

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

REPORT OF AUDIT
Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

November 17, 2021

The Honorable Mayor and Members of the City Council
City of Williamsburg
Williamsburg, Kentucky

Report on the Financial Statements

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 Williamsburg (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Marr, Miller & Myers, PSC

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, the Schedules of City's Proportionate Share of the Net Pension Liability and Pension Contributions, Schedules of City's Proportionate Share of the Net OPEB Liability and OPEB Contributions – Medical Insurance Plan and budgetary comparison information on pages 4-8, and 42-50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021, on our consideration of the City's internal control over financial reporting and 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.

Marr, Miller & Myers, PSC

Certified Public Accountants

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2021

As management of the City of Williamsburg (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, 2021. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the City was \$2,068,577 in 2021 and \$1,459,474 in 2020.
- The General Fund had \$5,584,987 in revenues (excluding interfund transfers), which primarily consisted of the occupational, property, franchise, and municipal insurance taxes and revenues generated from the water park/RV park complex. There were \$5,887,700 in General Fund expenditures.
- Governmental capital assets had a net increase of \$215,786. Business-type capital assets had a net decrease of \$352,894 during the current fiscal year.
- Capital leases, bonds and notes are used to finance long-term capital projects. The total debt decreased \$557,751.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 9-11 provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The accruals of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, and sidewalks) to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities: Most of the City's basic services are reported here, including the police, fire, street, sanitation, water park, recreation and general administration. Municipal insurance tax, occupational tax, property taxes, and state and federal grants finance most of these activities.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2021

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

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds-not the City as a whole. Some funds are required to be established by State law. However, the City Council may establish many other funds to help it control and manage money for particular purposes (for example, capital projects) or to show that it is meeting legal responsibilities for grant funds (Municipal Aid Road Fund). The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in two reconciliations on pages 13 and 15.

Proprietary fund: When the City charges customers for the full cost of the services it provides, whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's proprietary fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Net Position for the period ending June 30, 2021

Fiscal year 2021 government-wide net position of the primary government compared to 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Current assets	\$ 3,707,068	\$ 3,043,669
Noncurrent assets	30,218,091	30,355,199
Deferred outflows of resources	<u>2,005,947</u>	<u>1,856,257</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 35,931,106</u>	<u>\$ 35,255,125</u>
Current liabilities	\$ 1,318,898	\$ 1,505,616
Noncurrent liabilities	13,523,545	12,586,682
Deferred inflows of resources	<u>508,735</u>	<u>739,384</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 15,351,178</u>	<u>\$ 14,831,682</u>
Net position		
Net investment in capital assets	\$ 24,106,052	\$ 23,962,076
Restricted	835,474	794,151
Unrestricted (deficit)	<u>(4,361,598)</u>	<u>(4,332,784)</u>
Total Net Position	<u>\$ 20,579,928</u>	<u>\$ 20,423,443</u>

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2021

Governmental Activities

The following table presents a summary of the primary government revenues and expenditures (excluding transfers) for the fiscal years ended June 30:

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUES				
Taxes	\$ 2,393,854	38.77 %	\$ 2,372,891	49.52 %
Sanitation department	944,912	15.30	873,183	18.22
Police department	448,551	7.26	373,346	7.79
Recreation department	3,846	.06	160	-
Fire department	38,357	.62	39,487	.82
Water park/RV park	1,243,749	20.14	928,751	19.38
Earnings on investments	4,500	.07	2,581	.05
General government	64,446	1.05	86,701	1.81
Municipal road aid	118,885	1.93	115,365	2.41
Proceeds from leases/notes payable	350,251	5.67	-	-
Proceeds from sale of assets	25,000	.40	-	-
FEMA	40,995	.66	-	-
COVID-19	498,479	8.07	-	-
TOTAL REVENUES	<u>6,175,825</u>	<u>100.00</u>	<u>4,792,465</u>	<u>100.00</u>
EXPENDITURES				
General government	1,318,639	21.35	969,905	20.24
Police department	1,231,580	19.94	1,207,879	25.20
Fire department	492,738	7.98	483,287	10.08
Street department	253,068	4.10	186,092	3.88
Sanitation department	1,103,874	17.87	818,889	17.09
Recreation department	119,628	1.94	92,851	1.94
Water park/RV park	1,528,519	24.75	1,632,510	34.07
TOTAL EXPENDITURES	<u>6,048,046</u>	<u>97.93</u>	<u>5,391,413</u>	<u>112.50</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 127,779</u>	<u>2.07 %</u>	<u>\$ (598,948)</u>	<u>(12.50)%</u>

In reviewing the excess (deficiency), the City showed a net excess before transfers of \$127,626 at June 30, 2021, as compared to a net deficiency before transfers of \$598,948 at June 30, 2020. Revenues increased \$1,383,360. Expenditures increased \$656,633.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council did not revise the General Fund budget. The current year budget relied on the expectation of moderate increases in occupational, property and municipal insurance taxes. The actual results showed increases in overall tax revenue of \$116,854 as compared to budget. The water park/RV park revenue was \$317,189 over budget. The water park/RV park expenditures were over budget by \$368,794. General government revenues were \$1,731 less than budget. General government expenses were \$297,112 more than budget.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021, the City had \$21,318,170 invested in capital assets for governmental funds. This represents an increase of \$673,919.

A comparison of capital assets, governmental activities, at June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 3,428,032	\$ 3,403,032
Buildings, improvements and infrastructure	5,152,703	4,956,105
Energy savings project	2,023,015	2,023,015
Recreation facilities	8,147,755	8,108,994
Equipment	2,207,853	2,030,278
Construction in progress	358,812	122,827
Totals	<u>\$ 21,318,170</u>	<u>\$ 20,644,251</u>

Debt Administration

At year-end, the City has \$6,112,039 of outstanding notes, bonds and capital leases compared to \$6,669,790 last year. That is a decrease of \$557,751.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Note leases (backed by City)	\$ 238,484	\$ 97,732	\$ 2,937,030	\$ 3,109,574	\$ 3,175,514	\$ 3,207,306
Bonds (backed by fee revenues)	256,667	276,667	-	-	256,667	276,667
Capital lease obligations (backed by City)	<u>2,381,462</u>	<u>2,854,066</u>	<u>298,396</u>	<u>331,751</u>	<u>2,679,858</u>	<u>3,185,817</u>
Totals	<u>\$ 2,876,613</u>	<u>\$ 3,228,465</u>	<u>\$ 3,235,426</u>	<u>\$ 3,441,325</u>	<u>\$ 6,112,039</u>	<u>\$ 6,669,790</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City is experiencing moderate growth in revenues and rising operating costs in water and sewer. More economical ways of delivering services to the citizens and paying for those services is currently being researched. On a positive note, the citizens continue to enjoy a very low property tax rate compared to other communities. The City is continuing to achieve ways to fund its street, water and sanitation needs through grants and state aid.

The City is continuing to develop recreational facilities on a limited basis. The Hal Rogers Water Park/RV park is becoming a unique employment opportunity and area attraction.

In summary, the City enjoys a high level of services, excellent facilities, and adequate financial reserves at a very low tax rate.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2021

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at P.O. Box 119, Williamsburg, Kentucky 40769 or phone at 606-549-6035.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

STATEMENT OF NET POSITION
June 30, 2021

	Primary Government			Component Unit
<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Williamsburg Tourism Commission</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,661,776	\$ 406,801	\$ 2,068,577	\$ 478,618
Cash with fiscal agent	122,300	-	122,300	-
Investments	-	177,000	177,000	-
Accounts receivable:				
Taxes, less allowance for doubtful accounts of \$3,885	478,931	-	478,931	-
Accounts receivable, less allowance for doubtful accounts of \$4,228	-	373,405	373,405	-
Unbilled accounts receivable	-	155,953	155,953	-
Other receivables	243,550	70,113	313,663	-
Due (to) from primary government	659,305	(642,066)	17,239	(17,239)
Total current assets	<u>3,165,862</u>	<u>541,206</u>	<u>3,707,068</u>	<u>461,379</u>
NONCURRENT ASSETS				
Capital assets, net	13,822,957	16,395,134	30,218,091	301,811
Total noncurrent assets	<u>13,822,957</u>	<u>16,395,134</u>	<u>30,218,091</u>	<u>301,811</u>
DEFERRED OUTFLOWS OF RESOURCES				
CERS – Pension	1,110,545	-	1,110,545	-
CERS – OPEB	895,402	-	895,402	-
Total deferred outflows of resources	<u>2,005,947</u>	<u>-</u>	<u>2,005,947</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>18,994,766</u>	<u>16,936,340</u>	<u>35,931,106</u>	<u>763,190</u>
<u>LIABILITIES AND NET POSITION</u>				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	614,377	84,433	698,810	5,479
Customer deposits	-	81,340	81,340	-
Current portion of bond obligations	20,000	-	20,000	-
Current portion of capital lease obligations	259,116	36,289	295,405	-
Current portion of notes/lease purchase payable	50,033	173,310	223,343	-
Total current liabilities	<u>943,526</u>	<u>375,372</u>	<u>1,318,898</u>	<u>5,479</u>

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

STATEMENT OF NET POSITION (CONTINUED)
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Williamsburg Tourism Commission
NONCURRENT LIABILITIES				
Noncurrent portion of bond obligations	236,667	-	236,667	-
Noncurrent portion of capital lease obligations	2,122,346	262,107	2,384,453	-
Noncurrent portion of notes/lease purchase payable	188,451	2,763,720	2,952,171	-
Net pension liability – CERS	6,047,039	-	6,047,039	-
Net OPEB liability – CERS	1,903,215	-	1,903,215	-
Total noncurrent liabilities	<u>10,497,718</u>	<u>3,025,827</u>	<u>13,523,545</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
CERS – Pension	130,881	-	130,881	-
CERS – OPEB	377,854	-	377,854	-
Total deferred inflows of resources	<u>508,735</u>	<u>-</u>	<u>508,735</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>11,949,979</u>	<u>3,401,199</u>	<u>15,351,178</u>	<u>5,479</u>
NET POSITION				
Net investment in capital assets	10,946,344	13,159,708	24,106,052	301,811
Restricted				
Customer deposits	-	81,340	81,340	-
Debt service	-	147,900	147,900	-
Waterline and meter replacement	-	122,067	122,067	-
Municipal roads	260,201	-	260,201	-
Tourism and recreation	223,970	-	223,970	455,900
Special projects (deficit)	(4)	-	(4)	-
Unrestricted (deficit)	(4,385,724)	24,126	(4,361,598)	-
TOTAL NET POSITION	<u>\$ 7,044,787</u>	<u>\$ 13,535,141</u>	<u>\$ 20,579,928</u>	<u>\$ 757,711</u>

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
General government	\$ (1,373,248)	\$ 57,069	\$ 536,698	\$ -
Police department	(1,445,209)	263,284	185,267	-
Fire department	(556,659)	-	38,357	-
Street department	(271,161)	-	129,038	-
Sanitation department	(934,604)	944,912	-	-
Recreation department	(133,308)	3,846	-	-
Water park/RV park	(1,197,291)	1,243,749	-	-
TOTAL GOVERNMENTAL ACTIVITIES	(5,911,480)	2,512,860	889,360	-
BUSINESS-TYPE ACTIVITIES:				
Water and sewer	(2,380,312)	2,123,750	137,740	-
TOTAL BUSINESS-TYPE ACTIVITIES	(2,380,312)	2,123,750	137,740	-
TOTAL PRIMARY GOVERNMENT	\$ (8,291,792)	\$ 4,636,610	\$ 1,027,100	\$ -
COMPONENT UNIT:				
Williamsburg Tourism Commission	\$ (259,395)	\$ 19,325	\$ -	\$ -
TOTAL COMPONENT UNIT	\$ (259,395)	\$ 19,325	\$ -	\$ -

GENERAL REVENUES

Taxes
Property
Franchise
Municipal insurance
Occupational
Payment in lieu of taxes
Transient room tax
Restaurant tax
Earnings on investments
Other local revenues
Gain on disposal of assets
Total general revenues
Transfers from component unit
Total general revenues and transfers
Change in net position
Net position, July 1, 2020
Net position, June 30, 2021

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

NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION

Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (779,481)		\$ (779,481)	
(996,658)		(996,658)	
(518,302)		(518,302)	
(142,123)		(142,123)	
10,308		10,308	
(129,462)		(129,462)	
46,458		46,458	
<u>(2,509,260)</u>		<u>(2,509,260)</u>	
	\$ (118,822)	(118,822)	
	<u>(118,822)</u>	<u>(118,822)</u>	
		<u>(2,628,082)</u>	
			\$ (240,070)
			<u>(240,070)</u>
855,894	-	855,894	-
204,588	-	204,588	-
438,515	-	438,515	-
876,499	-	876,499	-
18,358	-	18,358	-
-	-	-	135,897
-	-	-	720,219
4,500	3,074	7,574	1,462
-	-	-	8,129
<u>17,300</u>	<u>-</u>	<u>17,300</u>	<u>-</u>
2,415,654	3,074	2,418,728	865,707
365,839	-	365,839	(365,839)
<u>2,781,493</u>	<u>3,074</u>	<u>2,784,567</u>	<u>499,868</u>
272,233	(115,748)	156,485	259,798
6,772,554	13,650,889	20,423,443	497,913
<u>\$ 7,044,787</u>	<u>\$ 13,535,141</u>	<u>\$ 20,579,928</u>	<u>\$ 757,711</u>

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Special Revenue Funds	Total Governmental Funds
ASSETS AND RESOURCES			
Cash and cash equivalents	\$ 1,437,963	\$ 223,813	\$ 1,661,776
Cash with fiscal agent	122,300	-	122,300
Accounts receivable:			
Taxes, less allowance for doubtful accounts of \$3,885	379,811	99,120	478,931
Other receivables	65,929	177,621	243,550
Due (to) from primary government	659,305	-	659,305
TOTAL ASSETS AND RESOURCES	<u>\$ 2,665,308</u>	<u>\$ 500,554</u>	<u>\$ 3,165,862</u>
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued expenses	\$ 597,990	\$ 16,387	\$ 614,377
Restricted			
Municipal roads	-	260,201	260,201
Special projects (deficit)	-	(4)	(4)
Tourism and recreation	-	223,970	223,970
Unassigned	2,067,318	-	2,067,318
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,665,308</u>	<u>\$ 500,554</u>	<u>\$ 3,165,862</u>

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2021

Total Fund Balances – Governmental Funds	\$ 2,551,485
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, but they are reported in the statement of net position.	13,822,957
CERS deferred outflows of resources (\$2,005,497) and deferred (inflows) of resources (\$508,735) are reported as resources in governmental funds.	1,497,212
Net CERS pension liability and OPEB liability is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(7,950,254)
Certain liabilities, such as capital lease obligations, bonds and notes payable, are not reported in this fund financial statement because they are not due and payable in the current period, but they are presented in the statement of net position.	<u>(2,876,613)</u>
Total Net Position – Governmental Funds	<u>\$ 7,044,787</u>

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes			
Property	\$ 855,894	\$ -	\$ 855,894
Franchise	204,588	-	204,588
Municipal insurance	438,515	-	438,515
Occupational	876,499	-	876,499
Payment in lieu of taxes	18,358	-	18,358
Sanitation department	944,912	-	944,912
Police department	448,551	-	448,551
Recreation department	3,846	-	3,846
Fire department	38,357	-	38,357
Water park/RV park	1,164,889	78,860	1,243,749
Earnings on investments	4,188	312	4,500
General government	57,069	7,377	64,446
Municipal road aid	-	118,885	118,885
FEMA	30,842	10,153	40,995
COVID-19	498,479	-	498,479
TOTAL REVENUES	<u>5,584,987</u>	<u>215,587</u>	<u>5,800,574</u>
EXPENDITURES			
General government	1,318,634	5	1,318,639
Police department	1,231,580	-	1,231,580
Fire department	492,738	-	492,738
Street department	92,727	160,341	253,068
Sanitation department	1,103,874	-	1,103,874
Recreation department	119,628	-	119,628
Water park/RV park	1,528,519	-	1,528,519
TOTAL EXPENDITURES	<u>5,887,700</u>	<u>160,346</u>	<u>6,048,046</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(302,713)</u>	<u>55,241</u>	<u>(247,472)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	25,000	-	25,000
Proceeds from leases	350,251	-	350,251
Operating transfers in	373,220	-	373,220
Operating transfers out	-	(7,381)	(7,381)
TOTAL OTHER FINANCING SOURCES (USES)	<u>748,471</u>	<u>(7,381)</u>	<u>741,090</u>
NET CHANGE IN FUND BALANCES	445,758	47,860	493,618
FUND BALANCES, JULY 1, 2020	<u>1,621,560</u>	<u>436,307</u>	<u>2,057,867</u>
FUND BALANCES, JUNE 30, 2021	<u>\$ 2,067,318</u>	<u>\$ 484,167</u>	<u>\$ 2,551,485</u>

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Net Change In Fund Balances per fund financial statements		\$ 493,618
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays to purchase or build capital assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Depreciation	\$ (552,433)	
Capital outlays	<u>775,919</u>	223,486
Basis of asset sold is not reflected on the governmental funds		(7,700)
Proceeds from notes/leases increase liabilities on the statement of activities but show as a source of funds per fund financial statements.		(350,251)
Repayment of bond, capital lease obligations, and note principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.		702,103
CERS and OPEB payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are shown as deferred (inflows) on the statement of net position.		<u>(789,023)</u>
Change In Net Position of Governmental Activities		<u>\$ 272,233</u>

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

STATEMENT OF NET POSITION
PROPRIETARY FUND –WATER AND SEWER
June 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 406,801
Investments	177,000
Accounts receivable:	
Accounts receivable, less allowance for doubtful accounts of \$4,228	373,405
Unbilled accounts receivable	155,953
Other receivables	70,113
Due (to) from primary government	<u>(642,066)</u>
Total current assets	<u>541,206</u>

NONCURRENT ASSETS

Capital assets, net	<u>16,395,134</u>
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TOTAL ASSETS

16,936,340

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable and accrued expenses	84,433
Customer deposits	81,340
Current portion of capital lease obligations	36,289
Current portion of notes payable	<u>173,310</u>
Total current liabilities	<u>375,372</u>

NONCURRENT LIABILITIES

Noncurrent portion of capital lease obligations	262,107
Noncurrent portion of notes payable	<u>2,763,720</u>
Total noncurrent liabilities	<u>3,025,827</u>

TOTAL LIABILITIES

3,401,199

NET POSITION

Net investment in capital assets	13,159,708
Restricted	
Customer deposits	81,340
Debt service	147,900
Waterline and meter replacement	122,067
Unrestricted (deficit)	<u>24,126</u>
TOTAL NET POSITION	<u>\$ 13,535,141</u>

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND – WATER AND SEWER
Year Ended June 30, 2021

Gallons sold (in thousands) 275,748

	<u>Water</u>	<u>Per 1,000 Gallons</u>
OPERATING REVENUES		
Sales	\$ 1,222,222	\$ 4.43
Other revenues	<u>3,880</u>	<u>.01</u>
TOTAL OPERATING REVENUES	<u>1,226,102</u>	<u>4.44</u>
OPERATING EXPENSES		
Wages	346,859	1.26
Employee taxes and benefits	151,902	.54
Contract labor	27,240	.10
Supplies and expenses	4,779	.02
Pump station expense	1,862	.01
Dues and subscriptions	1,218	-
Meter boxes, parts and taps	32,553	.12
Utilities	160,296	.58
Office supplies	10,564	.04
Insurance	35,552	.13
Vehicle expense	10,117	.04
Repairs and maintenance	22,513	.08
Depreciation	326,955	1.19
Travel and training	1,795	.01
Professional services	3,600	.01
Rents and service contracts	30,800	.10
Pretreatment and sludge hauling/landfill	-	-
Lead and copper testing	9,732	.04
Chemicals	84,309	.31
Miscellaneous	<u>5,497</u>	<u>.02</u>
TOTAL OPERATING EXPENSES	<u>1,268,143</u>	<u>4.60</u>
OPERATING INCOME (LOSS)	<u>\$ (42,041)</u>	<u>\$ (.16)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest on revenue bonds and notes payable		
Earnings on investments		
FEMA		
TOTAL NON-OPERATING REVENUES (EXPENSES)		
NET INCOME (LOSS)		
NET POSITION, JULY 1, 2020		
NET POSITION, JUNE 30, 2021		

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

<u>Sewer</u>	<u>Per 1,000 Gallons</u>	<u>Total</u>
\$ 891,658	\$ 3.23	\$ 2,113,880
5,990	.02	9,870
<u>897,648</u>	<u>3.25</u>	<u>2,123,750</u>
235,548	.85	582,407
111,182	.40	263,084
42,857	.15	70,097
5,283	.02	10,062
30,606	.10	32,468
-	-	1,218
4,153	.02	36,706
159,936	.58	320,232
6,037	.02	16,601
40,387	.15	75,939
21,073	.08	31,190
9,715	.04	32,228
235,196	.85	562,151
-	-	1,795
2,400	.01	6,000
88,090	.32	118,890
10,150	.04	10,150
24,248	.09	33,980
32	-	84,341
5,248	.02	10,745
<u>1,032,141</u>	<u>3.74</u>	<u>2,300,284</u>
\$ (134,493)	\$ (.49)	(176,534)
		(80,028)
		3,074
		<u>137,740</u>
		<u>60,786</u>
		(115,748)
		<u>13,650,889</u>
		<u>\$ 13,535,141</u>

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

STATEMENT OF CASH FLOWS
PROPRIETARY FUND – WATER AND SEWER
Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from water and sewer revenues	\$ 2,048,546
Cash payments for wages	(588,503)
Cash payments for employee taxes and benefits	(263,084)
Cash payments for other expenses	<u>(1,035,513)</u>
Net cash provided (used) by operating activities	<u>161,446</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments	(205,899)
Interest payments	(80,028)
Cash payments for purchases of capital assets	<u>(209,257)</u>
Net cash provided (used) by capital and related financing activities	<u>(495,184)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of interest	3,074
FEMA proceeds	<u>137,740</u>
Net cash provided (used) by investing activities	<u>140,814</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(192,924)
CASH AND CASH EQUIVALENTS, JULY 1, 2020	<u>599,725</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2021	<u>\$ 406,801</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (176,534)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Depreciation	562,151
Changes in assets and liabilities:	
Accounts receivable	(40,750)
Unbilled accounts receivable	(11,255)
Other receivables	(23,199)
Due (to) from primary government	(6,096)
Accounts payable and accrued expenses	(143,771)
Customer deposits	<u>900</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 161,446</u>

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies that affect the significant elements of the financial statements of the City of Williamsburg are summarized as follows:

REPORTING ENTITY

The City of Williamsburg (City) is a fourth-class city and has oversight responsibilities over all activities related to the operation of the City. The City receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) pronouncement since the Council members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of the City of Williamsburg.

The financial statements of the City include those of separately administered organizations that are controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statement of the following entity is included in the accompanying financial statements as a discretely presented component unit:

WILLIAMSBURG TOURISM COMMISSION

The Commission was formed by the City for the purpose of promoting recreational, convention and tourist activities.

BASIS OF PRESENTATION

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between governmental and business-type activities of the City.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the governmental activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements: Fund financial statements report detailed information about the City. Their focus is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balances.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund's operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The City has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the main operating fund of the City. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the City.
- (B) The Special Revenue Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. These are not major funds of the City.

II. Proprietary Fund Types (Enterprise Funds)

- (A) The Water and Sewer Fund is used to account for the utility operations of the City.

The City applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary funds.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues, Exchange and Nonexchange Transactions: Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the fiscal year when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the City is sixty days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants and entitlements. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Expenditures/Expenses: On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on a flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

CASH AND CASH EQUIVALENTS

The City has bank accounts and certificates of deposit. The City utilizes a financial institution to service bonded debt as principal and interest payments come due. The monies are either maintained in a central bank account or used to purchase legal investments.

It is the policy of the City to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost or amortized cost. Investment contracts and money market investments that had a remaining maturity of greater than one year at the time of purchase are reported at fair value.

The Kentucky Revised Statutes authorized the City to invest in United States and State of Kentucky bonds, notes and other obligations; bank certificates of deposit; banker's acceptances; and commercial paper notes rated prime and issued by United States corporations. It is the City's policy to invest in all of the above types of investments. Under existing Kentucky statutes, all investment earnings accrue to the general fund except certain trust funds, which accrue to those funds individually.

INVESTMENTS

The City's investments are comprised solely of certificates of deposit.

PREPAID EXPENSES

Payments made that will benefit periods beyond June 30, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable are carried at net of allowance for doubtful accounts. The allowance for doubtful accounts for the business-type activities is based on historical bad debt experience and is estimated to be approximately .2% of water and sewer sales.

CAPITAL ASSETS AND DEPRECIATION

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported on both statement types.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than 1 year.

All reported capital assets, with the exception of land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both governmental fund capital assets and proprietary fund capital assets:

<u>Description</u>	<u>Useful Life</u>
Buildings and improvements	10-50 years
Parks and recreation equipment	10-25 years
Water park/RV park complex	10-50 years
Water and sewer system	25-50 years
Equipment	10 years
Infrastructure-roads/sidewalks	30 years

INTERFUND ACTIVITY

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

ACCUMULATED UNPAID SICK LEAVE BENEFITS

Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from City policy, negotiated agreements, and state laws.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The entire compensated absences liability is reported on both the government-wide financial statements and governmental fund financial statements.

ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements.

For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

COUNTY EMPLOYEES RETIREMENT SYSTEMS

Employer contributions to CERS are calculated based upon creditable compensation for active members reported by employers. Employer contributions are accrued when earned and the employer has made a formal commitment to provide the contributions.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

RESTRICTED RESOURCES

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NET POSITION

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Inventories* – Portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

Committed Fund Balance – Portion of fund balance that can only be used for specific purposes imposed by a majority vote of the City of Williamsburg's Council members. Any changes or removal of specific purposes also requires majority action by the Council.

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

- *Purchase Obligations* – Portion of fund balance that is appropriated in the subsequent year's budget that is not already classified in restricted or committed.

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

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, those revenues are primarily charges for water and sewer.

CONTRIBUTIONS OF CAPITAL

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the City's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

BUDGETARY PROCESS

Budgetary Basis of Accounting: The City's budgetary process accounts for certain transactions on a basis other than U.S. Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are that revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Council at their regular meetings.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – CASH AND CASH EQUIVALENTS

The City's funds are required to be deposited and invested under statutory regulations. The depository bank deposits for safekeeping and trust with the City's third-party agent approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation coverage.

At June 30, 2021, the carrying amount of the City's deposits (cash and investments) was \$2,245,577 and the bank balance was \$1,768,109. The entire bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

The cash deposits held at financial institutions can be categorized according to three levels of risk.

These three levels of risk are as follows:

- Category 1 Deposits, which are insured or collateralized with securities, held by the City or by its agent in the City's name.
- Category 2 Deposits, which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Deposits, which are not collateralized or insured.

Based on these three levels of risk, the City's cash deposits are classified as Category 1 and 2.

NOTE 3 – PROPERTY TAXES

The City's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. The assessed value of the certified roll, upon which the levy for the 2021 fiscal year was based, was \$205,048,287. The tax rates assessed for the year ended June 30, 2021 to finance general fund operations were \$.341 per \$100 valuation for real estate and \$.4399 per \$100 valuation for tangible property. Taxes are due on October 1, and become delinquent by January 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2021 were 97.57% of the tax levy. Delinquent taxes are allocated to the general fund. The City records taxes receivable only for the amounts collected during the next sixty days from its fiscal year end. An allowance is made for all delinquent taxes based on historical collection rates.

At June 30, 2021, the components of taxes receivable were as follows:

General property tax, net of allowance	\$ 15,538
Transient room and restaurant tax	99,120
Municipal insurance tax	96,852
Occupational tax	212,023
Omitted tangibles	5,607
Alcohol tax/license fees	20,898
Revenue in lieu of taxes	28,893
Total	<u>\$ 478,931</u>

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 – OTHER RECEIVABLES

Other receivables at June 30, 2021 consisted of various accounts receivable. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs.

NOTE 5 – DEFERRED OUTFLOWS (INFLOWS) OF RESOURCES

Changes in the City's deferred outflows (inflows) of resources during the fiscal year 2021 were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>County Employee Retirement System (CERS) – Pension</u>		
Balance, July 1, 2020	\$ 1,336,675	\$ (251,817)
Contributions subsequent to the measurement date:		
June 30, 2020	(402,439)	-
June 30, 2021	373,639	-
Liability experience	150,794	-
Investment experience	262,119	110,799
Assumption changes	236,127	-
Difference between expected and actual results	(846,370)	10,137
Balance, June 30, 2021	<u>\$ 1,110,545</u>	<u>\$ (130,881)</u>
<u>County Employee Retirement System (CERS) – OPEB</u>		
Balance, July 1, 2020	\$ 519,582	\$ (487,567)
Contributions subsequent to the measurement date:		
June 30, 2020	(99,230)	-
June 30, 2021	92,129	-
Liability experience	317,987	318,236
Investment experience	102,094	38,835
Assumption changes	331,047	2,013
Difference between expected and actual results	(368,207)	(249,371)
Balance, June 30, 2021	<u>\$ 895,402</u>	<u>\$ (377,854)</u>

NOTE 6 – CAPITAL ASSETS

A summary of capital assets activity during the fiscal year follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
GOVERNMENTAL ACTIVITIES				
Land	\$ 3,403,032	\$ 25,000	\$ -	\$ 3,428,032
Buildings, improvements and infrastructure	4,956,105	196,598	-	5,152,703
Energy savings project	2,023,015	-	-	2,023,015
Parks and recreation equipment	267,205	6,204	(3,000)	270,409
Water park/RV park complex	7,841,789	35,557	-	7,877,346
Fire department equipment	615,129	43,574	-	658,703
Police department equipment	165,353	49,838	-	215,191
Street department equipment	146,160	-	-	146,160

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Sanitation department equipment	542,907	183,163	(99,000)	627,070
General and administrative equipment	560,729	-	-	560,729
Construction in progress	<u>122,827</u>	<u>235,985</u>	<u>-</u>	<u>358,812</u>
Totals at cost	20,644,251	775,919	(102,000)	21,318,170
Less accumulated depreciation	<u>(7,037,080)</u>	<u>94,300</u>	<u>(552,433)</u>	<u>(7,495,213)</u>
Governmental activities capital assets, net	<u>\$ 13,607,171</u>	<u>\$ 870,219</u>	<u>\$ (654,433)</u>	<u>\$ 13,822,957</u>

Governmental activities depreciation was allocated as follows:

General government	\$ 211,363
Police department	5,962
Fire department	27,157
Street department	2,312
Sanitation department	40,330
Recreation department	4,102
Water park/RV park complex	<u>261,207</u>
Total	<u>\$ 552,433</u>

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
BUSINESS-TYPE ACTIVITIES				
Water and sewer	\$ 28,416,845	\$ 209,257	\$ (5,000)	\$ 28,621,102
Less accumulated depreciation	<u>(11,668,817)</u>	<u>5,000</u>	<u>(562,151)</u>	<u>(12,225,968)</u>
Business-type activities capital assets, net	<u>\$ 16,748,028</u>	<u>\$ 214,257</u>	<u>\$ (567,151)</u>	<u>\$ 16,395,134</u>

NOTE 7 – CAPITAL LEASE OBLIGATIONS

GOVERNMENTAL ACTIVITIES

The following is a summary of the capital lease obligations – governmental activities at June 30:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital lease obligation, original balance of \$5,000,000 with a variable interest rate of 1.428% at June 30, 2020	\$ 355,000	\$ -	\$ (355,000)	\$ -
Capital lease obligation, original balance of \$151,095 with a fixed interest rate of 4.93%	112,330	-	(30,146)	82,184

CITY OF WILLIAMSBURG
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NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – CAPITAL LEASE OBLIGATIONS (CONTINUED)

	<u>Balance July 1, 2020</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Balance June 30, 2021</u>
Capital lease obligation, original balance of \$1,003,729 with a fixed interest rate of 4.55%	918,249	-	(81,645)	836,604
Capital lease obligation, energy savings project, with a fixed interest rate of 3.25%	1,443,849	-	(132,083)	1,311,766
Capital lease obligation, original balance of \$154,196 with a fixed interest rate of 3.10%	24,638	-	(24,638)	-
Capital lease obligation, original balance of \$165,251 with a fixed interest rate of 3.56%	-	165,251	(14,343)	150,908
Totals	<u>\$ 2,854,066</u>	<u>\$ 165,251</u>	<u>\$ (637,855)</u>	<u>\$ 2,381,462</u>

The following is a summary of principal maturities and interest requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 259,116	\$ 83,392	\$ 342,508
2023	271,204	75,069	346,273
2024	284,864	66,279	351,143
2025	297,089	56,143	353,232
2026	308,306	45,272	353,578
2027-2030	960,883	90,553	1,051,436
Totals	<u>\$ 2,381,462</u>	<u>\$ 416,708</u>	<u>\$ 2,798,170</u>

BUSINESS-TYPE ACTIVITIES

The following is a summary of the capital lease obligation – business-type activities at June 30:

	<u>Balance July 1, 2020</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Balance June 30, 2021</u>
Capital lease obligation, original balance of \$421,271 with a fixed interest rate of 4.55%	<u>\$ 331,751</u>	<u>\$ -</u>	<u>\$ (33,355)</u>	<u>\$ 298,396</u>

The following is a summary of principal maturities and interest requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 36,289	\$ 22,122	\$ 58,411
2023	37,787	12,659	50,446

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – CAPITAL LEASE OBLIGATIONS (CONTINUED)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	39,811	10,465	50,276
2025	43,285	8,527	51,812
2026	44,866	6,346	51,212
2027-2028	96,358	5,948	102,306
Totals	<u>\$ 298,396</u>	<u>\$ 66,067</u>	<u>\$ 364,463</u>

Interest paid on the capital lease obligation of \$8,593 is included in sewer department expenses.

NOTE 8 – NOTES/LEASE PURCHASE PAYABLE

GOVERNMENTAL ACTIVITIES

The following is a summary of the notes/lease purchase payable - governmental activities at June 30:

	<u>Balance July 1, 2020</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Balance June 30, 2021</u>
3.25% note payable, secured by fire truck, monthly payments of \$2,715 including interest, matures August 2023	\$ 97,732	\$ -	\$ (29,848)	\$ 67,884
0.00% lease purchase, monthly payments of \$1,600 for sixty months with a balloon payment on October 1, 2026	-	185,000	(14,400)	170,600
Totals	<u>\$ 97,732</u>	<u>\$ 185,000</u>	<u>\$ (44,248)</u>	<u>\$ 238,484</u>

The following is a summary of principal maturities and interest requirements:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 50,033	\$ 1,750	\$ 51,783
2023	51,051	732	51,783
2024	24,400	20	24,420
2025	19,200	-	19,200
2026	19,200	-	19,200
2027	74,600	-	74,600
Totals	<u>\$ 238,484</u>	<u>\$ 2,502</u>	<u>\$ 240,986</u>

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 – NOTES/LEASE PURCHASE PAYABLE (CONTINUED)

BUSINESS-TYPE ACTIVITIES

The City has a loan with the Kentucky Infrastructure Authority in the amount of \$400,000 which bears interest at the rate of .7%. The unpaid balance at June 30, 2021 was \$166,737.

The following is a summary of principal maturities and interest requirements:

<u>KENTUCKY INFRASTRUCTURE AUTHORITY (B07-08)</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 20,336	\$ 1,455	\$ 21,791
2023	20,479	1,272	21,751
2024	20,622	1,087	21,709
2025	20,767	901	21,668
2026	20,912	713	21,625
2027-2029	63,621	1,005	64,626
Totals	<u>\$ 166,737</u>	<u>\$ 6,433</u>	<u>\$ 173,170</u>

Interest and fees paid on the loan of \$819 are included in water department expenses and \$818 are included in sewer department expenses.

The City obtained a construction line-of-credit in the amount of \$955,960 from the Kentucky Infrastructure Authority. Terms of the loan call for thirty percent principal forgiveness (\$286,788) and one percent interest. This note was converted to permanent financing during 2014. The unpaid balance was \$433,735 at June 30, 2021. This loan is for water and sewer line improvements.

The following is a summary of principal maturities and interest requirements:

<u>KENTUCKY INFRASTRUCTURE AUTHORITY (A11-05)</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 32,743	\$ 5,107	\$ 37,850
2023	33,072	4,713	37,785
2024	33,403	4,315	37,718
2025	33,738	3,913	37,651
2026	34,076	3,508	37,584
2027-2031	175,576	11,303	186,879
2032-2034	91,127	1,645	92,772
Totals	<u>\$ 433,735</u>	<u>\$ 34,504</u>	<u>\$ 468,239</u>

Interest and fees paid on the loan of \$2,748 are included in water department expenses and \$2,748 are included in sewer department expenses.

The City obtained construction financing in the amount of \$2,456,489 from the Kentucky Infrastructure Authority (A17-031) for the sanitary sewer rehabilitation project. As of June 30, 2020, total funds drawn down on the project were \$2,456,489, and the loan was converted to permanent financing. The unpaid balance was \$2,336,558 at June 30, 2021.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 – NOTES/LEASE PURCHASE PAYABLE (CONTINUED)

The following is a summary of principal maturities and interest requirements:

<u>KENTUCKY INFRASTRUCTURE AUTHORITY (A17-031)</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 120,231	\$ 10,379	\$ 130,610
2023	120,532	9,838	130,370
2024	120,833	9,295	130,128
2025	121,136	8,751	129,887
2026	121,439	8,206	129,645
2027-2031	611,765	32,799	644,564
2032-2036	619,456	18,956	638,412
2037-2040	501,166	5,082	506,248
Totals	<u>\$ 2,336,558</u>	<u>\$ 103,306</u>	<u>\$ 2,439,864</u>

Interest and fees paid on the loan of \$10,967 are included in sewer department expenses.

NOTE 9 – BONDS PAYABLE

GOVERNMENTAL ACTIVITIES

The City is participating in a bond issue in cooperation with the Kentucky League of Cities for the amount of \$310,000. The proceeds will be used for the acquisition, construction, installation and equipping of fire hydrants. The unpaid balance was \$256,667 at June 30, 2021.

The following is a summary of principal maturities and interest requirements:

<u>FINANCING PROGRAM REVENUE BONDS, SERIES 2018A</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 20,000	\$ 7,950	\$ 27,950
2023	20,000	7,350	27,350
2024	20,000	6,750	26,750
2025	20,000	6,150	26,150
2026	20,000	5,550	25,550
2027	20,000	4,950	24,950
2028	22,083	4,350	26,433
2029	25,000	3,675	28,675
2030	25,000	2,893	27,893
2031	25,000	2,112	27,112
2032	25,000	1,318	26,318
2033	14,584	492	15,076
Totals	<u>\$ 256,667</u>	<u>\$ 53,540</u>	<u>\$ 310,207</u>

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the City participates in the Kentucky League of Cities and Kentucky Risk Management Associations Trust. These public entity risk pools operate as common risk management and insurance programs for all cities. The City pays an annual premium to each fund for coverage. Contributions to the workers' compensation fund are based on premium rates established by such funds in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four months after the expiration of the self-insurance term. The liability insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro-rata basis.

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

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the City at risk for a substantial loss (contingency). There were no instances of noncompliance noted.

NOTE 11 – RETIREMENT PLANS

Plan Description

The City of Williamsburg participates in the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. CERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Employees Retirement Systems (KERS) administers the CERS. CERS issues publicly available financial reports that include financial statements and required supplementary information. CERS' report may be obtained at www.kyret.ky.gov.

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. On July 1, 2013, the COLA was not granted. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2015, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 – RETIREMENT PLANS (CONTINUED)

Contributions

For the fiscal year ended June 30, 2021, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Plan members who began participating after September 1, 2008 were required to contribute 6% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first date of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The City's contractually required contribution rate for the year ended June 30, 2021, was 24.06% (19.30% for Pension and 4.76% for OPEB) of annual creditable compensation. Contributions to the pension plan from the City were \$373,639.

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

At June 30, 2021, the City reported a liability of \$6,047,039 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability 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 participants, actuarially determined. At June 30, 2021, the City's proportion was .078841 percent.

For the year ended June 30, 2021, the City recognized pension expense of \$373,639. At June 30, 2021, the City reported deferred outflows of resources of \$1,110,545 and deferred inflows of resources of \$130,881 related to pensions. The amount reported as deferred outflows for the City contributions subsequent to the measurement date of \$373,639 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

<u>Year</u>	<u>Principal</u>
2021	\$ 288,417
2022	180,073
2023	76,761
2024	60,774
Totals	<u>\$ 606,025</u>

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 – RETIREMENT PLANS (CONTINUED)

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2020, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability and sensitivity information as of June 30, 2020 was based on an actuarial valuation date of June 30, 2019. The total pension liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2020, using generally accepted actuarial principles. Subsequent to the actuarial valuation date (June 30, 2019), but prior to the measurement date the KRS Board of Trustees reviewed investment trends, inflation and payroll growth historical trends. Based on this review the Board adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2020, which were also used to determine the Total Pension Liability and Net Pension Liability as of June 30, 2020.

The actuarial assumptions are:

Inflation Rate	2.30%
Payroll Growth Rate	2.0% for CERS non-hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25% for CERS non-hazardous

The mortality table used for active members in Pub-2010 General Mortality table, for the Non-Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Discount Rate

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	(0.25%)
Cash	1.00%	(0.75%)
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
	<u>100.00%</u>	

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 – RETIREMENT PLANS (CONTINUED)

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2020:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	26 years, Closed
Payroll Growth Rate	2.0% for CERS non-hazardous
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service, for CERS non-hazardous
Investment Rate of Return	6.25% for CERS Non-hazardous

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used in the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back four years for males) is used for the period after disability retirement.

Deferred Inflows and Outflows of Resources

The deferred inflows and outflows of resources, and pension expense included in the Schedule of Pension Amounts by Employer include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2020, is based on the June 30, 2019, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

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 6.25%, 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 (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
City's proportionate share of the net pension liability	\$ 7,457,315	\$ 6,047,039	\$ 4,879,277

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 – RETIREMENT PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

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

DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement who do not perform the investing function for these plans, to omit plan assets and related liabilities from their financial statements. The City, therefore, does not show these assets and liabilities on these financial statements.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PLAN

General Information

Plan description – Employees of the City are provided OPEBs through the County Employees' Retirement System of the State of Kentucky (CERS) – a cost sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for agencies in the state.

Medical Insurance Plan

Plan description – The CERS Medical Insurance benefit is a cost sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the CERS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The CERS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the CERS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the CERS Medicare Eligible Health Plan.

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three-quarters percent (3.75%) is paid by member contributions and three-quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

At June 30, 2021, the City reported a liability of \$1,903,215 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was .078818 percent.

Of the total amount reported as deferred outflows of resources related to OPEB, \$92,129 resulting from City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's OPEB expense as follows:

<u>Year</u>	
2021	\$ 114,953
2022	133,674
2023	97,785
2024	84,698
2025	<u>(5,690)</u>
	<u>\$ 425,420</u>

Discount rate – The discount rate used to measure the total OPEB liability was 5.34%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the City's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.34%, as well as what the City's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	1% Decrease (4.34%)	Current Discount Rate (5.34%)	1% Increase (6.34%)
City's Net OPEB Liability	<u>\$ 2,445,073</u>	<u>\$ 1,903,215</u>	<u>\$ 1,458,169</u>

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

	<u>1% Decrease</u>	<u>1% Increase</u>
City's Net OPEB Liability – CERS	\$ 1,473,564	\$ 2,424,607

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

Actuarial assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Determined by the Actuarial Valuation as of:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	25 Years, Closed
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation Rate:	2.30%
Salary Increases:	3.30% to 11.55%, varies by service
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Equity	18.75%	4.50%
Non U.S. Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Core Bonds	13.50%	(0.25%)
Cash	1.00%	(0.75%)
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	<u>15.00%</u>	3.95%
Total	<u>100.00%</u>	

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The City receives funding from federal, state and local government agencies. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the City for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the City's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs.

Effective June, 2018, the City entered into a master lease agreement with Enterprise FM Trust for the lease of various vehicles. All rental and other payments owed by the City with respect to the vehicles under the master lease agreement are paid to Enterprise Fleet Management in its capacity as the servicer for Enterprise FM Trust. The vehicles under the master lease agreement at June 30, 2021 have various effective dates and terms, but are typically due over a forty-eight-month period.

Future minimum lease payments under non-cancelable operating leases related to the above vehicles are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2022	\$ 186,710
2023	178,774
2024	68,381
2025	26,514
2026	<u>13,223</u>
Total	<u>\$ 473,602</u>

Effective March, 2019, the City entered into a lease with Caterpillar Financial Services for the lease of a backhoe loader. Effective October, 2019, the City entered into another lease with Caterpillar Financial Services for another backhoe loader for sanitation. Future minimum lease payments under these non-cancelable operating leases are as follows:

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

<u>Year ending June 30</u>	<u>Amount</u>
2022	\$ 33,358
2023	4,688
Total	<u>\$ 38,046</u>

No provision was made in the accompanying financial statements for any contingent liabilities.

NOTE 14 – OFF-BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

The Accounting Standards require disclosure of information about financial instruments for which risk could exceed amounts reflected in the financial statements and information about significant geographic, industry, or other concentrations of credit risk for all financial instruments. We noted no additional items that needed to be disclosed.

NOTE 15 – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	Williamsburg Tourism Commission	General	Recreation	\$ 25,000
Operating	Williamsburg Tourism Commission	General	Debt service requirement	340,839
Operating	LGEA	General	Reimbursement of expenses	7,381

NOTE 16 – DUE (TO) FROM PRIMARY GOVERNMENT

Due (to) from primary government consisted of the following at June 30, 2021:

<u>Governmental Activities</u>	<u>Amount</u>
Due from component unit – Williamsburg Tourism Commission	\$ 17,239
Due from business-type activities – Water and Sewer Fund	<u>642,066</u>
Total	<u>\$ 659,305</u>

NOTE 17 – DEFICIT OPERATING/FUND BALANCES

The following governmental funds had operations that resulted in current year operating deficits:

Municipal Road Aid	\$ (31,117)
Local Governmental Economic Assistance	(7)

NOTE 18 – FUND BALANCE DESIGNATIONS

The following governmental funds had restricted fund balances at June 30, 2021:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Special Revenue	\$ 260,201	Municipal roads
Special Revenue	223,970	Tourism and recreation
Special Revenue	(4)	LGEA

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 19 – SUBSEQUENT EVENTS

We evaluated events and transactions that occurred after the balance sheet date as potential subsequent events. We performed this evaluation through November 17, 2021, the date on which we issued our financial statements.

In July 2021, the City was notified that it was among the 360 smaller cities across Kentucky that were eligible to receive a portion of \$157 million of funds from the American Rescue Plan. The funding is to be used to offset COVID-19 related expenses the cities have incurred during the pandemic, including the cost of personal protective equipment, vaccination clinics, loss of revenue and payroll. The City of Williamsburg received \$682,875 of funds from the American Rescue Plan in July, 2021.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Years Ended June 30,

	<u>Reporting Fiscal Year (Measurement Date)</u>		
	<u>2021</u> <u>(2020)</u>	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:			
City and PSCA's proportion of the net pension liability	.078841%	.077811%	.078930%
City and PSCA's proportionate share of the net pension liability	\$ 6,047,039	\$ 5,472,482	\$ 4,806,956
City and PSCA's covered-employee payroll	\$ 2,465,278	\$ 2,422,414	\$ 2,022,973
City and PSCA's proportionate share of the net pension liability as a percentage of its covered-employee payroll	245.29%	225.91%	237.62%
Plan fiduciary net position as a percentage of the total pension liability	58.30%	50.45%	46.46%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

<u>2018</u> <u>(2017)</u>	<u>2017</u> <u>(2016)</u>	<u>2016</u> <u>(2015)</u>	<u>2015</u> <u>(2014)</u>
.073728%	.06894%	.074861%	.074129%
\$ 4,315,527	\$ 3,394,511	\$ 3,218,659	\$ 2,405,000
\$ 1,985,816	\$ 1,846,366	\$ 1,695,788	\$ 1,779,716
217.32%	183.85%	189.80%	135.13%
53.32%	55.50%	59.97%	66.80%

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

SCHEDULE OF PENSION CONTRIBUTIONS
Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM			
Contractually required contribution	\$ 373,639	\$ 402,439	\$ 328,227
Contributions in relation to the contractually required contribution	<u>(373,639)</u>	<u>(402,439)</u>	<u>(328,227)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City and PSCA's covered-employee payroll	\$ 2,465,278	\$ 2,422,414	\$ 2,022,973
City and PSCA's contributions as a percentage of its covered-employee payroll	19.54%	19.30%	16.13%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 285,848	\$ 344,901	\$ 289,370	\$ 314,515	\$ 326,944
<u>(285,848)</u>	<u>(344,901)</u>	<u>(289,370)</u>	<u>(314,515)</u>	<u>(326,944)</u>
\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
\$ 1,985,816	\$ 1,846,366	\$ 1,695,788	\$ 1,779,716	\$ 1,730,777
19.18%	18.68%	17.06%	17.67%	18.89%

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021

(1) CHANGES OF ASSUMPTIONS

The assumption changes are noted below.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2018. The following actuarial methods and assumptions were used to determine the contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	25 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increases	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%

(3) CHANGES OF BENEFITS

There were no changes of benefit terms.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MEDICAL INSURANCE PLAN
Years Ended June 30,

	<u>Reporting Fiscal Year (Measurement Date)</u>		
	<u>2021</u> <u>(2020)</u>	<u>2020</u> <u>(2019)</u>	<u>2019</u> <u>(2018)</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:			
City and PSCA's proportion of the net OPEB liability	.078818%	.077791%	.078930%
City and PSCA's proportionate share of the net OPEB liability	\$ 1,903,215	\$ 1,308,410	\$ 1,401,386
City and PSCA's covered-employee payroll	\$ 2,465,278	\$ 2,422,414	\$ 2,022,973
City and PSCA's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	77.20%	54.01%	69.27%
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

Reporting Fiscal Year (Measurement Date)

2018
(2017)

.073728%

\$ 1,482,185

\$ 1,985,816

74.63%

52.39%

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

SCHEDULE OF CITY'S CONTRIBUTIONS – MEDICAL INSURANCE PLAN
Years Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
COUNTY EMPLOYEES RETIREMENT SYSTEM:			
Contractually required contribution	\$ 92,129	\$ 99,230	\$ 106,453
Contributions in relation to the contractually required contribution	<u>(92,129)</u>	<u>(99,230)</u>	<u>(106,453)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City and PSCA's covered-employee payroll	\$ 2,465,278	\$ 2,422,414	\$ 2,022,973
City and PSCA's contributions as a percentage of its covered-employee payroll	3.74%	4.10%	5.26%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

2018

\$ 92,758

(92,758)

\$ -

\$ 1,985,816

4.70%

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including MIF	8.00%
Municipal Bond Index Rate	2.19%
Year FNP is projected to be depleted MIF	N/A
Single Equivalent Interest Rate, net of OPEB Plan investment expense, including price Inflation MIF	8.00%
MIF Health Care Cost Trends Under Age 65	7.25% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2029
Ages 65 and Older	5.25% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2022
Medicare Part B Premiums	6.49% for FYE 2020 with an ultimate rate of 5.00% by 2031

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 780,000	\$ 780,000	\$ 855,894	\$ 75,894
Franchise	200,000	200,000	204,588	4,588
Municipal insurance	375,000	375,000	438,515	63,515
Occupational	900,000	900,000	876,499	(23,501)
Payment in lieu of taxes	22,000	22,000	18,358	(3,642)
Sanitation department	849,500	849,500	944,912	95,412
Police department	388,170	388,170	448,551	60,381
Recreation department	2,000	2,000	3,846	1,846
Fire department	36,155	36,155	38,357	2,202
Water park/RV park	847,700	847,700	1,164,889	317,189
Earnings on investments	2,700	2,700	4,188	1,488
General government	58,800	58,800	57,069	(1,731)
FEMA	-	-	30,842	30,842
COVID-19	-	-	498,479	498,479
TOTAL REVENUES	4,462,025	4,462,025	5,584,987	1,122,962
EXPENDITURES				
General government	1,021,522	1,021,522	1,318,634	(297,112)
Police department	1,216,227	1,216,227	1,231,580	(15,353)
Fire department	450,458	450,458	492,738	(42,280)
Street department	83,462	83,462	92,727	(9,265)
Sanitation department	773,593	773,593	1,103,874	(330,281)
Recreation department	94,063	94,063	119,628	(25,565)
Water park/RV park	1,159,725	1,159,725	1,528,519	(368,794)
TOTAL EXPENDITURES	4,799,050	4,799,050	5,887,700	(1,088,650)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(337,025)	(337,025)	(302,713)	34,312
OTHER FINANCING SOURCES (USES)				
Operating transfers in	277,000	277,000	373,220	96,220
Proceeds from sale of assets	-	-	25,000	25,000
Proceeds from leases	-	-	350,251	350,251
TOTAL OTHER FINANCING SOURCES (USES)	277,000	277,000	748,471	471,471
NET CHANGE IN FUND BALANCE	\$ (60,025)	\$ (60,025)	445,758	\$ 505,783
FUND BALANCE, JULY 1, 2020			1,621,560	
FUND BALANCE, JUNE 30, 2021			\$ 2,067,318	

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

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

REVENUES	Municipal Road Aid			Variance with Final Budget Favorable (Unfavorable)
	Budgeted Amounts		Actual	
	Original	Final		
Intergovernmental revenues:				
Municipal road aid	\$ 95,340	\$ 95,340	\$ 118,885	\$ 23,545
Coal and mineral grants	-	-	-	-
FEMA	-	-	10,153	10,153
Earnings on investments	100	100	186	86
TOTAL REVENUES	95,440	95,440	129,224	33,784
EXPENDITURES				
General government	-	-	-	-
Street department	95,440	95,440	160,341	(64,901)
TOTAL EXPENDITURES	95,440	95,440	160,341	(64,901)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(31,117)	(31,117)
OTHER FINANCING SOURCES (USES)				
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ -	\$ -	(31,117)	\$ (31,117)
FUND BALANCES, JULY 1, 2020			291,318	
FUND BALANCES, JUNE 30, 2021			\$ 260,201	

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

Local Government Economic Assistance

<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Original</u>	<u>Final</u>		
\$ -	\$ -	\$ -	\$ -
8,000	8,000	7,377	(623)
<u>50</u>	<u>50</u>	<u>2</u>	<u>(48)</u>
<u>8,050</u>	<u>8,050</u>	<u>7,379</u>	<u>(671)</u>
8,050	8,050	5	8,045
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,050</u>	<u>8,050</u>	<u>5</u>	<u>8,045</u>
-	-	<u>7,374</u>	<u>7,374</u>
-	-	<u>(7,381)</u>	<u>(7,381)</u>
-	-	<u>(7,381)</u>	<u>(7,381)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>(7)</u>	<u>\$ (7)</u>
		<u>3</u>	
		<u>\$ (4)</u>	

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL
Year Ended June 30, 2021

The City's budgetary process accounts for transactions on the modified accrual basis of accounting, which is consistent with U.S. generally accepted accounting principles. In accordance with state law, the City prepares an annual budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other local, state, and federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget ordinance shall be submitted to the council not later than thirty days prior to the beginning of the fiscal year it covers. The council adopts the budget ordinance after the required two readings. The budget ordinance is then published by title and summary within thirty days of its adoption. The City did not amend the budget.

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
June 30, 2021

	Municipal Road Aid	Local Government Economic Assistance	Tourism and Recreation	Total
ASSETS AND RESOURCES				
Cash and cash equivalents	\$ 98,967	\$ (4)	\$ 124,850	\$ 223,813
Accounts receivable:				
Taxes	-	-	99,120	99,120
Other receivables	<u>177,621</u>	<u>-</u>	<u>-</u>	<u>177,621</u>
TOTAL ASSETS AND RESOURCES	<u>\$ 276,588</u>	<u>\$ (4)</u>	<u>\$ 223,970</u>	<u>\$ 500,554</u>
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued expenses	<u>\$ 16,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,387</u>
TOTAL LIABILITIES	<u>16,387</u>	<u>-</u>	<u>-</u>	<u>16,387</u>
Restricted				
Municipal roads	260,201	-	-	260,201
Special projects (deficit)	-	(4)	-	(4)
Tourism and recreation	<u>-</u>	<u>-</u>	<u>223,970</u>	<u>223,970</u>
TOTAL FUND BALANCES	<u>260,201</u>	<u>(4)</u>	<u>223,970</u>	<u>484,167</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 276,588</u>	<u>\$ (4)</u>	<u>\$ 223,970</u>	<u>\$ 500,554</u>

CITY OF WILLIAMSBURG
Williamsburg, Kentucky

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

	<u>Municipal Road Aid</u>	<u>Local Government Economic Assistance</u>	<u>Tourism and Recreation</u>	<u>Total</u>
REVENUES				
Intergovernmental revenues:				
Coal and mineral grants	\$ -	\$ 7,377	\$ -	\$ 7,377
Municipal road aid	118,885	-	-	118,885
FEMA	10,153	-	-	10,153
Water park/RV park	-	-	78,860	78,860
Earnings on investments	<u>186</u>	<u>2</u>	<u>124</u>	<u>312</u>
TOTAL REVENUES	<u>129,224</u>	<u>7,379</u>	<u>78,984</u>	<u>215,587</u>
EXPENDITURES				
General government	-	5	-	5
Street department	<u>160,341</u>	<u>-</u>	<u>-</u>	<u>160,341</u>
TOTAL EXPENDITURES	<u>160,341</u>	<u>5</u>	<u>-</u>	<u>160,346</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(31,117)</u>	<u>7,374</u>	<u>78,984</u>	<u>55,241</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>(7,381)</u>	<u>-</u>	<u>(7,381)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(7,381)</u>	<u>-</u>	<u>(7,381)</u>
NET CHANGE IN FUND BALANCES	(31,117)	(7)	78,984	47,860
FUND BALANCES, JULY 1, 2020	<u>291,318</u>	<u>3</u>	<u>144,986</u>	<u>436,307</u>
FUND BALANCES, JUNE 30, 2021	<u>\$ 260,201</u>	<u>\$ (4)</u>	<u>\$ 223,970</u>	<u>\$ 484,167</u>

Marr, Miller & Myers, PSC

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

November 17, 2021

The Honorable Mayor and Members of the City Council
City of Williamsburg
Williamsburg, Kentucky

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Williamsburg, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 17, 2021.

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 City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Marr, Miller & Myers, PSC

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marr, Miller & Myers, PSC

Certified Public Accountants