

CITY OF CAMPTON, KENTUCKY

FINANCIAL STATEMENTS AND REPORT OF AUDIT

For the Year Ended June 30, 2024

CITY OF CAMPTON
FINANCIAL STATEMENTS AND REPORT OF AUDIT
For the Year Ended June 30, 2024

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CITY OF CAMPTON
FINANCIAL STATEMENTS AND REPORT OF AUDIT
For the Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Campton
Campton, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campton, Kentucky, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Campton, Kentucky 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Campton, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Campton, 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 Campton, Kentucky's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension supplemental reporting as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

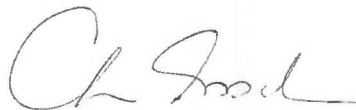
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Campton, Kentucky's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform*

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025, on our consideration of the City of Campton, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Campton, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Campton, Kentucky's internal control over financial reporting and compliance.



Chris Gooch
Certified Public Accountant

Hazard, Kentucky

September 26, 2025

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF CAMPTON

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
- Current assets -			
Cash and cash equivalents - unrestricted	\$ 487,672	\$ 200,789	\$ 688,461
Receivables:			
Customers	4,103	141,561	145,664
Prepaid insurance	-	3,892	3,892
Restricted assets:			
Cash and cash equivalents	147,242	608,042	755,284
<u>Total current assets</u>	<u>639,017</u>	<u>954,284</u>	<u>1,593,301</u>
- Noncurrent assets -			
Land, easements and right of ways	162,062	347,101	509,163
Construction in progress	594,720	1,837,906	2,432,626
Property, plant and fixtures	727,504	30,661,816	31,389,320
Less: accumulated depreciation	(436,312)	(12,736,759)	(13,173,071)
OPEB asset	-	19,343	19,343
<u>Total noncurrent assets</u>	<u>1,047,974</u>	<u>20,129,407</u>	<u>21,177,381</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows - pension/OPEB resources	-	442,462	442,462
Deferred outflows - 2020 refunding	-	47,601	47,601
<u>Total deferred outflows of resources</u>	<u>-</u>	<u>490,063</u>	<u>490,063</u>
<u>Total assets and deferred outflows of resources</u>	<u>\$ 1,686,991</u>	<u>\$ 21,573,754</u>	<u>\$ 23,260,745</u>

See notes to financial statements.

CITY OF CAMPTON

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2024

	Governmental Activities	Business-type Activities	Total
<u>LIABILITIES</u>			
- Current Liabilities -			
Accounts payable	\$ 489	\$ 52,599	\$ 53,088
Accrued liabilities	-	32,155	32,155
Accrued interest	-	52,531	52,531
Customer deposits	-	240,895	240,895
Lease liabilities	-	1,482	1,482
Loans payable - current portion	-	82,000	82,000
Revenue bonds payable - current portion	-	57,472	57,472
<u>Total current liabilities</u>	<u>489</u>	<u>519,134</u>	<u>519,623</u>
- Noncurrent Liabilities -			
Net pension	-	898,953	898,953
Compensated absences	-	19,391	19,391
Lease liability	-	752	752
Loans payable	-	545,759	545,759
Revenue bonds payable	-	1,679,850	1,679,850
<u>Total Noncurrent Liabilities</u>	<u>-</u>	<u>3,144,705</u>	<u>3,144,705</u>
<u>Total Liabilities</u>	<u>489</u>	<u>3,663,839</u>	<u>3,664,328</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows - pension/OPEB related	-	719,504	719,504
Deferred inflows - 2020 refunding	-	24,898	24,898
<u>Total Deferred Inflows of Resources</u>	<u>-</u>	<u>744,402</u>	<u>744,402</u>
<u>NET POSITION</u>			
Net investment in capital assets	1,047,974	17,742,749	18,790,723
Unrestricted (deficit)	491,286	(1,185,278)	(693,992)
Restricted	147,242	608,042	755,284
<u>Total net position</u>	<u>1,686,502</u>	<u>17,165,513</u>	<u>18,852,015</u>
<u>Total liabilities, deferred inflows of resources and net position</u>	<u>\$ 1,686,991</u>	<u>\$ 21,573,754</u>	<u>\$ 23,260,745</u>

See notes to financial statements.

6.

CITY OF CAMPTON

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

		Program Revenues		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
	<u>Expenses</u>			
FUNCTIONS/PROGRAMS:				
- Governmental Activities -				
General government	\$ 43,509	\$ -	\$ -	\$ (38,068)
Highways and streets	10,151	-	(27,272)	-
Fire protection	34,263	-	-	-
<u>Total governmental activities</u>	<u>87,923</u>	<u>-</u>	<u>(27,272)</u>	<u>(38,068)</u>
- Business-type Activities -				
Water and sewer utilities	2,219,983	(1,878,926)	-	-
<u>Total business-type activities</u>	<u>2,219,983</u>	<u>(1,878,926)</u>	<u>-</u>	<u>-</u>
<u>Total primary government</u>	<u>\$ 2,307,906</u>	<u>\$ (1,878,926)</u>	<u>\$ (27,272)</u>	<u>\$ (38,068)</u>

See notes to financial statements.

CITY OF CAMPTON

STATEMENT OF ACTIVITIES (CONTINUED)

For the Year Ended June 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- Type Activities	Total
	\$ (5,441)	\$ -	\$ (5,441)
	17,121	-	17,121
	<u>(34,263)</u>	<u>-</u>	<u>(34,263)</u>
	<u>(22,583)</u>	<u>-</u>	<u>(22,583)</u>
	-	(341,057)	(341,057)
	-	(341,057)	(341,057)
	<u>(22,583)</u>	<u>(341,057)</u>	<u>(363,640)</u>
General revenues:			
Property and general taxes	35,112	-	35,112
Licenses and permits	77,449	-	77,449
Interest income	5,232	9,395	14,627
Transfers in (out)	(62,655)	62,655	-
Miscellaneous	<u>5,839</u>	<u>-</u>	<u>5,839</u>
<u>Total general revenues</u>	<u>60,977</u>	<u>72,050</u>	<u>133,027</u>
Change in net position	38,394	(269,007)	(230,613)
Net position - beginning of year	1,648,108	16,471,807	18,119,915
Contributed capital	<u>-</u>	<u>962,713</u>	<u>962,713</u>
Net position - end of year	<u>\$ 1,686,502</u>	<u>\$ 17,165,513</u>	<u>\$ 18,852,015</u>

See notes to financial statements.

CITY OF CAMPTONBALANCE SHEET – GOVERNMENTAL FUNDSJune 30, 2024

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 487,672	\$ -	\$ 487,672
Accounts receivable	4,103	-	4,103
<u>Restricted Assets:</u>			
Cash and cash equivalents	-	147,242	147,242
<u>Total assets</u>	<u>491,775</u>	<u>147,242</u>	<u>639,017</u>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 489	\$ -	\$ 489
<u>Total liabilities</u>	<u>489</u>	<u>-</u>	<u>489</u>
<u>Fund Balance:</u>			
Unassigned	491,286	-	491,286
Restricted	-	147,242	147,242
<u>Total fund balance</u>	<u>491,286</u>	<u>147,242</u>	<u>638,528</u>
<u>Total liabilities and fund balance</u>	<u>\$ 491,775</u>	<u>\$ 147,242</u>	<u>\$ 639,017</u>

See notes to financial statements.

CITY OF CAMPTONRECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITIONJune 30, 2024

Total fund balance per fund financial statements \$ 638,528

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets

\$ 1,484,286

Less accumulated depreciation

\$ (436,312)

1,047,974

Net position for governmental activities \$ 1,686,502

See notes to financial statements.

CITY OF CAMPTONCOMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDSFor the Year Ended June 30, 2024

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>REVENUES:</u>			
Taxes:			
City tax fees	\$ 35,112	\$ -	\$ 35,112
Insurance premium	74,576	-	74,576
Licenses	2,873	-	2,873
Intergovernmental revenue	38,068	27,272	65,340
Miscellaneous	5,839	-	5,839
	<u>156,468</u>	<u>27,272</u>	<u>183,740</u>
<u>EXPENDITURES:</u>			
<u>Current:</u>			
General government	22,037	-	22,037
Fire	34,263	-	34,263
Highways and streets	-	1,664	1,664
Capital outlay	95,908	73,829	169,737
	<u>152,208</u>	<u>75,493</u>	<u>227,701</u>
Excess of revenues over (under) expenditures	<u>4,260</u>	<u>(48,221)</u>	<u>(43,961)</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in (out)	(60,268)	(2,387)	(62,655)
Interest income	3,864	1,368	5,232
	<u>(56,404)</u>	<u>(1,019)</u>	<u>(57,423)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(52,144)</u>	<u>(49,240)</u>	<u>(101,384)</u>
<u>FUND BALANCE - JULY 1</u>	<u>543,430</u>	<u>196,482</u>	<u>739,912</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 491,286</u>	<u>\$ 147,242</u>	<u>\$ 638,528</u>

See notes to financial statements.

CITY OF CAMPTONRECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIESFor the Year Ended June 30, 2024

Net change in total fund balances per fund financial statements	\$(101,384)
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Amounts reported for governmental activities in the statement of
activities differences:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets is
allocated over their estimated useful lives and reported as

Capital outlay	\$ 169,737	
Depreciation	<u>\$ (29,959)</u>	
		<u>139,778</u>

Change in net position of governmental activities	<u><u>\$ 38,394</u></u>
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See notes to financial statements.

CITY OF CAMPTONSTATEMENT OF NET POSITION – PROPRIETARY FUNDSJune 30, 2024

	<u>Water and Sewer</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS:</u>	
Cash and cash equivalents	\$ 200,789
Receivables:	
Customers	141,561
Prepaid	3,892
Restricted Assets:	
Cash and cash equivalents	<u>608,042</u>
<u>Total current assets</u>	<u>954,284</u>
<u>NONCURRENT ASSETS:</u>	
Capital Assets - Net of Accumulated Depreciation	
Construction in progress	1,837,906
Land	347,101
Vehicles and equipment	155,464
Infrastructure	17,769,593
OPEB asset	<u>19,343</u>
<u>Total noncurrent assets</u>	<u>20,129,407</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows - pension and OPEB resources	442,462
Deferred outflows - 2020 refunding	<u>47,601</u>
<u>Total deferred outflows of resources</u>	<u>490,063</u>
<u>Total assets and deferred outflows of resources</u>	<u>\$ 21,573,754</u>

See notes to financial statements.

CITY OF CAMPTONSTATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)June 30, 2024

	<u>Water and Sewer</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES:</u>	
Accounts payable - trade	\$ 52,599
Accrued liabilities	32,155
Accrued interest	52,531
Customer deposits	240,895
Lease liabilities	1,482
Loans payable	82,000
Bonds payable	<u>57,472</u>
 <u>Total current liabilities</u>	 <u>519,134</u>
 <u>NONCURRENT LIABILITIES:</u>	
Net pension liability	898,953
Compensated absences	19,391
Lease liabilities	752
Loans payable	545,759
Bonds payable	<u>1,679,850</u>
 <u>Total noncurrent liabilities</u>	 <u>3,144,705</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows - pension and OPEB resources	719,504
Deferred inflows - 2020 refunding	<u>24,898</u>
 <u>Total deferred inflows of resources</u>	 <u>744,402</u>
 <u>NET POSITION</u>	
Net investment in capital assets, net of related debt	17,742,749
Restricted	608,042
Unrestricted (deficit)	<u>(1,185,278)</u>
 <u>Total net position</u>	 <u>17,165,513</u>
 <u>Total liabilities, deferred inflows of resources and net position</u>	 <u>\$ 21,573,754</u>

See notes to financial statements.

CITY OF CAMPTONSTATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION – PROPRIETARY FUNDSFor the Year Ended June 30, 2024

	<u>Water and Sewer</u>
<u>REVENUES:</u>	
Sewer revenue	\$ 265,121
Water revenue	1,609,788
Miscellaneous revenue	<u>4,017</u>
<u>Total</u>	<u>1,878,926</u>
<u>OPERATING EXPENSES BEFORE DEPRECIATION:</u>	
Accounting and audit	19,675
Fuel	30,118
Insurance	168,609
Legal services	3,063
Miscellaneous	1,865
Office supplies	19,415
Parts and chemicals	96,185
Payroll taxes	31,663
Plant expense	72,528
Postage	14,547
Printing and advertising	1,955
Purchase of water and usage	108,606
Repairs and maintenance	128,970
Retirement benefits	(32,037)
Salaries and wages	505,422
Sales tax expense	24,751
Samples	26,934
Unemployment insurance	118
Utilities	221,827
Utility tax	<u>38,239</u>
<u>Total</u>	<u>1,482,453</u>
OPERATING INCOME BEFORE DEPRECIATION	396,473
<u>LESS - DEPRECIATION</u>	<u>682,626</u>
<u>Net operating income (loss)</u>	<u>(286,153)</u>

See notes to financial statements.

CITY OF CAMPTONSTATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION – PROPRIETARY FUNDS (Continued)For the Year Ended June 30, 2024NON-OPERATING INCOME (EXPENSES):

Interest income	9,395
Transfer (out)	62,655
Interest expense	<u>(54,904)</u>

<u>Total non-operating income (expenses)</u>	<u>17,146</u>
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<u>Net income (loss)</u>	<u>(269,007)</u>
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<u>NET POSITION - JULY 1</u>	16,471,807
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<u>Contributed capital</u>	<u>962,713</u>
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<u>NET POSITION - JUNE 30</u>	<u>\$ 17,165,513</u>
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CITY OF CAMPTONSTATEMENT OF CASH FLOWS – PROPRIETARY FUNDSFor the Year Ended June 30, 2024CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,727,258
Payments to/on behalf of employees	(492,034)
Payments to suppliers and contractors	<u>(1,217,806)</u>

<u>Net cash provided/(used) by operating activities</u>	<u>17,418</u>
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CASH FLOWS FROM CAPITALAND RELATED FINANCING ACTIVITIES:

Acquisition of capital assets - net	(955,586)
Principal paid on notes and bonds	(137,401)
Change in lease liabilities	(1,455)
Interest paid on bonds and notes	(54,904)
Transfer to general fund	62,655
Contributed capital	<u>962,713</u>

<u>Net cash provided/(used) for capital and related financing activities</u>	<u>(123,978)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on investments	<u>9,395</u>
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<u>Net cash provided/(used) by investing activities</u>	<u>9,395</u>
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<u>NET INCREASE (DECREASE) IN CASH</u>	<u>(97,165)</u>
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<u>CASH AND RESTRICTED CASH, JULY 1</u>	<u>905,996</u>
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<u>CASH AND RESTRICTED CASH, JUNE 30</u>	<u>\$ 808,831</u>
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See notes to financial statements.

CITY OF CAMPTONSTATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)For the Year Ended June 30, 2024RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating profit/(loss)	\$ (286,153)
Adjustments to reconcile operating net cash provided by operating activities	
Depreciation	682,626
(Increase) decrease in deferred outflows - pension/OPEB resources	(86,696)
(Increase) decrease in deferred outflows - 2020 refunding	1,567
Increase (decrease) in net pension/OPEB liability	(249,869)
Increase (decrease) in deferred inflows - pension/OPEB resources	145,956
Increase (decrease) in deferred inflows - 2020 refunding	(1,339)
Changes in assets and liabilities	
(Increase) decrease in accounts receivable grants	888,758
(Increase) decrease in prepaid insurance	(6)
Increase (decrease) in accounts payable	(22,041)
Increase (decrease) in accounts payable grants	(968,783)
Increase (decrease) in accrued liabilities	(13,883)
Increase (decrease) in accrued interest	(2,564)
Increase (decrease) in compensated absences	6,329
Increase (decrease) in customer deposits	(13,829)
Increase (decrease) in due to other funds	(62,655)
<u>Net cash provided (used) by operations</u>	<u>\$ 17,418</u>

(Increase) decrease in accounts receivable grants

NOTES TO FINANCIAL STATEMENTS

CITY OF CAMPTONNOTES TO FINANCIAL STATEMENTSJune 30, 2024Note A – General Statement and Summary of Significant Accounting PoliciesGeneral Statement

The City Commissioners, a five member group composed of the Mayor and four Commissioners, each having voting responsibilities, is the level of government which has oversight responsibilities over all activities related to the operations of the City of Campton, Kentucky, its infrastructure, roads, sewer and water system, etc. the City receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the City is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as Commissioners members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

Summary of Significant Accounting Policies

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

1. The Reporting Entity

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of City of Campton, Kentucky. The financial statements presented herein do not include funds of groups and organizations, which although associated with the City, have not originated with the City itself such as the Fire Department (except for monies specifically designated by ordinance to be maintained by the City of Campton, Kentucky).

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of managements, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of the criterial stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

CITY OF CAMPTONNOTES TO FINANCIAL STATEMENTS (CONTINUED)June 30, 2024Note A – General Statement and Summary of Significant Accounting Policies (Continued)2. Government-Wide and Fund Financial Statements*Government-Wide Financial Statements*

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

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

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds when applicable.

The City reports the following major funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Activities include general administration and street maintenance.

The *Proprietary Fund* is used to account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. It is specifically used to account for provision of water and sewer services. Activities of the fund include administration and maintenance of the system.

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note A – General Statement and Summary of Significant Accounting Policies (Continued)2. Government-Wide and Fund Financial Statements (continued)

The *Special Revenue Fund* accounts for local government economic assistance and road funds restricted to assisting in general operations of the City and designated for improving the City's highway infrastructure and is considered a non-major fund.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Major revenue sources susceptible to accrual include: property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

CITY OF CAMPTONNOTES TO FINANCIAL STATEMENTS (CONTINUED)June 30, 2024Note A – General Statement and Summary of Significant Accounting Policies (Continued)4. Assets, Liabilities, and Net Position or Equitya. Cash and Investments

Cash and investments are separately held and reflected in their respective funds as “cash and cash equivalents” and “investments” some of which are restricted assets.

The City reporting entity considers highly liquid investments (including restricted assets) with an original maturity of one year or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value.

b. Inventories and Prepaid Items

Supplies and materials are charged to expenditures when purchased.

Prepaid accounts record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaid accounts are similarly reported in government-wide and fund financial statements.

c. Capital Assets, Depreciation, and Amortization

The City’s property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining component unit’s financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with cost of \$10,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note A – General Statement and Summary of Significant Accounting Policies (Continued)

4. Assets, Liabilities, and Net Position or Equity (continued)

c. Capital Assets, Depreciation, and Amortization (continued)

Depreciation has been calculated on each class of depreciable property using the straight-line method, with one-half year's depreciation in the year of acquisition. Estimated useful lives are as follows:

Land improvements	10 – 40 years
Buildings and improvements	10 – 40 years
Infrastructure	10 – 20 years
Vehicles and equipment	3 – 10 years

d. Long-term Debt, Deferred Debt Expense, and Bond Discounts/Premiums

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

e. Fund Equity

Governmental Accounting Standards Board No. 54, Fund Balance Reporting and Governmental Fund Type Definitions effective for the fiscal year ended June 30, 2011 clarifies existing governmental fund type definitions and establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Classifications include *non-spendable*, examples being prepaid items and inventory, and the following spendable fund balances – *restricted* – fund balances that are constrained by external parties, constitutional provisions or enabling legislation, *committed* – fund balances that contain self-imposed constraints of the government from its highest level of decision making authority, *assigned* – fund balances that contain self-imposed constraints of the government to be used for a particular purpose and *unassigned* – fund balance of the general fund that is not constrained for any particular purpose.

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)June 30, 2024Note A – General Statement and Summary of Significant Accounting Policies (Continued)4. Assets, Liabilities, and Net Position or Equity (continued)

e. Fund Equity (continued)

The standard affects fund balance reporting only and does not affect government-wide or proprietary fund financial statements.

The following schedule reflects governmental fund balances at June 30, 2024:

Fund balances

	General	Special Revenue	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Unassigned	\$ 491,286	\$ -	\$ 491,286
Restricted	<u>-</u>	<u>147,242</u>	<u>147,242</u>
Total fund balances	<u>\$ 491,286</u>	<u>\$ 147,242</u>	<u>\$ 638,528</u>

f. Net Position

GASB 63, implemented for the year ended June 30, 2013, changed the presentation of the City's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources. Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets" consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations on its use either through the enabling legislation adopted by the City or through external restrictions imposed by the creditors, grantors or laws or regulations of other governments.

5. Sources of Revenue and Other General Information

a. Revenues

The major sources of revenue other than general fund tax and licenses and proprietary fee for services are federal and state grants, state financial assistance, local contributed cash, contributed services, and other revenues as discussed below:

CITY OF CAMPTONNOTES TO FINANCIAL STATEMENTS (CONTINUED)June 30, 2024Note A – General Statement and Summary of Significant Accounting Policies (Continued)5. Sources of Revenue and Other General Information (continued)1. Federal and State Grant Revenue

Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

2. State Financial Assistance

State financial assistance revenues are recognized upon notification of the amount of the award as the resources are collectible within the current period.

3. Local Contributed Cash

Contributions to grant programs from local governments and other participants are recognized as revenue when grant expenditures are incurred in the case of cost reimbursement grants.

4. In-Kind – Contributed Services

Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal funding on various grants. Contributed services are therefore reflected as revenue and expenditures in accordance with legal requirements of the individual grants. Contributed services are recorded as expenditures with an equivalent amount recorded as revenue. The amounts of such services are recorded in the accompanying financial statements at their estimated fair values at date of receipt.

5. Other Revenues

Other revenues are composed primarily of interest and miscellaneous charges for services. Interest income is recorded as earned since it is measurable and available. Miscellaneous charges for services are recorded as revenues when received in cash because they are generally not measurable until actually received.

CITY OF CAMPTONNOTES TO FINANCIAL STATEMENTS (CONTINUED)June 30, 2024Note A – General Statement and Summary of Significant Accounting Policies (Continued)6. Budgets and Budgetary Accounting

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

- a. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds as well as for all enterprise funds. These budgets are adopted on a basis consistent with generally accepted accounting principles.
- b. Budgetary data for capital project funds has not been presented in the accompanying combined financial statements as such funds are budgeted over the life of the respective project and not on an annual basis.
- c. The City Commissioners approves, by ordinance, total budget appropriations only and any revisions that alter the total appropriations of any fund must be approved by the City Commissioners. Therefore, the level of budgetary responsibility is by total appropriations. However, for report purposes this level has been expanded to a functional basis (general government, public safety, etc.).
- d. Unused appropriations for annually budgeted funds lapse at the end of year.
- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

7. Leave Policies

Upon retirement from the City, an employee will receive an amount equal to their accumulated unused vacation at their present rate of pay. Employees accumulate 3.33 hours of vacation per month for the first year of employment, 6.67 hours per month for the second through tenth years of employment, and 10 hours per month for the years of service greater than 10 years. As of January 8, 2002, the City adopted a policy limiting the amount of compensated absences that can be carried over. Vacation time is limited to 120 hours of carryover. Accrued compensated absences at June 30, 2024 were \$19,391. Sick leave is accumulated at the rate of 8 hours per month for all permanent employees. Sick leave carryover is capped at 288 hours per fiscal year.

8. Encumbrances

Encumbrances represent commitments related to unperformed contracts for good or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types.

Encumbrances are reported as a component of assigned, restricted or committed fund balance since they do not constitute expenditures or liabilities.

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note A – General Statement and Summary of Significant Accounting Policies (Continued)9. Property Tax Calendar

Property taxes for fiscal year 2024 were levied in September 2023, on the assessed valuation of property in Wolfe County as of the preceding January 1, the lien date. The due date and collection periods for all taxes exclusive of vehicle taxes, are as follows:

<u>Description</u>	<u>Per KRS 134.020</u>
1. Due date for payment of taxes, 1% discount	30 days from the date mailed
2. Face value amount payment date	31-60 days from the date mailed
3. Delinquent date, 20% penalty, 6% interest per annum	Beyond 61 days from the date mailed

Vehicle taxes are collected by the County Clerk of Wolfe County and are due and collected in the birth month of the vehicle licensee.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. Accounting for Pensions and Other Post-Employment Benefits (OPEB)

GASB Statements Nos. 67 and 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement 27 and GASB Statement No. 71 improves accounting and financial reporting by state and local governments for pensions and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, improves information provided by state and local governmental employers about financial support for pensions and OPEB that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions/OPEB with regard to providing decisions-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. These Statements were effective for fiscal years beginning after June 15, 2014 for pension reporting and fiscal year beginning after June 15, 2017 for OPEB, each have been implemented by the City of Campton.

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note A – General Statement and Summary of Significant Accounting Policies (Continued)12. Recently Issued Accounting Pronouncements

The City adopted the following new accounting pronouncement during the year ended June 30, 2024.

- GASB Statement No. 100—*Accounting Changes and Error Corrections*, effective for reporting periods beginning after June 15, 2023.

Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2024.

The City will adopt the following new accounting pronouncements in future years:

- GASB Statement No. 101—*Compensated Absences*, effective for fiscal years beginning after December 15, 2023.
- GASB Statement No. 102 – *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024.

Management is assessing the impact of future pronouncements on the City's financial statements.

13. Leases**Lessee**

The City has a policy to recognize a lease liability and a right-to-use asset (lease asset) in the financial statements with an initial, individual value of \$5,000 or more with a lease term greater than one year. Variable payments based on future performance or usage of the underlying assets are not included in the measurement of the lease liability.

At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note A – General Statement and Summary of Significant Accounting Policies (Continued)

13. Leases (Continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease, plus any option periods that are reasonably certain to be exercised.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right-to-use along with other capital assets and lease liabilities are reported on the statement of net position.

Lessor

When the City is a lessor for leases of buildings and land it recognizes a lease receivable and deferred inflows of resources in the financial statements. The City has a policy to recognize a lease receivable in the financial statements with an initial, individual value of \$5,000 or more with a lease term greater than one year.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note A – General Statement and Summary of Significant Accounting Policies (Continued)13. Leases (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note B – Cash and Investments

The carrying amount of the City's deposits with financial institutions was \$1,443,745 and the bank balance was \$1,474,178. Investments at June 30, 2024 consisted of certificates of deposit in local financial institutions. For purposes of the cash flow statement, cash includes cash checking and savings accounts.

Custodial credit risk is the risk that in event of bank failure the deposits may not be returned or that the City may not recover collateral securities. The City requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation coverage (FDIC). At June 30, 2024, \$300,954 was covered by FDIC, and the remainder was secured by securities held in the financial institution's name. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not retain any long-term investments. Concentrations of credit risk are the risk of loss attributed to the magnitude of the City's investments in a single issuer. All of the organization's cash is held at a local financial institution.

Foreign currency risk is the risk of changes in exchange rates affecting foreign investments. The City does not hold any foreign investments.

Note C – Inventory Items

Supplies and materials are charged to expenditures when purchased.

Note D – Payable from Restricted Assets

Certain assets of the City of Campton have been restricted for debt service, customer deposit, equipment, infrastructure and construction. The assets consist of cash and short-term investments restricted as follows:

AML Project Phase 1/ Phase 2	\$	15
CDBG Checking		183
CDBG Tank Project (Pine Ridge)		7,562
City Of Campton - Whitaker Bank		43,411
Rental Deposit Checking		261,233
South Valeria Project		7,114
SRTS Project		20
USDA RD Bond		234,047
Waste Water Plant		2,973
Water & Sewer Depreciation Fund		42,927
Water Treatment Fund #2		3,407
Wolfe Co. Com Water Ext. Project		5,150
LGEA		9,588
Road Aid		137,654
<u>Total</u>	\$	<u>755,284</u>

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note E – Fund Financial Statements Excess
Expenditures over Revenue/Deficit Balances

The following fund had excess expenditures over revenues:

Special Revenue Fund	\$ 48,221
Water and Sewer Fund	\$ 286,153

The following fund had a deficit balance at June 30, 2024:

NONE

Note F – Allowance for Uncollectible Accounts and Billing Methods

Management has elected to record bad debt expense using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debt expense. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

The City generally reads meters between the 15th and the 20th each month. The bills for the current reading go out on the first day of the following month. The unbilled receivables represent approximately 10 days at the end of June not billed until August 1.

Note G – Proprietary Funds Property, Plant and Equipment

The following is a summary of changes in the property, plant and equipment of the enterprise funds at June 30, 2024:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
<u>Capital assets not being depreciated:</u>				
Land, easement and right of way	\$ 347,101	\$ -	\$ -	\$ 347,101
Construction in progress	2,954,609	955,586	(2,072,289)	1,837,906
Total capital assets not being depreciated	3,301,710	955,586	(2,072,289)	2,185,007
<u>Capital assets being depreciated:</u>				
Utility plant and lines	28,133,703	2,072,289	-	30,205,992
Right-to-use lease-equipment	7,219	-	-	7,219
Vehicles and equipment	448,605	-	-	448,605
Total capital assets being depreciated	28,589,527	2,072,289	-	30,661,816
<u>Less accumulated depreciation for:</u>				
Utility plant and lines	(11,769,492)	(666,907)	-	(12,436,399)
Right-to-use lease-equipment	(3,875)	(1,601)	-	(5,476)
Vehicles and equipment	(280,766)	(14,118)	-	(294,884)
Total accumulated depreciation	(12,054,133)	(682,626)	-	(12,736,759)
<u>Total capital assets being depreciated, net:</u>	<u>16,535,394</u>	<u>1,389,663</u>	<u>-</u>	<u>17,925,057</u>
<u>Total proprietary fund fixed assets</u>	<u>\$ 19,837,104</u>	<u>\$ 2,345,249</u>	<u>\$ (2,072,289)</u>	<u>\$ 20,110,064</u>

Depreciation was charged to business-type activities as follows:

Water and sewer utility	<u>\$ 682,626</u>
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CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note H – Governmental Fixed Assets

The following is a summary of governmental fixed assets and related depreciation:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
<u>Capital assets not being depreciated:</u>				
Land	\$ 162,062	\$ -	\$ -	\$ 162,062
Construction in progress	556,652	38,068	-	594,720
Total capital assets not being depreciated	718,714	38,068	-	756,782
<u>Capital assets being depreciated:</u>				
Land improvements	89,124	-	-	89,124
Buildings and improvements	86,709	-	-	86,709
Equipment	98,337	104,584	-	202,921
Infrastructure	321,665	27,085	-	348,750
Total capital assets being depreciated	595,835	131,669	-	727,504
<u>Less accumulated depreciation for:</u>				
Land improvements	(52,623)	(3,544)	-	(56,167)
Buildings and improvements	(39,953)	(2,168)	-	(42,121)
Equipment	(98,829)	(1,621)	-	(100,450)
Infrastructure	(214,948)	(22,626)	-	(237,574)
Total accumulated depreciation	(406,353)	(29,959)	-	(436,312)
<u>Total capital assets being depreciated, net:</u>	<u>189,482</u>	<u>101,710</u>	<u>-</u>	<u>291,192</u>
<u>Total governmental fund fixed assets</u>	<u>\$ 908,196</u>	<u>\$ 139,778</u>	<u>\$ -</u>	<u>\$ 1,047,974</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 21,472
Roads and infrastructure	8,487
Total	<u>\$ 29,959</u>

Note I – Long Term Debt/Demand Notes

The following is a summary of Notes Payable and Revenue Bonds transactions of the City of Campton for the year ended June 30, 2024:

Proprietary-Type Activities:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
General obligation bonds	\$ 1,842,350	\$ -	\$ (80,500)	\$ 1,761,850	\$ 82,000
Notes from direct borrowing	660,132	-	(56,901)	603,231	57,472
	<u>\$ 2,502,482</u>	<u>\$ -</u>	<u>\$ (137,401)</u>	<u>\$ 2,365,081</u>	<u>\$ 139,472</u>

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note I – Long Term Debt/Demand Notes (continued)

The City's outstanding notes from direct borrowing related to governmental activities contains provision that in the event of default, outstanding balances become immediately due, with possible loss of land, interest rate increases and accrued fees.

The City's outstanding notes from direct borrowing related to proprietary-type activities contains provision that in the event of default, outstanding balances become immediately due, with possible loss of equipment, interest rate increases and accrued fees. If the City defaults on the proprietary-type activities related to the Revenue Bonds, the lenders may assign a receiver to administer on behalf of the City to charge and collect rates sufficient to provide for payment of operating and maintenance expenses and for the payment of principal and interest on the outstanding balances.

Principal and interest requirements to retire the City's long-term obligations are as follows:

Proprietary-type activities			
Bonds		Notes from direct borrowing	
Principal	Interest	Principal	Interest
\$ 82,000	\$ 46,728	\$ 57,472	\$ 5,803
83,500	44,691	58,048	5,226
87,750	42,627	58,631	4,644
91,500	40,424	59,220	4,054
84,500	38,160	59,815	3,460
446,250	157,362	264,372	8,606
450,000	94,086	45,673	246
275,083	37,411	-	-
161,267	9,506	-	-
<u>\$ 1,761,850</u>	<u>\$ 510,995</u>	<u>\$ 603,231</u>	<u>\$ 32,039</u>

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay the above revenue bonds. Proceeds from the bonds were used for rehabilitation or expansion of the City's water and sewer systems and various infrastructure projects.

Business Type Activities

BONDS

6/30/2024

Bonds payable at June 30, 2024 consists of the following:

Balance

\$593,000 Water and Sewer Revenue Bonds of 1999, maturing through January 2039 in accordance with original amortization schedule, with interest at 3.25%, collateralized by the revenues of the Combined Water and Sewer System

\$ 352,000

\$892,000 Water and Sewer Revenue Bonds of 2011, maturing through January 2049 in accordance with original amortization schedule, with interest at 2.25%, collateralized by the revenues of the Combined Water and Sewer System

667,767

In May 2020 the City issued \$925,000 in Water and Sewer Revenue Bonds, maturing through January 2024 in accordance with original amortization schedule, with interest at 4.52%, collateralized by the revenues of the Combined Water and Sewer System. These refunding were issued to defease bonds issued in 1989, 1995, 2003 and 2004.

742,083

Totals \$ 1,761,850

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note I – Long Term Debt/Demand Notes (continued)Compliance with Bond Ordinances

The bond ordinances contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds and minimum revenue bond coverages. Funds held in the various reserves at June 30, 2024 required by the revenue bond ordinances are reported in the accompanying financial statements as restricted cash.

Note J – Contingent Liabilities

The City's management has stated, as of audit date, litigation pending against the City of Campton is estimated to be within the scope of its insurance coverage limitations.

Note K – Lease Liabilities

Proprietary-Type Activities

On January 2021, the City entered into a lease agreement for office equipment with American Business Systems. The lease calls for monthly payments of \$126 over a period of 60 months. The balance of the lease liability as of June 30, 2024 totaled \$2,234.

A summary of changes in lease liabilities for the proprietary activities for the year ended June 30, 2024 is as follows:

	<u>Rate</u>	<u>Due</u>	<u>Collateral</u>	<u>Balance</u> <u>7/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2024</u>	<u>Current</u>
<u>Proprietary Fund</u>								
American Business System	1.90%	Monthly	Equipment	\$ 3,689	\$ -	\$ (1,455)	\$ 2,234	\$ 1,482

Annual requirements to maturity for all proprietary long-term lease obligation are as follows:

Proprietary Fund

<u>Year</u> <u>ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Payment</u>
2025	\$ 1,482	\$ 30	\$ 1,512
2026	<u>752</u>	<u>4</u>	<u>756</u>
	\$ 2,234	\$ 34	\$ 2,268

CITY OF CAMPTON

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note L – Interfund – Transfers

Interfund transfers and receipts for the year ended June 30, 2024 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 60,268
Utilities Fund	62,655	-
Special Revenue Fund	-	2,387
Totals	<u>\$ 62,655</u>	<u>\$ 62,655</u>

Note M – Pension Plans

Plan Description: Substantially all full-time employees of the City participate in the County Employees Retirement System (CERS). CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous and hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling (800) 928-4646 or at <https://kyret.ky.gov>.

Benefits Provided - Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions - Funding for the plan is provided through payroll withholdings of 5.00% except for new hires on or after September 1, 2008 with payroll withholding of 6.00% and a City contribution of 23.34% of the employee's total compensation subject to contributions.

At June 30, 2024, the City reported the following for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used was based on an actuarial valuation as of June 30, 2023. At June 30, 2023 the City's proportion of the net pension liability based on contributions to CERS during fiscal year ended June 30, 2023 was .014010% for nonhazardous employees.

City's proportionate share of the net	
CERS nonhazardous pension liability	<u>\$ 898,953</u>

CITY OF CAMPTON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE M – Pension Plans (continued)

For the year ended June 30, 2024, the City's government-wide financial statements reported CERS pension expense of \$(34,024) for nonhazardous employees. For the year ended June 30, 2024 the City recognized deferred outflows of resources in the amount of \$320,525 and deferred inflows of resources in the amount of \$310,731 were recognized for the year ended.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,537	\$ 2,443
Changes of assumptions	-	82,390
Net difference between projected and actual earnings on pension plan investments	97,112	109,375
Changes in proportion and differences between City contributions and proportionate share of contributions	78,337	116,523
City contributions subsequent to the measurement date	98,539	-
Total	\$ 320,525	\$ 310,731

The City previously reported deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments. This will be recognized as pension expense as follows:

Year	Total
2024	\$ (102,416)
2025	2,307
2026	20,068
2027	(8,704)
2028	-
Thereafter	-
Total	\$ (88,745)

Actuarial Methods and Assumptions - The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2023, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

- Actuarial Valuation date – June 30, 2021
- Actuarial Cost method – Entry Age Normal
- Asset Valuation method – 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized

CITY OF CAMPTON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE M – Pension Plans (continued)

- Amortization Method – Level percentage of pay
- Amortization Period – 30 years, closed
- Payroll growth rate – 2%
- Investment return – 6.25%
- Inflation – 2.30%
- Salary increases, 3.30% to 10.30%, varies by service for non-hazardous; 3.55% to 19.05%, varies by service for hazardous
- 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 target asset allocation and best estimates of arithmetic real rate of return for each major asset class, as provided by CERS's investment consultant, are summarized as follows:

<u>Asset Class</u>	<u>Non-hazardous & Hazardous</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Nominal Return</u>
Growth	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%

Discount Rate – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.50%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Deferred inflows and outflows and pension expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability is based on the June 30, 2023 actuarial valuations. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a five year period

CITY OF CAMPTON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

NOTE M – Pension Plans (continued)

The following presents the City's proportionate share of net pension liability calculated using the discount rate of 6.50% as well as the City's share if calculated using a rate 1% higher and 1% lower:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's proportionate share of net nonhazardous pension liability	\$ 1,134,982	\$ 898,953	\$ 702,804

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

The payable to the pension plan by the City at June 30, 2024 was \$10,367.

Note N – OPEB Plans**General Information about the OPEB Plan**

Plan description – Substantially all full-time employees of the City are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple-employer defined benefit OPEB plan. CERS was created by the Kentucky General Assembly pursuant to the provisions of Kentucky Revised Statute 78.520.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601 or by calling (800)928-4646 or at <https://kyret.ky.gov>.

The State reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the KRS Insurance Fund. The following information is about the KRS plans:

Medical Insurance Plan

Plan description – In addition to the OPEB benefits described above, KRS provides post-employment healthcare benefits to eligible members and dependents. The KRS Insurance benefit is a cost-sharing multiple employer defined benefit plan.

Benefits provided – Benefits under the plan will vary based on years of service and other factors as fully described in the plan documents.

CITY OF CAMPTON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note N – OPEB Plans (continued)

Contributions – In order to fund the post-retirement healthcare benefit, participants hired on or after September 1, 2008 contribute 1% of total compensation subject to contribution for non-hazardous and hazardous duty positions. Also, the premiums collected from retirees as described in the plan documents and investment interest help meet the medical expenses of the plan.

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

At June 30, 2024, the City of Campton reported an asset of \$19,343 for its proportionate share of the collective net CERS non-hazardous OPEB asset. The collective net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the collective net OPEB asset was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the City's proportion was .014010% for non-hazardous employees. The previous year proportion was .012272%.

The amount recognized by the City as its proportionate share of the OPEB asset was as follows:

CERS OPEB

City's proportionate share of the net OPEB asset	<u>\$ 19,343</u>
--	------------------

For the year ended June 30, 2024, the City recognized OPEB expense of \$(50,873). At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,485	\$ 274,653
Changes of assumptions	38,066	26,528
Net difference between projected and actual earnings on OPEB plan investments	36,200	40,689
Changes in proportion and differences between City contributions and proportionate share of contributions	34,186	66,903
City contributions subsequent to the measurement date	-	-
Total	<u>\$ 121,937</u>	<u>\$ 408,773</u>

CITY OF CAMPTON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note N – OPEB Plans (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's OPEB expense as follows:

Year	Total
2024	\$ (74,726)
2025	(94,373)
2026	(71,007)
2027	(46,730)
2028	-
Thereafter	-
Total	<u>\$ (286,836)</u>

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

- Valuation date – June 30, 2021
- Actuarial Cost method – Entry Age Normal
- Asset Valuation method – 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
- Amortization Method – Level percentage of pay
- Amortization Period – 30 years, closed period at June 30, 2019
- Payroll growth rate – 2%
- Investment return – 6.25%
- Inflation – 2.30%
- Salary increases, 3.30% to 10.30%, varies by service for non-hazardous; 3.55% to 19.05%, varies by service for hazardous
- 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.
- Healthcare cost trend rates

Under 65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Ages 65 and Older	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method 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 by weighting the expected future real rates of return by the target asset allocation percentage.

CITY OF CAMPTON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note N – OPEB Plans (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by KRS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Non-hazardous & Hazardous</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Nominal Return</u>
Growth	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%

Discount rate - The discount rate used to measure the total OPEB asset was 5.93% for non-hazardous personnel. 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 asset.

The following table presents the City's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.93% for non-hazardous personnel, as well as what the City's proportionate share of the collective net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower, 4.93% for non-hazardous personnel, or 1-percentage-point higher, 6.93% for non-hazardous personnel than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount rate	<u>4.93%</u>	<u>5.93%</u>	<u>6.93%</u>
City's proportionate share of net OPEB (asset)/liability	\$ 36,300	\$ (19,343)	\$ (65,937)

CITY OF CAMPTON

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2024

Note N – OPEB Plans (continued)

Sensitivity of the City's proportionate share of the collective net OPEB asset to changes in the healthcare cost trend rates – The following presents the City's proportionate share of the collective net OPEB asset, as well as what the City's proportionate share of the collective net OPEB asset 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:

Health Care Trend Rate	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
City's proportionate share of net OPEB (asset)/liability	\$ (61,998)	\$ (19,343)	\$ 33,055

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KRS financial report.

Note O – Grant Programs

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Note P – Insurance and Related Activities

The City is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas are covered through the purchase of commercial insurance. The City has purchased certain policies which are retrospectively rated, which includes worker's compensation insurance.

Note Q – Concentrations

The City's enterprise operations are concentrated in the Wolfe County area. The city's governmental operations are dependent on a sustaining tax base and assistance from local, state and federal authorities.

SUPPLEMENTARY INFORMATION

CITY OF CAMPTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2024

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES:</u>			
Taxes	\$ 109,552	\$ 35,112	\$ (74,440)
Licenses and permits	2,750	77,449	74,699
Other	-	43,907	43,907
<u>Total revenues</u>	<u>112,302</u>	<u>156,468</u>	<u>44,166</u>
<u>EXPENDITURES:</u>			
<u>Current:</u>			
General government	61,202	22,037	39,165
Fire protection	44,000	34,263	9,737
Capital outlay	9,600	95,908	(86,308)
Debt service	-	-	-
<u>Total expenditures</u>	<u>114,802</u>	<u>152,208</u>	<u>(37,406)</u>
Excess of revenue over (under) expenditures	<u>(2,500)</u>	<u>4,260</u>	<u>6,760</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in (out)	-	(60,268)	(60,268)
Interest income	2,500	3,864	1,364
<u>Total other financing sources (uses)</u>	<u>2,500</u>	<u>(56,404)</u>	<u>(58,904)</u>
Excess of revenues over (under) expenditures and other sources (uses)	-	(52,144)	(52,144)
<u>FUND BALANCE - JULY 1</u>	<u>-</u>	<u>543,430</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ -</u>	<u>\$ 491,286</u>	<u>\$ -</u>

See notes to financial statements and independent auditor's report.

CITY OF CAMPTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2024

	Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES:</u>			
Intergovernmental revenues	\$ 20,000	\$ 27,272	\$ 7,272
<u>Total revenues</u>	<u>20,000</u>	<u>27,272</u>	<u>7,272</u>
<u>EXPENDITURES:</u>			
Highway and streets	22,000	1,664	20,336
Capital outlay	-	73,829	(73,829)
<u>Total expenditures</u>	<u>22,000</u>	<u>75,493</u>	<u>(53,493)</u>
Excess of revenue over (under) expenditures	(2,000)	(48,221)	(46,221)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating transfers in (out)	-	(2,387)	(2,387)
Interest income	2,000	1,368	(632)
<u>Total other financing sources (uses)</u>	<u>2,000</u>	<u>(1,019)</u>	<u>(632)</u>
Excess of revenues over (under) expenditures and other sources (uses)	-	(49,240)	(49,240)
<u>FUND BALANCE - JULY 1</u>	<u>-</u>	<u>196,482</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ -</u>	<u>\$ 147,242</u>	<u>\$ -</u>

See notes to financial statements and independent auditor's report.

CITY OF CAMPTONSCHEDULES OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
AND SCHEDULES OF EMPLOYER CONTRIBUTIONSFor the Year Ended June 30, 2024

	Employer's Proportionate Share of Net Pension Liability									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>
	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>
Employer's proportion of the net pension liability	0.014010%	0.012274%	0.017564%	0.017849%	0.015943%	0.016310%	0.017335%	0.015440%	0.014712%	0.014968%
Employer's proportionate share of the net pension liability	898,953	887,289	1,119,843	1,369,004	1,121,278	993,329	1,014,671	760,020	477,000	643,541
Employer's covered employee payroll	422,190	403,449	336,666	382,807	382,807	374,347	371,165	377,914	337,105	342,863
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	213%	220%	333%	358%	293%	265%	273%	201%	141%	188%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	52.40%	55.50%	60.00%	66.80%
	Employer's Contributions									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>	<u>CERS</u>
	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>	<u>Nonhazardous</u>
Contractually required contribution	95,164	77,318	86,583	80,872	65,231	58,534	58,878	45,376	63,757	62,118
Contributions in relation to the contractually required contribution	95,164	77,318	86,583	80,872	65,231	58,534	58,878	43,855	63,795	44,525
Contribution deficiency (excess)	-	-	-	-	-	-	-	1,521	(38)	17,593
City's covered employee payroll	422,190	403,449	336,666	382,807	382,807	374,347	371,165	377,914	337,105	342,863
Contributions as a percentage of covered employee payroll	22.54%	19.16%	25.72%	21.13%	17.04%	15.64%	15.86%	12.01%	18.91%	18.12%

See notes to financial statements and independent auditor's report.

CITY OF CAMPTON

SCHEDULES OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
AND SCHEDULES OF EMPLOYER CONTRIBUTIONS

For the Year Ended June 30, 2024

	Employer's Proportionate Share of Net OPEB Liability - Medical Insurance Fund						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	CERS	CERS	CERS	CERS	CERS	CERS	CERS
	<u>Non-hazardous</u>	<u>Non-hazardous</u>	<u>Non-hazardous</u>	<u>Non-hazardous</u>	<u>Non-hazardous</u>	<u>Non-hazardous</u>	<u>Non-hazardous</u>
Employer's proportion of the net OPEB (asset)/liability	0.014010%	0.012272%	0.017559%	0.017844%	0.015939%	0.016309%	0.0173%
Employer's proportionate share of the net OPEB (asset)/liability	(19,343)	242,190	336,158	430,878	268,087	289,563	348,493
Employer's covered employee payroll	422,190	403,449	336,666	382,807	382,807	374,347	371,165
Employer's proportionate share of the net OPEB (asset)/liability as a percentage of its covered employee payroll	-5%	60%	100%	113%	70%	77%	94%
Plan fiduciary net position as a percentage of the total OPEB (asset)/liability	104.23%	60.95%	62.91%	51.67%	55.50%	57.62%	59.00%

Employer's Contributions

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	CERS	CERS	CERS	CERS	CERS	CERS	CERS
	<u>Non-hazardous</u>	<u>Non-hazardous</u>	<u>Non-hazardous</u>	<u>Non-hazardous</u>	<u>Non-hazardous</u>	<u>Non-hazardous</u>	<u>Non-hazardous</u>
Contractually required contribution	-	21,988	21,354	19,946	21,154	18,999	22,151
Contributions in relation to the contractually required contribution	-	21,988	21,354	19,946	21,154	18,999	22,151
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered employee payroll	422,190	403,449	336,666	382,807	382,807	374,347	371,165
Contributions as a percentage of covered employee payroll	0.00%	5.45%	6.34%	5.21%	5.53%	5.08%	5.97%

Until a full 10-year trend is compiled, the City will present information for years available. Ultimately, ten year of data will be presented.

See notes to financial statements and independent auditor's report.

Chris Gooch

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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 and City Commissioners
City of Campton
Campton, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Campton, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Campton, Kentucky's basic financial statements, and have issued our report thereon dated September 26, 2025

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Campton, 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 the City of Campton, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Campton, 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-01 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

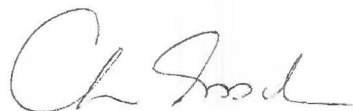
As part of obtaining reasonable assurance about whether City of Campton, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Campton, Kentucky's Response to Findings

City of Campton, Kentucky's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Campton, Kentucky's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Chris Gooch
Certified Public Accountant

Hazard, Kentucky

September 26, 2025

CITY OF CAMPTONSUMMARY SCHEDULE OF PRIOR AUDIT FINDINGSJune 30, 2024- FINDINGS RELATED TO THE FINANCIAL STATEMENTS -**2023-001 Financial Statement Presentation to the City's Legislative Body**

Condition:	Based on inquiry and examination of minutes of the governing body, we noted the following were presented at monthly meetings – bank statements, cancelled checks, listing of vendor bills by fund and utility leak reports. However, no evidence was noted budgetary comparison to actual financial statements were presented.
Criteria:	KRS 91A.030 require at quarterly budgetary comparisons of each governmental fund for which an annual budget has been adopted be submitted at least quarterly.
Effect:	Without budget to actual comparison data, the legislative body may not be able to accurately assess present and future financial decisions affecting the City.
Cause:	The City legislative body is not receiving budget to actual comparisons per fund at least on a quarterly basis.
Recommendation:	City management should assure budget to actual comparison data is presented at least on a quarterly basis.
The City's Response:	Management will begin providing budget to actual comparison statements to the City's legislative body.

CITY OF CAMPTONSCHEDULE OF FINDINGS AND QUESTIONED COSTSJune 30, 2024- SUMMARY OF AUDIT RESULTS -

1. We have issued an unmodified opinion on the financial statements.
2. A significant deficiency was disclosed by the audit of the financial statements.
3. No material noncompliance was disclosed in our audit of the financial statements.
4. No material weakness or significant deficiency not identified as a material weakness was disclosed by the audit in internal control over major programs.
5. We have issued an unmodified opinion on compliance for its major program.
6. The audit did not disclose any audit findings which we are required to report under Section 200.516 of Title 2 U.S. Code of Federal Regulations Part 200.
7. City of Campton had the following major programs:

Appalachian Regional Commission
Appalachian Regional Development
- Campton Tank Replacement—AL Number #23.002
8. The dollar threshold to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee under Section 200.520 of Title 2 U.S. Code of Federal Regulations Part 200.

CITY OF CAMPTONSCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)June 30, 2024- FINDINGS RELATED TO THE FINANCIAL STATEMENTS -**2024-001 Financial Statement Presentation to the City's Legislative Body**

Condition:	Based on inquiry and examination of minutes of the governing body, we noted the following were presented at monthly meetings – bank statements, cancelled checks, listing of vendor bills by fund and utility leak reports. However, no evidence was noted budgetary comparison to actual financial statements were presented.
Criteria:	KRS 91A.030 require at quarterly budgetary comparisons of each governmental fund for which an annual budget has been adopted be submitted at least quarterly.
Effect:	Without budget to actual comparison data, the legislative body may not be able to accurately assess present and future financial decisions affecting the City.
Cause:	The City legislative body is not receiving budget to actual comparisons per fund at least on a quarterly basis.
Recommendation:	City management should assure budget to actual comparison data is presented at least on a quarterly basis.
The City's Response:	Management will begin providing budget to actual comparison statements to the City's legislative body.

CITY OF CAMPTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	SUBRECIPIENT AMOUNT	PROGRAM AWARDS EXPENDED
Appalachian Regional Commission:				
- Direct -				
Appalachian Regional Development	23.002	N/A	N/A	955,585
<u>Total Appalachian Regional Commission</u>				<u>955,585</u>
U.S. Department of Homeland Security:				
-Passed through Kentucky Emergency Management				
Disaster Grants - Public Assistance	97.036	FEMA-4663-DR-KY	N/A	14,094
<u>Total U.S. Department of Homeland Security</u>				<u>14,094</u>
U.S. Department of Transportation:				
-Passed through Kentucky Transportation Cabinet				
State and Community Highway Safety	20.205	P02-628-15*2163	N/A	38,068
<u>Total U.S. Department of Transportation</u>				<u>38,068</u>
<u>Total Federal Awards Expended</u>				<u>\$ 1,007,747</u>

Note 1—Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of City of Campton, under programs of the federal government for the year ended June 30, 2024 in accordance with the requirements of Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Campton, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Campton.

Note 2—Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. City of Campton has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

*Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

See independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE

To the Honorable Mayor and City Commissioners
City of Campton, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Campton, Kentucky's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Campton, Kentucky's major federal programs for the year ended June 30, 2024. City of Campton, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Campton, Kentucky complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Campton, Kentucky and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Campton, Kentucky's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Campton, Kentucky's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Campton, Kentucky's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Campton, Kentucky's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Campton, Kentucky's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Campton, Kentucky's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Campton, Kentucky's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

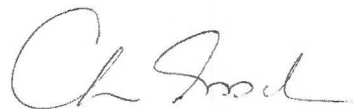
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Chris Gooch", with a stylized flourish at the end.

Chris Gooch
Certified Public Accountant

Hazard, Kentucky

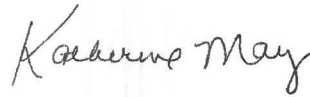
September 26, 2025

APPENDIX A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
CITY OF CAMPTON

For the Year Ended June 30, 2024

The City of Campton hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by applicable Kentucky Revised Statutes.

A handwritten signature in cursive script that reads "Katherine May". The signature is written in dark ink and is positioned above a horizontal line.

Katherine May