

CITY OF CAMPBELLSVILLE, KENTUCKY

BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor,
City Council and City Clerk of
City of Campbellsville, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the business-type activities of City of Campbellsville, Kentucky (the "City"), as of and for the year ended June 30, 2023, 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 and the business-type activities of the City as of June 30, 2023, 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 State. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City of Campbellsville, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Campbellsville'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 Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Campbellsville, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Campbellsville, Kentucky's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the City's proportionate share of net pension, and net OPEB liability schedules, and the schedules of pension and OPEB contributions on pages 4 through 9 and pages 40 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of 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's basic financial statements. The additional information shown on pages 55 through 56 is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The additional information shown on pages 55 through 56 are the responsibility of management and were derived from and relate directly to the underlying accounting and records used to prepare the financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards accepted in the United States of America. In our opinion, the information found on pages 55 through 56 are fairly stated in all material respects in relation to the financial statements as a whole.

Honorable Mayor,
City Council and City Clerk
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024 on our consideration of the City of Campbellsville, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Campbellsville, Kentucky's internal control over financial reporting and compliance.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Certified Public Accountants

Campbellsville, Kentucky
March 18, 2024

CITY OF CAMPBELLVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)
June 30, 2023

The discussion and analysis of the City of Campbellville's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2023. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of the fiscal year ending June 30, 2023 by \$28.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City of Campbellville's basic financial statements. The City of Campbellville's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Campbellville's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City of Campbellville's assets and liabilities, with the difference between the two 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 of Campbellville is improving or deteriorating. The Statement of Net position combines and consolidates governmental funds' current financial resources (short-term resources available for spending) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the Statement of Net position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

Governmental Activities—Most of the City's basic services are reported here, including the police, fire, rescue, planning and development, parks and recreation, and general administration. Property taxes, occupational tax and insurance premiums, provides revenue for most of these activities.

Business type Activities—The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds—governmental and proprietary—utilize different accounting approaches.

Governmental funds—The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long term effect of the government's near term financing decisions. The relationships or difference between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City of Campbellsville maintains three individual governmental funds. They are all combined in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.

Proprietary funds—The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's budgetary comparative information for the general fund.

THE CITY AS A WHOLE—Government-wide Financial Analysis

The City's combined net position was \$28.3 million as of June 30, 2023 as compared to \$24.2 million at June 30, 2022. The largest component of the City's net position (118 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Total restricted assets are \$4.41 million, the largest component (4.03 million) related to the debt liabilities of the City.

Summary of Net Position
June 30, 2023

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and Other Assets	\$ 11,829,113	\$ 9,936,228	\$ 7,906,935	\$ 7,404,994	\$ 19,736,048	\$ 11,652,128
Capital Assets	5,700,720	5,263,540	46,087,214	46,711,604	51,787,934	53,139,077
Total Assets	<u>17,529,833</u>	<u>15,199,768</u>	<u>53,994,149</u>	<u>54,116,598</u>	<u>71,523,982</u>	<u>64,791,205</u>
Deferred Outflow s of Resources	4,714,953	3,886,237	2,033,828	1,860,307	6,748,781	7,323,004
Total Deferred Outflow s	4,714,953	3,886,237	2,033,828	1,860,307	6,748,781	7,323,004
Liabilities:						
Long-term Liabilities	17,767,514	17,693,086	21,015,086	21,765,337	38,782,600	43,499,785
Other Liabilities	2,106,292	2,759,771	2,394,104	2,127,496	4,500,396	2,530,634
Total Liabilities	<u>19,873,806</u>	<u>20,452,857</u>	<u>23,409,190</u>	<u>23,892,833</u>	<u>43,282,996</u>	<u>46,030,419</u>
Deferred Inflow of Resources	5,192,234	4,790,010	1,474,530	1,704,065	2,341,206	2,341,206
Total Deferred Inflow s	5,192,234	4,790,010	1,474,530	1,704,065	2,341,206	2,341,206
Net Position:						
Invested in Capital Assets						
Net of Related Debt	3,290,419	3,386,132	30,134,148	29,646,418	33,424,567	33,032,550
Restricted	377,693	422,054	4,035,738	3,541,662	4,413,431	3,963,716
Unrestricted	(6,489,366)	(9,965,048)	(3,025,629)	(2,808,073)	(9,514,995)	(12,773,121)
Total Net Position	<u>\$ (2,821,254)</u>	<u>\$ (6,156,862)</u>	<u>\$ 31,144,257</u>	<u>\$ 30,380,007</u>	<u>\$ 28,323,003</u>	<u>\$ 24,223,145</u>

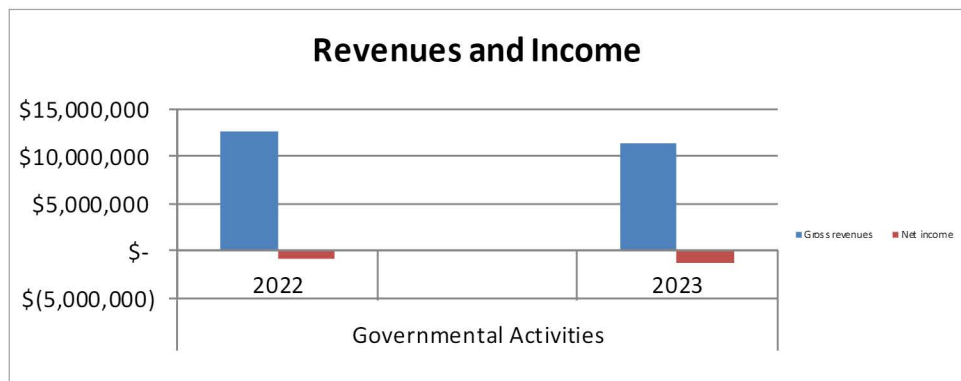
Governmental Activities

The City's general revenues increased by \$617,300 compared to the prior year. The increase is spread over numerous revenue streams.

General Revenues

	2023	2022	Increase/ (Decrease)
Taxes	\$ 7,174,001	\$ 6,937,896	\$ 236,105
Franchise fees and Permits	688,237	512,932	175,305
Other Income/(Expense)	932,157	693,120	239,037
Total General Revenue	<u>\$ 8,794,395</u>	<u>\$ 8,143,948</u>	<u>\$ 650,447</u>

The following chart shows the Governmental Activities gross revenues as compared to net income for the years June 30, 2023 and 2022.



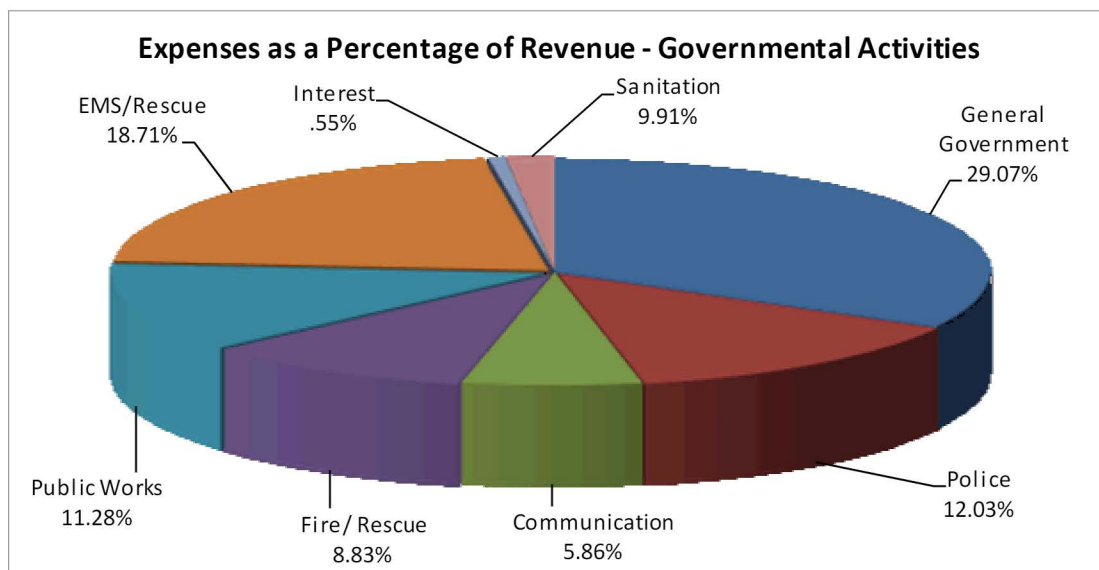
Governmental and Business type activities increased the City's net position by \$1.95 million. The key elements of this increase are as follows:

Changes in Net Position

REVENUES	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for Services	\$ 3,814,075	\$ 3,151,100	\$ 8,474,573	\$ 7,166,035	\$12,288,648	\$10,317,135
Operating Grants and Contributions	486,571	414,801	0	-	486,571	414,801
Capital Grants and Contributions	897,486	1,640,761	215,000	153,453	1,112,486	1,794,214
General Revenues						
Taxes	7,174,001	6,937,895	-	-	7,174,001	6,937,895
Franchise Fees/Permits	688,237	512,932	-	-	688,237	512,932
Other Income	932,157	578,572	61,713	180,203	993,870	758,775
TOTAL REVENUES	13,992,527	13,236,061	8,751,286	7,499,691	22,743,813	20,735,752
EXPENSES						
General Government	3,416,486	3,847,821	-	-	3,416,486	3,847,821
Police	1,690,153	1,611,774	-	-	1,690,153	1,611,774
Communication	633,845	775,517	-	-	633,845	775,517
Fire / Rescue	1,378,282	1,180,170	-	-	1,378,282	1,180,170
EMS/Rescue	2,186,626	2,503,369	-	-	2,186,626	2,503,369
Streets and Roads	-	-	-	-	-	-
Planning and Codes	-	-	-	-	-	-
Recreation and Parks	4,950	-	-	-	4,950	-
Public Works	1,258,556	1,493,652	-	-	1,258,556	-
Sanitation and Landfill	-	-	-	-	-	-
Interest	88,022	72,206	187,981	242,000	276,003	314,206
Water and Sewer	-	-	5,747,479	5,175,284	5,747,479	5,175,284
Depreciation	-	-	1,969,094	1,879,849	1,969,094	1,879,849
TOTAL EXPENSES	10,656,920	11,484,509	7,904,554	7,297,133	18,561,474	18,781,642
Increase in net assets before transfers	3,335,607	1,751,552	846,732	202,558	4,182,339	1,954,110
Transfers	-	-	-	-	-	-
Increase in Net Position	3,335,607	1,751,552	846,732	202,558	4,182,339	1,954,110
Net Position, July 1, restated	(6,156,861)	(7,908,414)	30,297,525	30,177,449	24,140,664	22,269,035
Net Position, June 30	\$ (2,821,254)	\$ (6,156,862)	\$31,144,257	\$30,380,007	\$28,323,003	\$24,223,145

The most significant governmental expenses for the City was in providing for public safety, which incurred expenses of \$5.9 million. These expenses were offset by revenues collected from a variety of sources, with the largest being from medic runs, which were \$2 million for the fiscal year ending June 30, 2023. The major components of public safety are police, communications, fire/rescue and EMS. Police accounted for \$1.7 million in public safety expense of which \$1.6 million was incurred for salary and benefits. Fire/rescue accounted for \$1.4 million in public safety expense, of which \$1.06 million was incurred for salary and benefits. EMS accounted for \$2.2 million in public safety expense of which \$1.89 million was for salary and benefits. Communications accounted for \$634k in public safety expenses of which \$495k was for salary and benefits.

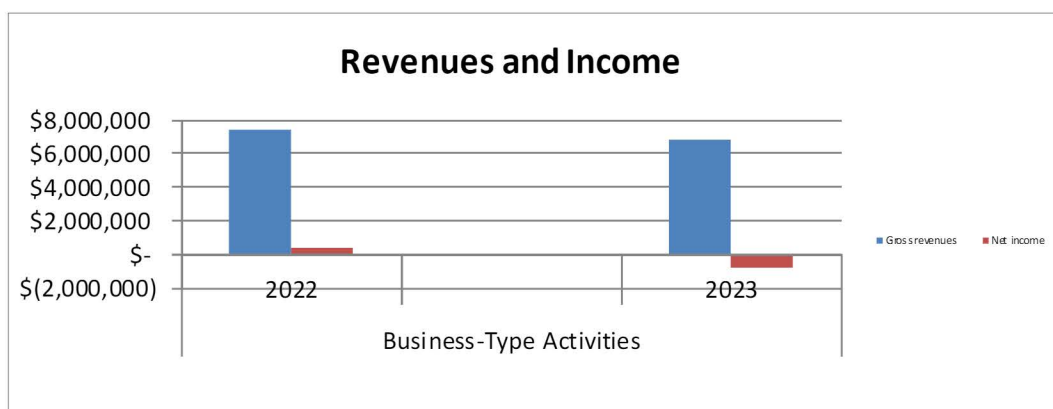
The following pie chart shows the Governmental Activities expenses as a percentage of revenue.



Business-type Activities

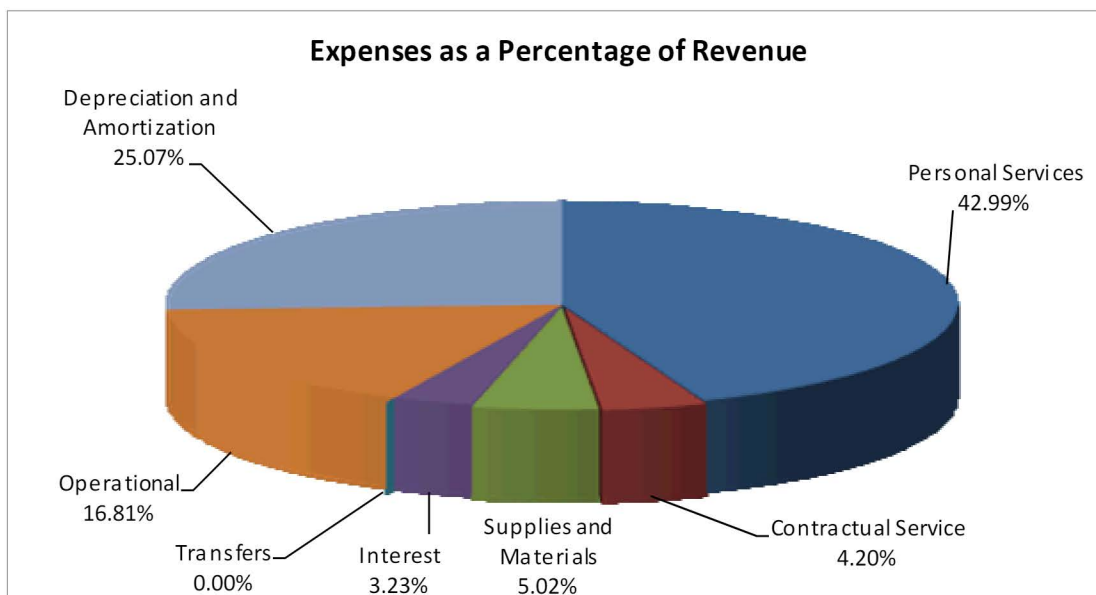
Operating revenues of the City's business-type activities were \$7.2million for the fiscal year ending June 30, 2023. Operating expenses for the City's business-type activities were \$7.01 million for the year, resulting in net operating revenue over expenses of \$110,902 before non-operating revenues and expenses, capital contributions, grants and extraordinary income.

The following graph shows the business-type activities gross revenues as compared to net income for the years ended June 30, 2023 and 2022.



The City's water and sewer system's most significant expenses were \$3.56 million in salaries and benefits.

The following pie chart shows the Water Company's expenses as a percentage of Revenue.



General Fund Budgetary Highlights

General Fund revenues exceeded budget by \$1.4 million.

Budgeted expenditures were \$2 million less than budgeted. Of this, general government expenses were \$2.2 million lower than budget, Fire/Rescue expenses exceeded budget by \$1.1 and EMS/Rescue expenses were \$19,497 less than budgeted.

The city budget included a \$850,000 contingency.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2023, the City had \$33,032,550 net invested in a broad range of capital assets, as compared to \$33,067,057 in fiscal year 2022, including police, fire and rescue equipment, buildings, park facilities, and water and sewer lines.

Debt

At year-end, the City had \$18,942,594 in General Obligation Bonds, Notes and Capital Lease Obligations outstanding as compared to \$19,548,150 at June 30, 2022.

CURRENT ECONOMIC EVENTS

Beginning in fiscal year 2022-2023, the retirement contribution rates were 26.79% for non-hazardous and 49.59% for hazardous workers.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor, Dennis Benningfield, at the City of Campbellsville, 110 South Columbia, Suite B, Campbellsville, KY 42718 or phone (270) 465-7011.

CITY OF CAMPBELLVILLE, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 6,090,510	\$ 2,571,812	\$ 8,662,322
Accounts receivable, net of allowance	544,817	610,571	1,155,388
Other	1,719,332	-	1,719,332
Inventory	-	694,153	694,153
Restricted assets			
Cash and cash equivalents	3,474,454	4,030,399	7,504,853
Total current assets	11,829,113	7,906,935	19,736,048
Noncurrent assets:			
Land and construction in progress	2,533,541	1,139,282	3,672,823
Other capital assets, net of depreciation	3,167,179	44,947,932	48,115,111
Total noncurrent assets	5,700,720	46,087,214	51,787,934
Total assets	17,529,833	53,994,149	71,523,982
Deferred outflows of resources			
Bond Discount	9,934	8,857	18,791
CERS - OPEB	1,500,718	691,833	2,192,551
CERS - OPEB Contributions	315,708	112,395	428,103
CERS - Pension	1,696,611	785,219	2,481,830
CERS - Pension Contributions	1,191,982	435,524	1,627,506
Total deferred outflows of resources	4,714,953	2,033,828	6,748,781

CITY OF CAMPBELLSVILLE, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business Type Activities	Total
Liabilities:			
Current liabilities:			
Accounts payable - trade	\$ 128,860	\$ 316,127	\$ 444,987
Accounts payable from restricted assets	82,994	-	82,994
Accrued payroll and related expenses	343,785	193,521	537,306
Customer deposits	-	222,838	222,838
Interest payable	-	41,295	41,295
Current portion of capital leases	130,028	218,033	348,061
Current portion of notes payable	80,189	1,211,143	1,291,332
Current portion of bonds payable	45,000	126,000	171,000
Current portion of compensated absences	-	65,147	65,147
Unearned revenue	1,295,436	-	1,295,436
Total current liabilities	<u>2,106,292</u>	<u>2,394,104</u>	<u>4,500,396</u>
Noncurrent liabilities:			
Noncurrent portion of capital leases	972,202	315,070	1,287,272
Noncurrent portion of notes payable	692,882	9,871,320	10,564,202
Noncurrent portion of bonds payable	490,000	4,211,500	4,701,500
Noncurrent portion of compensated absences	-	240,174	240,174
Net OPEB liability	3,377,135	1,367,388	4,744,523
Net pension liability	12,235,295	5,009,634	17,244,929
Total noncurrent liabilities	<u>17,767,514</u>	<u>21,015,086</u>	<u>38,782,600</u>
Total liabilities	<u>19,873,806</u>	<u>23,409,190</u>	<u>43,282,996</u>
Deferred inflows of resources			
Bond Premium	-	164,347	164,347
CERS - OPEB	2,199,369	712,338	2,911,707
CERS - Pension	2,992,865	597,845	3,590,710
Total deferred inflows of resources	<u>5,192,234</u>	<u>1,474,530</u>	<u>6,502,417</u>
Net position:			
Net investment in capital assets	3,290,419	30,134,148	33,424,567
Restricted for:			
Debt service	-	4,030,399	4,030,399
Employee benefits	377,693	5,339	383,032
Unrestricted	(6,489,366)	(3,025,629)	(9,514,995)
Total net position	<u>\$ (2,821,254)</u>	<u>\$31,144,257</u>	<u>\$28,323,003</u>

CITY OF CAMPBELLSVILLE, KENTUCKY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Expense	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs							
Governmental activities:							
General government	\$ 3,416,486	\$ 989	\$ 127,716	\$ 215,217	\$ (3,072,564)	\$ -	\$ (3,072,564)
Public safety:							
Police	1,690,153	23,452	107,028	-	(1,559,673)	-	(1,559,673)
Communication	633,845	-	-	-	(633,845)	-	(633,845)
Fire/ rescue	1,378,282	26,028	65,603	682,269	(604,382)	-	(604,382)
EMS	2,186,626	2,012,018	-	-	(174,608)	-	(174,608)
Streets and roads	-	-	-	-	-	-	-
Planning and codes	-	-	-	-	-	-	-
Recreation and parks	4,950	-	186,224	-	181,274	-	181,274
Public Works	1,258,556	-	-	-	(1,258,556)	-	(1,258,556)
Sanitation and landfill	-	1,751,588	-	-	1,751,588	-	1,751,588
Interest on long-term debt	88,022	-	-	-	(88,022)	-	(88,022)
Total governmental activities	10,656,920	3,814,075	486,571	897,486	(5,458,788)	-	(5,458,788)
Business-type activities							
Water	5,424,476	6,356,147	-	177,800	-	1,109,471	1,109,471
Sewer	2,480,078	2,118,426	-	37,200	-	(324,452)	(324,452)
Total business-type activities	7,904,554	8,474,573	-	215,000	-	785,019	785,019
Total government	<u>\$ 18,561,474</u>	<u>\$ 12,288,648</u>	<u>\$ 486,571</u>	<u>\$ 1,112,486</u>	<u>(5,458,788)</u>	<u>785,019</u>	<u>(4,673,769)</u>
General Revenues							
Taxes:							
Property taxes					1,480,464	-	1,480,464
Occupational					3,618,744	-	3,618,744
Insurance premium					2,074,793	-	2,074,793
Franchise fees/permits					688,237	-	688,237
Investment earnings					-	38,814	38,814
Gain (loss) on sale of assets					153,032	22,899	175,931
Other income					779,125	-	779,125
Total General Revenue and Special Items					<u>8,794,395</u>	<u>61,713</u>	<u>8,856,108</u>
Change in Net Position					3,335,607	846,732	4,182,339
Net Position - Beginning					(6,156,861)	30,297,525	24,140,664
Net Position - Ending					<u>\$ (2,821,254)</u>	<u>\$ 31,144,257</u>	<u>\$ 28,323,003</u>

CITY OF CAMPBELLVILLE, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	General	Special Revenue	Totals - Memorandum Only June 30, 2023
Assets and resources:			
Cash and cash equivalents	\$ 6,090,510	\$ -	\$ 6,090,510
Receivables (net of allowances)			
Accounts, general	544,816	-	544,816
State of Kentucky	9,244	-	9,244
Other	1,419,345	290,744	1,710,089
Interfund receivable	-	-	-
Restricted cash	1,992,954	1,481,500	3,474,454
Total assets and resources	<u>\$10,056,869</u>	<u>\$ 1,772,244</u>	<u>\$11,829,113</u>
Liabilities and fund balance:			
Accounts payable	\$ 128,860	\$ -	\$ 128,860
Accrued payroll and related expenses	343,785	-	343,785
Accounts payable from restricted assets	82,996	-	82,996
Interfund Payable	-	-	-
Total liabilities	<u>555,641</u>	<u>-</u>	<u>555,641</u>
Fund balance			
Unassigned fund balance	9,501,228	1,772,244	11,273,472
Total fund balance	<u>9,501,228</u>	<u>1,772,244</u>	<u>11,273,472</u>
 Total liabilities and fund balance	 <u>\$10,056,869</u>	 <u>\$ 1,772,244</u>	 <u>\$11,829,113</u>

CITY OF CAMPBELLSVILLE, KENTUCKY
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balance per fund financial statements	\$11,273,472
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets are not reported in this fund financial statement because they are not current financial resource, but they are reported in the statement of net position.

Capital Assets, Net	\$ 5,700,720	5,700,720
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Deferred outflows, deferred inflows and certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.

Deferred Outflows	4,714,953	
Deferred Inflows	(5,192,234)	
Net OPEB liability	(3,377,135)	
Net pension liability	(12,235,295)	
Unearned revenue	(1,295,436)	
Long-Term Debt Payable	<u>(2,410,301)</u>	(19,795,448)

Rounding		<u>2</u>
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Net position for governmental activities	<u><u>\$ (2,821,254)</u></u>
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CITY OF CAMPBELLSVILLE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 2023

	Governmental Fund Types		Totals - Memorandum Only June 30,
	General	Special Revenue	2023
Revenues			
Taxes			
Occupational tax	\$ 3,618,744	\$ -	\$ 3,618,744
Property	1,480,464	-	1,480,464
Insurance premium	2,074,793	-	2,074,793
Franchise fees/permits	688,237	-	688,237
Intergovernmental revenues	475,559	318,086	793,645
Charges for services	3,814,074	-	3,814,074
Other Income	745,978	-	745,978
Total revenues	12,897,849	318,086	13,215,935
Expenditures			
General government	2,774,376	576,473	3,350,849
Public safety:			
Police	1,805,245	20,956	1,826,201
Communication	683,138	-	683,138
Fire/ rescue	1,276,443	24,440	1,300,883
Planning and codes	-	-	-
Public Works	1,576,110	-	1,576,110
Sanitation and landfill	-	-	-
EMS	2,343,673	77,507	2,421,180
Debt service			
Principal retirement	310,244	-	310,244
Interest and fiscal charges	58,098	-	58,098
Total expenditures	10,827,327	699,376	11,526,703
Excess revenues over (under) expenditures	2,070,522	(381,290)	1,689,232
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Sale of fixed assets	198,424	-	198,424
Total other financing sources (uses)	198,424	-	198,424
Excess of revenues and other sources over (under) expenditures and other uses	2,268,946	(381,290)	1,887,656
Fund balances - beginning of year	7,232,282	2,153,534	9,385,816
Fund balances - end of year	\$ 9,501,228	\$ 1,772,244	\$ 11,273,472

See accompanying notes to financial statements.

CITY OF CAMPBELLVILLE, KENTUCKY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in total fund balances per fund financial statements \$ 1,887,656

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

Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.

Depreciation Expense	\$ (669,749)	
	<u>1,111,329</u>	441,580

The Proceeds from debt are not reported in this fund financial statement but they are presented as liabilities in the statement of net assets.

Proceeds from Long-Term Debt (net of bond discount)		(847,348)
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In the statement of activities the net gain on the sale/disposal of assets is reported, whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net assets differs from the change in fund balances by the cost of the assets sold/disposed.

Gain/(Loss) on Sale/Disposal of Assets	<u>(4,400)</u>	(4,400)
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Generally, expenditures in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

Net OPEB liability	354,708	
Net pension liability	121,751	
Bond discount	(993)	
Unearned revenue	640,712	
Deferred outflows of resources	829,709	
Deferred inflows of resources	<u>(402,224)</u>	1,543,663

Debt service payments are recognized as expenditures of current financial resources in the governmental fund financial statement but are reductions of liabilities in the statement of net assets.

Note Payments	80,155	
Bond Payments	45,000	
Lease Payments	<u>189,302</u>	314,457

Rounding		<u>(1)</u>
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Change in net position of governmental activities		<u><u>\$ 3,335,607</u></u>
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CITY OF CAMPBELLVILLE, KENTUCKY
 PROPRIETARY FUND
 CAMPBELLVILLE MUNICIPAL WATER AND SEWER SYSTEM
 STATEMENT OF NET POSITION
 June 30, 2023

Assets:

Current assets:

Cash and cash equivalents	\$ 2,571,812
Accounts receivable - trade (net of allowance)	610,571
Accounts receivable - other	-
Inventory	694,153
Restricted cash and cash equivalents	4,030,399
Total current assets	<u>7,906,935</u>

Noncurrent assets:

Land and construction in progress	1,139,282
Capital assets net of accumulated depreciation	44,947,932
Total noncurrent assets	<u>46,087,214</u>
Total assets	<u>53,994,149</u>

Deferred outflows of resources:

Debt Refunding	8,857
CERS - OPEB	691,833
CERS - OPEB contributions	112,395
CERS - Pension	785,219
CERS - Pension contributions	435,524
Total deferred outflows of resources	<u>2,033,828</u>

Liabilities:

Current liabilities:

Accounts payable - trade	316,126
Accrued payroll and related expenses	193,521
Customer deposits	222,838
Accrued interest	41,295
Current portion of lease payable	218,033
Current portion of notes payable	1,211,143
Current portion of bonds payable	126,000
Current portion of compensated absences	65,147
Total current liabilities	<u>2,394,103</u>

Noncurrent liabilities:

Noncurrent portion of notes payable	9,871,320
Noncurrent portion of lease payable	315,070
Noncurrent portion of bonds payable	4,211,500
Noncurrent portion of compensated absences	240,174
Net OPEB liability	1,367,388
Net pension liability	5,009,634
Total noncurrent liabilities	<u>21,015,086</u>
Total liabilities	<u>23,409,189</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
PROPRIETARY FUND
CAMPBELLSVILLE MUNICIPAL WATER AND SEWER SYSTEM
STATEMENT OF NET POSITION, CONTINUED
June 30, 2023

Deferred inflows of resources:	
Bond Premium	\$ 164,347
CERS - OPEB	712,338
CERS - pension	<u>597,845</u>
Total deferred inflows of resources	1,474,530
Net position	
Net investment in capital assets	30,134,148
Restricted for:	
Debt service	4,030,399
Employee benefits	5,339
Unrestricted	<u>(3,025,629)</u>
Total net position	<u>\$ 31,144,257</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLVILLE, KENTUCKY
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION - PROPRIETARY FUND
 For the Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 5,953,428	\$ 2,117,888	\$ 8,071,316
Service charges and other	402,719	538	403,257
Total operating revenues	6,356,147	2,118,426	8,474,573
Operating expenses:			
Personal service	1,897,868	1,219,809	3,117,677
Contractual service	101,297	179,389	280,686
Supplies and materials	355,804	130,132	485,936
Operational	1,385,962	477,218	1,863,180
Depreciation and amortization	1,495,564	473,530	1,969,094
Total operating expenses	5,236,495	2,480,078	7,716,573
Operating income (loss)	1,119,652	(361,652)	758,000
Non-operating revenues(expenses):			
Interest revenue	38,814	-	38,814
Interest expense and fiscal charges	(187,981)	-	(187,981)
Gain/(loss) on disposition of assets	22,899	-	22,899
Operating transfers out	-	-	-
Total non-operating revenue (expenses)	(126,268)	-	(126,268)
Net income (loss) before capital contributions and grants	993,384	(361,652)	631,732
Capital contributions	177,800	37,200	215,000
Grants	-	-	-
Total capital contributions and grants	177,800	37,200	215,000
Change in net position	1,171,184	(324,452)	846,732
Net position - beginning of year, Restated	28,146,707	2,150,818	30,297,525
Net position - end of year	<u>\$ 29,317,891</u>	<u>\$ 1,826,366</u>	<u>\$ 31,144,257</u>

See accompanying notes to financial statements.

CITY OF CAMPBELLVILLE, KENTUCKY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Cash received from customers	\$ 8,358,716
Cash payments to employees for services	(3,669,609)
Customer deposits received	15,286
Customer deposits returned	-
Cash payments to suppliers for goods and services	(1,974,096)
Net cash provided/(used) by operating activities	<u>2,730,297</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets and construction in progress	(2,369,265)
Grants received	-
Disposal of capital assets net of gain	935,468
Increase in debt	-
Principal paid on bonds and notes	(1,112,119)
Interest paid on debt	(192,826)
Contributed capital	215,000
Transfers	-
Net cash provided/(used) by capital and related financing activities	<u>(2,523,742)</u>
Cash flows from investing activities:	
Interest	<u>38,814</u>
Net cash provided/(used) by investing activities	<u>38,814</u>
Net increase/(decrease) in cash and cash equivalents	245,369
Cash and cash equivalents – beginning of year	6,356,842
Cash and cash equivalents – end of year	<u><u>\$ 6,602,211</u></u>
Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents	\$ 2,571,812
Restricted cash and cash equivalents	4,030,399
Total cash and cash equivalents	<u><u>\$ 6,602,211</u></u>
Reconciliation of operating income (loss) to net cash provided/(used) for operating activities:	
Operating income (loss)	\$ 758,000
Adjustments to reconcile operating income/(loss) to net cash provided/ (used) for operating activities:	
Depreciation and amortization	1,998,605
Change in Assets and Liabilities:	
(Increase)/decrease in accounts receivable	(115,857)
(Increase)/decrease in deferred outflows	(173,521)
(Increase)/decrease in inventory	(140,715)
Increase/(decrease) in accounts payable	52,808
Increase/(decrease) in salaries and accrued w/h taxes	(38,916)
Increase/(decrease) in compensated absences	(11,142)
Increase/(decrease) in customer deposits	15,286
Increase/(decrease) in net OPEB liability	37,075
Increase/(decrease) in net pension liability	578,209
Increase/(decrease) in deferred inflows	(229,535)
Total reconciling adjustments	<u>1,972,297</u>
Net cash provided/ (used) by operating activities	<u><u>\$ 2,730,297</u></u>

See accompanying notes to financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Campbellsville, Kentucky operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, fire and rescue), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting policies and practices used by the City are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. For the most part, the effect of inter-fund activity has been removed from these statements. Certain eliminations have been made as prescribed by GASB Statement No 34 in regards to inter-fund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the City's assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

None of the net position is restricted by enabling legislation.

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

Fund financial statements consist of a series of statements focusing on information about the City's major governmental and proprietary funds. Separate financial statements are provided for governmental funds, and proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes are recognized as revenue in the year for which they have been levied, provided they are collected within 60 days after year-end.

The City has the following governmental funds:

The *General Fund* is the main operating fund of the City. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the City.

The *Special Revenue Fund* account for proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to disbursements for specific purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds.

The City has the following major proprietary funds:

Campbellsville Municipal Water and Sewer System

Enterprise Funds are used to account for operations (A) which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (B) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Position

Deposits and Investments - The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with an original maturity of three months or less from the date of acquisition. Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, federally insured savings accounts and certificates of deposits. Investments are carried at fair value. Deposits are carried at cost plus accrued interest. At June 30, 2023, the City has no investments.

Property Taxes - Property taxes are assessed on January 1 and levied on the subsequent November 1 for the fiscal year beginning on the levy date, at which time a lien is attached. These taxes are due and payable on November 1. All unpaid taxes levied November 1 become delinquent January 1 of the following year. Property tax is accounted for using the modified accrual basis of accounting.

Accounts Receivable and Unbilled Usage - Accounts receivable are recorded at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Activity between funds outstanding at the end of the fiscal year is referred to as either “due to/from other funds” or “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Due From Other Governments - Due from other governments represents various shared revenues, grants, and reimbursements from other governments. Federal grant revenue is recognized when expenditures for the purpose of the grant have been incurred in the government-wide financial statements and as long as it meets the measurable and available criteria in the governmental fund statements.

Allowance for Doubtful Accounts – The Campbellsville Water & Sewer Company’s valuation method of estimating the allowance for doubtful accounts is based upon a percentage (3%) of total sales. The allowance for doubtful accounts for Campbellsville Water and Sewer Company at June 30, 2023 was \$242,156.

Inventories and Prepaid Items - Inventories of materials and supplies in the proprietary fund types are stated at cost (first-in, first-out). Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items.

Restricted Assets - Funds set aside for the payment of City enterprise revenue bonds are classified as restricted assets because their use is restricted by applicable bond indentures. Other restricted assets include funds for customer deposits restricted for application to unpaid customer accounts or for refund to customers. When both restricted and unrestricted resources are available for use, it is the City’s policy to use unrestricted resources first, and then restricted resources as they are needed.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. All land is reported regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City and its proprietary fund are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements other than buildings	5-40
Equipment	5-20
Meters	10-20
Storm/sanitary sewer	30-75
System infrastructure	20-75

Compensated Absences - The Proprietary Fund (Campbellsville Water and Sewer) employees accumulate a limited amount of earned but unused sick leave hours for subsequent use or for payment upon termination, retirement, or death. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Water Company’s past experience of making termination payments. The compensated absences liability, if any, has been computed based on rates of pay in effect as of June 30, 2023. The entire compensated absence liability is reported on the government-wide financial statements.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Long-Term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Campbellsville Municipal Water and Sewer System provide the annual debt service requirements on certain water and sewer revenue bonds issued by the City on behalf of the system to finance system improvements. Since the Campbellsville Municipal Water and Sewer System provides the annual debt service the bonds are considered to be obligations of the Campbellsville Municipal Water and Sewer System and are payable from the sale of water and sewer service provided to customers of the system, and have been reported on the balance sheet of the Campbellsville Municipal Water and Sewer System.

Postemployment Benefits Other Than OPEBs (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Kentucky Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balance Reserves

Beginning with fiscal year 2011, the City implemented GASB Statement 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 government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance- amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balances- 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 decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the City takes the action to remove or change the constraint;
- Assigned fund balance- amounts the City intends to use for specific purpose (such as encumbrances); intent can be expressed by the City or by an official or body to which the City delegates the authority;
- Unassigned fund balances- amounts that are available for any purpose; positive amounts are reported only in the General Fund.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

Statement of Cash Flows—Cash Equivalents - For purposes of the statement of cash flows for the proprietary funds, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase they have a maturity date no longer than three months.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 2: BUDGET AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City of Campbellsville does not use encumbrance accounting.

Budgets were adopted for the following funds in accordance with generally accepted accounting principles (GAAP), compliance with federal and state programs and in accordance with the laws and regulations of the City:

General Fund
Special Revenue

A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the General Fund is included in the required supplemental information. Budget comparisons for the budgeted non-major funds are included in other supplemental information. The Community Development Block Grant Fund has been budgeted over the life of the projects and, therefore, their financial activity has been omitted from the budget statement.

NOTE 3: DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy is to have all deposits secured by pledged securities.

At June 30, 2023, the carrying amount of the City's cash and cash equivalents (cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less) was \$9,564,964 while the bank statements totaled \$9,919,012. Of the total bank balances, \$1,034,984 was insured by FDIC; collateral agreements were executed and collateral, with a FMV of \$5,814,162, was pledged and held by the pledging bank's trust departments in the City's name for the purpose of securing deposits. At June 30, 2023, \$202,640 of the City's deposits were uninsured.

At June 30, 2023, the carry amount of the Water Company's cash and cash equivalents was \$6,602,211, while the bank statements totaled \$7,004,115. Of the total bank balances, \$750,000 was insured by FDIC; collateral agreements were executed and collateral, with a FMV of \$5,988,658 was pledged and held by the pledging bank's trust departments in the Water Company's name. At June 30, 2023, \$1,286,853 of the Water Company's deposits were uninsured.

Due to the nature of the accounts and certain limitations on the use of the funds, each bank account within the following funds is considered to be restricted.

A detail of the City's restricted cash is reported as follows:

	Business Type	Governmental
Debt Reserve Account	\$ 1,336,883	\$ -
Construction Account	874,617	-
Depreciation Replacement Account	924,523	-
USDA Reserve	139,827	-
Forcht Bank KIA Reserve Account	521,531	-
Customer Performance Deposit	191,954	-
Customer Escrow Security Deposit	29,143	-
2021 Small Projects	6,581	-
Flexible Spending Account	6,609	21,859
HRA Insurance Account	-	-
Self-Insured Account	(1,269)	377,692
Bond Escrow Account	-	-
Bond Escrow Account	-	53,911
ARP Funds	-	3,020,991
Healing Place	-	1
	<u>\$ 4,030,399</u>	<u>\$ 3,474,454</u>

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 4: CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets tangible in nature, with an initial cost of more than \$1,000 and an estimated useful life in excess of two years. In the proprietary fund, a \$2,000 capitalization level is used for water and sewer line extensions. Assets are reported as historical cost or estimated historical cost of purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed.

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance at Beginning of Year	Transfers and Additions	Transfers and Deductions	Balance at End of Year
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated				
Land	\$ 2,524,613	\$ -	\$ -	\$ 2,524,613
Construction In Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>2,524,613</u>	<u>-</u>	<u>-</u>	<u>2,524,613</u>
Capital Assets Being Depreciated				
Buildings and Improvements	4,532,729	8,928	-	4,541,657
General Equipment and Vehicles	12,776,437	1,102,401	128,320	13,750,518
Total Capital Assets Being Depreciated	<u>17,309,166</u>	<u>1,111,329</u>	<u>128,320</u>	<u>18,292,175</u>
Less: Accumulated Depreciation				
Buildings and Improvements	3,580,081	-	-	3,580,081
General Equipment and Vehicles	10,990,158	669,749	123,920	11,535,987
Total Accumulated Depreciation	<u>14,570,239</u>	<u>669,749</u>	<u>123,920</u>	<u>15,116,068</u>
Total Capital Assets Being Depreciated, Net	<u>2,738,927</u>	<u>441,580</u>	<u>4,400</u>	<u>3,176,107</u>
Governmental Activities Capital Assets - Net	<u>\$ 5,263,540</u>	<u>\$ 441,580</u>	<u>\$ 4,400</u>	<u>\$ 5,700,720</u>

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 4: CAPITAL ASSETS, CONTINUED

	Balance at Beginning of Year	Transfers and Additions	Transfers and Deductions	Balance at End of Year
BUSINESS-TYPE ACTIVITIES				
Capital Assets, Not Being Depreciated				
Land	\$ 758,368	\$ -	\$ -	\$ 758,368
Construction In Progress	746,619	597,053	939,343	404,329
Total Capital Assets, Not Being Depreciated	1,504,987	597,053	939,343	1,162,697
Capital Assets Being Depreciated				
Source of Supply	6,434,487	32,287	14,657	6,452,117
Buildings & Improvements	17,601,797	536,767	55,707	18,082,857
Machinery and Equipment	1,433,611	432,963	90,803	1,775,771
Water System	34,518,339	487,142	-	35,005,481
Sewer System	18,530,592	283,053	25,338	18,788,307
Total Capital Assets Being Depreciated	78,518,826	1,772,212	186,505	80,104,533
Less: Accumulated Depreciation				
Source of Supply	2,079,093	123,843	14,657	2,188,279
Buildings & Improvements	3,888,089	445,054	-	4,333,143
Machinery and Equipment	1,245,479	249,696	90,803	1,404,372
Water System	14,222,228	816,896	-	15,039,124
Sewer System	11,877,320	363,116	25,338	12,215,098
Total Accumulated Depreciation	33,312,209	1,998,605	130,798	35,180,016
Total Capital Assets Being Depreciated, Net	45,206,618	(226,393)	55,707	44,924,517
Business-Type Activities Capital Assets - Net	\$ 46,711,604	\$ 370,660	\$ 995,050	\$ 46,087,214

NOTE 5: OPERATING LEASES

As of June 30, 2023, the City had no operating leases.

NOTE 6: CAPITAL LEASES

The City has entered into agreements to lease various equipment and vehicles. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations.

The following schedule presents future minimum lease payments as of June 30, 2023.

Year Ending June 30:	City	Water & Sewer
2024	\$ 362,291	\$ 218,033
2025	330,765	218,042
2026	283,954	189,244
2027	219,845	125,948
2028	140,349	73,325
Thereafter	-	-
Total minimum lease payments	1,337,204	824,592
Less: Interest	(234,974)	(291,489)
Present Value of future minimum lease payments	\$1,102,230	\$ 533,103

Amortization of leased equipment and vehicles under capital assets is included with depreciation expense.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 7: LONG-TERM DEBT

Revenue Bonds

On December 4, 2017, the City Council approved a new inter-local agreement in which the City and County split the balance of the EDA debt equally at \$714,859 each. As a result of the new inter-local agreement, the City issued revenue bonds of \$745,000. Bond principal and interest will be paid annually beginning June 30, 2019 with interest ranging from 1.250% - 3.450%. The City will deposit funds into a sinking fund monthly held by BYN Mellon Bank for debt service.

The City of Campbellsville and Campbellsville Water and Sewer have issued revenue bonds for various projects for the City. As of June 30, 2023, revenue bonds reported as liabilities of the City are:

Series	Issue Amount	Maturity Date	Interest Rate	Year-end Balances	
				Governmental Activities	Business-type Activities
2013	1,650,000	2054	2.50%	-	1,467,000
2016	1,307,000	2055	1.88%	-	1,190,500
2020	1,850,000	2040	2.00% - 5.00%	-	1,680,000
2018A	745,000	2033	3.00% - 3.375%	535,000	-
<u>Total</u>				<u>535,000</u>	<u>4,337,500</u>
Amount due within one year				<u>\$ 45,000</u>	<u>\$ 126,000</u>

Notes Payable

The Campbellsville Water and Sewer Company's Downtown Water Line Project was funded with a loan administered by the Kentucky Infrastructure Authority. Exhibit A of the Project Specifics outlines the terms of financing up to \$1,218,750 to be paid with monthly installments including interest @ 1% beginning upon project completion. The balance of the loan at June 30, 2022 is \$819,542.

Campbellsville Water and Sewer completed construction of a one million gallon water storage tank, 40,000 linear feet of 12-inch transmission water main, and a 700 gallon water per minute booster pump station in the fiscal year ended June 30, 2018. This project enables the City of Campbellsville to sell potable water to the City of Lebanon. The project was financed by a 20 year loan with interest @ .75% from the Kentucky Infrastructure Authority. The balance of the loan at June 30, 2023 is \$2,699,926.

In March 2018, the Campbellsville Water and Sewer Company was awarded a final loan of \$7,952,099 financing a water treatment plant project. Terms of the loan require semi-annual payments of principal and interest @ .25% for 20 years. The balance of the loan at June 30, 2023 is \$6,979,681.

The Campbellsville Water and Sewer Company financed a clearwell/valve leak at the water treatment plant with a note with Magnolia Bank. Terms of the note are annual payments of \$306,280.33 including interest @ 1.983%. The balance of the loan at June 30, 2023 is \$583,314.35.

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 7: LONG-TERM DEBT, CONTINUED

As of June 30, 2023, annual debt service requirements for the Enterprise Fund (Campbellsville Water and Sewer) activity loans to maturity are as follows:

Fiscal Year	Revenue Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2024	126,000	116,003	1,211,143	45,210	1,498,356
2025	127,500	111,270	630,733	42,306	911,809
2026	134,000	105,800	633,655	39,382	912,837
2027	141,000	100,984	636,596	36,443	915,023
2028	147,500	95,484	639,554	33,483	916,021
2029-2033	996,500	368,234	3,242,834	122,358	4,729,926
2034-2038	784,500	262,595	3,085,495	46,496	4,179,086
2039-2043	609,500	175,858	1,002,453	3,821	1,791,632
2044-2048	501,000	118,839	-	-	619,839
2049-2053	584,000	59,477	-	-	643,477
2054-2058	186,000	5,024	-	-	191,024
Total	<u>\$ 4,337,500</u>	<u>\$ 1,519,568</u>	<u>\$ 11,082,463</u>	<u>\$ 369,499</u>	<u>\$ 17,309,030</u>

For Campbellsville Water and Sewer Company, no Interest was capitalized during the fiscal year ended June 30, 2023; interest incurred and charged to expense totaled \$187,981.

In December 2011, the City purchased approximately 180 acres of what was formerly known as the Dowell property and financed the purchase with a 240 month commercial installment note dated December 21, 2011 with Taylor County Bank for \$1,500,000. Monthly payments are \$8,866.54 a month including a current interest rate of 3.5%. The balance of the loan at June 30, 2023 is \$773,071.

As of June 30, 2023, annual debt service requirements for the governmental activity loans to maturity are as follows:

For the City, no interest was capitalized during the fiscal year ended June 30, 2023; interest incurred and charged to expense totaled \$88,022.

Fiscal Year	Revenue Bonds		Notes Payable		Total
	Principal	Interest	Principal	Interest	
2024	45,000	15,298	80,189	26,209	166,696
2025	45,000	14,353	83,152	23,247	165,752
2026	50,000	13,273	86,151	20,247	169,671
2027	50,000	11,997	89,259	17,140	168,396
2028	50,000	10,648	92,441	13,957	167,046
2029-2033	225,000	26,743	341,878	21,658	615,279
2034-2038	70,000	2,070	-	-	72,070
Total	<u>\$ 535,000</u>	<u>\$ 94,382</u>	<u>\$ 773,070</u>	<u>\$ 122,458</u>	<u>\$ 1,524,910</u>

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 7: LONG-TERM DEBT, CONTINUED

Long-term liabilities for the year ended June 30, 2023 was as follows:

	Beginning Balance June 30, 2022	Additions	Reductions	Ending Balance June 30, 2023	Amount Due Within One Year
Governmental Activities:					
Notes Payable	\$ 853,225	\$ -	\$ 80,155	\$ 773,070	\$ 80,189
Capital Leases Payable	444,184	847,348	189,302	1,102,230	130,028
Revenue Bonds Payable	580,000	-	45,000	535,000	45,000
Net Opeb Liability	3,731,843	-	354,708	3,377,135	-
Net Pension Liability	12,357,046	-	121,751	12,235,295	-
Long-term Liabilities	<u>\$ 17,966,298</u>	<u>\$ 847,348</u>	<u>\$ 790,916</u>	<u>\$ 18,022,730</u>	<u>\$ 255,217</u>
Business-type Activities:					
Revenue Bonds Payable	\$ 4,456,500	\$ -	\$ 119,000	\$ 4,337,500	\$ 126,000
Notes Payable	12,135,592	301,686	1,354,815	11,082,463	1,211,143
Capital Lease Payable	473,093	212,495	152,485	533,103	218,033
Compensated Absences	316,463	-	-	316,463	-
Net OPEB Liability	1,330,313	37,075	-	1,367,388	-
Net Pension Liability	4,431,425	578,209	-	5,009,634	-
Long-term Liabilities	<u>\$ 23,143,386</u>	<u>\$ 1,129,465</u>	<u>\$ 1,626,300</u>	<u>\$ 22,646,551</u>	<u>\$ 1,555,176</u>

NOTE 8: PENSION AND RETIREMENT SYSTEMS

General information about the County Employees retirement system Hazardous & Non-Hazardous ("CERS") 1,191,982

Plan description – Employees of the City and Campbellsville Water and Sewer Company are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

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

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

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

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

	Required contribution
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The City's contribution requirement for CERS for the years ended June 30, 2023, 2022, and 2021 was \$1,239,642, \$998,535, and \$893,510 from the City and \$212,963, \$197,593, and \$200,821 from employees. The total covered payroll for CERS during the years ended June 30, 2023, 2022 and 2021 was \$4,259,264, \$3,951,856, and \$4,016,429.

The Campbellsville Water and Sewer Company (Company) contribution requirement for CERS for the years ended June 30, 2023, 2022, and 2021 was \$514,236, \$436,524, and \$320,512 from the Company and \$94,999, \$97,141 and \$83,034 from employees. The total covered payroll for CERS during the years ended June 30, 2023, 2022 and 2021 was \$1,899,973, \$1,942,811, and \$1,660,684.

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

City of Campbellsville

At June 30, 2023, the City reported a liability of \$6,176,108 for its non-hazardous proportionate share of the net pension liability for CERS and a liability of \$6,059,187 for its hazardous proportionate share of the net pension liability for a total net pension liability for the City of \$12,235,295 at June 30, 2023. The net pension liability for each plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the City's non-hazardous proportion was .085435% percent and the City's hazardous proportion was .198567%.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

For the year ended June 30, 2023, the City recognized pension expense of \$265,208. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 180,331	\$ 55,001
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,516,280	1,217,997
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,719,867
City contributions subsequent to the measurement date	<u>1,191,982</u>	<u>-</u>
Total	<u><u>\$ 2,888,593</u></u>	<u><u>\$2,992,865</u></u>

\$1,191,982 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2024	(749,752)
2025	(475,928)
2026	(327,990)
2027	257,416

Campbellsville Water and Sewer

At June 30, 2023, Campbellsville Water and Sewer (Company) reported a liability of \$5,009,634 for its proportionate share of the net pension liability for CERS. The net pension liability for each plan was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Company's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the Company's proportion was 0.069299%.

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

For the year ended June 30, 2023, the Company recognized pension expense of \$545,275. At June 30, 2023, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,356	\$ 44,613
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	681,661	553,232
Changes in proportion and differences between Company contributions and proportionate share of contributions	98,202	-
Company contributions subsequent to the measurement date	435,524	-
Total	<u>\$ 1,220,743</u>	<u>\$ 597,845</u>

\$435,524 reported as deferred outflows of resources related to pensions resulting from Company contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2024	81,798
2025	5,361
2026	(42,098)
2027	142,313

Actuarial assumptions—the total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	CERS
Inflation	2.30%
Projected salary increases	3.30%-10.30%
Investment rate of return, net of investment expense & inflation	6.25%

The mortality table used for active members was Pub-2010 General Mortality table, for the Nonhazardous Plans, and the Pub-2010 Public Safety Mortality table for the Hazardous Plans, projected with the ultimate rates from the MP-2014 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 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 8: PENSION AND RETIREMENT SYSTEMS, CONTINUED

Long-term rate of return: The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering the period July 1, 2013 – June 30, 2018. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate—The following table present the net pension liability of the City and the Campbellsville Water and Sewer Company, calculated using the discount rates selected by CERS, as well as what the City and the Campbellsville Water and Sewer Company's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage- point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
City's proportionate share of net pension liability-non hazardous	\$7,719,368	\$ 6,176,108	\$4,899,703
City's proportionate share of net pension liability- hazardous	\$7,547,709	\$ 6,059,187	\$4,846,878
Campbellsville Water and Sewer's proportionate share of net pension liability	\$6,261,421	\$ 5,009,634	\$3,974,302

Pension plan fiduciary net positions—detailed information about the pension plan's fiduciary net position is available in the financial report of CERS.

DEFERRED COMPENSATION:

The City also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The City does not contribute to these plans. For the year ended June 30, 2023, City employees contributed approximately \$36,715 to the plan and employees of the Campbellsville Water and Sewer contributed \$24,425 to the plan.

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 9 - POST EMPLOYMENT BENEFIT PLAN

General Information about the OPEB Plan – CERS

Medical Insurance Plan

Plan description - Employees whose positions do not require a degree beyond a high school diploma are covered by the Kentucky Retirement Systems' Insurance Fund, a component of the cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The Kentucky Retirement Systems' Insurance Fund offers coverage for eligible members receiving benefits from KERS, CERS, and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance based on years of service.

Contributions – In order to fund the post-retirement healthcare benefit, for Tier 1 plan members (those participating prior to September 1, 2008) 5.26% of the gross annual payroll of members is contributed, all of which is paid by the District. For Tier 2 plan members (those participating on, or after September 1, 2008 and before January 1, 2014) an additional 1% of the gross annual payroll is contributed by the plan member. Tier 3 plan members (those whose participation began after January 1, 2014) also contribute an additional 1% of their annual payroll into a Cash Balance Plan. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

City of Campbellsville

At June 30, 2023, the City reported a liability of \$1,685,795 for its non-hazardous proportionate share of the net OPEB liability for CERS and a liability of \$1,691,340 for its hazardous proportionate share of the net OPEB liability for a total net OPEB liability for the City of \$3,377,135 at June 30, 2023. The net OPEB liability for each plan was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the City's non-hazardous proportion was .085421% percent and the City's hazardous proportion was .198563%.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 9 - POST EMPLOYMENT BENEFIT PLAN, CONTINUED

For the year ended June 30, 2023, the City recognized OPEB expense of \$338,538. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 207,060	\$ 486,763
Changes of assumptions	548,954	510,713
Net difference between projected and actual earnings on OPEB plan investments	667,495	537,340
Changes in proportion and differences between Company contributions and proportionate share of contributions	77,209	664,553
Company contributions subsequent to the measurement date	315,708	-
Total	<u>\$ 1,816,426</u>	<u>\$ 2,199,369</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$315,708 resulting from City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ended June 30:	
2024	(118,946)
2025	(151,415)
2026	(282,719)
2027	(48,198)
2028	(97,374)

Campbellsville Water and Sewer

At June 30, 2023, Campbellsville Water and Sewer (Company) reported a liability of \$1,367,388 for its proportionate share of the net OPEB liability for CERS. The net OPEB liability for the plan was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Company's proportion of the net OPEB liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the Company's proportion was 0.069287%.

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 9: POST EMPLOYMENT BENEFIT PLAN, CONTINUED

For the year ended June 30, 2023, the Company recognized OPEB expense of \$243,489. At June 30, 2023, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 137,639	\$ 313,574
Changes of assumptions	216,262	178,199
Net difference between projected and actual earnings on OPEB plan investments	254,622	199,123
Changes in proportion and differences between Company contributions and proportionate share of contributions	83,310	21,442
Company contributions subsequent to the measurement date	112,395	-
Total	<u>\$ 804,228</u>	<u>\$ 712,338</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$112,395 resulting from Company contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Company's OPEB expense as follows:

Year Ended June 30:	
2024	33,480
2025	15,205
2026	(74,109)
2027	4,919

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 9: POST EMPLOYMENT BENEFIT PLAN, CONTINUED

Sensitivity of CERS proportionate share of net OPEB liability to changes in the discount rate—The following table present the net OPEB liability of the City and the Campbellsville Water and Sewer Company,, calculated using the discount rates selected by each OPEB system, as well as what the City and the Campbellsville Water and Sewer Company's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage- point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.70%	5.70%	6.70%
City's proportionate share of net OPEB liability-non hazardous	\$2,253,639	\$1,685,795	\$1,216,377
City's proportionate share of net OPEB liability- hazardous	\$2,350,066	\$1,691,340	\$1,156,331
Campbellsville Water and Sewer's proportionate share of net OPEB liability	\$1,827,980	\$1,367,388	\$ 986,632

Sensitivity of the City's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the City and the Campbellsville Water and Sewer Company's proportionate share of the collective net OPEB liability, as well as what the City and the Campbellsville Water and Sewer Company's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS	4.70%	5.70%	6.70%
City's net OPEB liability - non-hazardous	\$1,253,351	\$1,685,795	\$2,205,079
City's net OPEB liability - hazardous	\$1,181,041	\$1,691,340	\$2,313,366
Campbellsville Water and Sewer's net OPEB liability	\$1,016,623	\$1,367,388	\$1,788,592

NOTE 10: RISK MANAGEMENT

The City of Campbellsville participates in the Kentucky Municipal Risk Management Association (KMRMA), to provide workers compensation and general liability and property insurance. The City along with other participating entities contributes annual amounts determined by KMRMA management. As claims arise they are submitted to and paid by KMRMA. There were no significant reductions in insurance coverage from the prior year.

NOTE 11: LANDFILL CLOSURE AND POSTCLOSURE CARE COST

In 2003 the Kentucky legislature passed House Bill No. 174 that provided for State assumption of responsibility for the costs of closure for formerly permitted municipal solid waste landfills. This was implemented as an amendment to KRS 224, Subchapter 43. The Kentucky Division of Waste Management has determined the City of Campbellsville's landfill qualifies for assistance under this program. As a result of this legislation, the City will be required to incur some post-closure costs for monitoring and maintenance of the landfill. Neither the duration or exact costs for this monitoring period have been determined, therefore no estimate for post-closure costs have been accrued.

CITY OF CAMPBELLSVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 12: INTERLOCAL AGREEMENT

Effective July 1, 2019 the City entered into an agreement with the Taylor County Fiscal Court to provide emergency medical services, rescue services, dispatch and E-911 services for the entire geographical area of Taylor County. The County will maintain the land line tax imposed by County Ordinance and pay to the City all revenues generated from this tax. The County will pay to the City an annual sum of \$700,000 paid in quarterly payments. This will be done to insure that the County has paid one-half of the operating deficits for these services. Within a month after the fiscal year-end the City will reimburse any amount due to the county or request payment for any amount due.

Effective July 1, 2009 the City entered into an agreement with the Taylor County Fiscal Court for the County's occupational tax office to administer, collect, and distribute all receipts from the City of Campbellsville Occupational License fee ordinance for consideration of \$16,000 base pay plus FICA and retirement and one-fourth of the actual monthly general operating expenses of the Occupational Tax Office. These expenses include, but are limited to, supplies, bond, postage, phone, travel, conference training, and equipment, hardware and software. Additional part-time help during peak season and postage for initial mailing and notification of taxpayers and license holders at the inception of the tax will be paid 100% by the City.

Effective January 1, 2018 the City entered into a new agreement with the County and the Campbellsville – Taylor County Economic Authority (EDA) in which the County and City agreed to each pay one-half of the EDA's outstanding HCTP debt in full totaling \$714,859 each. The City and County will allot \$65,000 each toward debt service of the acquired debt and \$85,000 budgeted toward annual support to the EDA for operating expenses effective July 1, 2018.

NOTE 13: DEFICIT OPERATING/FUND BALANCES

There are no funds of the City that currently have a deficit fund balance. In addition, no funds had operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance.

NOTE 14: CHANGE IN ACCOUNTING PRINCIPLE

For 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, providing guidance and financial reporting for subscription-based information technology arrangements (SBTAs) for government end users (governments). Implementation of GASB 96, *Subscription-Based Information Technology Arrangements* had no impact on the financial statements.

NOTE 15: RESTATEMENT OF NET POSITION

The Campbellsville Water and Sewer Company had unrecorded accounts payable of \$82,482 as of June 30, 2022 causing the net position of the Campbellsville Water and Sewer Company to be overstated. The result of the unrecorded accounts payable are as follows:

Net position, July 1, 2023 as Previously Reported	\$ 30,380,007
Increase in accounts payable	<u>(82,482)</u>
Beginning net position, as restated	<u><u>\$ 30,297,525</u></u>

NOTE 16: SUBSEQUENT EVENT

Management has reviewed subsequent events through March 18, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY SCHEDULES

CITY OF CAMPBELLVILLE, KENTUCKY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - ACTUAL AND BUDGETED (GAAP BASIS)-
 GOVERNMENTAL FUND TYPE
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues:				
Taxes				
Occupational taxes	\$ 3,100,000	\$ 3,100,000	\$ 3,618,744	\$ 518,744
Property	1,400,000	1,400,000	1,480,464	80,464
Insurance	2,000,000	2,000,000	2,074,793	74,793
Franchise fees/permits	617,000	617,000	688,237	71,237
Intergovernmental revenues	736,800	736,800	793,645	56,845
Charges for service	3,251,670	3,251,670	3,814,074	562,404
Other income	572,490	572,490	745,978	173,488
Total revenues	11,677,960	11,677,960	13,215,935	1,537,975
Expenditures:				
General government	6,585,927	6,585,927	3,350,849	(3,235,078)
Public safety				
Police	2,018,328	2,018,328	1,826,201	(192,127)
Communication	979,885	979,885	683,138	(296,747)
Fire/ rescue	1,120,191	1,120,191	1,300,883	180,692
EMS/rescue	2,335,779	2,335,779	2,421,180	85,401
Public Works	1,588,225	1,588,225	1,576,110	(12,115)
Debt service	350,490	350,490	368,342	17,852
Total expenditures	14,978,825	14,978,825	11,526,702	(3,452,123)
Excess revenues over (uinder) expenditures	(3,300,865)	(3,300,865)	1,689,233	4,990,098
Other financing sources (uses)				
Sale of fixed assets	-	-	198,424	198,424
Total other financing sources (used)	-	-	198,424	198,424
Excess revenues and other sources				
Over (under) expenditures and other uses	(3,300,865)	(3,300,865)	1,887,657	5,188,522
Fund balance - beginning of year	3,300,865	3,300,865	9,385,816	6,084,951
Fund balance - end of year	\$ -	\$ -	\$ 11,273,473	\$ 11,273,473

CITY OF CAMPBELLSVILLE KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE CERS NON-HAZARDOUS NET PENSION LIABILITY
June 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.085435%	0.094701%	0.104701%	0.107393%	0.099584%	0.094524%	0.096195%	0.09749%	0.092513%
City's proportionate share of the net pension liability (asset)	\$6,176,108	\$6,037,932	\$8,030,480	\$7,552,998	\$6,064,969	\$5,532,780	\$4,736,273	\$4,191,567	\$3,001,000
City's covered-employee payroll	\$1,942,811	\$2,525,422	\$2,840,413	\$2,933,564	\$2,588,564	\$2,469,141	\$2,398,850	\$2,364,874	\$2,262,727
City's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	317.90%	239.09%	282.72%	257.47%	234.30%	224.08%	197.44%	177.24%	115.03%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
SCHEDULE OF NON-HAZARDOUS CONTRIBUTIONS TO CERS
June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 556,305	\$ 442,572	\$ 487,406	\$ 548,200	\$ 459,843	\$ 374,824	\$ 344,445	\$ 297,937	\$ 301,521
Contributions in relation to the contractually required contribution	<u>(556,305)</u>	<u>(442,572)</u>	<u>(487,406)</u>	<u>(548,200)</u>	<u>(459,843)</u>	<u>(374,824)</u>	<u>(344,445)</u>	<u>(297,937)</u>	<u>(301,521)</u>
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	\$ 2,377,372	\$ 1,942,811	\$ 2,525,422	\$ 2,840,413	\$ 2,933,564	\$ 2,588,564	\$ 2,469,141	\$ 2,398,850	\$ 2,364,874
Contributions as a percentage of covered-employee payroll	23.40%	22.78%	19.30%	19.30%	15.68%	14.48%	13.95%	12.42%	12.75%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE HAZARDOUS CERS NET PENSION LIABILITY
June 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability (asset)	0.198567%	0.237368%	0.245224%	0.261711%	0.241376%	0.244415%	0.237719%	0.250199%	0.245229%
City's proportionate share of the net pension liability (asset)	\$ 6,059,187	\$6,319,114	\$7,393,573	\$7,229,231	\$5,837,575	\$5,468,244	\$4,079,111	\$3,840,827	\$2,947,000
City's covered-employee payroll	\$ 2,607,992	\$1,491,007	\$1,488,591	\$1,499,419	\$1,376,126	\$1,474,143	\$1,313,908	\$1,343,653	\$1,298,383
City's proportionate share of the net pension liability (asset) as a percentage of it covered-employee	232.33%	423.82%	496.68%	482.14%	424.20%	370.94%	310.46%	285.85%	226.97%
Plan fiduciary net position as a percentage of the total pension liability	47.11%	52.26%	44.11%	46.63%	49.26%	49.80%	53.95%	57.52%	63.46%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
SCHEDULE OF HAZARDOUS CONTRIBUTIONS TO CERS
June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 683,338	\$ 928,445	\$ 448,197	\$ 447,471	\$ 370,684	\$ 305,500	\$ 320,036	\$ 266,198	\$ 278,539
Contributions in relation to the contractually required contribution	(683,338)	(928,445)	(448,197)	(447,471)	(370,684)	(305,500)	(320,036)	(266,198)	(278,539)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,596,211	\$ 2,607,992	\$ 1,491,007	\$ 1,488,591	\$ 1,499,419	\$ 1,376,126	\$ 1,474,143	\$ 1,313,908	\$ 1,343,653
Contributions as a percentage of covered-employee payroll	42.81%	35.60%	30.06%	30.06%	24.72%	22.20%	21.71%	20.26%	20.73%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER
SCHEDULE OF THE ENTERPRISE'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY
June 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Company's proportion of the net pension liability (asset)	0.069299%	0.069504%	0.066139%	0.062658%	0.064556%	0.056676%	0.054060%	0.056800%	0.054242%
Company's proportionate share of the net pension liability (asset)	\$5,009,634	\$4,431,425	\$5,072,807	\$4,406,765	\$3,931,657	\$3,317,421	\$2,661,695	\$2,442,123	\$1,760,000
Company's covered-employee payroll	\$1,942,811	\$1,797,661	\$1,718,664	\$1,584,861	\$1,602,034	\$1,388,081	\$1,289,570	\$1,325,325	\$1,248,295
Company's proportionate share of the net pension liability (asset) as a percentage of it covered-employee	257.85%	246.51%	295.16%	278.05%	245.42%	238.99%	206.40%	184.27%	140.99%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	49.80%	55.50%	59.97%	66.80%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER
SCHEDULE OF CONTRIBUTIONS TO CERS
June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 444,594	\$ 442,572	\$ 346,949	\$ 331,702	\$ 257,065	\$ 231,974	\$ 193,637	\$ 160,165	\$ 168,979
Contributions in relation to the contractually required contribution	(444,594)	(442,572)	(346,949)	(331,702)	(257,065)	(231,974)	(193,637)	(160,165)	(168,979)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Company's covered-employee payroll	\$1,899,973	\$1,942,811	\$1,797,661	\$1,718,664	\$1,584,861	\$1,602,034	\$1,388,081	\$1,289,573	\$1,325,325
Contributions as a percentage of covered-employee payroll	23.40%	22.78%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS
For the Year Ended June 30, 2023

NOTE 1 – ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTIONS FOR FISCAL YEAR 2023

The following actuarial methods and assumptions were used to determined contributions effective for fiscal year ending June 30, 2022 (the most current available):

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected acturarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	22 years, closed
Remaining amortization period	26 years, closed
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-7.20%
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back 1 year for females)
Healthcare cost trend rates:	
Pre - 65	7.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024

CITY OF CAMPBELLSVILLE KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE CERS NON-HAZARDOUS NET OPEB LIABILITY
June 30, 2023

	2022	2021	2020	2019	2018	2017
City's proportion of the net OPEB liability (asset)	0.085421%	0.094679%	0.104679%	0.107365%	0.099588%	0.094524%
City's proportionate share of the net OPEB liability (asset)	\$ 1,685,795	\$ 1,812,582	\$ 2,527,680	\$ 1,805,831	\$ 1,768,165	\$ 1,900,256
City's covered-employee payroll	\$ 1,942,811	\$ 2,525,422	\$ 2,840,413	\$ 2,933,564	\$ 2,588,564	\$ 2,469,141
City's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	86.77%	71.77%	88.99%	61.56%	68.31%	76.96%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
SCHEDULE OF NON-HAZARDOUS CONTRIBUTIONS TO CERS - OPEB
June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 80,593	\$ 56,039	\$ 120,210	\$ 135,204	\$ 149,123	\$ 121,663
Contributions in relation to the contractually required contribution	<u>(80,593)</u>	<u>(56,039)</u>	<u>(120,210)</u>	<u>(135,204)</u>	<u>(149,123)</u>	<u>(121,663)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,377,372	\$ 1,942,811	\$ 2,525,422	\$ 2,840,413	\$ 2,933,564	\$ 2,588,564
Contributions as a percentage of covered-employee payroll	3.39%	2.88%	4.76%	4.76%	5.08%	4.70%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE HAZARDOUS CERS NET OPEB LIABILITY
June 30, 2023

	2022	2021	2020	2019	2018	2017
City's proportion of the net OPEB liability (asset)	0.198564%	0.237368%	0.245251%	0.261660%	0.241389%	0.244415%
City's prportionate share of the net OPEB liability (asset)	\$ 1,691,340	\$ 1,919,261	\$ 2,266,378	\$ 1,935,917	\$ 1,721,006	\$ 2,020,509
City's covered-employee payroll	\$ 2,607,992	\$ 1,491,007	\$ 1,488,591	\$ 1,499,419	\$ 1,376,126	\$ 1,474,143
City's proportionate share of the net pension OPEB (asset) as a percentage of it covered-employee payroll	64.85%	128.72%	152.25%	129.11%	125.06%	137.06%
Plan fiduciary net position as a percentage of the total OPEB liability	64.13%	66.81%	58.84%	64.44%	64.24%	49.80%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLSVILLE KENTUCKY
SCHEDULE OF HAZARDOUS CONTRIBUTIONS TO CERS - OPEB
June 30, 2023

	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 108,223	\$ 227,678	\$ 141,944	\$ 141,714	\$ 156,054	\$ 128,667
Contributions in relation to the contractually required contribution	(108,223)	(227,678)	(141,944)	(141,714)	(156,054)	(128,667)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,596,211	\$ 2,607,992	\$ 1,491,007	\$ 1,488,591	\$ 1,499,419	\$ 1,376,126
Contributions as a percentage of covered-employee payroll	6.78%	8.73%	9.52%	9.52%	10.41%	9.35%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER
SCHEDULE OF THE ENTERPRISE'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY
June 30, 2023

	2022	2021	2020	2019	2018	2017
Company's proportion of the net OPEB liability (asset)	0.069287%	0.069488%	0.066120%	0.062642%	0.064557%	0.056676%
Company's proportionate share of the net OPEB liability (asset)	\$ 1,367,388	\$ 1,330,313	\$ 1,596,597	\$ 1,053,610	\$ 1,146,197	\$ 1,139,381
Company's covered-employee payroll	\$ 1,942,811	\$ 1,797,661	\$ 1,718,664	\$ 1,584,861	\$ 1,602,034	\$ 1,388,081
Company's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	70.38%	74.00%	92.90%	66.48%	71.55%	82.08%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELLSVILLE WATER AND SEWER
SCHEDULE OF CONTRIBUTIONS TO CERS - OPEB
June 30, 2023

	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 64,409	\$ 81,015	\$ 85,569	\$ 81,808	\$ 83,364	\$ 75,296
Contributions in relation to the contractually required contribution	(64,409)	(81,015)	(85,569)	(81,808)	(83,364)	(75,296)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,899,973	\$ 1,942,811	\$ 1,797,661	\$ 1,718,664	\$ 1,584,861	\$ 1,602,034
Contributions as a percentage of covered-employee payroll	3.39%	4.17%	4.76%	4.76%	5.26%	4.70%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF CAMPBELLVILLE, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – CERS OPEB
For the Year Ended June 30, 2023

NOTE 1 – ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTIONS FOR FISCAL YEAR 2023

The following actuarial methods and assumptions, for actuarially determined contributions effective for the fiscal year ending June 30, 2022 (the most current available):

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	22 years, closed
Remaining amortization period	26 years, closed
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-7.20%
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back 1 year for females)
Healthcare cost trend rates:	
Pre - 65	7.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Post - 65	5.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2021

OTHER SUPPLEMENTARY INFORMATION

CITY OF CAMPBELLSVILLE, KENTUCKY
BALANCE SHEET - SPECIAL REVENUE FUNDS
June 30, 2023

	Special Revenue	Totals- Memorandum Only June 30, 2023
Assets and resources:		
Cash and investments	\$ -	\$ -
Receivables (net of allowances)		
Other	290,744	290,744
Restricted cash	1,481,500	1,481,500
Total assets and resources	<u>\$ 1,772,244</u>	<u>\$ 1,772,244</u>
Liabilities and fund balance:		
Interfund payable	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	-	-
Fund balance		
Unassigned fund balance	<u>1,772,244</u>	<u>1,772,244</u>
Total Fund Equity	<u>1,772,244</u>	<u>1,772,244</u>
Total liabilities and fund balance	<u>\$ 1,772,244</u>	<u>\$ 1,772,244</u>

CITY OF CAMPBELLSVILLE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023

	Special Revenue	Totals - Memorandum Only June 30, 2023
Revenues:		
Intergovernmental revenues	\$ 318,086	\$ 318,086
Other income	-	-
Total revenues	<u>318,086</u>	<u>318,086</u>
Expenditures:		
General government	576,473	576,473
Public safety:		
Police	20,956	20,956
Communication	-	-
Fire/rescue	24,440	24,440
EMS	77,507	77,507
Total expenditures	<u>699,376</u>	<u>699,376</u>
Excess revenues over (under) expenditures	(381,290)	(381,290)
Other financing sources (uses)		
Transfers in	-	-
Transfers out	-	-
Total other financing sources	<u>-</u>	<u>-</u>
Excess revenues and other sources over (under) expenditures and other uses	(381,290)	(381,290)
Fund balance - beginning of year	<u>2,153,534</u>	<u>2,153,534</u>
Fund balance - end of year	<u><u>\$ 1,772,244</u></u>	<u><u>\$ 1,772,244</u></u>

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*

Honorable Mayor
City Council and City Clerk of
City of Campbellsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of City of Campbellsville, Kentucky, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Campbellsville, Kentucky's basic financial statements, and have issued our report thereon dated March 18, 2024.

Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Campbellsville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Honorable Mayor
City Council and City Clerk of
Campbellsville, Kentucky
Page 2

City of Campbellsville's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Campbellsville, Kentucky's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Campbellsville, Kentucky's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response. We also noted other matters that we reported to management of the City of Campbellsville in a separate letter dated March 18, 2024.

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.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC

Campbellsville, Kentucky

March 18, 2024

MANAGEMENT LETTER



WISE, BUCKNER, SPROWLES
& ASSOCIATES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

GREGORY S. WISE, CPA
JEFFREY G. SPROWLES, CPA
MATTHEW S. HAZEL, CPA
SHIRLEY M. BUCKNER, CPA

To the Members of the City Council and
Dennis Benningfield, Mayor of
The City of Campbellsville, Kentucky

In planning and performing our audit of the financial statements of the City of Campbellsville, Kentucky for the year ended June 30, 2023 we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated March 18, 2024, contains our report on the City's internal control. This letter does not affect our report dated March 18, 2024 on the financial statements of the City of Campbellsville, Kentucky.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and their implementation is currently being reviewed. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information and use of management, Council Members, the Governor's Office for Local Development and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Certified Public Accountant

Campbellsville, Kentucky
March 18, 2024

CITY OF CAMPBELLSVILLE, KENTUCKY
MANAGEMENT LETTER POINTS
March 18, 2024

PRIOR YEAR COMMENTS:

CAMPBELLSVILLE WATER AND SEWER:

Finding 2022-001: Management did not have in place a qualified individual(s) to record accounts payable transactions properly during fiscal year ended June 30, 2022 resulting in the inability to provide sufficient audit evidence for trade accounts payable at June 30, 2022.

Current observation: The Net position was restated due to the understatement of accounts payable at June 30, 2022. See Note 15.

CURRENT YEAR COMMENTS:

GENERAL GOVERNMENT:

None

CAMPBELLSVILLE WATER AND SEWER:

None



March 18, 2024

Honorable Mayor,
City Council and City Clerk of
City of Campbellsville, Kentucky
Campbellsville, KY

We have audited the financial statements of the governmental activities, the business-type activities of the City of Campbellsville, Kentucky for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 22, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Campbellsville, Kentucky are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City of Campbellsville, KY changed accounting policies related to Postemployment Benefit Plans Other Than OPEBs (OPEB) by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75. We noted no transactions entered into by the governmental unit during the year which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the accrued sick leave is based on expected future employee retirements. We evaluated the key factors and assumptions used to develop the accrued sick leave estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 18, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Campbellsville, Kentucky's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Combined Statement of Revenue, Expenditures, and Changes in Fund Balance – Actual and Budgeted – Governmental Fund Type, Schedule of City's Proportionate Share of the CERS Non-Hazardous Net Pension Liability, Schedule of Non-Hazardous Contributions to CERS, Schedule of City's Proportionate Share of the Hazardous Contributions to CERS, Schedule of Enterprise's Proportionate Share of the CERS Net Pension Liability, Schedule of Contributions to CERS, Notes to Required Supplementary Information – CERS, Schedule of City's Proportionate Share of the CERS Non-Hazardous Net OPEB Liability, Schedule of Non-Hazardous Contributions to CERS – OPEB, Schedule of the City's Proportionate Share of the Hazardous CERS Net OPEB Liability, Schedule of Hazardous Contributions to CERS – OPEB, Schedule of Enterprise's Proportionate Share of the CERS Net OPEB Liability, Schedule of Contributions to CERS – OPEB, Notes to Required Supplementary Information – CERS - OPEB, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the MD&A, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of City Council and management of the City of Campbellsville, Kentucky and is not intended to be, and should not be, used by anyone other than these specified parties.

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Certified Public Accountants

Campbellsville, KY
March 18, 2024