CITY OF FULTON, KENTUCKY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

June 30, 2024

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Independent Auditor's Report

To the Mayor and Board of Commissioners
City of Fulton, Kentucky

Report on the Audit of the Financial Statements

Qualified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fulton, Kentucky (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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Qualified
Tourism Fund	Qualified
Aggregate Remaining Fund Information	Qualified
Utility Fund	Qualified

Qualified Opinion on the Governmental Activities, Business-Type Activities, General Fund, Tourism Fund, Aggregate Remaining Fund Information, and Utility Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, general fund, tourism fund, aggregate remaining fund information, and the utility fund of the City as of June 30, 2024, and the respective changes in financial position and the respective budgetary comparison for the general fund and tourism fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditors' 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 qualified audit opinions.

Matter Giving Rise to the Qualified Opinions on the Governmental Activities, Business-Type Activities, General Fund, Tourism Fund, Aggregate Remaining Fund Information, and Utility Fund.

We were unable to obtain sufficient appropriate audit evidence regarding compensated absences due to receiving insufficient supporting documentation. Consequently, we were unable to determine whether any adjustments might have been necessary to compensated absences liability and expense in the governmental activities. We were also

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unable to obtain sufficient appropriate audit evidence regarding cost of inventory due to quantity and price of inventory not being reconciled to the general ledger. Consequently, we were unable to determine whether any adjustments might have been necessary to inventory and expense in the business-type activities and utility fund. Finally, we were unable to obtain sufficient appropriate audit evidence regarding the due to and due from activity between the general fund and utility fund, the municipal aid fund and general fund, and the tourism fund and general fund. Consequently we were unable to determine whether any adjustments might have been necessary in governmental activities, business-type activities, general fund, tourism fund, aggregate remaining fund information, and utility fund.

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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 information, and the required supplementary information 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 GAAS in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS in the United States of America. In our opinion, the supplementary information as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

CRS CPAs

CRS CPAs, P.C.

Martin, Tennessee
June 30, 2026

CITY OF FULTON, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

As management of the City of Fulton, Kentucky (the "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 in conjunction with additional information that we have furnished in the basic financial statements and the accompanying notes to those financial statements. All amounts, unless otherwise indicated, are expressed in actual dollars. Comparative analysis of key elements of the total governmental funds and total enterprise funds have been provided.

Financial Highlights
Management believes the City's financial condition is strong. The following are the key highlights.

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $5,245,596 (*net position*). The unrestricted net position is a deficit, therefore, the City cannot use this to meet its ongoing obligations to citizens and creditors.
- The government's total net position increased by $584,665 including a negative correction of error of $212,977.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $2,258,258, an increase of $194,620, including a correction of error of $5,839, in comparison with the prior year. Of this amount, $1,836,483, is available for spending at the government's discretion (*unassigned fund balance).*
- The City's total debt decreased by $323,996 during the current fiscal year.
- The utility fund *(proprietary funds)* posted net income of $263,712, including a correction of error of $134,446 decreasing net position.

Overview of the Financial Statements
This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

Reporting Entity
The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) of the United States of America. All assets, liabilities, deferred inflows/outflows, revenues, and expenses are reported regardless of when the cash is received or paid. These statements report net position and changes in net position. Over time, the increase or decrease in the City's net position is an indicator of whether its financial conditions are improving or deteriorating. However, other non-financial factors such as changes in property tax bases, tax rates, etc. must be considered in evaluating the result of changes in net position.

The government-wide financial statements report statement of net position and statement of activities, and they are divided into two types of activities: governmental activities and business-type activities.

Governmental Activities – consist of the City's basic services, including the police, fire, public works, street, parks and recreation departments, and general administration. Property taxes, local sales taxes, and state shared revenues finance most governmental activities.

Business-type Activities – report revenues as the charges to customers to cover costs of services provided by the City to citizens. The City's utility services are provided here.

Government-Wide Financial Statements – 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, liabilities, and deferred inflows/outflows of resources, with the difference between them 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 position changed during the most recent fiscal year. All changes in net position 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 future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the City include general government, judicial, public safety, highways and streets, sanitation, recreation and public welfare. The business-type activities of the City include water, sewer, and natural gas distribution operations.

The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the most significant funds – not the City as a whole. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. The City does not have any fiduciary funds.

Governmental Funds – The City's basic services are included in governmental funds. The focus of these funds is on how cash and other financial assets that can readily be converted to cash when received are used and what remains at the end of the fiscal year for future spending. This detailed short-term view helps in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because this information does not include the additional long-term focus of the government-wide statements, we provide additional information after the governmental fund statements that explain the differences between the long-term view and the short-term view. The accounting method is modified accrual accounting, which measures cash inflows and outflows and financial assets that can be readily converted to cash.

The City maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, funds balances for the general fund, tourism, municipal aid, and cemetery funds. The general and tourism funds are considered to be major funds. The remaining fund information is presented in the aggregate as part of the basic financial statements.

The City adopts an annual appropriations budget for all governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

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

Proprietary Funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide financial statements, provide both long-term and short-term financial information. The accounting method is accrual accounting, which measures and reports all revenues earned and expenses incurred regardless of when cash flows have happened. There are two different types of proprietary funds: enterprise funds and internal service funds. The City maintains only enterprise funds.

Enterprise funds are the same as business-type activities in the government-wide financial statements but provide more detail and additional information, such as cash flows. The utility fund is considered a major fund.

Internal service funds provide services for other City activities. The City could choose to account for maintenance of city vehicles or self-financed health insurance through an internal service fund. Because services like these benefit predominantly governmental rather than business-type functions, they are typically included in the activities in the governmental funds.

The basic proprietary fund financial statements can be found as listed in the table of contents.

Fiduciary Funds – Fiduciary funds provide information about the financial relationships where the City acts solely as a trustee or fiduciary for the benefit of others to whom the resources belong. The City does not maintain any fiduciary funds.

Notes to Financial Statements – The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes 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 listed in the table of contents.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found as listed in the table of contents.

Government-Wide Financial Analysis

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources $5,245,596 at the close of the fiscal year.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) net of any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The unrestricted balance of net position may be used to meet the City's ongoing obligations to citizens and creditors. The City also reports net position that is restricted for various reasons. At the end of the current fiscal year, the City is able to report positive balances in two categories of net position, both for the City as a whole, as well as for its total governmental and total business-type activities.

City of Fulton's Net Position

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 2,873,001	$ 2,614,569	$ 1,101,273	$ 1,308,029	$ 3,974,274	$ 3,922,598
Noncurrent assets	2,618,760	2,783,586	9,780,642	9,679,793	12,399,402	12,463,379
Total assets	5,491,761	5,398,155	10,881,915	10,987,822	16,373,676	16,385,977
Deferred outflows of resources	614,511	736,079	58,579	118,456	673,090	854,535
Total assets and deferred outflows of resources	$ 6,106,272	$ 6,134,234	$ 10,940,494	$ 11,106,278	$ 17,046,766	$ 17,240,512
Current and other liabilities	$ 279,805	$ 219,901	$ 933,333	$ 608,301	$ 1,213,138	$ 828,202
Long-term liabilities	2,284,564	3,364,663	6,188,257	7,039,280	8,472,821	10,403,943
Total liabilities	2,564,369	3,584,564	7,121,590	7,647,581	9,685,959	11,232,145
Deferred inflows of resources	1,133,183	461,903	982,028	885,533	2,115,211	1,347,436
Net investment in capital assets	2,067,064	2,209,523	4,337,724	3,967,336	6,404,788	6,176,859
Restricted	421,775	1,325,557	32,090	30,384	453,865	1,355,941
Unrestricted	(80,119)	(1,447,313)	(1,532,938)	(1,424,556)	(1,613,057)	(2,871,869)
Total net position	2,408,720	2,087,767	2,836,876	2,573,164	5,245,596	4,660,931
Total liabilities, deferred inflows of resources and net position	$ 6,106,272	$ 6,134,234	$ 10,940,494	$ 11,106,278	$ 17,046,766	$ 17,240,512

During the current fiscal year, the City's net position increased by $584,665, including a negative correction of errors of $212,977 that decreased net position.

Statement of Activities – Revenues in governmental activities exceeded expenses by $399,484, in addition to a $78,531 correction of error decreasing net position. Revenues in business-type activities exceeded expenses by $398,158, in addition to a $134,446 correction of error decreasing net position.

Governmental Activities

Revenues for the City's governmental activities increased approximately 14% mostly due to an increase in taxes and licenses and other revenue. Total expenses for the City's governmental activities decreased approximately 5% mostly due to a decrease in general government, public safety, and public works expenditures.

Business-type Activities

In the business-type activities, net position increased by $263,712, including a negative correction of error of $134,446. Revenues for the City's business-type activities increased approximately 18% mostly due to an increase capital grant and contributions. Total expenses decreased approximately 1% mostly due to a decrease in gas purchases.

The following table provides a summary of the City's operation for the year ended June 30, 2024, with comparative totals for the governmental activities and business-type activities for the year ended June 30, 2023.

City of Fulton's Statement of Activities

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	$ 232,292	$ 214,976	$ 2,703,806	$ 2,821,502	$ 2,936,098	$ 3,036,478
Capital grants and contributions	-	-	513,145	43,000	513,145	43,000
Operating grants and contributions	12,500	100,554	-	-	12,500	100,554
General revenues						
Taxes and licenses	2,445,734	2,063,203	-	-	2,445,734	2,063,203
Other	375,082	243,003	131,371	53,876	506,453	296,879
Transfers	160,759	210,800	(160,759)	(210,800)	-	-
Total revenues	3,226,367	2,832,536	3,187,563	2,707,578	6,413,930	5,540,114
Expenses						
General government	265,613	367,064	-	-	265,613	367,064
Public safety	1,437,081	1,654,663	-	-	1,437,081	1,654,663
Public works - general	259,246	303,400	-	-	259,246	303,400
Highways and streets	158,292	67,114	-	-	158,292	67,114
Parks and cemeteries	195,155	116,701	-	-	195,155	116,701
Tourism	331,627	333,325	-	-	331,627	333,325
Utilities	-	-	2,789,405	2,824,217	2,789,405	2,824,217
Non-departmental	139,816	95,318	-	-	139,816	95,318
Debt service expenses	40,053	27,852	-	-	40,053	27,852
Total expenses	2,826,883	2,965,437	2,789,405	2,824,217	5,616,288	5,789,654
Changes in net position	399,484	(132,901)	398,158	(116,639)	797,642	(249,540)
Net position, beginning	2,087,767	2,200,658	2,573,164	2,639,803	4,660,931	4,840,461
Correction of Error	(78,531)	20,010	(134,446)	50,000	(212,977)	70,010
Net position, beginning, restated	2,009,236	2,220,668	2,438,718	2,689,803	4,447,954	4,910,471
Net position, ending	$ 2,408,720	$ 2,087,767	$ 2,836,876	$ 2,573,164	$ 5,245,596	$ 4,660,931

Comments on Fund Financial Statements

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The general fund accounts for approximately 90% of governmental fund revenues. Accordingly, this discussion will focus on the general fund. General fund balance was $1,933,866 at the end of the current fiscal year, an increase in fund balance of $301,575, including a correction of error of $3,608 decreasing fund balance. Of the balance, $1,836,483, is available to meet the day-to-day needs of the City. Revenues increased from the prior year by $368,186 primarily due to an increase in local taxes in the current year. Expenditures decreased from the prior year by $38,991 primarily due to a decrease in non-departmental expenditures. A budget comparison statement with necessary amendments has been provided in the attached report to demonstrate compliance with the budget.

Proprietary Fund - The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the proprietary fund at the end of the year was $2,836,876. The total increase in net position for this fund was $236,712, including a correction of error of $134,446 decreasing net position.

General Fund Budgetary Highlights

Final Budgeted and Actual Amounts

Actual revenues and other financing sources for the general fund were over the budgeted amounts by $40,393. Expenditures and other financing uses were under budget by $226,141. Significant variances are as follows:

- Property tax revenue was over budgeted amounts by $42,052.
- Interest income was over budgeted amounts by $50,231.
- Miscellaneous income was under budgeted amounts by $36,957.
- Total administrative expenditures were over budgeted amounts by $65,238.
- Total police department expenditures were under budgeted amounts by $146,926.
- Total street department expenditures were under budgeted amounts by $38,323.
- Total non-departmental expenditures were under budgeted amounts by $46,734.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2024, amounts to $12,367,312 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and systems, improvements other than buildings, machinery and equipment. This amount represents a less than 1% decrease in comparison with the prior year. During the current fiscal year, there were purchases of a building, vehicles and equipment and adjustments to depreciation.

Debt - At the end of the current fiscal year, the City had total debt outstanding, which includes revenue bonds payable, of $5,962,524, all of which is backed by the full faith and credit of the government. The governmental activities had $551,696 debt outstanding and business-type activities had $5,410,828 debt outstanding at year end.

The City of Fulton's total debt, which includes the revenue bonds payable, decreased by $323,996 during the current fiscal year.

Economic Factors and Next Year's Budget and Rates

The City anticipates an increase in the utility rates due to the increasing costs to operate the city. The City will continue to apply for grants to help in the offset of cost.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for any additional information should be directed to the City Manager, City of Fulton, 101 Nelson Tripp Place, Fulton, Kentucky 42041 or (270) 472-1320.

CITY OF FULTON, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash	$ 1,441,957	$ 989,394	$ 2,431,351
Property taxes receivable, net of allowance	196,480	-	196,480
Other taxes receivable	449,242	-	449,242
Accounts receivable, net of allowance	-	513,480	513,480
Insurance receivable	31,820	41,951	73,771
Due from other governments	142,295	-	142,295
Inventory	-	26,252	26,252
Prepaid assets	-	46,624	46,624
Due to/from other funds	513,824	(516,428)	(2,604)
Restricted cash:			
Cash and cash equivalents	97,383	-	97,383
Total current assets	2,873,001	1,101,273	3,974,274
Noncurrent Assets			
Restricted cash:			
Cash in bond-related accounts	-	32,090	32,090
Capital assets, not being depreciated:			
Land and construction in progress	269,920	-	269,920
Capital assets, being depreciated, net of accumulated depreciation	2,348,840	9,748,552	12,097,392
Total noncurrent assets	2,618,760	9,780,642	12,399,402
Total Assets	5,491,761	10,881,915	16,373,676
Deferred Outflows of Resources			
Deferred outflows related to pensions	468,928	1,030	469,958
Deferred outflows related to other postemployment benefits	145,583	57,549	203,132
Total Deferred Outflows of Resources	614,511	58,579	673,090
Total Assets and Deferred Outflows of Resources	$ 6,106,272	$ 10,940,494	$ 17,046,766

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

CITY OF FULTON, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	$ 67,670	$ 190,272	$ 257,942
Payroll liabilities	171,694	115,360	287,054
Accrued expenses	-	78,951	78,951
Customer deposits	16,073	221,620	237,693
Bonds and notes payable - current	24,368	327,130	351,498
Total current liabilities	279,805	933,333	1,213,138
Noncurrent Liabilities			
Compensated absences	78,779	-	78,779
Net pension liability	1,751,038	1,089,229	2,840,267
Net other postemployment benefits liability (asset)	(71,269)	10,157	(61,112)
Unamortized bond premium (discount)	(1,312)	5,173	3,861
Bonds and notes payable - noncurrent	527,328	5,083,698	5,611,026
Total noncurrent liabilities	2,284,564	6,188,257	8,472,821
Total Liabilities	2,564,369	7,121,590	9,685,959
Deferred Inflows of Resources			
Deferred revenue - property taxes	278,817	-	278,817
Deferred revenue - grant revenue	-	272,917	272,917
Deferred inflows related to pensions	246,290	255,249	501,539
Deferred inflows related to other postemployment benefits	608,076	453,862	1,061,938
Total Deferred Inflows of Resources	1,133,183	982,028	2,115,211
Net Position			
Investment in capital assets	2,067,064	4,337,724	6,404,788
Restricted	421,775	32,090	453,865
Unrestricted	(80,119)	(1,532,938)	(1,613,057)
Total net position	2,408,720	2,836,876	5,245,596
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 6,106,272	$ 10,940,494	$ 17,046,766

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

CITY OF FULTON, KENTUCKY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

		Program Revenues			Net (Expenses)/Revenues and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Capital Grants and Contributions**	**Operating Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Government activities:							
General government	$ 265,613	$ -	$ -	$ -	$ (265,613)	$ -	$ (265,613)
Public safety	1,437,081	201,121	-	-	(1,235,960)	-	(1,235,960)
Public works - general	259,246	390	-	-	(258,856)	-	(258,856)
Highways and streets	158,292	-	-	-	(158,292)	-	(158,292)
Parks and cemeteries	195,155	30,781	-	12,500	(151,874)	-	(151,874)
Tourism	331,627	-	-	-	(331,627)	-	(331,627)
Non-departmental	139,816	-	-	-	(139,816)	-	(139,816)
Debt service expenses	40,053	-	-	-	(40,053)	-	(40,053)
Total governmental activities	2,826,883	232,292	-	12,500	(2,582,091)	-	(2,582,091)
Business-type activities:							
Public utilities	2,789,405	2,703,806	513,145	-	-	427,546	427,546
Total business-type activities	2,789,405	2,703,806	513,145	-	-	427,546	427,546
Total	$ 5,616,288	$ 2,936,098	$ 513,145	$ 12,500	(2,582,091)	427,546	(2,154,545)
General revenues							
Property taxes					427,940	-	427,940
Intergovernmental revenues					133,762	-	133,762
Franchise taxes					61,768	-	61,768
Payments in lieu of tax					28,736	-	28,736
Alcoholic beverage control regulatory fees					410,444	-	410,444
Payroll taxes					1,118,317	-	1,118,317
Insurance premium tax					108,387	-	108,387
Hotel and restaurant taxes					123,580	-	123,580
Festival revenue					67,383	-	67,383
Business and other licenses					32,800	-	32,800
Interest					101,100	59,638	160,738
Gain on disposition of assets					18,930	-	18,930
Miscellaneous					187,669	71,733	259,402
Transfers					160,759	(160,759)	-
Total general revenues and transfers					2,981,575	(29,388)	2,952,187
Change in net position					399,484	398,158	797,642
Net position - Beginning					2,087,767	2,573,164	4,660,931
Correction of Error					(78,531)	(134,446)	(212,977)
Net position - Beginning - Restated					2,009,236	2,438,718	4,447,954
Net position - Ending					$ 2,408,720	$ 2,836,876	$ 5,245,596

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

CITY OF FULTON, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Tourism Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 1,050,033	$ 188,915	$ 203,009	$ 1,441,957
Property taxes receivable, net	196,480	-	-	196,480
Other taxes receivable	439,795	9,447	-	449,242
Insurance receivable	31,820	-	-	31,820
Due from other governments	142,295	-	-	142,295
Due from other funds	611,051	-	35,842	646,893
Restricted cash	97,383	-	-	97,383
Total Assets	$ 2,568,857	$ 198,362	$ 238,851	$ 3,006,070
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 60,927	$ 6,743	$ -	$ 67,670
Payroll liabilities	171,694	-	-	171,694
Customer deposits	16,073	-	-	16,073
Due to other funds	26,991	31,597	74,481	133,069
Total Liabilities	275,685	38,340	74,481	388,506
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	359,306	-	-	359,306
Total Deferred Inflows of Resources	359,306	-	-	359,306
FUND BALANCES				
Restricted	97,383	160,022	164,370	421,775
Unassigned	1,836,483	-	-	1,836,483
Total Fund Balances	1,933,866	160,022	164,370	2,258,258
Total liabilities, deferred inflows of resources, and fund balances	$ 2,568,857	$ 198,362	$ 238,851	$ 3,006,070

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

CITY OF FULTON, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances of governmental funds	$ 2,258,258
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,618,760
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.	
Add: Deferred outflows of resources related to pensions	468,928
Add: Deferred outflows of resources related to other post employment benefits	145,583
Less: Deferred inflows of resources related to pensions	(246,290)
Less: Deferred inflows of resources related to other post employment benefits	(608,076)
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds.	
Property taxes	80,489
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	(78,779)
Unamortized bond premium (discount)	1,312
Notes from direct borrowings	(551,696)
Other post employment benefits asset (liability)	71,269
Net pension liability	(1,751,038)
Net position of governmental activities	$ 2,408,720

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

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General Fund	Tourism Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local taxes	$ 2,133,629	$ 123,580	$ -	$ 2,257,209
Intergovernmental	127,359	-	51,703	179,062
Charges for services	232,292	-	-	232,292
Interest	77,231	11,481	12,388	101,100
Festival income	-	67,383	-	67,383
Other revenue	179,694	26,905	-	206,599
Total Revenues	2,750,205	229,349	64,091	3,043,645
Expenditures				
Current:				
General government	337,693	-	-	337,693
Public safety	1,459,081	-	-	1,459,081
Public works - general	259,246	-	-	259,246
Highways and streets	80,077	-	78,215	158,292
Parks and cemeteries	195,155	-	-	195,155
Tourism	-	330,013	-	330,013
Non-departmental	139,816	-	-	139,816
Debt service:				
Principal	22,367	-	-	22,367
Interest	17,686	-	-	17,686
Capital Outlay:				
Public safety	94,660	-	-	94,660
Tourism	-	1,614	-	1,614
Total Expenditures	2,605,781	331,627	78,215	3,015,623
Revenues Over (Under) Expenditures	144,424	(102,278)	(14,124)	28,022
Other Financing Sources(Uses)				
Transfer in - payments in lieu of tax	160,759	-	-	160,759
Total Other Financing Sources	160,759	-	-	160,759
Net Change in Fund Balance	305,183	(102,278)	(14,124)	188,781
Fund Balances - Beginning	1,632,291	252,853	178,494	2,063,638
Correction of Error	(3,608)	9,447	-	5,839
Fund Balances - Beginning - Restated	1,628,683	262,300	178,494	2,069,477
Fund Balance - Ending	$ 1,933,866	$ 160,022	$ 164,370	$ 2,258,258

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

CITY OF FULTON, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

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

Net change in fund balances of governmental funds	$ 188,781
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation in the current period exceeded capital outlay.	
Excess capital outlay less depreciation	(80,456)
The actuarially determined other postemployment benefit expense does not consume current financial resourcesand, therefore, is not reported in the governmental funds. It is reported as income/expenses in the statement of activities.	145,108
The actuarially determined pension expense/negative expense does not consume current financial resources and, therefore, is not reported in the governmental funds. It is reported as income/expenses in the statement of activities.	101,830
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Long-term debt repayments	22,367
Bond discount amortization	(109)
Some revenues will not be collected for several months after the City's fiscal year ends; therefore, they are not considered "available" revenues in the governmental funds.	
Deferred tax revenues increased by this amount this year.	21,963
Change in net position of governmental activities	$ 399,484

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

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Local Taxes				
Property taxes	$ 364,000	$ 352,000	$ 394,052	$ 42,052
Interest and penalties	10,000	10,000	11,925	1,925
Payments in lieu of tax	26,000	28,000	28,736	736
Franchise taxes	63,500	60,900	61,768	868
Alcoholic beverage control regulatory fee	430,000	406,000	410,444	4,444
Insurance premium tax	100,000	108,000	108,387	387
Payroll taxes	800,000	1,110,000	1,118,317	8,317
Total local taxes	1,793,500	2,074,900	2,133,629	58,729
Intergovernmental Revenues				
Business licenses	24,000	25,000	26,350	1,350
Alcoholic beverage control licenses	7,850	6,400	6,450	50
County court fees	3,700	2,000	2,295	295
Fire department revenue	1,000	400	10,365	9,965
Federal grant funds	-	12,500	12,500	-
State grant funds	20,000	11,500	-	(11,500)
State incentive revenue	44,000	48,000	62,765	14,765
Law enforcement fees	6,000	6,500	6,599	99
Code enforcement revenue	6,000	35	35	-
Total intergovernmental revenues	112,550	112,335	127,359	15,024
Charges for Services				
Rent	18,400	18,100	18,431	331
Building permits	360	360	390	30
City stickers	40,000	34,000	35,025	1,025
School resource officer	166,000	166,096	166,096	-
Cemetery lots	6,000	5,000	5,500	500
Cemetery openings and upkeep	11,000	6,000	6,850	850
Total charges for services	241,760	229,556	232,292	2,736
Fines, Forfeitures, and Penalties				
Drug fund revenue	7,000	-	-	-
Total fines, forfeitures, and penalties	7,000	-	-	-
Other Revenue				
Sale of property	10,000	18,480	18,930	450
Interest income	29,000	27,000	77,231	50,231
Damage awards	25,000	69,000	69,221	221
Miscellaneous income	32,000	128,500	91,543	(36,957)
Total other revenue	96,000	242,980	256,925	13,945
Total revenues	2,250,810	2,659,771	2,750,205	90,434

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

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES				
Administrative				
Salaries	$ 112,140	$ 60,000	$ 98,107	$ 38,107
Retirement/pension	19,732	9,000	8,494	(506)
Unemployment	86	20	5	(15)
Hospitalization	18,186	8,300	12,979	4,679
Life/dental	132	107	105	(2)
Social security	7,477	4,000	3,887	(113)
Maintenance - fixtures	-	500	301	(199)
Other benefits	125	95	88	(7)
Office supplies	1,500	500	341	(159)
Technical supplies	500	500	18	(482)
Dues and subscriptions	800	400	42	(358)
Motor fuel/oil	1,600	600	15,667	15,067
Telephone	420	500	526	26
Advertising/printing	3,500	3,500	4,567	1,067
Travel	3,000	3,600	3,439	(161)
Insurance	5,534	5,534	5,535	1
Professional/technical services	6,000	26,000	27,992	1,992
Training	2,500	2,000	1,596	(404)
Capital expenditures	-	-	86	86
Miscellaneous	200	-	20,930	20,930
Duplicate charges	-	-	(14,311)	(14,311)
Total administrative	183,432	125,156	190,394	65,238
Finance Department				
Salaries	208,700	41,500	44,351	2,851
Overtime/help	2,000	1,000	349	(651)
Retirement/pension	42,642	9,000	8,622	(378)
Unemployment	215	100	15	(85)
Hospitalization	45,776	8,000	19,716	11,716
Life/Dental	528	300	348	48
Social security	16,119	3,100	3,282	182
Worker's Compensation	1,216	1,800	1,586	(214)
Other benefits	1,400	800	716	(84)
Maintenance - vehicles/equipment	-	350	295	(55)
Maintenance - fixtures	1,500	2,000	1,746	(254)
Utilties	7,500	8,000	8,785	785
Office Supplies	1,200	4,000	3,205	(795)
Technical supplies	1,500	1,500	974	(526)
Cleaning supplies	1,000	2,500	2,535	35
Dues and subscriptions	275	275	302	27
Postage	1,000	1,000	-	(1,000)
Telephone	1,680	2,200	1,978	(222)
Advertising/printing	-	1,018	1,019	1
Travel	3,000	1,000	974	(26)
Insurance	2,986	3,000	2,986	(14)
Professional/technical services	-	14,000	15,095	1,095
Training/registration	2,000	2,000	-	(2,000)
Miscellaneous	200	3,000	34,553	31,553
Duplicate charges	-	-	(6,133)	(6,133)
Total finance department	342,437	111,443	147,299	35,856

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

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)				
Code Compliance				
Salaries	$ 45,850	$ 63,000	$ 60,166	$ (2,834)
Retirement/pension	10,701	10,600	10,026	(574)
Unemployment	47	50	3	(47)
Hospitalization	11,658	11,500	14,626	3,126
Life/dental	132	140	105	(35)
Social security	3,508	4,700	4,407	(293)
Other benefits	105	105	146	41
Clothing	350	350	-	(350)
Maintenance - vehicles/equipment	300	1,000	816	(184)
Office supplies	500	500	474	(26)
Technical supplies	1,000	750	513	(237)
Dues and subscriptions	1,250	750	335	(415)
Motor fuel/oil	600	1,000	836	(164)
Postage	500	500	-	(500)
Telephone	720	760	669	(91)
Advertising/printing	250	250	99	(151)
Travel	2,000	2,000	1,575	(425)
Insurance	2,986	3,000	2,986	(14)
Professional/technical services	5,500	12,048	11,041	(1,007)
Training	1,500	1,500	645	(855)
Code enforcement	50,000	15,000	1,974	(13,026)
Miscellaneous	250	250	6,436	6,186
Duplicate charges	-	-	(14,311)	(14,311)
Total code compliance	139,707	129,753	103,567	(26,186)
Police Department				
Salaries	455,687	530,000	483,426	(46,574)
Overtime/help	50,000	64,000	54,355	(9,645)
Retirement/pension	121,062	115,000	104,194	(10,806)
Unemployment	553	590	31	(559)
Hospitalization	99,898	99,000	130,985	31,985
Life/dental	1,188	1,056	754	(302)
Social security	41,439	49,000	44,017	(4,983)
Worker's compensation	32,327	34,200	32,526	(1,674)
Clothing	5,000	5,000	577	(4,423)
Incentive	36,000	40,000	40,023	23
Other benefits	700	700	633	(67)
Maintenance-fixtures	6,500	15,000	8,892	(6,108)
Maintenance-vehicles/equipment	14,700	15,000	15,934	934
Utilities	7,000	7,000	7,114	114
Alcoholic beverage control expenses	15,000	10,000	1,236	(8,764)
School resource officer expense	2,000	1,700	203	(1,497)
Technical supplies	12,500	12,500	11,383	(1,117)
Office supplies	4,000	4,000	4,285	285
Cleaning supplies	500	500	362	(138)
Dues and subscriptions	700	700	809	109
Motor fuel/oil	30,000	32,000	19,181	(12,819)
Postage	700	700	57	(643)
Telephone	8,200	10,000	8,268	(1,732)
Advertising/printing	500	500	145	(355)
Travel	6,000	3,000	2,367	(633)
Insurance	45,794	46,000	45,444	(556)
Professional/technical services	3,000	16,000	15,791	(209)
Training	1,000	1,000	1,069	69
Program implements	600	600	-	(600)

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

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)				
Police Department (Continued)				
Animal control	$ 3,600	$ 3,600	$ 5,044	$ 1,444
Dispatch expense	43,366	44,000	33,229	(10,771)
Drug fund expenditures	7,000	7,000	6,988	(12)
Miscellaneous	1,000	1,000	67,057	66,057
Capital expenditures	35,000	97,000	94,660	(2,340)
Duplicate charges	-	-	(120,619)	(120,619)
Total police department	1,092,514	1,267,346	1,120,420	(146,926)
Fire Department				
Salaries	82,000	94,000	78,659	(15,341)
Retirement/pension	14,237	14,237	17,749	3,512
Unemployment	62	62	4	(58)
Hospitalization	18,186	18,186	14,984	(3,202)
Life/dental	132	132	82	(50)
Social security	4,667	5,400	4,831	(569)
Worker's compensation	3,971	3,900	3,418	(482)
Clothing	1,200	2,000	1,938	(62)
Incentive	4,000	4,000	3,236	(764)
Other benefits	130	750	524	(226)
Maintenance-fixtures	3,000	4,800	5,191	391
Maintenance-vehicles/equipment	11,000	10,000	9,139	(861)
Utilities	6,000	6,500	6,342	(158)
State aid expense	11,000	12,000	11,626	(374)
Volunteer fire expenditures	50,500	50,500	49,863	(637)
Fire prevention	1,700	500	401	(99)
Technical supplies	12,000	14,500	16,782	2,282
Office supplies	1,000	500	508	8
Cleaning supplies	500	250	193	(57)
Dues and subscriptions	1,000	250	150	(100)
Motor fuel/oil	4,500	4,000	3,360	(640)
Grant expense	1,000	1,000	-	(1,000)
Postage	250	250	9	(241)
Telephone	1,000	1,000	1,112	112
Advertising/printing	350	350	121	(229)
Travel	2,500	1,500	223	(1,277)
Insurance	18,445	20,000	38,026	18,026
Professional/technical services	6,000	9,500	10,729	1,229
Training	4,000	3,000	3,110	110
Dispatch expense	12,250	12,250	11,221	(1,029)
Miscellaneous	200	7,000	13,384	6,384
Capital expenditures	-	37,150	37,150	-
Duplicate charges	-	-	(14,311)	(14,311)
Total fire department	276,780	339,467	329,754	(9,713)
Public Works				
Salaries	546,120	155,000	153,406	(1,594)
Overtime/help	20,000	15,000	14,098	(902)
Retirement/pension	131,199	27,000	37,788	10,788
Unemployment	594	100	36	(64)
Hospitalization	109,860	23,000	26,976	3,976
Life/dental	1,584	705	799	94
Social security	43,155	12,800	12,665	(135)
Workers' compensation	29,754	38,798	32,454	(6,344)
Clothing	7,000	12,500	13,443	943
Other benefits	1,050	1,705	2,336	631

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

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)				
Public Works (Continued)				
Duplicate charges	$ -	$ -	$ (34,755)	$ (34,755)
Total public works	890,316	286,608	259,246	(27,362)
Street Department				
Maintenance - buildings/grounds	42,000	7,000	1,742	(5,258)
Maintenance - fixtures	1,200	12,000	10,609	(1,391)
Maintenance - vehicles/equipment	11,000	8,500	7,794	(706)
Utilities	19,000	22,000	24,335	2,335
Technical supplies	6,500	4,000	1,041	(2,959)
Office supplies	700	500	568	68
Cleaning supplies	150	400	323	(77)
Street sweeping	4,000	2,600	2,575	(25)
Litter abatement	1,800	1,800	-	(1,800)
Motor fuel/oil	3,200	3,200	2,504	(696)
Insurance	5,699	5,900	5,854	(46)
Professional/technical services	5,000	21,000	20,830	(170)
Training	-	-	100	100
Street markers	2,000	2,000	178	(1,822)
Miscellaneous	200	27,500	1,624	(25,876)
Total street department	102,449	118,400	80,077	(38,323)
Parks and Cemeteries Department				
Salaries	42,199	42,199	37,928	(4,271)
Overtime	4,067	4,000	49	(3,951)
Retirement	1,000	1,000	-	(1,000)
Social security	1,800	3,000	2,905	(95)
Maintenance - buildings/grounds	10,000	35,000	32,059	(2,941)
Maintenance - fixtures	2,000	2,500	2,010	(490)
Maintenance - vehicles/equipment	6,000	6,000	5,202	(798)
Utilities	11,000	10,500	11,801	1,301
Technical supplies	2,000	4,500	3,851	(649)
Office supplies	250	1,000	1,108	108
Women's club expenditures	20,000	16,000	2,327	(13,673)
Community center expenditures	13,500	13,500	12,930	(570)
Motor fuel/oil	5,500	5,500	4,990	(510)
Insurance	15,504	16,000	15,813	(187)
Professional/technical services	4,200	5,500	4,949	(551)
Training	-	-	200	200
Miscellaneous	200	58,000	57,033	(967)
Total Parks and Cemeteries	139,220	224,199	195,155	(29,044)
Non-Departmental				
Shop expense	20,000	20,000	18,080	(1,920)
PVA - tax roll	5,000	5,000	61	(4,939)
Service contracts	14,000	14,000	10,465	(3,535)
Audit	9,000	5,000	12,500	7,500
General liability insurance	15,000	15,000	5,875	(9,125)
Chamber of Commerce	1,200	1,200	1,200	-
Airport	5,500	8,000	7,108	(892)
Library	5,000	5,000	5,000	-
Detention center meals	20,000	12,000	21,754	9,754
Kentucky municipal league	850	850	-	(850)
Purchase area development	500	500	478	(22)
Contingency	25,000	25,000	32,295	7,295
Economic development	65,000	65,000	15,000	(50,000)

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

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Over (Under)
EXPENDITURES (Continued)				
Non-Departmental (Continued)				
Ken-Tenn EMS Subsidy	$ 10,000	$ 10,000	$ 10,000	$ -
Total Non-Departmental	196,050	186,550	139,816	(46,734)
Debt Service				
Debt payment	22,367	22,367	22,367	-
Interest on debt	17,686	20,633	17,686	(2,947)
Total debt service	40,053	43,000	40,053	(2,947)
Total expenditures	3,402,958	2,831,922	2,605,781	(226,141)
Revenues Over (Under) Expenditures	(1,152,148)	(172,151)	144,424	316,575
Other Financing Source (Uses)				
Transfer in - payments in lieu of tax	210,800	210,800	160,759	(50,041)
Total other financing source (uses)	210,800	210,800	160,759	(50,041)
Net Change in Fund Balance	$ (941,348)	$ 38,649	305,183	$ 266,534
Fund Balance - Beginning			1,632,291	
Correction of Error			(3,608)	
Fund Balance - Beginning - Restated			1,628,683	
Fund Balance - Ending			$ 1,933,866	

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

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TOURISM FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Variance
Revenues				
Hotel tax - City of Fulton	$ 25,000	$ 16,000	$ 16,759	$ 759
Restaurant tax	90,000	93,000	106,821	13,821
Interest	7,000	7,000	11,481	4,481
Festival income	65,000	50,000	67,383	17,383
Miscellaneous	500	26,000	26,905	905
Total revenues	187,500	192,000	229,349	37,349
Expenditures				
Clerical services	57,500	57,000	58,145	1,145
Special projects	90,000	74,000	76,745	2,745
Lohaus field	8,000	8,000	6,954	(1,046)
Office supplies	-	-	7,974	7,974
Telephone	2,000	2,000	253	(1,747)
Advertising/printing	3,000	9,000	11,853	2,853
Travel	3,500	1,400	1,394	(6)
Festival expenses	138,500	155,000	157,007	2,007
Capital outlay	-	1,700	1,614	(86)
Postage	150	150	-	(150)
Professional services	5,000	7,500	7,614	114
Utilities	5,000	5,000	910	(4,090)
Miscellaneous expense	-	-	1,164	1,164
Total expenditures	312,650	320,750	331,627	10,877
Net Change in Fund Balance	$ (125,150)	$ (128,750)	(102,278)	$ 26,472
Fund Balance - Beginning			252,853	
Correction of Error			9,447	
Fund Balance -Beginning as Restated			262,300	
Fund Balance - Ending			$ 160,022	

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

CITY OF FULTON, KENTUCKY
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2024

		Utility Fund
ASSETS		
Current Assets		
Cash and cash equivalents	$	989,394
Accounts receivable (net)		513,480
Insurance receivable		41,951
Inventory		26,252
Prepaid expenses		46,624
Total current assets		1,617,701
Noncurrent Assets		
Restricted cash:		
Cash in bond-related accounts		32,090
Capital assets, net of accumulated depreciation:		
Utility plant in service		9,748,552
Total noncurrent assets		9,780,642
Total Assets		11,398,343
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions		1,030
Deferred outflows related to other postemployment benefits		57,549
Total Deferred Outflows of Resources		58,579
Total Assets and Deferred Outflows of Resources	$	11,456,922
LIABILITIES		
Current Liabilities		
Accounts payable	$	190,272
Payroll liabilities		115,360
Accrued expenses		78,951
Customer deposits		221,620
Due to other funds		516,428
Bonds and notes payable - current		327,130
Total current liabilities		1,449,761
Noncurrent Liabilities		
Net pension liability		1,089,229
Net other postemployment benefit liability		10,157
Unamortized bond premium (discount), net		5,173
Bonds and notes payable - noncurrent		5,083,698
Total noncurrent liabilities		6,188,257
Total Liabilities		7,638,018
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		255,249
Deferred inflows related to other postemployment benefits		453,862
Unearned grant revenue		272,917
Total deferred inflows of resources		982,028
Total Liabilities and Deferred Inflows of Resources		8,620,046
NET POSITION		
Investment in capital assets		4,337,724
Restricted for debt service		32,090
Unrestricted		(1,532,938)
Total Net Position		2,836,876
Total Liabilities, Deferred Inflows of Resources, Net Position	$	11,456,922

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

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2024

	Utility Fund
Operating Revenues	
Utility sales	$ 2,703,806
Miscellaneous	71,733
Total operating revenues	2,775,539
Operating Expenses	
Personnel/administrative costs	820,102
Gas purchases	305,937
Depreciation	360,088
Technical supplies	64,230
Maintenance	26,231
Maintenance to system	185,391
Utilities	178,446
Advertising and printing	562
Professional services	294,968
Postage	6,553
Insurance	161,154
Equipment rental	276
Telephone	1,554
Motor fuel and oil	24,902
Training	3,765
Office and cleaning supplies	47,508
Travel and registrations	2,467
Dues and subscriptions	2,323
Audit expense	14,500
Dispatch expense	22,008
Miscellaneous	111,020
Total operating expenses	2,633,985
Operating Income (Loss)	141,554
Non-operating revenues (expenses)	
Federal grant revenue	513,145
Interest earnings	59,638
Bond amortization expense	(902)
Interest expense	(154,518)
Transfers out	(160,759)
Total non-operating revenues (expenses)	256,604
Change in Net Position	398,158
Net Position - Beginning	2,573,164
Correction of Error	(134,446)
Net Position - Beginning - Restated	2,438,718
Net Position - Ending	$ 2,836,876

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

CITY OF FULTON, KENTUCKY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2024

	Utility Fund
Cash Flows From Operating Activities	
Cash received from customers	$ 2,245,762
Cash payments to suppliers	(1,489,630)
Cash payments for employees services and benefits	(653,005)
Net cash provided by operating activities	103,127
Cash Flows From Non-Capital Financing Activities	
Interfund transfers	(160,759)
Increase in due to/from other funds	110,361
Net cash used by non-capital financing activities	(50,398)
Cash Flows From Capital and Related Financing Activities	
Purchases of capital assets	(560,793)
Payments on principal of long-term debt	(309,460)
Interest payments on long-term debt	(154,518)
Capital grant proceeds	513,145
Net cash used by capital and related financing activities	(511,626)
Cash Flows From Investing Activities	
Interest income	59,638
Net cash provided by investing activities	59,638
Net Increase in Cash and Cash Equivalents	(399,259)
Cash and Cash Equivalents - Beginning	1,420,743
Cash and Cash Equivalents - Ending	$ 1,021,484
Unrestricted cash and cash equivalents on deposit	$ 989,394
Restricted cash and cash	32,090
Total Cash and Cash Equivalents	$ 1,021,484

Reconciliation of Operating Income to Net Cash Flows From Operating Activities:

Operating income (loss)	$ 141,554
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	360,088
(Increase) Decrease in deferred outflows	59,877
Increase (Decrease) in deferred inflows	338,346
(Increase) Decrease in accounts receivable	(289,889)
(Increase) Decrease in insurance receivable	(41,951)
(Increase) Decrease in prepaid expense	(3,114)
Increase (Decrease) in accounts payable	130,856
Increase (Decrease) in other accrued expenses	71,122
Increase (Decrease) in payroll liabilities	95,975
Increase (Decrease) in customer deposits	1,964
Increase (Decrease) in unearned grant revenue	(241,851)
Increase (Decrease) in net pension liability	(191,566)
Increase (Decrease) in net other postemployment benefit liability	(328,284)
Total adjustments	(38,427)
Net Cash Provided by Operating Activities	$ 103,127

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

CITY OF FULTON, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fulton, Kentucky (the "City"), operates under a City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, parks and cemeteries, sanitation, health and social services, public improvements, planning and zoning, code enforcement, and general administrative services.

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

A. Reporting Entity

For financial reporting purposes, the City includes all funds, agencies, boards, commissions and authorities that are controlled by or dependent on the City. Control by or dependence on the City has been determined on the basis of budget adoption, taxing authority, guarantee of debt, general obligations of the City, ownership of assets, or the City's obligation to fund any deficits that may occur. Based on these criteria, there were no component units applicable for inclusion in the basic financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

In general, taxes, licenses, federal and state grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Tourism fund is a special revenue fund used to account for revenues and expenditures related to tourism focused taxes and fundraising.

The City reports the following major proprietary fund:

The Utility fund accounts for the activities associated with the water distribution system, the activities associated with the City's collection, transportation, treatment and disposal of wastewater, and the activities associated with the gas distribution system.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all of the City's enterprise funds are charges to customers for sales and services. The Utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the systems. The utility funds recognize income based on cycle billings. This results in recognizing income as water usage through each respective cycle each month, which may not coincide with the last day of the fiscal year. Non-recognition of income from water sales as a result of cycle billing is a common industry practice. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The cost of purchased water is accrued based on the final meter reading of the fiscal year. This may result in unrecognized expenses for the period between the final billing and the end of the fiscal year. This practice is consistent with industry guidelines and does not differ significantly from generally accepted accounting principles.

D. Assets, Liabilities, Deferred Inflows/Outflows, and Fund Balance/Net Position

Cash
The City's cash includes all deposits with financial institutions, including restricted deposits. The City has no investments or cash equivalents as defined by GASB that require disclosure.

Receivables and Payables
Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows, and Fund Balance/Net Position (Continued)

The City reports an allowance for uncollectible accounts in the General fund for property taxes and in the Utility fund for accounts receivable. Property taxes receivable include taxes which attach as an enforceable lien in the current fiscal year but are not billed until the following October.

Capital Assets

Capital assets, including property, plant, vehicles, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 for equipment and for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	40 – 70 years
Vehicles and equipment	5 – 30 years
Furniture and fixtures	5 – 10 years
Infrastructure	20 – 50 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applied to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items related to pensions and other postemployment benefits that qualified for reporting in this category. See Note 4 for details related to these items.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has various items that qualify for reporting in this category. Property taxes reported as receivables before the period for which they were levied are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, past due property taxes are also deferred in the governmental funds balance sheet. There are also deferred inflows related to pensions and other postemployment benefits included in this category.

Compensated Absences

The City provides paid vacation annually for employees with at least one year of service. Vacation time may be paid in cash to employees upon approval of the City Manager. Only one half of any accrued leave may be converted to cash and may be done only once in a twelve month period. The City's sick leave policy states that employees may be paid for their accumulated sick leave upon their termination due to retirement or medical disability. In these circumstances, the payment shall be for unused sick days at one half the employee's hourly rate or $5.00 per hour, whichever is less.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kentucky Retirement Systems (KRS), County Employees Retirement System (CERS), and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by KRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the plan. Investments are reported at fair value.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows/Outflows, and Fund Balance/Net Position (Continued)

Other Postemployment Benefits
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Kentucky Retirement Systems' Insurance Fund (KRS Insurance Fund) and additions to/deductions from KRS Insurance Fund's fiduciary net position have been determined on the same basis as they are reported by KRS Insurance Fund. For this purpose, KRS Insurance Fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for short-term investments that are reported at cost, which approximates fair value.

Long-Term Obligations
In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

Fund Balance/Net Position
In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – amounts that can be spent only for specific purposes because of limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- Committed – amounts that can be used only for specific purposes determined by a formal action of the City Commission by ordinance, with the same process required to rescind.
- Assigned – amounts that are designated by the City Commission for a particular purpose but are not spendable until there is a majority vote approval by the City Commission.
- Unassigned – all amounts in the General fund not included in other spendable classifications.

As of June 30, 2024, the City had restricted fund balance of $67,672 for drug and police evidence funds, $6,025 for alcoholic beverage funds, $23,686 for unexpended grant funds, $160,022 for tourism, $84,074 for municipal aid funds, and $80,296 for cemetery maintenance.

In the Utility fund, restricted net position of $32,090 is reported for the replacement reserve fund required by the 2016 Kentucky Infrastructure loan agreement.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances, before using unassigned fund balances.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Commission.

CITY OF FULTON, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Invested Funds

Custodial credit risk of deposits is the risk that in the event of a bank failure the government's deposits may not be returned to it. Interest-bearing and non-interest bearing deposits are each covered by federal depository insurance up to $250,000. Deposits over the insured amounts are covered by collateral held by the City's agent in the City's name. At June 30, 2024, all bank deposits were fully insured or collateralized. All funds are classified as public funds.

B. Receivables

Receivables are presented in the financial statements net of allowances for uncollectible accounts. The Utility fund has an allowance of $8,000 as of June 30, 2024. The allowance for uncollectible property taxes was $78,749 at June 30, 2024.

C. Capital Assets

Governmental capital asset activity for the year ended June 30, 2024, is shown below.

Governmental activities:	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Capital assets, not being depreciated					
Land	$ 269,920	$ -	$ -	$ -	269,920
Total capital assets, not being depreciated	269,920	-	-	-	269,920
Capital assets, being depreciated					
Buildings	4,089,280	(583,955)	-	-	3,505,325
Improvements	32,409	-	-	-	32,409
Vehicles and equipment	5,542,382	(1,758,775)	116,660	-	3,900,267
Total capital assets, being depreciated	9,664,071	(2,342,730)	116,660	-	7,438,001
Less accumulated depreciation					
Buildings and improvements	2,491,664	(499,586)	75,410	-	2,067,488
Equipment	7,057	-	2,160	-	9,217
Vehicles	4,651,685	(1,758,775)	119,546	-	3,012,456
Total accumulated depreciation	7,150,406	(2,258,361)	197,116	-	5,089,161
Total capital assets being depreciated, net	2,513,665	(84,369)	(80,456)	-	2,348,840
Governmental activities capital assets, net	$ 2,783,585	$ (84,369)	$ (80,456)	$ -	$ 2,618,760

CITY OF FULTON, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	$ 63,715
Public safety	74,731
Public works	40,477
Parks and cemeteries	18,193
Total depreciation expense-governmental activities	$ 197,116

Business-type capital asset activity for the year ended June 30, 2024, is summarized below:

Business-type activities:	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Capital assets, not being depreciated					
Construction in progress	$ -	$ -	$ 359,447	$ -	$ 359,447
Total capital assets, not being depreciated	-	-	359,447	-	359,447
Capital assets, being depreciated					
Utility plant in operation	16,933,802	(422,294)	201,346	-	16,712,854
Total capital assets being depreciated	16,933,802	(422,294)	201,346	-	16,712,854
Less accumulated depreciation					
Utility plant in operation	7,254,009	(290,348)	360,088	-	7,323,749
Total accumulated depreciation	7,254,009	(290,348)	360,088	-	7,323,749
Total capital assets being depreciated, net	9,679,793	(131,946)	(158,742)	-	9,389,105
Business-type activities capital assets, net	$ 9,679,793	$ (131,946)	$ 200,705	$ -	$ 9,748,552

Depreciation expense was charged to proprietary functions as follows:

Business-type Activities:	
Utility	$ 360,088
Total depreciation expense-business-type activities	$ 360,088

D. Long-Term Debt

The City issued Kentucky Rural Water Finance Corporation (KRWFC) Public Projects Refunding and Improvement Revenue Bonds, Series 2013C, as of March 27, 2013, for $840,000. The refunding bonds have interest rates that vary from 2.3% to 4.8% and the maturity date is February 1, 2027. Monthly payments of principal and interest vary in accordance with the payment schedule included in the bond document. The balance outstanding at June 30, 2024, was $215,000.

The premium associated with the bonds was $79,966. This amount is being amortized over the life of the new debt and is included with bonds payable in the statements of net position. Amortization for the year ended June 30, 2024, was $5,331.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Debt (Continued)

On January 1, 2016, the City entered into an assistance agreement with the Kentucky Infrastructure Authority for a loan in the amount of $1,139,000 for wastewater treatment plant improvements. The interest rate is .75% and the term is 20 years. Annual debt service is $61,467 plus an administrative fee of $1,658. Semi-annual payments of principal and interest are due June 1 and December 1 each year. The amount outstanding as of June 30, 2024, was $732,107. In conjunction with this loan, a replacement reserve account was required to be established for $28,000. This reserve shall be maintained for the life of the loan.

On October 20, 2016, the City entered into a lease agreement with the Kentucky Bond Corporation in conjunction with the Series 2016C bond issue in the amount of $6,090,000 for acquisition and installation of the energy savings project more particularly described in the PACT Agreement dated August 22, 2016, between City of Fulton and Trane U.S. Inc. The term of the lease is 20 years. Monthly payments of principal and interest are due, plus an administrative fee. The amount outstanding as of June 30, 2024, was $5,015,416 (government type of $551,696 and Utility of $4,463,721). The lease payments are being paid 88.99% from the Utility fund and 11.01% from the General Fund.

The following is a summary of estimated future debt service requirements as of June 30, 2024:

	Total Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 24,368	$ 15,450	$ 327,130	$ 140,465	$ 351,498	$ 155,915
2026	26,845	14,949	352,991	132,901	379,836	147,850
2027	29,457	14,364	369,970	125,361	399,427	139,725
2028	32,475	13,668	325,296	116,885	357,771	130,553
2029	35,403	12,821	349,882	109,463	385,285	122,284
2030-2034	231,559	46,341	2,206,030	394,174	2,437,589	440,515
2035-2037	171,589	9,107	1,479,529	76,856	1,651,118	85,963
Total	$ 551,696	$ 126,700	$ 5,410,828	$ 1,096,104	$ 5,962,524	$ 1,222,804

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NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Debt (Continued)

Changes in long-term liabilities for the year ended June 30, 2024, were as follows:

	Balance June 30, 2023	Adjustments	Borrowings	Retirements	Balance June 30, 2024	Due Within One Year
Governmental Activities						
KY Bond Corporation, 2016C series	$ 574,063	$ -	$ -	$ (22,367)	$ 551,696	$ 24,368
Bond discount, net of amortization	(1,421)	-	109	-	(1,312)	-
Compensated absences	78,779	-	-	-	78,779	-
Total for Governmental activities	$ 651,421	$ -	$ 109	$ (22,367)	$ 629,163	$ 24,368
Business-Type Activities						
KRWFC bonds, 2013B series	$ 280,000	$ 2,500	$ -	$ (67,500)	$ 215,000	$ 70,000
Bond premium being amortized	21,325	-	-	(5,331)	15,994	-
KIA Infrastructure loan	787,770	-	-	(55,662)	732,108	56,081
KY Bond Corporation, 2016C series	4,644,687	-	-	(180,967)	4,463,720	201,049
Bond discount being amortized	(11,723)	-	902	-	(10,821)	-
Total for business-type activities	5,722,059	2,500	902	(309,460)	5,416,001	327,130
Total of all fund types	$ 6,373,480	$ 2,500	$ 1,011	$ (331,827)	$ 6,045,164	$ 351,498

The liability for compensated absences in governmental activities is fully liquidated by the General Fund.

E. Interfund Receivables, Payables, and Transfers

The transfer of $160,759 from the Utility fund to the General fund is the annual in-lieu-of-tax payment.

NOTE 4 – OTHER INFORMATION

A. Pensions

Plan Description. The City contributes to the Kentucky Retirement Systems (KRS) County Employees Retirement System (CERS), hereafter referred to as the "Plan," which is a cost-sharing multiple employer defined benefit pension plan. The Plan was established in 1958 by the Kentucky General Assembly in order to supplement the benefits provided by Social Security. Kentucky Revised Statute Section 61.645 grants the authority to establish and amend the benefit terms to the CERS Board of Trustees. All regular full-time employees of the City are eligible to participate in the Plan.

The CERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website at www.kyret.ky.gov.

Benefits provided. The Plan provides for retirement, disability, and death benefits to Plan members. Retirement benefits may be extended to beneficiaries of members under certain circumstances.

Under the City's plan, members are eligible to retire with an unreduced benefit at age 65 or after 27 years of service credit. Employees who began participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service must equal 87 and be a minimum of 57 years of age) or be age 65 with a minimum of 60 months service credit. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit for employees who began before September 1, 2008, and at age 60 with 10 years of service for those who began on or after September 1, 2008 but before January 1, 2014. There is no reduced benefit available for those whose participation began on or after January 1, 2014.

NOTE 4 – OTHER INFORMATION (CONTINUED)

A. Pensions (Continued)

Members vest with five years of service credit. Service related disability benefits are provided after five years of service.

Cost of living adjustments (COLA) are provided at the discretion of the General Assembly. Effective July 1, 2009, COLA was limited to 1.5%. No COLA has been granted since July 1, 2011.

Contributions. The contribution requirements of Plan members and the City are established by state statute. Employee contributions for nonhazardous employees who began participating with KRS prior to September 1, 2008, contribute 5% of their creditable compensation to KRS. Those who began on or after September 1, 2008, contribute a total of 6% of all their creditable compensation to KRS. One percent of each employee's contribution is deposited to the KRS Pension Fund 401(h) account for the payment of health insurance benefits. If a member terminates his/her employment and applies to take a refund, the member is entitled to a full refund of contributions and interest in his/her account; however, the 1% contributed to the 401(h) account is non-refundable and is forfeited. Plan members who began participating on or after January 1, 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.

Employer contribution rates for fiscal year 2023 were adopted by the Board of KRS based on actuarially recommended rates. For the year ended June 30, 2024, the City's covered payroll was $1,362,576. Covered payroll refers to the payroll on which contributions to a pension plan are based. The required pension contribution rate for the year ended June 30, 2024, was 23.34%. The City's contributions to the Plan for the year ended June 30, 2024, were $318,025.

Pension Liabilities. At June 30, 2024, the City reported a liability of $2,840,267 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, based on an expected total pension liability calculated as of that date using standard roll forward techniques applied to the total pension liability determined by an actuarial valuation as of June 30, 2023. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the City's proportion was 0.044265 percent. At June 30, 2022, the City's proportion was 0.047320 percent.

Pension Expense. For the year ended June 30, 2024, the City recognized pension expense of $101,445.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 38,743
Changes in assumptions	-	260,312
Differences between expected and actual experience	147,035	7,718
Changes in proportion and differences between City contributions and proportionate share of contributions	4,898	194,766
Contributions subsequent to the measurement date of June 30, 2023	318,025	*(Not applicable)*
Total	$ 469,958	$ 501,539

NOTE 4 – OTHER INFORMATION (CONTINUED)

A. Pensions (Continued)

The 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 measurement period ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense in the following measurement periods:

Year ended June 30:	
2024	$ (211,955)
2025	(173,561)
2026	63,406
2027	(27,496)
2028	-
Thereafter	-

Actuarial Methods and Assumptions. The total pension liability as of June 30, 2024, based on an actuarial valuation date of June 30, 2021, was determined using the following actuarial assumptions:

Inflation	2.30 percent
Payroll growth rate	2.00 percent
Salary increases	3.30 to 10.30 percent
Investment rate of return	6.25 percent

In the June 30, 2023, valuation, the mortality table used for active members was a PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2019. 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 the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disable Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019.

The actuarial assumptions used were based on the results of an actuarial experience study entitled “Kentucky Retirement Systems 2022 Actuarial Experience Study for the Period Ending June 30, 2022”.

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

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NOTE 4 – OTHER INFORMATION (CONTINUED)

A. Pensions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	**60.00%**	
Public Entity	50.00%	5.90%
Private Entity	10.00%	11.73%
Liquidity	**20.00%**	
Core bonds	10.00%	2.45%
Specialty Credit/High Yield	10.00%	3.65%
Cash	0.00%	1.39%
Diversifying Strategies	**20.00%**	
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected Real Return	**100.00%**	**5.75%**
Long Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**8.25%**

Discount Rate. The single discount rate of 6.50% was based on the expected rate of return on plan investments. The projection of cash flows assumes that the plan will receive the required employer contributions each future year as determined by the current funding policy established in the Statute as last amended by Senate Bill 249, passed in 2020. Based on these assumptions, the plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return was applied to all periods of the projected benefit payments to determine the total pension liability. 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 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

Net Pension Liability	1% Decrease	Current Discount Rate	1% Increase
As of June 30, 2024	$ 3,586,009	$ 2,840,267	$ 2,220,528

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems comprehensive annual financial report.

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NOTE 4 – OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits

The County Employees Retirement System also contains an OPEB plan. Employees covered under this plan are provided with other postemployment benefits through the CERS Non-hazardous Insurance Fund, a cost-sharing, multiple-employer defined benefit OPEB plan that covers all regular full-time members employed in non-hazardous duty positions of any state department, county, city, and any additional eligible local agencies electing to participate. Participation in the insurance program is optional and requires the completion of the proper forms at the time of retirement and each year during open enrollment in order to obtain insurance coverage. KRS provides access to group health insurance coverage through the Kentucky Employees Health Plan for recipients until they reach age 65 and/or become Medicare eligible. After a retired or disabled retired member becomes eligible for Medicare, coverage is available through a Medicare eligible plan offered by KRS. OPEB may be extended to beneficiaries of plan members under certain circumstances. The Insurance Fund is administered by the County Employees Retirement System. Kentucky Revised Statute Section 61.645 grants the authority to establish and amend the benefit terms to the CERS Board of Trustees. Section 61.701 provides for the administration of the Kentucky Retirement Systems Insurance Fund.

KRS issues a publicly available financial report that may be viewed electronically at www.kyret.ky.gov/publications. Alternate formats are available upon request.

Benefits provided. The Insurance Fund provides healthcare benefits through payment of insurance premiums for retirees. The percentage of premiums paid is determined by a retiree's date of participation in the plan.

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Benefit	Percentage of premium paid by KRS
		Years of Service
		Less than 4 years 0%
		4 – 9 years 25%
		10 – 14 years 50%
		15 – 19 years 75%
		20 or more years 100%
Tier 2	Participation date	After 7/1/2003 but before September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Benefit	Monthly contribution of $10 for each year of earned service increased by 1.5% each July 1.
Tier 3	Participation date	After September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Benefit	Monthly contribution of $10 for each year of earned service increased by 1.5% each July 1.

Upon retiree's death, the surviving spouse of Tier 2 and Tier 3 members may continue coverage but will be responsible for 100% of premiums. Tier 1 surviving spouses will continue to receive retiree's benefits. There are also benefits for disability and death while in service.

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NOTE 4 – OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

Contributions. OPEB contributions are actuarially determined and set by the KRS Board. The City's actuarially determined contribution rate for the year ended June 30, 2024, was 0.00 percent of covered payroll and contributions paid were $0. However, the fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to all participants, there is an implicit employer subsidy for the non-Medicare eligible retirees. KRS has determined that employer contributions need to be adjusted to reflect the cost of the implicit subsidy. For the year ended June 30, 2024, KRS reported an implicit subsidy of $19,961.

OPEB liability(asset). At June 30, 2024, the City reported an asset of $61,112 for its proportionate share of the net OPEB liability(asset). The net OPEB liability(asset) was measured as of June 30, 2023, and the total OPEB liability(asset) used to calculate the net OPEB liability(asset) was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023, using generally accepted actuarial principles. The City's proportion of the net OPEB liability was based on employers' actual contributions for fiscal year 2023. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2023, the City's proportion was 0.044263 percent. At June 30, 2022, the City's proportion was 0.047311 percent.

Actuarial assumptions. The total pension liability as of June 30, 2024, was determined using the following actuarial assumptions:

Payroll Growth Rate	2.00 percent
Inflation	2.30 percent
Salary increases	3.30 percent to 10.30 percent, varies by service
Investment Rate of Return	6.25 percent
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare cost trend rates:	
Pre-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Discount Rate	5.93 percent

In the June 30, 2023, valuation, the mortality table used for active members was a PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2019. 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 the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disable Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019.

NOTE 4 – OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019, valuation process and was updated to better reflect more current expectations relating to anticipated future increases in medical costs. The anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee," which occurred in December 2019, are reflected in the June 30, 2020, GASB 75 actuarial information. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. There were no other material assumption changes.

The actuarial assumptions used were based on the results of an actuarial experience study entitled "Kentucky Retirement Systems 2022 Actuarial Experience Study for the Period Ending June 30, 2022".

The long-term expected rate of return on OPEB plan investments used to determine the discount rate is the same rate used by the Kentucky Retirement Systems (KRS) County Employees Retirement System (CERS) pension plan, which was 6.25% for 2023.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2024, was 5.93%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. 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 current plan members. The discount rate determination used an expected rate of return of 5.93% and a municipal bond rate of 2.45% as reported in Fidelity's *20-Year Municipal GO AA Index* as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.93 percent) or 1-percentage-point higher (6.93 percent) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	$114,685	$ (61,112)	$ (208,321)

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

	1% Decrease	Healthcare Trend Current Rate	1% Increase
Net OPEB Liability	$ (195,876)	$ (61,112)	$ (104,432)

OPEB expense and deferred outflows and inflows of resources related to OPEB. For the year ended June 30, 2024, the City recognized CERS OPEB expense of $145,764.

CITY OF FULTON, KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 – OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits (Continued)

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to CERS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 14,183
Changes in assumptions	120,265	83,813
Differences between expected and actual experience	42,605	867,736
Changes in proportion and differences between City contributions and proportionate share of contributions	20,301	96,206
Contributions subsequent to the measurement date of June 30, 2023 (includes implicit subsidy of $19,961)	19,961	-
Total	$ 203,132	$ 1,061,938

The amount reported above as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the measurement period ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the following measurement periods:

Year ended June 30:	
2024	$ (223,473)
2025	(263,366)
2026	(212,976)
2027	(178,952)
2028	-
Thereafter	-

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems comprehensive annual financial report.

C. Risk Management

The City purchases commercial insurance for the risks of losses to which it is exposed through the Kentucky League of Cities Insurance Services. These risks include general liability, property and casualty, worker's compensation, and public officials and employee liability. There were no losses that exceeded insurance coverage in the past three years.

NOTE 5 – Correction of Errors

Governmental Funds and Governmental Activities
In a prior period, restaurant receivable was understated by $9,447 in the tourism fund, increasing tourism fund balance in the current year. In a prior period cash was overstated by $3,608 in the general fund, decreasing general fund balance in the current year.

In the government-wide financial statements, capital assets, net accumulated depreciation was overstated by $84,370 in the governmental activities, decreasing net position in the current year.

Overall, net position in governmental activities decreased $78,531 in the current year.

Proprietary Fund and Business-Type Activities
In a prior period, the utility fund had overstated capital assets, net accumulated depreciation by $131,946, decreasing net position in the current year. In a prior period, notes payable was understated by $2,500 in the utility fund, decreasing net position in the current year.

Overall, net position in the business-type activities decreased $134,446 in the current year.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 30, 2026, the date the financial statements were available to be issued. No subsequent events that required disclosure were noted as of the report date.

SCHEDULE OF THE CITY OF FULTON'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM OF KENTUCKY RETIREMENT SYSTEMS
Plan Years ending June 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City of Fulton's proportion of the collective net pension liability	0.045510%	0.049792%	0.049242%	0.051082%	0.049861%	0.047370%	0.046746%	0.049673%	0.047320%	0.044265%
City of Fulton's proportionate share of the net pension liability	$1,477,000	$2,140,836	$2,424,473	$2,989,987	$3,036,687	$3,331,553	$3,585,379	$3,167,043	$3,420,769	$2,840,267
City of Fulton's covered payroll	$1,043,418	$1,162,279	$1,177,546	$1,243,734	$1,242,844	$1,190,906	$1,197,401	$1,308,494	$1,284,897	$1,362,576
Proportionate share of the net pension liability as percentage of covered payroll	141.55%	184.19%	205.89%	240.40%	244.33%	279.75%	299.43%	242.04%	266.23%	208.45%
Plan fiduciary net position as percentage of the total pension liability	66.80%	59.97%	55.50%	53.30%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%

This schedule is required to present ten years of data. However, information measured in accordance with the requirements of GASB Statement No. 68 is not available for years prior to those presented above. During the transition period, this information will be presented for as many years as are available.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Inflation	2.30 percent
Payroll growth rate	2.00 percent
Salary increases	3.30 to 10.30 percent
Investment rate of return	6.25 percent

Changes in benefit terms . During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If there is no surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% for two children, or 75% for three children. The total pension liability as of June 30, 2023, is determined using these updated benefit provisions.

Changes of assumptions. Subsequent to the actuarial valuation date, but prior to the measurement date, the KRS Board of Trustees adopted the following updated actuarial assumptions reflected in the actuarial valuation as of June 30, 2017:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of salary increases was reduced from 4.0% to 2.0%
- The assumed rate of inflation was reduced from 3.25% to 2.30%.

In the June 30, 2019 actuarial valuation, the following changes in actuarial assumptions were made: payroll growth increased from zero to 2.00%; salary increases changed from an average of 3.05% to 3.30% to 10.30% based on service type; and mortality tables changed from RP-2000 Combined Mortality Table to PUB-2010 General Mortality table.

SCHEDULE OF THE CITY OF FULTON'S CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM OF KENTUCKY RETIREMENT SYSTEMS
Fiscal Year ending June 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily determined contributions	$148,663	$146,734	$173,501	$179,964	$193,165	$231,098	$244,874	$298,075	$300,666	$318,025
Contributions in relation to the Statutorily determined contribution	148,663	146,734	173,501	179,964	193,165	231,098	244,874	298,075	300,666	318,025
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$1,162,279	$1,177,546	$1,243,734	$1,242,844	$1,190,906	$1,197,401	$1,268,775	$1,308,494	$1,284,897	$1,362,576
Contributions as a percentage of covered payroll	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	22.78%	23.40%	23.34%

This schedule is required to present ten years of data. However, information measured in accordance with the requirements of GASB Statement No. 68 is not available for years prior to those presented above. During the transition period, this information will be presented for as many years as are available.

Notes to Schedule:

Valuation date: Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2021 actuarial valuation.
Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Asset valuation	20% of the difference between market value of assets and the expected actuarial value of assets recognized
Amortization method	Level percentage of pay
Remaining amortization period	30-year closed period at June 30, 2019 *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	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.
Phase-In provision:	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

SCHEDULE OF THE CITY OF FULTON'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFIT LIABILITY COUNTY EMPLOYEES RETIREMENT SYSTEM OF KENTUCKY RETIREMENT SYSTEMS
Plan Years ending June 30

	2017	2018	2019	2020	2021	2022	2023
City of Fulton's proportion of the collective net OPEB liability	0.051082%	0.049859%	0.047403%	0.046733%	0.049661%	0.047311%	0.044263%
City of Fulton's proportionate share of the net OPEB liability	$1,026,923	$885,237	$797,297	$1,128,460	$950,735	$933,689	$ (61,112)
City of Fulton's covered payroll	$1,243,734	$1,242,844	$1,190,906	$1,197,401	$1,308,494	$1,284,897	$1,362,576
Proportionate share of the net OPEB liability as percentage of covered payroll	82.57%	71.23%	66.95%	94.24%	72.66%	72.67%	-4.49%
Plan fiduciary net position as percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%	60.95%	104.23%

This schedule is required to present ten years of data. However, information measured in accordance with the requirements of GASB Statement No. 75 is not available for years prior to those presented above. During the transition period, this information will be presented for as many years as are available.

See Independent Auditors' Report.

SCHEDULE OF THE CITY OF FULTON'S OPEB CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM OF KENTUCKY RETIREMENT SYSTEMS
Fiscal Year ending June 30

	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily determined contributions	$58,829	$58,414	$62,565	$56,997	$60,394	$54,564	$43,558	$0
Contributions in relation to the Statutorily determined contribution	58,829	58,414	62,565	56,997	60,394	54,564	43,558	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$1,243,734	$1,242,844	$1,190,906	$1,197,401	$1,268,775	$1,308,494	$1,284,897	$1,362,576
Contributions as a percentage of covered payroll	4.73%	4.70%	5.25%	4.76%	4.76%	4.17%	3.39%	0.00%

This schedule is required to present ten years of data. However, information measured in accordance with the requirements of GASB Statement No. 75 is not available for years prior to those presented above. During the transition period, this information will be presented for as many years as are available.

Notes to Schedule:

Valuation date: Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay
Remaining amortization period	30-year closed period at June 30, 2019 *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Asset valuation	20% of the difference between market value of assets and the expected actuarial value of assets recognized
Payroll Growth Rate	2.00 percent
Inflation	2.30 percent
Salary increases	3.30 percent to 10.30 percent, varies by service
Investment Rate of Return	6.25 percent
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare cost trend rates:	
Pre-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.

CITY OF FULTON, KENTUCKY
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue Funds		
	Municipal Aid Fund	Cemetery Fund	Combined Total
ASSETS			
Cash	$ 123,113	$ 79,896	$ 203,009
Due from other funds	35,442	400	35,842
Total Assets	$ 158,555	$ 80,296	$ 238,851
LIABILITIES AND FUND BALANCE			
Liabilities			
Due to other funds	$ 74,481	$ -	$ 74,481
Total liabilities	74,481	-	74,481
Fund Balance			
Restricted	84,074	80,296	164,370
Total fund balance	84,074	80,296	164,370
Total Liabilities and Fund Balance	$ 158,555	$ 80,296	$ 238,851

See Independent Auditors' Report.

CITY OF FULTON, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	Special Revenue Funds		
	Municipal Aid Fund	Cemetery Fund	Total
Revenues			
Intergovernmental revenue	$ 51,703	$ -	$ 51,703
Interest income	8,185	4,203	12,388
Total revenues	59,888	4,203	64,091
Expenditures			
Sidewalk repair	78,215	-	78,215
Total expenditures	78,215	-	78,215
Revenues over (under) expenditures	(18,327)	4,203	(14,124)
Fund Balance - Beginning	102,401	76,093	178,494
Fund Balance - Ending	$ 84,074	$ 80,296	$ 164,370

See Independent Auditors' Report.

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MUNICIPAL AID FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Variance
Revenues				
State municipal aid	$ 48,000	$ 51,703	$ 51,703	$ -
Interest	1,100	1,100	8,185	7,085
Total revenues	49,100	52,803	59,888	7,085
Expenditures				
Sidewalk repair	10,000	79,950	78,215	(1,735)
Office supplies	1,500	900	-	(900)
Total expenditures	11,500	80,850	78,215	(2,635)
Net Change in Fund Balance	$ 37,600	$ (28,047)	(18,327)	$ 9,720
Fund Balance - Beginning			102,401	
Fund Balance - Ending			$ 84,074	

See Independent Auditors' Report.

CITY OF FULTON, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CEMETERY FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Variance
Revenues				
Interest	$ -	$ -	$ 4,203	$ 4,203
Total revenues	-	-	4,203	4,203
Revenues over (under) expenditures	-	-	4,203	4,203
Net Change in Fund Balance	$ -	$ -	4,203	$ 4,203
Fund Balance - Beginning			76,093	
Fund Balance - Ending			$ 80,296	

See Independent Auditors' Report.

CITY OF FULTON, KENTUCKY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Grant Description	Assistance Listing Number (ALN)	Contract Number	Unearned (Accrued) 6/30/2023	Adjustments	Federal Receipts	Expenditures	Unearned (Accrued) 6/30/2024
Federal Awards							
US Department of the Treasury							
Passed through the Commonwealth of Kentucky							
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund (SLFRF)	21.027	Unknown	$ 514,768	$ -	$ -	$ 241,851	$ 272,917
Passed through Kentucky Infrastructure Authority							
Kentucky Cleaner Water Program (CWP)		21CWS032	-	-	-	109,609	(109,609)
Kentucky Cleaner Water Program (CWP)		22CWS122	-	-	-	161,685	(161,685)
Total US Department of the Treasury			514,768	-	-	513,145	1,623
Department of Agriculture							
Passed through Kentucky Rural Development							
Passed through Kentucky Highlands Investment Corporation							
Kentucky Highland Grant			-	-	12,500	12,500	-
Total Department of Agriculture			-	-	12,500	12,500	-
Total Federal Awards			514,768	-	12,500	525,645	1,623

Memo: "Accrued" is due from grantor.

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards summarizes the expenditures of the City of Fulton under programs of the federal and state governments for the year ended June 30, 2024. The schedule is presented using the modified accrual basis of accounting.

Note 2: Summary of Significant Accounting Policies

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

CITY OF FULTON, KENTUCKY
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
BY INDIVIDUAL ISSUE - ALL FUNDS
For the Year Ended June 30, 2024

	GOVERNMENTAL LONG-TERM DEBT			UTILITY FUND						
Due For Year Ending June 30	Kentucky Bond Corporation Financing Program Revenue Bonds - Series 2016C Principal	Kentucky Bond Corporation Financing Program Revenue Bonds - Series 2016C Interest	Total Debt Service	Kentucky Bond Corporation Financing Program Revenue Bonds - Series 2016C Principal	Kentucky Bond Corporation Financing Program Revenue Bonds - Series 2016C Interest	Note Payable Kentucky Infrastructure Authority Principal	Note Payable Kentucky Infrastructure Authority Interest	Bonds Payable Kentucky Rural Water Finance Corporation Principal	Bonds Payable Kentucky Rural Water Finance Corporation Interest	Total Debt Service
2025	$ 24,368	$ 15,450	$ 39,818	$ 201,049	$ 127,471	$ 56,081	$ 5,386	$ 70,000	$ 7,608	$ 467,595
2026	26,845	14,949	41,794	221,489	123,339	56,502	4,964	75,000	4,598	485,892
2027	29,457	14,364	43,821	243,043	118,511	56,927	4,540	70,000	2,310	495,331
2028	32,475	13,668	46,143	267,942	112,773	57,354	4,112	-	-	442,181
2029	35,403	12,821	48,224	292,097	105,782	57,785	3,681	-	-	459,345
2030	38,646	11,809	50,455	318,854	97,429	58,220	3,247	-	-	477,750
2031	42,114	10,649	52,763	347,469	87,863	58,657	2,810	-	-	496,799
2032	46,123	9,386	55,509	380,544	77,439	59,098	2,369	-	-	519,450
2033	50,221	8,002	58,223	414,362	66,023	59,542	1,925	-	-	541,852
2034	54,455	6,495	60,950	449,295	53,592	59,989	1,477	-	-	564,353
2035	59,320	4,862	64,182	489,430	40,113	60,440	1,027	-	-	591,010
2036	63,959	3,082	67,041	527,707	25,430	60,894	572	-	-	614,603
2037	48,310	1,163	49,473	310,440	9,599	30,618	115	-	-	350,772
	$ 551,696	$ 126,700	$ 678,396	$ 4,463,721	$ 1,045,364	$ 732,107	$ 36,225	$ 215,000	$ 14,515	$ 6,506,932

See Independent Auditors' Report.

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

Independent Auditor's Report

To the Mayor and Board of Commissioners
City of Fulton, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fulton, Kentucky (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 June 30, 2026. We qualified our opinion on the governmental activities, business-type activities, the general fund, the tourism fund, the utility fund, and the aggregate remaining fund information due to insufficient appropriate audit evidence on compensated absences, inventory, and interfund balances as required by the GAAP.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-002, 2024-004, and 2024-005 that we consider to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2024-001, 2024-003, and 2024-005.

City of Fulton, Kentucky'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 responses. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CRS CPAs

CRS CPAs, P.C.
Martin, Tennessee
June 30, 2026

CITY OF FULTON, KENTUCKY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2024

2024-003 – Timeliness of the Closing of the Official Accounting Records (Noncompliance)

Condition: The official accounting records were not closed timely.

Cause: The City experienced turnover and related issues in the CFO position around year-end of the fiscal year under audit, and as a result, the books were not closed on time.

Criteria: The Kentucky Cities Financial Manual states that audits must be published by February 1 of the following year. In order to get an audit completed and published by this deadline, the books must be closed in advance, with sufficient time left to perform the audit.

Effect: The quality of information provided to the auditor could decrease with the passage of time, which in turn could affect the quality of the audit.

Recommendation: We recommend that the official accounting records be closed timely (within 2 months after year-end).

Response: We concur. We are making efforts to bring all accounting records up to date to prevent this issue in the future.

2024-004 – Insufficient Cash Disbursement Support (Significant Deficiency under *Government Auditing Standards*)

Condition: Cash disbursements were noted to lack supporting invoices, appropriate purchase orders, and proper approval.

Cause: Management failed to ensure that each cash disbursement was supported by an invoice, was issued a purchase order, and was approved.

Criteria: The Kentucky Cities Financial Manual requires written authorization for all expenditures from public funds. Per City statute, purchase orders must be issued for all disbursements.

Effect: The potential for fraud / misappropriation of funds exists when there is no invoice or proper approval on any given cash disbursement.

Recommendation: We recommend that each cash disbursement has an invoice, is issued a purchase order, and is properly approved.

Response: We concur. We will ensure that future cash disbursements have an invoice, are issued a purchase order, and are properly approved.

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CITY OF FULTON, KENTUCKY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2024

2024-003 – Timeliness of the Closing of the Official Accounting Records (Noncompliance)

Condition: The official accounting records were not closed timely.

Cause: The City experienced turnover and related issues in the CFO position around year-end of the fiscal year under audit, and as a result, the books were not closed on time.

Criteria: The Kentucky Cities Financial Manual states that audits must be published by February 1 of the following year. In order to get an audit completed and published by this deadline, the books must be closed in advance, with sufficient time left to perform the audit.

Effect: The quality of information provided to the auditor could decrease with the passage of time, which in turn could affect the quality of the audit.

Recommendation: We recommend that the official accounting records be closed timely (within 2 months after year-end).

Response: We concur. We are making efforts to bring all accounting records up to date to prevent this issue in the future.

2024-004 – Insufficient Cash Disbursement Support (Significant Deficiency under *Government Auditing Standards*)

Condition: Cash disbursements were noted to lack supporting invoices, appropriate purchase orders, and proper approval.

Cause: Management failed to ensure that each cash disbursement was supported by an invoice, was issued a purchase order, and was approved.

Criteria: The Kentucky Cities Financial Manual requires written authorization for all expenditures from public funds. Per City statute, purchase orders must be issued for all disbursements.

Effect: The potential for fraud / misappropriation of funds exists when there is no invoice or proper approval on any given cash disbursement.

Recommendation: We recommend that each cash disbursement has an invoice, is issued a purchase order, and is properly approved.

Response: We concur. We will ensure that future cash disbursements have an invoice, are issued a purchase order, and are properly approved.

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CITY OF FULTON, KENTUCKY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2024

2024-005 – Failure to Reconcile Inventory Records to the General Ledger (Significant Deficiency under *Government Auditing Standards* and Noncompliance)

Condition: The City did not reconcile its inventory records to the general ledger.

Cause: Lack of formal procedures and oversight related to reconciliation of inventory.

Criteria: Accurate financial reporting requires that subsidiary records be periodically reconciled to the general ledger. In addition, inventory should be properly valued and supported in accordance with GAAP, including GASB Cod. 1400.106-110 (Accounting and Financial Reporting for Inventories), which states inventory should be reported at cost and supported by appropriate records.

Effect: The value of inventory was materially misstated.

Recommendation: We recommend for the City to reconcile the inventory records to the general ledger and adjust as necessary.

Response: We concur. In the future, the City will comply with GASB Statement No. 72 and adjust inventory to actual.

CITY OF FULTON, KENTUCKY
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2024

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2023-001	Budget	Repeated/2024-001
2023-002	Failure to Record Bank Account Activity	Corrected
2023-003	Timeliness of the Closing of the Official Accounting Records	Repeated/2024-003
2023-004	Insufficient Cash Disbursement Support	Repeated/2024-004
2023-005	Failure to Count Inventory	Corrected
2023-006	Bank Accounts Not Reconciled	Corrected