

CITY OF CORBIN, KENTUCKY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

**CITY OF CORBIN, KENTUCKY
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**CITY OF CORBIN
805 S MAIN STREET
CORBIN, KENTUCKY
(606) 523-0669**

CITY OFFICIALS AND OFFICERS

MAYOR

Suzie Razmus

MEMBERS OF COUNCIL

Commissioner Allison Moore
Commissioner Brandon Shepherd
Commissioner John Baker
Commissioner James Gambrel

OFFICERS

Tori Brock
City Clerk

Bob Hammons
City Attorney

Scott Williamson
City Manager

Skye Hedrick
City Treasurer

Rusty Hedrick
Chief of Police

Barry McDonald
Fire Chief

Jeff Nantz
Public Works Director

SK LEE CPAS, P.S.C.
Certified Public Accountants

208 Pauline Drive, Suite D
Berea, Kentucky 40403
(859) 986-3756
(859) 986-0103

Member of American Institute of CPA's

Member of Kentucky Society of CPA's

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Corbin
Corbin, Kentucky 41011

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the financial statements referred to the Governmental Activities, the General Fund with a blended component unit, the Arena Funds, and the Alcohol Beverage Fund, 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, 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.

We did not audit the financial statements of the City Utility Commission or the Corbin Tourism and Convention Commission, which represent 100 percent of the assets, net position, revenues, and cash flows of the governmental and business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the governmental and business-type activities, is based solely on the report of the other auditors.

Basis for Opinion

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

Matter Giving Rise to Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Corbin Public Library (a component unit of the City of Corbin, Kentucky) have not been audited, and we were not engaged to audit the component unit's financial statements as part of our audit of the City of Corbin, Kentucky's basic financial statements. The Library's financial activities are not included in the City of Corbin, Kentucky's basic financial statements as a part of the aggregate discretely presented component unit and represent due to state regulations requiring presentation only every four years. After six months they cannot be presented as part of the basic financial statements. Based on the 2024 financial statement, the Library represents approximately 2 percent and net position 1 percent of revenues of the City of Corbin, Kentucky's aggregate discretely presented component units.

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'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison General Fund and the Pension and OPEB schedules and related notes, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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'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 the City's internal control over financial reporting and compliance.

SK LEE CPAs, P.S.C.

Berea, Kentucky
March 22, 2025

City of Corbin
Corbin, KY
Management's Discussion and Analysis
June 30, 2024

As management of the City of Corbin (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements and notes. The following information is related to the City's primary government and blended component unit only and does not include information concerning aggregately discreetly presented components.

Financial Highlights

The City's ending cash balance was \$6,295,749, consisting of \$489,316 in restricted cash with the balance unrestricted. This balance is exclusive to the pension trust fund.

The City's government wide combined net position increased by \$3,972,213 in FY 2024 compared to the prior year.

The general fund had approximately \$12,190,218 in revenue, which primarily consisted of tax revenue, fees for services, regulatory fees, and intergovernmental revenue. There was an overall increase in the general fund balance of approximately \$920,620 relative to the prior year. The Corbin Arena fund indicated an overall revenue decrease of \$263,850, due to a decrease in service revenue. The total overall increase of governmental funds was \$1,911,909 between 2023 and 2024. The increase appears to be due to the increases in general revenues.

The City's total long-term liabilities decreased approximately \$2,875,950 relative to 2023 primarily due to the fluctuation of current year pension and OPEB expense and some nominal additional borrowing. The ending long-term debt balance was \$25,977,071 including the net pension, OPEB liabilities and accrued absences.

Cities participating in a defined benefit plan are subject to GASB 68 in which they are required to report an allocated share of net unfunded pension liability. Deferred outflows of resources represent a consumption of net position which are applicable to a future reporting period and have a positive effect on net position, like assets. Deferred inflows of resources are an acquisition of net assets which are applicable to a future reporting period and have a negative effect on net position, like liabilities.

Overview of the Financial Statements

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements, and the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The financial statements report information using accounting methods like those used by private sector companies. These statements offer short-term and long-term financial information about the City's activities. The Statement of Net Position includes assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for evaluating capital structure to include assessing liquidity and financial flexibility.

The government-wide financial statements are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

The government-wide financial statements outline functions of the City that are primarily supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, arena, police department, fire department, fire protection, public works, recycling, building inspection, parks and recreation, main street, and special projects. Fixed asset acquisition and related debt are also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found as indicated in the table of contents.

The fund financial statements is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds are trust funds established by benefactors to provide benefits for employees, and the City has one which is the Police and Firemen's Pension Fund. The City has no Proprietary funds, but the City utilities is a proprietary component unit. All other activities of the City are included in the governmental funds.

The basic governmental fund financial statements can be found as indicated in the table of contents.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found as indicated in the table of contents.

Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, governmental assets exceeded liabilities by approximately \$19,383,370. The largest portion of the City's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City used these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities. The City's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Position June 30,

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$ 7,807,604	\$ 7,084,502	\$ 723,102	10.21%
Noncurrent Assets, Net	38,807,117	38,451,255	355,862	0.93%
Total Assets	\$ 46,614,721	\$ 45,535,757	\$ 1,078,964	2.37%
Deferred Outflow of Resources	\$ 2,680,084	\$ 3,779,256	\$ (1,099,172)	-29.08%
Current Liabilities	3,934,364	5,050,835	(1,116,471)	-22.10%
Noncurrent Liabilities	20,382,661	27,039,157	(6,656,496)	-24.62%
Total Liabilities	\$ 24,317,025	\$ 32,089,992	\$ (7,772,967)	-24.22%
Deferred Inflow of Resources	\$ 5,594,410	\$ 1,813,864	\$ 3,780,546	208.42%
Net Position:				
Investment in Capital Assets	29,890,141	29,255,691	634,450	2.17%
Restricted	489,316	1,048,235	(558,919)	-53.32%
Unrestricted Net Position	(10,996,087)	(14,892,769)	3,896,682	-26.16%
Total Net Position	\$ 19,383,370	\$ 15,411,157	\$ 3,972,213	25.77%

Net Position

Total assets increased due to purchases of capital assets. Total liabilities increased due to accrued pension and OPEB liabilities.

Total liabilities consist of current and noncurrent payables. Current liabilities are current debts that are owed and due within 12 months. It is expected that current liabilities will consume current financial resources to satisfy debt. Noncurrent liabilities are debts that are owed but not due within 12 months. It is not expected that these liabilities will consume current financial resources to satisfy the debt.

Total Net Position

As of June 30, 2024, the City had \$19,383,370 invested in total net position. The City has a deficit of \$10,996,087 of unrestricted net position. The remainder of \$29,890,141 represents the investment in capital assets of land, buildings, furnishings, leasehold improvements, equipment, and construction in progress, and \$489,316 in restricted net position.

Changes in Net Position

Total revenue increased due to capital grant projects in progress in 2023 compared to 2024. Total operating expenses decreased due to routine maintenance (contract costs, materials, labor, employee benefit contributions) and administrative expenses (salaries, employee benefit contributions, travel). The net effect was an increase in changes in net position.

Changes in Net Position				
For the Year Ended June 30,				
	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Tax Revenue	\$ 8,184,512	\$ 8,159,714	\$ 24,798	0.30%
Licenses, permits, and other taxes	977,923	1,350,189	(372,266)	-27.57%
Fees for Services	5,419,181	4,330,029	1,089,152	25.15%
Intergovernmental	722,006	2,897,128	(2,175,122)	-75.08%
Other Income	4,890,676	1,545,329	3,345,347	216.48%
Total Revenue	<u>20,194,298</u>	<u>18,282,389</u>	<u>1,911,909</u>	<u>10.46%</u>
Expenses:				
General government	1,715,679	1,707,863	7,816	0.46%
Police department	2,438,403	2,453,178	(14,775)	-0.60%
Fire department	1,821,989	1,808,080	13,909	0.77%
Public works	2,455,046	2,674,972	(219,926)	-8.22%
Recycling center	449,280	587,344	(138,064)	-23.51%
Building inspection	137,884	223,944	(86,060)	-38.43%
Parks and recreation	1,269,923	1,126,445	143,478	12.74%
Special projects	303,710	310,378	(6,668)	-2.15%
Downtown main street	135,664	113,006	22,658	20.05%
Arena	5,494,507	4,809,158	685,349	14.25%
Total Operating Expenses	<u>16,222,085</u>	<u>15,814,368</u>	<u>407,717</u>	<u>2.58%</u>
Increase in Net Position	<u><u>\$ 3,972,213</u></u>	<u><u>\$ 2,468,021</u></u>	<u><u>\$ 1,504,192</u></u>	<u><u>60.95%</u></u>

Debt

The City's debt decreased by \$503,508. Further information is reported in the notes to the accompanying financial statements.

Budgetary Implications

The City's fiscal year is July 1 – June 30; the other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the City's overall budget. Significant events that may impact the finances include expected state budget deficits that may impact grant or other revenue. The City routinely attempts to keep expenditures to a minimum because of the anticipated revenue problem.

Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show accountability for money it receives. If you have questions or need further clarification regarding the financial statements, contact the City of Corbin County Clerk, Corbin, Kentucky, 40701.

CITY OF CORBIN, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2024

		Component Units	
		Corbin Tourism and Convention Commission	Corbin Utility Commission
	Governmental		
Assets			
Current Assets			
Cash and cash equivalents	\$ 5,806,433	\$ 1,161,553	\$ 2,318,508
Certificate of deposits	358,396	-	-
Investments	-	-	1,355,860
Receivables, net	1,640,637	312,095	1,594,068
Material and supplies inventory	-	-	936,801
Prepaid expenses	2,138	22,082	127,856
Total Current Assets	7,807,604	1,495,730	6,333,093
Non-Current Assets			
Restricted cash	489,316	120	445,693
Restricted investments	-	-	884,599
Net OPEB Asset	95,111	-	-
Capital assets:			
Non-depreciable	3,419,923	208,799	-
Depreciable, net	34,802,767	1,121,446	39,993,030
Total Non-Current Assets	38,807,117	1,330,365	41,323,322
Total Assets	46,614,721	2,826,095	47,656,415
Deferred Outflows of Resources			
Deferred amounts related to pension	2,052,833	-	-
Deferred amounts related to OPEB	627,251	-	-
Total Deferred Outflows of Resources	2,680,084	-	-
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	766,711	241,778	1,486,763
Accrued compensated absences	15,742	-	98,248
Unearned revenue	2,211,139	234,000	-
Customer deposits payable	-	-	1,120,597
Notes and leases payable, net	940,772	-	1,100,177
Total Current Liabilities	3,934,364	475,778	3,805,785
Non-Current Liabilities			
Notes and leases payable, net	7,391,777	-	7,023,154
Compensated absences	141,682	-	-
Net pension liability	12,475,842	-	-
Net OPEB liability	373,360	-	-
Total Non-Current Liabilities	20,382,661	-	7,023,154
Total Liabilities	24,317,025	475,778	10,828,939
Deferred Inflows of Resources			
Deferred amounts related to pension	1,830,354	-	-
Deferred amounts related to OPEB	3,764,056	-	-
Total Deferred Inflows of Resources	5,594,410	-	-
Net Position (Deficit)			
Net investment in capital assets	29,890,141	1,330,245	31,968,285
Restricted	489,316	22,202	355,402
Unrestricted (deficit)	(10,996,087)	997,870	4,503,789
Total Net Position	\$ 19,383,370	\$ 2,350,317	\$ 36,827,476

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

**CITY OF CORBIN, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contribution	
Government Activities					
General Government	\$ 1,715,679	\$ -	\$ -	\$ -	\$ (1,715,679)
Police Department	2,438,403	181,051	-	-	(2,257,352)
Fire Department	1,821,989	57,261	-	-	(1,764,728)
Public Works Department	2,455,046	1,708,901	-	-	(746,145)
Recycling Center	449,280	100,122	-	-	(349,158)
Building Inspection	137,884	19,055	-	-	(118,829)
Parks and Recreation Department	1,269,923	126,333	-	2,584,899	1,441,309
Special Projects	303,710	-	-	-	(303,710)
Arena	5,494,507	3,226,458	-	-	(2,268,049)
Downtown Main Street	135,664	-	-	-	(135,664)
Total Governmental Activities	16,222,085	5,419,181	-	2,584,899	(8,218,005)
Component Unit Activities					
Corbin Tourism & Conventional	2,200,895	-	645,265	-	(1,555,630)
Corbin Utility Commission	12,999,972	12,291,542	-	-	(708,430)
Total Business-Type Activities	15,200,867	12,291,542	645,265	-	(2,264,060)
Total Activities	\$ 31,422,952	\$ 17,710,723	\$ 645,265	\$ 2,584,899	\$ (10,482,065)

	Governmental Activities	Corbin Tourism & Covention	Corbin Utility Commission
Change in Net Position			
Net (expense) revenue	\$ (8,218,005)	\$ (1,555,630)	\$ (708,430)
General Revenues			
Property taxes	1,553,755	-	-
Occupational taxes	3,113,109	-	-
Insurance premium taxes	2,195,252	-	-
Restaurant and hotel taxes	1,322,396	1,877,801	-
Licenses, permits, and other taxes	977,923	-	-
Intergovernmental	722,006	-	-
Interest income	159,498	30,440	80,019
Other income	1,084,718	34,323	28,818
Transfers, net	1,061,561	-	(737,955)
Total General Revenues	12,190,218	1,942,564	(629,118)
Change in Net Position	3,972,213	386,934	(1,337,548)
Net Position (Deficit), Beginning	15,411,157	1,963,383	38,165,024
Net Position (Deficit), Ending	\$ 19,383,370	\$ 2,350,317	\$ 36,827,476

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

CITY OF CORBIN, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Corbin Arena Fund	ABC Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,535,297	\$ 1,220,646	\$ 50,490	\$ 5,806,433
Certificate of deposits	358,396	-	-	358,396
Restricted cash	489,316	-	-	489,316
Due from Arena fund	355,004	-	-	355,004
Receivables	1,353,050	232,776	54,811	1,640,637
Prepaid expenses	2,138	-	-	2,138
Total Assets	<u>\$ 7,093,201</u>	<u>\$ 1,453,422</u>	<u>\$ 105,301</u>	<u>\$ 8,651,924</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued expenses	\$ 574,070	\$ 142,150	\$ 50,490	\$ 766,710
Accrued compensated absences	14,817	925	-	15,742
Due to General fund	-	354,726	278	355,004
Unearned revenue	1,969,849	241,290	-	2,211,139
Notes and leases payable	937,625	3,147	-	940,772
Total Liabilities	<u>3,496,361</u>	<u>742,238</u>	<u>50,768</u>	<u>4,289,367</u>
Fund Balances				
Nonspendable	2,138	-	-	2,138
Restricted	489,316	-	-	489,316
Unassigned	3,105,386	711,184	54,533	3,871,103
Total Fund Balances	<u>3,596,840</u>	<u>711,184</u>	<u>54,533</u>	<u>4,362,557</u>
Total Liabilities and Fund Balances	<u>\$ 7,093,201</u>	<u>\$ 1,453,422</u>	<u>\$ 105,301</u>	<u>\$ 8,651,924</u>

Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Fund balances reported above **\$ 4,362,557**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 38,222,690

Net deferred inflows/outflows related to the long-term net pension liability and long-term net OPEB liability are not reported in the funds. (2,914,326)

All long-term liabilities are reported in the Statement of Net Position whereas in governmental funds, long-term liabilities are not due and payable in the current period and therefore are not reported.

Notes and leases payable	(7,391,777)
Compensated absences	(141,682)
Net OPEB asset	95,111
Net pension liability	(12,475,842)
Net OPEB liability	<u>(373,361)</u>

Net Position of Governmental Activities **\$ 19,383,370**

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

CITY OF CORBIN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Corbin Arena Fund	ABC Fund	Total Governmental Funds
Revenues				
Taxes	\$ 6,862,116	\$ 1,322,396	\$ -	\$ 8,184,512
Licenses, permits and fees	329,887	-	648,036	977,923
Intergovernmental	722,006	-	-	722,006
Service charges and fees	2,192,723	3,226,458	-	5,419,181
Grants	825,276	-	-	825,276
Interest income	120,450	39,048	-	159,498
Other	1,054,485	30,025	208	1,084,718
Total Revenues	12,106,943	4,617,927	648,244	17,373,114
Expenditures				
General government	1,325,208	-	-	1,325,208
Police department	2,779,962	-	278	2,780,240
Fire department	2,135,637	-	-	2,135,637
Public works department	2,607,092	-	-	2,607,092
Recycling center	577,550	-	-	577,550
Building inspection	153,080	-	-	153,080
Park and recreation department	978,126	-	-	978,126
Special projects	303,710	-	-	303,710
Arena	-	4,294,974	-	4,294,974
Downtown main street	122,903	-	-	122,903
Debt service	419,102	661,242	-	1,080,344
Capital outlay	2,231,346	-	-	2,231,346
Total Expenditures	13,633,716	4,956,216	278	18,590,210
Excess (deficit) of revenues over (under) expenditures	(1,526,773)	(338,289)	647,966	(1,217,096)
Other financing sources (uses)				
Proceeds from financing	516,505	-	-	516,505
Transfer in	-	2,784,428	-	2,784,428
Transfer out	(1,056,267)	-	(666,600)	(1,722,867)
Total other financing sources (uses)	(539,762)	2,784,428	(666,600)	1,578,066
Net Change in Fund Balance	(2,066,535)	2,446,139	(18,634)	360,970
Fund Balance, Beginning	5,663,375	(1,734,955)	73,167	4,001,587
Fund Balance, Ending	\$ 3,596,840	\$ 711,184	\$ 54,533	\$ 4,362,557

CITY OF CORBIN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Net Changes in Fund Balances - Total Governmental Funds	\$ 360,970
<p>Amounts reported for <i>government activities</i> in the Statement of Activities are different because:</p>	
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 depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	454,845
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. Change in notes and capital lease liability of governmental activities	(503,508)
Some revenues reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as revenues in governmental funds.	2,479,031
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. Change in pension liability and OPEB liability of governmental activities	1,180,875
Change in Net Position of Governmental Activities	<u>\$ 3,972,213</u>

CITY OF CORBIN, KENTUCKY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	<u>FIDUCIARY FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ 1,387,323
Investments	1,648,578
Receivables	
Interest	<u>8,000</u>
Total Assets	<u><u>\$ 3,043,901</u></u>
NET POSITION HELD IN TRUST	<u><u>\$ 3,043,901</u></u>

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

CITY OF CORBIN, KENTUCKY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2024

	<u>FIDUCIARY FUNDS</u>
Additions	
Tax revenue	565,494
Interest	60,417
Total Additions	<u>625,911</u>
Deductions	
Benefits	288,740
Plan administration	-
GASB adjustment	(855,689)
Other	855,689
Total Deductions	<u>288,740</u>
Change in Net Position	337,171
Net Position, beginning of year	<u>2,706,730</u>
Net Position, end of year	<u>\$ 3,043,901</u>

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Corbin, Kentucky (hereinafter called the "City") is a home rule city under the laws of the Commonwealth of Kentucky and operates under a City Manager/Commission form of government. The City's major operations include public safety, fire protection, public works, recreation and parks, and general administrative services.

Reporting Entity

As defined by accounting principles generally accepted in United States of America (GAAP) that are established by Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. To be complete, the financial statements of the reporting entity should include primary government and its component units. With the exception of the City of Corbin Public Library, the City has included a summary of the opinions of the most recent audits of its component units in these primary government financial statements for the year ended June 30, 2024. Under Kentucky law the library requires an audit only every four years and should not be presented in this report.

Based on the above criteria, the component units of the City are the Corbin Public Library, Corbin City Hall Public Corporation, the City of Corbin Tourist and Convention Commission, and the Corbin City Utilities Commission. Component units of the City, except the Corbin City Hall Public Corporation, issue separately audit Component Unit Financial Statements (CUFS). Copies of the CUFS may be obtained from the City Clerk at Corbin City Hall.

The Corbin City Hall Public Corporation is governed by a board that is substantially the same as the City Commission, the Corbin City Hall Public Corporation and the City have a financial benefit and burden relationship and management of the City has operational responsibility for the activities of the Corbin City Hall Public Corporation. Although it is legally separate from the City, it is reported as if it was a part of the primary government. The activity of the Corbin City Hall Public Corporation is blended with the City's financial statements, specially the General Fund. All component units except for City Hall Public Corporation issue separate audited financial statements which can be obtained from the City Clerk at City of Corbin City Hall.

Related organizations not determined to be component units include the Corbin Industrial Commission, Corbin City School City, and the Corbin Housing Authority. Neither organization meets the criteria to be considered a component unit.

Basis of Presentation

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and user charges.

Government-wide financial statements report on the City and its component units as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resource measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from activities of the fiscal period. Generally, the effect of interfund activity has been removed from government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities, if any, are shown in the government-wide financial statements.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Statement of Net Position reports all financial and capital resources of the City (excluding fiduciary funds). It is displayed in a format of assets less liabilities equal net position, with the assets and liabilities shown in order of their relative liquidity.

Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program, or function. The City does not charge indirect expense to programs or functions. Interest on general long-term bonded debt is not allocated to the various functions, and interest on capital leases may be allocated to various functions. Program revenues include: 1) charges paid by the recipients of the goods, services, or privileges offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenue support the net costs of the functions and programs not covered by program revenues.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The City does not have any proprietary funds. The focus on the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category) and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between the business-type activities/enterprise funds and the general fund. Charges are allocated as reimbursement for services provided by the general fund in support of those functions based on levels or services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. These charges are included in direct program expenses.

The City reports the following governmental funds:

- General Fund is a major fund and 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. City Hall Public Corporation is blended with the general fund.
- Corbin Arena Fund accounts for all the activity of the Arena including debt service. The Arena fund is considered a special revenue fund and major fund by the City.
- ABC Fund accounts for alcohol regulatory fees and licenses revenue. All revenue is transferred to the City's general fund as management determines the revenue has been properly expensed. The City has mandated this to be a major fund.

Additionally, the City reports the following fund types:

- Police and Firefighters' Pension Fund accounts for assets held on behalf of former City employees. The Pension Fund is a fiduciary type of fund.
- Agency Funds account for tax revenues held or transferred by the City that is used to support the Corbin City School and the Corbin Library. The agency funds should net to zero and are not discretely presented.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting - Continued

The government-wide financial statements are presented on a *full accrual* basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a modified accrual basis of accounting with a *current financial resource* measurement focus. This measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus is inseparable from a modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. *Measurable* means the amount of the transaction can be determined and revenues are considered *available* when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, revenues are considered available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues taxes and fees, franchise fees, intergovernmental grants, and interest income.

Unavailable revenue, a deferred inflow of resources, arises on the balance sheets of the governmental funds when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. This *unavailable* revenue consists primarily of uncollected property taxes and assessments not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the balance sheets of the governmental funds for unavailable revenue is recognized as revenue in the Statement of Activities. Note that unavailable revenues also arise outside the scope of measurement focus and basis of accounting, such as when resources are received before there is legal claim to them. For instance, when grant monies are received prior to the incurrence of qualifying expenditures.

Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. Principal and interest on general long-term debt are recorded as funds liabilities only when due, or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Vested compensated absences are recorded as expenditures only to the extent that they are expected to be liquidated with expendable financial resources. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenditures affecting the economic resource status of the government must be recognized. Thus, the expense and related accrued liability for long-term portions of debt and compensated absences must be included.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Budgeting

The City follows procedures pursuant to KRS 91A.030 in establishing the budgetary data reflected in the financial statements as follows:

1. Prior to May 1 of each year, the Mayor submits to the Corbin City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized to transfer budgeted amounts between categories within each department; however, any revisions that alter the total expenditures of any fund must be approved by the Corbin City Commission.
5. Formal budgetary integration is employed as a management control device during the year for the general fund. Formal Budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Operating transfers required for debt service are accounted for in the budget of the City's general fund.
6. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Actual expenditures may not exceed the legally adopted budget for any given fund.
7. The budget for the fiscal year ending June 30, 2024, was amended during the year as in accordance with the law. The amendment was approved in the same manner as the original budget was adopted.

Cash and Certificates of Deposit

The City considers demand deposits, money market funds, and other deposits with an original maturity of 90 days or less, to be cash equivalents. The City considers all cash, both restricted and unrestricted, as cash and cash equivalents for purposes of the Statement of Cash Flows. The City has restricted cash and or certificates of deposits to satisfy bond issue requirements, including cash restricted for bond payments. Certificates of deposit are reported at cost which approximates fair value. These funds are invested for periods that comply with cash flow requirements of bond ordinances and general government services.

Receivables

Recorded property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Other receivables consist of amounts due at year end from other state, local and federal governments. Interest revenue receivable in all funds consist of revenue due on each certificate of deposit. Allowances for uncollectible accounts are maintained on all types of receivables that historically experience uncollectible amounts. Allowances are based on collection experience and management's evaluation of the current status of existing receivables.

Internal Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term inter-fund loans are reported as "inter-fund receivables and payables." Long-term inter-fund loans (non-current portion) are reported as "advances from and to other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Tax Calendar

Property taxes for fiscal year 2024 were levied in September 2023, respectively, on the assessed property located in the City of Corbin as of the preceding January 1. The rate for real estate was 30.1 cents per one hundred dollars of assessed value. The rate for auto and boats was 24.2 cents and other tangible property was 31.5 cents per one hundred dollars, respectively. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

- | | |
|---|------------------------------|
| 1. Due date for payment of taxes, 2% discount | November 30 |
| 2. Face value payment period | December 1 to December 31 |
| 3. Past due date, 10% penalty | January 1 |
| 4. Interest charge | 12% per annum from January 1 |

These taxes are collected by the City Clerk. Vehicle taxes are collected by the County Clerks of Whitley and Knox Counties and are due and collected in the birth month of the licensee.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Cash and certificates of deposit which may only be used for construction of capital assets or debt service principal and interest payments in accordance with applicable laws and regulations have been reported as restricted cash and certificates of deposit on the Government-Wide Statement of Net Position.

Capital Assets

Capital assets that are purchased or constructed are recorded at historical cost. Donated assets are recorded at estimated market value at the time of donation. The City defines capital assets as assets with an individual cost of more than \$5,000, and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives are not capitalized. When assets are retired or otherwise disposed of, the costs are removed from the asset accounts and a gain or loss is recorded. In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	5-50 years
Equipment	3-20 years
Improvements	10-50 years

Compensated Absences

Compensated absences, vacation, and sick pay, for all City employees are paid by the City's general fund. It is the policy of the City to pay all accumulated vacation pay when an employee retires or terminates. Vested vacation and sick pay benefits are accrued when incurred.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The City has two items that meets this criterion, as related to pensions and other postemployment benefits (OPEB) reported in the Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension and OPEB liabilities and difference during the measurement period between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has two items that meet the criterion for this category as related to pensions and OPEB reported in the Statement of Net Position.

Pensions and Other Postemployment Benefits

The City participates in a cost-sharing multiple-employer plan to provide pension and OPEB benefits to employees. Each cost-sharing government reports its proportionate share of the cumulative net pension and OPEB liability. For the purposes of measuring the net pension and OPEB liability, deferred outflows or inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net positions of the Kentucky "County Employer Retirement System" (CERS), have been determined by the same basis as they are reported by CERS. Former employees are also members of the Police and Firefighters' Pension Fund. The City funds the Police and Firefighters' Pension Fund through allocation of tax collections.

Lease Obligations

The City may have various assets under lease agreements. The lease standard has changed for the current year. In the government-wide financial statements, which will be under the primary lease note. Capital leases are now called financing leases, and the related lease obligations are reported as liabilities in the governmental activities of the statement of net assets.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Position/Fund Balances

Net position in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through state statute. In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors, grantors or imposed by law.

Committed – Portion of fund balance that can only be used for specific purposes imposed by majority vote of the City Council Members. Any changes or removal of specific purposes requires majority action by them.

Assigned – Portion of fund balance that has been budgeted by the City Council.

Unassigned – Portion of fund balance that has not been restricted, committed or assigned for specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing and producing goods and/or services in connection with the enterprise funds. Operating expenses include administrative expenses, supplies, personnel costs, utilities, professional fees, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses and may include interest, grants, and gain or loss on disposition of capital assets.

Special Projects

The City uses its General Fund, Arena Fund, and Alcohol Beverage Fund to account for all governmental activity. In lieu of establishing a special revenue fund for capital projects, the City reflects acquisition and significant construction activities financed by governmental grants or general government funds as "special projects" within the general fund. These may also include "flow through" projects for other organizations. These projects may or may not be depreciated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits, both restricted and unrestricted at June 30, 2024 consisted of the following:

Account	Interest Bearing	Governmental
Operating	Yes	\$ 184,369
Payroll	Yes	22,349
PD Special Operations	Yes	1,109
Mainstreet Lighting	Yes	14,479
PD Federal Forfeiture	Yes	42,335
FD Special Account	Yes	14,804
PD State Forfeiture	Yes	12,919
PD Special Events	Yes	1,984
Colonel Sanders Half Marathon	Yes	3,813
PD Seizure Account	Yes	80,377
L&N Regular Savings	Yes	-
Corbin Center Special Project	Yes	2,590,451
Opioid Litigation Fund	Yes	153,442
City of Corbin- Hotel	Yes	999,950
Premier MMA	Yes	411,290
Arena-General	Yes	423,161
Arena- Box Office	Yes	87,994
CVNB Arena Checking	Yes	707,114
ABC Checking Account	Yes	50,490
City Hall Public Corp	Yes	75,946
LGEA Checking Account	Yes	41,107
M/A Checking	Yes	12,942
BNY Sinking Funds	Yes	359,321
Petty Cash	No	4,003
Total		\$ 6,295,749

Certificates of deposit at June 30, 2024 consisted of the following:

Description	Interest Rate	Maturity Date	Total
Certificate of deposit-General	0.055%	12/28/2024	\$ 358,396
Total			\$ 358,396

Credit Risk

Under Kentucky Revised Statute 66.480, the City is allowed to invest in obligations of the U.S. and of its agencies, obligations backed by the full faith and credit of the U.S. or a U.S. government agency, obligations of any corporation of the U.S. government, certificates of deposit or other interest-bearing accounts issued by institutions insured by the Federal Deposit Insurance Corporation (FDIC) or similarly collateralized institutions, and bonds and securities of states, local governments, or related agencies in the U.S. rated in one of the three highest categories by a nationally recognized rating agency. As of June 30, 2024, none of the City's deposits were subject to credit risk.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS – CONTINUED

Custodial Credit Risk

Custodial Credit Risk for deposits is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the deposits that are in the possession of an outside party. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be one hundred percent of the market value of the principal, plus accrued interest.

City funds are considered to be public funds, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investments funds as provided by KRS 66.480. At June 30, 2024, the City holds long term certificate of deposits in agency for the City of Corbin Police and Firefighters' Pension Fund that does not bear material interest rate risk. The City also holds one long-term certificate of deposit in the General Fund subject to interest rate risk; however, the City does not bear material investment related credit risk or interest rate risk. The City has not adopted a formal investment policy.

The City's bank deposits were entirely covered by federal depository insurance or by collateral held by the custodial bank in the City's name. The carrying amount of the City's deposits and certificates of deposit totaled \$6,654,145 and the bank balances totaled \$7,805,619. At June 30, 2024, the City was fully covered by \$849,313 of FDIC insurance, and securities held by the pledging financial institutions.

NOTE 3 – RECEIVABLES

Receivables as of fiscal year-end for the City's individual major and non-major funds in the aggregate, including applicable allowances for doubtful accounts are as follows:

	<u>General</u>	<u>Arena</u>	<u>ABC</u>	<u>Total</u>
Accounts receivables				
Taxes	\$ 1,563,734	\$ -	\$ 54,811	\$ 1,618,545
Customers	-	-	-	-
Other	14,092	-	-	14,092
Interest	8,000	-	-	8,000
Gross receivables	1,585,826	-	54,811	1,640,637
Less allowance for bad debt	-	-	-	-
Net total receivables	<u>\$ 1,585,826</u>	<u>\$ -</u>	<u>\$ 54,811</u>	<u>\$ 1,640,637</u>

NOTE 4 – INTER-FUND RECEIVABLE/PAYABLE AND TRANSFERS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Such inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Reallocation of resources between funds of the reporting entity is classified as inter-fund transfers. Such inter-fund transfers between funds are eliminated in the Statement of Activities.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 5- CAPITAL ASSETS

Capital asset for the governmental activities during the year ended June 30, 2024 are as follows:

Governmental Activities	Beginning Balance 7/1/2023	Increases	Decreases	Ending Balance 6/30/2024
Capital assets, not being depreciated:				
Land	\$ 2,700,515	\$ -	\$ -	\$ 2,700,515
Construction in process	2,499,705	719,408	2,499,705	719,408
Total capital assets, not being depreciated:	5,200,220	719,408	2,499,705	3,419,923
Capital assets, being depreciated:				
Arena	28,396,410	-	-	28,396,410
Building Inspector	40,324	-	-	40,324
Corbin Recycling Center	223,559	-	-	223,559
Downtown Main Street	341,190	13,356	-	354,546
Fire	1,948,206	42,048	4,326	1,985,928
Miller Park Fund 7	202,649	-	202,649	-
General	19,605,745	5,000	-	19,610,745
Parks and Recreation	7,493,484	3,146,762	-	10,640,246
Police	1,435,316	93,295	-	1,528,611
Public Works	3,833,961	194,677	1,280	4,027,358
ROU Asset - Vehicles	1,031,138	516,505	-	1,547,643
ROU Asset - Copier	41,880	-	-	41,880
Total capital assets, being depreciated:	64,593,862	4,011,643	208,255	68,397,250
Less accumulated depreciation for:				
Arena	9,070,032	567,777	-	9,637,809
Building Inspector	37,737	1,958	-	39,695
Corbin Recycling Center	219,252	2,897	-	222,149
Downtown Main Street	198,233	12,761	-	210,994
Fire	1,472,211	59,138	4,326	1,527,023
Miller Park Fund 7	-	-	-	-
General	12,551,705	383,072	-	12,934,777
Parks and Recreation	3,107,398	403,533	-	3,510,931
Police	1,408,289	16,132	-	1,424,421
Public Works	3,253,187	91,937	1,279	3,343,845
ROU Asset - Vehicles	481,113	228,921	-	710,034
ROU Asset - Copier	24,430	8,375	-	32,805
Total accumulated depreciation:	31,823,587	1,776,501	5,605	33,594,483
Total capital assets, being depreciated, net:	32,770,275			34,802,767
Government activities capital assets, net:	\$ 37,970,495			\$ 38,222,690

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 5- CAPITAL ASSETS – CONTINUED

Depreciation expense for governmental activities is charged to functions as follows:

	2024
Arena	\$ 573,739
Building Inspector	9,734
Corbin Recycling Center	8,498
Downtown Main Street	12,761
Fire	76,295
Miller Park Fund 7	-
General	391,533
Parks and Recreation	407,161
Police	104,063
Public Works	192,717
Total	<u>\$ 1,776,501</u>

NOTE 6 – LONG-TERM DEBT

The following is a summary of debt transactions of the City for the year ended June 30, 2024:

	Balance 7/1/2023	Additions	Deletions	Balance 6/30/2024	Due Within One Year
Governmental-type					
Net Pension Liability	\$ 15,888,200	\$ -	\$ 4,106,163	\$ 11,782,037	\$ -
Net OPEB Liability	3,799,546	-	3,521,297	278,249	-
Compensated Absences	123,767	17,915	-	141,682	15,742
Right of Use Liability	-	846,684	-	846,684	275,566
Lease Payable	247,484	-	30,337	217,147	31,873
Bonds Payable	7,433,750	-	619,167	6,814,583	633,333
Notes Payable	466,095	-	11,960	454,135	-
Total	<u>\$ 27,958,842</u>	<u>\$ 864,599</u>	<u>\$ 8,288,924</u>	<u>\$ 20,534,517</u>	<u>\$ 956,514</u>

Revenue Bonds and Covenants

Refinancing Bonds 2020D–Arena General Obligation Bonds – In August 2020, the City issued a General Obligation Capital Lease to refinance the City's 2010 General Obligation Bond. The total refinancing amount was \$3,225,000, which refinanced \$3,480,000 principal of the Series 2010 General Obligation Bond. In addition, there was \$90,297 in cost of issuance. The lease bears variable interest rate in range from 2.0% to 4.0%. The bond maturities and interest as of June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total Annual Requirements
2025	\$ 379,167	\$ 36,075	\$ 415,242
2026	387,083	28,492	415,575
2027	394,167	20,750	414,917
2028	404,167	12,867	417,034
2029	239,166	4,783	243,949
	<u>\$ 1,803,750</u>	<u>\$ 102,967</u>	<u>\$ 1,906,717</u>

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 6 – LONG-TERM DEBT – CONTINUED

Revenue Bonds and Covenants – Continued

Refinancing Bonds Series 2021F–Arena – In June 2022, the City entered into an advance refunding of bond series issued previously as a refunding bond by the Kentucky Bond Corporation. Proceeds from the debt were \$3,180,000 to provide escrow funds refund the existing lease and the balance to debt cost. The effective rate is 2.0%. The bond maturities and interest as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total Annual Requirements
2025	\$ 192,083	\$ 54,817	\$ 246,900
2026	195,000	50,975	245,975
2027	199,167	47,075	246,242
2028	205,000	43,092	248,092
2029	207,083	38,992	246,075
2030-2034	1,115,417	130,792	1,246,209
2035-2037	627,083	23,258	650,341
	\$ 2,740,833	\$ 389,001	\$ 3,129,834

Bond Series 2021-Miller Park – In March 2021, the City issued Financing Program Revenue Bonds 2021A to finance the City's Miller Park project. The total financing amount was \$2,450,000. In addition, there was a premium of \$11,501 and \$61,501 in cost of issuance. The issuance bears variable interest in range from 2.0% to 2.125%. The bond maturities and interest as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total Annual Requirements
2025	\$ 62,083	\$ 47,988	\$ 110,071
2026	65,000	46,788	111,788
2027	65,000	45,546	110,546
2028	67,083	44,246	111,329
2029	70,000	42,946	112,946
2030-2034	369,167	186,596	555,763
2035-2039	412,083	147,921	560,004
2040-2044	461,250	104,072	565,322
2045-2049	519,167	52,496	571,663
2050-2051	179,167	5,233	184,400
	\$ 2,270,000	\$ 723,832	\$ 2,993,832

Capital Leases

The City entered into a long-term non-cancellable lease with TCF Equipment Finance in the principal amount of \$181,937 during the fiscal year ended June 30, 2018 for the purchase of a Peterbilt roll-off truck. The lease qualifies as a capital lease for accounting purposes as defined under the Financial Accounting Standards Board Topic ASC 840, *Lease* and therefore has been recorded at the present value of future minimum lease payments at the inception of the leases. The City will pay annual payments including an amount representing interest of 4.30% to TCF Equipment Finance with the final payment due on July 7, 2022 (FY2023). The payments will be made through the City's general fund. The capital lease was paid off during the year.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 6 – LONG-TERM DEBT – CONTINUED

Capital Leases - Continued

The City entered into a long-term financing lease with Musco Finance, LLC in the principal amount of \$330,000 during the fiscal year ended June 30, 2020 for the purchase of lighting upgrades to Rotary Park. The lease qualifies as a financing lease for accounting purposes as defined under the Financial Accounting Standards Board Topic ASC 840, *Leases* and therefore has been recorded at the present value of future minimum lease payments at the inception of the lease. The City will pay annual payments including an amount representing interest of 4.95% to Musco Finance, LLC with the final payment due on July 29, 2029. The payments will be made through the City's general fund. The present value of lease payments at June 30, 2024 was \$217,147. Minimum required rental payments under this capital lease, together with the net present value of the minimum lease payments as of June 30, 2024 are:

Year Ending June 30,	Principal	Interest	Total Annual Requirements
2025	\$ 31,873	\$ 10,996	\$ 42,869
2026	33,487	9,382	42,869
2027	35,183	7,686	42,869
2028	36,965	5,905	42,870
2029	38,836	4,033	42,869
2030	40,803	2,066	42,869
	\$ 217,147	\$ 40,068	\$ 257,215

The City entered into a long-term financing lease with Enterprise FM Trust during the fiscal year ended June 30, 2020 for the leasing of multiple vehicles. The lease qualifies as a financing lease for accounting purposes as defined under the Financial Accounting Standards Board Topic ASC 840, *Leases* and therefore has been recorded at the present value of future minimum lease payments at the inception of the lease. The payments will be made through the City's general fund. The present value of lease payments at June 30, 2024 was \$837,610. Minimum required rental payments under this capital lease, together with the net present value of the minimum lease payments as of June 30, 2024 are:

Enterprise Leases

Year Ending June 30,	Principal	Interest	Total Annual Requirements
2025	\$ 267,190	\$ -	\$ 267,190
2026	230,757	-	230,757
2027	147,518	-	147,518
2028	120,282	-	120,282
2029	71,863	-	71,863
	\$ 837,610	\$ -	\$ 837,610

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 6 – LONG-TERM DEBT – CONTINUED

Capital Leases - Continued

The City entered into a long-term financing lease with Xerox Financial Services, LLC during the fiscal year ended June 30, 2021 for the leasing of multiple copiers. The lease qualifies as a financing lease for accounting purposes as defined under the Financial Accounting Standards Board Topic ASC 840, *Leases* and therefore has been recorded at the present value of future minimum lease payments at the inception of the lease. The payments will be made through the City's general fund. The present value of lease payments at June 30, 2024 was \$9,074. Minimum required rental payments under this capital lease, together with the net present value of the minimum lease payments as of June 30, 2024 are:

Xerox Lease

Year Ending June 30,	Principal	Interest	Total Annual Requirements
2025	\$ 8,376	\$ -	\$ 8,376
2026	698	-	698
	<u>\$ 9,074</u>	<u>\$ -</u>	<u>\$ 9,074</u>

Capital assets under financing leases included in the depreciation schedule at June 30, 2023 consist of roll back and Rotary Park Lighting improvements. The City's management believes that all debt covenants are being complied with.

Short-Term Line of Credit

The city maintains a short-term line of credit totaling \$300,000. The purpose of the loan is to meet short-term commitments if needed.

NOTE 7 – RETIREMENT PLAN

The City of Corbin has two pension plans. The City is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statue 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website. The City also contributes to a defined benefit plan, the Corbin Police and Firefighters' Fund.

Plan Description – CERS is a cost sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, City, and school board, and any additional eligible local agencies electing to participate in the system. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of state legislature.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 7 – RETIREMENT PLAN – CONTINUED

Contributions – Plan members were required to contribute 5% of their annual creditable compensation for non-hazardous job classifications, and 8% of wages for hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545 (33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined, on the basis of a subsequent actuarial valuation that amended contributions rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2024, participating employers contributed 23.34% (non-hazardous) and 41.11% (hazardous) of each employee's wages, which is equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5% of wages to their own account for non-hazardous job classifications and 8% of wages to their own account for hazardous job classifications. Plan members also contribute 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each members' salary. Each member's account is credited with a 4% employer pay credit for non-hazardous members. The employer pay credit represents a portion of the employer contribution. For the fiscal year ended June 30, 2024 the contributions for hazardous and non-hazardous positions were \$901,372 and \$539,490 respectively.

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

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

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

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 7 – RETIREMENT PLAN – CONTINUED

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024 the City reported a liability of \$11,782,037 and for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2023, was .07 percent for non-hazardous and .27 percent for hazardous. For the year ended June 30, 2023, the City recognized pension expenses of \$646,790. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 565,380	\$ 12,012
Changes of assumptions	-	980,056
Net difference between projected and actual earnings on plan investments	-	134,148
Changes in proportion and differences between employer contribution and proportionate share of contribution	46,591	704,138
City's contributions subsequent to the measurement date	1,440,862	-
Total	<u>\$ 2,052,833</u>	<u>\$ 1,830,354</u>

The \$1,440,862 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2024	\$ (466,150)
2025	(286,699)
2026	(21,540)
2027	(153,234)
2028	-
Thereafter	-

Actuarial Methods and Assumptions for determining the Total Pension Liability and Net Pension Liability – The total pension liability, net pension liability, and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022, and was performed by Gabriel Roeder Smith (GRS). The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles. The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2024:

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 7 – RETIREMENT PLAN – CONTINUED

Non-Hazardous

Inflation	2.30%
Payroll growth rate	2.00%
Salary increase	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Amortization period	30-year closed period at June 30, 2019

Hazardous

Inflation	2.30%
Payroll growth rate	2.00%
Salary increase	3.55% to 19.05%, varies by service
Investment rate of return	6.25%
Amortization period	30-year closed period at June 30, 2019

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013-June 30, 2018. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2023. The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighing the expected future real rate of return by the target asset allocation percentage.

For the year end June 30, 2023 the target allocation and best estimates of nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equity		
US Equity	50.00%	5.90%
Non-US Equity	10.00%	11.73%
Fixed Income		
Core Bonds	10.00%	2.45%
Specialty Credit/High Yield	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected Real Return		5.75%
Long Term Nominal Return for Portfolio		2.50%
Expected Nominal Return for Portfolio		8.25%

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 7 – RETIREMENT PLAN – CONTINUED

Discount Rate – The projection of cash flows used to determine the discount rate of 6.50% for Non-Hazardous and Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the new pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<u>Discount Rate</u>	<u>City's Proportionate Share of Net Pension Liability</u>
1% Decrease	5.50%	\$ 14,876,846
Current discount rate	6.50%	\$ 11,782,037
1% Increase	7.50%	\$ 9,237,725

Payable to the Pension Plan – At June 30, 2024, the City reported a payable of \$142,037 for the outstanding amount of contributions to the pension and OPEB plans.

Police and Firefighters' Pension Fund

The City contributes to a defined benefit plan, the Corbin Police and Firefighters' Pension Fund, which is a single-employer pension employee retirement system (PERS). It is the responsibility of the Corbin PERS to function as an investment and administrative agent for the City of Corbin with respect to the pension plan. The plan is included in the financial statements as a fiduciary fund.

Plan Description – Based on state statutes, all full-time employees must participate in city or municipality pension plans. Under the provisions of the City's pension plan, pension benefits vest after twenty years of full-time employment. An employee may retire after twenty years of service and receive annual pension benefits equal to half of the employee's salary, including incentive pay, earned during the last year of employment. Also, the pension plan provides for death and disability benefits. All pension, death, and disability benefits are determined by state statutes. The Fund is closed to new participants, and there are no active employees in the plan.

The plan uses the accrual basis of accounting. Investment income is recognized when incurred and contributions are recognized when due. Benefits and refunds are recognized when due and payable under the terms of the Plan. The Plan does not issue stand-alone financial statements; however, it is presented in the City's financial statements as the Pension Fund. Two investments represented more than 5% of the net assets available for benefit, a long-term certificate of deposit in the amount of \$2,269,052 represented 100% of total investment holdings.

The remaining assets are held in an interest-bearing checking account and interest receivable. The checking account represents 46% of total holdings with interest receivable representing the balance. The cost of administering the plan is financed by the Pension Fund. There are no related party transactions. According to KRS 95.629, if there are insufficient funds, the City will be held responsible for the monthly payment of the pensions after the entire proceeds of the pension fund have been transferred to the general fund of the City. Required contributions are determined by an actuarial valuation report but must be approved by the City Commission.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 7 – RETIREMENT PLAN – CONTINUED

Police and Firefighters' Pension Fund - Continued

Funding Policy – The City contributions are determined by City ordinance. For the year ended June 30, 2024, 36% of all property taxes collected by the City will be contributed. Historically, the funding policy has been less than the actuarially determined contribution requirement, resulting in a net position obligation; however, in recent years, contributions have exceeded benefits paid. Membership in the plan as of the actuarial valuation date is 14 participants. The population is made up of retired or terminated participants, (or the spouse if the primary beneficiary is deceased) with deferred vested accounts.

Benefits Provided – The Police and Firefighters' Pension Fund provides retirement, and death and disability benefits to Plan participants and beneficiaries. There are no active employees in the Plan and the Plan is closed to new participants. As of the valuation date of July 1, 2024 there were 8 retired employees and 5 spousal beneficiaries in the Plan. All participants in the Plan are fully vested.

The net pension liability for the Plan was measured as of July 1, 2024. The amount was determined by actuarial valuation as of that date. The City has not updated the liability amount of performed another actuarial valuation for June 30, 2024.

For the year ended June 30, 2024 the City did not recognize pension expense related to the Police and Firefighters' Pension Fund beyond fiduciary benefits paid. No deferred outflows of resources or deferred inflows of resources were calculated by the actuary based on differences between actual and expected experience, changes of assumption, net difference between projected and actual earnings on pension investments, and there were no changes in proportions. The only deferred outflows are presumed to be contributions after the measurement date, in the amount of \$0 over the period of a year since the most recent actuarial report, which will be applied to the subsequent year.

Actuarial Assumption – There is no assumption for salary increases since there are no longer any active employees in the plan. Mortality rates are based on the RP-2000 Mortality Table projected to 2021 without collar adjustment (separate tables for Male and Female lives).

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The City would calculate the Net Pension Liability based on a discount rate of 1% over and 1% under that used in order to demonstrate the sensitivity of the contributions. The net pension liability is \$693,805. The gross liability used was \$3,729,708 (not inclusive of Fiduciary Net Position). A discount rate 1% lower would make the liability \$4,081,826, and a rate 1% higher would make the liability \$3,426,030. The Plan net position is available from the City of Corbin and presented in the fiduciary portion of this report.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description – Employees of the City are provided hospital and medical insurance through the Kentucky Retirement Systems' Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KRS was created by state statute under the Kentucky revised Statue Section 61.645. The KRS board of Trustees is responsible for the proper operation and administration of the KRS. The KRS issues a publicly available financial report that can be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Benefits Provided – The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. Because of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned services without regard to a maximum dollar amount.

Contributions – Contribution requirements of the participating employers are established and may be amended by the KRS Board of Trustees. For the years ended June 30, 2024, participating employers contributed 0% (non-hazardous) and 2.58% and (hazardous) of covered payroll. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). For the fiscal year ended June 30, 2024 the contributions for hazardous and non-hazardous positions were \$56,569 and \$0, respectively.

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2024 the City reported a liability \$278,249 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2023, was .07 percent for non-hazardous and .27 percent for hazardous. For the year ended June 30, 2024, the City recognized OPEB expenses of \$(394,681) with an implicit subsidy of \$27,596.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 100,076	\$ 2,889,738
Changes of assumptions	442,105	519,651
Net difference between projected and actual earnings on plan investments	-	73,492
Changes in proportion and differences between employer contribution and proportionate share of contribution	28,501	281,175
City's contributions subsequent to the measurement date	56,569	-
Total	<u>\$ 627,251</u>	<u>\$ 3,764,056</u>

The \$56,569 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Year ending June 30,	
2024	\$ (706,681)
2025	(827,064)
2026	(647,155)
2027	(725,277)
2028	(287,196)
Thereafter	-

Actuarial Assumptions – The total OPEB liability reported at June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-Hazardous

Inflation	2.30%
Payroll growth rate	2.00%
Salary increase	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Hazardous

Inflation	2.30%
Payroll growth rate	2.00%
Salary increase	3.55% to 19.05%, varies by service
Investment rate of return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2019. The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long Term Nominal Return for Portfolio		2.50%
Expected Nominal Return for Portfolio		8.25%

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate for June 30, 2024

Nonhazardous – The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.93%) or one percentage point higher (6.93%) follows:

	Discount Rate	City's Proportionate Share of Net OPEB Liability
1% Decrease	4.93%	\$ 178,488
Current discount rate	5.93%	\$ (95,111)
1% Increase	6.93%	\$ (324,217)

Hazardous – The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.97%) or one percentage point higher (6.97%) follows:

	Discount Rate	City's Proportionate Share of Net OPEB Liability
1% Decrease	4.97%	\$ 944,233
Current discount rate	5.97%	\$ 373,360
1% Increase	6.97%	\$ (102,330)

CITY OF CORBIN, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
JUNE 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CONTINUED

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates for June 30, 2024

Nonhazardous – The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.93%) or one percentage point higher (6.93%) than current healthcare cost trend rates follows:

City's Net OPEB Liability		
Healthcare Cost		
Trend Rate -1%	Trend Rate	Trend Rate +1%
4.93%	5.93%	6.93%
<u>\$ (304,849)</u>	<u>\$ (95,111)</u>	<u>\$ 162,531</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates for June 30, 2024 - Continued

Hazardous – The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.97%) or one percentage point higher (6.97%) than current healthcare cost trend rates follows:

City's Net OPEB Liability		
Healthcare Cost		
Trend Rate -1%	Trend Rate	Trend Rate +1%
4.97%	5.97%	6.97%
<u>\$ 4,254</u>	<u>\$ 373,360</u>	<u>\$ 819,131</u>

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

NOTE 9 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2024 several number of claims and suits are pending against the City for alleged damages to persons and/or property and for other alleged liabilities arising out of the matters usually incident to the operations of a city. In the opinion of City management, the City has strong defenses against such claims, and thus the ultimate loss, if any, relating to these claims and suits not covered by insurance, will not materially affect the financial position of the City.

The City is not involved in lawsuits or matters which require disclosure with the ABA Statement policy regarding Lawyer's Responses to Auditor's Request per the opinion of counsel.

NOTE 10 – RISK MANAGEMENT

The City is exposed to various forms of asset losses 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. As of June 30, 2024, the City was sufficiently insured.

NOTE 11 – DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through March 22, 2025, which is the date the financial statements were available to be issued.

**CITY OF CORBIN, KENTUCKY
REQUIRED SUPPLEMENTAL
BUDGETARY COMPARISON GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 7,541,248	\$ 7,541,248	\$ 6,862,116	\$ (679,132)
Licenses, permits and fees	366,250	366,250	329,887	(36,363)
Intergovernmental	397,566	397,566	722,006	324,440
Service charges and fees	1,887,200	1,887,200	2,192,723	305,523
Grants	2,624,029	2,624,029	825,276	(1,798,753)
Interest Income	125,000	125,000	120,450	(4,550)
Other	1,431,975	1,431,975	1,054,485	(377,490)
Total Revenues	14,373,268	14,373,268	12,106,943	(2,266,325)
Expenditures				
General and administrative	1,641,533	1,641,533	1,325,208	316,325
Police	3,214,862	3,214,862	2,779,962	434,900
Fire	2,002,434	2,002,434	2,135,637	(133,203)
Public works department	2,535,810	2,535,810	2,607,092	(71,282)
Recycling	1,843,662	1,843,662	577,550	1,266,112
Building Inspection	254,370	254,370	153,080	101,290
Parks and recreation department	136,275	136,275	978,126	(841,851)
Special Projects	5,018,834	5,018,834	303,710	4,715,124
Downtown main street	136,275	136,275	122,903	13,372
Debt service	-	-	419,102	(419,102)
Capital outlay	-	-	2,231,346	(2,231,346)
Total Expenditures	16,784,055	16,784,055	13,633,716	3,150,339
Excess (deficit) of revenues over (under) expenditures	(2,410,787)	(2,410,787)	(1,526,773)	(5,416,664)
Other financing sources (uses)				
Proceeds from financing	-	-	516,505	516,505
Transfer In	936,700	936,700	-	(936,700)
Transfer Out	-	-	(1,056,267)	(1,056,267)
Total other financing sources (uses)	936,700	936,700	(539,762)	(1,476,462)
Net Change in Fund Balance	(1,474,087)	(1,474,087)	(2,066,535)	(592,448)
Fund Balance, Beginning	5,663,375	5,663,375	5,663,375	-
Fund Balance, Ending	\$ 4,189,288	\$ 4,189,288	\$ 3,596,840	\$ (592,448)

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
HAZARDOUS										
City's proportion of the net pension liability (asset)	0.33%	0.29%	0.33%	0.31%	0.31%	0.32%	0.31%	0.31%	0.29%	0.27%
City's proportionate share of the net pension liability (asset)	\$ 3,986,000	\$ 4,387,259	\$ 5,744,189	\$ 6,886,612	\$ 7,787,722	\$ 8,719,241	\$ 9,456,335	\$ 8,231,663	\$ 8,826,493	\$ 7,361,576
City's covered-employee payroll	\$ 1,743,520	\$ 1,689,510	\$ 1,719,485	\$ 1,894,922	\$ 1,796,188	\$ 1,830,837	\$ 1,751,308	\$ 1,843,143	\$ 1,912,028	\$ 2,184,473
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	228.62%	259.68%	334.06%	363.42%	433.57%	476.24%	539.96%	446.61%	461.63%	337.00%
Plan fiduciary net position as a percentage of the total pension liability	63.46%	57.52%	53.95%	49.78%	49.26%	46.63%	44.11%	52.26%	47.11%	52.96%
NON-HAZARDOUS										
City's proportion of the net pension liability (asset)	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%
City's proportionate share of the net pension liability (asset)	\$ 2,355,000	\$ 2,992,950	\$ 3,386,273	\$ 3,981,829	\$ 4,025,448	\$ 4,783,877	\$ 5,148,355	\$ 4,365,882	\$ 4,898,090	\$ 4,420,461
City's covered-employee payroll	\$ 1,657,600	\$ 1,633,089	\$ 1,658,635	\$ 1,540,402	\$ 1,721,863	\$ 1,716,438	\$ 1,866,207	\$ 1,751,308	\$ 1,991,543	\$ 2,289,098
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	142.07%	183.27%	204.16%	258.49%	233.78%	278.71%	275.87%	249.29%	245.94%	193.11%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%

Note: The above schedules will present 10 years of historical data, once available.

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
HAZARDOUS										
Contractually required contribution	\$ 361,432	\$ 342,311	\$ 373,300	\$ 416,883	\$ 446,712	\$ 550,350	\$ 616,874	\$ 624,087	\$ 820,873	\$ 901,372
Contributions in relation to the contractually required contribution	<u>(361,432)</u>	<u>(342,311)</u>	<u>(373,300)</u>	<u>(416,883)</u>	<u>(446,712)</u>	<u>(550,350)</u>	<u>(616,874)</u>	<u>(624,087)</u>	<u>(820,873)</u>	<u>(901,372)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,743,520	\$ 1,689,510	\$ 1,719,485	\$ 1,894,922	\$ 1,796,188	\$ 1,830,837	\$ 1,751,308	\$ 1,843,143	\$ 1,912,028	\$ 2,184,473
Contributions as a percentage of covered-employee payroll	20.73%	20.26%	21.71%	22.00%	24.87%	30.06%	35.22%	33.86%	42.93%	41.26%
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
NON-HAZARDOUS										
Contractually required contribution	\$ 211,344	\$ 202,825	\$ 231,379	\$ 222,998	\$ 279,286	\$ 331,273	\$ 360,177	\$ 370,752	\$ 467,753	\$ 539,490
Contributions in relation to the contractually required contribution	<u>(211,344)</u>	<u>(202,825)</u>	<u>(231,379)</u>	<u>(222,998)</u>	<u>(279,286)</u>	<u>(331,273)</u>	<u>(360,177)</u>	<u>(370,752)</u>	<u>(467,753)</u>	<u>(539,490)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,657,600	\$ 1,633,089	\$ 1,658,635	\$ 1,540,402	\$ 1,721,863	\$ 1,716,438	\$ 1,866,207	\$ 1,751,308	\$ 1,991,543	\$ 2,289,098
Contributions as a percentage of covered-employee payroll	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	21.17%	23.49%	23.57%

Note: The above schedules will present 10 years of historical data, once available.

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST SEVEN FISCAL YEARS**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>HAZARDOUS</u>							
City's proportion of the net OPEB liability	0.31%	0.32%	0.32%	0.31%	0.31%	0.29%	0.27%
City's proportionate share of the net OPEB liability	\$ 2,544,594	\$ 2,295,950	\$ 2,335,723	\$ 2,897,450	\$ 2,500,138	\$ 2,462,589	\$ 373,360
City's covered-employee payroll	\$ 1,894,922	\$ 1,796,188	\$ 1,830,837	\$ 2,052,144	\$ 1,843,142	\$ 1,912,028	\$ 2,184,473
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	134.28%	127.82%	127.58%	141.19%	135.65%	128.79%	17.09%
Plan fiduciary net position as a percentage of the total OPEB liability	58.99%	64.24%	64.44%	58.84%	66.81%	64.13%	92.27%
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>NON-HAZARDOUS</u>							
City's proportion of the net OPEB liability	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%
City's proportionate share of the net OPEB liability	\$ 1,367,575	\$ 1,173,592	\$ 1,144,066	\$ 1,620,696	\$ 1,310,632	\$ 1,336,957	\$ (95,111)
City's covered-employee payroll	\$ 1,540,402	\$ 1,721,863	\$ 1,716,438	\$ 1,866,206	\$ 1,751,308	\$ 1,991,543	\$ 2,289,098
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	88.78%	68.16%	66.65%	86.84%	74.84%	67.13%	-4.15%
Plan fiduciary net position as a percentage of the total OPEB liability	52.39%	57.62%	60.44%	51.67%	62.91%	60.95%	104.23%

Note: The above schedules will present 10 years of historical data, once available.

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF CONTRIBUTIONS TO THE
OTHER POST EMPLOYMENT BENEFITS
LAST SEVEN FISCAL YEARS**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>HAZARDOUS</u>							
Contractually required contribution	\$ 177,175	\$ 188,060	\$ 174,296	\$ 195,364	\$ 192,977	\$ 130,005	\$ 56,569
Contributions in relation to the contractually required contribution	<u>(177,175)</u>	<u>(188,060)</u>	<u>(174,296)</u>	<u>(195,364)</u>	<u>(192,977)</u>	<u>(130,005)</u>	<u>(56,569)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,894,922	\$ 1,796,188	\$ 1,830,837	\$ 2,052,144	\$ 1,843,142	\$ 1,912,028	\$ 2,184,473
Contributions as a percentage of covered-employee payroll	9.35%	10.47%	9.52%	9.52%	10.47%	6.80%	2.59%
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>NON-HAZARDOUS</u>							
Contractually required contribution	\$ 72,382	\$ 90,570	\$ 81,702	\$ 88,831	\$ 101,226	\$ 67,764	\$ -
Contributions in relation to the contractually required contribution	<u>(72,382)</u>	<u>(90,570)</u>	<u>(81,702)</u>	<u>(88,831)</u>	<u>(101,226)</u>	<u>(67,764)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,540,402	\$ 1,721,863	\$ 1,716,438	\$ 1,866,206	\$ 1,751,308	\$ 1,991,543	\$ 2,289,098
Contributions as a percentage of covered-employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%	3.40%	0.00%

Note: The above schedules will present 10 years of historical data, once available.

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
POLICE AND FIREFIGHTER'S PENSION FUND
LAST EIGHT FISCAL YEARS**

	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability (asset)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
City's proportionate share of the net pension liability (asset)	\$ 5,235,262	\$ 5,235,262	\$ 5,235,262	\$ 3,419,339	\$ 3,419,339	\$ 3,419,339	\$ 2,163,617	\$ 2,163,617	\$ 693,805
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	20.00%	23.10%	27.20%	47.25%	54.07%	47.25%	25.91%	25.10%	25.10%

Note: The above schedules will present 10 years of historical data, once available.

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF CONTRIBUTIONS
POLICE AND FIREFIGHTER'S PENSION FUND
LAST EIGHT FISCAL YEARS**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 495,095	\$ 482,850	\$ 525,960	\$ 507,850	\$ 534,436	\$ 537,866	\$ 559,870	\$ 614,126	\$ -
Contributions in relation to the contractually required contribution	<u>(495,095)</u>	<u>(482,850)</u>	<u>(525,960)</u>	<u>(507,850)</u>	<u>(534,436)</u>	<u>(537,866)</u>	<u>(559,870)</u>	<u>(614,126)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: The above schedules will present 10 years of historical data, once available.

CITY OF CORBIN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1 – BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The City annually prepares a budget under the provisions of Kentucky Revised Statute (KRS) 91A.030. In accordance with the Statute, the following process is used to adopt the annual budget:

- The budget proposal is the responsibility of the Mayor and the City and shall be submitted to the legislative body not later than thirty days prior to the beginning of the fiscal year it covers.
- The legislative body shall adopt a budget ordinance making appropriations for the fiscal year in such sums as the legislative body finds sufficient and proper, whether greater or less than the sums recommended in the budget proposal. The budget ordinance may be in any form that the legislative body finds most efficient in enabling it to make the necessary fiscal policy decisions.
- No budget ordinance shall be adopted that provides for appropriations to exceed available resources in any one fiscal year, which would also violate section 157 of the Kentucky Constitution.
- The City legislative body may amend the budget ordinance after the ordinances' adoption if the amended ordinance continues to satisfy the requirements of KRS 91A.030.
- Immediately following the adoption of an annual budget, the clerk shall cause a summary of the budget or the text of the budget ordinance to be advertised by publication in a newspaper.

Budgetary Accounting

The annual operation budgets of governmental and proprietary funds are prepared and presented on the modified accrual basis of accounting. The City does not use an encumbrance accounting system; thus, the budgetary and GAAP presentation of the Statement of Revenues, Expenditures and Changes in Fund Balance, Budgetary and Actual are the same.

NOTE 2 – CERS

General Information

Contributions: Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

Payroll: The Authority's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the Authority's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

Changes of Assumptions

June 30, 2023 - Pension and OPEB Hazardous and Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for pension:

- The single discount rate increased from 6.25% to 6.50% for non-hazardous and from 6.25% to 6.50% for hazardous.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for OPEB:

- The single discount rate increased from 5.70% to 5.93% for non-hazardous and from 5.05% to 5.97% for hazardous. The municipal bond rate increased from 3.39% to 3.86%.

CITY OF CORBIN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – CONTINUED
JUNE 30, 2024

NOTE 2 – CERS – CONTINUED

Changes of Assumptions – Continued

June 30, 2022 – Pension and OPEB Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for pension.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for OPEB:

- The single discount rate increased from 5.20% to 5.70% for non-hazardous and from 5.30% to 5.05% for hazardous. The municipal bond rate increased from 1.92% to 3.39%

June 30, 2021 – Pension and OPEB Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for pension.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for OPEB:

- The single discount rate decreased from 5.34% to 5.20% for non-hazardous and from 5.30% to 5.05% for hazardous. The municipal bond rate decreased from 3.13% to 1.92%

June 30, 2020 – Pension and OPEB Hazardous and Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increases to 6.30% in 2023 and then gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for pension.

June 30, 2019 – Pension and OPEB Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average for non-hazardous and 3.05% to 3.55% to 19.05% on average for hazardous.

June 30, 2018 – Pension and OPEB – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018 for either pension or OPEB.

June 30, 2017 – Pension and OPEB – Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017, for both pension and OPEB:

- The assumed rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.

CITY OF CORBIN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – CONTINUED
JUNE 30, 2024

NOTE 2 – CERS – CONTINUED

Changes of Assumptions – Continued

June 30, 2017 – Pension and OPEB – Hazardous and Nonhazardous - Continued

- Payroll growth assumption was reduced from 4% to 2%

June 30, 2016 – Pension and OPEB – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016 for either pension or OPEB.

June 30, 2015 – Pension – Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

June 30, 2014 – Pension – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

NOTE 3 – Police and Firemen's Fund

Changes of Assumptions

June 30, 2023 – Police and Firemen's Fund

There were no changes in assumptions made by The City and reflected in the valuation performed as of July 1, 2022.

June 30, 2022 – Police and Firemen's Fund

There were no changes in assumptions made by The City and reflected in the valuation performed as of July 1, 2021.

June 30, 2021 – Police and Firemen's Fund

There were no changes in assumptions made by The City and reflected in the valuation performed as of July 1, 2020.

SK LEE CPAS, P.S.C.
Certified Public Accountants

208 Pauline Drive, Suite D
Berea, Kentucky 40403
(859) 986-3756

Member of American Institute of CPA's

Member of Kentucky Society of CPA's

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

To the Honorable Mayor and Members of the City Council
City of Corbin
Corbin, Kentucky 41011

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, each major fund, and the aggregate remaining fund information of the City of Corbin (hereinafter called the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 22, 2025. Our report includes a reference to other auditors who audited the financial statements of the City Utility Commission and the Corbin Tourism and Convention Commission governmental and business-type activities as described in our report on the City of Corbin's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, and 2024-006 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SK LEE CPAs, P.S.C.

Berea, Kentucky
March 22, 2025

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

MATERIAL WEAKNESS

2024 - 001 INADEQUATE INVOICE SUPPORT

Condition:

During our review of the Arena's cash disbursements, it was noted that there were questionable or missing invoices to substantiate payments to vendors for services and products.

Criteria:

Complete supporting documentation should be available for all payments to vendors, including credit card purchases, and all cash disbursements should be approved by City officials.

Cause:

Unknown.

Effect:

Ineligible payments could be made to ineligible recipients.

Recommendation:

The City should implement internal controls requiring complete supporting documentation to be maintained for all payments. The Department Supervisor should provide invoices for all transactions for credit cards, check disbursements, and petty cash.

Views of Responsible Officials:

Management concurs with the finding and will take preventive steps to ensure all disbursements are supported by original invoices.

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024**

MATERIAL WEAKNESS

2024 - 002 CASH TRANSACTIONS

Condition:

During our audit of the Arena's cash disbursements, we noted unusual amounts of cash transactions. The contracts for performances require cash payments to promoters as advances of compensation and expenses. In some cases, the petty cash given to employees for event items was not substantiated with paid invoices, nor was the remaining amount returned. No trail of these funds could be established.

Criteria:

Complete supporting documentation should be submitted for all cash payments and the remaining money returned.

Cause:

Unknown.

Effect:

Unused cash may not be returned to the City.

Recommendation:

The City should implement internal controls requiring complete supporting documentation to be maintained for all payments. Petty cash should be accounted for by invoices and returned to the bank after the event's closing settlement.

Views of Responsible Officials:

Management concurs with the findings and will take preventive steps to ensure all cash transactions are accounted for, properly documented, and returned to the bank account after the event's closing settlement.

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024**

MATERIAL WEAKNESS

2024 - 003 NEPOTISM

Condition:

During our audit of the Arena's environment, it was noted that nepotism exists. This has an overall impact on the organization culture within the workplace.

Criteria:

Family members are working closely together.

Cause:

Unknown.

Effect:

Nepotism can lead to more corruption and discrimination against other employees who are unrelated.

Recommendation:

The City should be more transparent on anti-nepotism policies. Relatives should not be able to work together.

Views of Responsible Officials:

Management should take preventive steps to alleviate family members working closely together.

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024**

MATERIAL WEAKNESS

2024 – 004 INADEQUATE CONTRACT SUPPORT

Condition:

During our audit of the Arena's performance contracts, we noted that a contract for a concert had no signed documents. Even after several days of management search, the written agreement could not be found.

Criteria:

All concerts and events should have adequate documentation to record the commitment of both parties to mitigate risk and prevent conflict.

Cause:

Unknown.

Effect:

Without documented records, the commitment of both parties are unknown which causes substantial risk and conflicts.

Recommendation:

All contracts should be sent to the City Manager for review. This is only in the best interest of the City to reduce all risks and protect all business relationships.

Views of Responsible Officials:

Management concurs with the finding and will take preventive steps to ensure all contracts are accounted.

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024**

MATERIAL WEAKNESS

2024 – 005 RELATED PARTY DEALINGS

Condition:

During our audit of the Arena's accounts payable, it was noted that an Arena employee was being paid for furnishing services to the Arena.

Criteria:

Self-dealings should be prohibited within the City's governmental operations.

Cause:

Unknown.

Effect:

Related party transactions can be one-sided in relation to receiving services from third parties.

Recommendation:

All Arena employees should be prevented from providing services or goods to the Arena.

Views of Responsible Officials:

Management agrees with the finding and will take preventive steps to ensure all related party transactions will be eliminated.

**CITY OF CORBIN, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024**

MATERIAL WEAKNESS

2024 – 006 UNAUTHORIZED PAYMENT

Condition:

During our audit, we became aware of an unauthorized payment for a charitable event.

Criteria:

An unapproved payment of \$45,000.

Cause:

Unknown.

Effect:

These improper payments can lead to financial loss and undermine the efficiency and accountability of government operations.

Recommendation:

All payments must be approved in advanced, and all supporting documentation should accommodate the purchase.

Views of Responsible Officials:

Management concurs with the finding and will take preventive steps to ensure one person does not have the authority to authorize payments.