CITY OF FORT WRIGHT, KENTUCKY

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2024

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For the Year Ended June 30, 2024

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CITY OF FORT WRIGHT, KENTUCKY

CITY OFFICIALS

As of June 30, 2024

Mayor

David Hatter

Council Members

Dave Abeln	Jason Collins
Scott Wall	Jay Weber
Bernie Wessels	Margie Witt

City Administrator

Jill Cain Bailey

Chamberlin Owen
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Council of the
City of Fort Wright, Kentucky

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fort Wright, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Fort Wright, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fort Wright, Kentucky as of June 30, 2024, and the respective changes in financial position 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 accounting standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Fort Wright, Kentucky and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Fort Wright, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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

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collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Fort Wright, 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 Fort Wright, 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 schedules, and *Multiple Employer, Cost Sharing, Defined Benefit Pension and OPEB Plan* disclosures 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 the 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.

Chamberlin Owen
Certified Public Accountants

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 1, 2025, on our consideration of the City of Fort Wright, 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 Fort Wright, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Fort Wright, Kentucky's internal control over financial reporting and compliance.

Chamberlin Owen & Co., Inc.

Chamberlin Owen, & Co., Inc.
Erlanger, Kentucky
January 1, 2025

Our discussion and analysis of the City of Ft. Wright, Kentucky's financial performance provides an overview and analysis of the City's financial activities during the fiscal year ended June 30, 2024. Please read this analysis in conjunction with the City's financial statements, which follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements follow these statements. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024 are as follows:

- The City's net position is $10,904,276.
- During the year, the City's net position increased by $1,337,684 compared to a decrease of $264,699 in the prior year.
- GASB No. 68 - Accounting and Financial Reporting for Pensions - requires the City to record its proportionate share of the County Employees' Retirement System (CERS) net pension liability. The City has recorded a net pension liability of $8,496,704 as well as related deferred outflows and inflows of resources as a result of this standard.
- GASB No. 75 - Accounting and Financial Reporting for Other Post-Employment Health Insurance Benefits (OPEB) - requires the City to record its proportionate share of the County Employees' Retirement System (CERS) net OPEB liability. The City has recorded a net pension liability of $359,612 as well as related deferred outflows and inflows of resources as a result of this standard.

REPORTING THE CITY AS A WHOLE

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

These two statements report the City's net positions and changes in them. You can think of the City's net position, the difference between assets and liabilities, as one way to measure the City's *financial health*, or financial position. Over time, increases or decreases in the City's net positions are one indicator of whether its financial health is improving or deteriorating. However, to assess the *overall health* of the City, you will need to consider other non-financial factors, such as improvements in services and capabilities.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements: A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are categorized as governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ft. Wright, Kentucky, assets and deferred outflows exceeded liabilities and deferred inflows by $10,904,276 as of June 30, 2024. A large portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding as well as the net pension liability. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The following is a comparison of net position at June 30, 2024 and 2023:

Net Position	**Governmental Activities**	
	2024	**2023**
Current assets	$ 11,704,784	$ 11,817,180
Capital assets	9,470,997	8,668,334
Total assets	21,175,781	20,485,514
Deferred outflows of resources	3,110,861	3,008,206
Total assets and deferred outflows of resources	24,286,642	23,493,720
Current liabilities	598,941	865,541
Long-term liabilities	8,856,316	11,298,952
Total liabilities	9,455,257	12,164,493
Deferred inflows of resources	3,927,109	1,762,635
Total liabilities and deferred inflows of resources	13,382,366	13,927,128
Net investment in capital assets	9,470,997	8,668,334
Restricted	209,847	104,173
Unrestricted	1,223,432	794,085
Total Net Position	$ 10,904,276	$ 9,566,592

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $1,223,432 may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position.

The following is a comparison of the change in net position for 2024 and 2023:

Changes in Net Position

	Governmental Activities	
Revenues:	**2024**	**2023**
Program revenues:		
Charges for services	$ 854,294	$ 802,459
Operating grants	417,988	339,388
Capital grants	600,000	600,000
General revenues:		
Property taxes	2,011,718	2,095,434
Payroll license fees	3,674,922	3,480,041
Other licenses, fines	660	13,918
Investment income	538,842	152,007
Other	60,508	89,045
Total revenues	8,158,932	7,572,292
Expenses:		
General government	1,379,582	1,265,577
Police	1,949,428	1,815,549
Fire	2,177,778	2,244,348
Public works	529,357	883,134
Parks and recreation	34,779	56,819
Loss on disposal of assets	9,480	48,965
Unallocated depreciation	916,896	892,151
Unallocated pension expense	(176,052)	108,062
Total expenses	6,821,248	7,314,605
Change in net position	1,337,684	257,687
Net position-Beginning	9,566,592	9,308,905
Net position-End of year	$ 10,904,276	$ 9,566,592

The City's net position increased by $1,337,684 during the current fiscal year; this increase includes both $916,896 in non-cash depreciation expense and $176,052 in non-cash actuarial pension benefit. These expenses were partially offset by $600,000 in capital grants recognized during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved* fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported an *unassigned* balance of $841,750. This is available for spending for our citizens.

The City has $8,332,815 in committed funds designated for city capital improvements and Dixie Highway revitalization, as well as $1,721,431 in assigned funds for Parks, Fire & EMS. The City also has $206,424 in funds restricted for Municipal Road Aid use and $3,423 restricted for asset forfeiture.

GENERAL FUND BUDGET HIGHLIGHTS

City Council passed an original budget for 2023-2024 and made one amendment to the budget. Amended General Fund revenues were $833,271 more than the amount budgeted. License and permit revenues was $361,897 more than budgeted because of increased payroll tax growth in the City. Intergovernmental revenue was $51,190 more than budgeted.

Actual expenditures were $831,624 more than budgeted expenditures and $1,647 less than revenues received. The most significant variances were from transfers out to other funds, which were $1,086,078 more than budgeted for transfers to the Capital Improvements Fund. Administration, Police, and Public Works spent less than the amended budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental activities as of June 30, 2024, amounts to $9,470,997. The following table details the capital assets owned by the City in 2024 and 2023 and the corresponding change in capital assets in 2024:

Capital Assets

	Governmental Activities	
	2024	**2023**
Land	$ 1,539,985	$ 1,539,985
Construction in progress	-	-
Buildings	1,599,279	1,592,009
Infrastructure	27,446,133	26,178,407
Equipment	1,763,814	1,630,739
Vehicles	2,215,699	2,008,901
Subtotals	34,564,910	32,950,041
Accumulated depreciation	(25,093,913)	(24,281,707)
Net Capital Assets	$ 9,470,997	$ 8,668,334

This year's major additions and deletions included:	
Improvements to infrastructure	$ 1,267,728
Building remodel	5,540
Fort Wright Civic Club	1,730
Purchases of vehicles	320,968
Purchases of equipment	133,074
Removal of disposed assets	(114,170)
Net depreciation added	(812,207)
Net change in Net Capital Assets	$ 802,663

Debt: At June 30, 2024 the City has no short or long-term debt.

GASB 68 PENSION AND GASB 75 OPEB LIABILITY RECOGNITION

As of June 30, 2024, the City is required, by Governmental Accounting Standards Board Statements No. 68 and 75, to display its proportionate share of the unfunded liability of the Kentucky Retirement System's County Employee Retirement System (CERS), a cost sharing multiple employer plan, in which the District is a participant. The net pension and OPEB liability, $8,856,316, the deferred outflow of resources, $3,110,861, and the deferred inflow of resources, $3,927,109 on the Statement of Net Position at June 30, 2024 are a function of this required reporting. Detailed information on this pension and OPEB recognition can be found in Note H in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Fort Wright City Council authorized a substantial reduction in the City's property tax rate for fiscal year 2024-25. This action reduced real property tax rates to the lowest tax rate imposed in more than a decade, a reflection of the City's commitment to fiscal management and the responsible stewardship of tax payer dollars.

City Council voted unanimously to lower the current Real Property Tax Rate of $2.48 per one thousand dollars of assessed value to $2.15 per one thousand dollars of assessed value. This reduction reflects a 13.31% decrease in the rate and rolls the property tax rate back to 2009 – a time when the country was still recovering from the nationwide financial crisis of 2008 and we had historically some of the lowest property tax rates in the last 15 years.

The City of Fort Wright also continues to have one of the lowest payroll taxes for local businesses. These continued tax rate reductions ensure that the City will maintain its title as one of the lowest taxing agencies in Kenton County in 2025.

Despite tax cuts, the city has come in under budget each fiscal year for the last six consecutive years. Smart operational and financial decisions coupled with rising property values and growing residential and commercial tax bases has allowed the build-up of substantial financial reserves, in fact, the City could operate for nearly a year with no additional income in the event of a catastrophe. Additionally, the City has no long-term debt obligations and maintains a robust Capital Improvement Plan (CIP) designed to ensure that they pay cash for all capital items such as the 5-Year Street Improvement Program.

Council continues to engage a local firm that specializes in government investments to safely invest a portion of the city reserves to yield better returns which allows citizens to keep more of their money. City Council also follows interest rates closely and have worked with our bank to get a better rate on our deposits which is expected to generate significant additional revenue and help to keep taxes low.

The City aggressively pursues grant funding to augment the finances and have been extremely fortunate to receive more than 4.6 million dollars in grants over the last 10 years. These funds have been used for major infrastructure improvements such as the reconstruction of Amsterdam Road and for improving emergency service response capabilities with new life saving equipment for First Responders. Most recently the City received approximately $680,000 in Federal Transportation Alternative Funds via OKI for the expansion of sidewalk along Dixie Highway in front of Christ Hospital. This project provides for safer pathways to schools, residences, businesses, and public transportation.

City Council is laser focused on the safety and security of residents, businesses, and guests; and to that end continue to invest in staff and equipment. Due to higher demand for services and a growing community additional staff has been added in both the Police and Fire Departments over the years and they continue to invest in employee recruitment and retention to ensure that they employ the very best staff.

City Council also continues investment in infrastructure need that are critical for public safety, thus ensuring that property values continue to grow and that Fort Wright remains one of the most desirable communities in Greater Cincinnati. On this front, annually they spend more than $600,000 on streets as part of a rolling 5-Year Street Improvement Plan. Additionally, they recently acquired the Fort Wright Civic Center in an effort to preserve the property for the benefit of the residents of Fort Wright. These investments in infrastructure and staff have played a key role in driving an overall property value increase of nearly 150 million dollars in the last decade - allowing a reduction of the tax burden on residents and businesses while increasing the services and amenities provided.

Looking towards 2025 and beyond, City Council is committed to ongoing infrastructure investments and improvements. Currently, they are working with the Kentucky Transportation Cabinet (KYTC) on re-inventing the aesthetics and functionality of the exit ramps and overpass at Kyles Lane as part of the Brent Spence Companion Bridge Project. Work on the project could start as early as 2025 and span into 2030 before the project is completed.

They continue to sponsor annual cleanup days and paper shredding events, host our Spring and Fall Yard Sales, along with quarterly community blood drives, Santa's Neighborhood Visit, and the Annual Christmas Tree Recycling Program.

City Council is continuing to look at all revenue streams and are currently planning to evaluate the rate at which Insurance Premiums are taxed in an effort to further reduce the tax burden. In order to level the playing field on franchise tax requirements they have adopted a Duke Energy Franchise Fee of 5%. This franchise fee is in the process of being implemented by Duke Energy and has already been approved by the Public Service Commission.

The City Council and staff continue to work hard to provide top notch services, and to provide a family and business friendly city where people want to live, work, play and own a business. City Council strives to never lose sight of the fact that they are public servants spending hard earned taxpayer dollars and the objective is always to provide the best services possible in the most economical manner. Transparency continues to remain a key component of everyday practices and the City strives to provide answers to many questions on our website, and via essential staff members maintaining regular office hours and consistent operations.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers 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 any questions about this report or need additional financial information, please contact Jill Cain Bailey, City Administrator, City of Ft. Wright, Kentucky, 409 Kyles Lane, Ft. Wright, KY 41011.

CITY OF FORT WRIGHT, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2024

	Primary Government Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	$ 7,887,766
Investments	3,065,302
Receivables:	
Taxes	15,056
Intergovernmental	5,605
Accounts	657,949
Investments	73,106
Total Current Assets	11,704,784
Capital Assets, Net of Depreciation	9,470,997
Total Assets	21,175,781
Deferred Outflows of Resources	
Deferred outflows related to net pension and OPEB liabilities	3,110,861
Total Assets and Deferred Outflows of Resources	24,286,642
Liabilities	
Current Liabilities	
Accounts payable	234,510
Payroll related liabilites	195,313
Security deposits	5,400
Unearned revenue - ARPA funds	163,718
Total Current Liabilities	598,941
Long Term Liabilites	
Unearned revenue - ARPA funds	-
Net pension liability	8,496,704
Net OPEB liability	359,612
Total Long Term Liabilities	8,856,316
Total Liabilities	9,455,257
Deferred Inflows of Resources	
Deferred inflows related to net pension and OPEB liabilities	3,927,109
Total Liabilities and Deferred Inflows of Resources	13,382,366
Net Position	
Invested in capital assets, net of related debt	9,470,997
Restricted	209,847
Unrestricted	1,223,432
Total Net Position	$ 10,904,276

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

CITY OF FORT WRIGHT, KENTUCKY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs: Primary Government	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities
Governmental Activities:					
General government	$ 1,379,582	$ 11,851	$ -	$ -	$ (1,367,731)
Public safety - police	1,949,428	4,895	163,382	-	(1,781,151)
Public safety - fire / EMS	2,177,778	353,642	73,448	-	(1,750,688)
Public works	529,357	459,987	181,158	600,000	711,788
Parks and recreation	34,779	23,919	-	-	(10,860)
Loss on disposal of assets	9,480	-	-	-	(9,480)
Unallocated depreciation	916,896	-	-	-	(916,896)
Unallocated pension	(176,052)	-	-	-	176,052
Total Primary Government	$ 6,821,248	$ 854,294	$ 417,988	$ 600,000	(4,948,966)
			General Revenues:		
			Property and other taxes		2,011,718
			Licenses and permits		3,674,922
			Fines and forfeitures		660
			Other		60,508
			Investment income		538,842
			Total General Revenues		6,286,650
			Change in Net Position		1,337,684
			Net Position - Beginning		9,566,592
			Net Position - Ending		$ 10,904,276

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

CITY OF FORT WRIGHT, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 515,789	$ 4,825,779	$ 2,546,198	$ 7,887,766
Investments	-	3,065,302	-	3,065,302
Receivables:				
Taxes	15,056	-	-	15,056
Intergovernmental	5,605	-	-	5,605
Accounts	601,906	402	55,641	657,949
Prepaid expenses	6,101	67,005	-	73,106
Due from other funds	3,468	10,497	19,671	33,636
Total Assets	$ 1,147,925	$ 7,968,985	$ 2,621,510	$ 11,738,420
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 83,385	$ 146,192	$ 4,933	$ 234,510
Payroll liabilites	195,313	-	-	195,313
Due to other funds	24,054	6,114	3,468	33,636
Deferred revenue	-	163,718	-	163,718
Escrow - security deposits	-	-	5,400	5,400
Total Liabilities	302,752	316,024	13,801	632,577
Fund Balances				
Restricted	3,423	-	206,424	209,847
Committed	-	7,652,961	679,854	8,332,815
Assigned	-	-	1,721,431	1,721,431
Unassigned	841,750	-	-	841,750
Total Fund Balances	845,173	7,652,961	2,607,709	11,105,843
Total Liabilities and Fund Balances	$ 1,147,925	$ 7,968,985	$ 2,621,510	$ 11,738,420

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

CITY OF FORT WRIGHT, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

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

Total fund balance per balance sheet	$ 11,105,843
Capital assets of $34,564,910, less accumulated depreciation of ($25,093,913), used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,470,997
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, not reportable in the funds:	
Deferred outflows related to pension	2,316,763
Deferred outflows related to post-employment health insurance (OPEB)	794,098
Deferred inflows realted to pension	(1,343,662)
Deferred inflows realted to post-employment health insurance (OPEB)	(2,583,447)
Long-term liabilities, including net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds.	
Net pension liability	(8,496,704)
Net post-employment health insurance (OPEB) liability	(359,612)
Net position of governmental activities	$ 10,904,276

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

CITY OF FORT WRIGHT, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2024

Revenues	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
Taxes	$ 2,011,718	$ -	$ -	$ 2,011,718
Licenses and permits	3,674,922	-	-	3,674,922
Intergovernmental	196,540	600,000	221,448	1,017,988
Charges for services	582,506	-	271,788	854,294
Fines and forfeitures	660	-	-	660
Uses of money and property	14,209	453,264	71,369	538,842
Other revenue	55,756	-	4,752	60,508
Total Revenues	6,536,311	1,053,264	569,357	8,158,932
Expenditures				
General government	1,379,582	-	-	1,379,582
Pubic safety - police	1,949,428	-	-	1,949,428
Public safety - fire / EMS	2,152,002	-	25,776	2,177,778
Public works	274,164	224,427	30,766	529,357
Parks and recreation	-	-	34,779	34,779
Capital outlay	58,489	1,670,551	-	1,729,040
Total Expenditures	5,813,665	1,894,978	91,321	7,799,964
Excess (Deficit) of Revenues Over (Under) Expenditures	722,646	(841,714)	478,036	358,968
Other Financing Sources (Uses)				
Transfers in	400,000	1,300,000	86,199	1,786,199
Transfers out	(1,386,199)	(400,000)	-	(1,786,199)
Total Other Financing Sources (Uses)	(986,199)	900,000	86,199	-
Change in Fund Balances	(263,553)	58,286	564,235	358,968
Fund Balances - Beginning	1,108,726	7,594,675	2,043,474	10,746,875
Fund Balances - Ending	$ 845,173	$ 7,652,961	$ 2,607,709	$ 11,105,843

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

CITY OF FORT WRIGHT, KENTUCKY
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

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

Net change in fund balance - total governmental funds		$ 358,968
Governmental funds report capital outlays as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period, net of gain or losses on dispoal:		
Capital outlays	$ 1,729,040	
Depreciation expense	(916,896)	812,144
Change due to capital asset retirements		(9,480)
Governmental funds report revenue that are not available to be recognized in the current-period as deferred revenues in the funds. This represents the change in the deferred revenue in the current period.		-
Governmental funds report pension and other post-employment health insurance (OPEB) contributions as expenditures, however, in the statement of activities, the cost of the pension and OPEB benefits earned, net of employer contributions is reported as pension and OPEB expense:		
Costs of pension benefits earned		5,968
Costs of post-employment health insurance benefits (OPEB) earned		170,084
Change in net position of governmental activities		$ 1,337,684

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY – The City of Ft. Wright, Kentucky is a municipality governed by a mayor and six-member council. As defined by GAAP, and established by GASB, the financial reporting entity consists of the primary government (The City of Ft. Wright, Kentucky as legally defined). Potential component units were considered for inclusion in the financial reporting entity. Component units are separate organizations for which the elected officials of the primary government would be financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will is held by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. A component unit which is fiscally dependent upon the primary government even when the primary government does not have a voting majority of the component unit's board is also to be included in the statements of the primary government.

The City does not have any component units to be included in its financial report.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent, on fees and charges for services. The City has no business-type activities.

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

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as an expenditure.

Fund Financial Statements

Separate financial statements are provided for governmental funds. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The City uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. The City's major governmental funds are as follows:

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

Capital Improvements Fund – The Capital Improvement Fund is the government's designated fund to account for expenditures for capital projects across all funds.

Special Revenue Funds –Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Special Revenue Funds include:

- *Municipal Road Aid Fund* – to account for revenues and related expenses provided by the Commonwealth of Kentucky's Transportation Cabinet through the Department for Local Government.
- *Fire and EMS Fund* – to account for City fire and EMS capital projects.
- *Parks and Recreation Fund* – to account for City park expenditures and projects.
- *Dixie/Kyles TIF Fund* – to account for the revenues and related expenses for the City's Tax Increment Financing District on Dixie Highway and Kyles Lane.

BASIS OF ACCOUNTING – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual – The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual – The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Property taxes, license fees, interest, and other revenues associated with current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government. No allowance for doubtful accounts is required for any receivables as of June 30, 2024.

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

INVESTMENTS – In accordance with Government Accounting Standards Board Statement No. 72, investments held are measured using quoted market prices in an active market for identical investments and/or using significant other observable inputs.

It is the policy of the City to invest public funds in a manner that will provide the maximum security and highest investment of principle while meeting the daily cash flow demands of the City and conforming to both KRS 91A.060 and KRS 66.480.

In accordance with KRS 66.480, the City is authorized to invest in the following:

A) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.

B) U.S. Treasury and other U.S. government obligations that carry the full faith and credit guarantee of the United States for the payment of principal and interest.

C) Federal Agency or U.S. government-sponsored enterprises obligations, participations or other instruments.

D) CDs issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky and that are insured by the Federal Deposit Insurance Corporation or similar entity or that are collateralized by any obligations, including surety bonds permitted by KRS 41.240. KRS 66.480(1)(d).

E) Uncollateralized CDs issued by any bank or savings and loan having a physical presence in Kentucky rated in one of three highest categories by a competent rating agency.

F) Bankers' acceptances, which must be rated in one of the three highest categories by a competent rating agency.

G) Commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a competent rating organization.

H) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities.

I) Investment-grade obligations of state or local governments or instrumentality thereof rated one of three highest categories by a competent rating agency.

J) Shares of mutual funds and exchange traded funds as identified by KRS 66.480(1)(j).

K) Individual equity securities if the funds are managed by a professional investment manager regulated by a federal regulatory agency and are included within the S&P 500 pursuant to KRS 66.480(1)(k).

L) Individual high-quality corporate bonds managed by a professional investment manager pursuant to KRS 66.480(1)(l).

Overall investments in (E), (F), (G), (K), and (L) investment types are restricted to 20% of total local government investments.

PROPERTY TAXES AND TAX CALENDAR – Property taxes are levied as of January 1 on property values assessed as of the same date. The taxes are billed in October and are due and payable in December. The due date is set each year by council, by ordinance. After the due date, the bill becomes delinquent, and penalties and interest may be assessed by the City and a lien may be placed on the property. Property tax rates for the year ended June 30, 2024, were $0.248 per $100 valuation for real property and $.446 per $100 valuation for personal property. The assessed value of property on which the levy for 2023 was based was $621,804,050 for real property.

PREPAIDS – Payments made to vendors for services that will benefit periods reported as prepaid items under the purchases method.

INTERFUND ACTIVITIY AND ADVANCE RECEIVABLE – Reciprocal interfund activity includes interfund loans – amounts provided with a requirement for repayment, reported as interfund receivables and payables in the respective funds and interfund services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value, recorded as revenues and expenses in the respective funds. Unpaid amounts would be reported as receivables and payables in the respective funds. Nonreciprocal interfund activity includes interfund transfers – flows of assets without equivalent flows of assets in return, and interfund reimbursements – repayments by the responsible fund.

SHORT-TERM INTER-FUND RECEIVABLE/PAYABLES – During the course of operation, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from/to other funds” on the balance sheet. Short-term inter-fund loans are classified as “inter-fund receivables/payables”.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES – Deferred outflows of resources represent a consumption of net assets that applies to future periods, and therefore deferred until that time. Fort Wright recognizes deferred outflows of resources related to pensions and other postemployment benefits.

Deferred inflows of resources represent an acquisition of net assets that applies to future periods and is therefore deferred until that time. Fort Wright recognizes deferred inflows of resources related to pensions and other postemployment benefits.

CAPITAL ASSETS – General capital assets are those assets not specifically related to activities in the proprietary fund. These assets are reported in the governmental activities column of the government-wide statement of net position.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial statements. Generally, capitalizable items with a cost of $5,000 or more and two years of useful life are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical costs, or where historical cost is not available, estimated historical cost based on replacement cost. Prior to July 1, 2004, governmental funds infrastructure assets had not previously been capitalized. The City has opted to not retroactively report its major general infrastructure assets. Infrastructure assets (starting July 1, 2004) have been valued at cost.

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

Buildings	40	years
Public Doman Infrastructure	40	years
Improvements	15	years
Vehicles	5	years
Machinery and Equipment	7	years
Furniture and Fixtures	7	years

COMPENSTATED ABSENCES – The City reports compensated absences in accordance with GASB Statement No. 102, *Accounting for Compensated Absences*. It is the government's policy to permit employees to accumulate earned but unused vacation-pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the government funds only if they have matured, for example, as a result of employee resignations and retirements. The general fund has typically been used to liquidate compensated absences as they become due and payable.

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

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.
Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

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 Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

OTHER POST EMPLOYMENT BENEFITS (OPEB), HEALTH INSURANCE – 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 Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

FUND EQUITY – In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.
Non-spendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form – long-term receivables and prepaid items; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The Municipal Road Aid Fund has a restricted fund balance

Committed fund balance – These amounts can only be used for specific purposes to constraints imposed by formal ordinances of the City Council (the government's highest level of decision-making authority). Those committed amounts cannot be used for any other purposes unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Capital Improvement Fund and the Dixie Highway / Kyles Lane TIF Special Revenue Funds have committed fund balances.

Assigned fund balance – This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes but are neither restricted nor committed. The City Council and City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed. The Parks and Recreation, and the Fire and EMS Funds have assigned fund balances.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds. The City Council has no General Fund minimum fund balance target as of June 30, 2024. No other fund balance policies exist.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed. The City has no outstanding encumbrances as of June 30, 2024.

ESTIMATES AND UNCERTAINTIES – 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.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

A. In accordance with City ordinance, by June 1st, the Mayor submits to the City Council, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
B. A public meeting is conducted to obtain citizen comment.
C. Prior to June 30, the budget is legally enacted through passage of an ordinance.
D. The Mayor is required by Kentucky Revised Statutes to present a quarterly report to the City Council explaining any variance from the approved budget.
E. Appropriations continue in effect until a new budget is adopted.
F. The Council authorizes supplemental appropriations during the year.

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

Deficit net position – No funds of the City ended the fiscal year in a deficit net position.

NOTE C – DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits – The City's cash deposits at June 30, 2024, were partially secured by Federal Depository Insurance. Deposits in excess of the Federal Depository Insurance limit are to be collateralized with securities held by the bank, its trust department or by its agent, but not in the City's name. The carrying amount of the City's deposits with financial institutions at June 30, 2024 was $7,887,766. Of the total bank balance, $250,000 was insured by the Federal Depository Insurance Corporation. The remainder is collateralized with securities held by the financial institution and pledged to collateralize the City's deposits.

Kentucky Revised Statutes authorize cities to invest in obligations of the United States 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 charter banks insured by federal agencies, repurchase agreements, and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are fair market value at the end of the year; Level 3 inputs are significant unobservable inputs.

As of June 30, 2024, the City had the following recurring fair value measurements:

	June 30, 2024	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3
Cash and equivalents	$ 557,883	$ -	$ 557,883	$ -
Government obligations	1,349,509	-	1,349,509	-
Corporate bonds	1,058,670	-	1,058,670	-
Municipal bonds	99,240	-	99,240	-
Total fair value	$ 3,065,302	$ -	$ 3,065,302	$ -

Interest rate risk. In accordance with the City's investment policy, interest rate risk is controlled thru maturity diversification by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of the capital in its portfolio.

Credit risk. State law limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments. The City's investment policy limits its authorized investment instruments in these investments to one of the top three highest rated categories by a nationally rated agency. As of June 30, 2024, the City's investment in government obligations and municipal bonds were rated AAA by Moody's and AA+ by Standard & Poor's.

Concentration of credit risk. The City may not invest, at any one time, funds in any one of the above listed categories exceeding twenty percent of the total amount of funds invested on behalf of the City.
Custodial credit risk – investments. For an investment, this is the risk, that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The policy permits investment in U.S. Treasury obligations and obligations backed by the full faith and credit of the United States and in the securities issued by certain associations and corporations established by the government of the United States.

NOTE D – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for governmental activities for the year ended June 30, 2024 is as follows:

	June 30, 2023	Additions	Retirements	June 30, 2024
Governmental activities:				
Assets not being depreciated				
Land	$ 1,539,985	$ -	$ -	$ 1,539,985
Construction in progress	-	-	-	-
	1,539,985	-	-	1,539,985
Other capital assets				
Buildings	1,592,009	7,270	-	1,599,279
Infrastructure	26,178,406	1,267,728	-	27,446,134
Vehicles	2,008,901	320,968	(114,170)	2,215,699
Equipment	1,630,739	133,074	-	1,763,813
Subtotal	31,410,055	1,729,040	(114,170)	33,024,925
Accumulated depreciation				
Buildings	(1,287,538)	(47,547)	-	(1,335,085)
Infrastructure	(20,534,043)	(676,637)	-	(21,210,680)
Vehicles	(1,221,659)	(134,189)	104,690	(1,251,158)
Equipment	(1,238,467)	(58,523)	-	(1,296,990)
Subtotal	(24,281,707)	(916,896)	104,690	(25,093,913)
Other capital assets, less depreciation	7,128,348	812,144	(9,480)	7,931,012
Capital assets, net	$ 8,668,333	$ 812,144	$ (9,480)	$ 9,470,997

NOTE E – RISK MANAGEMENT

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

NOTE F – INTERFUND TRANSFERS

The following interfund transfers occurred for the year ended June 30, 2024:

	Transfers In	Transfers Out
General Fund	$ 400,000	$ (1,386,199)
Capital Improvement Fund	1,300,000	(400,000)
Dixie Kyles TIF Fund	86,199	-
Parks & Recreation Fund	-	-
	$ 1,786,199	$ (1,786,199)

Transfers are used to move funds from the fund that statute or budget requires such funds to be received into the fund that statue or budget requires such funds to be disbursed from. Transfers are also used to move unrestricted funds collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to fund from which it was originally provided once a project is completed.

NOTE G – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

Governmental fund balances as of June 30, 2024, consist of the following:

	General Fund	Capital Improvement Fund	Minor Funds	Total
Restricted	$ 3,423	$ -	$ 206,424	$ 209,847
Committed	-	7,652,961	679,854	8,332,815
Assigned	-	-	1,721,431	1,721,431
Unassigned	841,750	-	-	841,750
Total Fund Balance	$ 845,173	$ 7,652,961	$ 2,607,709	$ 11,105,843

NOTE H – COUNTY EMPLOYEES’ RETIREMENT SYSTEM

Plan description – City employees are covered by CERS (County Employees’ Retirement System), a cost-sharing multiple-employer defined benefit pension and health insurance (Other Post-Employment Benefits; OPEB) plan administered by the Kentucky Public Pension Authority, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statue (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Public Pension Authority administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Public Pension Authority issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from http://kyret.ky.gov/.

The Plan is divided into both a **Pension Plan** and **Health Insurance Fund Plan** (Other Post-Employment Benefits; OPEB) and each Plan is further sub-divided based on ***Non-Hazardous*** duty and ***Hazardous*** duty covered-employee classifications. The City has both *Non-Hazardous* and *Hazardous Duty* employees.

Membership in CERS consisted of the following at June 30, 2023:

	Non-Hazardous		Hazardous	
	Pension	OPEB	Pension	OPEB
Active Plan Members	77,849	76,946	9,184	9,109
Inactive Plan Members	105,707	28,719	4,100	883
Retired Members	68,889	37,584	11,231	7,655
	252,445	143,249	24,515	17,647
Number of participating employers		1,141		260

<u>PENSION PLAN</u>

Non-Hazardous Pension Plan Description

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of 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 health insurance benefits 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 or 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.

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

	Required Contribution
Tier 1	5%
Tier 2	5%
Tier 3	5%

Hazardous Pension Plan Description

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

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	At least one month of hazardous duty service credit and 55 years old, or any age with 20 years of service.
	Reduced retirement	15 years service and 50 years old
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years of hazardous duty service credit and 60 years old or any age with 25 years of service.
	Reduced retirement	15 years service and 50 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years of hazardous duty service credit and 60 years old or 25 or more years of service, with no age requirement
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of 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 health insurance benefits 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 or 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.

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

	Required Contribution
Tier 1	8%
Tier 2	8%
Tier 3	8%

Contributions

For non-hazardous duty employees, the City contributed 23.34% of covered-employee's compensation, of which 23.34% was for the pension fund and 0.00% was for the health insurance fund.

For hazardous duty employees, the City contributed 43.69% of covered-employee's compensation, of which 41.11% was for the pension fund and 2.58% was for the health insurance fund.

The City made all required contributions for the non-hazardous plan pension obligation for the fiscal year in the amount of $108,438, of which $108,438 was for the pension fund and $0 was for the health insurance fund.
The City made all required contributions for the hazardous plan pension obligation for the fiscal year in the amount of $928,575, of which $873,740 was for the pension fund and $54,835 was for the health insurance fund.

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

At June 30, 2024, the City reported a liability of $8,496,704 ($987,308 for the non-hazardous plan and $7,509,396 for the hazardous plan) as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City 's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2023 measurement year, the City's non-hazardous employer allocation proportion was 0.0154% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.2784% of the total CERS hazardous duty employees. For the year ended June 30, 2024, the City recognized pension benefit of $5,968 in addition to its $982,178 pension contribution.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	$ 51,111	$ (2,683)	$ 343,299	$ -	$ 394,410	$ (2,683)
Net difference between projected actual earnings on plan investments	-	(13,468)	-	(75,334)	-	(88,802)
Changes of assump.	-	(90,487)	-	(586,462)	-	(676,949)
Changes in proportion, differences between contributions and proportionate share of contributions	101,852	(56,663)	838,323	(518,565)	940,175	(575,228)
Contributions subsequent to the measurement date	108,438	-	873,740	-	982,178	-
	$ 261,401	$ (163,301)	$ 2,055,362	$ (1,180,361)	$ 2,316,763	$ (1,343,662)

The City's contributions subsequent to the measurement date of $982,178 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ending June 30,	Net Deferral
2024	$ 58,146
2025	(169,101)
2026	160,830
2027	(58,953)
2028	-
Thereafter	-
	$ (9,078)

Actuarial Methods and Assumptions for Determining the Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

Changes of Assumptions

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023 and include a change in the investment return assumption from 6.25% to 6.50%. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022." The Total Pension Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore reflected no fiscal impact to the total pension liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plans. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the non-hazardous plans in determined using these updated benefits provisions.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022. It is GRS's opinion that these procedures for determining the information contained in this report are reasonable, appropriate, and comply with applicable requirements under *GASB No. 68*.

The actuarial assumptions are:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous and Hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Non-hazardous 3.55% to 19.05%, varies by service for CERS Hazardous
Investment Rate of Return	6.50% for CERS Non-hazardous and Hazardous

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, 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 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Discount Rate

The projection of cash flows used to determine the discount rate of 6.50% for CERS non-hazardous and hazardous systems assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362, (passed in 2018) over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability.

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions for Fiscal Year 2023

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2023:

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases

Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous 3.55% to 19.05%, varies by service for Hazardous
Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

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.

Plan Target Allocation

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

Asset Class	CERS Pensions Non-Hazardous and Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit / high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Sensitivity of the 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 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	Proportionate Share of Net Pension Liability		
	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Non-hazardous	$ 1,246,536	$ 987,308	$ 771,880
Hazardous	9,482,404	7,509,396	5,897,895
Total	$ 10,728,940	$ 8,496,704	$ 6,669,775

HEALTH INSURANCE – OTHER POST-EMPLOYMENT BENEFITS

Non-Hazardous OPEB Plan Description

Benefits Provided – CERS provides retirement, health insurance, death and disability benefits to non-hazardous duty Plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was $12.99 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was $12.99 per month.

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

	Required Contribution
Tier 1	None
Tier 2	1%
Tier 3	1%

Hazardous OPEB Plan Description

Benefits Provided – CERS provides retirement, health insurance, death and disability benefits to hazardous duty Plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was $20.07 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was $20.07 per month.

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

	Required Contribution
Tier 1	None
Tier 2	1%
Tier 3	1%

Contributions

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KPPA Trustees.

For non-hazardous employees, the City contributed 0.00% of covered employees' compensation for the health insurance fund.

For hazardous duty employees, the City contributed 2.58% of covered employees' compensation for the health insurance fund.

The City made all required contributions for the non-hazardous plan OPEB obligation for the fiscal year in the amount of $0.

The City made all required contributions for the hazardous plan OPEB obligation for the fiscal year in the amount of $54,835.

These contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the City recognized OPEB benefit of $170,083 in addition to its $54,835 OPEB contribution.

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

At June 30, 2024, the City reported a liability of $359,612 as its proportionate share of the net OPEB liability. 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 a projection of the City's long-term share of contributions to the OPEB Plan relative to the projected contributions of all governmental entities, actuarially determined. At the June 30, 2023 measurement year, the City's non-hazardous employer allocation proportion was 0.0154% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.2784% of the total CERS hazardous duty employees.

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	$ 14,811	$ (301,648)	$ 34,447	$ (1,570,157)	$ 49,258	$ (1,871,805)
Net difference between projected actual earnings on plan investments	-	(4,930)	-	(52,451)	-	(57,381)
Changes of assump.	41,807	(29,136)	260,050	(397,025)	301,857	(426,161)
Changes in proportion, differences between contributions and proportionate share of contributions	60,694	(33,078)	327,454	(195,021)	388,148	(228,099)
Contributions subsequent to the measurement date	-	-	54,835	-	54,835	-
	$ 117,312	$ (368,792)	$ 676,786	$ (2,214,654)	$ 794,098	$ (2,583,446)

The City’s contributions subsequent to the measurement date of $54,835 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ending June 30,	Net Deferral
2024	$ (350,265)
2025	(423,494)
2026	(345,368)
2027	(483,619)
2028	(241,438)
Thereafter	-
	$ (1,844,184)

Actuarial Methods and Assumptions to Determine the Net OPEB Liability

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information 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 (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2023:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous and Hazardous
Salary Increase	3.30% to 10.30%, varies by service for CERS Non-hazardous 3.55% to 19.05%, varies by service for CERS Hazardous
Investment Rate of Return	6.50%
Health Care Trend Rates	
Pre-65	Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 8.50% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Post-retirement (nondisabled)	System-specific mortality table based on mortality experience from 2013-2022 projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year 2010.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. Additional information regarding the single discount rates is provided below. The Total OPEB Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023, for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total OPEB liability since June 30, 2022. It is GRS's opinion that these procedures are reasonable and appropriate and comply with applicable requirements under GASB Statement No. 75.

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contribution for Fiscal Year 2023

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the fiscal year ending June 30, 2023:

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous 3.55% to 19.05%, varies by service for Hazardous

Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.30% at January 1, 2023, and 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 included into the liability measurement.
Post - 65	Initial trend starting at 6.30% in 2023, then 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 included into the liability measurement.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non- disabled)	System-specific mortality table based on mortality experience 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2021, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003, by $5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable on January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

The total OPEB liability as of June 30, 2023, is determined using these updated benefit provisions. There were no other material plan provision changes.

Changes of Assumptions

The discount rates used to calculate the total OPEB liability increased from 5.70% to 5.93%. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

Discount Rate

Single discount rates of 5.93% for CERS non-hazardous and 5.97% for CERS hazardous were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Plan Target Allocation

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

Asset Class	CERS Pensions Non-Hazardous and Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit /high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

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

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.93% for the Non-hazardous plan and the 5.97% for the hazardous plan, as well as what the 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:

	Proportionate Share of Net OPEB Liability					
	1.00% Decrease		Current Rate		1.00% Increase	
Discount Rate, Non-Hazardous	4.93%		5.93%		6.93%	
Net OPEB liability, Non-Haz	$	39,867	$	(21,244)	$	(72,418)
Discount Rate, Hazardous	4.97%		5.97%		6.97%	
Net OPEB liability, Haz	$	963,192	$	380,856	$	(104,384)
Total	$	1,003,059	$	359,612	$	(176,802)

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportionate Share of Net OPEB Liability					
Healthcare cost trend rate	1.00% Decrease		Current Rate		1.00% Increase	
Net OPEB liability, Non-hazardous	$	(68,092)	$	(21,244)	$	36,303
Net OPEB liability, Hazardous		4,339		380,856		835,578
Total	$	(63,753)	$	359,612	$	871,881

Plan Fiduciary Net Position

Both the Pension Plan and the Health Insurance Plan issue publicly available financial report that include financial statements and required supplementary information, and detailed information about each Plan's fiduciary net position. These reports may be obtained, in writing, from the Kentucky Public Pension Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601 or online at www.kyret.ky.gov .

NOTE I – CONTIGENT LIABILITIES

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

NOTE J – TAX ABATEMENTS

In accordance with GASB 77, the must disclose tax abatements and incentives provided within the City. The City has two Tax Increment Financing (TIF) Districts on which tax abatements are provided to the developer to fund the cost to develop infrastructure in the District.

Dixie Kyles Lane TIF District – The local participation TIF district for Dixie Highway Kyles Lane created in 2013 and required the City to collect and hold 80% of the real property taxes collected in the district footprint for the city in a given year. This incentive allowed the City to finance the infrastructure expenses associated with the project. The incentive is in place for 30 years. $679,854 has been withheld and remains in the project fund for future expenses of the project.

Von Lehman CPA & Advisory Firm – In 2016, to facilitate the move of Von Lehman CPA & Advisory Firm (now Dean Dorton) to Ft. Wright, the City agreed to abate 50% of occupational license tax for 5 years and 25% for the next 5 years. This abatement totaled $24,303 in 2024 and will remain in effect until 2026.

NOTE K – CONDUIT DEBT OBLIGATION / CAPITAL LEASE (LESSOR) AGREEMENT

In December 2008, the City entered into an agreement with a developer to issue City of Fort Wright Industrial Revenue Bonds, with a maturity date of December 1, 2028, in the amount of $4,000,000 to provide financial assistance to a private-sector developer for the construction of an office complex development within the City. The bonds are secured by the properties financed and are payable solely from the developer. Neither the City nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. In March 2021, the 2008 Industrial Building Revenue Bond had an outstanding balloon principal payment due of $1,911,882, and the Bond was paid in full.

This agreement also assigned the City as the owner of the property who will then, in turn, lease the property back to the developer under a capital (financing) lease agreement ending on December 31, 2028. The developer agreed to pay the Industrial Revenue Bond principal and interest to the bond trust in lieu of rent to the City. The developer has also agreed to pay the City additional rents, in lieu of the City's *ad valorem* property tax lost on the development, in an amount equal to the *ad valorem* property tax rate plus $1 for each $1,000 of assessed value of the development. We have four properties, all with the same developer, under PILOT arrangements. Total received for PILOT payments in 2024 was $48,974.

On June 1, 2020, the City entered into an agreement with a developer to issue City of Fort Wright Industrial Revenue Bonds, with a maturity date of June 1, 2028, in the amount of $850,000 to provide financial assistance to a private-sector developer for the construction of an office complex development within the City. The bonds are secured by the properties financed and are payable solely from the developer. Neither the City nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. As of June 30, 2024, the 2020 Industrial Building Revenue Refunding Bond had an outstanding principal amount totaling approximately $467,073.

NOTE L – STATE AND LOCAL FISCAL RECOVERY FUNDS

In response to the COVID-19 Global Pandemic, the City has qualified and was approved for $1,513,718 in funding from the American Rescue Plan Act. This funding has been designated to help city governments respond to the pandemic and its negative economic impacts. The City has received these funds and recognized $600,000 as income during the year ended June 30, 2024. The remaining $163,718 is Unearned Revenue at June 30, 2024.

NOTE M – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Statement No. 99 – *Omnibus 2020*, Para. 4-10 – This standard has no significant impact on the City.

Statement No. 100 – *Accounting Changes and Error Corrections* – This standard has no significant impact on the City.

Statement No. 101 – *Compensated Absences* – This standard has no significant impact on the City.

NOTE N – FUTURE ACCOUNTING STANDARDS

Statement No. 102 – *Certain Risk Disclosures* – Implementation in FY 2025

Statement No. 103 – *Financial Reporting Model Improvements* – Implementation in FY 2026

NOTE O – SUBSEQUENT EVENTS

Management has evaluated events through January 1, 2025, the date on which the financial statements were available for issue. The City had no events, subsequent to June 30, 2024 through January 1, 2025, to disclose.

CITY OF FORT WRIGHT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	$ -	$ 265,200	$ 1,108,726	$ 843,526
Resources (inflows):				
Taxes	1,942,750	2,033,750	2,011,718	(22,032)
Licenses and permits	3,281,500	3,313,025	3,674,922	361,897
Fines and forfeitures	100	650	660	10
Uses of money and property	2,500	9,500	14,209	4,709
Intergovenmental	123,500	145,350	196,540	51,190
Charges for services	568,500	564,500	582,506	18,006
Other revenues	37,000	36,265	55,756	19,491
Interfund transfers	-	-	400,000	400,000
Amounts Available for Appropriation	5,955,850	6,368,240	8,045,037	1,676,797
Charges to Appropriations (outflows):				
Administration	1,429,291	1,464,541	1,379,582	84,959
Police	2,062,333	2,079,783	1,949,428	130,355
Fire/EMS	2,035,114	2,122,914	2,152,002	(29,088)
Public works	393,756	400,881	332,653	68,228
Interfund transfers	35,356	300,121	1,386,199	(1,086,078)
Total Charges to Appropriations:	5,955,850	6,368,240	7,199,864	(831,624)
Budgetary Fund Balance, June 30	$ -	$ -	$ 845,173	$ 845,173

Reconciliation of Budgetary Basis to GAAP Statement of Revenues, Expenditures and Changes in Fund Balance

Budgetary Fund Balance	$ 845,173
Adjustments	-
	$ 845,173

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

NOTE -1 BUDGETING POLICIES

The City follows the procedures established pursuant to Chapter 108 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. The budget for the governmental fund type is adopted on a basis consistent with the general accepted accounting principles. Budgeted amounts in the financial statements are as adopted by the City Council.

CITY OF FORT WRIGHT, KENTUCKY
MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN DISCLOSURE - NON-HAZARDOUS
Last Ten Fiscal Years

Schedule of the City's Proportionate Share of the Net Pension Liability
County Employees' Retirement System (CERS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability	0.0154%	0.0132%	0.0158%	0.0142%	0.0148%	0.0110%	1.0670%	0.0130%	0.0380%	0.0140%
Proportionate share of the net pension liability (asset)	$ 987,308	$ 953,941	$ 1,007,374	$ 1,085,063	$ 1,039,625	$ 672,187	$ 623,787	$ 655,804	$ 588,586	$ 452,000
Covered payroll in year of measurement	$ 436,940	$ 369,149	$ 402,053	$ 369,748	$ 434,605	$ 435,498	$ 312,238	$ 270,252	$ 347,193	$ 319,456
Share of the net pension liability (asset) as a percentage of its covered payroll	225.96%	258.42%	250.56%	293.46%	239.21%	154.35%	199.78%	242.66%	169.53%	141.49%
Plan fiduciary net position as a percentage of total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Schedule of the City's Contributions
County Employees' Retirement System (CERS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 108,438	$ 102,244	$ 78,149	$ 77,596	$ 71,361	$ 70,493	$ 63,060	$ 43,557	$ 33,565	$ 44,267
Actual contribution	108,438	102,244	78,149	77,596	71,361	70,493	63,060	43,557	33,565	44,267
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	$ 464,600	$ 436,940	$ 369,149	$ 402,053	$ 369,748	$ 434,605	$ 435,498	$ 312,237	$ 270,250	$ 347,192
Contributions as a percentage of employee payroll	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

Notes to Required Supplementary Information
for the Year Ended June 30, 2024

The net pension liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE H in the Notes to the Financial Statements.

CITY OF FORT WRIGHT, KENTUCKY
MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN DISCLOSURE - HAZARDOUS
Last Ten Fiscal Years

Schedule of the City's Proportionate Share of the Net Pension Liability
County Employees' Retirement System (CERS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability	0.2785%	0.2531%	0.2884%	0.2616%	0.2370%	0.2250%	0.2245%	0.2160%	0.2050%	0.2140%
Proportionate share of the net pension liability (asset)	$ 7,509,396	$ 7,724,001	$ 7,677,721	$ 7,887,405	$ 6,545,342	$ 5,442,060	$ 5,023,071	$ 3,712,105	$ 3,157,084	$ 2,577,000
Covered payroll in year of measurement	$ 1,988,289	$ 1,722,779	$ 1,868,368	$ 1,704,697	$ 1,438,920	$ 1,420,348	$ 1,408,474	$ 1,081,584	$ 1,117,628	$ 1,086,996
Share of the net pension liability (asset) as a percentage of its covered payroll	377.68%	448.35%	410.93%	462.69%	454.88%	383.15%	356.63%	343.21%	282.48%	237.08%
Plan fiduciary net position as a percentage of total pension liability	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.80%	57.52%	53.95%	63.46%

Schedule of the City's Contributions
County Employees' Retirement System (CERS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 873,740	$ 851,186	$ 583,333	$ 561,632	$ 512,432	$ 357,716	$ 315,317	$ 305,780	$ 219,129	$ 256,496
Actual contribution	873,740	851,186	583,333	561,632	512,432	357,716	315,317	305,780	219,129	256,496
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	$ 2,125,371	$ 1,988,289	$ 1,722,779	$ 1,868,368	$ 1,704,697	$ 1,438,920	$ 1,420,347	$ 1,408,474	$ 1,081,584	$ 1,117,628
Contributions as a percentage of covered payroll	41.11%	42.81%	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%	22.95%

Notes to Required Supplementary Information
for the Year Ended June 30, 2024

The net pension liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE H in the Notes to the Financial Statements.

CITY OF FORT WRIGHT, KENTUCKY
MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN DISCLOSURE - NON-HAZARDOUS
Last Ten Fiscal Years

Schedule of the City's Proportionate Share of the Net OPEB Liability
County Employees' Retirement System (CERS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net OPEB liability	0.0154%	0.0132%	0.0158%	0.0141%	0.0148%	0.0110%	0.0107%			
Proportionate share of the net OPEB liability (asset)	$ (21,244)	$ 260,385	$ 302,407	$ 341,510	$ 248,559	$ 195,960	$ 214,242			
Covered payroll in year of measurement	$ 436,940	$ 369,149	$ 402,053	$ 369,748	$ 434,605	$ 435,498	$ 312,238			
Share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.86%	70.54%	75.22%	92.36%	57.19%	45.00%	66.61%			
Plan fiduciary net position as a percentage of total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%			

Schedule of the City's Contributions
County Employees' Retirement System (CERS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ -	$ 14,812	$ 21,337	$ 19,138	$ 17,600	$ 22,860	$ 20,468	$ 14,769		
Actual contribution	-	14,812	21,337	19,138	17,600	22,860	20,468	14,769		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
Covered payroll	$ 464,600	$ 436,940	$ 369,149	$ 402,053	$ 369,748	$ 434,605	$ 435,498	$ 312,238		
Contributions as a percentage of covered payroll	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%		

Notes to Required Supplementary Information
for the Year Ended June 30, 2024

The net OPEB liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation.. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE H in the Notes to the Financial Statements.

CITY OF FORT WRIGHT, KENTUCKY
MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN DISCLOSURE - HAZARDOUS
Last Ten Fiscal Years

Schedule of the City's Proportionate Share of the Net OPEB Liability
County Employees' Retirement System (CERS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net OPEB liability	0.2784%	0.2251%	0.2884%	0.2615%	0.2369%	0.2250%	0.2245%			
Proportionate share of the net OPEB liability (asset)	$ 380,856	$ 2,155,861	$ 2,331,893	$ 2,416,721	$ 1,752,772	$ 1,604,408	$ 1,856,018			
Covered payroll in year of measurement	$ 1,988,289	$ 1,722,779	$ 1,868,368	$ 1,704,697	$ 1,438,920	$ 1,420,348	$ 1,408,474			
Share of the net OPEB liability (asset) as a percentage of its covered payroll	19.15%	125.14%	124.81%	141.77%	121.81%	112.96%	131.78%			
Plan fiduciary net position as a percentage of total liability	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	59.00%			

Schedule of the City's Contributions
County Employees' Retirement System (CERS)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 54,835	$ 134,806	$ 180,375	$ 177,869	$ 162,287	$ 150,655	$ 132,803	$ 131,692		
Actual contribution	54,835	134,806	180,375	177,869	162,287	150,655	132,803	131,692		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
Covered payroll	$ 2,125,371	$ 1,988,289	$ 1,722,779	$ 1,868,368	$ 1,704,697	$ 1,438,920	$ 1,420,348	$ 1,408,474		
Contributions as a percentage of covered payroll	2.58%	6.78%	10.47%	9.52%	9.52%	10.47%	9.35%	9.35%		

Notes to Required Supplementary Information
for the Year Ended June 30, 2024

The net OPEB liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation.. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE H in the Notes to the Financial Statements.

CITY OF FORT WRIGHT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	$ 8,000,000	$ 7,594,675	$ 7,594,675	$ -
Resources (inflows):				
Intergovernmental	-	-	600,000	600,000
Uses of money and property	124,500	285,750	453,264	167,514
Interfund transfers	35,356	300,121	1,300,000	999,879
Amounts Available for Appropriation	8,159,856	8,180,546	9,947,939	1,767,393
Charges to Appropriations (outflows):				
Capital projects	2,589,300	2,744,300	1,894,978	849,322
Interfund transfers	-	-	400,000	(400,000)
Total Charges to Appropriations:	2,589,300	2,744,300	2,294,978	449,322
Budgetary Fund Balance, June 30	$ 5,570,556	$ 5,436,246	$ 7,652,961	$ 2,216,715

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

CITY OF FORT WRIGHT, KENTUCKY
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Parks and Recreation Fund	Municipal Road Aid Fund	Dixie Kyles TIF Fund	Fire and EMS Fund	Total Non-Major Governmental Funds
Assets					
Cash and cash equivalents	$ 338,833	$ 181,261	$ 679,854	$ 1,346,250	$ 2,546,198
Accounts receivable	-	25,773	-	29,868	55,641
Due from other funds	-	-	-	19,671	19,671
Total Assets	$ 338,833	$ 207,034	$ 679,854	$ 1,395,789	$ 2,621,510
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 2,830	$ 610	$ -	$ 1,493	$ 4,933
Security deposits	5,400	-	-	-	5,400
Due to other funds	3,468	-	-	-	3,468
Deferred revenue	-	-	-	-	-
Total Liabilities	11,698	610	-	1,493	13,801
Fund Balances					
Restricted	-	206,424	-	-	206,424
Committed	-	-	679,854	-	679,854
Assigned	327,135	-	-	1,394,296	1,721,431
Total Fund Balances	327,135	206,424	679,854	1,394,296	2,607,709
Total Liabilities and Fund Balances	$ 338,833	$ 207,034	$ 679,854	$ 1,395,789	$ 2,621,510

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

CITY OF FORT WRIGHT, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Parks and Recreation Fund	Municipal Road Aid Fund	Dixie Kyles TIF Fund	Fire and EMS Fund	Total Non-Major Governmental Funds
Revenues					
Charges for services	$ 23,919	$ -	$ -	$ 247,869	$ 271,788
Uses of money and property	-	2,276	22,324	46,769	71,369
Intergovernmental grants	-	134,164	43,771	43,513	221,448
Other revenue	4,752	-	-	-	4,752
Total Revenues	28,671	136,440	66,095	338,151	569,357
Expenditures					
Current					
Parks and recreation	34,779	-	-	-	34,779
Public works	-	30,766	-	-	30,766
Fire / EMS	-	-	-	24,783	24,783
Musuem operations	-	-	-	-	-
Administration	-	-	-	993	993
Total Expenditures	34,779	30,766	-	25,776	91,321
Excess (Deficit) of Revenues Over (Under) Expensitures Before Other Sources	(6,108)	105,674	66,095	312,375	478,036
Other Financing Sources (Uses)					
Transfers in	-	-	86,199	-	86,199
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	86,199	-	86,199
Excess (Deficit) of Revenues Over (Under) Expenditures	(6,108)	105,674	152,294	312,375	564,235
Fund Balances, Beginning of Year	333,243	100,750	527,560	1,081,921	2,043,474
Fund Balances, End of Year	$ 327,135	$ 206,424	$ 679,854	$ 1,394,296	$ 2,607,709

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

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

To the Honorable Mayor and
Members of Council
City of Fort Wright, 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 Fort Wright, Kentucky as of June 30, 2024 and the related notes to the financial statements which collectively comprise the City of Fort Wright, Kentucky's financial statements, and have issued our report thereon dated January 1, 2025.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. 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 Fort Wright, 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 audits, 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.*

3216 Dixie Highway ■ Erlanger, KY ■ 41018 ■ Phone 859-431-0700 ■ www.cnocpa.com

Chamberlin Owen
Certified Public Accountants

<u>Purpose of this Report</u>

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.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.
Erlanger, Kentucky
January 1, 2025