

CITY OF WILLIAMSTOWN, KENTUCKY

FINANCIAL STATEMENTS

JUNE 30, 2024

Independent Auditor’s Report.....1-3

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position4

Statement of Activities.....5

Fund Financial Statements

Balance Sheet – Governmental Funds6

Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position7

Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds.....8

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to Statement of Activities9

Statement of Net Position – Proprietary Funds.....10

Statement of Revenues, Expenditures and Changes in Fund
Balances – Proprietary Funds 11-12

Statement of Cash Flows – Proprietary Funds.....13

Notes to the Financial Statements 14-38

Required Supplementary Information

Budgetary Comparison Schedule – General Fund.....40

Schedule of District’s Proportionate Share of the Net Pension Liability and
Schedule of District’s Contributions – County Employees Retirement System
Nonhazardous41

Schedule of District’s Proportionate Share of the Net Pension Liability and
Schedule of District’s Contributions – County Employees Retirement System
Hazardous.....42

Schedule of District’s Proportionate Share of the Net OPEB Liability and
Schedule of District’s Contributions – County Employees Retirement System
Nonhazardous43

Schedule of District’s Proportionate Share of the Net OPEB Liability and
Schedule of District’s Contributions – County Employees Retirement System –
Hazardous.....44

**Independent Auditor’s Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on and Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards* 45-46**



INDEPENDENT AUDITOR'S REPORT

Member of City Council
City of Williamstown, Kentucky
Williamstown, 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, and each major fund of the City of Williamstown, Kentucky (City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City'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 and each major fund, of the City, as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are condition or events, considered in the aggregate, that raise substantial doubt about the City'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 budgetary comparison information, as listed in the table of contents, 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 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.

Management has omitted the management's discussion and analysis that accounting principles generally in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2025, on our consideration of the City'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'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's internal control over financial reporting and compliance.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky
January 15, 2025

City of Williamstown, Kentucky
Statement of Activities
Year Ended June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 823,315	\$ 1,422,493	\$ 2,245,808
Receivables	292,133	1,618,013	1,910,146
Due from other funds	-	425,922	425,922
Restricted cash	464,873	276,571	741,444
Capital assets, net of depreciation	4,298,685	35,218,233	39,516,918
Total assets	5,879,006	38,961,232	44,840,238
Deferred outflows			
Related to pensions	489,552	819,499	1,309,051
Related to OPEB	187,406	315,525	502,931
Total deferred outflows	676,958	1,135,024	1,811,982
Liabilities			
Accounts payable	131,065	242,241	373,306
Payroll related liabilities	48,683	38,921	87,604
Customer deposits	-	108,911	108,911
Other current liabilities	94,824	491,945	586,769
Due to other funds	580,166	49,944	630,110
Accrued interest payable	-	32,605	32,605
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	42,083	2,138,985	2,181,068
Due in more than one year:			
Compensated absences	40,210	79,146	119,356
Bonds and notes payable	531,250	14,914,939	15,446,189
Net pension liability	2,758,536	3,798,183	6,556,719
Net OPEB liability	66,975	(81,720)	(14,745)
Total liabilities	4,293,792	21,814,100	26,107,892
Deferred inflows			
Related to pensions	458,305	474,298	932,603
Related to OPEB	888,777	1,332,975	2,221,752
Total deferred inflows of resources	1,347,082	1,807,273	3,154,355
Net position			
Net investment in capital assets	3,725,352	18,164,309	21,889,661
Restricted	464,873	276,571	741,444
Unrestricted	(3,275,135)	(1,965,997)	(5,241,132)
Total net position	\$ 915,090	\$ 16,474,883	\$ 17,389,973

See accompanying notes to financial statements.

City of Williamstown, Kentucky
Statement of Activities
Year Ended June 30, 2024

	Expenses	Program Revenues		Net Revenue (Expense)	
		Charges for Services	Grants and Contributions		
		Operating	Capital		
Governmental activities					
General government	\$ 651,319	\$ -	\$ 27,255	\$ 67,700	\$ (556,364)
TIF district	777,090	-	-	-	(777,090)
Police	907,881	-	1,704	-	(906,177)
Fire	546,797	269,292	14,638	-	(262,867)
Public works	903,797	-	82,999	-	(820,798)
Cemetery	-	43,151	-	-	43,151
Recreation	8,599	-	-	-	(8,599)
Sanitation	253,431	258,572	-	-	5,141
Pension and OPEB Changes	(69,733)	-	-	-	69,733
Interest expense	22,152	-	-	-	(22,152)
Depreciation - unallocated	81,081	-	-	-	(81,081)
Total governmental activities	4,082,414	571,015	126,596	67,700.00	(3,317,103)
Business-type activities					
Utility	8,372,264	8,824,928	-	-	452,664
Sewer	1,648,526	1,968,508	-	-	319,982
Pension and OPEB Changes	(274,228)	-	-	-	274,228
Total business-type activities	9,746,562	10,793,436	-	-	1,046,874
Total primary government	\$ 13,828,976	\$11,364,451	\$ 126,596	\$ 67,700	(2,270,229)
			Governmental Activities	Business-Type Activities	Total
Net revenue (expense)			(3,317,103)	1,046,874	(2,270,229)
General revenues					
Property and other taxes			1,441,332	-	1,441,332
Payroll taxes			502,030	-	502,030
Insurance premium tax			505,245	-	505,245
Motor vehicle tax			197,504	-	197,504
Licenses and fees			497,593	-	497,593
TIF district			281,821	-	281,821
Other revenue			247,603	-	247,603
Investment income			3,413	7,919	11,332
Transfers			240,000	(240,000)	-
Total general revenues			3,916,541	(232,081)	3,684,460
Change in net position			599,438	814,793	1,414,231
Net position - beginning			315,652	15,660,090	15,975,742
Net position - ending			\$ 915,090	\$16,474,883	\$ 17,389,973

See accompanying notes to financial statements.

City of Williamstown, Kentucky
 Balance Sheet – Governmental Funds
 June 30, 2024

	General Fund	Total Governmental Funds
Assets		
Cash and cash equivalents	\$ 823,315	\$ 823,315
Receivables	292,133	292,133
Restricted cash	464,873	464,873
Total assets	\$ 1,580,321	\$ 1,580,321
Liabilities		
Accounts payable	\$ 131,065	\$ 131,065
Payroll liabilities	48,683	48,683
Other liabilities	94,824	94,824
Due to other funds	580,166	580,166
Total liabilities	854,738	854,738
Fund balances		
Restricted	464,873	464,873
Unassigned	260,710	260,710
Total fund balances	725,583	725,583
Total liabilities and fund balances	\$ 1,580,321	\$ 1,580,321

See accompanying notes to financial statements.

City of Williamstown, Kentucky
 Reconciliation of the Balance Sheet – Governmental Funds
 to the Statement of Net Position
 June 30, 2024

Total governmental fund balances		\$ 725,583
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,298,685
Deferred outflows and inflows of resources related to post-retirement benefits (pension and OPEB) are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows - pension related	489,552	
Deferred outflows - OPEB related	187,406	
Deferred inflows - pension related	(458,305)	
Deferred inflows - OPEB related	<u>(888,777)</u>	
Total deferred outflows and inflows		(670,124)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	(40,210)	
Long-term debt	(573,333)	
Net pension liability	(2,758,536)	
Net OPEB liability	<u>(66,975)</u>	
Total long-term liabilities		(3,439,054)
<u>Net position of governmental activities</u>		<u>\$ 915,090</u>

See accompanying notes to financial statements.

City of Williamstown, Kentucky
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Total Governmental Funds
Revenues		
Property taxes	\$ 1,441,332	\$ 1,441,332
Insurance premium taxes	505,245	505,245
Payroll taxes	502,030	502,030
Motor vehicle taxes	197,504	197,504
Licenses, permits, and fees	497,593	497,593
Investment income	3,413	3,413
Charges for services	571,015	571,015
Intergovernmental	126,596	126,596
Grants and contributions	67,700	67,700
TIF Revenue	281,821	281,821
Other revenue	247,603	247,603
Total revenues	4,441,852	4,441,852
Expenditures		
Current		
General government	605,456	605,456
TIF	777,090	777,090
Public safety - police	881,491	881,491
Public safety - fire	490,175	490,175
Public works	746,845	746,845
Sanitation	253,431	253,431
Recreation	5,264	5,264
Debt service	62,152	62,152
Capital outlay	474,690	474,690
Total expenditures	4,296,594	4,296,594
Deficiency of revenues over expenditures	145,258	145,258
Other financing sources		
Transfers in (payment in lieu of taxes)	240,000	240,000
Total other financing sources	240,000	240,000
Net change in fund balances	385,258	385,258
Fund balances - beginning	340,325	340,325
Fund balances - ending	\$ 725,583	\$ 725,583

See accompanying notes to financial statements.

City of Williamstown, Kentucky
 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
 Balances – Governmental Funds to the Statement of Activities
 June 30, 2024

Net change in fund balances - total governmental funds		\$ 385,258
<p>Amounts reported for governmental activities in the statement of activities are difference because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	421,871	
Depreciation expense	<u>(317,424)</u>	
Total capital asset activities		104,447
<p>Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term debt in the statement of net position.</p>		
Principal payments		40,000
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.</p>		
Changes in pension liabilities and related deferred outflows and inflows	(13,267)	
Changes in OPEB liabilities and related deferred outflows and inflows	83,000	
Changes in compensated absences	<u>-</u>	
		69,733
<hr/>		
Change in net position of governmental activities		<u>\$ 599,438</u>

See accompanying notes to financial statements.

City of Williamstown, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
June 30, 2024

	Utility Fund	Sewer Fund	Total
Assets			
Cash and cash equivalents	\$ 1,283,741	\$ 138,752	\$ 1,422,493
Customer receivables	1,232,524	385,489	1,618,013
Due from other funds	-	425,922	425,922
Restricted cash	-	276,571	276,571
Capital assets, net of depreciation	22,267,199	12,951,034	35,218,233
Total assets	24,783,464	14,177,768	38,961,232
Deferred outflows			
Related to pensions	663,898	155,601	819,499
Related to OPEB	255,615	59,910	315,525
Total deferred outflows	919,513	215,511	1,135,024
Liabilities			
Accounts payable	222,218	20,023	242,241
Accrued payroll liabilities	28,835	10,086	38,921
Customer deposits	108,911	-	108,911
Due to other funds	10,420	481,525	491,945
Other liabilities	49,940	4	49,944
Accrued interest payable	25,380	7,225	32,605
Noncurrent liabilities:			
Due within one year:			
Bonds and notes payable	1,333,659	805,326	2,138,985
Due in more than one year:			
Compensated absences	54,849	24,297	79,146
Bonds and notes payable	8,407,052	6,507,887	14,914,939
Net pension liability	3,077,009	721,174	3,798,183
Net OPEB liability	(66,204)	(15,516)	(81,720)
Total liabilities	13,252,069	8,562,031	21,814,100
Deferred inflows			
Related to pensions	384,241	90,057	474,298
Related to OPEB	1,079,878	253,097	1,332,975
Total deferred inflows	1,464,119	343,154	1,807,273
Net position			
Net investment in capital assets	12,526,488	5,637,821	18,164,309
Restricted	-	276,571	276,571
Unrestricted	(1,539,699)	(426,298)	(1,965,997)
Total net position	\$10,986,789	\$ 5,488,094	\$ 16,474,883

See accompanying notes to financial statements.

City of Williamstown, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
June 30, 2024

	Utility Fund				Sewer Fund Total	Total
	Electric System	Water System	Cable TV and Internet	Total		
Operating revenues						
Charges for services	\$ 4,003,300	\$ 2,564,937	\$ 1,764,604	\$ 8,332,841	\$ 1,968,508	\$ 10,301,349
Other revenue	492,087			492,087		492,087
Total operating revenues	4,495,387	2,564,937	1,764,604	8,824,928	1,968,508	10,793,436
Operating expenses						
<i>Employee costs</i>						0
Salaries and wages	340,155	635,810	350,973	1,326,938	299,478	1,626,416
Employee retirement	82,091	155,485	87,639	325,215	75,587	400,802
Medical insurance	52,880	142,048	88,838	283,766	73,140	356,906
Employers FICA	25,962	48,484	26,811	101,257	22,910	124,167
Workers compensation	4,467	12,482	5,174	22,123	6,075	28,198
Unemployment insurance	2,336	4,723	2,705	9,764	2,223	11,987
Total employee costs	507,891	999,032	562,140	2,069,063	479,413	2,548,476
<i>Purchases</i>	2,380,605			2,380,605		2,380,605
<i>Operating expenses</i>				-		0
Professional fees	3,429	4,971	3,235	11,635	2,800	14,435
Education and training	769	8,927	87	9,783	6,534	16,317
Repairs and maintenance	12,414	358,824	91,135	462,373	114,667	577,040
Utilities	59,117	210,652	80,055	349,824	209,939	559,763
Communications and postage	10,459	8,533	9,446	28,438	8,785	37,223
Lab tests	-	26,707	-	26,707	25,793	52,500
Contractual services	88,446	108,727	36,939	234,112	82,243	316,355
Distribution	-	72,576	-	72,576	-	72,576
Royalties and internet	-	-	725,614	725,614	-	725,614
Chemicals				-	26,373	26,373
Materials and parts	178,086	183,303	147,606	508,995	22,080	531,075
Uniforms and laundry	1,974	762	1,786	4,522	941	5,463
Vehicle	17,876	18,840	10,082	46,798	21,300	68,098
Supplies	7,883	-	9,722	17,605	107,909	125,514
Dues and subscriptions	177	3,827	-	4,004	0	4,004
Insurance	18,373	49,160	19,030	86,563	36,794	123,357
Safety	6,382	-	-	6,382	-	6,382
Miscellaneous	8,819	6,377	6,259	21,455	6,738	28,193
Total	414,204	1,062,186	1,140,996	2,617,386	672,896	3,290,282

City of Williamstown, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund - Continued
June 30, 2024

	Utility Fund			Total	Sewer Fund Total	Total
	Electric System	Water System	Cable TV and Internet			
Total operating expenses	3,302,700	2,061,218	1,703,136	7,067,054	1,152,309	8,219,363
Operating profit before depreciatio	1,192,687	503,719	61,468	1,757,874	816,199	2,574,073
Depreciation	240,655	636,931	219,372	1,096,958	400,231	1,497,189
Operating profit	<u>\$ 952,032</u>	<u>\$ (133,212)</u>	<u>\$ (157,904)</u>	660,916	415,968	1,076,884
Non-operating revenues and (expenses):						
Interest Income				6,153	1,766	7,919
Grants and contributions					-	0
Pension and OPEB change				281,184	(6,956)	274,228
Interest expense				(208,252)	(95,986)	(304,238)
Transfers out				(130,000)	(110,000)	(240,000)
Total non-operating revenues and (expenses):				<u>(50,915)</u>	<u>(211,176)</u>	<u>(262,091)</u>
Change in net position				610,001	204,792	814,793
Net position - beginning				10,376,788	5,283,302	15,660,090
Net position - ending				<u>\$ 10,986,789</u>	<u>\$ 5,488,094</u>	<u>\$ 16,474,883</u>

See accompanying notes to financial statements.

City of Williamstown, Kentucky
Statement of Cash Flows - Proprietary Fund
June 30, 2024

Cash flows from operating activities	
Change in net assets	\$ 814,793
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Amortization and depreciation	1,497,189
Increase in current and other assets	(416,579)
Increase in current and other liabilities	351,255
Decrease in net pension liability	(125,391)
Decrease in net OPEB liability	(1,152,665)
Increase in deferred outflows	(187,543)
Increase in deferred inflows	1,191,371
Net cash provided by operating activities	1,972,430
Cash flows from capital financing activities	
Acquisition of capital assets	(739,209)
Proceeds from long term obligations	51,730
Principal payments on long term obligations	(1,426,160)
Net cash used by capital financing activities	(2,113,639)
Net increase in cash	(141,209)
Cash - beginning	1,563,702
Cash - ending	\$ 1,422,493

See accompanying notes to financial statements.

NOTE 1: ACCOUNTING POLICIES

Kentucky Revised Statutes and Ordinances of the City Council of the City of Williamstown, Kentucky (City) designate the purpose, function and restrictions of the various funds.

Reporting Entity

The City operates under a City Council government comprised of the Mayor and six council members. The City's major operations include public safety, street maintenance, and general administrative services. In addition, the City operates a water, electric, cable, and sewer system and provides solid waste collection. The financial statements of the City include all of the funds for which the Mayor and City Council are financially accountable. Financial accountability, 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 operations, select the governing authority, participate in fiscal management, and the scope of public services. The City has no component units or entities for which the government is considered to be financially accountable.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to determine legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are presented in a single column.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for the proprietary funds include personnel and other expenses

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows, liabilities, and deferred inflows is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Kentucky.

Proprietary Fund Types

Utility Fund – The utility fund accounts for the City's water, electric, and cable activities. The utility fund is a major fund of the City.

Sewer Fund – The sewer fund accounts for the City's sewer activities. The sewer fund is a major fund of the City.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows, liabilities, and deferred inflows associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and deferred inflows are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (e.g. revenues and other financing sources) and uses (e.g. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which governmental activities of the government –wide financial

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the financial statements for governmental funds.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date of ninety days or less.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. The City's infrastructure consists of sidewalks, streets, and traffic signals. Infrastructure acquired prior to the implementation of GASB Statement No. 34 has been reported.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000 with the exception of computers and real property for which there is no threshold. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value to the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	50 years
Improvements	20 years
Infrastructure	40 years
Vehicles	7 years
Equipment	7 years

Deferred Outflows of Resources – Pension and OPEB

The City reports decreases in net position that relates to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary fund statements of net position. The deferred outflows of resources reported in the financial statements include (1) deferred outflows of resources for contributions made to the City's defined benefit pension plan between the measurement date of the plan net pension liabilities and the end of City's fiscal year and (2) deferred outflows of resources related to the changes between the expected and actual experiences for the plan and changes in actuarial assumptions. Deferred outflows for pension contributions will be recognized in the

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

subsequent fiscal year. The deferred outflows related to experience and assumption changes will be recognized in future periods.

Deferred Inflows of Resources – Pension and OPEB

The City reports increases in net position that relates to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary fund statements of net position. The deferred inflows of resources reported in the financial statements arise from changes in the expected and actual experiences for the plan and for changes in assumptions. The deferred inflows related to these changes will be recognized in future periods.

Net Pension Liability

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

Net OPEB Liability

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and retirement incentives that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital lease obligations are recognized as a liability on the governmental fund financial statements when due.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position restricted for other purposes consists primarily of programs to enhance the security of persons and property.

Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed - includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - amounts are intended to be used by the City Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council.

Unassigned - the residual classification for the general fund and includes all spendable amounts not contained in other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within restricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classifications could be used.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Revenues

Exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty days of year end.

Nonexchange transactions

Transactions in which the City receives value without directly giving equal value in return, include property taxes, and grants. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, for which the City must provide local resources to be used for a specified purpose, and expenditure requirements, for which the resources are provided to the City on a reimbursement basis.

On the modified accrual basis, revenue from non-exchange transactions must also be available before it is recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: state-levied locally shared taxes.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on the decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, where are presented as internal balances.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Budgetary Process

Budgetary Basis of Accounting - The City's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and GAAP basis are: (1) revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP); and (2) expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/objective level. All budget appropriations lapse at year-end.

Expenditures may not legally exceed budgeted appropriations at the function level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the City Council.

Subsequent Events

The City evaluated subsequent events for potential recognition and disclosure through January 15, 2025, the date the financial statements were available to be issued.

NOTE 2: CASH AND CASH EQUIVALENTS

The City maintains the following governmental activity cash accounts:

	<u>Unrestricted</u>	<u>Restricted</u>
General fund	\$ 357,209	\$
Payroll tax	397,208	
LGEA	1,676	
Municipal road aid		263,170
Payroll	(8,381)	
Payroll 941	(1,210)	
Cemetery perpetual		131,779
Cemetery		69,924
Disbursing	(3,830)	
Shop with a cop	32,907	
Narcotics forfeiture	6,807	
Festival	6,704	
TIF	8,127	
Eibeck Lane TIF	15,526	
Ark TIF	10,572	
	<u>\$ 823,315</u>	<u>\$ 464,873</u>

The City maintains the following business-type activity cash accounts:

	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unrestricted</u>	<u>Restricted</u>
Utility operation	\$ 97,581	\$	Sewer operation	\$ 149,398	\$
Utility revenue	(374,336)		Sewer depreciation	166,742	
Utility depreciation	60,289		Sewer bond		276,571
Cable operation	211,522		Payroll	2,207	
Cable depreciation	67,600		Sewer revenue	(179,595)	
Lake expansion	274,463				
Payroll	(31,507)				
Electric depreciation	380,641				
F13-03	181,180				
F11-02	69,212				
Metering system	287,255				
Water improvement	59,841				
Total utility fund	<u>\$ 1,283,741</u>	<u>\$ -</u>	Total sewer fund	<u>\$ 138,752</u>	<u>\$ 276,571</u>

Concentrations of Credit Risk

At June 30, 2024, the carrying value of the City's deposits exceed the Federal Deposit Insurance Corporation (FDIC) insurance. Total deposited funds in excess of the \$250,000 insured by FDIC are covered by securities pledged for the City by the holding bank.

NOTE 2: CASH AND CASH EQUIVALENTS- CONTINUED

Custodial Credit Risk

Kentucky Revised Statutes (KRS) authorizes municipalities to invest in obligations of the United States of America and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state chartered banks insured by federal agencies and larger amounts in such institutions providing such banks pledge security obligations of the United States of America government or its agencies.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 is summarized below:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Land	\$ 537,390	\$ -	\$ -	\$ 537,390
Street improvements	2,649,865	-	-	2,649,865
Buildings and improvements	2,322,096	82,738	-	2,404,834
Infrastructure	1,043,940	79,101	-	1,123,041
Furniture and fixtures	44,287	-	-	44,287
General equipment	2,023,459	260,032	-	2,283,491
Total capital assets	<u>8,621,037</u>	<u>421,871</u>	<u>-</u>	<u>9,042,908</u>
Less accumulated depreciation	<u>4,426,799</u>	<u>317,424</u>	<u>-</u>	<u>4,744,223</u>
Net governmental capital assets	<u>\$ 4,194,238</u>	<u>\$ 104,447</u>	<u>\$ -</u>	<u>\$ 4,298,685</u>
Business-Type Activities				
Water system	\$ 36,460,849	\$ 81,364	\$ -	\$ 36,542,213
Electric system	6,116,252	274,512	-	6,390,764
Cable TV system	4,638,248	331,603	-	4,969,851
Sewer system	25,400,152	51,730	-	25,451,882
Total capital assets	<u>72,615,501</u>	<u>739,209</u>	<u>-</u>	<u>73,354,710</u>
Less accumulated depreciation				
Water system	16,399,381	636,931	-	17,036,312
Electric system	4,578,624	240,655	-	4,819,279
Cable TV system	3,560,666	219,372	-	3,780,038
Sewer system	12,100,617	400,231	-	12,500,848
Total accumulated depreciation	<u>36,639,288</u>	<u>1,497,189</u>	<u>-</u>	<u>38,136,477</u>
Net business-type capital assets	<u>\$ 35,976,213</u>	<u>\$ (757,980)</u>	<u>\$ -</u>	<u>\$ 35,218,233</u>

NOTE 3: CAPITAL ASSETS- CONTINUED

Depreciation was charged to following government funds:

Government	\$ 42,107	Water	636,931
Police	26,390	Electric	240,655
Fire	42,691	Cable	219,372
Public works	121,820	Sewer	400,231
Recreation	3,335		
Unallocated	81,081		
	<u>\$ 317,424</u>		<u>\$ 1,497,189</u>

NOTE 4: RECEIVABLES

Receivables due the City at year end are as follows:

	<u>Government</u>	<u>Business-type</u>
Payroll tax	\$ 105,194	\$ -
Motor vehicle tax	11,235	-
HB413	1,789	-
KLEFPF	2,090	-
Safety assessment fee	50,779	-
Insurance premium tax	121,046	-
Customer accounts	-	1,618,013
Total governmental receivables	<u>\$ 292,133</u>	<u>\$ 1,618,013</u>

The City believes all receivables are collectible and, accordingly, no allowance for doubtful accounts has been recorded.

NOTE 5: LONG-TERM OBLIGATIONS

Changes in long-term obligations are as follows:

	Balance June 30, 2023	Proceeds	Retirements	Balance June 30, 2024	Amount Due Within One Year	Long Term
Governmental Activities						
Series 2015 TIF Bond	\$ 613,333	\$ -	\$ 40,000	\$ 573,333	\$ 42,083	\$ 531,250
Total governmental activities	\$ 613,333	\$ -	\$ 40,000	\$ 573,333	\$ 42,083	\$ 531,250
Business-Type Activities						
Sewer Fund						
KIA Loan A08-09	\$ 7,986,302	\$ -	\$ 763,261	\$ 7,223,041	\$ 770,912	\$ 6,452,129
Forcht Bank Note	79,066	51,730	40,624	90,172	34,414	55,758
Total sewer fund	8,065,368	51,730	803,885	7,313,213	805,326	6,507,887
Series 2012 Bonds	\$ 23,333	\$ -	\$ 23,333	-	\$ -	\$ -
KIA Loan F11-02	983,479	-	89,776	893,703	91,581	802,122
KIA Loan F13-013	4,572,072	-	269,043	4,303,029	273,772	4,029,257
KLC Waterline Replacemen	51,537	-	29,047	22,490	22,490	-
First Security Bank	61,052	-	61,052	-	-	-
Forcht Bank	18,257	-	18,257	-	-	-
Truist MGPI Loan	111,757	-	52,767	58,990	58,990	-
Rural Development	4,541,500	-	79,000	4,462,500	81,500	4,381,000
Total utility fund	10,362,987	-	622,275	9,740,712	528,333	9,212,379
Total business-type activities	\$ 18,428,355	\$ 51,730	\$ 1,426,160	\$ 17,053,925	\$ 1,333,659	\$ 15,720,266

NOTE 5: LONG-TERM OBLIGATIONS - CONTINUED

The minimum obligations of the City at June 30, 2024 for debt service (principal and interest) are as follows:

	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 42,083	\$ 20,852	\$ 1,333,659	\$ 354,242	\$ 1,375,742	\$ 375,094
2026	45,000	19,484	1,246,476	333,498	1,291,476	352,982
2027	45,000	18,021	1,296,155	314,527	1,341,155	332,548
2028	47,083	16,535	1,269,508	295,372	1,316,591	311,907
2029	50,000	14,946	1,287,497	118,366	1,337,497	133,312
2030-2034	276,250	47,260	5,763,830	748,943	6,040,080	796,203
2035-2039	67,917	3,584	1,936,300	496,375	2,004,217	499,959
2040-2044	-	-	702,000.00	350,952	702,000	350,952
2045-2049	-	-	824,000.00	251,670	824,000	251,670
2050-2054	-	-	966,500.00	15,203	966,500	15,203
2055-2059	-	-	428,000	17,052	428,000	17,052
	<u>\$ 573,333</u>	<u>\$ 140,682</u>	<u>\$ 17,053,925</u>	<u>\$ 3,296,200</u>	<u>\$ 17,627,258</u>	<u>\$ 3,436,882</u>

NOTE 6: COMPENSATED ABSENCES

City employees earn vacation time based on length of service. Employees cannot opt for cash in lieu of time off. Employees also accrue sick days based on length of service. Sick days are not paid out at retirement or termination. At June 30, 2024, accrued compensated absences are \$119,356.

NOTE 7: RETIREMENT PLANS

The City is a participating employer of the County Employees' Retirement System (CERS) or (Plan). Under provision of Kentucky Revised Statute 61.645, the Board of Trustees of the Kentucky Retirement System administers the CERS. The Kentucky Retirement System issues a publicly available financial reports that may be downloaded from their website.

Plan description

CERS is a cost-sharing multi-employer public employee retirement system which covers substantially all regular full-time employees of each county, city, and school board and any additional eligible local agencies electing to participate in the Plan. The Plan is divided into a Pension Plan and Health Insurance Fund Plan (Other Post-Employment Benefits; OPEB) and each plan is further divided based on Non-hazardous duty and Hazardous duty covered employee classifications.

NOTE 6: RETIREMENT PLANS (CONTINUED)

Benefits provided

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

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	At least one month service and 55 years old, or at least 20 years service at any age
	Reduced retirement	At least 15 years service and 50 years old
Tier 2	Participation date	September 1, 2008 to December 31, 2013
	Unreduced retirement	At least 5 years service and 60 years old, or at least 25 years service at any age
	Reduced retirement	At least 15 years service and 50 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years service and 60 years old, or at least 25 years service at any age
	Reduced retirement	Not available

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 2, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date

of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

Contributions

Employees - For the year ended June 30, 2024 nonhazardous covered employees are required to contribute 5% of wages and hazardous covered employees are required to contribute 8% of wages to the plan. Employees who begin participation on or after September 1, 2008 are required to contribute an additional 1%.

NOTE 6: RETIREMENT PLANS (CONTINUED)

Employers - For the year ended June 30, 2024 participating employers contributed 23.34% of wages for non-hazardous covered employees and 41.11% of wages for hazardous covered employees. The City made all required contributions for fiscal year.

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

At June 30, 2024, the City reported a liability for its proportionate share of the net pension liability as follows:

Nonhazardous	\$ 4,807,826
Hazardous	1,748,893
<u>Total proportionate share of the net pension liability</u>	<u>\$ 6,556,719</u>
Nonhazardous	\$ 4,966,549
Hazardous	2,168,213
<u>Total proportionate share of the net pension liability</u>	<u>\$ 7,134,762</u>

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of 2022 contributions to the pension plan relative to the 2022 contributions of all participating employers, actuarially determined. The City's proportionate share at June 30, 2022 was:

Nonhazardous	0.0749%
Hazardous	0.0648%

For the year ended June 30, 2024, the City recognized pension expense of \$565,721. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Nonhazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 248,892	\$ 13,064	
Change of assumptions	-	440,641	
Change in investment experience	-	65,582	
Change in proportionate share of contributions	282,984	81,089	
Total deferred resources	531,876	<u>\$ 600,376</u>	<u>\$ (68,500)</u>
Subsequent contributions	505,465		
Total	<u>\$ 1,037,341</u>		

NOTE 6: RETIREMENT PLANS (CONTINUED)

Hazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 79,952	\$ -	
Change of assumptions	-	136,584	
Change in investment experience	-	17,544	
Change in proportionate share of contributions	49,138	178,099	
Total deferred resources	129,090	\$ 332,227	\$ (203,137)
Subsequent contributions	142,621		
Total	\$ 271,711		

Total nonhazardous and hazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 328,844	\$ 13,064	
Change of assumptions	-	577,225	
Change in investment experience	-	83,126	
Change in proportionate share of contributions	332,122	259,188	
Total deferred resources	660,966	\$ 932,603	\$ (271,637)
Subsequent contributions	648,086		
Total	\$ 1,309,052		

The contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The net deferral will be recognized as pension expense as follows:

Year Ending June 30	Net Deferral
2025	\$ (133,801)
2026	(135,694)
2027	74,164
2028	(76,306)
Total net deferral	\$ (271,637)

Actuarial assumptions

The total pension liability, net pension liability, and sensitivity information were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

NOTE 7: RETIREMENT PLANS (CONTINUED)

The actuarial assumptions are:

Employer fiscal year end	2024
Plan year end	2023
Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates form P-2014 mortality improvement scale using a base year of 2019
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018
Employer fiscal year end	2023
Play year ebd	2022
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amotrization method	Level percent of pay
Remaining amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% - 10.30%
Salary increase - hazardous	3.55% - 19.05%
Phase-in provision	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates form P- 2014 mortality improvement scale using a base year of 2019 Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

NOTE 7: RETIREMENT PLANS (CONTINUED)

Long-term expected rate of return

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

Asset Class	Target Allocation	Long-term Expected Nominal Return
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Fixed income		
Cash	1.00%	-0.75%
Additional categories		
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
	100.00%	

Discount rate

The projection of cash flows used to determine the discount rate of 6.25% and 7.10% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KRS plan's CAFR.

NOTE 7: RETIREMENT PLANS (CONTINUED)

Sensitivity of City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, 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 or 1-percentage-point higher than the current rate :

	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Nonhazardous	\$ 6,070,170	\$ 4,807,826	\$3,758,770
Hazardous	2,208,395	1,748,893	1,373,585
Total proportionate share of the net pension liability	\$ 8,278,565	\$ 6,556,719	\$5,132,355

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CERS financial report.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan description

The City’s employees are provide OPEB under provisions of Kentucky Revised Statutes. The Kentucky Retirement Systems (KRS) board administers the CERS Insurance Fund. The CERS Insurance fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are 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. OPEB benefits may be extended to beneficiaries of plan members under certain circumstances. The CERS Insurance Fund is included in a public available financial report that can be viewed at www.kyret.ky.gov.

Benefits provided

The CERS Insurance hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees. The CERS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

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

Contributions

For the year ending June 30, 2024, the employer's contribution was 0.00% to the insurance trust for non-hazardous job classifications and 2.58% for hazardous classifications. Participating employers were required to contribute at an actuarially determined rate. 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. Employees qualifying as Tier 2 or Tier 3 of the CERS plan contribute 1.0% of creditable compensation to an account created for payment of health insurance benefits.

Implicit Subsidy

The fully-insured premiums KRS Pays for the Kentucky Employees' Health plan are blended rates based on the combined experience of active and retiree members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CONTINUED

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

At June 30, 2024, the City reported a liability for its proportionate share of the net OPEB liability as follows:

Nonhazardous	\$ (103,444)
Hazardous	88,698
<u>Total proportionate share of the net pension liability</u>	<u>\$ (14,746)</u>

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. The City's proportionate share at June 30, 2021 was as follows:

Nonhazardous	0.0749%
Hazardous	0.0648%

For the year ended June 30, 2024, the City recognized OPEB expense of \$331,272. At June 30, 2024 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Nonhazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 72,116	\$ 1,468,797	
Change of assumptions	203,570	141,868	
Change in investment experience	-	24,007	
Change in proportionate share of contributions	123,713	52,639	
Total deferred resources	399,399	<u>\$ 1,687,311</u>	<u>\$ (1,287,912)</u>
Subsequent contributions	-		
Total	<u>\$ 399,399</u>		

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CONTINUED

Hazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 8,023	\$ 365,676	
Change of assumptions	60,564	92,464	
Change in investment experience	-	12,215	
Change in proportionate share of contributions	25,994	64,087	
Total deferred resources	94,581	\$ 534,442	\$ (439,861)
Subsequent contributions	8,951		
Total	<u>\$ 103,532</u>		
Total nonhazardous and hazardous	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 80,139	\$ 1,834,473	
Change of assumptions	264,134	234,332	
Change in investment experience	-	36,222	
Change in proportionate share of contributions	149,707	116,726	
Total deferred resources	493,980	\$ 2,221,753	\$ (1,727,773)
Subsequent contributions	8,951		
Total	<u>\$ 502,931</u>		

The contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The net deferral will be recognized in OPEB expense as follows:

Year Ending June 30	Net Deferral
2025	\$ (399,368)
2026	(496,390)
2027	(392,658)
2028	(368,243)
2029	(71,114)
Total net deferral	<u>\$ (1,727,773)</u>

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date of the plan's fiscal year ending June 30, 2023, using generally accepted accounting principles.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – CONTINUED

The actuarial assumptions are:

Employer fiscal year end	2024
Plan year end	2023
Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Remaining amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% - 10.30%
Salary increase - hazardous	3.55% - 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from P- 2014 mortality improvement scale using a base year of 2019
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CONTINUED

Long-term expected rate of return

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

Asset Class	Target Allocation	Long-term Expected Nominal Return
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	-0.25%
Fixed income		
Cash	1.00%	-0.75%
Additional categories		
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
	<u>100.00%</u>	<u>3.96%</u>

Discount rate

The projection of cash flows used to determine the discount rate of 5.70% for non-hazardous and 5.61% for hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.50%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 28, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit study will not be paid out of KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KRS plan's CAFR.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City’s proportionate share of the net pension liability calculated using the discount rate of 5.20% for non-hazardous and 5.20% for hazardous 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:

	1% Decrease 4.20%	Current Rate 5.20%	1% Increase 6.20%
Nonhazardous	\$ 194,124	\$ (103,444)	\$ (352,621)
Hazardous	224,319	88,698	(24,310)
Total proportionate share of the net pension liability	\$ 418,443	\$ (14,746)	\$ (376,931)

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:

	1% Decrease	Current Trend Rate	1% Increase
Nonhazardous	\$ (331,555)	\$ (103,444)	\$ 176,770
Hazardous	1,011	88,698	194,599
Total proportionate share of the net pension liability	\$ (330,544)	\$ (14,746)	\$ 371,369

OPEB plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CERS financial report.

NOTE 8: CONTINGENCIES

The City is party to various legal proceedings which normally occur in governmental operations. It is neither possible to determine the outcome of these proceedings nor possible to estimate the effects adverse decisions may have on the future expenditures or revenue sources of the City. In the opinion of City management, these legal proceedings are not likely to have a material adverse impact on the accompanying financial statements. Therefore, no provision for any liability that may result upon adjudication of this and similar cases has been made in the accompanying financial statements

NOTE 9: RISK MANAGEMENT

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

Management estimates that the amount of actual or potential claims against the City as of June 30, 2024, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

City of Williamstown, Kentucky
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance
Revenues				
Property taxes	\$ 1,387,000	\$ 1,387,000	\$ 1,638,836	\$ 251,836
Insurance premium taxes	400,000	450,000	505,245	55,245
Payroll taxes	476,000	600,000	502,030	(97,970)
Licenses, permits, and fees	487,000	487,000	497,593	10,593
Investment income			3,413	3,413
Charges for services	503,000	503,000	571,015	68,015
Intergovernmental	122,500	122,500	126,596	4,096
Grants and contributions	800,000	800,001	67,700	(732,301)
TIF Revenue	-	-	281,821	281,821
Other revenue	98,800	98,800	247,603	148,803
Transfers in	300,000	150,000	240,000	90,000
Total revenues	4,574,300	4,598,301	4,681,852	83,551
Expenditures				
General government	935,900	935,900	605,456	330,444
TIF	-	-	777,090	(777,090)
Public safety - police	880,550	914,950	881,491	33,459
Public safety - fire	462,000	462,000	490,175	(28,175)
Public works	824,000	824,000	746,845	77,155
Sanitation	245,000	275,000	253,431	21,569
Recreation	13,300	13,300	5,264	8,036
Debt service	-	-	62,152	(62,152)
Capital outlay	1,086,200	1,086,200	474,690	611,510
Total expenditures	4,446,950	4,511,350	4,296,594	214,756
Net change in fund balances	127,350	86,951	385,258	
Fund balances - beginning	225,700	225,700	340,325	
Fund balances - ending	\$ 353,050	\$ 312,651	\$ 725,583	

City of Williamstown, Kentucky
 Schedule of City's Proportionate Share of the Net Pension Liability
 and Contributions - Nonhazardous
 Year Ended June 30, 2024

Year ended June 30	Measurement period June 30	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	2023	0.0749%	\$ 4,807,826	\$ 2,009,141	239.30%	57.48%
2023	2022	0.0687%	\$ 4,966,549	\$ 1,855,961	267.60%	52.42%
2022	2021	0.0726%	\$ 4,628,246	\$ 1,783,388	259.52%	55.95%
2021	2020	0.0697%	\$ 5,343,861	\$ 1,711,282	312.27%	47.81%
2020	2019	0.0678%	\$ 4,769,319	\$ 1,625,055	293.49%	50.45%
2019	2018	0.0684%	\$ 4,168,266	\$ 1,696,725	245.67%	53.54%
2018	2017	0.0697%	\$ 4,080,399	\$ 1,634,175	249.69%	53.32%
2017	2016	0.0691%	\$ 3,402,527	\$ 1,728,247	196.88%	55.50%
2016	2015	0.0666%	\$ 2,864,451	\$ 1,551,799	184.59%	59.97%
2015	2014	0.0830%	\$ 2,703,458	\$ 1,618,570	167.03%	66.80%

Schedule of City's Contributions - Nonhazardous

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2024	\$ 505,465	\$ 505,465	\$ -	\$ 2,165,660	23.34%
2023	\$ 470,139	\$ 470,139	\$ -	\$ 2,009,141	23.40%
2022	\$ 392,907	\$ 392,907	\$ -	\$ 1,855,961	21.17%
2021	\$ 344,194	\$ 344,194	\$ -	\$ 1,783,388	19.30%
2020	\$ 330,277	\$ 330,277	\$ -	\$ 1,711,282	19.30%
2019	\$ 263,584	\$ 263,584	\$ -	\$ 1,625,055	16.22%
2018	\$ 245,685	\$ 245,685	\$ -	\$ 1,696,725	14.48%
2017	\$ 227,967	\$ 227,967	\$ -	\$ 1,634,175	13.95%
2016	\$ 214,648	\$ 214,648	\$ -	\$ 1,728,247	12.42%
2015	\$ 197,584	\$ 197,584	\$ -	\$ 1,551,799	12.73%
2014	\$ 222,391	\$ 222,391	\$ -	\$ 1,618,570	13.74%

City of Williamstown, Kentucky
 Schedule of City's Proportionate Share of the Net OPEB Liability
 and Contributions - Nonhazardous
 Year Ended June 30, 2024

Year ended June 30	Measurement period June 30	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	2023	0.0649%	\$ 1,748,893	\$ 566,438	308.75%	52.96%
2023	2022	0.0711%	\$ 2,168,213	\$ 510,378	424.82%	52.42%
2022	2021	0.0692%	\$ 1,842,747	\$ 460,772	399.93%	55.95%
2021	2020	0.0738%	\$ 2,223,674	\$ 476,068	467.09%	47.81%
2020	2019	0.0657%	\$ 1,814,524	\$ 413,104	439.24%	50.45%
2019	2018	0.0635%	\$ 1,536,107	\$ 372,472	412.41%	53.54%
2018	2017	0.0614%	\$ 1,373,555	\$ 432,588	317.52%	53.32%
2017	2016	0.0609%	\$ 1,045,084	\$ 387,177	269.92%	55.50%
2016	2015	0.0686%	\$ 1,052,717	\$ 396,397	265.57%	59.97%
2015	2014	0.0836%	\$ 1,004,496	\$ 412,280	243.64%	66.80%

Schedule of City's Contributions - Hazardous

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2024	\$ 142,621	\$ 142,621	\$ -	\$ 346,925	41.11%
2023	\$ 242,492	\$ 242,492	\$ -	\$ 566,438	42.81%
2022	\$ 172,814	\$ 172,814	\$ -	\$ 510,378	33.86%
2021	\$ 138,508	\$ 138,508	\$ -	\$ 460,772	30.06%
2020	\$ 143,106	\$ 143,106	\$ -	\$ 476,068	30.06%
2019	\$ 102,697	\$ 102,697	\$ -	\$ 413,104	24.86%
2018	\$ 82,688	\$ 82,688	\$ -	\$ 372,472	22.20%
2017	\$ 96,914	\$ 96,914	\$ -	\$ 432,588	22.40%
2016	\$ 78,442	\$ 78,442	\$ -	\$ 387,177	20.26%
2015	\$ 90,973	\$ 90,973	\$ -	\$ 396,397	22.95%
2014	\$ 89,753	\$ 89,753	\$ -	\$ 412,280	21.77%

City of Williamstown, Kentucky
 Schedule of City's Proportionate Share of the Net OPEB Liability
 and Contributions - Hazardous
 Year Ended June 30, 2024

Year ended June 30	Measurement period June 30	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered payroll	City's proportionate share of the net pension liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	2023	0.0749%	\$ (103,444)	\$ 2,009,141	-5.15%	104.23%
2023	2022	0.0690%	\$ 1,355,626	\$ 1,855,952	73.04%	52.42%
2022	2021	0.0726%	\$ 1,389,393	\$ 1,783,388	77.91%	55.95%
2021	2020	0.0678%	\$ 1,681,884	\$ 1,711,282	98.28%	47.81%
2020	2019	0.0678%	\$ 1,140,567	\$ 1,625,055	70.19%	50.45%
2019	2018	0.0684%	\$ 1,215,103	\$ 1,696,725	71.61%	53.54%
2018	2017	0.0697%	\$ 1,401,430	\$ 1,634,175	85.76%	53.32%

Schedule of City's Contributions - Nonhazardous

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2024	\$ -	\$ -	\$ -	\$ 2,165,660	0.00%
2023	\$ 68,110	\$ 68,110	\$ -	\$ 2,009,141	3.39%
2022	\$ 107,274	\$ 107,274	\$ -	\$ 1,855,952	5.78%
2021	\$ 84,889	\$ 84,889	\$ -	\$ 1,783,388	4.76%
2020	\$ 81,457	\$ 81,457	\$ -	\$ 1,711,282	4.76%
2019	\$ 85,477	\$ 85,477	\$ -	\$ 1,625,055	5.26%
2018	\$ 79,746	\$ 79,746	\$ -	\$ 1,696,725	4.70%
2017	\$ 77,296	\$ 77,296	\$ -	\$ 1,634,175	4.73%

City of Williamstown, Kentucky
 Schedule of City's Proportionate Share of the Net OPEB Liability
 and Contributions - Hazardous
 Year Ended June 30, 2024

Schedule of City's Proportionate Share of the Net OPEB Liability - Hazardous

Year ended June 30	Measurement period June 30	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	2023	0.0648%	\$ 88,698	\$ 566,438	15.66%	92.27%
2023	2022	0.0703%	\$ 604,981	\$ 510,372	118.54%	52.42%
2022	2021	0.0699%	\$ 559,685	\$ 460,772	121.47%	55.95%
2021	2020	0.0737%	\$ 681,343	\$ 476,068	143.12%	47.81%
2020	2019	0.0657%	\$ 485,910	\$ 413,104	117.62%	50.45%
2019	2018	0.0635%	\$ 452,872	\$ 372,472	121.59%	53.54%
2018	2017	0.0614%	\$ 507,527	\$ 432,588	117.32%	53.32%

Schedule of City's Contributions - Hazardous

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2024	\$ -	\$ -	\$ -	\$ 346,925	0.00%
2023	\$ 38,404	\$ 38,404	\$ -	\$ 566,438	6.78%
2022	\$ 53,436	\$ 53,436	\$ -	\$ 510,372	10.47%
2021	\$ 43,865	\$ 43,865	\$ -	\$ 460,772	9.52%
2020	\$ 45,321	\$ 45,321	\$ -	\$ 476,068	9.52%
2019	\$ 43,264	\$ 43,264	\$ -	\$ 413,104	10.47%
2018	\$ 34,826	\$ 34,826	\$ -	\$ 372,472	9.35%
2017	\$ 40,447	\$ 40,447	\$ -	\$ 432,588	9.35%

City of Williamstown, Kentucky
Schedule of City's Proportionate Share of the Net OPEB Liability
and Contributions - Hazardous
Year Ended June 30, 2024



Honorable Mayor
and Members of City Council
City of Williamstown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Williamstown, Kentucky (City) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the City basic financial statements and have issued our report thereon dated January 15, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's District'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 preceding paragraph 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's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on and Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

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

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

January 15, 2025

