

CITY OF BARBOURVILLE, KENTUCKY
FINANCIAL REPORT
JUNE 30, 2025

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Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

Mayor and the City Council
City of Barbourville
Barbourville, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information for the City of Barbourville, Kentucky (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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'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 management's discussion and analysis and budgetary comparison schedules on pages 4 through 11 and 50 through 52 be presented to supplement the basic financial statements in addition to the pension and OPEB schedules on pages 55 through 62. Such information is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Barbourville, Kentucky's basic financial statements. The combining nonmajor fund financial statements on pages 53 and 54 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Jones, Nale & Mattingly PC

Louisville, Kentucky
January 31, 2026

**CITY OF BARBOURVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Within this section of the City of Barbourville, Kentucky (City) annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the City's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

The financial statements included in this report provide insight into the financial status of the City as of and for the year ended June 30, 2025.

Financial Highlights (dollars are in thousands)

- Total net position is comprised of the following:
 - 1) Net investment in capital assets of \$5,042 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - 2) There are no net assets restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - 3) Unrestricted net position of \$560 represent the positions of the City as of June 30, 2025.
- During the year ended June 30, 2025 the City received \$6,155 in total revenues, an increase of \$1,671 (37.3%) from fiscal year 2024.
- Total expenditures decreased during fiscal year 2025 by \$21 (.5%) to \$3,938.
- The City's governmental activities reported ending fund balance of \$3,304 this year. This represents an increase of \$31 from fiscal year 2024.
- At the end of fiscal year 2025, the fund balances from the General Fund decrease \$14 (-.6%) over the year ended June 30, 2024 to \$2,278. The fund balance of the General Fund was 41.6% of total General Fund expenditures including transfers and 41.7% of total General Fund revenues including transfers, lease financing, proceeds from sale of assets, and payments from component units.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, and tourist and recreation. The business-type activity consists of Barbourville Recreation Park, and the component unit consists of utility services. Fiduciary activities such as the school tax agency fund are not included in the government-wide statements since these assets are not available to fund City programs.

The City's financial reporting entity includes the funds of the City (primary government) and organizations for which the City is accountable (component units). Most of the legally separate organizations operate like City departments, serve as financing vehicles for City Services, or are governed by a board of trustees of the City's Mayor and Council or appointed by the City's Mayor or Council. These organizations are blended into the primary government for financial reporting purposes. Examples of blended organizations reported as City funds include the Barbourville Tourist and Recreation Commission and the Barbourville Recreation Park, Inc. Others operate more independently or provide services directly to the citizens though the City remains accountable for their activities. The Barbourville Utility Commission is reported separately from the primary government, though included in the City's overall reporting entity as a discretely presented component unit.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has four types of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinct view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 the government-wide statements to assist in understanding the differences between these two perspectives.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The Recreational Park Fund is reported as an enterprise fund. Enterprise funds essentially encompass the same functions reported as a business-type activity in the government-wide statements. Services are provided to customers external to the City organization.

Proprietary fund statements and statements for discretely presented component units (reporting is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds and individual component units.

Internal service funds are used to account for the City's self-insurance fund.

Fiduciary funds such as the school agency fund are reported in the fiduciary fund financial statements but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to Financial Statements

The accompanying notes to financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to financial statements begin immediately following the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Budgetary comparison statements for the general fund and the major special revenue fund are included as required supplementary information in addition to the required pension and OPEB schedules. The budgetary comparison statements demonstrate compliance with the City's adopted and final revised budget. Other supplementary information includes the combining balance sheet and the combining statement of revenues, expenditures, and changes in fund balances for the non-major governmental funds. Supplementary information follows the notes to financial statements.

Financial Analysis of the City as a Whole

The following table provides a summary of the City's net position at June 30, 2025 and 2024:

Summary of Net Position (dollars are in thousands)						
	Governmental Activities		Business-type Activity		Totals	
	6/30/25	6/30/24	6/30/25	6/30/24	6/30/25	6/30/24
Current and other assets	\$ 4,762	\$4,667	\$ 308	\$ 337	\$ 5,070	\$ 5,004
Capital assets	4,973	2,994	889	942	5,862	3,936
Total assets	<u>\$ 9,735</u>	<u>\$7,661</u>	<u>\$ 1,197</u>	<u>\$ 1,279</u>	<u>\$10,932</u>	<u>\$ 8,940</u>
Deferred outflows of resources	\$ 747	\$1,052	\$ - -	\$ - -	\$ 747	\$ 1,052
Long-term liabilities	\$ 2,413	\$2,855	\$ 574	\$ 611	\$ 2,987	\$ 3,466
Other liabilities	1,546	1,488	28	12	1,574	1,500
Total liabilities	<u>\$ 3,959</u>	<u>\$4,343</u>	<u>\$ 602</u>	<u>\$ 623</u>	<u>\$ 4,561</u>	<u>\$ 4,966</u>
Deferred inflows of resources	\$ 1,516	\$1,791	\$ - -	\$ - -	\$ 1,516	\$ 1,791
Net position:						
Net investment in capital assets	\$ 4,747	\$2,702	\$ 295	\$ 332	\$ 5,042	\$ 3,034
Unrestricted (deficit)	260	(123)	300	324	560	201
Total net position	<u>\$ 5,007</u>	<u>\$2,579</u>	<u>\$ 595</u>	<u>\$ 656</u>	<u>\$ 5,602</u>	<u>\$ 3,235</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The following table provides a summary of the City's changes in net position for the years ended June 30, 2025 and 2024:

Summary of Changes in Net Position (dollars are in thousands)						
	Governmental Activities		Business-type Activity		Totals	
	6/30/25	6/30/24	6/30/25	6/30/24	6/30/25	6/30/24
Revenues:						
Program revenues:						
Charges for services	\$ 431	\$ 405	\$ 166	\$ 170	\$ 597	\$ 575
Grants and contributions	1,452	328	--	--	1,452	328
General revenues:						
Occupational taxes	824	815	--	--	824	815
Insurance premium taxes	735	628	--	--	735	628
Property taxes	575	567	--	--	575	567
Restaurant and motel taxes	762	723	--	--	762	723
Franchise taxes	172	170	--	--	172	170
Utility taxes	11	20	--	--	11	20
Other taxes	49	47	--	--	49	47
Other gains (losses)	973	576	5	35	978	611
Total revenues	<u>\$5,984</u>	<u>\$4,279</u>	<u>\$ 171</u>	<u>\$ 205</u>	<u>\$6,155</u>	<u>\$4,484</u>
Expenses:						
Governmental activities:						
General government	\$ 289	\$ 491	\$ --	\$ --	\$ 289	\$ 491
Public safety:						
Police department	1,343	1,250	--	--	1,343	1,250
Fire department	251	263	--	--	251	263
Public services	1,060	1,090	--	--	1,060	1,090
Tourist and recreation	614	524	--	--	614	524
Interest on long-term debt	14	16	17	17	31	33
Recreational park	--	--	350	308	350	308
Total expenses	<u>\$3,571</u>	<u>\$3,634</u>	<u>\$ 367</u>	<u>\$ 325</u>	<u>\$3,938</u>	<u>\$3,959</u>
Change in net position before transfers	<u>\$2,413</u>	<u>\$ 645</u>	<u>\$ (196)</u>	<u>\$ (120)</u>	<u>\$2,217</u>	<u>\$ 525</u>
Transfers	<u>15</u>	<u>20</u>	<u>135</u>	<u>135</u>	<u>150</u>	<u>155</u>
Change in net position	<u>\$2,428</u>	<u>\$ 665</u>	<u>\$ (61)</u>	<u>\$ 15</u>	<u>\$2,367</u>	<u>\$ 680</u>
Net position, beginning of year	<u>\$2,579</u>	<u>1,914</u>	<u>\$ 656</u>	<u>\$ 641</u>	<u>\$3,235</u>	<u>\$2,555</u>
Ending net assets	<u><u>\$5,007</u></u>	<u><u>\$2,579</u></u>	<u><u>\$ 595</u></u>	<u><u>\$ 656</u></u>	<u><u>\$5,602</u></u>	<u><u>\$3,235</u></u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Financial Analysis of the City’s Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$3,304,173, an increase of \$30,729 over the prior year.

Major Governmental Funds

The General Fund is the City’s primary operating fund. The General Fund has an ending fund balance of \$2,278,111, a decrease in the amount of \$14,367 from the prior year.

The Tourism and Recreation Fund has an ending fund balance of \$703,832, a decrease in the amount of \$73,198 from the prior year.

Proprietary fund

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The Recreational Park Fund accounts for the operating activities of the City’s recreational park. The Recreational Park Fund received transfers of \$135,000 in 2025 from other funds to help support operations. The Recreational Park Fund reported a decrease in net position for 2025 in the amount of \$61,710.

General Fund Budgetary Highlights

The final General Fund budget expenditures for the fiscal year 2025 were \$5,187,218. There were amendments to the budget, Ordinance No. 2025-1, which was to reallocate revenue and expenses. As a result, in 2025 budgeted revenues increased by a total of \$26,339, appropriations for administrative expenses decreased by \$344,495, appropriations for the police department decreased by \$2,721, appropriations for fire decreased by \$1,500, appropriations for public services increased by \$62,679, appropriations for tourism and recreation decreased by \$2,000, appropriations for debt service increased by \$352, and appropriations for capital outlays increased by \$446,296.

The General Fund budget complied with financial policies approved by the City Council and maintained core City services.

Capital Assets

The City’s investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2025 was \$4,972,811 and \$889,395, respectively. Major capital asset additions for the fiscal year for governmental activities included approximately \$1,605,000 for general government assets, \$245,000 for police assets, \$33,000 for public service assets, \$427,000 for fire assets, and \$87,000 for tourism and recreation assets. There were no major capital asset additions for the 2025 fiscal year for business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital Assets Net of Accumulated Depreciation (dollars are in thousands)

	Governmental Activities		Business-type Activity		Totals	
	6/30/25	6/30/24	6/30/25	6/30/24	6/30/25	6/30/24
Non-Depreciable Assets:						
Land and Construction in process	\$ 3,225	\$ 1,057	\$ 126	\$ 126	\$ 3,351	\$ 1,183
Depreciable Assets:						
Buildings	628	646	692	724	1,320	1,370
Improvements Other than Land	502	551	15	21	517	572
Equipment and Vehicles	618	740	56	71	674	811
Total	<u>\$ 4,973</u>	<u>\$ 2,994</u>	<u>\$ 889</u>	<u>\$ 942</u>	<u>\$ 5,862</u>	<u>\$ 3,936</u>

Long-Term Debt and Lease Obligations

At the end of the fiscal year, the City had total long-term debt of \$720,929 and lease obligations of \$99,286, with a decrease in long-term debt of \$25,280 and a decrease in lease obligations of \$56,329 from the previous year.

Economic Environment

The city's coal severance funds for June 30, 2025 decreased slightly to \$22,500, and the June 30, 2026 budget amount remained the same as the previous year - \$25,000.

The Police Department has been awarded \$15,500 for a Highway Safety Grant for June 30, 2026 fiscal year. This grant is awarded on a federal fiscal year of October 1, 2025 through September 30, 2026.

At June 30, 2025, the city had expended all the balance (\$276,534) of the \$405,265 of American Recoveries Monies that were received in the June 30, 2023, fiscal year. This money was being expended on the construction cost of the new city hall. The city also received \$1,000,000 project monies from the Department of Local Government for the same purpose in June 30, 2023 year, which had been carried over to the June 30, 2025 budget. All of these funds were spent in the June 30, 2025, fiscal year. In addition to the \$1,000,000, the city was also awarded and received in August 2024, an additional \$1.5 million for construction of city hall and the fire department. These projects are currently ongoing and all funds were expected to be expended in the June 30, 2025, year, but were not. They have carried over to the June 30, 2026 fiscal year. City Hall nor the fire department were completed in the June 2025 fiscal. Construction is still ongoing and both projects are expected to be completed in the June 30, 2026 budget year, with no capital projects planned for the near future.

The amount of occupational tax collected for the June 30, 2025, year slightly exceeded the budgeted amount of \$800,000, therefore the June 30, 2026, budgeted amount remained the same. Insurance premium tax collected for June 30, 2025, increased slightly, therefore the budgeted amount for June 30, 2026, year increased to \$690,000. The city was notified by the Department of Local Government that the municipal road aid income for the June 30, 2026, year will be \$75,323 (less 3% withheld for emergencies).

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the year ended June 30, 2026, the alcohol regulatory fees budgeted remains at \$175,000. The yearly collections have remained steady.

The City of Barbourville has been notified of an award of a "Brownsfield" Grant in the amount of \$1,000,000. The purpose of this grant funding is to demolish and clean up a collapsed building (Dixon Building), which the city purchased for \$.01 cents. The balance of the grant funding will be used to assess and refurbish other buildings in the city. No funds were received or expended in the June 30, 2025, budget year. A portion of the funds will be received and expended in the June 30, 2026, budget year.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Administrator, City of Barbourville, 196 Daniel Boone Drive, Box 1300, Barbourville, KY 40906.

CITY OF BARBOURVILLE, KENTUCKY

STATEMENT OF NET POSITION

June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activity	Total
			Component Unit
ASSETS			
Current assets:			
Cash	\$ 3,871,675	\$ 308,277	\$ 4,179,952
Insurance premium taxes receivable	180,108	--	180,108
Property taxes receivable, net	24,861	--	24,861
Franchise taxes receivable	19,873	--	19,873
Restaurant and motel taxes receivable	153,766	--	153,766
Intergovernmental receivable	27,351	--	27,351
Accounts receivable	45,681	--	45,681
Inventory, parts not in service	--	--	--
Total current assets	<u>4,323,315</u>	<u>308,277</u>	<u>4,631,592</u>
Restricted assets:			
Customers' deposits	--	--	--
Total restricted assets	<u>--</u>	<u>--</u>	<u>--</u>
Non-current assets:			
Investments	438,927	--	438,927
Capital assets and intangible leased assets			
Land, water rights, and construction in process	3,224,649	126,001	3,350,650
Other capital assets, net of depreciation/amortization	<u>1,748,162</u>	<u>763,394</u>	<u>2,511,556</u>
Total non-current assets	<u>5,411,738</u>	<u>889,395</u>	<u>6,301,133</u>
Total assets	<u><u>\$ 9,735,053</u></u>	<u><u>\$ 1,197,672</u></u>	<u><u>\$ 10,932,725</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	\$ 557,546	\$ --	\$ 557,546
Deferred outflows related to OPEB	<u>189,435</u>	<u>--</u>	<u>189,435</u>
Total deferred outflows of resources	<u><u>\$ 746,981</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 746,981</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY
STATEMENT OF NET POSITION (Continued)
June 30, 2025

	Primary Government		Component Unit
	Governmental Activities	Business-type Activity	
			Total
LIABILITIES			
Current liabilities:			
Current maturities of long-term debt	\$ 9,348	\$ 20,000	\$ 29,348
Current maturities of leases payable	79,547	--	79,547
Accounts payable and accrued expenses	50,743	5,626	56,369
Accrued salaries and payroll withholdings	97,557	3,130	100,687
Unearned revenue	1,308,289	--	1,308,289
Accrued interest	1,479	--	1,479
Total current liabilities	<u>1,546,963</u>	<u>28,756</u>	<u>1,575,719</u>
Liabilities payable from restricted assets:			
Customers' deposits	--	--	--
Total liabilities payable from restricted assets	<u>--</u>	<u>--</u>	<u>--</u>
Non-current liabilities:			
Long-term debt, less current maturities	117,248	574,333	691,581
Leases payable, less current maturities	19,739	--	19,739
Net pension liability	2,297,319	--	2,297,319
Net OPEB liability (asset)	(21,573)	--	(21,573)
Total non-current liabilities	<u>2,412,733</u>	<u>574,333</u>	<u>2,987,066</u>
Total liabilities	<u>\$ 3,959,696</u>	<u>\$ 603,089</u>	<u>\$ 4,562,785</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 726,955	\$ --	\$ 726,955
Deferred inflows related to OPEB	788,559	--	788,559
Total deferred inflows of resources	<u>\$ 1,515,514</u>	<u>\$ --</u>	<u>\$ 1,515,514</u>
NET POSITION			
Net investment in capital assets	\$ 4,746,929	\$ 295,062	\$ 5,041,991
Unrestricted (deficit)	<u>259,895</u>	<u>299,521</u>	<u>559,416</u>
Total net position	<u>\$ 5,006,824</u>	<u>\$ 594,583</u>	<u>\$ 5,601,407</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

STATEMENT OF ACTIVITIES Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 288,540	\$ 58,184	\$ 17,303
Public safety:			
Police department	1,342,731	12,912	73,826
Fire department	251,434	--	19,737
Public services	1,060,467	359,915	149,447
Tourist and recreation	614,439	--	--
Principle payments	--	--	--
Interest on long-term debt	14,320	--	--
Total governmental activities	<u>3,571,931</u>	<u>431,011</u>	<u>260,313</u>
Business-type activity:			
Recreational park	351,289	166,464	--
Total business-type activity	<u>351,289</u>	<u>166,464</u>	<u>--</u>
Total primary government	<u>3,923,220</u>	<u>597,475</u>	<u>260,313</u>
Component unit:			
Barbourville Utility Commission	15,194,889	15,450,262	--
Total component unit	<u>\$ 15,194,889</u>	<u>\$ 15,450,262</u>	<u>\$ --</u>
General revenues			
Taxes			
Occupational taxes			
Insurance premium taxes			
Property taxes			
Restaurant and motel taxes			
Franchise taxes			
Utility taxes			
Other taxes			
Gain on sale of assets			
Investment income			
Miscellaneous			
Payments (to) from component unit			
Transfers			
		Total general revenues and transfers	
		Change in net position	
		Net position, beginning of year	
		Net position, end of year	

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position					
Capital Grants and Contributions	Primary Government			Component Unit	
	Governmental Activities	Business-type Activity	Total		
\$ 1,191,711	\$ 978,658	\$ --	\$ 978,658	\$ --	
--	(1,255,993)	--	(1,255,993)	--	
--	(231,697)	--	(231,697)	--	
--	(551,105)	--	(551,105)	--	
--	(614,439)	--	(614,439)	--	
--	--	--	--	--	
--	(14,320)	(16,760)	(31,080)	--	
1,191,711	(1,688,896)	(16,760)	(1,705,656)	--	
--	--	(184,825)	(184,825)	--	
--	--	(184,825)	(184,825)	--	
1,191,711	(1,688,896)	(201,585)	(1,890,481)	--	
--	--	--	--	255,373	
\$ --	\$ --	\$ --	\$ --	\$ 255,373	
	823,741	--	823,741	--	
	734,961	--	734,961	--	
	575,491	--	575,491	--	
	762,239	--	762,239	--	
	171,899	--	171,899	--	
	10,887	--	10,887	--	
	49,293	--	49,293	--	
	13,248	--	13,248	38,325	
	52,925	--	52,925	378,082	
	906,733	4,875	911,608	817,253	
	436,265	--	436,265	(436,265)	
	(420,898)	135,000	(285,898)	--	
	4,116,784	139,875	4,256,659	797,395	
	2,427,888	(61,710)	2,366,178	1,052,768	
	2,578,936	656,293	3,235,229	19,342,063	
	\$ 5,006,824	\$ 594,583	\$ 5,601,407	\$ 20,394,831	

CITY OF BARBOURVILLE, KENTUCKY

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025**

	<u>General Fund</u>	<u>Tourism and Recreation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 3,132,914	\$ 437,960	\$ 300,800	\$ 3,871,674
Insurance premium taxes receivable	180,108	--	--	180,108
Property taxes receivable, net	24,861	--	--	24,861
Franchise taxes receivable	19,873	--	--	19,873
Restaurant and motel taxes receivable	153,766	--	--	153,766
Intergovernmental receivable	5,921	--	21,430	27,351
Accounts receivable	45,681	--	--	45,681
Due from others	--	143,566	--	143,566
Investments	285,000	153,927	--	438,927
Total assets	<u>\$ 3,848,124</u>	<u>\$ 735,453</u>	<u>\$ 322,230</u>	<u>\$ 4,905,807</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 19,122	\$ 31,621	\$ --	\$ 50,743
Accrued salaries and payroll withholdings	97,557	--	--	97,557
Due to other funds	143,566	--	--	143,566
Unearned revenue	1,308,289	--	--	1,308,289
Accrued interest	1,479	--	--	1,479
Total liabilities	<u>1,570,013</u>	<u>31,621</u>	<u>--</u>	<u>1,601,634</u>
FUND BALANCES				
Restricted	--	--	9,002	9,002
Committed	--	703,832	313,228	1,017,060
Assigned	155,982	--	--	155,982
Unassigned	2,122,129	--	--	2,122,129
Total fund balances	<u>2,278,111</u>	<u>703,832</u>	<u>322,230</u>	<u>3,304,173</u>
Total liabilities and fund balances	<u>\$ 3,848,124</u>	<u>\$ 735,453</u>	<u>\$ 322,230</u>	<u>\$ 4,905,807</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025**

TOTAL GOVERNMENTAL FUND BALANCES \$ 3,304,173

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

Capital assets used in governmental activities are not
financial resources and, therefore, are not reported as
assets in the governmental fund financial statements. 10,681,141

Accumulated depreciation has not been included in the
governmental fund financial statements. (5,708,330)

Long-term liabilities are not due and payable in the current
period and, therefore, are not reported as liabilities
in the governmental fund financial statements. (225,881)

Liabilities such as net pension and OPEB liabilities are not due and
payable in the current period and, therefore, are not reported
as liabilities in governmental funds. The City's net pension and OPEB
liabilities are reported in the statement of net position. (2,275,746)

Deferred outflows and inflows of resources related to pension and OPEB
plans are related to future periods and, therefore, are not reported
in governmental funds. The City's deferred outflows (\$746,981)
and deferred inflows (\$1,515,514) are reported in the government-wide
statement of net position. (768,533)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,006,824

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

	<u>General Fund</u>	<u>Tourism and Recreation Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Occupational taxes	\$ 823,741	\$ --	\$ --	\$ 823,741
Insurance premium taxes	734,961	--	--	734,961
Property taxes	575,491	--	--	575,491
Restaurant and motel taxes	--	762,239	--	762,239
Charges for services	427,716	--	--	427,716
Franchise taxes	171,899	--	--	171,899
Utility taxes	10,887	--	--	10,887
Other taxes	49,293	--	--	49,293
Licenses, fees and permits	3,294	--	--	3,294
Intergovernmental revenue	110,866	--	641,242	752,108
Fines and forfeitures	--	--	36,722	36,722
Other revenues	1,547,258	22,670	--	1,569,928
Investment income	46,049	6,550	326	52,925
	<u>4,501,455</u>	<u>791,459</u>	<u>678,290</u>	<u>5,971,204</u>
Total revenues	<u>4,501,455</u>	<u>791,459</u>	<u>678,290</u>	<u>5,971,204</u>
EXPENDITURES				
Current:				
General government	607,639	--	22,130	629,769
Public safety:				
Police department	1,199,616	--	--	1,199,616
Fire department	139,391	--	--	139,391
Public services	995,236	--	--	995,236
Tourist and recreation	27,939	533,142	--	561,081
Debt service:				
Principal payments	92,364	--	--	92,364
Interest on debt	14,320	--	--	14,320
Capital outlays	2,083,542	86,972	199,806	2,370,320
	<u>5,160,047</u>	<u>620,114</u>	<u>221,936</u>	<u>6,002,097</u>
Total expenditures	<u>5,160,047</u>	<u>620,114</u>	<u>221,936</u>	<u>6,002,097</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (658,592)</u>	<u>\$ 171,345</u>	<u>\$ 456,354</u>	<u>\$ (30,893)</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	General Fund	Tourism and Recreation Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	\$ 447,603	\$ --	\$ --	\$ 447,603
Transfers to other funds	(285,898)	(244,543)	(338,060)	(868,501)
Payments from component units	436,265	--	--	436,265
Net proceeds from sale of assets	46,255	--	--	46,255
Net other financing sources (uses)	644,225	(244,543)	(338,060)	61,622
Net change in fund balances	(14,367)	(73,198)	118,294	30,729
Fund balances, July 1, 2024	2,292,478	777,030	203,936	3,273,444
Fund balances, June 30, 2025	\$ 2,278,111	\$ 703,832	\$ 322,230	\$ 3,304,173

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 30,729
--	-----------

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

Governmental funds report capital outlays and intangible right of use assets as expenditures. However, in the statement of activities, the cost of those assets is shown as an increase in capital assets.	2,397,491
Capital assets and intangible right of use assets are depreciated and amortized over their estimated useful lives and reported as depreciation and amortization expense in the statement of activities. The effect of the current year's depreciation is to decrease net assets.	(385,182)
In the statement of activities, the net effect of various transactions involving capital assets, (sale or disposal) is reported. The change in net position differs from the change in fund balance by this difference.	(33,006)
Debt service principal payments are reported as a reduction in liabilities in the statement of net position, but are reported as expenditures in the fund financial statements because they use current financial resources.	92,364
Governmental funds report the City's pension plan contributions (\$266,259) and OPEB contributions (\$3,828) as expenditures. However, in the government-wide statement of activities, the cost of pension and OPEB benefits earned, net of employee contributions, is reported as pension expense (\$79,037) and OPEB benefit (\$161,613).	<u>352,663</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,427,888</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025**

	Business-type Activities	Governmental Activities Internal Service Fund
	Recreational Park Fund	Self-Insurance Fund
ASSETS		
Current assets:		
Cash	\$ 308,277	\$ 865,838
Total current assets	<u>308,277</u>	<u>865,838</u>
Non-current assets:		
Capital assets		
Land	126,000	--
Land development	450,152	--
Buildings	846,590	--
Equipment	141,693	--
Less accumulated depreciation	(675,040)	--
Total non-current assets	<u>889,395</u>	<u>--</u>
Total assets	<u><u>\$ 1,197,672</u></u>	<u><u>\$ 865,838</u></u>
LIABILITIES		
Current liabilities:		
Current maturities of long-term debt	\$ 20,000	\$ --
Accounts payable	5,626	--
Wages and payroll taxes payable	3,130	--
Claims payable	--	50,088
Total current liabilities	<u>28,756</u>	<u>50,088</u>
Noncurrent liabilities:		
Long-term debt, less current portion	<u>574,333</u>	<u>--</u>
Total noncurrent liabilities	<u>574,333</u>	<u>--</u>
Total liabilities	<u><u>\$ 603,089</u></u>	<u><u>\$ 50,088</u></u>
NET POSITION		
Net investment in capital assets	\$ 295,062	\$ --
Unrestricted	<u>299,521</u>	<u>815,750</u>
Total net position	<u><u>\$ 594,583</u></u>	<u><u>\$ 815,750</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2025**

	Business-type Activities	Governmental Activities Internal Service Fund
	Recreational Park Fund	Self-Insurance Fund
OPERATING REVENUES		
Charges for services:		
RV pad rental income	\$ 71,774	\$ --
Drive-in revenues	91,689	--
Other rental income	<u>3,000</u>	<u>--</u>
Total charges for services	166,463	--
Other revenues	<u>4,875</u>	
Total operating revenues	<u>171,338</u>	<u>--</u>
OPERATING EXPENSES		
Personal services	48,455	--
Repairs and maintenance	43,535	--
Utilities	29,676	--
Operations expense	143,946	--
Supplies	28,607	--
Depreciation	52,996	--
Other operating expenses	4,332	--
Insurance and claims expense	<u>--</u>	<u>266,685</u>
Total operating expenses	<u>351,547</u>	<u>266,685</u>
Operating (loss)	<u>(180,209)</u>	<u>(266,685)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest expense, net	(16,501)	--
Investment income	--	1,723
Transfers from other funds	<u>135,000</u>	<u>285,898</u>
Total non-operating revenue	<u>118,499</u>	<u>287,621</u>
Change in net position	(61,710)	20,936
Net position, beginning	<u>656,293</u>	<u>794,814</u>
Net position, ending	<u>\$ 594,583</u>	<u>\$ 815,750</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2025**

	Business-type Activities	Governmental Activities Internal Service Fund
	Recreational Park Fund	Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 166,462	\$ --
Cash payments to suppliers for goods and services	(253,776)	--
Cash payments to employees for services	(48,232)	--
Cash payments for claims	--	(246,497)
Other cash received	4,875	--
Net cash (used in) operating activities	<u>(130,671)</u>	<u>(246,497)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from from other funds	135,000	285,898
Net cash provided by noncapital financing activities	<u>135,000</u>	<u>285,898</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on bond payable	(17,083)	--
Interest and fees paid on bond payable	(15,834)	--
Net cash (used in) capital and related financing activities	<u>(32,917)</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	--	1,723
Net cash provided by investing activities	<u>--</u>	<u>1,723</u>
 Net increase (decrease) in cash	 (28,588)	 41,124
Cash at July 1, 2024	<u>336,865</u>	<u>824,714</u>
Cash at June 30, 2025	<u><u>\$ 308,277</u></u>	<u><u>\$ 865,838</u></u>
 RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES		-
Operating (loss)	<u>\$ (180,209)</u>	<u>\$ (266,685)</u>
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	52,996	--
Change in assets and liabilities net of the effects of investing and financing activities:		
Accounts payable	(3,682)	--
Wages and payroll taxes payable	224	--
Claims payable	--	20,188
Total adjustments	<u>49,538</u>	<u>20,188</u>
Net cash (used in) operating activities	<u><u>\$ (130,671)</u></u>	<u><u>\$ (246,497)</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2025**

	<u>School Tax Agency Fund</u>	<u>Police Department Agency Fund</u>
ASSETS		
Cash	\$ 24,803	\$ 38,281
Property taxes receivable	<u>47,149</u>	<u>- -</u>
Total assets	<u><u>\$ 71,952</u></u>	<u><u>\$ 38,281</u></u>
LIABILITIES		
Due to Board of Education	\$ 71,952	\$ - -
Due to Others	<u>- -</u>	<u>38,281</u>
Total liabilities	<u><u>\$ 71,952</u></u>	<u><u>\$ 38,281</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The City of Barbourville, Kentucky (City) was incorporated under the provisions set forth by the Commonwealth of Kentucky. The City operates under a Mayor - Council form of government and provides the following services as authorized by its charter: public safety (police and fire), street improvements, planning and zoning, and general administrative services. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Component Units

Component units are reported in the City's financial statements as follows:

Blended Component Units Reported with the Primary Government:

Barbourville Tourist and Recreation Commission - The Commission was created in April 1994 to promote recreational, convention, and tourist activities in Barbourville and Knox County, Kentucky. The Commission's board is appointed by the Mayor of the City of Barbourville and the Barbourville City Council includes the Commission in its annual budget. The Commission is funded through a 3% restaurant and 3% motel tax which is collected by the Barbourville City Clerk and disbursed to the Commission in accordance with the Commission's annual budget.

Barbourville Recreational Park, Inc. - Accounts for all ball park and RV park revenues and expenses in a separate enterprise fund.

Discretely Presented Component Unit:

The Barbourville Utility Commission – The Utility Commission was organized to administer and operate the utility system of the City of Barbourville. The Utility Commission is a wholly-owned agency of the City of Barbourville and commissioners are appointed by the City Council. The Utility Commission is self-supporting and renders services on a user-charge basis. Any excess funds available from the operations of the Utility Commission may be requested by the City for its general use. This transfer of funds does not result in a liability to the City. The Utility Commission issues separately audited financial statements and reports using the enterprise fund model. Copies of the component unit report may be obtained from the Utility Commission office at 202 Daniel Boone Drive, Barbourville, KY 40906.

Related Organization

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Audited financial statements are available from the related organization. The City has one related organization as follows:

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Housing Authority of the City of Barbourville - The Authority was chartered as a public corporation under the laws of the Commonwealth of Kentucky. The purpose of the Authority is to administer a low rent housing program. The Authority's Board of Commissioners is appointed by the Mayor of the City of Barbourville. Any surpluses of the Authority are not recoverable by the City. All excess funds not needed for operations are returned to the U.S. Department of Housing and Urban Development (HUD) and the City is not responsible for any deficits of the Authority. The Authority reports independently.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The primary government and component unit are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines, forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, internal service and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

The fiduciary fund is custodial in nature and does not involve measurement of results of operations. Accordingly, the statement presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position.

Measurement Focus and Basis of Accounting

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary, internal service fund, and fiduciary fund financial statements and financial statements of the City component unit also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general long-term obligation principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: restaurant and motel taxes, property taxes, franchise taxes, insurance premium taxes, and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Fund Types and Major Funds

The City reports the following major governmental funds:

General Fund – This fund reports as the primary fund of the City. It accounts for all financial resources not reported in other funds. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Tourism and Recreation Fund (Barbourville Tourist and Recreation Commission) – This fund accounts for the City's restaurant and motel tax receipts and expenditures related to promoting tourism and recreation in the City.

The City reports the following major proprietary fund:

Recreational Park Fund (Barbourville Recreational Park, Inc.) – Accounts for the operating activities of the City's recreational park.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Types and Major Funds (continued)

The City reports the following internal service fund:

Self-Insurance Fund – Accounts for the City’s self-insurance fund.

The City also reports the following fiduciary funds:

Agency Funds – Agency funds account for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. The School Tax Fund is used to account for school tax receipts collected and held by the City on behalf of the Board of Education. The Police Department Fund is used to account for police department seizure receipts collected on behalf of the City.

Accounts receivable

Accounts receivable are stated at net realizable value with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Intergovernmental receivable

Intergovernmental receivables are comprised of amounts due from state grants. Revenue is recorded as earned when eligibility requirements are met.

Parts not in service

Parts not in service represents component unit inventories of expendable supplies which are stated at lower of cost or net realizable value on a first-in, first-out basis. They are reported at cost and are recorded as expenditures at the time individual inventory items are used.

Investments

Investments are carried at fair value which approximates cost. Investments representing customer deposits in the component unit are classified as restricted assets in the government-wide financial statements.

Capital Assets

The City’s property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and component unit financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10 - 40
Land Improvements	15 - 20
Infrastructure	25
Equipment	5 - 20
Vehicles	5 - 15

Compensated Absences

Full time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. All vacation pay must be utilized in a calendar year. Forty hours of vacation time can be carried over annually, with no accumulation of carried over time to exceed forty hours in any calendar year. Unused sick leave is purchased by the City in December at the regular rate of pay. An employee who has completed probation and whose employment is terminated shall be paid for all accumulated vacation leave. As of June 30, 2025 and 2024, the liability for accrued vacation leave included in the financial statements of the City was \$55,162 and \$36,855, respectively, reflecting a net increase of \$18,307.

The employees of the discretely presented component unit are entitled to vacation pay at similar terms except that vacation pay earned and not used can be carried over to subsequent years. An employee can request disbursement of unused vacation pay in lieu of time off. As of June 30, 2025 and 2024, accrued vacation leave for the component unit was \$470,267 and \$423,360, respectively, reflecting a net increase of \$46,907.

Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period. Long-term obligations are recognized as an expenditure of a governmental fund only when payment is made or when payment is due in the current period. Issuance costs are reported as expenditures.

Net Position

In the statement of net position, the difference between the City's assets and liabilities is recorded as net position. Three components of net position are as follows:

- Net investment in capital assets – capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowing attributable to the acquisition, construction, or improvement of capital assets.
- Restricted – limitation imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Unrestricted – net position not appropriated for expenditures or legally segregated for a specific future use.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balances

Beginning with fiscal year 2012, the City implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Property Taxes

Property taxes are levied annually on October 1st and are based on the assessed value of property as listed on the previous January 1st. Taxes are due November 30th with payments prior to October 31st discounted. Penalties are assessed in December and interest accrues beginning in January. Assessed values are an approximation of market value.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated uncollectible accounts and delinquent accounts. Over time, substantially all property taxes are collected. The City’s property taxes on motor vehicles are collected by the Knox County Clerk as vehicles are registered. These taxes are remitted to the City monthly.

Insurance Premium Fees

The City has an ordinance imposing a 9% license fee on insurance premium policies written within the corporate limits of the City.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Payment from Component Units

The Barbourville Utility Commission is a component unit of the City and any excess monies available may be requested by the City for its general use. The City received \$436,265 in transfers from the utility commission during the year ended June 30, 2025. This is comprised of \$436,265 in cash payments.

Budgetary Information

Formal budgetary accounting is employed as a management control for certain funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund, the special revenue funds, and the proprietary fund. Once approved, the City council may amend the legally adopted budget when unexpected modifications are required in estimating revenues and appropriations.

Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and detail line items. The budgets are prepared on the cash and expenditures basis. Revenues are budgeted in the year receipt is expected and expenditures are budgeted in the year that the applicable disbursement is expected to occur. Actual results are reported on the GAAP basis, and variances reflect reconciliation differences primarily due to revenue and expenditure accruals.

Excess of budgeted appropriations over expenditures

For the year ended June 30, 2025, final budgeted appropriations did not exceed actual expenditures and other financing sources (uses) in the General Fund.

Adopted accounting pronouncement

Effective July 1, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. This pronouncement updates the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The adoption of this pronouncement had no material impact on the City's financial position or results of operations.

Subsequent events

Management has evaluated subsequent events through January 31, 2026, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Cash, Investments and Fair Values

The City's cash and investments consist of \$4,179,952 in cash and \$438,927 in certificates of deposit at June 30, 2025. The discretely presented component unit's cash and investments consist of \$3,403,630 in cash and \$6,362,631 in certificates of deposit. The portion of certificates of deposit resulting from customer deposits is shown as restricted assets of the component unit. At June 30, 2025, the amount shown as restricted assets totaled \$1,052,712.

GAAP provides a framework for fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methodology for measuring fair value specifies a three-tier hierarchy of valuation techniques based upon whether the inputs to those valuation techniques are based on quoted prices of identical assets or liabilities (Level 1), significant other observable inputs (Level 2), or significant other unobservable inputs that reflect a City's own assumptions of market participant valuation (Level 3).

Financial instruments that are subject to fair value measurements are limited to investments. Fair values of these financial instruments have been valued using a market approach and are measured using Level 2 inputs. The fair value of investments approximates its carrying amount.

Custodial credit risk for deposits and investments is the risk that, in the event of failure by a financial institution, the City may not be able to recover the value of its deposits and investments or collateral securities that are in the possession of the financial institution. The entire bank balances were covered by federal depository insurance or by collateralized U.S. government agency and local government agency securities held by the City's agent in the City's name as of June 30, 2025.

Note 3. Property Taxes Receivable

Property taxes receivable as of June 30, 2025 consist of the following items:

<u>Assessment Year</u>	<u>Property Taxes Due</u>	<u>Less Allowance</u>	<u>Net Property Taxes</u>
2021	\$ 1,638	\$ 819	\$ 819
2022	3,745	1,873	1,872
2023	4,247	2,123	2,124
2024	8,397	4,199	4,198
2025	15,848	- -	15,848
Totals	<u>\$ 33,875</u>	<u>\$ 9,014</u>	<u>\$ 24,861</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Interfund Activity

Due To/From Other Funds

Balances representing due to/from other funds represent restaurant and motel taxes receivable and collections in the General Fund that have not yet been transferred to the Tourism and Recreation Fund. At June 30, 2025, the amount due to the Tourism and Recreation Fund from the General Fund amounted to \$143,566. Any residual balances outstanding between the governmental activities and business-type activities would be reported in the government-wide financial statement as internal balances.

Interfund Transfers

Interfund transfers are used to reallocate budgeted support or special revenues from the fund that collects them to the fund that is budgeted to expend them or to move unrestricted revenues collected within a fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers within these units for the year ended June 30, 2025, consisted of the following amounts:

	Transfers From Other Funds	Transfers To Other Funds
Governmental Funds:		
General Fund	\$ 883,868	\$ 285,898
Tourism & Recreation Fund	--	244,543
Nonmajor Funds	--	338,060
Proprietary Fund:		
Recreation Park	135,000	--
Internal Service Fund:		
Self-Insurance Fund	285,898	--
Component Unit	--	436,265
Total Transfers	<u>\$ 1,304,766</u>	<u>\$ 1,304,766</u>

Note 5. Capital Assets and Leases

During the year ended June 30, 2010, the discretely presented Component Unit deeded and transferred certain capital assets to the City in relation to mineral rights. The net book value of these assets was \$63,655. The mineral rights were then leased by the City to ARWI Robert Stivers Wellness Center, Inc. with an initial lease term of 25 years and no payment due on the lease. The rights are to be used for the purpose of a wellness center and will revert back to the City should these purposes be avoided or the company dissolve. It is expected that the lease will be renewed at the end of the term.

Leases

Right-of-use intangible leased assets represent the City's right to utilize a leased asset during the rental period. Right-of-use assets are valued at the present value of the lease payments less accumulated amortization. Amortization expense is computed using the straight-line method over the lease term.

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets and Leases (Continued)

The following table provides a summary of changes in capital assets and leases:

CAPITAL AND INTANGIBLE ASSETS, DEPRECIATED AND AMORTIZED							
	CAPITAL ASSETS NOT DEPRECIATED OR AMORTIZED	Buildings	Infrastructure and Improvements Other than Buildings	Equipment and Vehicles	Intangible Leases	Totals	
Primary Government:							
Governmental Activities:							
Balance, June 30, 2024	\$ 1,057,457	\$ 1,172,910	\$ 1,632,776	\$ 4,277,922	\$ 260,100	\$ 8,401,165	
Increases	2,159,828	21,377	22,250	166,865	27,171	2,397,491	
Decreases	(736)	--	(15,070)	(101,709)	--	(117,515)	
Balance, June 30, 2025	\$ 3,216,549	\$ 1,194,287	\$ 1,639,956	\$ 4,343,078	\$ 287,271	\$ 10,681,141	
Accumulated Depreciation and Amortization							
Balance, June 30, 2024	\$ --	\$ 527,845	\$ 1,081,933	\$ 3,585,443	\$ 212,433	\$ 5,407,654	
Increases	--	38,487	50,935	248,093	47,667	385,182	
Decreases	--	--	(2,762)	(81,744)	--	(84,506)	
Balance, June 30, 2025	\$ --	\$ 566,332	\$ 1,130,106	\$ 3,751,792	\$ 260,100	\$ 5,708,330	
Governmental Activities							
Capital Assets, Net	\$ 3,216,549	\$ 627,955	\$ 509,850	\$ 591,286	\$ 27,171	\$ 4,972,811	
Business-type Activity:							
Balance, June 30, 2024	\$ 126,000	\$ 846,590	\$ 450,152	\$ 141,693	\$ --	\$ 1,564,435	
Increases	--	--	--	--	--	--	
Decreases	--	--	--	--	--	--	
Balance, June 30, 2025	\$ 126,000	\$ 846,590	\$ 450,152	\$ 141,693	\$ --	\$ 1,564,435	
Accumulated Depreciation							
Balance, June 30, 2024	\$ --	\$ 84,335	\$ 466,577	\$ 71,132	\$ --	\$ 622,044	
Increases	--	2,654	35,760	14,582	--	52,996	
Decreases	--	--	--	--	--	--	
Balance, June 30, 2025	\$ --	\$ 86,989	\$ 502,337	\$ 85,714	\$ --	\$ 675,040	
Business-type Activity							
Capital Assets, Net	\$ 126,000	\$ 759,601	\$ (52,185)	\$ 55,979	\$ --	\$ 889,395	
Primary Government							
Capital Assets, Net	\$ 3,342,549	\$ 1,387,556	\$ 457,665	\$ 647,265	\$ 27,171	\$ 5,862,206	
Component Unit:							
Balance, June 30, 2024	\$ 2,404,265	\$ 25,745,350	\$ --	\$ 34,369,209	\$ --	\$ 62,518,824	
Increases	--	183,545	--	715,019	--	898,564	
Decreases	--	(13,700)	--	(89,651)	--	(103,351)	
Balance, June 30, 2025	\$ 2,404,265	\$ 25,915,195	\$ --	\$ 34,994,577	\$ --	\$ 63,314,037	
Accumulated Depreciation							
Balance, June 30, 2024	\$ --	\$ 16,431,195	\$ --	\$ 20,891,707	\$ --	\$ 37,322,902	
Increases	--	718,940	--	1,291,264	--	2,010,204	
Decreases	--	(13,700)	--	(89,651)	--	(103,351)	
Balance, June 30, 2025	\$ --	\$ 17,136,435	\$ --	\$ 22,093,320	\$ --	\$ 39,229,755	
Component Unit							
Capital Assets, Net	\$ 2,404,265	\$ 8,778,760	\$ --	\$ 12,901,257	\$ --	\$ 24,084,282	

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets and Leases (Continued)

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General government	\$ 33,565
Public safety:	
Police department	120,986
Fire department	112,042
Public services	65,231
Tourist and recreation	53,358
	<hr/>
Total governmental activities	385,182
	<hr/>
Business-type Activity:	
Recreational park	52,996
	<hr/>
Total business-type activity	52,996
	<hr/>
Total depreciation expense	\$ 438,178
	<hr/> <hr/>

Note 6. Self-Insurance Program

The City records an estimated liability for a self-insurance program for hospitalization and medical coverage for its employees. The liability is based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported based on historical experience. The claims expense related to the self-insurance program was \$252,130 and \$203,667 for the years ended June 30, 2025 and 2024, respectively. The City limits its losses through the use of stop-loss policies from re-insurers. Specific individual losses for claims are limited to \$45,000 per individual with an aggregating specific of \$80,000 per year. Additionally, individual high cost claims may be segregated from the group and subjected to a \$125,000 specific stop loss.

Changes in the balances of claims payable during the year ended June 30, 2025 is as follows:

Year Ending	Beginning Balance	Claims and changes in estimates	Claim payments	Ending Balance
6/30/2024	\$ 24,077	233,187	(227,364)	\$ 29,900
6/30/2025	\$ 29,900	303,630	(283,442)	\$ 50,088

The component unit has a similar self-insurance program for its employees. Under this plan, specific individual losses for claims are limited to \$45,000 a year. The claim payments related to the self-insurance program were \$425,894 and \$784,561 for the year ended June 30, 2025 and 2024, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt and Leases

The City has a note payable to Forcht Bank for the purpose of purchasing a street sweeper vehicle that was refinanced on November 17, 2023 on the remaining principal amount of \$140,416. The note is secured by the street sweeper vehicle, with an interest rate of 5.25%, payable in 60 monthly installments of \$1,322 and a final balloon payment in November 2028 for \$97,845. The balance due as of June 30, 2025 was \$126,595.

The City has a revenue bond payable to the Kentucky Bond Corporation, originating July 23, 2021 in the amount of \$670,000 for the construction of a drive-in theatre. The revenue bonds have an interest rate of 2.08%, payable in 360 variable monthly installments. The balance due as of June 30, 2025 was \$611,667. The bonds for \$670,000 were issued with a reoffering premium of \$7,746, and an underwriter's discount of \$14,953. These premiums and discounts are being amortized over the term of the bond.

On November 5, 2009, the component unit made an agreement with the Department of the Army, Corps of Engineers for the use of water storage space in the Laurel Lake Reservoir. In consideration of this right, the Commission signed a note in the amount of \$1,291,299, with an interest rate of 4.625% adjusted at five-year intervals throughout the (30) thirty year repayment period, beginning December 2009. The interest rate at June 30, 2025 was 3.50%. Principal and interest payments are payable annually on December 1. The balance due as of June 30, 2025 was \$759,742.

On December 20, 2011, the component unit made an agreement with the Department of the Army, Corps of Engineers for the use of water storage space in the Laurel Lake Reservoir. In consideration of this right, the Commission signed a note in the amount of \$612,310, with an interest rate of 4.125% adjusted at five-year intervals throughout the (30) thirty year repayment period, beginning March 2012. The interest rate at June 30, 2025 was 2.50%. Principal and interest payments are payable annually on March 1. The balance due as of June 30, 2025 was \$384,364.

On February 1, 2012, the component unit made an agreement with the Kentucky Infrastructure Authority to borrow up to \$4,000,000 to upgrade the raw water intake system at an interest rate of 1%. Interest payments are due beginning six months after the first construction draw with principal due once the project is complete. In addition, 40% of each draw is forgiven at the time of request. The project was completed during the year ended June 30, 2015, and the component unit began making principal and interest payments during the year ended June 30, 2016. The balance due as of June 30, 2025 was \$1,259,801.

On November 2, 2012, the component unit made an agreement with the Kentucky Infrastructure Authority to borrow up to \$6,800,000 to expand the sewer system at an interest rate of 1%. Principal and interest payments are due on June 1 and December 1 each year and the note is scheduled to be paid in full June 2035. The maximum amount of \$1,200,000 was forgiven during the year ended June 30, 2014. The balance due as of June 30, 2025 was \$2,725,273.

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt and Leases (Continued)

On October 1, 2016, the component unit made an agreement with the Kentucky Infrastructure Authority to borrow up to \$1,856,109 to rehab the sewer collection lines at an interest rate of 0.75%. The maximum amount of \$185,611 was forgiven on the loan leaving a principal balance of \$1,670,498. Principal and interest payments are due on June 1 or December 1 each year and the note is scheduled to be paid in full December 2037. The balance due as of June 30, 2025 was \$1,073,175.

Lease Obligations

The City finances certain buildings and equipment acquisitions under lease agreements expiring through 2024. The City recognized a lease liability, measured at the present value by using the rate provided in the lease agreement. Each lessee contract was discounted at the rate, ranging from 2.34% to 2.98% based on the length of term of the contract. Annual interest and lease payments for the leases was \$7,323 and \$76,265, respectively.

The following is a summary of changes in long-term debt and leases for the year ended June 30, 2025:

Description	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025	Due Within One Year
Primary Government					
Governmental Activities					
Long-term debt	<u>\$ 135,459</u>	<u>\$ - -</u>	<u>\$ 8,864</u>	<u>\$ 126,595</u>	<u>\$ 9,348</u>
Leases payable	<u>\$ 155,615</u>	<u>\$ 27,171</u>	<u>\$ 83,500</u>	<u>\$ 99,286</u>	<u>\$ 79,547</u>
Business-Type Activities					
Long-term debt	<u>\$ 628,750</u>	<u>\$ - -</u>	<u>\$ 17,083</u>	<u>\$ 611,667</u>	<u>\$ 20,000</u>
Net of Premiums and Debt Issuance Costs	<u>18,000</u>	<u>- -</u>	<u>666</u>	<u>17,334</u>	
	<u>\$ 610,750</u>	<u>\$ - -</u>	<u>\$ 16,417</u>	<u>\$ 594,333</u>	
Component Unit					
Long-term debt	<u>\$ 6,719,930</u>	<u>\$ - -</u>	<u>\$ 517,575</u>	<u>\$ 6,202,355</u>	<u>\$ 521,461</u>

The annual debt service requirements to maturity for long-term debt are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 9,348	\$ 6,513	\$ 20,000	\$ 14,113	\$ 521,461	\$ 83,389
2027	9,858	6,003	20,000	13,813	527,764	77,094
2028	10,381	5,480	20,000	13,471	534,161	70,697
2029	97,008	2,124	20,000	13,071	540,663	64,193
2030	- -	- -	20,000	12,671	547,277	57,581
2031-2035	- -	- -	100,000	57,354	2,334,968	179,460
2036-2040	- -	- -	117,084	47,313	1,144,123	56,499
2041-2045	- -	- -	127,083	35,349	51,938	2,027
2046-2050	- -	- -	150,000	20,502	- -	- -
2051-2052	- -	- -	17,500	3,563	- -	- -
Totals	<u>\$ 126,595</u>	<u>\$ 20,120</u>	<u>\$ 611,667</u>	<u>\$ 231,220</u>	<u>\$ 6,202,355</u>	<u>\$ 590,940</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt and Leases (Continued)

A summary of the District's lease payments (principal and interest) as of June 30, 2025, is as follows:

Fiscal year	KACO		Enterprise Fleet	
	Principal	Interest	Principal	Interest
2026	\$ 70,000	\$ 2,645	\$ 9,547	\$ 1,562
2027			13,554	1,562
2028	--	--	6,185	163
2029	--		--	--
2030	--	--	--	--
Totals	<u>\$ 70,000</u>	<u>\$ 2,645</u>	<u>\$ 29,286</u>	<u>\$ 3,287</u>

Fiscal year	Totals	
	Principal	Interest
2026	\$ 79,547	\$ 4,207
2027	13,554	1,562
2028	6,185	163
2029	--	--
2030	--	--
Totals	<u>\$ 99,286</u>	<u>\$ 5,932</u>

Note 8. Other Leases

The City entered into a 15 year lease agreement with Estil and Elizabeth Scalf to lease approximately 100 acres of land in Knox County for a landfill. This lease agreement has subsequently expired; however, the City's landfill committee has agreed to continue paying lease payments in the amount of \$100 per month. For the year ended June 30, 2025, lease payments for the landfill totaled \$1,200.

The City entered into a 10 year lease agreement with Evans Investment to lease land by the Cumberland River to be used for recreational purposes. The lease was effective March 15, 2007. Payments for the leased property are \$400 per year paid annually on the anniversary date of the lease agreement. This lease expired in March 2017 and was renewed under the same terms and conditions for another 10 year term to expire March 2027.

The City entered into a 10 year lease with Commercial Bank, formerly known as Union National Bank and Trust Company, for a parking lot to be used as a free parking lot. The lease was effective December 6, 2006. Payment terms for the lease were as follows: the City paid on behalf of the Bank, as they became due each year, during the term of the lease, all State, County, City and School property taxes assessed against the property. The lease included retaining six parking spots for bank employees. This lease agreement was terminated by the City in writing on April 11, 2014. Subsequently, the lease was renewed in July 2015, with new terms and conditions. The Bank is now responsible for all property taxes assessed and will still retain six parking spots for bank employees.

NOTES TO FINANCIAL STATEMENTS

Note 9. County Employees' Retirement System

Plan Description: The City has elected to participate in the County Employees Retirement System (CERS), pursuant to Kentucky Revised Statute 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost sharing, multiple-employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute. Historical trend information showing CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at 502-696-8800.

Benefits Provided: Benefits fully vested on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit, or at least 10 years of service and 60 years old. Nonhazardous employees who begin participation on or after December 31, 2013 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Contributions: Nonhazardous covered employees are required to contribute 5.00% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6.00% of their salary to the plan. The City's contribution rate for nonhazardous employees was 19.71%, 23.34%, and 23.40% for the years ended June 30, 2025, 2024, and 2023, respectively. Total nonhazardous contributions made by the City were \$200,367, \$225,481 and \$206,324 for the years ended June 30, 2025, 2024 and 2023, respectively.

Hazardous covered employees are required to contribute 8.00% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9.00% of their salary to be allocated as follows: 8.00% will go to the member's account and 1.00% will go to the KRS's insurance fund. The City's contribution rate for hazardous employees was 36.49%, 41.11%, and 42.81% for the years ended June 30, 2025, 2024, and 2023, respectively. Total hazardous contributions made by the City were \$65,892, \$70,713 and \$93,694 for the years ended June 30, 2025, 2024 and 2023, respectively.

The employees of the component unit are also covered under CERS and are all nonhazardous employees. Total nonhazardous contributions made by the Component Unit were \$600,123, \$662,303 and \$643,824 for the years ended June 30, 2025, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 9. County Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2025, the City and component unit reported a liability of \$2,297,319 and \$5,405,526, respectively, for their 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 and component unit's proportion of the net pension liability was based on a projection of the City and component unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City's proportion was 0.022952% for hazardous covered employees and 0.028543% for nonhazardous covered employees. At June 30, 2024, the component unit's proportion was 0.090387% for nonhazardous covered employees.

For the City, pension expense totaled \$79,037 for the year ended June 30, 2025. As of June 30, 2025, the City had deferred outflows and inflows of resources related to its pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ - -	\$ (110,440)
Net differences between projected and actual earnings on investments	149,886	(291,144)
Difference between actual and expected experience	120,980	- -
Changes in proportion and differences between City's contributions and proportionate share of contributions	20,421	(325,371)
City's contributions subsequent to the measurement date	266,259	- -
	<u>\$ 557,546</u>	<u>\$ (726,955)</u>

The City's deferred outflows of resources totaling \$266,259 will be recognized as a reduction of the net pension liability during the year ending June 30, 2026. Amounts reported as deferred outflows and inflows of resources as of June 30, 2025 will be recognized into pension expense (benefit) as follows:

Year Ending June 30:	
2026	\$ (200,574)
2027	(76,163)
2028	(122,449)
2029	(36,482)
	<u>\$ (435,668)</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. County Employees' Retirement System (Continued)

For the component unit, pension expense totaled \$166,773 for the year ended June 30, 2025. As of June 30, 2025, the component unit had deferred outflows and inflows of resources related to its pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ - -	\$ (244,224)
Net differences between projected and actual earnings on investments	371,238	(718,784)
Difference between actual and expected experience	261,637	- -
Changes in proportion and differences between Commission's contributions and proportionate share of contributions	- -	(270,426)
Commission contributions subsequent to the measurement date	600,123	- -
	<u>\$ 1,232,998</u>	<u>\$ (1,233,434)</u>

The component unit's deferred outflows of resources totaling \$600,123 will be recognized as a reduction of the net pension liability during the year ending June 30, 2026. Amounts reported as deferred outflows and inflows of resources as of June 30, 2025 will be recognized into pension expense (benefit) as follows:

Year Ending June 30:	
2026	\$ (410,992)
2027	21,488
2028	(133,601)
2029	(77,454)
	<u>\$ (600,559)</u>

Actuarial assumptions: The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to years included in the measurement:

Inflation:	2.50%
Payroll growth rate:	2.00%
Salary increases:	3.30% to 10.30% nonhazardous, 3.55% to 19.05% hazardous
Investment rate of return:	6.50%

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

NOTES TO FINANCIAL STATEMENTS

Note 9. County Employees' Retirement System (Continued)

The mortality table used for active members is Pub-2010 General Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Discount rate: The projection of cash flows used to determine the discount rate of 6.50% for CERS Nonhazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362, (passed in 2018) over the remaining 27 years (closed) amortization period of the unfunded actuarial accrued liability.

Also, 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.

The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

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	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
	<u>100.00%</u>	

NOTES TO FINANCIAL STATEMENTS

Note 9. County Employees' Retirement System (Continued)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate: The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50%, 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:

	1% Decrease - 5.50%	Current Discount Rate - 6.50%	1% Increase - 7.50%
Net Pension Liability - Nonhazardous	\$ 2,200,592	\$ 1,706,992	\$ 1,297,435
Net Pension Liability - Hazardous	759,984	590,327	451,811
Total Net Pension Liability	<u>\$ 2,960,576</u>	<u>\$ 2,297,319</u>	<u>\$ 1,749,246</u>

Sensitivity of the component unit's proportionate share of the net pension liability to changes in the discount rate: The following presents the component unit's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the component unit'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:

	1% Decrease - 5.50%	Current Discount Rate - 6.50%	1% Increase - 7.50%
Net Pension Liability - Nonhazardous	<u>\$ 6,968,606</u>	<u>\$ 5,405,526</u>	<u>\$ 4,108,581</u>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued KRS financial report.

Note 10. Other Postemployment Benefits

Plan description: County Employees Retirement System consists of two plans, Non-Hazardous and Hazardous. Each plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Kentucky Retirement Systems (KRS) under the provision of Kentucky Revised Statute 61.645. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of each participating county, city, and any additional eligible local agencies electing to participate in CERS. The City and the Component Unit participates in both the nonhazardous and hazardous plan.

Benefits provided: CERS Nonhazardous and CERS Hazardous are cost-sharing multiple-employer other post-employment benefits (OPEB) plans that cover all regular full-time members employed in nonhazardous and hazardous positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. The plans provide for health insurance benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

The CERS Nonhazardous and CERS Hazardous are reported as OPEB trust funds and are accounted for on the accrual basis of accounting. OPEB contributions are determined by the CERS Board and required by the employers, and the employees' contributions are set by Kentucky Revised Statute 78.5536(3)(b)(1) and 61.702(3)(b)(1). KPPA recognized employer and employee contributions to the plans through June 30, 2023. OPEB expenses are recognized as the benefits come due for the CERS Nonhazardous and CERS Hazardous Plans, which includes payments made to the Department of Employee Insurance (DEI), and Humana Inc. for OPEB costs incurred for the fiscal year ended June 30, 2023. KPPA contracts with DEI and Humana to administer the claims. DEI administers retiree claims for retirees who are non-Medicare eligible, and Humana administers retiree claims for members who are Medicare eligible. Since the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability. The plans are charged administrative expenses based on the number of members and dependents electing an insurance policy provided by DEI or Humana, on a monthly basis.

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

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

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

Contributions: Nonhazardous covered employees are required to contribute 5.00% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6.00% of their salary to the plan. The City and Component Unit's contribution rate to the KRS Insurance Fund for nonhazardous employees was 0.00%, 0.00%, and 3.39% for the years ended June 30, 2025, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

Hazardous covered employees are required to contribute 8.00% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9.00% of their salary. The City's OPEB contribution rate for hazardous employees was 2.12%, 2.58% and 6.78% for the years ended June 30, 2025, 2024, and 2023, respectively. The actuarially determined rates set by the Board for the fiscal years was a percentage of each employee's creditable compensation.

Contributions to the KRS Insurance Fund from the City were \$3,828, \$4,438 and \$44,729 for the years ended June 30, 2025, 2024, and 2023, respectively. Contributions to the KRS Insurance Fund from the Component Unit were zero, zero and \$93,272 for the years ended June 30, 2025, 2024 and 2023, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2025, the City and Component Unit reported an asset of \$21,573 and \$156,506, respectively, for its proportionate share of the net OPEB liability (asset). 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 June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2024, using generally accepted actuarial principles. The City and Component Unit's proportion of the net OPEB liability was based on the City and Component Unit's share of contributions to the OPEB plan relative to the contributions of all participating employers. At June 30, 2024, the City and Component Unit's proportion was 0.028571% and 0.090476%, respectively, for nonhazardous covered employees. For hazardous covered employees the City's proportion was 0.022958% and the Component Unit did not have any hazardous covered employees.

For the year ended June 30, 2025, the City and Component Unit recognized OPEB benefit of \$161,613 and \$358,398, respectively. At June 30, 2025, the City and Component Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 63,671	\$ (59,382)
Net differences between projected and actual earnings on investments	60,029	(122,630)
Difference between actual and expected experience	34,960	(490,787)
Changes in proportion and differences between City's contributions and proportionate share of contributions	26,947	(115,760)
City's contributions subsequent to the measurement date	3,828	- -
	<u>\$ 189,435</u>	<u>\$ (788,559)</u>

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

Component Unit

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 141,813	\$ (110,431)
Net differences between projected and actual earnings on investments	137,572	(280,393)
Difference between actual and expected experience	86,827	(1,231,390)
Changes in proportion and differences between Commission's contributions and proportionate share of contributions	27,320	(104,032)
Commission's contributions subsequent to the measurement date	--	--
	<u>\$ 393,532</u>	<u>\$ (1,726,246)</u>

The City and Component Unit's deferred outflows of resources of \$3,828 and zero, respectively, related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources as of June 30, 2025 will be recognized into OPEB expense (benefit) as follows:

City

Year Ending June 30:

2026	\$ (209,878)
2027	(168,049)
2028	(169,884)
2029	(48,508)
2030	(6,633)
	<u>\$ (602,952)</u>

Component Unit

Year Ending June 30:

2026	\$ (518,528)
2027	(416,095)
2028	(373,554)
2029	(24,537)
	<u>\$ (1,332,714)</u>

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

Actuarial assumptions: The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Amortization Period	30 Years, Closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30% nonhazardous, 3.55% to 19.05% hazardous
Investment Rate of Return	6.25%
Healthcare Cost 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.
Healthcare Cost Trend Rates (Post-65)	Initial trend starting at 9.00% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
	<u>100.00%</u>	

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

Discount rate: The discount rate used to measure the total OPEB liability was 5.99% for nonhazardous and 6.02% for hazardous. The discount rates 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 ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

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

Sensitivity of the City and Component Unit's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the City and Component Unit's proportionate share of the net OPEB liability calculated using the discount rate of 5.99% for nonhazardous and 6.02% for hazardous, as well as what the City and Component Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99% for nonhazardous and 5.02% for hazardous) or 1-percentage-point higher (6.99% for nonhazardous and 7.02% for hazardous) than the current rate:

City

	1% Decrease - 4.99% Nonhazardous, 5.02% Hazardous	Current Discount Rate - 5.99% Nonhazardous, 6.02% Hazardous	1% Increase - 6.99% Nonhazardous, 7.02% Hazardous
Net OPEB Liability (Asset) - Nonhazardous	\$ 66,824	\$ (49,422)	\$ (147,162)
Net OPEB Liability (Asset) - Hazardous	76,961	27,849	(13,194)
Total Net OPEB Liability	<u>\$ 143,785</u>	<u>\$ (21,573)</u>	<u>\$ (160,356)</u>

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

Component Unit

	1% Decrease - 4.99% Nonhazardous	Current Discount Rate - 5.99% Nonhazardous	1% Increase - 6.99% Nonhazardous
Net OPEB Liability (Asset) - Nonhazardous	\$ 211,613	\$ (156,506)	\$ (466,020)

Sensitivity of the City and Component Unit's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the City and Component Unit's proportionate share of the net OPEB liability, as well as what the City and Component Unit's 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:

City

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Asset) - Nonhazardous	\$ (118,904)	\$ (49,422)	\$ 31,519
Net OPEB Liability (Asset) - Hazardous	(4,317)	27,849	65,443
Total Net OPEB Liability	<u>\$ (123,221)</u>	<u>\$ (21,573)</u>	<u>\$ 96,962</u>

Component Unit

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Asset) - Nonhazardous	\$ (376,533)	\$ (156,506)	\$ 99,811

Changes of assumptions: The KRS Board of Trustees adopted updated actuarial assumptions which was used in performing the actuarial valuation as of June 30, 2024. Specifically, total OPEB liability as of June 30, 2024 is determined using a 2.30% price inflation assumption and an assumed rate of return of 6.25%.

Pension plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems Comprehensive Annual Financial Report on the KRS website at www.kyret.ky.gov.

NOTES TO FINANCIAL STATEMENTS

Note 11. Asset Forfeitures

During 2025, the City maintained an asset forfeiture and a federal asset forfeiture account as a result of investigations or prosecutions that resulted in forfeited drug money and property. These funds are legally restricted for law enforcement activities, including training, equipment and operations, facilities and equipment, drug education and awareness. These funds are not available for excess fee purposes. As of June 30, 2025, the total cash balance reserved for these purposes was \$36,988 for the asset forfeiture account, and \$262,472 for the federal asset forfeiture account. Collections and expenditures, respectively, for the year ended June 30, 2025 were \$36,722 and \$92,565 for the asset forfeiture account, and \$317,282 and \$129,371 for the federal asset forfeiture account.

Note 12. Fund Balances – Governmental Funds

As of June 30, 2025, fund balances are composed of the following:

	General Fund	Tourism and Recreation Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:				
Street maintenance	\$ --	\$ --	\$ 9,002	\$ 9,002
Committed to:				
Law enforcement	--	--	313,228	313,228
Tourism and recreation	--	703,832	--	703,832
Assigned to:				
Fire service	155,982	--	--	155,982
Unassigned:	2,122,129	--	--	2,122,129
Total fund balances	<u>\$ 2,278,111</u>	<u>\$ 703,832</u>	<u>\$ 322,230</u>	<u>\$ 3,304,173</u>

When an expenditure is incurred for purposes for which both assigned and unassigned fund balance is available, the City considers assigned funds to have been spent first.

**REQUIRED SUPPLEMENTARY INFORMATION
AND
SUPPLEMENTARY INFORMATION**

CITY OF BARBOURVILLE, KENTUCKY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2025**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Occupational taxes	\$ 800,000	\$ 800,000	\$ 823,741	\$ 23,741
Insurance premium taxes	675,000	675,000	734,961	59,961
Property taxes	577,800	585,740	575,491	(10,249)
Charges for services	371,100	373,900	427,716	53,816
Franchise taxes	180,000	170,000	171,899	1,899
Utility taxes	45,000	20,000	10,887	(9,113)
Other taxes	45,000	49,000	49,293	293
Licenses, fees, and permits	4,000	4,000	3,294	(706)
Intergovernmental revenue	86,642	93,945	110,866	16,921
Other revenues	1,580,196	1,585,696	1,547,258	(38,438)
Carryover from prior year	1,585,932	1,604,728	- -	(1,604,728)
Investment income	25,000	40,000	46,049	6,049
Total revenues	5,975,670	6,002,009	4,501,455	(1,500,554)
EXPENDITURES				
Current:				
General government	1,375,508	1,013,013	607,639	(405,374)
Public safety:				
Police department	1,322,809	1,320,088	1,199,616	(120,472)
Fire department	147,528	146,028	139,391	(6,637)
Public services	1,003,766	1,066,445	995,236	(71,209)
Tourist and recreation	15,000	13,000	27,939	14,939
Debt service	25,657	26,009	106,684	80,675
Capital outlays	2,822,637	3,268,933	2,083,542	(1,185,391)
Total expenditures	6,712,905	6,853,516	5,160,047	(1,693,469)
Excess (deficiency) of revenues over (under) expenditures	\$ (737,235)	\$ (851,507)	\$ (658,592)	\$ 192,915

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Continued)
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2025

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	\$ 377,235	\$ 441,507	\$ 447,603	\$ 6,096
Transfers to other funds	--	--	(285,898)	(285,898)
Payments from component units	360,000	360,000	436,265	76,265
Proceeds from sale of assets	--	50,000	46,255	(3,745)
Net other financing sources	737,235	851,507	644,225	(207,282)
Net change in fund balances	--	--	(14,367)	(14,367)
Fund balance, July 1, 2024	2,292,478	2,292,478	2,292,478	--
Fund balance, June 30, 2025	\$ 2,292,478	\$ 2,292,478	\$ 2,278,111	\$ (14,367)

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TOURISM AND RECREATION FUND
Year Ended June 30, 2025**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Restaurant tax	\$ 680,000	\$ 700,000	\$ 736,190	\$ 36,190
Motel tax	--	--	26,049	26,049
Intergovernmental revenue	--	--	--	--
Other revenues	--	10,000	22,670	12,670
Carryover from prior year	70,000	155,000	--	(155,000)
Investment income	--	--	6,550	6,550
Total revenues	750,000	865,000	791,459	(73,541)
EXPENDITURES				
Current:				
Tourist and recreation	615,000	730,000	533,142	(196,858)
Capital outlays	--	--	86,972	86,972
Total expenditures	615,000	730,000	620,114	(109,886)
Excess of revenues over expenditures	135,000	135,000	171,345	36,345
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(135,000)	(135,000)	(244,543)	(109,543)
Net other financing (uses)	(135,000)	(135,000)	(244,543)	(109,543)
Net change in fund balances	--	--	(73,198)	(73,198)
Fund balance, July 1, 2024	777,030	777,030	777,030	--
Fund balance, June 30, 2025	\$ 777,030	\$ 777,030	\$ 703,832	\$ (73,198)

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025**

	Asset Forfeiture Fund	Municipal Aid Road Fund	Coal Severance Tax Fund	Alcohol Fund	Federal Asset Forfeiture	Total Nonmajor Governmental Funds
ASSETS						
Cash	\$ 36,988	\$ 766	\$ 574	\$ --	\$ 262,472	\$ 300,800
Accounts receivable, intergovernmental	--	4,585	3,077	13,768	--	21,430
Total assets	<u>\$ 36,988</u>	<u>\$ 5,351</u>	<u>\$ 3,651</u>	<u>\$ 13,768</u>	<u>\$ 262,472</u>	<u>\$ 322,230</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Total liabilities	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
FUND BALANCES						
Restricted	--	5,351	3,651	--	--	9,002
Committed	36,988	--	--	13,768	262,472	313,228
Total fund balances	<u>36,988</u>	<u>5,351</u>	<u>3,651</u>	<u>13,768</u>	<u>262,472</u>	<u>322,230</u>
Total liabilities and fund balances	<u>\$ 36,988</u>	<u>\$ 5,351</u>	<u>\$ 3,651</u>	<u>\$ 13,768</u>	<u>\$ 262,472</u>	<u>\$ 322,230</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2025**

	Asset Forfeiture Fund	Municipal Aid Road Fund	Coal Severance Tax Fund	Alcohol Fund	Federal Asset Forfeiture	Total Nonmajor Governmental Funds
REVENUES						
Intergovernmental revenue	\$ --	\$ 130,269	\$ 19,178	\$ 174,513	\$ 317,282	\$ 641,242
Investment income	--	307	19	--	--	326
Fines and forfeitures	36,722	--	--	--	--	36,722
Total revenues	36,722	130,576	19,197	174,513	317,282	678,290
EXPENDITURES						
Current:						
General government	20,880	--	--	--	1,250	22,130
Capital outlays	71,685				128,121	199,806
Total expenditures	92,565	--	--	--	129,371	221,936
Excess of revenues over expenditures	(55,843)	130,576	19,197	174,513	187,911	456,354
OTHER FINANCING (USES)						
Transfers to other funds	--	(140,000)	(22,500)	(175,560)	--	(338,060)
Net other financing (uses)	--	(140,000)	(22,500)	(175,560)	--	(338,060)
Net change in fund balances	(55,843)	(9,424)	(3,303)	(1,047)	187,911	118,294
Fund balances, July 1, 2024	92,831	14,775	6,954	14,815	74,561	203,936
Fund balances, June 30, 2025	<u>\$ 36,988</u>	<u>\$ 5,351</u>	<u>\$ 3,651</u>	<u>\$ 13,768</u>	<u>\$ 262,472</u>	<u>\$ 322,230</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF BARBOURVILLE, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NONHAZARDOUS										
City's proportion of net pension liability	0.028543%	0.027991%	0.028174%	0.026407%	0.024390%	0.022183%	0.023089%	0.021092%	0.018660%	0.018790%
City's proportionate share of the net pension liability	\$ 1,706,992	\$ 1,796,045	\$ 2,036,702	\$ 1,683,653	\$ 1,870,693	\$ 1,560,140	\$ 1,406,251	\$ 1,234,580	\$ 918,761	\$ 807,229
City's covered-employee payroll	\$ 966,071	\$ 881,728	\$ 833,403	\$ 693,354	\$ 624,736	\$ 559,630	\$ 572,274	\$ 508,555	\$ 445,144	\$ 464,700
City's proportionate share of the net pension liability as a percentage of its employee-covered payroll	176.69%	203.70%	244.38%	242.83%	299.44%	278.78%	245.73%	242.76%	206.40%	173.71%
Plan Fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%
HAZARDOUS										
City's proportion of net pension liability	0.022952%	0.031797%	0.039391%	0.041069%	0.039989%	0.044624%	0.049547%	0.062876%	0.068646%	0.090920%
City's proportionate share of the net pension liability	\$ 590,327	\$ 857,233	\$ 1,202,000	\$ 1,093,322	\$ 1,205,680	\$ 1,232,647	\$ 1,198,273	\$ 1,406,711	\$ 1,177,929	\$ 1,395,644
City's covered-employee payroll	\$ 172,008	\$ 218,859	\$ 261,339	\$ 245,572	\$ 233,630	\$ 254,141	\$ 276,001	\$ 341,809	\$ 356,885	\$ 461,345
City's proportionate share of the net pension liability as a percentage of its employee-covered payroll	343.20%	391.68%	459.94%	445.21%	516.06%	485.02%	434.16%	411.55%	330.06%	302.52%
Plan Fiduciary net position as a percentage of the total pension liability	57.05%	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.80%	53.95%	57.52%

* June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 reflect the respective dates for the actuarial valuation.

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NONHAZARDOUS										
Contractually required contribution	\$ 200,367	\$ 225,481	\$ 206,324	\$ 176,432	\$ 133,818	\$ 120,574	\$ 90,772	\$ 82,866	\$ 70,943	\$ 55,287
Contributions in relation to the contractually required contribution	(200,367)	(225,481)	(206,324)	(176,432)	(133,818)	(120,574)	(90,772)	(82,866)	(70,943)	(55,287)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered employee-payroll	1,016,577	966,071	881,728	833,403	\$ 693,354	\$ 624,736	\$ 559,630	\$ 572,274	\$ 508,555	\$ 445,144
Contributions as a percentage of covered-employee payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%
HAZARDOUS										
Contractually required contribution	\$ 65,892	\$ 70,713	\$ 93,694	\$ 88,489	\$ 73,819	\$ 70,229	\$ 63,180	\$ 61,273	\$ 74,207	\$ 72,305
Contributions in relation to the contractually required contribution	(65,892)	(70,713)	(93,694)	(88,489)	(73,819)	(70,229)	(63,180)	(61,273)	(74,207)	(72,305)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered employee-payroll	180,576	172,008	218,859	261,339	\$ 245,572	\$ 233,630	\$ 254,141	\$ 276,001	\$ 341,809	\$ 356,885
Contributions as a percentage of covered-employee payroll	36.49%	41.11%	42.81%	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%

* June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 reflect financial reporting dates.

**CITY OF BARBOURVILLE, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY

	June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
NONHAZARDOUS								
City's proportion of net OPEB liability	0.028571%	0.279900%	0.028169%	0.026401%	0.024382%	0.022180%	0.023089%	0.021092%
City's proportionate share of the net OPEB liability (asset)	\$ (49,422)	\$ (38,645)	\$ 555,919	\$ 505,434	\$ 588,751	\$ 373,058	\$ 409,941	\$ 424,021
City's covered-employee payroll	\$ 966,071	\$ 881,728	\$ 833,403	\$ 693,354	\$ 624,736	\$ 559,630	\$ 572,274	\$ 508,555
City's proportionate share of the net OPEB liability as a percentage of its employee-covered payroll	-5.12%	-4.38%	66.70%	72.90%	94.24%	66.66%	71.63%	83.38%
Plan Fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
HAZARDOUS								
City's proportion of net OPEB liability	0.022958%	0.031859%	0.039371%	0.041069%	0.039976%	0.044615%	0.049547%	0.062876%
City's proportionate share of the net OPEB liability	\$ 27,849	\$ 43,590	\$ 335,357	\$ 332,059	\$ 369,420	\$ 330,088	\$ 353,264	\$ 519,778
City's covered-employee payroll	\$ 172,008	\$ 218,859	\$ 261,339	\$ 245,572	\$ 233,630	\$ 254,141	\$ 276,001	\$ 341,809
City's proportionate share of the net OPEB liability as a percentage of its employee-covered payroll	16.19%	19.92%	128.32%	135.22%	158.12%	129.88%	127.99%	152.07%
Plan Fiduciary net position as a percentage of the total OPEB liability	93.53%	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	59.00%

* June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 reflects the respective dates for the actuarial valuation.

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OPEB CONTRIBUTIONS

	June 30,								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
NONHAZARDOUS									
Contractually required contribution	\$ --	\$ --	\$ 29,890	\$ 48,171	\$ 33,004	\$ 29,737	\$ 29,437	\$ 26,898	\$ 24,055
Contributions in relation to the contractually required contribution	--	--	(29,890)	(48,171)	(33,004)	(29,737)	(29,437)	(26,898)	(24,055)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered employee-payroll	\$ 1,016,577	\$ 966,071	\$ 881,728	\$ 833,403	\$ 693,354	\$ 624,736	\$ 559,630	\$ 572,274	\$ 508,555
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%
HAZARDOUS									
Contractually required contribution	\$ 3,828	\$ 4,438	\$ 14,839	\$ 27,362	\$ 23,378	\$ 22,242	\$ 26,634	\$ 25,806	\$ 31,959
Contributions in relation to the contractually required contribution	(3,828)	(4,438)	(14,839)	(27,362)	(23,378)	(22,242)	(26,634)	(25,806)	(31,959)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered employee-payroll	\$ 180,576	\$ 172,008	\$ 218,859	\$ 261,339	\$ 245,572	\$ 233,630	\$ 254,141	\$ 276,001	\$ 341,809
Contributions as a percentage of covered-employee payroll	2.12%	2.58%	6.78%	10.47%	9.52%	9.52%	10.48%	9.35%	9.35%

* June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 reflect financial reporting dates.

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPONENT UNIT'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NONHAZARDOUS										
Commission's proportion of net pension liability	0.090387%	0.094785%	0.097738%	0.095148%	0.092006%	0.086652%	0.084834%	0.087052%	0.082493%	0.082194%
Commission's proportionate share of the net pension liability	\$ 5,405,526	\$ 6,081,887	\$ 7,065,493	\$ 6,066,431	\$ 7,056,784	\$ 6,094,274	\$ 5,166,649	\$ 5,095,421	\$ 4,061,660	\$ 3,533,964
Commission's covered-employee payroll	\$ 2,837,632	\$ 2,751,383	\$ 2,702,657	\$ 2,430,325	\$ 2,359,456	\$ 2,216,332	\$ 2,102,594	\$ 2,100,107	\$ 1,972,346	\$ 1,920,397
Commission's proportionate share of the net pension liability as a percentage of its employee-covered payroll	190.49%	221.05%	261.43%	249.61%	299.09%	274.97%	245.73%	242.63%	205.93%	184.02%
Plan Fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%

* June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 reflect the respective dates for the actuarial valuation.

The Notes to the Financial Statements are an integral part of this statement.

CITY OF BARBOURVILLE, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPONENT UNIT PENSION CONTRIBUTIONS

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
NONHAZARDOUS										
Contractually required contribution	\$ 600,123	\$ 662,303	\$ 643,824	\$ 572,152	\$ 469,053	\$ 455,375	\$ 359,489	\$ 304,456	\$ 292,965	\$ 244,965
Contributions in relation to the contractually required contribution	(600,123)	(662,303)	(643,824)	(572,152)	(469,053)	(455,375)	(359,489)	(304,456)	(292,965)	(244,965)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Commission's covered employee-payroll	\$ 3,044,764	\$ 2,837,632	\$ 2,751,383	\$ 2,702,657	\$ 2,430,325	\$ 2,359,456	\$ 2,216,332	\$ 2,102,594	\$ 2,100,107	\$ 1,972,346
Contributions as a percentage of covered-employee payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.23%	14.48%	13.95%	12.42%

* June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 reflect financial reporting dates.

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF BARBOURVILLE, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF COMPONENT UNIT'S PROPORTIONATE
SHARE OF NET OPEB LIABILITY**

	June 30,							
	2024	2023	2022	2021	2020	2019	2018	2017
NONHAZARDOUS								
Commission's proportion of net OPEB liability	0.090476%	0.094782%	0.097720%	0.095126%	0.091980%	0.086630%	0.084834%	0.087052%
Commission's proportionate share of the net OPEB liability (asset)	\$ (156,506)	\$ (130,862)	\$ 1,928,518	\$ 1,821,140	\$ 2,221,037	\$ 1,457,078	\$ 1,506,140	\$ 1,750,043
Commission's covered-employee payroll	\$ 2,837,632	\$ 2,751,383	\$ 2,702,657	\$ 2,430,325	\$ 2,359,456	\$ 2,216,332	\$ 2,102,594	\$ 2,100,107
Commission's proportionate share of the net OPEB liability as a percentage of its employee-covered payroll	-5.52%	-4.76%	71.36%	74.93%	94.13%	65.74%	71.63%	83.33%
Plan Fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

* June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 reflect the respective dates for the actuarial valuation.

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF BARBOURVILLE, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF COMPONENT UNIT OPEB CONTRIBUTIONS

	June 30,								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
NONHAZARDOUS									
Contractually required contribution	\$ --	\$ --	\$ 93,272	\$ 156,214	\$ 115,683	\$ 112,310	\$ 116,579	\$ 98,822	\$ 99,335
Contributions in relation to the contractually required contribution	--	--	(93,272)	(156,214)	(115,683)	(112,310)	(116,579)	(98,822)	(99,335)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Commission's covered employee-payroll	\$ 3,044,764	\$ 2,837,632	\$ 2,751,383	\$ 2,702,657	\$ 2,430,325	\$ 2,359,456	\$ 2,216,332	\$ 2,102,594	\$ 2,100,107
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%

* June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 reflect financial reporting dates.

The Notes to the Financial Statements are an integral part of this statement.



Jones, Nale & Mattingly PLC

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*

Mayor and the City Council
City of Barbourville
Barbourville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Barbourville, 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 Barbourville, Kentucky's basic financial statements and have issued our report thereon dated January 31, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Barbourville, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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.

Jones, Nale & Mattingly P.C.

Louisville, Kentucky
January 31, 2026