outlay	<u>55,142</u>	<u>-</u>	<u>55,142</u>
Total expenditures	<u>88,164</u>	<u>-</u>	<u>88,164</u>
Excess revenues over (under) expenditures before other sources (uses)	<u>(52,616)</u>	<u>-</u>	<u>(52,616)</u>
OTHER FINANCING SOURCES			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Excess revenues and other financing sources over (under) expenditures	<u>(52,616)</u>	<u>-</u>	<u>(52,616)</u>
Fund balances, July 1, 2021	<u>55,767</u>	<u>-</u>	<u>55,767</u>
FUND BALANCES - JUNE 30, 2022	<u><u>\$ 3,151</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,151</u></u>

CITY OF JAMESTOWN, KENTUCKY
COMBINING STATEMENT OF OPERATING REVENUES AND EXPENSES
PROPRIETARY FUND
for the year ended June 30, 2022

	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 2,362,260	\$ 767,436	\$ 3,129,696
Penalties	14,047	9,365	23,412
Other revenue	6,582	-	6,582
Total operating revenues	2,382,889	776,801	3,159,690
OPERATING EXPENSES			
Salaries and wages	605,128	312,854	917,982
Outside services	437,065	196,907	633,972
Payroll taxes	18,662	12,442	31,104
Insurance	29,104	29,105	58,209
Utilities	297,305	158,576	455,881
Telephone	7,481	4,659	12,140
Professional services	54,950	48,394	103,344
Materials and supplies	150,716	5,484	156,200
Chemicals	77,185	88,009	165,194
Sludge expense	-	18,448	18,448
Analytical	7,340	13,357	20,697
Fuel and lube	13,888	5,612	19,500
Advertising	414	414	828
Uniforms	2,000	1,000	3,000
Maintenance and repairs	74,674	50,664	125,338
Travel and lodging	297	-	297
Postage	10,903	7,269	18,172
Equipment Rental	958	947	1,905
Dues and subscriptions	3,910	-	3,910
Training	7,811	7,822	15,633
Miscellaneous	352	235	587
Depreciation and amortization	747,719	490,035	1,237,754
Total operating expenses	2,547,862	1,452,233	4,000,095
Operating income (loss)	\$ (164,973)	\$ (675,432)	\$ (840,405)



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jamestown, Kentucky, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Jamestown, Kentucky's basic financial statements, and have issued our report thereon dated January 19, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jamestown, Kentucky's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Jamestown, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jamestown, Kentucky's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RFH

RFH, PLLC
Lexington, Kentucky
January 19, 2023