

CITY OF GEORGETOWN
Georgetown, Kentucky



**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
June 30, 2022

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INDEPENDENT AUDITORS' REPORT

Honorable Burney Jenkins, Mayor
And the City Council
City of Georgetown, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Georgetown, Kentucky, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Georgetown, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Georgetown, Kentucky, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter - Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other postemployment benefit schedules on pages 4-10 and 52-64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Georgetown, Kentucky's basic financial statements. The accompanying combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2023, on our consideration of the City of Georgetown, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Georgetown, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Georgetown, Kentucky's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
August 15, 2023

City Council Members
Alonzo Allen
Sonja Wilkins Brent
Millie Butcher Conway
Willow Hambrick



City Council Members
Greg Hampton
Mark Showalter
Todd Stone
Connie Tackett

Burney Jenkins, Mayor
City of Georgetown
Management's Discussion and Analysis
For the Year Ended June 30, 2022

EXECUTIVE SUMMARY

The City of Georgetown's Management Team presents this narrative to help our users evaluate our financial performance for the year ended June 30, 2022. Financial reporting provides the users with information in making decisions and assessing the financial condition of the City. Our Basic Financial Statements are presented in accordance with Governmental Accounting Standards Board (www.gasb.org) accounting and reporting standards for state and local governments in the United States, in accordance with KRS 91A.020. Our basic financial statements include (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, (4) certain required supplementary information, and (5) other supplementary information.

Readers can find more details in the statements and narratives on pages 11 through 51 of this report. Some of the significant financial issues include:

- In July 2023, the Kentucky Jobs Retention Act tax incentive previously approved by the City of Georgetown for Toyota Motor Manufacturing Kentucky (TMMK) was amended with a supplemental agreement that increased the maximum inducement to a total of \$24 million. The City will continue to pay \$1.2 million annually gradually reducing to \$350,000 in FY2033, which is the final year of the agreement. The total contribution of the City during FY22 was \$1.2 million, which leaves a remaining balance of \$10.4 million for the duration of the incentive program.
- The City received its final allocation of ARPA funds during FY22, for total payments of \$9,219,845. The City has elected to use the entire ARPA allocation as general revenue as allowed by the federal grant guidelines. A total of \$1,750,000 was transferred to the General Fund for payment of first responder salaries during FY22, with the remaining funds being budgeted for various public purposes and capital expenses in a special revenue fund.
- Effective January 1, 2021, the City's Insurance Premium Tax rate increased from 5% to 8%, to provide additional revenues for general operating expenses, particularly public safety. This increase will result in a sixty percent (60%) increase in Insurance Premium Tax revenues annually.
- The City began administration of a Kentucky Infrastructure Authority low-interest loan for the construction of the Georgetown Municipal Water and Sewer Service South Sewer Extension Project. The total loan amount upon project completion is expected to be \$23.54 million with debt payments covered by GMWSS sewer rate revenue.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements report the overall financial position and activities of the City as a whole. The statements are prepared using accounting principles that are similar to a commercial business. All of the City's funds are included in the government-wide statements.

Columns in the government-wide financial statements reflect two major types of operations for the City of Georgetown:

- **Governmental activities.** The City's basic services are reported in the governmental activities. Included are general government, public safety, public works, building inspection, rental, cemetery trust, and community and economic development activities. These activities are financed by taxes, license fees and permits, fines and reimbursements, and state and federal grants.
- **Business Type Activities.** The City's business-type activities include the Georgetown Municipal Water and Sewer Service, Sanitation, Medical Self-Insurance, and Environmental Services. These operations are funded with user fees based on consumption.

Net Position reflects the difference between the City's total assets and total liabilities. These amounts are similar to the owner's equity in financial statements of a commercial business, but these amounts do reflect resources that are available for supporting future governmental services. The City's operating purpose is providing services, not accumulating net position. The increase in the City's unrestricted net position is mainly due to an increase in the City's Occupational License Fees, specifically Employee Withholding, as well as additional federal funding from ARPA and increased Insurance Premium Tax revenues.

The following table outlines a condensed version of the Statement of Net Position for June 30, 2022, and 2021.

**City of Georgetown
Net Position
June 30, 2022 & 2021**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 42,743,479	\$ 27,653,709	\$ 4,820,616	\$ 3,875,097	\$ 47,564,095	\$ 31,528,806
Capital assets	119,302,629	109,624,436	112,008,151	101,429,036	231,310,780	211,053,472
Other assets	1,449,593	993,781	28,819,355	6,116,535	30,268,948	7,110,316
Deferred Outflows of Resources	9,673,406	9,700,415	2,930,492	3,760,363	12,603,898	13,460,778
Total assets and deferred outflows	173,169,107	147,972,341	148,578,614	115,181,031	321,747,721	263,153,372
Long-term debt outstanding	16,758,185	12,682,581	36,545,813	10,146,896	53,303,998	22,829,477
Other liabilities	60,512,212	51,595,375	18,522,020	19,453,126	79,034,232	71,048,501
Deferred Inflows of Resources	9,254,082	3,070,320	2,454,191	674,315	11,708,273	3,744,635
Total liabilities and deferred inflows	86,524,479	67,348,276	57,522,024	30,274,337	144,046,503	97,622,613
Net position:						
Net invested in capital assets	101,046,665	96,941,855	95,704,445	94,434,900	196,751,110	191,376,755
Restricted	2,974,503	2,724,965	5,673,293	5,809,438	8,647,796	8,534,403
Unrestricted	(17,376,540)	(19,042,755)	(10,321,148)	(15,337,644)	(27,697,688)	(34,380,399)
Total net position	\$ 86,644,628	\$ 80,624,065	\$ 91,056,590	\$ 84,906,694	\$ 177,701,218	\$ 165,530,759

Governmental current assets increased due to additional cash on hand from increased revenues. Capital Assets increased due to Construction in Progress on sewer system projects. Other liabilities increased mainly due to unearned grant revenue. Deferred inflows of resources increased due to changes in the reporting for the Net Pension and OPEB liabilities. Restricted resources in the governmental funds include restricted cash in the General Fund, 911 Fund, MAP, LGEA, Grant Fund, Cemetery Perpetual Care, and Drug Forfeiture resources.

Assets for Business-Type Activities increased due to additional Construction in Progress and increased cash flow. Liabilities increased mainly due to additional long-term debt. Net position increased due to capital asset additions.



The Statement of Activities (page 12) shows the revenues and expenses of the City using the accrual method of accounting. A governmental statement of activities outlines the costs of various programs, plus the charges for services, operating, and capital grants generated by those programs. The net (expense)/revenue column is the difference between the expenses and the revenues for the specific activities and indicates how much of the City's general revenues, such as taxes, investment earnings, and transfers are used to finance these programs.

The following table summarizes the changes in net position for the 2022 and 2021 fiscal years.

City of Georgetown
Operating Results for the Years Ended June 30, 2022 & 2021

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for service	520,919	551,853	18,226,834	17,239,079	18,747,753	17,790,932
Operating grants and contributions	7,138,946	5,019,836	229,722	151,442	7,368,668	5,171,278
Capital grants and contributions	4,016,128	1,615,231	3,997,946	1,628,582	8,014,074	3,243,813
General revenues:						
Property taxes	3,050,032	2,775,201	-	-	3,050,032	2,775,201
License fees and permits	3,466,509	3,160,238	-	-	3,466,509	3,160,238
Occupational license fees	18,526,461	16,757,807	-	-	18,526,461	16,757,807
Insurance premium tax	6,104,042	3,628,413	-	-	6,104,042	3,628,413
Interest and investment earnings	(33,675)	111,998	13,602	25,474	(20,073)	137,472
Fines and reimbursements	207,468	180,117	-	-	207,468	180,117
Other local revenues	1,510,714	818,619	-	-	1,510,714	818,619
Total revenues	44,507,544	34,619,313	22,468,104	19,044,577	66,975,648	53,663,890
Program Expenses:						
General government	2,737,199	2,898,315	-	-	2,737,199	2,898,315
Public protection						
Police	8,669,936	8,972,813	-	-	8,669,936	8,972,813
Fire	7,420,763	8,021,512	-	-	7,420,763	8,021,512
Telecommunications	2,640,607	2,319,537	-	-	2,640,607	2,319,537
Building inspection	622,189	708,526	-	-	622,189	708,526
Community Development	7,004,827	5,940,884	-	-	7,004,827	5,940,884
Codes Enforcement	275,842	284,172	-	-	275,842	284,172
Public works						
Road maintenance	6,376,114	6,023,259	-	-	6,376,114	6,023,259
Water & sewer treatment	-	-	14,901,198	14,777,431	14,901,198	14,777,431
Garbage collection	-	-	2,537,252	2,142,780	2,537,252	2,142,780
Recycling services	-	-	282,565	284,521	282,565	284,521
Stormwater management	-	-	289,472	126,724	289,472	126,724
Landfill postclosure care	-	-	-	-	-	-
Cemetery:						
Operations	-	-	630,279	389,122	630,279	389,122
Perpetual care	-	-	-	-	-	-
Interest on long-term debt	403,689	407,776	-	-	403,689	407,776
Total expenses	36,151,166	35,576,794	18,640,766	17,720,578	54,791,932	53,297,372
Excess (deficiency) before transfers and special items						
	8,356,378	(957,481)	3,827,338	1,323,999	12,183,716	366,518
Gain (Loss) on disposal of property	11,697	(222,868)	102,546	(4,341)	114,243	(227,209)
Cost of debt issuance	-	-	(127,500)	-	(127,500)	-
Transfers	(2,347,512)	(198,446)	2,347,512	198,446	-	-
Net increase (decrease) in net position	6,020,563	(1,378,795)	6,149,896	1,518,104	12,170,459	139,309



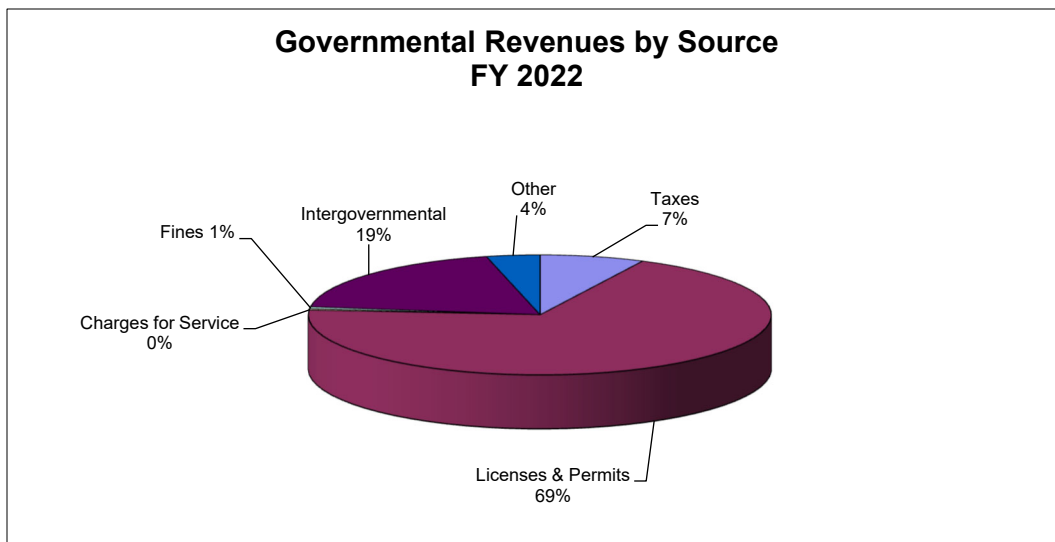
The City's revenues increased mainly due to increased Occupational License Fees, specifically Employee Withholding Taxes, as well as additional grant funding and increased Insurance Premium Tax revenue. Revenues for business-type activities increased mainly due to Charges for Service from Water/Sewer services.

On the other side of the City's ledger, governmental operating costs stayed about the same. Transfers from Governmental Activities to Business-Type Activities included transfers to cover costs for Storm Water Management and Cemetery Operations. The operating costs for business-type activities increased slightly compared to FY2021, with the main increases due to the operation of Water & Sewer and contracted Sanitation services.

Fund Financial Statements

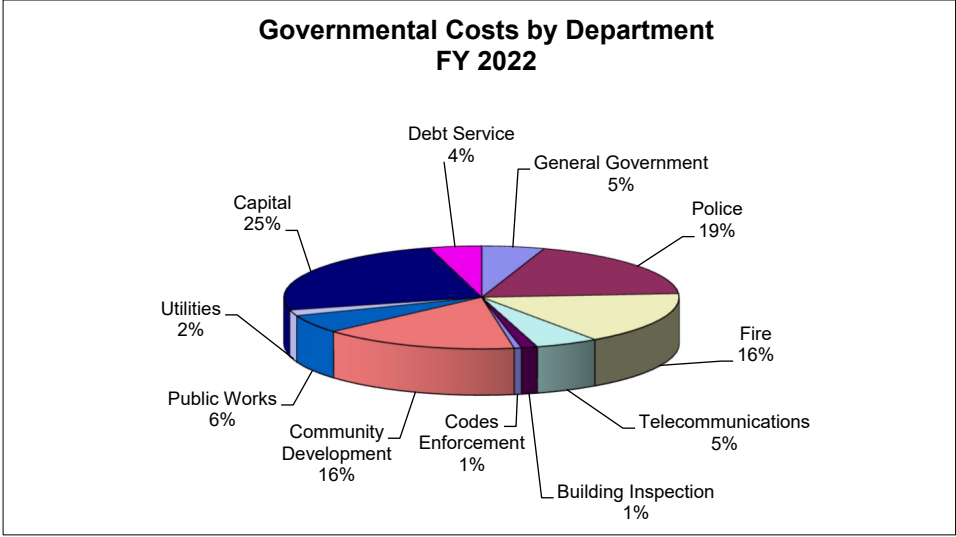
The main focus of Fund Financial Statements is on the specific activities of the City instead of the financial activities of the City as a whole. The City's fund financial statements are divided into Governmental Funds and Proprietary Funds.

- **Governmental Funds.** The City's governmental funds include the General Fund and several special revenue funds, including the 911 Fund, Municipal Aid, Local Government Economic Assistance, grants, and the Cemetery perpetual trust fund. The primary source of revenue in the General Fund, Licenses & Permits (69%), includes the Occupational License Fee on businesses and their employees, as well as Insurance Premium Taxes. Taxes provide another 7% and intergovernmental revenues are 19% of the total governmental resources. Details about individual funds are reported on pages 13- 16 and 65 - 66 of this report.

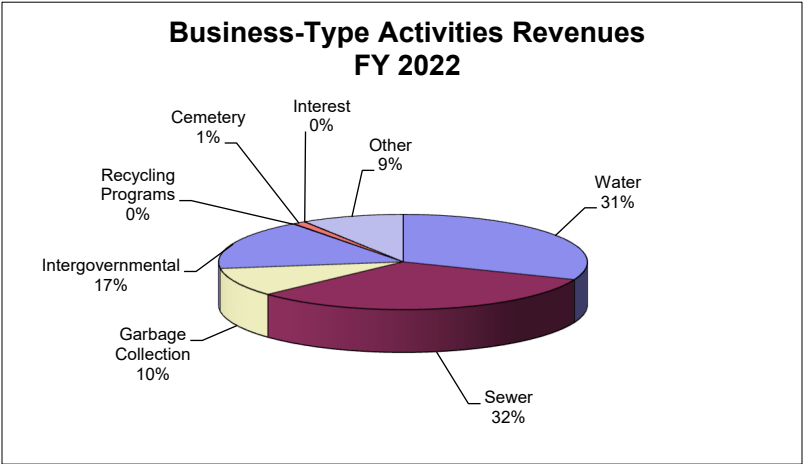


Governmental expenditures include basic services such as police, fire, code enforcement, public works, road maintenance, building inspection, and telecommunications/911. The following chart highlights the allocation among major categories. Community Development includes parks, planning and zoning, and the City's portion of inter-local departments such as ambulance services, emergency management, and electrical inspection. More details about the individual departments are reported on pages 15 and 66 of this report.



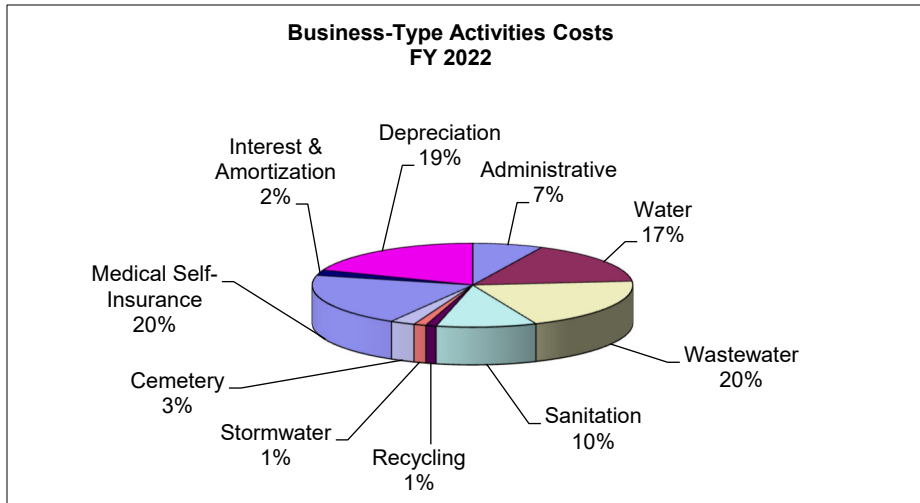


- Proprietary Funds.** The City's proprietary funds include the water, sewer, recycling, storm water, solid waste, medical self-insurance, and cemetery operations. These funds are financed with user fees based on consumption and the costs of providing these services. In FY 2022, \$286,722 was transferred from the General Fund to the Environmental Services Fund and \$107,342 was transferred from the General Fund to the Cemetery Fund to cover Storm Water and Cemetery expenses.



Details about costs for individual operations are reported on page 18 of this report. Water, Wastewater, and Medical Self-Insurance are the largest cost component, but there are other business-type activities for sanitation, recycling, and the cemetery. Depreciation of existing facilities is also a significant cost component.





BUDGETARY HIGHLIGHTS

A budgetary comparison for the General Fund is presented on page 52 of this report. Total revenues for the year were \$5,090,265 more than budgeted, and expenditures were \$672,185 less than budgeted to provide a net positive budget variance of \$7,377,071 for the year after accounting for other financing sources and uses. This is mainly due to higher-than-expected Occupational License Fee and Insurance Premium Tax revenue. Most revenue categories exceeded budget expectations and most departmental expenditures remained under budget for the year.

The original budget for FY 2023 was adopted with a deficit of \$11,414,412, which is mainly due to allocating funds for the City Hall Renovation Project. The final amended budget for FY23 anticipated a deficit of \$12,874,524. The City continues to review revenue streams and expenditures to work towards ensuring a balanced operating and capital budget in the future. The City also anticipates considering other financing sources for the City Hall Renovation project such as State Historic Tax Credits and potentially long-term financing. These final decisions will be made in FY24 and would alleviate the reduction of the General Fund balance as adopted in the FY23 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Depreciation expense for governmental assets totaled \$5.206 million while capital outlay expenses totaled \$10.795 million. The City also has Construction in Progress of \$9,836,178 for various construction projects.

Debt service for the City's governmental funds is 3.6% of the total annual appropriations, a decrease of 1% from the previous year.

The Georgetown Municipal Water and Sewer Service funds maintain a debt-to-equity ratio of 4.3%, with outstanding debt of \$37,494,590 and net invested in capital assets of \$92.6 million.

Additional information about capital assets and liabilities is outlined on page 28 through 34 of this report.



OTHER SIGNIFICANT ISSUES AFFECTING FINANCIAL POSITION

In October 2020, the City passed an ordinance creating a flat monthly 911 Service Fee for each occupied unit in the City of Georgetown for the privilege of having access to a 911 service. The fee became effective December 2020 at a rate of \$6 per month per occupied unit to be assessed on the customer's water bill. The fee increased to \$7 per month on July 1, 2021, and increased again to \$8 per month on July 1, 2022. The fee generated \$1.29 million of revenue in FY2022. The fee is accounted for in a special revenue fund solely for the purpose of funding the City's costs related to the 911 Dispatch service.

During FY 2022, the landfill used for disposal of the City's municipally collected solid waste was ordered by the State to close. The City issued an RFP for and awarded an exclusive solid waste franchise to Republic Services for residential and commercial herbie collection, including curbside recycling. Republic Services began collection services in February 2022. Georgetown Municipal Water and Sewer Service continues to bill City customers for solid waste collection and remits funds collected to the City on a monthly basis. The City is responsible for payment of a consolidated bill to Republic Services each month. GMWSS and Republic periodically reconcile customer service accounts to ensure correct billing between Republic and the City.

As part of the closure of the City's solid waste collection and recycling services, all employees from those departments were transitioned into the City's Public Works Department, which is funded through general revenues. All employees were fully transitioned by July 1, 2022, which resulted in approximately \$500,000 in additional expenses for the General Fund.

The City created a new Medical Self-Insurance fund to more accurately reflect the income and expenses associated with providing employee medical insurance. The City continues to budget the employer portion of employee medical coverage in the General Fund, which is then recognized as revenue in the Medical Self-Insurance Fund. All revenue from outside sources and medical claims paid are budgeted and accounted for directly in the self-insurance fund itself.

REQUEST FOR INFORMATION

Questions regarding this report may be sent to the Director of Finance, Stacey M. Clark, CPA, at stacey.clark@georgetownky.gov. Financial Statements and additional information for Georgetown Municipal Water & Sewer Service can be requested from the Finance Director, Jeff Nutter, at P.O. Box 640, Georgetown, Kentucky 40324.



CITY OF GEORGETOWN, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 35,726,596	\$ 2,615,932	\$ 38,342,528
Investments	1,172,533	-	1,172,533
Accounts receivable			
Taxes and licenses, net	2,749,834	-	2,749,834
Customer, net	-	2,089,417	2,089,417
Intergovernmental	1,022,272	114,452	1,136,724
Lease receivable - current	41,612	-	41,612
Other	1,962,809	-	1,962,809
Accrued interest	2,658	-	2,658
Prepaid expenses	-	65,980	65,980
Internal balances	65,165	(65,165)	-
Total current assets	<u>42,743,479</u>	<u>4,820,616</u>	<u>47,564,095</u>
Noncurrent assets			
Restricted cash and cash equivalents	532,444	27,312,510	27,844,954
Restricted investments	377,144	1,500,147	1,877,291
Accrued interest receivable	-	6,698	6,698
Long-term lease receivable, net	540,005	-	540,005
Nondepreciable capital assets, land	11,006,756	3,327,872	14,334,628
Depreciable capital assets, net	98,459,695	93,406,248	191,865,943
Construction in progress	9,836,178	15,274,031	25,110,209
Total noncurrent assets	<u>120,752,222</u>	<u>140,827,506</u>	<u>261,579,728</u>
Total assets	<u>163,495,701</u>	<u>145,648,122</u>	<u>309,143,823</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	5,093,454	1,390,950	6,484,404
Deferred outflows - OPEB	4,579,952	1,537,735	6,117,687
Defeasance on refunding	-	1,807	1,807
Total deferred outflows of resources	<u>9,673,406</u>	<u>2,930,492</u>	<u>12,603,898</u>
Total assets and deferred outflows of resources	<u>\$ 173,169,107</u>	<u>\$ 148,578,614</u>	<u>\$ 321,747,721</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 2,403,700	\$ 2,143,061	\$ 4,546,761
Accrued liabilities	2,263,772	1,319,827	3,583,599
Contracts payable	-	1,612,024	1,612,024
Accrued interest payable	18,290	20,854	39,144
Customer deposits	407,442	297,755	705,197
Unearned revenue	7,473,466	-	7,473,466
Accrued compensated absences, current	97,790	81,348	179,138
Current portion of intergovernmental payable	15,000	-	15,000
Current portion of bonds and notes payable	847,344	958,000	1,805,344
Current portion of lease liability	650,435	15,322	665,757
Total current liabilities	<u>14,177,239</u>	<u>6,448,191</u>	<u>20,625,430</u>
Noncurrent liabilities			
Compensated absences	779,317	736,292	1,515,609
Retainage payable	870,245	-	870,245
Bond anticipation note	-	31,520,000	31,520,000
Intergovernmental payable	60,000	-	60,000
Bonds and notes payable	16,054,090	5,016,590	21,070,680
Lease liability	704,095	9,223	713,318
Net pension liability	34,252,257	8,719,854	42,972,111
Net OPEB liability	10,373,154	2,617,683	12,990,837
Total noncurrent liabilities	<u>63,093,158</u>	<u>48,619,642</u>	<u>111,712,800</u>
Total liabilities	<u>77,270,397</u>	<u>55,067,833</u>	<u>132,338,230</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	4,821,520	1,249,457	6,070,977
Deferred inflows - OPEB	3,850,945	1,204,734	5,055,679
Deferred inflows - leases	581,617	-	581,617
Total deferred inflows of resources	<u>9,254,082</u>	<u>2,454,191</u>	<u>11,708,273</u>
NET POSITION			
Net investment in capital assets	101,046,665	95,704,445	196,751,110
Restricted	2,974,503	5,673,293	8,647,796
Unrestricted	(17,376,540)	(10,321,148)	(27,697,688)
Total net position	<u>86,644,628</u>	<u>91,056,590</u>	<u>177,701,218</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 173,169,107</u>	<u>\$ 148,578,614</u>	<u>\$ 321,747,721</u>

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

CITY OF GEORGETOWN, KENTUCKY
STATEMENT OF ACTIVITIES
for the year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
Governmental activities							
General government	\$ 2,737,199	\$ 88,719	66,565	\$ -	\$ (2,581,915)	\$ -	\$ (2,581,915)
Public safety							
Police	8,669,936	30,343	653,003	29,568	(7,957,022)	-	(7,957,022)
Fire	7,420,763	-	2,510,172	16,762	(4,893,829)	-	(4,893,829)
Telecommunications	2,640,607	-	1,327,530	-	(1,313,077)	-	(1,313,077)
Building inspection	622,189	361,670	419,608	-	159,089	-	159,089
Codes enforcement	275,842	-	132,372	195,161	51,691	-	51,691
Public works	6,376,114	40,187	602,854	3,653,521	(2,079,552)	-	(2,079,552)
Community development	7,004,827	-	1,426,842	121,116	(5,456,869)	-	(5,456,869)
Interest on long-term debt	403,689	-	-	-	(403,689)	-	(403,689)
Total governmental activities	<u>36,151,166</u>	<u>520,919</u>	<u>7,138,946</u>	<u>4,016,128</u>	<u>(24,475,173)</u>	<u>-</u>	<u>(24,475,173)</u>
Business-type activities							
Georgetown Municipal Water & Sewer:							
Administration	1,757,160	-	-	-	-	(1,757,160)	(1,757,160)
Water distribution	5,656,663	6,951,414	-	2,196,146	-	3,490,897	3,490,897
Sewer collection and treatment	7,487,375	8,668,105	-	1,801,800	-	2,982,530	2,982,530
Environmental service:							
Sanitation	2,537,252	2,317,175	-	-	-	(220,077)	(220,077)
Recycling	282,565	27,216	128,503	-	-	(126,846)	(126,846)
Stormwater management	289,472	-	-	-	-	(289,472)	(289,472)
Cemetery operations	630,279	262,924	101,219	-	-	(266,136)	(266,136)
Solid waste management	-	-	-	-	-	-	-
Total business-type activities	<u>18,640,766</u>	<u>18,226,834</u>	<u>229,722</u>	<u>3,997,946</u>	<u>-</u>	<u>3,813,736</u>	<u>3,813,736</u>
Total primary government	<u>\$ 54,791,932</u>	<u>\$ 18,747,753</u>	<u>\$ 7,368,668</u>	<u>\$ 8,014,074</u>	<u>(24,475,173)</u>	<u>3,813,736</u>	<u>(20,661,437)</u>
General revenue							
Property and other local taxes					3,050,032	-	3,050,032
Occupational licenses					18,526,461	-	18,526,461
Insurance premium					6,104,042	-	6,104,042
Licenses, fees, and permits					3,466,509	-	3,466,509
Fines and reimbursements					207,468	-	207,468
Telecommunications excise tax					-	-	-
Interest income (loss)					(33,675)	13,602	(20,073)
Miscellaneous					1,510,714	-	1,510,714
Total general revenues					<u>32,831,551</u>	<u>13,602</u>	<u>32,845,153</u>
Gain (loss) on sale of property					11,697	102,546	114,243
Cost of debt issuance					-	(127,500)	(127,500)
Transfers					<u>(2,347,512)</u>	<u>2,347,512</u>	<u>-</u>
Total general revenues and transfers					<u>30,495,736</u>	<u>2,336,160</u>	<u>32,831,896</u>
Change in net position					6,020,563	6,149,896	12,170,459
Net position-beginning, as restated					<u>80,624,065</u>	<u>84,906,694</u>	<u>165,530,759</u>
NET POSITION-ENDING					<u>\$ 86,644,628</u>	<u>\$ 91,056,590</u>	<u>\$ 177,701,218</u>

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

**CITY OF GEORGETOWN, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General Fund</u>	<u>ARPA Funds</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 23,655,620	\$ 7,210,386	\$ 719,788	\$ 3,459,660	\$ 35,045,454
Restricted cash and cash equivalents	508,796	-	712	22,936	532,444
Investments	1,172,533	-	-	377,144	1,549,677
Accounts receivable:					
Taxes and licenses, net	2,749,834	-	-	-	2,749,834
Intergovernmental	282,389	-	-	739,883	1,022,272
Lease receivable	581,617	-	-	-	581,617
Other	371,800	-	-	482,009	853,809
Accrued interest	2,658	-	-	-	2,658
Due from other funds	942,436	-	-	-	942,436
Total Assets	<u>\$ 30,267,683</u>	<u>\$ 7,210,386</u>	<u>\$ 720,500</u>	<u>\$ 5,081,632</u>	<u>\$ 43,280,201</u>
LIABILITIES					
Accounts payable	\$ 639,055	\$ 176,524	\$ 1,326,495	\$ 261,626	\$ 2,403,700
Accrued payroll liabilities	955,753	-	-	64,452	1,020,205
Unearned revenue	129,373	7,033,862	268,118	42,113	7,473,466
Deposits	405,452	-	-	1,990	407,442
Compensated absences	97,790	-	-	-	97,790
Due to other funds	-	-	-	877,271	877,271
Total Liabilities	<u>2,227,423</u>	<u>7,210,386</u>	<u>1,594,613</u>	<u>1,247,452</u>	<u>12,279,874</u>
DEFERRED INFLOW OF RESOURCES					
Leases	581,617	-	-	-	581,617
Unavailable revenue	29,262	-	-	-	29,262
Total deferred inflows of resources	<u>610,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>610,879</u>
FUND BALANCE					
Fund Balance					
Restricted	514,385	-	-	2,460,118	2,974,503
Assigned	12,874,524	-	-	1,374,062	14,248,586
Committed	-	-	-	-	-
Unassigned	14,040,472	-	(874,113)	-	13,166,359
Total Fund Balance	<u>27,429,381</u>	<u>-</u>	<u>(874,113)</u>	<u>3,834,180</u>	<u>30,389,448</u>
Total Liabilities and Fund Balance	<u>\$ 30,267,683</u>	<u>\$ 7,210,386</u>	<u>\$ 720,500</u>	<u>\$ 5,081,632</u>	<u>\$ 43,280,201</u>

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

**CITY OF GEORGETOWN, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

	2022
Total Governmental Fund Balance	\$ 30,389,448
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in the fund financial statements because they are not current financial resources, but they are reported in the statement of net position.	119,302,629
Unavailable revenue only available for government-wide purposes	29,262
Certain liabilities are not reported in the fund financial statements because they are not due and payable, but these liabilities are included in the statement of net position	
Long-term lease liability and bonds payable	(18,255,964)
Long-term intergovernmental payable	(75,000)
Long-term compensated absences liability	(779,317)
Retainage payable	(870,245)
Accrued interest on long-term debt	(18,290)
Net position of internal service fund	546,575
Net deferred inflows/outflows related to the long-term net pension and OPEB liability	1,000,941
Long-term net pension and OPEB liability	(44,625,411)
Net Position of Governmental Activities	\$ 86,644,628

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

CITY OF GEORGETOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
GOVERNMENTAL FUNDS
for the year ended June 30, 2022

	General Fund	ARPA Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,020,770	\$ -	\$ -	\$ -	\$ 3,020,770
Licenses and permits	27,005,889	-	-	1,452,793	28,458,682
Charges for service	144,249	-	-	-	144,249
Fines	207,468	-	-	-	207,468
Intergovernmental	2,366,427	2,186,909	31,820	3,326,549	7,911,705
Investment income (loss)	17,316	-	41	(51,032)	(33,675)
Other revenue	90,669	18,285	140,500	1,290,522	1,539,976
	<u>32,852,788</u>	<u>2,205,194</u>	<u>172,361</u>	<u>6,018,832</u>	<u>41,249,175</u>
Total Revenues					
EXPENDITURES					
Current					
Administration	1,753,878	-	-	74,966	1,828,844
City Council	181,435	-	-	-	181,435
City Clerk	227,841	-	-	-	227,841
Police	6,461,312	-	-	1,712,302	8,173,614
Fire	7,154,694	-	-	21,351	7,176,045
Telecommunications	-	-	-	2,249,038	2,249,038
Building inspection	571,245	-	-	-	571,245
Codes enforcement	263,082	-	-	-	263,082
Public works	1,903,655	-	-	601,632	2,505,287
Community development	6,460,769	79,328	31,820	432,910	7,004,827
Utilities	791,165	-	-	-	791,165
Capital outlay	1,691,815	375,866	7,881,715	846,408	10,795,804
Debt service	1,790,347	-	-	71,890	1,862,237
	<u>29,251,238</u>	<u>455,194</u>	<u>7,913,535</u>	<u>6,010,497</u>	<u>43,630,464</u>
Total Expenditures					
Excess of Revenues Over (Under) Expenditures	3,601,550	1,750,000	(7,741,174)	8,335	(2,381,289)
OTHER FINANCING SOURCES (USES)					
Loan/Lease proceeds	1,025,659	-	5,988,704	-	7,014,363
Proceeds from sale of capital assets	32,200	-	-	115,440	147,640
Transfers in (out)	845,416	(1,750,000)	444,752	65,767	(394,065)
	<u>5,504,225</u>	<u>-</u>	<u>(1,307,718)</u>	<u>189,542</u>	<u>4,386,649</u>
Net change in fund balance					
Fund Balance, beginning of year	21,924,556	-	433,605	3,644,638	26,002,799
	<u>27,429,381</u>	<u>-</u>	<u>(874,113)</u>	<u>3,834,180</u>	<u>30,389,448</u>
Fund Balance, end of year					

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

**CITY OF GEORGETOWN, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
for the year ended June 30, 2022**

	2022
Net Change in Fund Balances - Total Governmental Funds	\$ 4,386,649
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the fund financial statements because they are current financial resources, but they are presented as assets in the statement of net position and depreciated over their estimated economic lives.	10,795,804
Net transfer of capital assets to/from proprietary fund	140,577
Net transfer of net pension and OPEB liabilities from proprietary fund	(2,078,272)
Net transfer of capital leases from proprietary fund	(17,573)
Depreciation expense is reported in the statement of activities to recognize the cost of capital assets used to provide programs and services.	(5,206,596)
Gain (loss) on sale of assets do not provide current financial resources but are reported in the statement of activities.	11,697
Proceeds from sale of assets are reported at net gain or loss in the statement of activities.	(147,640)
Proceeds from capital leases and loans are reported as other financing sources in the fund financial statements and as long-term debt in the statement of net position.	(7,014,363)
Long-term compensated absences are not reported in the fund financial statements because they are not due in the current period, but they are presented as long-term liabilities in the statement of net position.	(67,089)
Donated capital assets are not recorded in the fund financial statements.	3,214,107
Bond and lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.	1,465,783
Unavailable revenue	29,262
Amortization of bond premium	7,768
Change in net pension and OPEB liabilities	(46,123)
Adjustment in accrued interest on long-term debt	(3)
A internal service fund is used by management to charge the costs of providing health and dental insurance to individual funds. The net revenues (expenses) of internal service funds are reported with governmental activities.	546,575
Change in Net Position of Governmental Activities	\$ 6,020,563

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

CITY OF GEORGETOWN, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities				Totals	Governmental Activities
	Municipal Water & Sewer Funds	Environmental Services Fund	Landfill Fund	Cemetery Fund		Medical Self-Insurance Fund
ASSETS						
Current assets						
Cash and cash equivalents	\$ 831,022	\$ 1,784,910	\$ -	\$ -	\$ 2,615,932	\$ 681,142
Accounts receivable						
Customer, net of allowance	1,874,381	201,611	-	13,425	2,089,417	-
Intergovernmental	-	13,233	-	101,219	114,452	1,109,000
Prepaid expenses	65,980	-	-	-	65,980	-
Total current assets	<u>2,771,383</u>	<u>1,999,754</u>	<u>-</u>	<u>114,644</u>	<u>4,885,781</u>	<u>1,790,142</u>
Noncurrent assets						
Restricted cash and cash equivalents	27,312,510	-	-	-	27,312,510	-
Restricted investments	1,472,692	-	27,455	-	1,500,147	-
Accrued interest receivable	6,698	-	-	-	6,698	-
Capital assets						
Construction in progress	15,274,031	-	-	-	15,274,031	-
Land and easements	858,687	9,000	2,427,043	33,142	3,327,872	-
Buildings and improvements	11,197,603	156,032	-	412,707	11,766,342	-
Utility plants in service	171,757,753	-	-	-	171,757,753	-
Vehicles and equipment	3,018,002	298,323	-	277,799	3,594,124	-
Less accumulated depreciation and amortization	(93,214,470)	(223,688)	-	(273,813)	(93,711,971)	-
Total noncurrent assets	<u>137,683,506</u>	<u>239,667</u>	<u>2,454,498</u>	<u>449,835</u>	<u>140,827,506</u>	<u>-</u>
Total assets	<u>140,454,889</u>	<u>2,239,421</u>	<u>2,454,498</u>	<u>564,479</u>	<u>145,713,287</u>	<u>1,790,142</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pension	1,336,642	-	-	54,308	1,390,950	-
Deferred outflows - OPEB	1,475,967	-	-	61,768	1,537,735	-
Defeasance on refunding	1,807	-	-	-	1,807	-
Total deferred outflows of resources	<u>2,814,416</u>	<u>-</u>	<u>-</u>	<u>116,076</u>	<u>2,930,492</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 143,269,305</u>	<u>\$ 2,239,421</u>	<u>\$ 2,454,498</u>	<u>\$ 680,555</u>	<u>\$ 148,643,779</u>	<u>\$ 1,790,142</u>
LIABILITIES						
Current liabilities						
Accounts payable	\$ 1,915,204	\$ 226,922	\$ -	\$ 935	\$ 2,143,061	\$ -
Accrued liabilities	1,308,025	5,540	-	6,262	1,319,827	1,243,567
Contracts payable	1,612,024	-	-	-	1,612,024	-
Compensated absences	78,667	-	-	2,681	81,348	-
Line of credit payable	-	-	-	-	-	-
Interfund payable	-	-	27,456	37,709	65,165	-
Accrued interest payable	20,854	-	-	-	20,854	-
Current portion of bonds, notes, and loans payable	958,000	-	-	-	958,000	-
Current portion of lease liability	-	4,354	-	10,968	15,322	-
Customer deposits	297,755	-	-	-	297,755	-
Total current liabilities	<u>6,190,529</u>	<u>236,816</u>	<u>27,456</u>	<u>58,555</u>	<u>6,513,356</u>	<u>1,243,567</u>
Long-term liabilities						
Compensated absences	716,633	-	-	19,659	736,292	-
Bond anticipation note	31,520,000	-	-	-	31,520,000	-
Bonds, notes, and loans payable	5,016,590	-	-	-	5,016,590	-
Lease liability	-	-	-	9,223	9,223	-
Net pension liability	8,372,871	-	-	346,983	8,719,854	-
Net OPEB liability	2,513,519	-	-	104,164	2,617,683	-
Total long-term liabilities	<u>48,139,613</u>	<u>-</u>	<u>-</u>	<u>480,029</u>	<u>48,619,642</u>	<u>-</u>
Total liabilities	<u>54,330,142</u>	<u>236,816</u>	<u>27,456</u>	<u>538,584</u>	<u>55,132,998</u>	<u>1,243,567</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pension	1,197,554	-	-	51,903	1,249,457	-
Deferred inflows - OPEB	1,155,735	-	-	48,999	1,204,734	-
Total deferred inflows of resources	<u>2,353,289</u>	<u>-</u>	<u>-</u>	<u>100,902</u>	<u>2,454,191</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	92,612,445	235,313	2,427,043	429,644	95,704,445	-
Restricted for debt service	5,645,838	-	-	-	5,645,838	-
Restricted for other purposes	-	-	27,455	-	27,455	-
Unrestricted	(11,672,409)	1,767,292	(27,456)	(388,575)	(10,321,148)	546,575
Total net position	<u>86,585,874</u>	<u>2,002,605</u>	<u>2,427,042</u>	<u>41,069</u>	<u>91,056,590</u>	<u>546,575</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 143,269,305</u>	<u>\$ 2,239,421</u>	<u>\$ 2,454,498</u>	<u>\$ 680,555</u>	<u>\$ 148,643,779</u>	<u>\$ 1,790,142</u>

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

CITY OF GEORGETOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
for the year ended June 30, 2022

	Business-Type Activities				Totals	Governmental Activities
	Municipal Water & Sewer Funds	Environmental Services Fund	Landfill Fund	Cemetery Fund		Medical Self-Insurance Fund
Operating revenues						
Water revenue	\$ 6,459,681	\$ -	\$ -	\$ -	\$ 6,459,681	\$ -
Sewer revenue	6,477,803	-	-	-	6,477,803	-
Sanitation revenue	-	2,317,175	-	-	2,317,175	-
Recycling revenue	-	27,216	-	-	27,216	-
Cemetery revenue	-	-	-	262,924	262,924	-
Intergovernmental	-	128,503	-	101,219	229,722	3,836,164
Connection fees	971,400	-	-	-	971,400	-
Commercial user fees	1,157,102	-	-	-	1,157,102	-
Miscellaneous	400,210	-	-	-	400,210	1,486,101
Penalties	153,323	-	-	-	153,323	-
Total operating revenues	<u>15,619,519</u>	<u>2,472,894</u>	<u>-</u>	<u>364,143</u>	<u>18,456,556</u>	<u>5,322,265</u>
Operating expenses						
Administrative	1,669,784	-	-	-	1,669,784	-
Water	3,866,310	-	-	-	3,866,310	-
Wastewater	4,720,120	-	-	-	4,720,120	-
Sanitation	-	2,378,475	-	-	2,378,475	-
Recycling	-	248,380	-	-	248,380	-
Stormwater	-	289,472	-	-	289,472	-
Landfill	-	-	-	-	-	-
Cemetery	-	-	-	586,041	586,041	-
Cost of sales and services	-	-	-	-	-	4,775,690
Depreciation	4,269,039	192,962	-	44,238	4,506,239	-
Total operating expenses	<u>14,525,253</u>	<u>3,109,289</u>	<u>-</u>	<u>630,279</u>	<u>18,264,821</u>	<u>4,775,690</u>
Operating income (loss)	<u>1,094,266</u>	<u>(636,395)</u>	<u>-</u>	<u>(266,136)</u>	<u>191,735</u>	<u>546,575</u>
Nonoperating revenues (expenses)						
Interest income	13,020	582	-	-	13,602	-
Cost of debt issuance	(127,500)	-	-	-	(127,500)	-
Interest expense	(376,986)	-	-	-	(376,986)	-
Amortization expense	1,041	-	-	-	1,041	-
Gain (loss) on disposal of capital assets	(54,768)	151,766	-	5,548	102,546	-
Total nonoperating revenue (expenses)	<u>(545,193)</u>	<u>152,348</u>	<u>-</u>	<u>5,548</u>	<u>(387,297)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	549,073	(484,047)	-	(260,588)	(195,562)	546,575
Capital contributed						
Developer contributions	2,196,146	-	-	-	2,196,146	-
Commercial user contributions	1,801,800	-	-	-	1,801,800	-
Transfers in (out)	-	2,240,170	-	107,342	2,347,512	-
Change in net position	4,547,019	1,756,123	-	(153,246)	6,149,896	546,575
Net position at beginning of year, restated	<u>82,038,855</u>	<u>246,482</u>	<u>2,427,042</u>	<u>194,315</u>	<u>84,906,694</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 86,585,874</u>	<u>\$ 2,002,605</u>	<u>\$ 2,427,042</u>	<u>\$ 41,069</u>	<u>\$ 91,056,590</u>	<u>\$ 546,575</u>

The accompanying notes are an integral
part of the financial statements

CITY OF GEORGETOWN, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
for the year ended June 30, 2022

	Business-Type Activities					Governmental Activities
	Municipal Water & Sewer Funds	Environmental Services Fund	Landfill Fund	Cemetery Fund	Totals	Medical Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 15,180,085	\$ 2,469,882	\$ -	\$ 291,781	\$ 17,941,748	\$ 4,213,265
Payments to suppliers	(4,569,308)	(1,860,852)	-	(148,036)	(6,578,196)	(3,532,123)
Payments for employee services and benefits	(5,807,050)	(967,847)	-	(267,938)	(7,042,835)	-
Other receipts (payments)	400,210	-	-	-	400,210	-
Net cash provided (used) by operating activities	<u>5,203,937</u>	<u>(358,817)</u>	<u>-</u>	<u>(124,193)</u>	<u>4,720,927</u>	<u>681,142</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in (out)	-	244,974	-	145,052	390,026	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(13,300,865)	-	-	(42,028)	(13,342,893)	-
Capital contributions	3,997,946	-	-	-	3,997,946	-
Proceeds from disposal of capital assets	77,776	777,431	-	7,966	863,173	-
Cost to dispose of capital assets	(92,253)	-	-	-	(92,253)	-
Proceeds from debt issuance	38,546,777	-	-	-	38,546,777	-
Cost of debt issuance	(70,919)	-	-	-	(70,919)	-
Principal paid on capital debt and leases	(11,114,536)	10,215	-	(10,228)	(11,114,549)	-
Net draws on line of credit	-	-	-	-	-	-
Interest paid on capital debt	(379,346)	-	-	-	(379,346)	-
Net cash provided (used) by capital and related financing activities	<u>17,664,580</u>	<u>787,646</u>	<u>-</u>	<u>(44,290)</u>	<u>18,407,936</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	9,488	582	-	-	10,070	-
Interest income reinvested in restricted investments	(11,900)	-	-	-	(11,900)	-
Net cash provided (used) by investing activities	<u>(2,412)</u>	<u>582</u>	<u>-</u>	<u>-</u>	<u>(1,830)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	<u>22,866,105</u>	<u>674,385</u>	<u>-</u>	<u>(23,431)</u>	<u>23,517,059</u>	<u>681,142</u>
Cash and cash equivalents at beginning of year	<u>5,277,427</u>	<u>1,110,525</u>	<u>-</u>	<u>23,431</u>	<u>6,411,383</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 28,143,532</u>	<u>\$ 1,784,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,928,442</u>	<u>\$ 681,142</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 1,094,266	\$ (636,395)	\$ -	\$ (266,136)	\$ 191,735	\$ 546,575
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	4,269,039	192,962	-	44,238	4,506,239	-
Net OPEB liability	70,047	-	-	33,968	104,015	-
Net pension liability	278,957	-	-	128,356	407,313	-
Change in assets and liabilities:						
Receivables, net	(53,096)	(3,012)	-	(72,362)	(128,470)	(1,109,000)
Prepaid expense	(25,087)	-	-	-	(25,087)	-
Accounts and other payables	(444,061)	154,628	-	(40)	(289,473)	-
Accrued expenses	-	(67,000)	-	7,783	(59,217)	1,243,567
Customer deposits	13,872	-	-	-	13,872	-
Net cash provided (used) by operating activities	<u>\$ 5,203,937</u>	<u>\$ (358,817)</u>	<u>\$ -</u>	<u>\$ (124,193)</u>	<u>\$ 4,720,927</u>	<u>\$ 681,142</u>
Reconciling of total cash and cash equivalents						
Current assets - cash and cash equivalents	\$ 831,022	\$ 1,784,910	\$ -	\$ -	\$ 2,615,932	\$ 681,142
Restricted cash	<u>27,312,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,312,510</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 28,143,532</u>	<u>\$ 1,784,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,928,442</u>	<u>\$ 681,142</u>
Supplemental disclosures of cash flow information:						
Noncash capital and related financing activities:						
Net change in capital assets payable	<u>\$ 2,551,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,551,414</u>	<u>\$ -</u>
Transfer of capital lease to governmental activities	<u>\$ -</u>	<u>\$ 41,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,749</u>	<u>\$ -</u>
Transfer of pension and OPEB to governmental activities	<u>\$ -</u>	<u>\$ 2,078,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,078,272</u>	<u>\$ -</u>
Transfer of capital assets to governmental activities	<u>\$ -</u>	<u>\$ (124,825)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (124,825)</u>	<u>\$ -</u>
Amortization expense	<u>\$ (1,041)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,041)</u>	<u>\$ -</u>

The accompanying notes are an integral
part of the financial statements

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Georgetown, Kentucky (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as revised and applied to governmental units. KRS 91A.020 requires Kentucky cities to comply with governmental GAAP standards.

A. Government-wide Statements

The government-wide statements include the statement of net position and the statement of activities and report all activities of the primary government and its component units. Fiduciary funds are not included in the government-wide statements since these resources are not available to finance the City's programs. Most interfund activity has been eliminated from the government-wide statements, summarizing the details reported in the fund statements.

B. Reporting Entity

The City operates under a City Council government comprised of the Mayor and eight council members. The financial statements of the City include the funds, agencies, boards and entities for which the Mayor and City Council are financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards was determined on the basis of the City's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service.

Blended component units. The Georgetown Municipal Water and Sewer Service (GMWSS) has been blended with the City's other enterprise funds. This organization's activities have been blended because the City approves the utility rate structure and the GMWSS budget, plus the City is ultimately responsible for the GMWSS outstanding debt. A copy of the separate GMWSS financial statements may be obtained from the Finance Director of the Georgetown Municipal Water and Sewer System.

The Business Park Development Authority has also been blended with the City's governmental funds. This organization's activities have been blended because the City provides all the financial administration for the Park, issues and repays debt associated with the project, and appoints the Board of Directors.

C. Basis of Presentation

Government-wide Financial Statements

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

Governmental activities reflect those programs and services that are supported by taxes, intergovernmental revenues, and charges for services. *Business-type activities*, on the other hand, are financed primarily with user fees designed to recover all costs of services, including capital. These two types of services are reported separately in the government-wide statements to distinguish how the City's programs are financed. The City of Georgetown has no discretely presented component units, so all funds are included in the primary government totals.

The governmental statement of activities presents a unique format for the "operating" statement in the government-wide section of the report. This statement is focused on the program perspective to demonstrate the level of funding provided directly by program revenues. *Direct expenses* are those that are clearly identified with a specific program or function. *Program revenues* include direct charges to customers as well as grants and contributions that are restricted to meeting the operation or capital requirements for that program. Taxes and other sources that are available for all programs are reported as *general revenues*.

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

Fund Financial Statements

Fund financial statements report detailed information about the City. Fund statements are grouped into three sections—governmental, proprietary, and fiduciary funds. Fiduciary fund information is not included in the government-wide statements. Fund information is reported using separate columns for each major fund within the governmental and proprietary categories. Nonmajor governmental funds are reported in a single column with details in combining statements included in the Supplementary Information section of this report.

In the fund financial statements, balances are presented with a current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Receivables not considered to be *available* are recorded in deferred inflows of resources as unavailable revenues. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

Governmental Funds

Major Funds:

The **General Fund** accounts for all financial resources except those required to be accounted for in another fund. Most of the essential governmental services such as police and fire protection, community services and general administration are reported in this fund.

The **ARPA Fund** is a special revenue fund that accounts for the receipt and disbursement of grant programs financed with the Coronavirus and Local Fiscal Recovery Funds grant from the federal government.

The **Capital Projects Fund** is a capital projects fund that accounts for the acquisition or construction of capital assets. The accumulation of resources for, and the payment of, the costs of the acquisition or construction of capital projects is accounted for in the fund.

Nonmajor Funds:

The **Business Park Fund** is a special revenue fund that accounts for the receipts and disbursements of resources used in acquisition of land and construction of infrastructure to develop the Lane's Run Business Park, which will enable new businesses to locate in the City.

The **911 Fees Fund** is a special revenue fund that accounts for the receipts and disbursements of funds related to the operation of the Georgetown-Scott County 911 Center. Revenue sources include the City's 911 service fee, state CMRS Board revenue, and funding from the Scott County Fiscal Court per the interlocal agreement for operating the center.

The **State & Federal Grants Fund** is a special revenue fund that accounts for the receipt and disbursement of grant programs financed with grants from the federal government and the Commonwealth of Kentucky.

The **Municipal Aid Fund** is a special revenue fund that accounts for the allocation from the Commonwealth of Kentucky as provided by KRS 174 for design, right-of-way acquisitions, utilities, construction, and other municipal road expenditures.

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

Fund Financial Statements (continued)

Nonmajor Funds (continued):

The **Local Government Economic Assistance Fund** is a special revenue fund that accounts for the allocation from the Commonwealth of Kentucky as provided by KRS 42.455 to improve the environment for new industry and to improve the quality of life for the residents.

The **Drug Forfeiture Fund** is a special revenue fund that accounts for funds received from federal and state courts related to property seized in drug crimes. These funds are to be used to investigate and prevent further drug related crimes.

The **Cemetery Perpetual Care Fund** is a permanent fund that holds the funds required to be held in trust for the benefit of the Georgetown Cemetery.

The **Alcohol Fund** is a special revenue fund that accounts for funds received from alcoholic beverage regulatory fees. These funds are to be used to reimburse the City for the estimated costs of police, regulatory, and administrative expenses related to the sale of alcoholic beverages in the City.

Proprietary Funds

Proprietary funds are used to account for business-like activities provided to the general public or internal departments. Enterprise and internal service fund activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The City has the following major enterprise funds:

The **Municipal Water & Sewer Funds** accounts for the water and sewer treatment plants operated by GMWSS.

The **Environmental Services Fund** accounts for the activities associated with garbage collections from City residents and businesses as well as recycling and stormwater management programs. The sanitation department closed as of June 30, 2022; however, the City still maintains the recycling program within this fund. All waste collection services have been contracted out to Republic.

The **Landfill Fund** accounts for the cost associated with post closure care for the Sims Road Landfill (closed in 1997).

The **Cemetery Fund** accounts for the operation and maintenance of the City's cemetery.

The City has the following major internal service funds:

The **Medical Self-Insurance Fund** is a fund that accounts for the activities associated with the City's health and dental program for City employees.

D. Assets, Liabilities, and Net Position

Cash and Investments

The City considers all demand, savings accounts, money market funds, and certificate of deposits with an original maturity of three months or less to be "cash and cash equivalents."

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (continued)

KRS 66.480 authorizes the City to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which have a physical presence in Kentucky and are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4). The Statute also authorizes investment in mutual funds, exchange traded funds, individual equity securities and high-quality corporate bonds that are managed by a professional investment manager and subject to additional requirements outlined in KRS 66.480.

Investments are carried at fair value, except for certificates of deposit which are reported at cost. Fair value is based on quoted market price. Investments consist of certificates of deposit, and common stocks and mutual funds held by the Cemetery Trust Fund.

Receivables and Payables

Balances for activity between funds that represent temporary transfers of resources are reported as “due to/from other funds”. The City of Georgetown maintains a single operating checking account, collecting and disbursing all fund operating transactions, except GMWSS transactions, from that account. Due to/from other fund balances in the governmental and city proprietary funds represent that fund’s share of cash in the general operating account or amounts due to the General Fund for net disbursements on behalf of that fund.

All proprietary fund and property tax receivables are shown net of an allowance for estimated uncollectible accounts. The allowance for utility accounts is based upon historical trends and the periodic aging of accounts receivable. The General Fund’s property tax receivable is reported net of allowance for uncollectible based on all outstanding amounts for tax years prior to 2021. Liens have been filed on these properties for all unpaid property taxes. At June 30, 2022, the allowance for doubtful accounts totaled \$203,459 for governmental activities and \$47,360 for business-type activities. The business-type activities allowance consists of \$37,360 for GMWSS and \$10,000 for the Cemetery Fund.

Inventories

Purchases of supplies in the General Fund are recorded as expenditures at the time they are purchased and are not inventoried. Purchases of supplies in the proprietary funds are generally purchased as needed and are not recorded as inventory. This departure from GAAP is not considered material to the financial statements.

Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their payment, as required by bond indentures, are classified as restricted assets on the Statement of Net Position. Some expenditures of the City may be paid with restricted and non-restricted resources, and the City has determined that when both resources are available that they will use the restricted resources first.

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (continued)

Capital Assets

Capital assets, including land, buildings, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City of Georgetown capitalizes assets that cost more than \$2,500 and have a useful life of three years or more. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of contribution.

Normal maintenance and repairs expenditures are not capitalized unless these costs add to the value of the asset or extend the estimated useful life.

In the fund financial statements, property used in governmental fund operations is accounted for as capital outlay expenditures of the governmental fund upon acquisition. Property used in proprietary fund operations is accounted for in the same manner as in the government-wide statements.

Depreciation of all exhaustible property is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives, using the straight-line method of depreciation.

The estimated useful lives are as follows:

Buildings	15-40 years
Infrastructure	20-50 years
Improvements	15-40 years
Utility plant	15-20 years
Vehicles	5-10 years
Furniture & equipment	7-10 years

Construction in progress represents construction projects for capital assets that have not yet been placed in service.

Long-Term Liabilities

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. Long-term debt consists of revenue bonds and notes, lease liability, and compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are recorded as other financing sources and payment of principal and interest is reported as debt service expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Fund Balance Classifications

Fund financial statements report governmental fund equity as fund balance. Fund balance is further classified as nonspendable or spendable, with balances reported as restricted, committed, assigned or unassigned. Restricted amounts are based on constraints imposed by contracts, regulations, or enabling legislation. The City of Georgetown classifies resources as committed if the City Council imposes constraints by ordinance for specific purposes. Funds may be assigned by the Council, Mayor or Finance Director, with approval by the Mayor and notice to Council, for specific purposes. In the event that the annual adopted budget authorizes the use of available fund balance for the subsequent year's appropriations, this decrease in fund balance is classified as assigned. This assignment shall expire on June 30th of the following fiscal year.

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position (continued)

Compensated Absences

City of Georgetown employees are allowed to accumulate unused vacation and sick leave, subject to maximum amounts for carryover to subsequent years. Employees who have completed their initial probation period are paid for all accrued but unused vacation leave upon termination, resignation, or retirement. Employees are not paid for unused sick leave upon termination of employment. However, employees may use unpaid sick leave to purchase additional service credits with the Kentucky Public Pensions Authority upon retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Amounts expected to be paid within one year are recognized in the governmental funds.

E. Revenues, Expenditures and Expenses

Program Revenues

Amounts reported as *program revenues* include customer user fees for goods or services provided by the City of Georgetown. In addition, operating or capital grants and contributions are classified as *program resources* if those grants are restricted to the specific purpose of those programs or functions. *General revenues* include all taxes, investment income, other sources, and transfers between governmental and proprietary funds.

Property Tax Revenues

Property taxes are levied based on property assessed values and ownership as of January 1 each year. Tax rates are levied, in accordance with prescribed procedures in KRS Chapter 132, in September each year for the fiscal year ended June 30. Bills are issued in October and become delinquent if unpaid on January 1 of the following calendar year. Property taxes remaining unpaid on May 31 are secured by liens on applicable properties. Penalties and interest begin accruing on January 1 until paid.

Definitions for Operating and Nonoperating Revenues and Expenses

Proprietary funds report *operating* revenues and expenses separately from *nonoperating* items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with the primary ongoing operations. Operating revenues include customer fees and charges, connection fees, and local government funding for shared services. Investment income and gains on disposals of capital assets are reported as nonoperating revenue. Operating expenses for the City's proprietary funds include costs of sales and services, administrative expenses, and depreciation on capital assets. Nonoperating expenses include interest expense, amortization expense and losses on disposal of capital assets.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. As a result, actual results could differ from estimated amounts.

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) and additions to/deductions from CERS' 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 benefit terms. Investments are reported at fair value.

H. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees' Retirement System (CERS) and additions to/deductions from CERS' 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 benefit terms. Investments are reported at fair value.

I. Change in Accounting Policy

In June 2017, the GASB issued Statement No. 87, *Leases* which establishes standards of accounting and financial reporting for leases by lessees and lessors. GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In addition, GASB 87 requires the lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City implemented GASB 87 during the fiscal year ending June 30, 2022. These changes were incorporated in the City's June 30, 2022, financial statements and resulted in a restatement of net position. See Note 21 for the restatement of the City's lease liability.

J. Management's Review of Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through August 15, 2023, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2022, have not been evaluated by the City.

2. CASH AND INVESTMENTS

The City adopted written policies and procedures for cash and investment management that designate the Mayor and City Clerk be responsible for these duties. The primary objective of the investment policy is to maintain the safety of the investment and to maintain funds in accounts, which will enable the City to meet all reasonably anticipated operating requirements.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. In order to anticipate market changes and provide a level of security for all funds, the City's policy requires a collateralized level of 105% of market value, plus accrued interest.

At June 30, 2022, the City had \$72,203,570 in financial institutions, of which \$3,446,110 was insured by FDIC insurance, SIPC insurance, or secured by U.S. government obligations. The City had \$71,825,174 in collateral pledged in the City's name to secure the remaining deposits.

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's investment policy states that unless matched to a specific cash flow need, the City's funds should not, in general, be invested in securities maturing more than one year from the date of purchase.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy is that with the exception of fully insured collateralized investments and demand deposit accounts, no more than 50% of the total investment portfolio shall be invested in a single financial institution.

The City's investments at June 30, 2022, are as follows:

<u>Type of Investments</u>	<u>Book Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1 – 5 Years</u>
Governmental activities:			
Certificates of deposit	\$ 1,172,533	\$ 479,596	\$ 692,937
Mutual funds	109,849	109,849	-
Common stock	267,295	267,295	-
Total governmental activities	<u>\$ 1,549,677</u>	<u>\$ 856,740</u>	<u>\$ 692,937</u>
Business-type activities:			
Certificates of deposit	<u>\$ 1,500,147</u>	<u>\$ 742,130</u>	<u>\$ 758,017</u>

Investment Valuation

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

For those investments measured at fair value, the investments' fair value measurements are as follows at June 30, 2022:

<u>Investments</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Fixed income funds	\$ 109,849	\$ 109,849	\$ -	\$ -
Equities funds	<u>267,295</u>	<u>267,295</u>	-	-
Total	<u>\$ 377,144</u>	<u>\$ 377,144</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

3. CAPITAL ASSETS

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

	<u>July 1, 2021 Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>June 30, 2022 Balance</u>
Governmental activities:				
Capital assets not depreciated				
Land	\$ 10,755,334	\$ 356,422	\$ (105,000)	\$ 11,006,756
Construction in progress	1,783,065	8,494,853	(441,740)	9,836,178
Total	<u>12,538,399</u>	<u>8,851,275</u>	<u>(546,740)</u>	<u>20,842,934</u>
Capital assets being depreciated				
Land improvements	31,270	-	-	31,270
Buildings	29,727,660	519,170	-	30,246,830
Vehicles	5,161,305	461,074	(382,633)	5,239,746
Leased vehicles	2,371,503	1,143,809	(22,449)	3,492,863
Equipment	15,236,173	393,103	(16,586)	15,612,690
Infrastructure	115,421,296	4,378,758	-	119,800,054
Total	<u>167,949,207</u>	<u>6,895,914</u>	<u>(421,668)</u>	<u>174,423,453</u>
Accumulated depreciation	(69,471,276)	(4,704,426)	370,895	(73,804,807)
Accumulated amortization	<u>(1,391,894)</u>	<u>(786,887)</u>	<u>19,830</u>	<u>(2,158,951)</u>
Governmental activities capital assets, net	<u>\$ 109,624,436</u>	<u>\$ 10,255,876</u>	<u>\$ (577,683)</u>	<u>\$ 119,302,629</u>
Business-type activities:				
Capital assets not depreciated				
Land	\$ 3,327,872	\$ -	\$ -	\$ 3,327,872
Construction in progress	5,442,836	12,285,828	(2,454,633)	15,274,031
Total	<u>8,770,708</u>	<u>12,285,828</u>	<u>(2,454,633)</u>	<u>18,601,903</u>
Capital assets being depreciated				
Land improvements	11,937	-	-	11,937
Buildings	9,956,384	101,042	(55,561)	10,001,865
Vehicles	3,867,681	732,727	(2,055,110)	2,545,298
Leased vehicles	200,176	-	(118,150)	82,026
Equipment	2,815,414	53,930	(150,004)	2,719,340
Utility plant	166,582,341	5,175,412	-	171,757,753
Total	<u>183,433,933</u>	<u>6,063,111</u>	<u>(2,378,825)</u>	<u>187,118,219</u>
Accumulated depreciation	(90,653,464)	(4,466,204)	1,467,477	(93,652,191)
Accumulated amortization	<u>(122,141)</u>	<u>(40,036)</u>	<u>102,397</u>	<u>(59,780)</u>
Business-type activities capital assets, net	<u>\$ 101,429,036</u>	<u>\$ 13,842,699</u>	<u>\$ (3,263,584)</u>	<u>\$ 112,008,151</u>

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

3. CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to governmental activities as follows:

General Government	\$	463,531
Public Protection		
Police		697,184
Fire Protection		407,515
Telecommunications		409,184
Code Enforcement		9,454
Building Inspection		53,401
Public Works		<u>3,166,327</u>
	\$	<u>5,206,596</u>

4. LEASE RECEIVABLES

Lease Receivables and Deferred Inflows of Resources

On January 1, 2006, the City entered into a lease agreement with Sprint Spectrum L.P. (now T-Mobile US) to lease out 600 square feet of land owned by the City. The initial agreement was for 5 years with four automatic renewals of five years and is scheduled to terminate in fiscal year 2030. Upon adoption of GASB 87, the City recognized both a lease receivable and a deferred inflow of resources related to the lease agreement totaling \$312,861. The City calculated the present value of future lease payments based on an incremental borrowing rate of 4.0%. The balance of the lease receivable as of June 30, 2022, totaled \$284,193. The City reported interest revenue totaling \$10,875 and lease revenue totaling \$28,668 for fiscal year 2022.

On April 1, 2009, the City entered into a lease agreement with Verizon Wireless to lease out a cell tower owned by the City. The initial agreement was for five years with four automatic renewals of five years and is scheduled to terminate in 2034. Upon adoption of GASB 87, the City recognized both a lease receivable and a deferred inflow of resources related to the lease agreement totaling \$308,550. The City calculated the present value of future lease payments based on an incremental borrowing rate of 4.0%. The balance of the lease receivable as of June 30, 2022, totaled \$297,424. The City reported interest revenue totaling \$11,092 and lease revenue totaling \$11,126 for fiscal year 2022.

The present value of expected future minimum lease payments are as follows:

June 30,	Principal	Interest	Total
2023	\$ 41,612	\$ 22,507	\$ 64,119
2024	44,144	20,809	64,953
2025	48,505	18,952	67,457
2026	53,242	16,952	70,194
2027	58,227	14,705	72,932
2028-2032	277,193	36,942	314,135
2033-2037	<u>58,694</u>	<u>2,176</u>	<u>60,870</u>
	<u>\$ 581,617</u>	<u>\$ 133,043</u>	<u>\$ 714,660</u>

The deferred inflows of resources will be recognized over the term of the lease agreements as lease revenue. During 2022, the City recognized \$21,967 of interest revenue and \$39,794 of lease revenue from the lease agreements.

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

5. LEASE LIABILITIES

Governmental Activities

On September 14, 2017, the City entered into a master lease agreement with Enterprise FM Trust. The agreement allows the City to enter into separate individual lease agreements for vehicles as needed. The lease term for the vehicle leases ranges from 48-60 months. The interest rates for the vehicle leases range from 2.66 – 5.18%. The balance of the liability related to the vehicle leases as of June 30, 2022, totaled \$1,354,530.

Annual requirements to maturity for all governmental long-term lease obligations are as follows:

Year ended	Principal	Interest	Total
2023	\$ 650,435	\$ 31,345	\$ 681,780
2024	363,379	15,231	378,610
2025	<u>340,716</u>	<u>10,009</u>	<u>350,725</u>
	<u>\$ 1,354,530</u>	<u>\$ 56,585</u>	<u>\$ 1,411,115</u>

Business-type Activities

On September 14, 2017, the City entered into a master lease agreement with Enterprise FM Trust. The agreement allows the City to enter into separate individual lease agreements for vehicles as needed. The lease term for the vehicle leases are 60 months. The interest rates for the vehicle leases range from 4.34 – 4.52%. The balance of the liability related to the vehicle leases as of June 30, 2022, totaled \$24,545.

Annual requirements to maturity for all business-type long-term lease obligations are as follows:

Year ended	Principal	Interest	Total
2023	\$ 15,323	\$ 844	\$ 16,167
2024	<u>9,222</u>	<u>503</u>	<u>9,725</u>
	<u>\$ 24,545</u>	<u>\$ 1,347</u>	<u>\$ 25,892</u>

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

6. LONG-TERM DEBT

The City's long-term debt is segregated between the amounts to be repaid from governmental activities and amount to be repaid from business-type activities.

Governmental Activities

Governmental long-term debt includes general obligation bonds, notes payable, and compensated absences.

20-year note payable for the construction and installation of public roads, electric utility lines, telephone lines, cable television lines, water lines, gas lines, and sanitary sewer lines at the Georgetown Business Park Phase II. Interest is based on a variable rate equal to LIBOR plus 1.50%. The note expires May 2025, at which time title to the leasehold improvements is transferred to the City.	\$ 207,554
20-year note payable for the construction of a swimming pool and aquatics center. Interest is based on a variable rate equal to LIBOR plus 1.50%. The note expires March 2026, at which time the title to the pool and aquatics center is transferred to the City.	709,069
20-year General Obligation Refunding Bonds, Series 2014B, for the advance refund of the previously issued Georgetown Refinancing 2009 Bonds issued for various City projects. Interest is based on fixed rates varying between 2.00-3.25%. The bonds final maturity is in June 2034 and are subject to redemption prior to maturity at various times, along with a call premium, as more fully described in the ordinance.	6,580,000
20-year General Obligation Bonds, Series 2014, for the financing of the new police department project. Interest is based on fixed rates varying between 2.00-3.75%. The bonds final maturity is in June 2034 and are subject to redemption prior to maturity at various times, along with a call premium, as more fully described in the ordinance.	3,280,000
Note payable for numerous copiers under an agreement with US Bank. The agreement has an interest rate of 6.38% and calls for monthly payments through March 2024.	42,891
30-year Kentucky Infrastructure Authority note payable for \$23,540,000 for the expansion of sanitary sewer services from the intersection of US-25 and Bypass US-62 to the intersection of US-25 and KY-1963 in Scott County. Interest will be charged at an annual rate of 0.50%. The City is entitled to \$1,000,000 of principal forgiveness once the final draw is made on the loan per the agreement. Principal and interest payments are estimated to begin December 1, 2023. As of June 30, 2022, the City has \$17,551,296 left to draw down on the loan. Upon completion of the project, the note will be transferred to the Water and Sewer Service.	5,988,704
Bond premiums	<u>93,216</u>
Total governmental activity debt	<u>\$ 16,901,434</u>

The changes in long-term liabilities, excluding net pension and OPEB liability, during the fiscal year ended June 30, 2022, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct placement - notes payable	\$ 1,221,242	\$ 5,988,704	\$ 261,728	\$ 6,948,218	\$ 272,344
Bonds payable	10,430,000	-	570,000	9,860,000	575,000
Bond premiums	100,984	-	7,768	93,216	7,768
Intergovernmental payable	90,000	-	15,000	75,000	15,000
Lease liability	930,355	1,043,230	619,055	1,354,530	650,435
Compensated absences	<u>809,350</u>	<u>67,757</u>	<u>-</u>	<u>877,107</u>	<u>97,790</u>
Total governmental activities	<u>\$ 13,581,931</u>	<u>\$ 7,099,691</u>	<u>\$ 1,473,551</u>	<u>\$ 19,208,071</u>	<u>\$ 1,618,337</u>

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

6. LONG-TERM DEBT (CONTINUED)

Governmental Activities (continued)

The annual debt service requirements to maturity, including principal, interest and fees for notes payable and bonds payable as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Fees	Total
2023	\$ 847,344	\$ 314,752	\$ 4,403	\$ 1,166,499
2024	856,607	295,274	3,569	1,155,450
2025	850,698	275,014	2,642	1,128,354
2026	859,865	254,722	1,001	1,115,588
2027	890,000	234,891	-	1,124,891
2028-2032	4,880,000	764,314	-	5,644,314
2033-2034	<u>1,635,000</u>	<u>75,787</u>	-	<u>1,710,787</u>
	10,819,514	<u>\$ 2,214,754</u>	<u>\$ 11,615</u>	<u>\$ 13,045,883</u>
KIA long-term	<u>5,988,704</u>			
Total	<u>\$ 16,808,218</u>			

Business-type Activities

Business-type activities include GMWSS, Environmental Services, Landfill, and Cemetery Operating Funds. Revenue bonds are obligations of GMWSS. Compensated absences are obligations of several funds.

	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding Principal</u>
Revenue bonds:			
Water and Sewer, Series 2013A	2.00-4.250%	2033	\$ 2,985,000
Water and Sewer, Series 2013B	1.00-3.000%	2023	285,000
Water and Sewer, Series 2018A	2.800%	2027	2,678,000
Bond premium			<u>26,590</u>
Total revenue bonds			<u>5,974,590</u>
Other long-term obligations:			
Lease liability - vehicles			24,545
Bond anticipation note			31,520,000
Compensated absences – GMWSS			795,300
Compensated absences – Cemetery Operations			<u>22,340</u>
Total other long-term obligations			<u>32,362,185</u>
Total obligations			<u>38,336,775</u>
Less current portion of revenue bonds			958,000
Less current portion of lease liability			15,322
Less current portion of compensated absences			<u>81,348</u>
Total long-term liabilities			<u>\$ 37,282,105</u>

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

6. LONG-TERM DEBT (CONTINUED)

Business-type Activities (continued)

The changes in long-term liabilities, excluding net pension and OPEB liability, during 2022 are as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Revenue bonds	\$ 6,883,000	\$ -	\$ 935,000	\$ 5,948,000	\$ 958,000
Bond anticipation note	3,152,760	34,367,240	6,000,000	31,520,000	-
Bond premiums	29,077	-	2,487	26,590	2,487
Lease liability	82,060	-	57,515	24,545	15,322
Compensated absences	895,441	-	77,801	817,640	88,674
Total Business-type activities	\$ 11,042,338	\$34,367,240	\$ 7,072,803	\$ 38,336,775	\$ 1,064,483

The annual debt service requirements to maturity, including principal and interest for bonds as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 958,000	\$ 200,109	\$ 1,158,109
2024	691,000	172,265	863,265
2025	713,000	151,882	864,882
2026	737,000	130,238	867,238
2027	1,069,000	106,602	1,175,602
2028-2032	1,455,000	255,000	1,710,000
2033	325,000	13,813	338,813
	<u>5,948,000</u>	<u>\$ 1,029,909</u>	<u>\$ 6,977,909</u>
BAN long-term	<u>31,520,000</u>		
	<u>\$ 37,468,000</u>		

Description of Bonds

2013A Revenue Bonds and 2013B Refunding Revenue Bonds

During 2014, the City of Georgetown sold \$4,775,000 of Water and Sewer Revenue Bonds, Series 2013A and \$2,675,000 of Water and Sewer Refunding Revenue Bonds, Series 2013B. The Bonds are secured by gross revenues of the System as more fully described in the ordinance.

The Series 2013A Bonds were issued for the purposes of: (a) acquiring, constructing and installing major new water and sanitary sewer (wastewater) service facilities constituting part of the System, including (i) the acquisition, expansion and improvement of the Mallard Point Wastewater Collection System; and (ii) the acquisition, construction and installation of new wastewater pumping facilities and wastewater lines; (b) paying and discharging the 2009 Note; (c) funding a debt service reserve; and (d) paying costs of issuance of the Series 2013A Bonds.

The Series 2013B Bonds were issued for the purposes of: (a) refunding, redeeming and discharging the City's Water and Sewer Revenue Bonds, Series 2003A; (b) funding a debt service reserve; and (c) paying costs of issuance of the Series 2013B Bonds. As a result of the current refunding the Water and Sewer Service reduced debt service by \$531,377 over the next 10 years. The present value of the cash flow savings and economic gain was \$456,925.

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

6. LONG-TERM DEBT (CONTINUED)

Business-type Activities (continued)

Description of Bonds (continued)

2018A Revenue Refunding Bonds

During 2019, the City sold \$3,949,000 of Water and Sewer Revenue Bonds, Series 2018A. The bonds are secured by gross revenues of the System as more fully described in the ordinance. The Series 2018A Bonds were issued for the purposes of: (a) redeem the 2007A Kentucky Rural Water Finance Corporation bonds; and (b) paying costs of issuance of the Series 2018A Bonds. As a result of the refunding the Water and Sewer Service reduced debt service by \$205,566 over the next 8 years. The present value of the cash flow savings and economic gain was \$178,155.

The bond ordinances require that certain reserves be maintained as follows:

Bond and Interest Reserve- This reserve includes the sinking fund payments as required by the Revenue Bond ordinance, plus a Sinking Fund Reserve equal to the maximum annual debt service required on all revenue bonds outstanding of Water and Wastewater Treatment Plant No.1. The balance in the reserve was \$3,544,581 at June 30, 2022. This reserve was fully funded at June 30, 2022.

Depreciation Reserve- All excess cash flow generated each month over and above that required for three month's operating expenses and sinking fund requirements, or \$5,000 per month, whichever is greater, are to be deposited into this reserve for use in financing contingencies or for the retirement of revenue bonds. The reserve has been funded as required. The balance in the reserve was \$24,891,291 at June 30, 2022.

7. INTERGOVERNMENTAL PAYABLE

During the year ended June 30, 2017, it was noted that the Scott County Fiscal Court had improperly funded property insurance through parks and recreation for City owned buildings. It was determined that the City owed the Fiscal Court \$150,000 related to the insurance payments. The City and the Fiscal Court entered into an interlocal agreement that calls for the City to allow the Fiscal Court to occupy space at the City's building, in exchange for the forgiveness of debt. The agreement calls for annual debt forgiveness of \$15,000 over the period of ten years. As of June 30, 2022, the intergovernmental payable balance was \$75,000.

8. CONDUIT DEBT

Revenue Bonds and Industrial Revenue Bonds have been issued through the City to assist various private enterprises in construction of manufacturing plants and educational facilities. These bonds do not constitute an indebtedness or pledge of faith and credit by the City. The balance outstanding at June 30, 2022, for Revenue Bonds and for Industrial Bonds is not available.

9. RETIREMENT PLAN

The City of Georgetown and Georgetown Municipal Water and Sewer System are participating employers of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Public Pension Authority (KPPA) administers the CERS. The plan issues publicly available financial statements which may be downloaded from the KPPA website.

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

Contributions – For the year ended June 30, 2022, plan members were required to contribute 5% of wages for non-hazardous job classifications and 8% of wages for hazardous job classifications.

**CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022**

9. RETIREMENT PLAN (CONTINUED)

Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium.

The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2022, participating employers contributed 26.95% of each employee's wages for non-hazardous job classifications and 44.33% of each employee's wages for hazardous job classifications. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described in Note 10. Plan members' contributions were allocated 21.17% to the pension trust for non-hazardous job classifications and 33.86% to the pension trust for hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Public Pensions Authority are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5% of wages to their own account for non-hazardous job classifications and 8% of wages to their own account for hazardous classifications. Plan members also contribute 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. Each member's account is credited with a 4% employer pay credit for non-hazardous members, and a 7.5% pay credit for hazardous members. The employer pay credit represents a portion of the employer contribution.

For the year ended June 30, 2022, the City contributed \$1,664,233 or 100% of the required contribution for non-hazardous job classifications, and \$2,405,308, for the year ended June 30, 2022, or 100% of the required contribution for hazardous job classifications, to the same pension trust.

Benefits – CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service.

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 years service or 65 years old and 4 years service At least 5 years service and 55 years old or 25 years service and any age
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2008 - December 31, 2013 At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal to 87+ At least 10 years service and 60 years old
Tier 3	Participation date Unreduced retirement Reduced retirement	After December 31, 2013 At least 5 years service and 65 years old or age 57+ and sum of service years plus age to equal 87+ Not available

**CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022**

9. RETIREMENT PLAN (CONTINUED)

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

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2022, the City reported a liability for its proportionate share of the net pension liability as follows:

Total Net		
Pension Liability	Non-hazardous	Hazardous
<u>\$ 42,972,111</u>	<u>\$ 17,239,547</u>	<u>\$ 25,732,564</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2021, was as follows:

Non-hazardous	Hazardous
0.2704%	0.9666%

The proportionate share at June 30, 2021 relative to June 30, 2020 increased for non-hazardous by .0016% and increased for hazardous by .0135%.

For the year ended June 30, 2022, the City recognized pension expense of \$4,465,780. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 907,581	\$ 167,321
Changes of assumptions	552,769	-
Net difference between projected and actual earnings on Plan investments	-	5,060,187
Changes in proportion and differences between City contributions and proportionate share of contributions	1,029,194	843,469
City contributions subsequent to the measurement date	<u>3,994,860</u>	<u>-</u>
Total	<u>\$ 6,484,404</u>	<u>\$ 6,070,977</u>

**CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022**

9. RETIREMENT PLAN (CONTINUED)

The \$3,994,860 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Contributions subsequent to the measurement date are reduced by retired re-employed employer contributions of \$74,680. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2023	\$ (241,816)
2024	\$ (835,829)
2025	\$ (987,284)
2026	\$ (1,516,504)

Actuarial Assumptions – The total pension liability reported at June 30, 2021, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-hazardous

Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

Hazardous

Inflation	2.30%
Salary increases	3.55 to 19.05%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2021, actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021.

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

9. RETIREMENT PLAN (CONTINUED)

The target allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special credit/high yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.00%	5.00%
Long term inflation assumption		2.30%
Expected nominal return for portfolio		7.30%

Discount Rate – The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 30-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25%, 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:

	Non-hazardous		Hazardous	
	Discount rate	City's proportionate share of net pension liability	Discount rate	City's proportionate share of net pension liability
1% decrease	5.25%	\$ 22,110,537	5.25%	\$ 32,799,725
Current discount rate	6.25%	\$ 17,239,547	6.25%	\$ 25,732,564
1% increase	7.25%	\$ 13,208,918	7.25%	\$ 19,972,858

**CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description – As more fully described in Note 9, the City of Georgetown and Georgetown Municipal Water and Sewer System participates in the County Employees’ Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

Contributions – As more fully described in Note 9, plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ending June 30, 2022, the employer’s contribution was 5.78% to the insurance trust for non-hazardous job classifications and 10.47% to the insurance trust for hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Public Pensions Authority are financed through employer contributions and investment earnings.

For the year ended June 30, 2022, the City contributed \$454,382, or 100% of the required contribution for non-hazardous job classifications, and \$743,756, or 100% of the required contribution for hazardous job classifications.

Benefits – CERS provides health insurance benefits to Plan employees and beneficiaries.

For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date Insurance eligibility Benefit	Before July 1, 2003 10 years of service credit required Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 1	Participation date Insurance eligibility Benefit	Before September 1, 2008 but after July 1, 2003 10 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 2	Participation date Insurance eligibility Benefit	After September 1, 2008 and before December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 3	Participation date Insurance eligibility Benefit	After December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2022, the City reported a liability for its proportionate share of the net OPEB liability as follows:

Total Net OPEB Liability	Non- hazardous	Hazardous
<u>\$ 12,990,837</u>	<u>\$ 5,175,294</u>	<u>\$ 7,815,543</u>

The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2021 was as follows:

Non-hazardous	Hazardous
0.2703%	0.9666%

The proportionate share at June 30, 2021 relative to June 30, 2020 for non-hazardous did not change and hazardous increased by .0138%.

For the year ended June 30, 2022, the City recognized OPEB expense of \$1,485,682. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 1,058,040	\$ 2,385,995
Changes of assumptions	3,332,029	7,733
Net difference between projected and actual earnings on Plan investments	-	2,280,665
Changes in proportion and differences between City contributions and proportionate share of contributions	324,852	381,286
City contributions subsequent to the measurement date	<u>1,402,766</u>	<u>-</u>
Total	<u>\$ 6,117,687</u>	<u>\$ 5,055,679</u>

The \$1,402,766 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. This includes adjustments of \$87,583 for the nonhazardous implicit subsidy and \$55,659 for the hazardous implicit subsidy, which are required to be recognized as deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2023	\$ (47,503)
2024	\$ 31,316
2025	\$ (16,657)
2026	\$ (484,259)
2027	\$ 176,345

**CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions – The total OPEB liability reported at June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-hazardous

Inflation	2.30%
Salary increases	3.30 to 10.30%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare trend	

Pre – 65: Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Post – 65: Initial trend starting at 6.30% in January 1, 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Hazardous

Inflation	2.30%
Salary increases	3.55 to 19.05%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare trend	

Pre – 65: Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Post – 65: Initial trend starting at 6.30% at January 1, 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

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

The actuarial assumption used in the June 30, 2021, valuation was based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021.

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

**CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Special credit/high yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.00%	5.00%
Long term inflation assumption		2.30%
Expected nominal return for portfolio		7.30%

Discount Rate – The discount rate used to measure the total OPEB liability was 5.20% and 5.05% for non-hazardous and hazardous classifications, respectively. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index” as of June 30, 2021. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net OPEB liability calculated using the discount rate as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Non-hazardous		Hazardous	
	Discount rate	City’s proportionate share of net OPEB liability	Discount rate	City’s proportionate share of net OPEB liability
1% decrease	4.20%	\$ 7,105,641	4.05%	\$ 11,331,054
Current discount rate	5.20%	\$ 5,175,294	5.05%	\$ 7,815,543
1% increase	6.20%	\$ 3,591,126	6.05%	\$ 4,991,033

**CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022**

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the City's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Non-hazardous	Hazardous
	City's proportionate share of net OPEB liability	City's proportionate share of net OPEB liability
1% decrease	\$ 3,725,596	\$ 5,121,169
Current trend rate	\$ 5,175,294	\$ 7,815,543
1% increase	\$ 6,925,101	\$ 11,115,508

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

11. INTERFUND RECEIVABLES/PAYABLES

The City generally maintains one checking account for which all receipts are deposited and disbursements are made. This results in outstanding interfund receivable/payable accounts at year end for various funds. Interfund receivable and payable balances as of June 30, 2022, were as follows:

	Receivable	Payable
Fund		
General	\$ 942,436	\$ -
State & Federal Grants	-	524,071
Landfill	-	27,456
Alcohol	-	353,200
Cemetery	-	37,709
	-	37,709
Total	\$ 942,436	\$ 942,436

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

12. FUND BALANCE

As described in Note 1, fund financial statements report governmental fund equity as fund balance. Fund balance is classified as nonspendable or spendable, with balances reported as restricted, committed, assigned or unassigned. As of June 30, 2022, fund balances are composed of the following:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Restricted:			
MAP fund	\$ -	\$ 842,419	\$ 842,419
LGEA fund	-	85,992	85,992
Drug forfeiture	-	246,947	246,947
Cemetery perpetual care	-	672,328	672,328
911 fees	-	489,979	489,979
Business Park	-	122,355	122,355
State & Federal grants fund	-	98	98
Police evidence	87,821	-	87,821
Gus Wolf reserve	5,589	-	5,589
Bond account	2,469	-	2,469
Street light deposits	<u>418,506</u>	-	<u>418,506</u>
Total Restricted	<u>514,385</u>	<u>2,460,118</u>	<u>2,974,503</u>
Assigned:			
Alcohol-related operations	-	439	439
Capital projects	320,230	1,373,623	1,693,853
2022 budget allocations	<u>12,554,294</u>	-	<u>12,554,294</u>
Total Assigned	<u>12,874,524</u>	<u>1,374,062</u>	<u>14,248,586</u>
Unassigned	<u>14,040,472</u>	<u>(874,113)</u>	<u>13,166,359</u>
Total fund balances	<u>\$ 27,429,381</u>	<u>\$ 2,960,067</u>	<u>\$ 30,389,448</u>

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

13. TRANSFERS

The following operating transfers were made during the year:

Fund	Transfers In	Transfers Out
ARPA	\$ -	\$ 1,750,000
Cemetery Perpetual Care	-	6,123
Business Park	71,890	-
Capital Projects	444,752	-
Cemetery Operations	107,342	-
Environmental Services	286,723	-
General Fund	<u>845,416</u>	<u>-</u>
Total	<u>\$ 1,756,123</u>	<u>\$ 1,756,123</u>

The following capital asset transfers were made during the year:

Fund	Transfers In	Transfers Out
Governmental activities	\$ 140,577	\$ -
Environmental Services	<u>-</u>	<u>140,577</u>
Total	<u>\$ 140,577</u>	<u>\$ 140,577</u>

The following lease transfers were made during the year:

Fund	Transfers In	Transfers Out
Governmental activities	\$ -	\$ 17,573
Environmental Services	<u>17,573</u>	<u>-</u>
Total	<u>\$ 17,573</u>	<u>\$ 17,573</u>

The following pension and OPEB liabilities transfers were made during the year:

Fund	Transfers In	Transfers Out
Governmental activities	\$ -	\$ 2,078,272
Environmental Services	<u>2,078,272</u>	<u>-</u>
Total	<u>\$ 2,078,272</u>	<u>\$ 2,078,272</u>

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

13. TRANSFERS (CONTINUED)

The transfers were made for the following purposes:

- The transfer to the Cemetery Operations Fund was made to provide operating funds for the cemetery. In accordance with an interlocal agreement with Scott County Fiscal Court, the City and County are to split the cost of operating the cemetery 50/50 net of any income the cemetery may receive.
- In addition, the Perpetual Care Fund transfers investment earnings to the Operating Fund to cover maintenance costs.
- The transfer to the Environmental Services Fund was to fund stormwater projects.
- The transfer to the Business Park Fund was made to provide funds to cover debt service.
- The transfer to Governmental activities was made for the net transfer of capital assets, lease liability and pension and OPEB liabilities.
- The transfer to the Capital Projects Fund was made to cover expenses incurred for the City Hall renovation.
- The transfer to the ARPA Fund was made to cover expenses incurred for Fire Department employee salaries.

14. RELATED ORGANIZATIONS

The City of Georgetown provides financial support for a variety of local organizations. With the exception of Scott United and the Georgetown/Scott County Senior Center, the following agencies are subject to an interlocal agreement with Scott County for joint funding of these operations. Scott County manages the Ambulance, Disaster & Emergency Services, Electrical Inspection, Animal Shelter, and the E911 Billing. The City operates Building Permits, CMRS programs, Code Enforcement, Recycling and Cemetery. Each government bills the other for one-half of the net operating costs. Parks & Recreation and the Planning & Zoning agencies are managed by separate boards with operating costs shared by the City and County. The Revenue Commission is managed by a separate board with the City, County and Board of Education providing funding. The Georgetown/Scott County Airport's Board of Directors is jointly appointed by the City and Scott County.

The City has contributed the following amounts to these organizations:

Georgetown/Scott County Parks & Recreation	\$ 1,487,588
Georgetown/Scott County Planning & Zoning	546,837
Georgetown/Scott County Ambulance	2,929,678
Georgetown/Scott County Disaster & Emergency Services	171,571
Georgetown/Scott County Senior Citizens	97,000
Georgetown/Scott County Electrical Inspection	198,998
Georgetown/Scott County Animal Shelter	208,049
Georgetown/Scott County E911 Billing	16,250
Georgetown/Scott County Revenue Commission	324,403
Georgetown/Scott County Airport	15,000
Scott United	40,000
Georgetown/Scott County Tourism	40,000
Scott County Parks Director	<u>24,394</u>
Total Contributions	<u>\$ 6,099,768</u>

**CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022**

15. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The following commitments to construct projects and purchase materials have been made by the City as of June 30, 2022:

Governmental activities:

General fund

Police ammunition	\$ 26,740
Police patrol remodel	37,816
Police tasers	51,012
Police server replacement	7,602
Fire Air Cylinders	6,057
Fire concrete work	4,950
Final software payment	41,805
Various fire department open POs	18,969
Land purchase balance	<u>27,208</u>
Total	<u>\$ 222,159</u>

Business park fund

GMWSS sewer line relocation	<u>\$ 145,944</u>
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911 fund

CAD software	\$ 12,000
Radio system maintenance agreement	<u>5,858,689</u>
Total	<u>\$ 5,870,689</u>

Capital projects fund

South sewer extension construction	\$ 15,206,363
South sewer extension Contract 1	424,097
South sewer extension Contract 2	45,472
West Main Street construction	738,530
Cardinal Drive Engineering	34,708
City Hall architectural fees	476,926
City Hall manager pre-construction services	50,000
KIA loan administration	<u>45,500</u>
Total	<u>\$ 17,021,096</u>

Federal & state grants fund

CDBG grant administration	\$ 9,000
CDBG – CV grant administration	<u>3,600</u>
Total	<u>\$ 12,600</u>

ARPA fund

Fire trucks	\$ 1,531,281
County EMS station	2,250,000
Fire station schematic design	10,250
Bourbon Street storm water project	559,915
Parks & Rec capital	<u>36,500</u>
Total	<u>\$ 4,387,946</u>

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

15. SIGNIFICANT COMMITMENTS AND CONTINGENCIES (CONTINUED)

Environmental services		
Project/construction	\$	<u>150,405</u>
Cemetery operations fund		
Wall repair	\$	<u>55,699</u>
Georgetown Municipal Water and Sewer Service		
WWTP No. 1 plant expansion	\$	53,301,644
Collection building – phase II		49,263
South sewer extension		77,292
Rogers Gap pump station		50,000
Pista grit replacement		<u>47,330</u>
Total	\$	<u>53,525,529</u>

Georgetown Municipal Water and Sewer Service is reimbursing the City for payments made for the South Sewer Extension Contract 2 shown in the Capital Projects Fund above.

The City is a defendant in other various legal actions arising from normal business operations. The City's legal counsel believes these actions are without merit, adequately covered by insurance, or that the ultimate liability, if any, will not materially affect the City's financial position.

Revenue Anticipation Note

The City entered into a \$4,500,000 revenue anticipation note agreement with Stockyards Bank on December 30, 2021, on behalf of the Water and Sewer Service for the purpose of financing wastewater improvements and additions. The current interest rate is at 1.85%. At June 30, 2022, the revenue anticipation note was paid off using proceeds from the \$31,520,000 bond anticipation note mentioned below.

	July 1, 2021	Advances	Payments	June 30, 2022
Revenue anticipation note	\$ <u>-</u>	\$ <u>4,179,536</u>	\$ <u>4,179,536</u>	\$ <u>-</u>

Bond Anticipation Note

The City entered into a \$6,000,000 bond anticipation note agreement with Kentucky Bank on November 19, 2019, on behalf of the Water and Sewer Service for the purpose of financing wastewater improvements and additions. The current interest rate is at 2.61%. At June 30, 2022, the bond anticipation note was paid off using proceeds from the \$31,520,000 bond anticipation note mentioned below.

	July 1, 2021	Advances	Payments	June 30, 2022
Bond anticipation note	\$ <u>3,152,760</u>	\$ <u>2,847,240</u>	\$ <u>6,000,000</u>	\$ <u>-</u>

**CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022**

15. SIGNIFICANT COMMITMENTS AND CONTINGENCIES (CONTINUED)

Bond Anticipation Note (Continued)

The City entered into a \$31,520,000 direct placement bond anticipation note agreement with Truist Financial Corporation on June 28, 2022, on behalf of the Water and Sewer Service for the purpose of financing wastewater improvements and additions and pay off the previous borrowings with Stockyards Bank and Kentucky Bank. The current interest rate is at 2.45%. The bond anticipation note matures June 1, 2024. At June 30, 2022, there was a balance of \$31,520,000 included in noncurrent liabilities.

	July 1, 2021	Advances	Payments	June 30, 2022
Bond anticipation note	\$ _____ -	\$ 31,520,000	\$ _____ -	\$ 31,520,000

16. ECONOMIC DEPENDENCE

Toyota Motor Manufacturing Company, USA and its subsidiaries provided \$8,753,714 (32.00%) of the City's license fees and permit revenue and \$112,375 (4.00%) of the City's property tax revenue. The total amount paid by these companies represents 27.00% of the General Fund revenues. In addition, they provided 7.4% of the operating revenue of GMWSS. Ten other customers accounted for 8.1% of the operating revenue of GMWSS.

17. CONTRIBUTED ASSETS

Contributed assets totaling \$3,997,946 have been reported in the accompanying statement of revenues, expenses, and changes in net position for business-type activities. These contributions include \$2,196,146 of contributions made by various state and local governments and developers. In addition, \$1,801,800 of capital contributions was received from a commercial customer. These funds were used to construct various water and sewer projects.

Contributed assets totaling \$3,214,107 have been reported in the accompanying statement of activities for governmental activities. These contributions consist of roads, sidewalks and storm sewers donated during the year.

18. RISK MANAGEMENT

Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City has established medical self-insurance. Employees may elect to participate in this program or certain other medical insurance programs offered by the City. Under this program the first \$80,000 of a participants' medical claims are paid by the City. The City purchases insurance for claims in excess of \$80,000. The City also provides insurance for aggregate claims over \$1,000,000. All funds of the City, except GMWSS, participate in the program and make payments towards the medical self-insurance based on historical estimates of the amounts needed to pay prior and current year claims. A liability for incurred but not reported claims as of June 30, 2022, has not been estimated based on the nature of the claims process. This is in accordance with the requirements of GASB Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements unless such an estimate cannot be made.

CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

19. TAX ABATEMENTS

The City participates in the state administered Kentucky Business Investment Program (KBI) under KRS 154.32. Program applicants are approved by the State and the program is designed to stimulate economic development through job retention and/or new job creation. The City of Georgetown has approved various company incentives which grant a credit of up to one half percent of eligible occupational license fees to approved companies for a ten-year period after the date of activation. Each agreement provides for a maximum approved cost for each year of the agreement. Reductions of the maximum approved cost for the following year can occur if actual results are less than 90% of the job targets. The City has had several agreements which have been granted final approval by the state, but none of those inducements have been granted. International Crankshaft, Inc. (ICI) was approved on February 23, 2017, for an incentive of one-half of one percent of eligible occupation license fees for a ten-year period. The agreement calls for a job target of 107 jobs, in addition to the maintenance of ICI's base employment of 195 jobs. The total maximum inducement for the City is \$312,500. The City abated \$21,618 in occupational license fees to ICI during 2022.

The City also participates in the state administered Kentucky Job Retention Program (KJRA) under KRS 154.25. Program applicants are approved by the State and the program is designed to stimulate economic development through projects that improve or expand current automotive manufacturing facilities, and which result in job retention. Toyota Motor Manufacturing (TMMK) was approved on April 17, 2013, for an incentive of one half percent of eligible occupation license fees for a ten-year period from its activation date. TMMK activated the incentive agreement on September 28, 2015, with a supplemental agreement activated on April 10, 2017. The agreement calls for a maximum approved cost for each year of the agreement. The total maximum inducement for the City is \$19,000,000. The maximum annual inducement may be reduced each fiscal year in which the Company's job target is below the required minimum of 7,880. On September 14, 2020, TMMK proposed a modified recovery schedule reducing total annual payments to \$1,200,000 and distributing payments more evenly throughout the remaining life of the inducement. The City abated \$1,200,000 in occupational license fees to TMMK during 2022. In conjunction with the KJRA project, TMMK also agreed to donate several parcels of property in and adjacent to the Lanes Run Business Park. TMMK also agreed to contribute \$1,000,000 to the City for additional property acquisition and \$100,000 per year to Scott County United, beginning July 1, 2017, payable from City inducements. The \$1,000,000 was paid to the City in December of 2017.

20. RESTATEMENT OF NET POSITION

Implementation of new accounting standards GASB Statement No. 87

During fiscal year 2022, the City implemented GASB Statement No. 87, Leases, as described more fully in Note 1. The City had previously recorded leases, for which it was the lessee, as a lease liability and recorded the underlying assets. Following the implementation of GASB 87, the lease liabilities and leased assets were restated to the present value of future lease payments effective July 1, 2021, which resulted in a restatement of beginning net position as follows:

	2022
Governmental activities	
Net position, at beginning of year	\$ 80,424,360
Plus change in lease liability	<u>199,705</u>
Net position, at beginning of year, as restated	<u>\$ 80,624,065</u>
Business-type activities	
Net position, at beginning of year	\$ 84,897,530
Plus change in lease liability	<u>9,164</u>
Net position, at beginning of year, as restated	<u>\$ 84,906,694</u>

**CITY OF GEORGETOWN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022**

20. RESTATEMENT OF NET POSITION (CONTINUED)

<u>Environmental Service Fund</u>	
Net position, at beginning of year	\$ 238,244
Plus change in lease liability	<u>8,238</u>
Net position, at beginning of year, as restated	<u>\$ 246,482</u>
 <u>Cemetery Operations Fund</u>	
Net position, at beginning of year	\$ 193,389
Plus change in lease liability	<u>926</u>
Net position, at beginning of year, as restated	<u>\$ 194,315</u>

21. SUSEQUENT EVENT

The City entered into a \$55,130,000 bond anticipation note agreement with Republic Bank in April 2023, on behalf of the Water and Sewer Service for the purpose of completing construction on the Wastewater Treatment Plant #1 along with a few other capital projects and system improvements. The current interest rate is at 4.75%. The note matures in April 2028.

In February 2023, the City Council approved a water and sewer rate increase. The increase is to take effect in March 2023 and increase annually through March 2028. Effective March 2023 the water rate will increase to \$14.53, and the sewer rate will increase to \$15.78. By 2028 the rates will be \$23.69 and \$25.73.

In June 2023, the City Council also approved a project to renovate City Hall. Construction for the project is expected to commence in August 2023. The total cost of the project is \$12,499,567. Approximately \$9,800,000 of said project costs have been included in the FY 2022-2023 budget and the remaining costs will be included in a future year budget through a combination of long-term financing, cash reserves, Inflation Reduction Act Relief, and/or historic tax credits.

The City Council approved a supplemental agreement for TMMK on July 24, 2023. The agreement extends the term of the original schedule by an additional 10 years and is subject to the same job retention requirements as mentioned in Note 19. Per the agreement, the total maximum inducement increases to \$24,000,000 through June 30, 2033.

**CITY OF GEORGETOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
GENERAL FUND
for the year ended June 30, 2022**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 2,697,900	\$ 2,697,900	\$ 3,020,770	\$ 322,870
Licenses and permits	22,441,650	22,513,650	27,005,889	4,492,239
Charges for service	212,481	212,481	144,249	(68,232)
Fines	125,500	125,500	207,468	81,968
Intergovernmental	3,949,567	2,200,992	2,366,427	165,435
Investment income	9,000	9,000	17,316	8,316
Other revenue	3,000	3,000	90,669	87,669
Total revenues	<u>29,439,098</u>	<u>27,762,523</u>	<u>32,852,788</u>	<u>5,090,265</u>
EXPENDITURES				
Current				
Administration	1,716,424	2,041,425	1,753,878	287,547
City Council	177,780	177,780	181,435	(3,655)
City Clerk	225,122	225,122	227,841	(2,719)
Police	6,925,562	7,128,069	6,461,312	666,757
Fire	7,104,633	7,072,032	7,154,694	(82,662)
Building inspection	582,033	584,883	571,245	13,638
Code enforcement	404,145	404,145	263,082	141,063
Public works	2,207,816	2,223,221	1,903,655	319,566
Community development	6,669,398	6,670,398	6,460,769	209,629
Utilities	698,000	772,740	791,165	(18,425)
Capital outlay	1,212,265	1,558,586	1,691,815	(133,229)
Debt service	1,065,022	1,065,022	1,790,347	(725,325)
Total expenditures	<u>28,988,200</u>	<u>29,923,423</u>	<u>29,251,238</u>	<u>672,185</u>
Excess of Revenues over (under) Expenditures	<u>450,898</u>	<u>(2,160,900)</u>	<u>3,601,550</u>	<u>5,762,450</u>
Other Financing Sources (Uses)				
Lease proceeds	-	-	1,025,659	1,025,659
Property sales	10,000	10,000	32,200	22,200
Transfers in (out)	(460,687)	278,654	845,416	566,762
Total other financing sources (uses)	<u>(450,687)</u>	<u>288,654</u>	<u>1,903,275</u>	<u>1,614,621</u>
Net change in fund balance	211	(1,872,246)	5,504,825	7,377,071
Fund balance, beginning of year	<u>21,924,556</u>	<u>21,924,556</u>	<u>21,924,556</u>	<u>-</u>
Fund balance, end of year	<u>\$ 21,924,767</u>	<u>\$ 20,052,310</u>	<u>\$ 27,429,381</u>	<u>\$ 7,377,071</u>

CITY OF GEORGETOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISONS
ARPA FUND
for the year ended June 30, 2022

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental	\$ -	\$ 4,530,747	\$ 2,186,909	\$ (2,343,838)
Other revenue	-	1,781	18,285	16,504
Total Revenues	<u>-</u>	<u>4,532,528</u>	<u>2,205,194</u>	<u>(2,327,334)</u>
EXPENDITURES				
Current				
Community development	-	1,653,563	79,328	1,574,235
Capital outlay	-	276,500	375,866	(99,366)
Total Expenditures	<u>-</u>	<u>1,930,063</u>	<u>455,194</u>	<u>1,474,869</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>2,602,465</u>	<u>1,750,000</u>	<u>(852,465)</u>
Other Financing Sources (Uses) Transfers in (out)	<u>-</u>	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>-</u>
Net change in fund balance	-	852,465	-	(852,465)
Fund Balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, end of year	<u>\$ -</u>	<u>\$ 852,465</u>	<u>\$ -</u>	<u>\$ (852,465)</u>

**CITY OF GEORGETOWN, KENTUCKY
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NONHAZARDOUS
Last Nine Fiscal Years**

Report Date Measurement Date	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)
City's proportion of the net pension liability	0.2400%	0.2400%	0.2415%	0.2431%	0.2476%	0.2540%	0.2597%	0.2588%	0.2704%
City's proportionate share of the net pension liability (asset)	\$ 8,856,545	\$ 7,842,734	\$ 10,431,397	\$ 11,966,885	\$ 14,495,248	\$ 15,471,019	\$ 18,266,716	\$ 19,852,737	\$ 17,239,547
City's covered employee payroll	\$ 5,226,162	\$ 5,550,910	\$ 5,653,973	\$ 5,848,126	\$ 6,170,633	\$ 6,296,046	\$ 6,548,524	\$ 6,630,214	\$ 6,893,026
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	169.47%	141.29%	184.50%	204.63%	234.91%	245.73%	278.94%	299.43%	250.10%
Plan fiduciary net position as a percentage of the total pension liability	61.22%	66.80%	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%	47.81%

The above schedule will present 10 years of historical data, once available.

**CITY OF GEORGETOWN, KENTUCKY
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - HAZARDOUS
Last Nine Fiscal Years**

Report Date Measurement Date	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)
City's proportion of the net pension liability	0.9560%	0.9560%	0.9899%	0.9970%	1.0405%	1.0142%	1.0156%	0.9531%	0.9666%
City's proportionate share of the net pension liability (asset)	\$ 12,835,445	\$ 11,536,603	\$ 15,196,257	\$ 17,108,014	\$ 23,278,570	\$ 24,528,692	\$ 28,053,955	\$ 28,736,567	\$ 25,732,564
City's covered employee payroll	\$ 4,697,824	\$ 4,857,829	\$ 5,063,536	\$ 5,186,243	\$ 5,689,257	\$ 5,654,263	\$ 5,783,611	\$ 5,568,623	\$ 5,782,413
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	273.22%	237.48%	300.11%	329.87%	409.17%	433.81%	485.06%	516.04%	445.01%
Plan fiduciary net position as a percentage of the total pension liability	57.74%	63.46%	57.52%	53.95%	49.78%	49.26%	46.63%	44.11%	44.11%

The above schedule will present 10 years of historical data, once available.

**CITY OF GEORGETOWN, KENTUCKY
REQUIRED SUPPLEMENTARY SCHEDULE OF
PENSION CONTRIBUTIONS - NONHAZARDOUS
Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required employer contribution	\$ 660,173	\$ 764,808	\$ 726,520	\$ 726,337	\$ 860,681	\$ 932,925	\$ 1,084,561	\$ 1,312,619	\$ 1,367,145	\$ 1,664,233
Contributions relative to contractually required employer contribution	<u>660,173</u>	<u>764,808</u>	<u>726,520</u>	<u>726,337</u>	<u>860,681</u>	<u>932,925</u>	<u>1,084,561</u>	<u>1,312,619</u>	<u>1,367,145</u>	<u>1,664,233</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 5,226,162	\$ 5,550,910	\$ 5,653,973	\$ 5,848,126	\$ 6,170,633	\$ 6,296,046	\$ 6,548,524	\$ 6,630,214	\$ 6,893,026	\$ 7,630,043
Employer contributions as a percentage of covered-employee payroll	12.63%	13.78%	12.85%	12.42%	13.95%	14.82%	16.56%	19.80%	19.83%	21.81%

**CITY OF GEORGETOWN, KENTUCKY
REQUIRED SUPPLEMENTARY SCHEDULE OF
PENSION CONTRIBUTIONS - HAZARDOUS
Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required employer contribution	\$ 945,898	\$ 1,057,841	\$ 1,049,670	\$ 1,050,733	\$ 1,235,138	\$ 1,255,246	\$ 1,438,484	\$ 1,683,305	\$ 1,743,836	\$ 2,405,308
Contributions relative to contractually required employer contribution	<u>945,898</u>	<u>1,057,841</u>	<u>1,049,670</u>	<u>1,050,733</u>	<u>1,235,138</u>	<u>1,255,246</u>	<u>1,438,484</u>	<u>1,683,305</u>	<u>1,743,836</u>	<u>2,405,308</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 4,697,824	\$ 4,857,829	\$ 5,063,536	\$ 5,186,243	\$ 5,689,257	\$ 5,654,263	\$ 5,783,611	\$ 5,568,623	\$ 5,782,413	\$ 7,027,704
Employer contributions as a percentage of covered-employee payroll	20.13%	21.78%	20.73%	20.26%	21.71%	22.20%	24.87%	30.23%	30.16%	34.23%

**CITY OF GEORGETOWN, KENTUCKY
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - NON-HAZARDOUS
Last Six Fiscal Years**

Report Date Measurement Date	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)
City's proportion of the net OPEB liability	0.2431%	0.2476%	0.2540%	0.2597%	0.2588%	0.2588%
City's proportionate share of the net OPEB liability (asset)	\$ 3,904,948	\$ 4,978,451	\$ 4,510,039	\$ 4,367,347	\$ 6,248,437	\$ 5,175,294
City's covered employee payroll	\$ 5,848,126	\$ 6,170,633	\$ 6,296,046	\$ 6,685,779	\$ 6,801,138	\$ 7,083,653
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	66.77%	80.68%	71.63%	65.32%	91.87%	73.06%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	52.39%	57.62%	60.44%	51.67%	51.67%

The above schedule will present 10 years of historical data, once available.

**CITY OF GEORGETOWN, KENTUCKY
 REQUIRED SUPPLEMENTARY SCHEDULE OF
 PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HAZARDOUS
 Last Six Fiscal Years**

Report Date Measurement Date	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)
City's proportion of the net OPEB liability	0.9970%	1.0405%	1.0140%	1.0154%	0.9528%	0.9666%
City's proportionate share of the net OPEB liability (asset)	\$ 5,139,655	\$ 8,601,402	\$ 7,231,449	\$ 7,512,559	\$ 8,805,210	\$ 7,815,543
City's covered employee payroll	\$ 5,186,243	\$ 5,689,257	\$ 5,654,263	\$ 5,783,611	\$ 5,599,818	\$ 5,801,184
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	99.10%	151.19%	127.89%	129.89%	157.24%	134.72%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	58.99%	64.24%	64.44%	58.84%	58.84%

The above schedule will present 10 years of historical data, once available.

**CITY OF GEORGETOWN, KENTUCKY
REQUIRED SUPPLEMENTARY SCHEDULE OF
OPEB CONTRIBUTIONS - NONHAZARDOUS
Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required employer contribution	\$ 362,520	\$ 286,663	\$ 280,352	\$ 271,353	\$ 291,829	\$ 302,815	\$ 351,714	\$ 323,735	\$ 337,182	\$ 454,382
Contributions relative to contractually required employer contribution	<u>362,520</u>	<u>286,663</u>	<u>280,352</u>	<u>271,353</u>	<u>291,829</u>	<u>302,815</u>	<u>351,714</u>	<u>323,735</u>	<u>337,182</u>	<u>454,382</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 5,226,162	\$ 5,550,910	\$ 5,653,973	\$ 5,848,126	\$ 6,170,633	\$ 6,296,046	\$ 6,685,779	\$ 6,801,138	\$ 7,083,653	\$ 7,861,278
Employer contributions as a percentage of covered-employee payroll	6.94%	5.16%	4.96%	4.64%	4.73%	4.81%	5.26%	4.76%	4.76%	5.78%

**CITY OF GEORGETOWN, KENTUCKY
REQUIRED SUPPLEMENTARY SCHEDULE OF
OPEB CONTRIBUTIONS - HAZARDOUS
Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required employer contribution	\$ 823,543	\$ 676,882	\$ 687,628	\$ 658,134	\$ 531,945	\$ 528,674	\$ 605,586	\$ 533,103	\$ 552,273	\$ 743,756
Contributions relative to contractually required employer contribution	<u>823,543</u>	<u>676,882</u>	<u>687,628</u>	<u>658,134</u>	<u>531,945</u>	<u>528,674</u>	<u>605,586</u>	<u>533,103</u>	<u>552,273</u>	<u>743,756</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 4,697,824	\$ 4,857,829	\$ 5,063,536	\$ 5,186,243	\$ 5,689,257	\$ 5,654,263	\$ 5,783,611	\$ 5,599,818	\$ 5,801,184	\$ 7,103,685
Employer contributions as a percentage of covered-employee payroll	17.53%	13.93%	13.58%	12.69%	9.35%	9.35%	10.47%	9.52%	9.52%	10.47%

CITY OF GEORGETOWN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
for the year ended June 30, 2022

1. BUDGETARY ACCOUNTING AND CONTROL

Budget Law

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

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

Budgetary Accounting

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

2. CERS

General Information

Contributions

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

Payroll

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

CITY OF GEORGETOWN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
for the year ended June 30, 2022

2. CERS (Continued)

Changes of Assumptions

June 30, 2021 – Pension and OPEB Hazardous and Nonhazardous

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

- The initial healthcare trend rate for pre-65 was changed from 6.40% to 6.30%. The initial healthcare trend rate for post-65 was changed from 2.90% to 6.30%.

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

June 30, 2020 – Pension and OPEB Hazardous and Nonhazardous

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

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

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

June 30, 2019 – Pension and OPEB Hazardous and Nonhazardous

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

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

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

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

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

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

- The assumed rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- Payroll growth assumption was reduced from 4% to 2%

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

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

CITY OF GEORGETOWN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
for the year ended June 30, 2022

2. CERS (Continued)

Changes of Assumptions (continued)

June 30, 2015 – Pension – Hazardous and Nonhazardous

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

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

June 30, 2014 – Pension – Hazardous and Nonhazardous

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

June 30, 2013 – Pension – Hazardous and Nonhazardous

The following assumptions were made by the Kentucky Legislature and reflected in the initial valuation performed as of June 30, 2013:

- The assumed rate of return was 7.75%.
- The assumed rate of inflation was 3.5%.
- The assumed rate of wage inflation was 1%.
- Payroll growth assumption was 4.5%.
- Mortality rates were based on the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006. The 1994 Group Annuity Mortality Table was used for all other members.

SUPPLEMENTARY INFORMATION

**CITY OF GEORGETOWN, KENTUCKY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022**

	Business Park Fund	911 Fees Fund	State & Federal Grants Fund	Municipal Aid Fund	Local Government Economic Assistance Fund	Drug Forfeiture Fund	Cemetery Perpetual Care Fund	Alcohol Fund	Total
ASSETS									
Cash and cash equivalents	\$ 1,653,597	\$ 418,250	\$ 276	\$ 782,350	\$ 85,992	\$ 246,947	\$ 272,248	\$ -	\$ 3,459,660
Restricted cash and cash equivalents	-	-	-	-	-	-	22,936	-	22,936
Investments	-	-	-	-	-	-	377,144	-	377,144
Accounts receivable:									
Intergovernmental	-	79,164	600,650	60,069	-	-	-	-	739,883
Other	-	107,481	-	-	-	-	-	374,528	482,009
Due from other funds	-	-	-	-	-	-	-	-	-
Total Assets	\$ 1,653,597	\$ 604,895	\$ 600,926	\$ 842,419	\$ 85,992	\$ 246,947	\$ 672,328	\$ 374,528	\$ 5,081,632
LIABILITIES									
Accounts payable	\$ 155,629	\$ 50,464	\$ 34,644	\$ -	\$ -	\$ -	\$ -	\$ 20,889	\$ 261,626
Accrued liabilities	-	64,452	-	-	-	-	-	-	64,452
Deferred revenue	-	-	42,113	-	-	-	-	-	42,113
Deposits	1,990	-	-	-	-	-	-	-	1,990
Due to other funds	-	-	524,071	-	-	-	-	353,200	877,271
Total Liabilities	157,619	114,916	600,828	-	-	-	-	374,089	1,247,452
FUND BALANCE									
Fund Balance									
Restricted	122,355	489,979	98	842,419	85,992	246,947	672,328	-	2,460,118
Assigned	1,373,623	-	-	-	-	-	-	439	1,374,062
Total Fund Balance	1,495,978	489,979	98	842,419	85,992	246,947	672,328	439	3,834,180
Total Liabilities and Fund Balance	\$ 1,653,597	\$ 604,895	\$ 600,926	\$ 842,419	\$ 85,992	\$ 246,947	\$ 672,328	\$ 374,528	\$ 5,081,632

CITY OF GEORGETOWN, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2022

	Business Park Fund	911 Fees Fund	State & Federal Grants Fund	Municipal Aid Fund	Local Government Economic Assistance Fund	Drug Forfeiture Fund	Cemetery Perpetual Care Fund	Alcohol Fund	Total
REVENUES									
Intergovernmental	\$ -	\$ 1,327,530	\$ 1,400,961	\$ 576,005	\$ 19,839	\$ 2,214	\$ -	\$ -	\$ 3,326,549
Licenses and permits	-	-	-	-	-	-	-	1,452,793	1,452,793
Taxes	-	-	-	-	-	-	-	-	-
Other revenue	-	1,290,522	-	-	-	-	-	-	1,290,522
Investment income (loss)	-	284	-	542	60	172	(52,090)	-	(51,032)
Total Revenues	-	2,618,336	1,400,961	576,547	19,899	2,386	(52,090)	1,452,793	6,018,832
EXPENDITURES									
Current									
Administration	-	-	21,000	-	-	-	6,111	47,855	74,966
Police	-	-	336,189	-	-	-	-	1,376,113	1,712,302
Fire	-	-	21,351	-	-	-	-	-	21,351
Telecommunications	-	2,249,038	-	-	-	-	-	-	2,249,038
Community development	190,258	-	242,652	-	-	-	-	-	432,910
Public works	-	-	7,010	577,528	17,094	-	-	-	601,632
Capital outlay	4,680	40,144	772,759	-	-	-	-	28,825	846,408
Debt Service	71,890	-	-	-	-	-	-	-	71,890
Total Expenditures	266,828	2,289,182	1,400,961	577,528	17,094	-	6,111	1,452,793	6,010,497
Excess of Revenues Over (Under) Expenditures	<u>(266,828)</u>	<u>329,154</u>	<u>-</u>	<u>(981)</u>	<u>2,805</u>	<u>2,386</u>	<u>(58,201)</u>	<u>-</u>	<u>8,335</u>
Other Financing Sources (Uses)									
Proceeds from sale of assets	115,440	-	-	-	-	-	-	-	115,440
Transfers in (out)	71,890	-	-	-	-	-	(6,123)	-	65,767
	<u>187,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,123)</u>	<u>-</u>	<u>181,207</u>
Net change in fund balance	(79,498)	329,154	-	(981)	2,805	2,386	(64,324)	-	189,542
Fund Balance, beginning of year	<u>1,575,476</u>	<u>160,825</u>	<u>98</u>	<u>843,400</u>	<u>83,187</u>	<u>244,561</u>	<u>736,652</u>	<u>439</u>	<u>3,644,638</u>
Fund Balance, end of year	\$ 1,495,978	\$ 489,979	\$ 98	\$ 842,419	\$ 85,992	\$ 246,947	\$ 672,328	\$ 439	\$ 3,834,180



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

Honorable Burney Jenkins, Mayor
And the City Council
City of Georgetown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Georgetown, Kentucky, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Georgetown, Kentucky's basic financial statements, and have issued our report thereon dated August 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Georgetown, Kentucky'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 of Georgetown, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Georgetown, Kentucky's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

RFH

RFH, PLLC
Lexington, Kentucky
August 15, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Burney Jenkins, Mayor
And the City Council
City of Georgetown, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Georgetown, Kentucky's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Georgetown, Kentucky's major federal programs for the year ended June 30, 2022. The City of Georgetown, Kentucky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Georgetown, Kentucky complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of Georgetown, Kentucky and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Georgetown, Kentucky's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Georgetown, Kentucky's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Georgetown, Kentucky's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Georgetown, Kentucky's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

RFH

RFH, PLLC
Lexington, Kentucky
August 15, 2023

CITY OF GEORGETOWN, KENTUCKY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2022

GRANTOR/PROGRAM TITLE	Federal AL Number	Pass/Through Contract Number	Passed Through to Subrecipients	Expenditures
U.S. Department of the Treasury				
Passed through the Kentucky Department for Local Government				
COVID-19 - Coronavirus Relief Fund for States	21.019	PON2 1122200000582	\$ -	\$ 256,188
Coronavirus State & Local Fiscal Recovery Fund	21.027	KY0117	-	<u>2,205,192</u>
Total U.S. Department of the Treasury			<u>-</u>	<u>2,461,380</u>
U.S. Department of Housing & Urban Development				
Passed through the Kentucky Department for Local Government				
Community Development Block Grant	14.228	PON2 1122000000716	-	130,152
Community Development Block Grant	14.228	PON2 1122200000380	-	<u>45,000</u>
Total U.S. Department of Housing & Urban Development			<u>-</u>	<u>175,152</u>
U.S. Department of Justice				
Violence Against Women Formula Grants	16.588	N/A	-	24,136
Bulletproof Vest Partnership Program	16.607	N/A	-	6,888
Victims of Crime Advocate	16.841	N/A	-	45,891
Equitable Sharing Program	16.922	N/A	-	<u>663</u>
Total U.S. Department of Justice			<u>-</u>	<u>77,578</u>
U.S. Department of Transportation				
Passed through the Kentucky Transportation Cabinet				
Highway Planning and Construction - CMAQ	20.205	SC-628-18000000918	-	16,640
Highway Planning and Construction - TAP	20.205	4000-078	-	<u>514,628</u>
			-	531,268
State and Community Highway Safety	20.600	SC-625-2100000313	-	1,772
State and Community Highway Safety	20.600	SC-625-2200001238	-	<u>2,420</u>
Total U.S. Department of Transportation			<u>-</u>	<u>535,460</u>
U.S. Environmental Protection Agency				
Passed through the Kentucky Department for Environmental Protection				
Performance Partnership Grants	66.605	PON2 1292100001869	-	<u>195,161</u>
U.S. Department of Homeland Security				
Passed through the Kentucky Department of Military Affairs				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	<u>21,350</u>
Passed through the Kentucky Office of Homeland Security				
State Homeland Security Grant - Police Department	97.067	SC-094-2100000969	-	27,800
State Homeland Security Grant - Fire Department	97.067	SC-094-2100000970	-	<u>16,762</u>
			-	<u>44,562</u>
Total U.S. Department of Homeland Security			<u>-</u>	<u>65,912</u>
Total federal awards expended			<u>\$ -</u>	<u>\$ 3,510,643</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Georgetown, Kentucky and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the basic financial statements may differ from these numbers.

Note 2 - Indirect Cost Rates

The City did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

**CITY OF GEORGETOWN, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2022**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified __Yes XNo

Significant deficiencies identified that are not
considered to be material weaknesses __Yes XNone reported

Non-compliance material to financial statements noted __Yes XNo

Federal Awards:

Internal control over major programs:

Material weaknesses identified __Yes XNo

Significant deficiencies identified that are not
considered to be material weaknesses __Yes XNone reported

Type of auditor's report issued on compliance for major programs:

Unmodified for all major programs.

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)?

__Yes XNo

Major Program:

AL Numbers	Name of Federal Program or Cluster
21.027	Coronavirus State & Local Fiscal Recovery Fund

Dollar threshold used to distinguish between type A
and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? __Yes XNo

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

IV. PRIOR AUDIT FINDINGS

NONE