

CITY OF FORT WRIGHT, KENTUCKY

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2025

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ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2025

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CITY OF FORT WRIGHT, KENTUCKY

CITY OFFICIALS

As of June 30, 2025

Mayor

David Hatter

Council Members

Dave Abeln

Jason Collins

Scott Wall

Jay Weber

Bernie Wessels

Margie Witt

City Administrator

Jill Cain Bailey

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, 2025, 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, 2025, 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

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.

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 March 4, 2026 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
March 4, 2026

**CITY OF FORT WRIGHT, KENTUCKY
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Year Ended June 30, 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, 2025. 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 2025 are as follows:

- The City's net position is \$12,641,419.
- During the year, the City's net position increased by \$1,797,012 compared to an increase of \$1,337,684 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 \$7,776,402 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 \$299,569 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

CITY OF FORT WRIGHT, KENTUCKY
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
For the Year Ended June 30, 2025

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 \$12,724,657 as of June 30, 2025. 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, 2025 and 2024:

Net Position	Governmental Activities	
	2025	2024
Current assets	\$ 12,256,719	\$ 11,704,784
Capital assets	10,129,916	9,470,997
Total assets	<u>22,386,635</u>	<u>21,175,781</u>
Deferred outflows of resources	2,569,357	3,110,861
Total assets and deferred outflows of resources	<u>24,955,992</u>	<u>24,286,642</u>
Current liabilities	648,723	598,941
Long-term liabilities	8,075,971	8,856,316
Total liabilities	<u>8,724,694</u>	<u>9,455,257</u>
Deferred inflows of resources	3,589,879	3,927,109
Total liabilities and deferred inflows of resources	<u>12,314,573</u>	<u>13,382,366</u>
Net investment in capital assets	10,129,916	9,470,997
Restricted	209,425	209,847
Unrestricted	2,302,078	1,223,432
Total Net Position	<u>\$ 12,641,419</u>	<u>\$ 10,904,276</u>

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 \$2,302,078 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.

CITY OF FORT WRIGHT, KENTUCKY
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
For the Year Ended June 30, 2025

The following is a comparison of the change in net position for 2025 and 2024:

Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 817,854	\$ 854,294
Operating grants	347,806	417,988
Capital grants	163,718	600,000
General revenues:		
Property taxes	2,177,932	2,011,718
Payroll license fees	4,077,873	3,674,922
Other licenses, fines	515	660
Investment income	421,602	538,842
Other	132,390	60,508
Total revenues	<u>8,139,690</u>	<u>8,158,932</u>
Expenses:		
General government	1,462,524	1,379,582
Police	2,016,749	1,949,428
Fire	2,224,626	2,177,778
Public works	697,720	529,357
Parks and recreation	39,638	34,779
Loss on disposal of assets	12,443	9,480
Unallocated depreciation	465,048	916,896
Unallocated pension expense	(576,070)	(176,052)
Total expenses	<u>6,342,678</u>	<u>6,821,248</u>
Change in net position	1,797,012	1,337,684
Net position-Beginning	10,904,276	9,566,592
Prior period adjustment	(59,869)	-
Net position-End of year	<u>\$ 12,641,419</u>	<u>\$ 10,904,276</u>

The City's net position increased by \$1,797,012 during the current fiscal year; this increase includes both \$465,048 in non-cash depreciation expense and \$576,070 in non-cash actuarial pension benefit. These expenses were partially offset by \$163,718 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 \$1,038,065. This is available for spending for our citizens.

The City has \$8,453,302 in committed funds designated for city capital improvements and Dixie Highway revitalization, as well as \$1,990,442 in assigned funds for Parks, Fire & EMS. The City also has \$206,002 in funds restricted for Municipal Road Aid use and \$3,423 restricted for asset forfeiture.

CITY OF FORT WRIGHT, KENTUCKY
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
For the Year Ended June 30, 2025

GENERAL FUND BUDGET HIGHLIGHTS

City Council passed an original budget for 2024-2025 and made one amendment to the budget. Amended General Fund revenues were \$645,048 more than the amount budgeted. License and permit revenues was \$454,083 more than budgeted because of increased payroll tax growth in the City. Intergovernmental revenue was \$33,505 more than budgeted.

Actual expenditures were \$448,733 more than budgeted expenditures and \$196,315 less than revenues received. The most significant variances were from transfers out to other funds, which were \$815,919 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, 2025, amounts to \$10,129,916. The following table details the capital assets owned by the City in 2025 and 2024 and the corresponding change in capital assets in 2025:

Capital Assets	Governmental Activities	
	2025	2024
Land	\$ 1,539,985	\$ 1,539,985
Construction in progress	-	-
Buildings	1,659,124	1,599,279
Infrastructure	27,157,068	27,446,133
Equipment	2,243,382	1,763,814
Vehicles	1,788,838	2,215,699
Subtotals	<u>34,388,397</u>	<u>34,564,910</u>
Accumulated depreciation	<u>(24,258,481)</u>	<u>(25,093,913)</u>
Net Capital Assets	<u>\$ 10,129,916</u>	<u>\$ 9,470,997</u>

This year's major additions and deletions included:

Improvements to infrastructure	\$ 771,403
New security and camera system	25,025
New windows for administration building	48,570
New floor for locker room	11,275
Purchases of vehicles	280,137
Removal of disposed assets	(1,312,923)
Net depreciation added	<u>835,432</u>
Net change in Net Capital Assets	<u>\$ 658,919</u>

Debt: At June 30, 2025 the City has no short or long-term debt.

CITY OF FORT WRIGHT, KENTUCKY
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
For the Year Ended June 30, 2025

GASB 68 PENSION AND GASB 75 OPEB LIABILITY RECOGNITION

As of June 30, 2025, 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, \$8,075,971, the deferred outflow of resources, \$2,569,357, and the deferred inflow of resources, \$3,589,879 on the Statement of Net Position at June 30, 2025 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 another significant reduction in property tax rates — continuing their commitment to fiscal responsibility, transparency, and high-quality public services. At a time when many cities are struggling with rising costs, Fort Wright has managed to lower property taxes while strengthening essential City Services. Through careful financial planning and a commitment to efficiency, the City continues to provide residents and businesses with top-notch Police, Fire, Emergency Medical Services (EMS), Public Works, and enhanced Infrastructure— all without compromising its financial health.

Specifically, City Council took bold steps to reduce the tax burden on property owners and during Fiscal Year 2024–2025, the City Council voted to reduce the Real Property Tax Rate from \$2.48 to \$2.15 per \$1,000 of assessed value — a 13.31% decrease. That marked the lowest rate since 2009, and the trend is continuing. During a recent review of the Fiscal Year 2025–2026 Budget, City Council proposed another Real Property Tax Rate cut to \$1.99 per \$1,000, a further 7.44% rate reduction. The lowest rate enacted since 2008.

The City of Fort Wright also continued 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 thru 2026.

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 banking institutions to get a better rate on our deposits, which is expected to generate significant additional revenues again this fiscal year to help keep taxes low.

The City continues to aggressively pursue grant funding to augment the finances and have been extremely fortunate to receive more than 4.6 million dollars in grants over the recent 10 year period. 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 for the expansion of sidewalk and infrastructure improvements along Dixie Highway in front of Christ Hospital and \$180,000 to be utilized in repaving Highland Avenue. These funds are Federal Transportation Alternative Funds administered via OKI. Both of these projects provide safer pathways to schools, residences, businesses, and public transportation.

City Council remains laser focused on the safety and security of residents, businesses, and guests; and to that end continue to invest in staff and equipment. This also includes the continued investment in employee recruitment and retention to ensure that they employ the very best staff.

CITY OF FORT WRIGHT, KENTUCKY
MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)
For the Year Ended June 30, 2025

City Council also continues investment in infrastructure needs 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. This includes the acquisition of the former Fort Wright Civic Club 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 into 2026 and beyond, City Council is committed to ongoing infrastructure investments and improvements. They continue to work with the Kentucky Transportation Cabinet (KYTC) on re-inventing the aesthetics and functionality of the exit ramps and over pass at Kyles Lane as part of the Brent Spence Companion Bridge Project.

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, the Easter Bunny's Neighborhood Visit, and the Annual Christmas Tree Recycling Program.

City Council continues to look at all revenue streams and expenditures in an effort to further reduce the tax burden on residents and business owners. They also work diligently on Economic Development matters and will proudly welcome the Jeff Wyler Automotive Group to our business community in the near future.

The City Council and Staff continue to work hard to provide the highest quality 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 their 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 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, 2025

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 7,843,393
Investments	3,225,789
Receivables:	
Taxes	24,697
Intergovernmental	6,476
Accounts	888,909
National opioid settlement	228,348
Investments	39,107
Total Current Assets	<u>12,256,719</u>
Capital Assets, Net of Depreciation	<u>10,129,916</u>
Total Assets	22,386,635
Deferred Outflows of Resources	
Deferred outflows related to net pension and OPEB liabilities	<u>2,569,357</u>
Total Assets and Deferred Outflows of Resources	<u>24,955,992</u>
Liabilities	
Current Liabilities	
Accounts payable	107,538
Payroll related liabilities	197,376
Security deposits	3,600
Deferred revenue - opioid settlement	311,586
Deferred revenue - EMS billing	28,623
Total Current Liabilities	<u>648,723</u>
Long Term Liabilities	
Net pension liability	7,776,402
Net OPEB liability	299,569
Total Long Term Liabilities	<u>8,075,971</u>
Total Liabilities	8,724,694
Deferred Inflows of Resources	
Deferred inflows related to net pension and OPEB liabilities	<u>3,589,879</u>
Total Liabilities and Deferred Inflows of Resources	<u>12,314,573</u>
Net Position	
Invested in capital assets, net of related debt	10,129,916
Restricted	209,425
Unrestricted	2,302,078
Total Net Position	<u>\$ 12,641,419</u>

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

CITY OF FORT WRIGHT, KENTUCKY BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2025

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 588,311	\$ 4,342,657	\$ 2,912,425	\$ 7,843,393
Investments	-	3,225,789	-	3,225,789
Receivables:				
Taxes	24,697	-	-	24,697
Intergovernmental	6,476	-	-	6,476
Accounts	854,535	-	34,374	888,909
National opioid settlement	228,348	-	-	228,348
Prepaid expenses	8,465	30,642	-	39,107
Due from other funds	3,852	31,496	143,144	178,492
Total Assets	<u>\$ 1,714,684</u>	<u>\$ 7,630,584</u>	<u>\$ 3,089,943</u>	<u>\$ 12,435,211</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 45,885	\$ 7,306	\$ 54,347	\$ 107,538
Payroll liabilities	197,376	-	-	197,376
Due to other funds	172,964	1,676	3,852	178,492
Deferred revenue - Opioid settlement	311,586	-	-	311,586
Deferred revenue - EMS billing	28,623	-	-	28,623
Escrow - security deposits	-	-	3,600	3,600
Total Liabilities	<u>756,434</u>	<u>8,982</u>	<u>61,799</u>	<u>827,215</u>
Fund Balances				
Restricted	3,423	-	206,002	209,425
Committed	-	7,621,602	831,700	8,453,302
Assigned	-	-	1,990,442	1,990,442
Unassigned	954,827	-	-	954,827
Total Fund Balances	<u>958,250</u>	<u>7,621,602</u>	<u>3,028,144</u>	<u>11,607,996</u>
Total Liabilities and Fund Balances	<u>\$ 1,714,684</u>	<u>\$ 7,630,584</u>	<u>\$ 3,089,943</u>	<u>\$ 12,435,211</u>

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

<p>CITY OF FORT WRIGHT, KENTUCKY RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION June 30, 2025</p>

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

Total fund balance per balance sheet	\$ 11,607,996
Capital assets of \$34,388,398, less accumulated depreciation of (\$24,258,482), used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,129,916
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	1,911,218
Deferred outflows related to post-employment health insurance (OPEB)	658,139
Deferred inflows related to pension	(1,422,136)
Deferred inflows related to post-employment health insurance (OPEB)	(2,167,743)
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	(7,776,402)
Net post-employment health insurance (OPEB) liability	<u>(299,569)</u>
Net position of governmental activities	<u><u>\$ 12,641,419</u></u>

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, 2025

	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 2,177,932	\$ -	\$ -	\$ 2,177,932
Licenses and permits	4,077,873	-	-	4,077,873
Intergovernmental	135,386	163,718	212,420	511,524
Charges for services	597,589	-	220,265	817,854
Fines and forfeitures	515	-	-	515
Uses of money and property	17,295	313,875	90,432	421,602
Other revenue	122,504	-	9,886	132,390
Total Revenues	<u>7,129,094</u>	<u>477,593</u>	<u>533,003</u>	<u>8,139,690</u>
Expenditures				
General government	1,462,524	-	-	1,462,524
Public safety - police	2,016,749	-	-	2,016,749
Public safety - fire / EMS	2,196,271	-	28,355	2,224,626
Public works	369,628	202,541	125,551	697,720
Parks and recreation	-	-	39,638	39,638
Capital outlay	-	1,136,411	-	1,136,411
Total Expenditures	<u>6,045,172</u>	<u>1,338,952</u>	<u>193,544</u>	<u>7,577,668</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>1,083,922</u>	<u>(861,359)</u>	<u>339,459</u>	<u>562,022</u>
Other Financing Sources (Uses)				
Transfers in	-	1,930,000	80,976	2,010,976
Transfers out	(910,976)	(1,100,000)	-	(2,010,976)
Total Other Financing Sources (Uses)	<u>(910,976)</u>	<u>830,000</u>	<u>80,976</u>	<u>-</u>
Change in Fund Balances	172,946	(31,359)	420,435	562,022
Fund Balances - Beginning	845,173	7,652,961	2,607,709	11,105,843
Prior Period Adjustment	(59,869)	-	-	(59,869)
Fund Balances - Ending	<u>\$ 958,250</u>	<u>\$ 7,621,602</u>	<u>\$ 3,028,144</u>	<u>\$ 11,607,996</u>

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

<p>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, 2025</p>

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

Net change in fund balance - total governmental funds \$ 562,022

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 disposal:

Capital outlays	\$ 1,136,411		
Depreciation expense	<u>(465,048)</u>		671,363

Change due to capital asset retirements (12,443)

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			236,283
Costs of post-employment health insurance benefits (OPEB) earned			<u>339,787</u>

Change in net position of governmental activities \$ 1,797,012

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

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

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.

CITY OF FT. WRIGHT, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2025

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,

CITY OF FT. WRIGHT, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2025

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, 2025.

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).

CITY OF FT. WRIGHT, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2025

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, 2025, were \$0.215 per \$100 valuation for real property and \$.385 per \$100 valuation for personal property. The assessed value of property on which the levy for 2024 was based was \$758,393,850 for real property and \$25,964,254 for personal property.

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

INTERFUND ACTIVITY 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.

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

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. 101, *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.

CITY OF FT. WRIGHT, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2025

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, 2025. 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, 2025.

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.

CITY OF FT. WRIGHT, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2025

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, 2025, 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, 2025 was \$7,965,273. 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.

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

As of June 30, 2025, the City had the following recurring fair value measurements:

	June 30, 2025	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3
Cash and equivalents	\$ 10,421	\$ -	\$ 10,421	\$ -
Government obligations	2,495,304	-	2,495,304	-
Corporate bonds	720,064	-	720,064	-
Municipal bonds	-	-	-	-
Total fair value	<u>\$ 3,225,789</u>	<u>\$ -</u>	<u>\$ 3,225,789</u>	<u>\$ -</u>

Interest rate risk. In accordance with the City’s investment policy, interest rate risk is controlled through 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, 2025, 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.

CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025

NOTE D – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for governmental activities for the year ended June 30, 2025 is as follows:

	June 30, 2024	Additions	Retirements	June 30, 2025
Governmental activities:				
Assets not being depreciated				
Land	\$ 1,539,985	\$ -	\$ -	\$ 1,539,985
Construction in progress	-	-	-	-
	<u>1,539,985</u>	<u>-</u>	<u>-</u>	<u>1,539,985</u>
Other capital assets				
Buildings	1,599,279	59,845	-	1,659,124
Infrastructure	27,446,133	771,403	(1,060,468)	27,157,068
Vehicles	2,215,699	280,138	(252,455)	2,243,382
Equipment	1,763,813	25,025	-	1,788,838
Subtotal	<u>33,024,924</u>	<u>1,136,411</u>	<u>(1,312,923)</u>	<u>32,848,412</u>
Accumulated depreciation				
Buildings	(1,335,085)	(47,980)	1,060,468	(322,597)
Infrastructure	(21,210,680)	(183,267)	-	(21,393,947)
Vehicles	(1,251,158)	(168,807)	240,012	(1,179,953)
Equipment	(1,296,990)	(64,994)	-	(1,361,984)
Subtotal	<u>(25,093,913)</u>	<u>(465,048)</u>	<u>1,300,480</u>	<u>(24,258,481)</u>
Other capital assets, less depreciation	<u>7,931,011</u>	<u>671,363</u>	<u>(12,443)</u>	<u>8,589,931</u>
Capital assets, net	<u><u>\$ 9,470,996</u></u>	<u><u>\$ 671,363</u></u>	<u><u>\$ (12,443)</u></u>	<u><u>\$ 10,129,916</u></u>

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.

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

NOTE F – INTERFUND TRANSFERS

The following interfund transfers occurred for the year ended June 30, 2025:

	Transfers In	Transfers Out
General Fund	\$ -	\$ (910,976)
Capital Improvement Fund	1,930,000	(1,100,000)
Dixie Kyles TIF Fund	80,976	-
Parks & Recreation Fund	-	-
	\$ 2,010,976	\$ (2,010,976)

Transfers are used to move funds from the fund that statute or budget requires such funds to be received into the fund that statute 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, 2025, consist of the following:

	General Fund	Capital Improvement Fund	Minor Funds	Total
Restricted	\$ 3,423	\$ -	\$ 206,002	\$ 209,425
Committed	-	7,621,602	831,700	8,453,302
Assigned	-	-	1,990,442	1,990,442
Unassigned	954,827	-	-	954,827
Total Fund Balance	\$ 958,250	\$ 7,621,602	\$ 3,028,144	\$ 11,607,996

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 Statute (“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.

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

Membership in CERS consisted of the following at June 30, 2024:

	Non-Hazardous		Hazardous	
	Pension	OPEB	Pension	OPEB
Active Plan Members	78,810	78,418	9,205	9,156
Inactive Plan Members	111,086	27,097	4,287	835
Retired Members	70,932	38,679	11,603	8,176
	<u>260,828</u>	<u>144,194</u>	<u>25,095</u>	<u>18,167</u>
Number of participating employers		<u>1,141</u>		<u>260</u>

PENSION PLAN

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:

	<u>Required Contribution</u>
Tier 1	5%
Tier 2	5%
Tier 3	5%

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

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:

	<u>Required Contribution</u>
Tier 1	8%
Tier 2	8%
Tier 3	8%

Contributions

The employer contribution rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. The employee contribution rate is also set by state statute.

For non-hazardous duty employees, the City contributed 19.71% of covered-employee's compensation, of which 19.71% was for the pension fund and 0.00% was for the health insurance fund.

CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025

For hazardous duty employees, the City contributed 38.61% of covered-employee's compensation, of which 36.49% was for the pension fund and 2.12% 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 \$98,450 of which \$98,450 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 \$882,533, of which \$834,075 was for the pension fund and \$48,458 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, 2025, the City reported a liability of \$7,776,402 (\$883,787 for the non-hazardous plan and \$6,892,615 for the hazardous plan) as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024 measurement year, the City's non-hazardous employer allocation proportion was 0.01478% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.267986% of the total CERS hazardous duty employees. For the year ended June 30, 2025, the City recognized pension benefit of \$236,283 in addition to its \$932,525 pension contribution.

At June 30, 2025, 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	\$ 42,777	\$ -	\$ 447,864	\$ -	\$ 490,641	\$ -
Net difference between projected actual earnings on plan investments	-	(56,823)	-	(367,876)	-	(424,699)
Changes of assump.	-	(39,930)	-	(389,007)	-	(428,937)
Changes in proportion, differences between contributions and proportionate share of contributions	45,553	(28,515)	442,499	(539,985)	488,052	(568,500)
Contributions subsequent to the measurement date	98,450	-	834,075	-	932,525	-
	<u>\$ 186,780</u>	<u>\$ (125,268)</u>	<u>\$ 1,724,438</u>	<u>\$ (1,296,868)</u>	<u>\$ 1,911,218</u>	<u>\$ (1,422,136)</u>

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

The City’s contributions subsequent to the measurement date of \$932,525 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
2025	\$ (259,851)
2026	61,523
2027	(149,409)
2028	(95,707)
2029	-
Thereafter	-
	<u>\$ (443,444)</u>

Basis of Calculations

The System Actuary, Gabriel, Roeder, Smith & Co. (GRS), completed reports by plan in compliance with GASB Statement No. 67 Financial Reporting for Pension Plans. The TPL, NPL, and sensitivity information are based on an actuarial valuation date of June 30, 2023. The TPL was rolled forward from the valuation date to the Plans’ fiscal year ended June 30, 2024, using generally accepted actuarial principles. Information disclosed for years prior to June 30, 2017, were prepared by the prior actuary. GRS will provide separate reports at a later date with additional accounting information determined in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

Assumptions

Below is a summary of the principal assumptions used for the June 30, 2023, actuarial valuation:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Non-hazardous
Investment Rate of Return	6.50% for CERS Non-hazardous
Mortality	System specific mortality table based on experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

Changes of Assumptions

There have been no assumption, method or plan provision changes that would materially impact the total pension liability since June 30, 2023. It is our opinion that these procedures for determining the information contained in these reports are reasonable, appropriate, and comply with applicable requirements under GASB No. 67.

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

Discount Rate

A single discount rate of 6.50% for the nonhazardous and hazardous plans was used to measure the total pension liability for the fiscal year ended June 30, 2024. This single discount rate was based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy. The provisions of House Bill 362 (passed during the 2018 legislative session) are still in effect and limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. However, contribution rates are not currently projected to increase by more than 12% in any given future year. Therefore, for the purposes of this calculation, the provisions of House Bill 362 do not impact the projected employer contributions

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions for Fiscal Year 2025

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2025:

Actuarial Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	30 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%
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous
Mortality	System specific mortality table based on experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025

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 Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
Core bonds	10.00%	2.85%
Specialty credit / high yield	10.00%	3.82%
Cash	0.00%	1.70%
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

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	\$ 1,139,346	\$ 883,787
Hazardous	8,873,522	6,892,615	5,275,313
Total	\$ 10,012,868	\$ 7,776,402	\$ 5,947,054

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.

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

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:

	<u>Required Contribution</u>
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.

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

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:

	<u>Required Contribution</u>
Tier 1	None
Tier 2	1%
Tier 3	1%

Contributions

The employer contribution rates are set by the KRS Board under Kentucky Revised Statute 61.565 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. The employee contribution rate is set by state statute.

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 2.12% of covered employees' compensation for the health insurance fund.

The City was not required to contribute for the non-hazardous plan OPEB obligation for the fiscal year.

The City made all required contributions for the hazardous plan OPEB obligation for the fiscal year in the amount of \$48,458.

These contributions are actuarially determined as an amount that is expected to finance the cost of

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the City recognized OPEB benefit of \$339,787 in addition to its \$48,458 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 \$299,569 as its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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, 2024 measurement year, the City's non-hazardous employer allocation proportion was 0.01479% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.26805% 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	\$ 14,195	\$ (201,321)	\$ 88,050	\$ (1,190,147)	\$ 102,245	\$ (1,391,468)
Net difference between projected actual earnings on plan investments	-	(23,350)	-	(204,324)	-	(227,674)
Changes of assump.	23,185	(18,054)	220,551	(286,159)	243,736	(304,213)
Changes in proportion, differences between contributions and proportionate share of contributions	34,737	(28,819)	228,963	(215,570)	263,700	(244,389)
Contributions subsequent to the measurement date	-	-	48,458	-	48,458	-
	<u>\$ 72,117</u>	<u>\$ (271,544)</u>	<u>\$ 586,022</u>	<u>\$ (1,896,200)</u>	<u>\$ 658,139</u>	<u>\$ (2,167,744)</u>

The City's contributions subsequent to the measurement date of \$48,458 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:

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

Measurement Year Ending June 30,	Net Deferral
2025	\$ (438,781)
2026	(364,903)
2027	(498,588)
2028	(265,354)
2029	9,563
Thereafter	-
	<u>\$ (1,558,063)</u>

Basis of Calculations

The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles

Assumptions

Below is a summary of the principal assumptions used for the June 30, 2023 actuarial valuation:

Investment Rate of Return	6.50% for CERS Non-hazardous
Inflation	2.50%
Salary Increases	3.30% to 10.30%, varies by service for CERS Non-hazardous
Payroll Growth Rate	2.0% for CERS Non-hazardous
Mortality	System specific mortality table based on experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
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. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.
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 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement

Change in Assumptions - Plan

There have been no other plan provision changes that would materially impact the total OPEB liability (asset) since June 30, 2023. It is GRS's opinion that these procedures are reasonable and appropriate and comply with applicable requirements under GASB Statement No. 75.

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

Discount Rate

The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan. 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 the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

Single discount rates of 5.99% for the nonhazardous plan and 6.02% for the hazardous plan were used to measure the total OPEB liability for the fiscal year ended June 30, 2024. They are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contribution for Fiscal Year 2025

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the fiscal year ending June 30, 2025:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	30 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%
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous

<p>CITY OF FT. WRIGHT, KENTUCKY NOTES TO THE FINANCIAL STATEMENTS Year Ended June 30, 2025</p>

Mortality 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.

Healthcare Trend Rates
 Pre - 65 Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were included into the liability measurement.

Post - 65 Initial trend starting at 9.00% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were included into the liability measurement.

Changes of Assumptions - Contributions

The discount rates used to calculate the total OPEB liability (asset) increased from 5.93% to 5.99%. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2024 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.

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 Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
Core bonds	10.00%	2.85%
Specialty credit /high yield	10.00%	3.82%
Cash	0.00%	1.70%
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
Expected Real Return	100.00%	4.69%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		7.19%

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 5.99% for the Non-hazardous plan and the 6.02% 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:

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	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.99%	5.99%	6.99%
Net OPEB liability, Non-Haz	\$ 34,597	\$ (25,587)	\$ (76,190)
Discount Rate, Hazardous	5.02%	6.02%	7.02%
Net OPEB liability, Haz	\$ 898,580	\$ 325,156	\$ (154,050)
Total	\$ 933,177	\$ 299,569	\$ (230,240)

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		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, Non-hazardous	\$ (61,560)	\$ (25,587)	\$ 16,318
Net OPEB liability, Hazardous	(50,406)	325,156	764,107
Total	\$ (111,966)	\$ 299,569	\$ 780,425

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 – CONTINGENT 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. \$831,700 has been withheld and remains in the project fund for future expenses of the project.

CITY OF FT. WRIGHT, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2025

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 \$25,544 in 2025 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 2025 was \$44,330.

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, 2025, the 2020 Industrial Building Revenue Refunding Bond had an outstanding principal amount totaling approximately \$316,625.

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 the final \$163,718 as income during the year ended June 30, 2025.

NOTE M – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Statement No. 102 – *Certain Risk Disclosures* – Establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. This implementation of this statement should have no direct material impact on the City.

NOTE N – FUTURE ACCOUNTING STANDARDS

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

Statement No. 104 – *Disclosure of Certain Capital Assets* – Implementation in FY 2026

CITY OF FT. WRIGHT, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2025

NOTE O – PRIOR PERIOD ADJUSTMENT – NATIONAL OPIOID SETTLEMENT

To meet current accounting reporting requirements, the City has recorded the entire known amount of the National Opioid Settlement it will receive over the next 12 years \$228,348 as an accounts receivable in the government-wide statements and as an accounts receivable and deferred revenue in the General Fund. The City has also reclassified the amounts received in the past 3 years (\$83,239), as well as any future receivables, as deferred revenues in the General Fund.

NOTE P – SUBSEQUENT EVENTS

Management has evaluated events through March 4, 2026, the date on which the financial statements were available for issue. The City had no events, subsequent to June 30, 2025 through March 4, 2026, to disclose.

CITY OF FORT WRIGHT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ -	\$ -	\$ 845,173	\$ 845,173
Resources (inflows):				
Taxes	2,088,350	2,078,250	2,177,932	99,682
Licenses and permits	3,513,800	3,623,790	4,077,873	454,083
Fines and forfeitures	650	2,100	515	(1,585)
Uses of money and property	10,000	16,000	17,295	1,295
Intergovernmental	128,450	125,250	135,386	10,136
Charges for services	571,750	587,625	597,589	9,964
Other revenues	32,000	74,400	122,504	48,104
Interfund transfers	-	-	-	-
Amounts Available for Appropriation	6,345,000	6,507,415	7,974,267	1,466,852
Charges to Appropriations (outflows):				
Administration	1,477,525	1,599,013	1,462,524	136,489
Police	2,103,783	2,098,038	2,016,749	81,289
Fire/EMS	2,162,039	2,293,171	2,196,271	96,900
Public works	412,406	422,136	369,628	52,508
Interfund transfers	189,247	95,057	910,976	(815,919)
Total Charges to Appropriations:	6,345,000	6,507,415	6,956,148	(448,733)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 1,018,119	\$ 1,018,119

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

Budgetary Fund Balance	\$ 1,018,119
Prior Period Adjustment	(59,869)
	<u>\$ 958,250</u>

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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net pension liability	0.0148%	0.0154%	0.0132%	0.0158%	0.0142%	0.0148%	0.0110%	1.0670%	0.0130%	0.0380%
Proportionate share of the net pension liability (asset)	\$ 883,787	\$ 987,308	\$ 953,941	\$ 1,007,374	\$ 1,085,063	\$ 1,039,625	\$ 672,187	\$ 623,787	\$ 655,804	\$ 588,586
Covered payroll in year of measurement	\$ 464,600	\$ 436,940	\$ 369,149	\$ 402,053	\$ 369,748	\$ 434,605	\$ 435,498	\$ 312,238	\$ 270,252	\$ 347,193
Share of the net pension liability (asset) as a percentage of its covered payroll	190.23%	225.96%	258.42%	250.56%	293.46%	239.21%	154.35%	199.78%	242.66%	169.53%
Plan fiduciary net position as a percentage of total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 98,450	\$ 108,438	\$ 102,244	\$ 78,149	\$ 77,596	\$ 71,361	\$ 70,493	\$ 63,060	\$ 43,557	\$ 33,565
Actual contribution	98,450	108,438	102,244	78,149	77,596	71,361	70,493	63,060	43,557	33,565
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 499,492	\$ 464,600	\$ 436,940	\$ 369,149	\$ 402,053	\$ 369,748	\$ 434,605	\$ 435,498	\$ 312,237	\$ 270,250
Contributions as a percentage of employee payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%

Notes to Required Supplementary Information
for the Year Ended June 30, 2025

The net pension liability as of June 30, 2025, is based on the June 30, 2024, 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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net pension liability	26.7986%	0.2785%	0.2531%	0.2884%	0.2616%	0.2370%	0.2250%	0.2245%	0.2160%	0.2050%
Proportionate share of the net pension liability (asset)	\$ 6,892,615	\$ 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
Covered payroll in year of measurement	\$ 2,125,371	\$ 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
Share of the net pension liability (asset) as a percentage of its covered payroll	324.30%	377.68%	448.35%	410.93%	462.69%	454.88%	383.15%	356.63%	343.21%	282.48%
Plan fiduciary net position as a percentage of total pension liability	57.05%	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.80%	57.52%	53.95%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 834,075	\$ 873,740	\$ 851,186	\$ 583,333	\$ 561,632	\$ 512,432	\$ 357,716	\$ 315,317	\$ 305,780	\$ 219,129
Actual contribution	834,075	873,740	851,186	583,333	561,632	512,432	357,716	315,317	305,780	219,129
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 2,285,764	\$ 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
Contributions as a percentage of covered payroll	36.49%	41.11%	42.81%	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%

Notes to Required Supplementary Information
for the Year Ended June 30, 2025

The net pension liability as of June 30, 2025, is based on the June 30, 2024, 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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net OPEB liability	0.0148%	0.0154%	0.0132%	0.0158%	0.0141%	0.0148%	0.0110%	0.0107%		
Proportionate share of the net OPEB liability (asset)	\$ (25,587)	\$ (21,244)	\$ 260,385	\$ 302,407	\$ 341,510	\$ 248,559	\$ 195,960	\$ 214,242		
Covered payroll in year of measurement	\$ 464,600	\$ 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	5.51%	-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	104.89%	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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
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	\$ 499,492	\$ 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%	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, 2025

The net OPEB liability as of June 30, 2025, is based on the June 30, 2024, 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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of net OPEB liability	0.2681%	0.2784%	0.2251%	0.2884%	0.2615%	0.2369%	0.2250%	0.2245%		
Proportionate share of the net OPEB liability (asset)	\$ 325,156	\$ 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	\$ 2,125,371	\$ 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	15.30%	19.15%	125.14%	124.81%	141.77%	121.81%	112.96%	131.78%		
Plan fiduciary net position as a percentage of total liability	93.53%	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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 48,458	\$ 54,835	\$ 134,806	\$ 180,375	\$ 177,869	\$ 162,287	\$ 150,655	\$ 132,803	\$ 131,692	
Actual contribution	48,458	54,835	134,806	180,375	177,869	162,287	150,655	132,803	131,692	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 2,285,764	\$ 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	2.12%	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, 2025

The net OPEB liability as of June 30, 2025, is based on the June 30, 2024, 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, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary fund balance, July 1	\$ 6,377,550	\$ 7,652,961	\$ 7,652,961	\$ -
Resources (inflows):				
Intergovernmental	-	-	163,718	163,718
Uses of money and property	199,500	224,425	313,875	89,450
Interfund transfers	189,247	66,533	1,930,000	1,863,467
Amounts Available for Appropriation	<u>6,766,297</u>	<u>7,943,919</u>	<u>10,060,554</u>	<u>2,116,635</u>
Charges to Appropriations (outflows):				
Capital projects	1,897,750	2,193,250	1,338,952	854,298
Interfund transfers	-	-	1,100,000	(1,100,000)
Total Charges to Appropriations:	<u>1,897,750</u>	<u>2,193,250</u>	<u>2,438,952</u>	<u>(245,702)</u>
Budgetary Fund Balance, June 30	<u>\$ 4,868,547</u>	<u>\$ 5,750,669</u>	<u>\$ 7,621,602</u>	<u>\$ 1,870,933</u>

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, 2025

	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	\$ 331,023	\$ 209,292	\$ 750,724	\$ 1,621,386	\$ 2,912,425
Accounts receivable	-	8,326	-	26,048	34,374
Due from other funds	-	38,944	80,976	23,224	143,144
Total Assets	<u>\$ 331,023</u>	<u>\$ 256,562</u>	<u>\$ 831,700</u>	<u>\$ 1,670,658</u>	<u>\$ 3,089,943</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,808	\$ 50,560	\$ -	\$ 1,979	\$ 54,347
Security deposits	3,600	-	-	-	3,600
Due to other funds	3,852	-	-	-	3,852
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>9,260</u>	<u>50,560</u>	<u>-</u>	<u>1,979</u>	<u>61,799</u>
Fund Balances					
Restricted	-	206,002	-	-	206,002
Committed	-	-	831,700	-	831,700
Assigned	321,763	-	-	1,668,679	1,990,442
Total Fund Balances	<u>321,763</u>	<u>206,002</u>	<u>831,700</u>	<u>1,668,679</u>	<u>3,028,144</u>
Total Liabilities and Fund Balances	<u>\$ 331,023</u>	<u>\$ 256,562</u>	<u>\$ 831,700</u>	<u>\$ 1,670,658</u>	<u>\$ 3,089,943</u>

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

<p>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, 2025</p>

	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	\$ 24,380	\$ -	\$ -	\$ 195,885	\$ 220,265
Uses of money and property	-	5,282	27,133	58,017	90,432
Intergovernmental grants	-	119,847	43,737	48,836	212,420
Other revenue	9,886	-	-	-	9,886
Total Revenues	34,266	125,129	70,870	302,738	533,003
Expenditures					
Current					
Parks and recreation	39,638	-	-	-	39,638
Public works	-	125,551	-	-	125,551
Fire / EMS	-	-	-	17,069	17,069
Museum operations	-	-	-	-	-
Administration	-	-	-	11,286	11,286
Total Expenditures	39,638	125,551	-	28,355	193,544
Excess (Deficit) of Revenues Over (Under) Expenditures Before Other Sources	(5,372)	(422)	70,870	274,383	339,459
Other Financing Sources (Uses)					
Transfers in	-	-	80,976	-	80,976
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	80,976	-	80,976
Excess (Deficit) of Revenues Over (Under) Expenditures	(5,372)	(422)	151,846	274,383	420,435
Fund Balances, Beginning of Year	327,135	206,424	679,854	1,394,296	2,607,709
Fund Balances, End of Year	\$ 321,763	\$ 206,002	\$ 831,700	\$ 1,668,679	\$ 3,028,144

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, 2025 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 March 4, 2026.

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*.

Purpose of this Report

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

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.

Erlanger, Kentucky

March 4, 2026