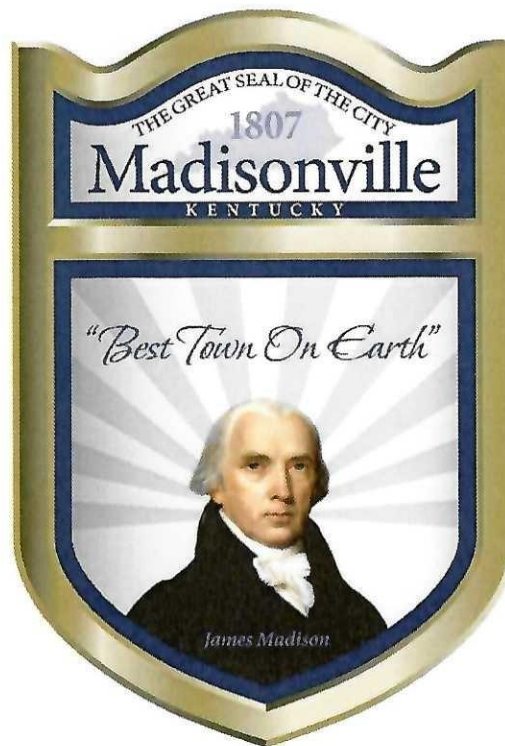


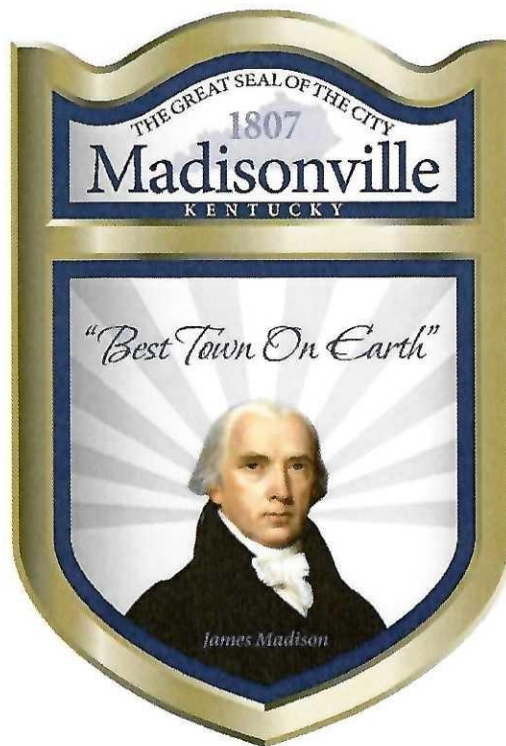
**CITY OF MADISONVILLE, KENTUCKY**  
**MADISONVILLE, KENTUCKY**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



**Issued by the**  
**Finance Department**  
**Cory C. Alexander, CPA**  
**Finance Director/Treasurer**  
**Rhonda F. Simpson, CPA**  
**Accountant**

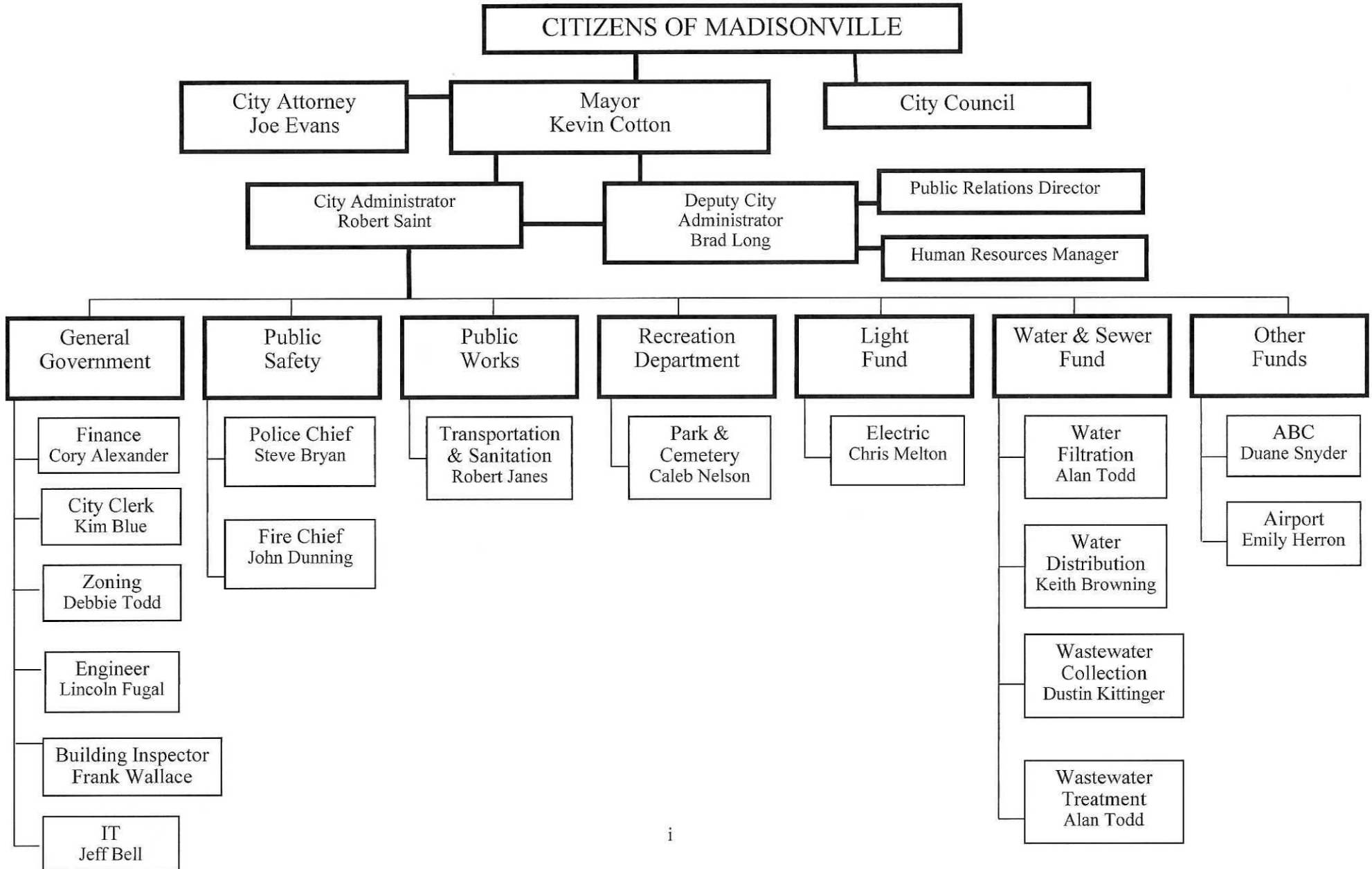
**CITY OF MADISONVILLE, KENTUCKY**

**INTRODUCTORY SECTION**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**CITY OF MADISONVILLE, KENTUCKY**  
**Organization Chart**  
 As of June 30, 2022



**CITY OF MADISONVILLE  
PRINCIPAL OFFICIALS  
AS OF JUNE 30, 2022**

**Elected Officials**

Kevin Cotton.....Mayor  
Misty Cavanaugh.....Council Member Ward 1  
Tony Space.....Council Member Ward 2  
Adam Townsend.....Council Member Ward 3  
Amy Cruz.....Council Member Ward 4  
Frank Stevenson (Chairperson of the Council).....Council Member Ward 5  
Chad Menser.....Council Member Ward 6

**Department Heads**

Robert Saint.....City Administrator  
Cory Alexander.....Finance Director/Treasurer  
Kim Blue.....City Clerk  
Debbie Todd.....Planning & Zoning  
Steve Bryan.....Police Chief  
John Dunning.....Fire Chief  
Robert Janes.....Transportation  
Caleb Nelson.....Parks & Cemetery  
Emily Herron .....Airport  
Lincoln Fugal.....City Engineer  
Duane Snyder.....Alcoholic Beverage Administrator  
Robert Janes.....Sanitation  
Chris Melton.....Electric Distribution  
Alan Todd.....Water Filtration  
Keith Browning.....Water Distribution  
Dustin Kittinger.....Wastewater Collection/Construction  
Alan Todd.....Wastewater Treatment

**CITY OF MADISONVILLE, KENTUCKY**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**JUNE 30, 2022**

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CITY OF  
**Madisonville**  
FINANCE DEPARTMENT

**Cory Alexander**  
FINANCE DIRECTOR/TREASURER

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December 21, 2022

To the Honorable Mayor Kevin Cotton  
and Members of the City Council  
And to the Citizens of the City of Madisonville, Kentucky

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Madisonville for the fiscal year ended June 30, 2022. The purpose of the report is to provide the Mayor, City Council, City staff, citizens, our bondholders and other interested parties with useful information concerning the City's operations and financial position.

City management is responsible for both the accuracy of the presented data and the completeness and fairness of presentations, including all disclosures. We believe the data, as presented, is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations of the City. The ACFR has been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) based upon a comprehensive framework of internal control that it has established for this purpose. The objective of a system of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Under Kentucky Revised Statute 91A.040, the City of Madisonville is required to publish, before February 1 immediately following the fiscal year, a complete set of audited financial statements. This report fulfills that requirement for the year ended June 30, 2022. To the best of our knowledge and belief, the enclosed report is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. The accompanying disclosures are necessary to enable the reader to gain the maximum understanding of the City's financial affairs.

**Independent Auditor's Report**

State statutes require an annual audit by independent certified public accountants. The basic financial statements and related notes have been audited by the independent accounting firm of Alford, Nance, Jones & Oakley LLP. The independent firm concluded that there was a reasonable basis to render an unmodified ("clean") opinion on the financial statements of each opinion unit that collectively comprise the City's basic financial statements, concluding that the basic financial statements are fairly presented in conformity with accounting principles generally accepted in the United States (U.S. GAAP) for the year ended June 30, 2022. The independent auditor's report can be found on page 1 of the Financial Section of this ACFR.

In addition to meeting the requirements set forth by state statutes, an audit of federal awards was conducted to meet the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards require the auditor to report not only on the fairness of the representation of the financial statements, but also on the internal controls and compliance with legal requirements of the federal awards. These reports can be found in the Compliance and Internal Control Section of this ACFR.

Additionally, Alford, Nance, Jones & Oakley LLP performed an audit in accordance with *Government Auditing Standards*. These standards require the auditor to report on the internal controls over financial reporting and on compliance with legal requirements. This report can be found in the Compliance and Internal Control Section of this ACFR.

### **Management's Discussion and Analysis (MD&A)**

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF THE GOVERNMENT**

### **Form of Government and Organization**

The City was incorporated in 1807 and is a municipal corporation governed by a Mayor/Council form of government. The City Council is comprised of six Council members (one from each ward), who enact local laws, determine policies, and adopt the annual budget. The Mayor is elected for a four-year term and the Council members for a two-year term. The Mayor is responsible for the daily management of the City. As of June 30, 2022, the City had 319 full-time employees.

### **Reporting Entity**

For financial statement purposes, as required by generally accepted accounting principles, the City's Annual Comprehensive Financial Report includes all governmental activities, business-type activities, organizations, and functions for which the City is financially accountable as defined by the GASB. The City organizes its financial activities in a variety of funds. In accordance with GASB Statement No. 14 as amended by Statement No. 61, No. 84 and No. 90, the City's financial statements include all funds of the City ("primary government"). The primary government represents all funds under the ultimate control of the Mayor and the City Council.

### **Services Provided**

The City provides a full range of services to its citizens. These services include police and fire protection, maintenance of streets and infrastructure, social services, cultural-recreational activities, public improvements, and general administrative services. In addition to the general government activities, the City Municipal Utilities make available electric, sanitation, wastewater collection and treatment, water filtration and water distribution services.

### **Accounting System**

The City's accounting system is organized on the basis of separate funds, each of which is considered to be a separate accounting entity. The financial activities of each fund generate a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Municipal resources are allocated to and accounted for in individual funds based upon the purposes for which they are meant to be spent and the means by which spending activities are controlled.

The City's accounting records for general governmental operations are maintained on a modified accrual basis of accounting, in which revenues are recorded when "measurable and available" and expenditures are recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary activities are maintained on the accrual basis, in which revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

The Finance Department is responsible for providing to the City all financial services, including accounting and reporting, payroll, accounts payable, cash and investment management, debt management, budgeting, and purchasing. The City has computerized systems of accounting reporting and payroll/personnel.

### **Internal Controls**

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure: (1) assets of the City are protected from loss, theft or misuse; (2) adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles and for maintaining accountability for all assets; and (3) compliance with applicable Federal and State laws and regulations related to programs for which the City receives assistance. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefit likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal control structure is subject to periodic evaluation by the management of the City and by the City's independent certified public accounting and auditing firm.

### **Compliance Audit**

As a part of the City's audit described earlier, tests are made to determine the adequacy of the internal control structure, as well as to determine the City's compliance with applicable laws and regulations. The results of the City's audit for the fiscal year ended June 30, 2022, disclosed no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

### **Budgeting Controls**

In addition to internal controls, the City maintains budgetary controls. In accordance with state statute, on or before June 1 of each year, the Mayor submits a proposed budget to the City Council. This budget is reviewed by the City Council and is formally adopted by the passage of a budget ordinance prior to June 30 of each year. The City Finance Director has the authority to authorize the transfer of budgeted amounts between departments within the same fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The appropriate measures were taken to adopt the budget by ordinance. Budget amendments are allowed by ordinance. Amendments require majority approval by the City Council.

The City maintains budgetary controls over revenues and expenditures. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, special revenue funds, and proprietary funds are included in the annual appropriated budget. The level of budgetary control at which expenditures cannot exceed the appropriated amount, is established by fund annually, by the City Council.

Budgetary control for all governmental fund types and proprietary funds are maintained at the subfunction level. Actual expenditures compared to budget are monitored monthly on a month-by-month and year-to-date basis.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. As with the financial section, all amounts presented in the remainder of this letter are expressed to the nearest dollar.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The following is a brief discussion of factors affecting the financial condition of the City. Additional detailed information can be found in the Management's Discussion & Analysis (MD&A), in the Financial Section of this report.

### **Local Economy**

Madisonville is located in mid-central western Kentucky, within Hopkins County. Madisonville is part of the Pennyrite Area Development District, which comprises a nine county area. It is situated 50 miles south of Evansville, Indiana and 100 miles northwest of Nashville, Tennessee. The population of Madisonville is 19,542 according to the 2020 Census figures.

Long known as the "Heart of the Coal Fields," Madisonville is proud of its heritage, but in recent years has diversified and expanded its manufacturing and health care sectors to rival employment levels in coal and coal-related industries.

**Economic Condition and Outlook**

Economic conditions are directly affected by the employment statistics. According to the Kentucky Office of Employment and Training, the unemployment rate for Hopkins County for June 2022 was 5.0%.

The following chart depicts these statistics for comparison purposes. Please note that the civilian labor force includes non-military personnel who are employed or who are known to be looking for employment.

Total Employment and Unemployment  
\*Source: Office of Employment Training

Civilian Labor Force		Total Employment		Total Unemployment		Unemployment Rate	
2022	2021	2022	2021	2022	2021	2022	2021
18,221	18,263	17,317	17,241	904	1,022	5.0%	5.6%

The statewide rate of unemployment for June 2022 was 3.7%. The Hopkins County unemployment rate of 5.0% was above the state average. The City's average unemployment rate during the past fiscal year decreased due to the slowing effects of the global pandemic and State imposed mandates on local businesses. Despite high unemployment and an increase in demands on social programs, the City continues to maintain a positive economic outlook.

Economic indicators and trends reflect that the area's economy has remained fairly steady, and the City expects this to continue in the near future. With continued economic development efforts to recruit new businesses and industry to Madisonville and efforts to continue to support the growth and expansion of existing businesses, we are hopeful that our employment numbers will improve.

To better market the workforce of our community, Hopkins County has earned the designation as a Work Ready Community (WRC). This status is awarded by the Kentucky Workforce Investment Board upon meeting all the required criteria. The program serves as an assurance to employers that the community is committed to providing a highly-skilled workforce that is required in today's global economy.

**Long-term Financial Planning**

The City's budget team, which is composed of the Mayor, City Administrator, Finance Director and Budget and Finance Committee, is primarily responsible for the long-term financial planning for the City. Long-term fiscal sustainability is the top focus of the budget team. The Finance Director prepares the revenue forecast for the budget each year and budgeted expenditures are matched to revenue projections. Great emphasis is placed on current year operating revenues equaling or exceeding current year operating expenditures. Conservatism is used when preparing the annual revenue projection in order to avert budget shortfalls and to help encourage fiscal responsibility on the expenditure side.

**Relevant Financial Policies**

The City follows a comprehensive set of financial policies to ensure the City's financial resources are managed prudently. Policies are shaped by state law and approved by the City Council through the budget adoption process. These financial policies govern the City's budgeting and financial planning, capital planning, revenue, investment, debt management, and procurement. Segregation of duties and internal controls are a common theme to achieve sound financial operations in the sections covering accounting, accounts payable, revenue collections, payroll, cash management, investments, capital assets, and procurement guidelines.

### **Major Initiatives For the Year**

The City continues to emphasize delivery of focused public services in a manner that provides maximum efficiency, effectiveness, and value to the residents of Madisonville. The City's major initiatives during the year are discussed below.

During the year, the City continued the development of its park system. Improvements, including construction of a nature themed playground were completed at Mahr Park. Grapevine Lake received an expansion of its mountain bike trail system. The trails offer biking to all ages and will serve as a tourist destination.

### **Community Development Initiatives**

City administration continues its efforts of developing active and sustainable projects that help promote a better quality of life for the citizens of Madisonville and Hopkins County. These efforts include organizing and overseeing the increasingly popular 4th Fest and Deck the Park.

### **Economic Development Initiatives**

Major recruiting efforts during this fiscal year ending June 30, 2022, have occurred. Major tools utilized by the Economic Development office included national visits, mass mailings, and mass marketing efforts, which communicate the benefits of relocating businesses and industries to Madisonville.

Recruiting efforts utilized "Madisonville expertise" from local business leaders, the Mayor, the Council, and other local influential residents and state leaders. Recruitment efforts included visits to businesses and industries across the United States where prospects might be located. These combined efforts from a variety of people have encouraged the economic outlook for the citizens of Madisonville. It is direct evidence that the community is working together.

The current administration has concentrated extensive time and efforts toward creating a line of communication between the City of Madisonville and prospective businesses and industries. In addition to the City's participation, local business leaders maintain enthusiastic interest as well. Madisonville and Hopkins County are considered among the most recommendable areas for economic development in the Commonwealth of Kentucky. This accomplishment is due largely to the effective cooperation between the City and the County. This is a major step toward further economic growth for this area. Communication and cooperation are the keys to the successful economic development of our community.

The Mayor, along with other community leaders, worked diligently to promote the Interstate 69 corridor, which runs north/south along the east side of the City of Madisonville. This will allow for new avenues of industry and commerce to the City.

### **Service Initiatives**

The City of Madisonville continually strives to expand and improve existing services presently being provided to the highest quality service economically feasible.

Infrastructure improvements within the Water and Sewer departments have continued during fiscal year 2022. A continual effort has been made to improve and increase the overall system capacity within the Sanitary Sewer and Water Systems in order to enhance development within the community.

The Sewer Department has continued to improve the wastewater collection system throughout the city. Work continues on the Sewer Department's computer hydraulic model which will provide a means to better plan system maintenance and improvements.

The City's Water Distribution Department has been preparing for the future with the completion of a water distribution model. This model has allowed the City to identify locations which can be upgraded that will improve the level of service to our existing customers while allowing the City to better plan for our future customers.

### **For the Future**

The City's plan for the future entails continuing to provide consistent quality services to all citizens at the most efficient and effective level possible. Past annexations continue to have a positive impact upon the growth, while continuing to provide the City with significant funding challenges. To maintain the current level of services to existing areas and add services to the newly annexed areas, the City must explore new methods of obtaining financial resources necessary in maintaining quality services.

The new year will include the completion of several projects, improvements of sewer and water lines, improvements to the electrical service lines, continued economic development efforts, improved efficiency in solid waste collection and disposal, continued quality police and fire service, maintenance and improvements to streets and sidewalks, and maintenance and extension of all services to all citizens of Madisonville.

The major projects for the fiscal year ending June 30, 2023, are as follows:

- Noel Avenue Interceptor Wastewater Collection Project
- Sports Complex Infrastructure Project

### **AWARDS AND ACKNOWLEDGEMENTS**

#### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Madisonville for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the 39th consecutive year that the City of Madisonville has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

#### **Acknowledgments**

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department for their assistance, with special thanks to the staff of Alford, Nance, Jones & Oakley LLP. We also thank the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Cory C. Alexander, CPA  
Finance Director/Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Madisonville  
Kentucky**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

**CITY OF MADISONVILLE, KENTUCKY**

**FINANCIAL SECTION**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**



# Alford Nance Jones & Oakley, llp

Certified Public Accountants

J. Wesley Alford, Jr., CPA  
Jacqueline L. Nance, CPA

Theresa A. Jones, CPA  
Lori A. Oakley, CPA

108 S. Main St., Ste 101 • Madisonville, Kentucky 42431 • Tel: 270-825-4578 • Fax: 270-821-3521 • www.anjocpa.com

## INDEPENDENT AUDITOR'S REPORT

To Honorable Mayor Kevin Cotton and Members of the City Council  
City of Madisonville, Kentucky  
67 N Main Street  
Madisonville, Kentucky 42431

### Report on 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 Madisonville, 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 Madisonville, 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 Madisonville, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Madisonville, Kentucky and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 City of Madisonville, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

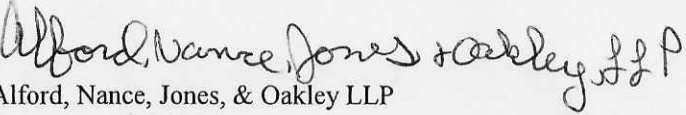
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other post-employment benefit schedules on pages 4 through 15 and pages 77 through 87 be presented to supplement the 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 Madisonville, Kentucky's basic financial statements. The accompanying combining and individual 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 were derived from and relate 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 and individual 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 December 21, 2022, on our consideration of the City of Madisonville, 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 Madisonville, 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 Madisonville, Kentucky's internal control over financial reporting and compliance.



Alford, Nance, Jones, & Oakley LLP  
December 21, 2022

**CITY OF MADISONVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022  
(UNAUDITED)**

As management of the City of Madisonville, Kentucky we offer readers of the City's financial statement this narrative overview and comparative analysis of the financial activities of the City for the fiscal years ended June 30, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report.

**FINANCIAL HIGHLIGHTS**

The financial statements, which follow the Management's Discussion and Analysis, provide these key financial highlights for fiscal year ended June 30, 2022:

- The total assets and deferred outflows of resources of the City of Madisonville exceeded its total liabilities and deferred inflows of resources at the close of the 2022 fiscal year by \$53,451,684 (Net position). The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors, was a deficit of \$36,774,464. The City of Madisonville is committed to provide pension and other post-employment benefits to its employees. As a result, the City has recognized substantial liabilities in the financial statements for these benefits. As of June 30, 2022, the City had liabilities of \$68,625,839 for net pension and other post-employment benefits, which has caused the deficit balance in the unrestricted net position.
- The City's total net position increased by \$2,481,578. Governmental activities increased the City's net position by \$1,627,220 and business-type activities increased the City's net position by \$854,358.
- As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$12,110,793, an increase of \$4,430,721 from the prior year. Of the total fund balance amount, \$4,965,326 or 41% is unassigned and available for spending at the City's discretion.
- As of June 30, 2022, unassigned fund balance for the General Fund was \$4,965,326 or 19% of total general fund expenditures.
- The City's total long-term bond, note liabilities and capital lease obligations increased by \$2,822,625 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

## Government-wide Financial Statements

The **government-wide** financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business and, accordingly, to provide information about the City as a whole, presenting both an aggregate current view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements reflect how services were financed in the short-term as well as what dollars remain for future spending. The major fund financial statements also display the City's most significant funds.

The **Statement of Net Position** presents financial information on all of the City's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The **Statement of Activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that are expected to result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, recreation, health and welfare, airport, and cemetery. The business-type activities of the City include electric distribution, water and sewer services, and sanitation services. The government-wide financial statements can be found on pages 16-17 of this report.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories – **governmental** funds, **proprietary** funds, and **fiduciary** funds.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, and provide the balances of spendable resources available at the end of the fiscal year. Such information reflects financial resources available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Madisonville maintains five individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Restaurant Tax Fund which are considered to be major funds. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 18-21.

### **Proprietary Funds**

Proprietary funds are generally used to account for services for which the City charges customers; either outside customers, or internal units/divisions of the City. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City of Madisonville maintains the following two types of proprietary funds:

**Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its light, water and sewer, and sanitation operations.

**Internal service funds** are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service fund to account for health and life insurance. Because these services predominately benefit both governmental and business-type functions, they have been allocated to governmental and business-type activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the Light Fund, Water and Sewer Fund, and Sanitation Fund since they are considered to be major funds of the City. The internal service fund is presented in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the City. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-76 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which can be found on pages 77-87. The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 88-120 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

While this document contains information about the funds used by the City to provide services to its citizens, the Statement of Net Position and the Statement of Activities serve to provide an answer to the question of how the City, as a whole, did financially throughout the year. These statements include all assets/deferred outflows of resources and liabilities/deferred inflows of resources using the accrual basis of accounting similar to the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and changes in net position. The change in net position reflects whether the financial position of the City as a whole has improved or diminished; however, in evaluating the overall financial position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets should also be considered.

### Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$53,451,684 as of June 30, 2022. The following table is a condensed summary of the City's net position for governmental and business-type activities:

#### CITY OF MADISONVILLE'S NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<u>Assets and Deferred Outflows of Resources</u>						
Current and other assets	\$ 18,691,599	\$ 10,904,102	\$ 27,143,298	\$ 26,980,835	\$ 45,834,897	\$ 37,884,937
Capital assets	36,302,817	34,226,299	58,684,135	57,783,888	94,986,952	92,010,187
Total Assets	54,994,416	45,130,401	85,827,433	84,764,723	140,821,849	129,895,124
Deferred outflows of resources	10,872,590	10,893,808	5,195,885	5,592,813	16,068,475	16,486,621
Total Assets and Deferred Outflows of Resources	65,867,006	56,024,209	91,023,318	90,357,536	156,890,324	146,381,745
<u>Liabilities and Deferred Inflows of Resources</u>						
Current and other liabilities	6,435,592	2,785,974	6,934,715	6,702,864	13,370,307	9,488,838
Long-term liabilities	55,958,571	57,487,819	21,275,964	24,978,618	77,234,535	82,466,437
Total Liabilities	62,394,163	60,273,793	28,210,679	31,681,482	90,604,842	91,955,275
Deferred inflows of resources	8,736,705	2,641,498	4,097,093	814,866	12,833,798	3,456,364
Total Liabilities and Deferred Inflows of Resources	71,130,868	62,915,291	32,307,772	32,496,348	103,438,640	95,411,639
<u>Net Position</u>						
Net investment in capital assets	34,358,996	33,003,936	52,944,668	51,293,289	87,303,664	84,297,225
Restricted	-	-	2,922,484	2,898,834	2,922,484	2,898,834
Unrestricted (deficit)	(39,622,858)	(39,895,018)	2,848,394	3,669,065	(36,774,464)	(36,225,953)
Total Net Position	\$ (5,263,862)	\$ (6,891,082)	\$ 58,715,546	\$ 57,861,188	\$ 53,451,684	\$ 50,970,106

The largest portion of the City's net position (163%) reflects its net investment in capital assets (e.g., land and construction in progress, buildings, plants and facilities, machinery and equipment, right-to-use leased equipment, system studies and mapping and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Madisonville uses these capital assets to provide services to its citizens. An additional portion of the City's net position (5%) represents resources that are subject to external restriction on how they may

be used. The remaining balance of unrestricted net position (deficit) is \$(36,774,464). Any positive balances would be used to meet the City's ongoing obligations to its citizens and creditors. However, the negative number reflected is due to a governmental accounting standard concerning pension and other post employment benefit obligations that will be paid over several years.

The City reported assets and deferred outflows of resources greater than liabilities and deferred inflows of resources by \$53,451,684, an increase of \$2,481,578 from the prior year. The reasons for this overall increase in net position are discussed in the following sections for governmental activities and business-type activities.

### Analysis of the Changes in Net Position

The City's total net position increased by \$2,481,578 and decreased by \$3,793,494 during the fiscal years ended June 30, 2022 and 2021, respectively. The following table provides a summary of the City's operations:

#### CITY OF MADISONVILLE'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Revenues						
Program Revenues:						
Charges for services	\$ 4,807,274	\$ 4,579,402	\$ 40,403,960	\$ 39,538,190	\$ 45,211,234	\$ 44,117,592
Operating grants and contributions	2,720,841	1,077,359	23,000	2,155	2,743,841	1,079,514
Capital grants and contributions	2,335,722	1,496,697	496,105	417,595	2,831,827	1,914,292
General Revenues:						
Occupational taxes	10,059,358	8,514,544	-	-	10,059,358	8,514,544
Property taxes	1,991,842	1,972,531	-	-	1,991,842	1,972,531
Insurance premium tax	3,383,306	3,004,588	-	-	3,383,306	3,004,588
Alcoholic beverage tax	383,632	345,519	-	-	383,632	345,519
Emergency telephone	341,309	326,736	-	-	341,309	326,736
Restaurant	1,813,478	1,612,607	-	-	1,813,478	1,612,607
Franchise and other taxes	452,896	426,879	-	-	452,896	426,879
Investment income	57,908	67,610	158,521	219,734	216,429	287,344
Miscellaneous	971,192	871,158	-	-	971,192	871,158
Gain (loss) on disposal of capital assets	-	36,497	500	-	500	36,497
Total Revenues	<u>29,318,758</u>	<u>24,332,127</u>	<u>41,082,086</u>	<u>40,177,674</u>	<u>70,400,844</u>	<u>64,509,801</u>
Expenses:						
General government	7,994,528	7,601,299	-	-	7,994,528	7,601,299
Public safety	16,090,945	16,876,683	-	-	16,090,945	16,876,683
Transportation	2,343,395	3,179,022	-	-	2,343,395	3,179,022
Recreation	2,169,749	1,911,418	-	-	2,169,749	1,911,418
Health and welfare	1,155,459	1,086,758	-	-	1,155,459	1,086,758
Airport	1,208,412	1,197,187	-	-	1,208,412	1,197,187
Cemetery	469,949	511,898	-	-	469,949	511,898
Interest on long-term debt	59,101	28,715	-	-	59,101	28,715
Electric distribution	-	-	20,664,515	21,064,315	20,664,515	21,064,315
Water and sewer services	-	-	11,469,046	11,425,647	11,469,046	11,425,647
Sanitation services	-	-	4,294,167	3,420,353	4,294,167	3,420,353
Total Expenses	<u>31,491,538</u>	<u>32,392,980</u>	<u>36,427,728</u>	<u>35,910,315</u>	<u>67,919,266</u>	<u>68,303,295</u>
Increase (decrease) in net position before transfers	(2,172,780)	(8,060,853)	4,654,358	4,267,359	2,481,578	(3,793,494)
Transfers	<u>3,800,000</u>	<u>3,800,000</u>	<u>(3,800,000)</u>	<u>(3,800,000)</u>	<u>-</u>	<u>-</u>
Change in net position	1,627,220	(4,260,853)	854,358	467,359	2,481,578	(3,793,494)
Net position - July 1 restated	<u>(6,891,082)</u>	<u>(2,630,229)</u>	<u>57,861,188</u>	<u>57,393,829</u>	<u>50,970,106</u>	<u>54,763,600</u>
Net position - June 30	<u><u>\$ (5,263,862)</u></u>	<u><u>\$ (6,891,082)</u></u>	<u><u>\$ 58,715,546</u></u>	<u><u>\$ 57,861,188</u></u>	<u><u>\$ 53,451,684</u></u>	<u><u>\$ 50,970,106</u></u>



## **Governmental Activities**

In fiscal year ended June 30, 2022, governmental activities increased the net position by \$1,627,220 from the prior year. Governmental activities accounted for 65.57% of the total change in net position of the City. Governmental activities net of charges for services, operating grants/contributions, and capital grants/contributions were \$21,627,701. Taxes, investment income, miscellaneous revenues and transfers generated \$23,254,921. For governmental activities overall occupational taxes (34.31%), are the largest single source of funds, followed by charges for services (16.40%), insurance premium taxes (11.54%), and operating grants and contributions (9.28%).

Total expenses decreased from the prior fiscal year by \$901,442 whereas total revenues for governmental activities increased from the prior year by \$4,986,631. Expenses exceeded revenues resulting in a decrease in net position before transfers. Charges for services increased \$227,872 primarily due to the increases in fuel sales, miscellaneous receipts, and recreational fees. Operating grants and contributions increased \$1,643,482 from the prior year due to the receipt of COVID-19 grant funds in the current year. Capital grants and contributions increased \$839,025 from the prior year. Total tax revenue increased by \$2,222,417 from the prior fiscal year primarily due to increased occupational, insurance premium and restaurant tax receipts.

Governmental activities are supported by program revenues such as charges for services, operating and capital grants and contributions. Additionally, general revenues, miscellaneous revenues, and transfers cover any net expense after program specific revenues are applied. During the fiscal year ended June 30, 2022, the City primarily relied upon tax revenues and transfers for funding governmental activities.

## **Business-type Activities**

Business-type activities increased the City's net position by \$854,358 in the fiscal year ended June 30, 2022 and accounted for 34.43% of the total change in the City's net position. The increase is attributable to a 2.25% increase in revenues coupled with a 1.44% increase in expenditures. Charges for services provided the largest share of revenues (98.34%) followed by capital grants (1.21%). The largest of Madisonville's business-type activities, Light Fund had expenses of \$20,664,515, followed by Water and Sewer Fund with expenses of \$11,469,046 and Sanitation Fund of \$4,294,167.

Total revenues for business-type activities increased from the prior year by \$904,412. Service revenues had an increase of \$865,770 due to increases in electric, water, sewer, and sanitation revenues. The primary reason for the \$417,711 increase in electric revenues can be attributed to increases in consumption for commercial customers. The overall increase in water and sewer revenues of \$134,964 is due to an increase in sewer revenues coupled with a smaller decrease in water revenues. The \$333,940 increase in sanitation revenues is due to increases in customer charges and recycling income. Program revenues experienced a \$99,355 increase in grant and contribution revenues from the prior year. Investment income decreased \$61,213 primarily due to a decrease in the interest rates earned on the cash invested in the current year.

Business-type activities are supported by charges for services and capital grants and contributions. During the fiscal year ended June 30, 2022, the City relied on charges for services for funding business-type activities.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds are created and segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Activity not required to be reported in a separate fund is included in the General Fund. Governmental funds are used to account for tax-supported activities.

## Governmental Funds

The focus of the City of Madisonville's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources and nonspendable resources. Such information may be useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use at the end of the fiscal year. These funds are accounted for by using the modified accrual basis of accounting. Types of governmental funds reported by the City include the General Fund and Special Revenue Funds.

At June 30, 2022, the City's governmental funds reported combined ending fund balances of \$12,110,793, an increase of \$4,430,721 in comparison to the balance at June 30, 2021 of \$7,680,072. Approximately 41% of this total amount \$4,965,326 constitutes unassigned fund balance which is available for spending at the City's discretion. Nonspendable fund balance of \$911,706 is not available for new spending because it has already been committed to provide for real estate, materials, supplies and prepayments. The remaining fund balance of \$218,019 is restricted and \$6,015,742 is committed at June 30, 2022.

## Major Governmental Funds

The General Fund is the general operating fund of the City. As of June 30, 2022, the unassigned fund balance in the General Fund was \$4,965,326. The City's fund balance in the General Fund increased by \$3,345.

The following provides an explanation of revenues by source that changed significantly from the prior year:

### Revenues Classified by Source General Fund - Revenues by Source

Revenues by Source	2022		Restated 2021		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Taxes						
Occupational	\$ 10,059,358	38.02	\$ 8,514,544	39.24	\$ 1,544,814	18.14
Insurance premiums	3,383,306	12.79	3,004,588	13.85	378,718	12.60
Property	1,983,502	7.50	1,939,293	8.94	44,209	2.28
Franchise	452,896	1.71	426,879	1.97	26,017	6.09
Emergency telephone	341,309	1.29	326,736	1.51	14,573	4.46
Police/Fire incentive	647,274	2.45	601,379	2.77	45,895	7.63
Grant income	2,855,603	10.80	818,900	3.78	2,036,703	248.71
Fuel sales	328,108	1.24	259,881	1.20	68,227	26.25
Miscellaneous	959,577	3.63	871,158	4.02	88,419	10.15
Contributions	223,941	0.85	84,950	0.39	138,991	163.62
Recreational fees	285,737	1.08	209,804	0.97	75,933	36.19
Cemetery revenues	108,600	0.41	95,700	0.44	12,900	13.48
Police fines and base court	326,782	1.24	228,033	1.05	98,749	43.30
Rental income	102,760	0.39	119,664	0.55	(16,904)	(14.13)
Lease revenue	144,157	0.55	44,512	0.21	99,645	223.86
Investment income	34,266	0.13	39,138	0.18	(4,872)	(12.45)
Lease interest revenue	3,143	0.01	1,052	-	2,091	198.76
Total revenues	22,240,319	84.09	17,586,211	81.07	4,654,108	26.46
Transfers in	3,900,000	14.75	4,021,000	18.54	(121,000)	(3.01)
Issuance of debt	201,966	0.76	-	-	201,966	-
Sale of capital assets	105,797	0.40	85,118	0.39	20,679	24.29
Total revenues and other financing sources	<u>\$ 26,448,082</u>	<u>100.00</u>	<u>\$ 21,692,329</u>	<u>100.00</u>	<u>\$ 4,755,753</u>	<u>21.92</u>

- Grant income increased by \$2,036,703 or 248.71% due to the current year receipt of grant funds for the coronavirus pandemic. Grant revenues fluctuate from year-to-year.
- Fuel sales increased by \$68,227 or 26.25% due to an increase in airplane traffic at the airport.
- Contributions increased by \$138,991 or 163.62% due to a current year donation of a property.
- Recreational fees increased by \$75,933 or 36.19% due to an increase in outdoor activities with the easing of COVID-19 restrictions.
- Occupational taxes increased by \$1,544,814 or 18.14% due to increases in net profit and occupational tax filings in the current year.
- Lease revenue increased by \$99,645 or 223.86% due to the receipt of 12 months of lease revenue in the current year.

The following provides an explanation of expenditures by function that changed significantly from the prior year:

**Expenditures by Function**  
**General Fund - Expenditures by Function**

Expenditures by Function	2022		Restated 2021		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Public safety	\$ 14,793,465	55.93	\$ 12,603,275	57.52	\$ 2,190,190	17.38
General government	2,750,359	10.40	2,450,920	11.18	299,439	12.22
Transportation	2,159,824	8.17	2,007,658	9.16	152,166	7.58
Health and welfare	1,155,459	4.37	1,086,758	4.96	68,701	6.32
Parks and recreation	1,649,491	6.24	1,326,697	6.05	322,794	24.33
Airport	671,476	2.54	520,153	2.37	151,323	29.09
Cemetery	419,723	1.59	350,532	1.60	69,191	19.74
Capital outlay	2,279,046	8.62	1,394,264	6.36	884,782	63.46
Debt service	277,444	1.05	175,650	0.80	101,794	57.95
Total expenditures	26,156,287	98.91	21,915,907	100.00	4,240,380	19.35
Transfers out	288,450	1.09	-	-	288,450	-
Total expenditures and other financing uses	<u>\$ 26,444,737</u>	<u>100.00</u>	<u>\$ 21,915,907</u>	<u>100.00</u>	<u>\$ 4,528,830</u>	<u>20.66</u>

- Public safety expenditures increased by \$2,190,190 or 17.38% due to increased expenditures for salaries, pension and employee benefits in the current year.
- Parks and recreation expenditures increased by \$322,794 or 24.33% due to an increase in expenditures for salaries, pension, employee benefits, and supplies.
- Airport expenditures increased by \$151,323 or 29.09% due to increased expenditures for salaries, payroll related items, maintenance and fuel.
- Capital outlay expenditures increased by \$884,782 or 63.46% due to the purchase of properties and construction projects at the airport, park and police department.
- Debt service expenditures increased by \$101,794 or 57.95% due to the inception of two lease agreements for the park department.

The Restaurant Tax Fund, a major fund, had a \$4,212,010 increase in fund balance during the current fiscal year. As of June 30, 2022, the overall fund balance was \$6,085,193 with \$5,852,210 being committed and \$232,983 is nonspendable for prepayments. The large increase in the fund balance was due to loan proceeds for the construction of the sports complex and an operating transfer from the General Fund to cover extra event expenditures.

## Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The proprietary funds had a total unrestricted net position balance of \$2,214,034 as of June 30, 2022. An increase of total net position for all proprietary funds during the year equaled \$810,497 resulting from current year operations. The following table shows actual revenues, expenses and results from operations for the fiscal year:

	2022			
	Light	Water and Sewer	Sanitation	Total
Operating revenues	\$ 25,928,996	\$ 9,962,728	\$ 4,535,236	\$ 40,426,960
Operating expenses	20,675,873	11,313,672	4,230,186	36,219,731
Operating income (loss)	5,253,123	(1,350,944)	305,050	4,207,229
Non-operating revenues (expenses), net	77,642	(112,688)	(57,791)	(92,837)
Income (loss) before contributions and transfers	5,330,765	(1,463,632)	247,259	4,114,392
Contributions and transfers	(3,359,830)	325,335	(269,400)	(3,303,895)
Change in net position	\$ 1,970,935	\$ (1,138,297)	\$ (22,141)	\$ 810,497

	2021			
	Light	Water and Sewer	Sanitation	Total
Operating revenues	\$ 25,511,285	\$ 9,827,764	\$ 4,201,296	\$ 39,540,345
Operating expenses	21,058,951	11,214,392	3,255,088	35,528,431
Operating income (loss)	4,452,334	(1,386,628)	946,208	4,011,914
Non-operating revenues (expenses), net	119,771	(118,026)	(126,343)	(124,598)
Income (loss) before contributions and transfers	4,572,105	(1,504,654)	819,865	3,887,316
Contributions and transfers	(3,231,760)	110,000	(260,645)	(3,382,405)
Change in net position	\$ 1,340,345	\$ (1,394,654)	\$ 559,220	\$ 504,911

## Major Proprietary Funds

The Light Fund accounts for the provision of electricity service to the residents of the City. The Light Fund had an increase in net position of \$1,970,935 for 2022 compared to an increase of \$1,340,345 for 2021. The operating revenues increased by \$417,711 and expenses decreased by \$383,078, respectfully over the prior year. The increase in operating revenues is due primarily to the increase in commercial consumption in the current year. The decrease in operating expenses is due a decrease in the cost of power purchased during the current year. The net position as of June 30, 2022, for the Light Fund was \$20,451,609.

The Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City and some residents of Hopkins County Kentucky. The Water and Sewer Fund had a decrease in net position of \$1,138,297 for 2022 compared to a decrease of \$1,394,654 for 2021. The operating revenues increased by \$134,964 over the prior year due to an increase in sewer revenues. Operating expenses increased by \$99,280 mainly due to increases in purification and depreciation costs. The net position as of June 30, 2022, for the Water and Sewer Fund was \$37,685,276.

The Sanitation Fund accounts for the collection and disposal of the residential and commercial refuse of the City. The Sanitation Fund had a decrease in net position of \$22,141 for 2022 compared to an increase of \$559,220 for 2021. Operating revenues increased by \$333,940 and operating expenses increased by \$975,098 over the prior year. The increase in operating revenues is due to increases in the rate of sanitation fees charged and in recycling income. The increase in operating expenses is due to increases in payroll expenses, pension costs and other post

employment benefits. The net position (deficit) as of June 30, 2022, for the Sanitation Fund was \$(55,699).

### GENERAL FUND BUDGETARY HIGHLIGHTS

The City made revisions to the original general fund appropriations approved by the City Council. In all, the revenue budget was increased by 1) \$290,000 for additional grants, 2) \$250,000 for proceeds from the sale of surplus property, and 3) \$210,000 for increases in tax revenues. Expenditures were increased by 1) \$200,000 for public safety, 2) \$250,000 for health and public welfare, and 3) \$300,000 for park improvements. All other budgetary changes are due to budget reclassifications made by the Finance Director before the end of the year. During the year, actual revenues and other sources were more than final budgetary estimates by \$2,870,896 and expenditures and other uses were \$755,564 more than final budgetary estimates, resulting in a positive variance of revenues over expenditures of \$2,115,332.

General Fund revenues and other sources were more than budgetary amounts due to increases in occupational taxes, insurance premium taxes, property taxes, franchise taxes, emergency telephone charges, grant income, contributions, fuel sales, and recreational fees. General Fund expenditures and other uses were more than budgetary estimates due to increased public safety, parks and recreation, airport, cemetery, and capital outlay expenditures.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The City's capital assets for governmental and business-type activities as of June 30, 2022 amounts to \$94,986,952 (net of accumulated depreciation). Capital assets include land and construction in progress, buildings, plants and facilities, machinery and equipment, right-to-use leased equipment, system studies and mapping and infrastructure. The total increase in the City's capital assets for the fiscal year was 3.24% (a 6.07% increase for governmental activities and a 1.56% increase for business-type activities).

#### City of Madisonville Capital Assets (net of depreciation/amortization)

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
	Land and construction in progress	\$ 8,000,278	\$ 6,701,208	\$ 1,720,847	\$ 1,958,463	\$ 9,721,125
Buildings, plants and facilities	18,283,153	17,315,779	53,106,617	51,694,748	71,389,770	69,010,527
Machinery and equipment	4,544,599	4,643,978	3,569,500	3,803,902	8,114,099	8,447,880
Right-to-use leased equipment	473,127	361,195	-	-	473,127	361,195
System studies and mapping	-	-	287,171	326,775	287,171	326,775
Infrastructure	5,001,660	5,204,139	-	-	5,001,660	5,204,139
Total Capital Assets	<u>\$ 36,302,817</u>	<u>\$ 34,226,299</u>	<u>\$ 58,684,135</u>	<u>\$ 57,783,888</u>	<u>\$ 94,986,952</u>	<u>\$ 92,010,187</u>

Major capital asset transactions/events during the fiscal year included:

- Construction and improvements to Mahr Park totaling \$549,815.
- Construction and improvements to the Sports Complex Project totaling \$1,338,755.
- Street paving infrastructure improvements of \$308,128.
- Purchase of substation transformer for the Light department totaling \$686,923.
- Improvements to sewer pump stations totaling \$672,667.
- Purchase of Sanitation department vehicles totaling \$1,197,419.
- Construction and improvements to the Airport totaling \$806,939.
- Construction on the Bartlett Drive Water Line Replacement Project totaling \$363,818.

The City's infrastructure assets are recorded at historical or estimated historical costs in the government-wide financial statements as required by GASB Statement No. 34.

Additional information on the City's capital assets can be found in Note 5 on pages 42-43 of this report.

### Long-term Debt

At the end of the current fiscal year, the City of Madisonville had a total bonded debt, notes payable, financed purchases and lease obligations of \$11,316,300. Of this amount, \$3,894,703 comprises debt backed by revenues of the water and sewer system. The notes payable of \$5,716,027 pertain primarily to sports complex construction, water and sewer system facilities, infrastructure and fire department equipment. The remaining debt of \$1,705,570 represents financed purchases for various equipment for the Sanitation department and lease obligations for various equipment for the Park and Police departments.

#### Outstanding Debt at Year End Bonds, Notes Payable, Leases, and Financed Purchases

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
	Revenue Bonds Payable	\$ -	\$ -	\$ 3,894,703	\$ 4,812,960	\$ 3,894,703
Notes Payable	4,761,099	968,714	954,928	1,045,342	5,716,027	2,014,056
Leases	367,887	253,649	-	-	367,887	253,649
Financed Purchases	-	-	1,337,683	1,413,010	1,337,683	1,413,010
Total	<u>\$ 5,128,986</u>	<u>\$ 1,222,363</u>	<u>\$ 6,187,314</u>	<u>\$ 7,271,312</u>	<u>\$ 11,316,300</u>	<u>\$ 8,493,675</u>

The City's total debt increased by \$2,822,625 during the current fiscal year. The following are the reasons for the overall increase. In April 2022, the City borrowed \$4,000,000 for the construction on the Sports Complex Project. The City also entered into two new lease agreements for capital equipment totaling \$201,966 in the current year.

The City maintained an A1 rating from Moody's for its debt throughout the fiscal year. Several of the City's Revenue Bonds are insured thus holding an AAA credit rating from both Moody's and Standard & Poor's.

Additional information on the City's long-term debt can be found in Notes 10, 11, 12 and 13 on pages 62-69 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the fiscal year 2022-2023 budget, General Fund revenues and transfers in are budgeted to increase by 15.51% from the 2021-2022 budget year with occupational license tax revenues making up about 47.66% of the general fund budgeted revenues and transfers in. General fund expenditures are budgeted to increase by 14.56%. The Light Fund revenues are budgeted to increase by 3.18% with expenditures budgeted to increase by 2.83%. Water and Sewer Fund revenues are budgeted to increase by 120.20% and expenditures are budgeted to increase by 121.06%. Sanitation Fund revenues are budgeted to increase by 27.06% and expenditures are budgeted to increase by 32.31%.

The following economic factors currently affect the City of Madisonville and were considered in developing the 2022-2023 fiscal year budget.

- The City raised the occupational tax rate from 1.5% to 2.5% beginning July 1, 2022 in order to help meet rising payroll, health insurance, pension and other post-employment benefit costs for its employees.
- The City estimates increases in electric consumption as well as the cost of power purchased for the next year.

- During the current fiscal year, the City had a water and sewer rate study performed which showed the City had been vastly undercharging our customers for water and sewer services based upon the current costs of operations. Water and sewer rates had not been adjusted for nearly 20 years. The resulting increases in water and sewer revenues will allow the City to meet infrastructure expansion and upgrade needs. A general obligation bond would also be needed to help fund the infrastructure projects in the coming fiscal year.
- The Sanitation Fund anticipates purchasing new garbage trucks during the coming fiscal year.
- Due to the current level of inflation being experienced by the City, costs for personnel, health insurance, supplies, equipment, etc are all expected to increase during the 2022-2023 fiscal budget year.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have any questions about this report or need any additional information, contact the Department of Finance, Attn: Finance Director, at P.O. Box 705, Madisonville, Kentucky 42431, call (270) 824-2111 or email [calexander@madisonvillegov.com](mailto:calexander@madisonvillegov.com).

**CITY OF MADISONVILLE, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b><u>Assets</u></b>			
Cash equivalents	\$ 12,765,824	\$ 15,450,619	\$ 28,216,443
Investments, at fair value	404,407	379,796	784,203
Accounts receivable (net)	3,855,998	4,717,023	8,573,021
Lease receivable	100,642	368,799	469,441
Internal balances	626,411	(626,411)	-
Materials and supplies	74,568	2,189,470	2,264,038
Real estate held for resale	552,794	300,000	852,794
Interest receivable	79	6,967	7,046
Prepayments	284,344	124,853	409,197
Restricted assets:			
Cash equivalents	26,532	36,361	62,893
Investments	-	4,195,821	4,195,821
Capital assets not being depreciated	8,000,278	1,720,847	9,721,125
Capital assets, net of accumulated depreciation/amortization	<u>28,302,539</u>	<u>56,963,288</u>	<u>85,265,827</u>
Total Assets	<u>54,994,416</u>	<u>85,827,433</u>	<u>140,821,849</u>
<b><u>Deferred Outflows of Resources</u></b>			
Related to pensions and other post employment benefits	10,872,590	4,697,992	15,570,582
Related to refunding debt	-	497,893	497,893
Total Deferred Outflows of Resources	<u>10,872,590</u>	<u>5,195,885</u>	<u>16,068,475</u>
<b><u>Liabilities</u></b>			
Trade accounts payable	894,099	2,947,968	3,842,067
Construction accounts payable	814,835	375,993	1,190,828
Accrued interest payable	6,251	36,469	42,720
Accrued payroll and payroll taxes	501,250	244,057	745,307
Unearned revenue	3,360,181	165,000	3,525,181
Customer deposits and related interest	-	680,952	680,952
Noncurrent liabilities:			
Due within one year			
Compensated absences	374,108	261,540	635,648
Revenue bonds payable	-	950,000	950,000
Notes payable	374,304	92,231	466,535
Financed purchases	-	1,180,505	1,180,505
Leases	110,564	-	110,564
Due in more than one year			
Net pension and other post employment benefit liabilities	51,314,453	17,311,386	68,625,839
Revenue bonds payable	-	2,944,703	2,944,703
Notes payable	4,386,795	862,697	5,249,492
Financed purchases	-	157,178	157,178
Leases	257,323	-	257,323
Total Liabilities	<u>62,394,163</u>	<u>28,210,679</u>	<u>90,604,842</u>
<b><u>Deferred Inflows of Resources</u></b>			
Related to pensions and other post employment benefits	8,637,060	3,728,255	12,365,315
Related to leases	<u>99,645</u>	<u>368,838</u>	<u>468,483</u>
Total Deferred Inflows of Resources	<u>8,736,705</u>	<u>4,097,093</u>	<u>12,833,798</u>
<b><u>Net Position</u></b>			
Net investment in capital assets	34,358,996	52,944,668	87,303,664
Restricted for:			
Debt service	-	2,886,309	2,886,309
Customer deposits	-	36,175	36,175
Unrestricted (deficit)	<u>(39,622,858)</u>	<u>2,848,394</u>	<u>(36,774,464)</u>
Total Net Position	<u>\$ (5,263,862)</u>	<u>\$ 58,715,546</u>	<u>\$ 53,451,684</u>

See accompanying notes to financial statements.



**CITY OF MADISONVILLE, 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	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
Governmental Activities:							
General government	\$ 7,994,528	\$ 3,708,654	\$ 103,846	\$ 240,909	\$ (3,941,119)	\$ -	\$ (3,941,119)
Public safety	16,090,945	326,782	2,507,950	9,000	(13,247,213)	-	(13,247,213)
Transportation	2,343,395	-	-	517,441	(1,825,954)	-	(1,825,954)
Recreation	2,169,749	285,737	109,045	717,094	(1,057,873)	-	(1,057,873)
Health and welfare	1,155,459	-	-	-	(1,155,459)	-	(1,155,459)
Airport	1,208,412	377,501	-	851,278	20,367	-	20,367
Cemetery	469,949	108,600	-	-	(361,349)	-	(361,349)
Interest on long-term debt	59,101	-	-	-	(59,101)	-	(59,101)
Total governmental activities	<u>31,491,538</u>	<u>4,807,274</u>	<u>2,720,841</u>	<u>2,335,722</u>	<u>(21,627,701)</u>	<u>-</u>	<u>(21,627,701)</u>
Business-type activities:							
Electric distribution	20,664,515	25,908,996	20,000	140,170	-	5,404,651	5,404,651
Water and sewer services	11,469,046	9,959,728	3,000	325,335	-	(1,180,983)	(1,180,983)
Sanitation services	4,294,167	4,535,236	-	30,600	-	271,669	271,669
Total business-type activities	<u>36,427,728</u>	<u>40,403,960</u>	<u>23,000</u>	<u>496,105</u>	<u>-</u>	<u>4,495,337</u>	<u>4,495,337</u>
Total Primary Government	<u>\$ 67,919,266</u>	<u>\$ 45,211,234</u>	<u>\$ 2,743,841</u>	<u>\$ 2,831,827</u>	<u>(21,627,701)</u>	<u>4,495,337</u>	<u>(17,132,364)</u>
<b>General Revenues</b>							
Taxes:							
Occupational					10,059,358	-	10,059,358
Property					1,991,842	-	1,991,842
Insurance premium					3,383,306	-	3,383,306
Alcoholic beverage					383,632	-	383,632
Emergency telephone					341,309	-	341,309
Restaurant					1,813,478	-	1,813,478
Franchise and other					452,896	-	452,896
Investment income					57,908	158,521	216,429
Gain on sale of capital assets					-	500	500
Miscellaneous					971,192	-	971,192
<b>Transfers</b>					<u>3,800,000</u>	<u>(3,800,000)</u>	<u>-</u>
Total General Revenues and Transfers					<u>23,254,921</u>	<u>(3,640,979)</u>	<u>19,613,942</u>
<b>Change in Net Position</b>					<u>1,627,220</u>	<u>854,358</u>	<u>2,481,578</u>
<b>Net Position - Beginning of Year</b>					<u>(6,890,283)</u>	<u>57,861,188</u>	<u>50,970,905</u>
Change in Accounting Principle (see Note 24)					<u>(799)</u>	<u>-</u>	<u>(799)</u>
<b>Net Position - Beginning of Year as Restated</b>					<u>(6,891,082)</u>	<u>57,861,188</u>	<u>50,970,106</u>
<b>Net Position - End of Year</b>					<u>\$ (5,263,862)</u>	<u>\$ 58,715,546</u>	<u>\$ 53,451,684</u>

See accompanying notes to financial statements.

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

	<u>General</u>	<u>Restaurant Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash equivalents	\$ 6,466,538	\$ 5,442,912	\$ 293,163	\$ 12,202,613
Investments, at fair value	17,581	-	-	17,581
Receivables (Net where applicable of allowances for uncollectibles):				
Taxpayer assessed revenues	2,010,964	-	35,332	2,046,296
Property taxes	69,768	-	-	69,768
Other accounts	231,279	785,091	-	1,016,370
Grants receivable	723,093	-	-	723,093
Lease receivable	100,642	-	-	100,642
Materials and supplies	74,568	-	-	74,568
Real estate held for resale	552,794	-	-	552,794
Interest receivable	11	-	-	11
Prepayments	51,148	232,983	213	284,344
Due from other funds	627,423	238,517	53,202	919,142
Restricted assets:				
Cash equivalents	26,532	-	-	26,532
<b>Total Assets</b>	<b><u>\$ 10,952,341</u></b>	<b><u>\$ 6,699,503</u></b>	<b><u>\$ 381,910</u></b>	<b><u>\$ 18,033,754</u></b>
<b><u>Liabilities, Deferred Inflows and Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Trade accounts payable	\$ 638,719	\$ 174,503	\$ 146	\$ 813,368
Construction accounts payable	410,413	404,422	-	814,835
Due to other funds	291,719	385	-	292,104
Unearned revenue	3,325,181	35,000	-	3,360,181
Accruals	501,250	-	-	501,250
Total Liabilities	<u>5,167,282</u>	<u>614,310</u>	<u>146</u>	<u>5,781,738</u>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenues - property taxes	41,578	-	-	41,578
Related to leases	99,645	-	-	99,645
Total Deferred Inflows of Resources	<u>141,223</u>	<u>-</u>	<u>-</u>	<u>141,223</u>
<b><u>Fund Balances</u></b>				
Nonspendable:				
Real estate held for resale	552,794	-	-	552,794
Materials and supplies	74,568	-	-	74,568
Prepayments	51,148	232,983	213	284,344
Restricted for:				
Municipal aid	-	-	153,521	153,521
Coal severance	-	-	64,498	64,498
Committed for:				
Alcoholic beverage control	-	-	163,532	163,532
Restaurant tax	-	5,852,210	-	5,852,210
Unassigned	4,965,326	-	-	4,965,326
Total Fund Balances	<u>5,643,836</u>	<u>6,085,193</u>	<u>381,764</u>	<u>12,110,793</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b><u>\$ 10,952,341</u></b>	<b><u>\$ 6,699,503</u></b>	<b><u>\$ 381,910</u></b>	<b><u>\$ 18,033,754</u></b>

See accompanying notes to financial statements.

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

<b><u>Fund Balances - Total Governmental Funds</u></b>		\$ 12,110,793
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		
Governmental tangible capital assets	\$ 91,002,884	
Less accumulated depreciation	<u>(55,173,194)</u>	35,829,690
Leased assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		
Governmental intangible right-of-use assets	575,615	
Less accumulated amortization	<u>(102,488)</u>	473,127
Deferred outflows and inflows of resources shown in governmental activities apply to future periods and, therefore, are not reported in the governmental funds balance sheet.		
Deferred outflows of resources related to pension and other post employment benefits	10,872,590	
Deferred inflows of resources related to pension and other post employment benefits	<u>(8,637,060)</u>	2,235,530
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		
Accrued interest payable	(6,251)	
Notes payable	(4,761,099)	
Lease obligations	(367,887)	
Net pension and other post employment benefit liabilities	(51,314,453)	
Compensated absences	<u>(374,108)</u>	(56,823,798)
Property taxes receivable that will be collected in the future, but are not available soon enough to pay for the current period's expenditures and, therefore, have been deferred in the governmental funds.		
		41,578
Internal service funds are used by management to charge the cost of certain insurance activities to individual funds. The assets and liabilities of the Internal Service Funds (net of amount allocated to business-type activities) not included in other reconciling items are:		
Current assets	1,644,311	
Current liabilities	(140,733)	
Net amount allocated to business-type activities	<u>(634,360)</u>	<u>869,218</u>
<b><u>Net Position of Governmental Activities</u></b>		<b><u>\$ (5,263,862)</u></b>

**CITY OF MADISONVILLE, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Restaurant Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>				
Taxes:				
Occupational	\$ 10,059,358	\$ -	\$ -	\$ 10,059,358
Insurance premiums	3,383,306	-	-	3,383,306
Property	1,983,502	-	-	1,983,502
Franchise	452,896	-	-	452,896
Alcoholic beverage control	-	-	383,632	383,632
Emergency telephone	341,309	-	-	341,309
Restaurant	-	1,813,478	-	1,813,478
Intergovernmental:				
Grant income	2,855,603	-	-	2,855,603
Police/Fire incentive	647,274	-	-	647,274
Kentucky gas tax	-	-	416,539	416,539
Kentucky severance tax	-	-	100,902	100,902
Fuel sales	328,108	-	-	328,108
Miscellaneous	959,577	11,615	-	971,192
Contributions	223,941	812,304	-	1,036,245
Recreation	285,737	-	-	285,737
Fees	-	-	26,200	26,200
Police fines and base court	326,782	-	-	326,782
Cemetery	108,600	-	-	108,600
Rental income	102,760	-	-	102,760
Lease revenue	144,157	-	-	144,157
Investment income	34,266	10,530	1,828	46,624
Lease interest revenue	3,143	-	-	3,143
<b>Total Revenues</b>	<b><u>22,240,319</u></b>	<b><u>2,647,927</u></b>	<b><u>929,101</u></b>	<b><u>25,817,347</u></b>
<b><u>Expenditures</u></b>				
Current:				
Public safety	14,793,465	-	-	14,793,465
General government/other	2,750,359	700,349	148,490	3,599,198
Transportation	2,159,824	-	-	2,159,824
Health and public welfare	1,155,459	-	-	1,155,459
Parks and recreation	1,649,491	-	-	1,649,491
Airport	671,476	-	-	671,476
Cemetery	419,723	-	-	419,723
Capital outlay	2,279,046	1,947,018	465,245	4,691,309
Debt service	277,444	77,000	-	354,444
<b>Total Expenditures</b>	<b><u>26,156,287</u></b>	<b><u>2,724,367</u></b>	<b><u>613,735</u></b>	<b><u>29,494,389</u></b>
<b><u>Excess (Deficiency) of Revenues Over Expenditures</u></b>	<b><u>(3,915,968)</u></b>	<b><u>(76,440)</u></b>	<b><u>315,366</u></b>	<b><u>(3,677,042)</u></b>
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from sale of capital assets	105,797	-	-	105,797
Issuance of debt	201,966	4,000,000	-	4,201,966
Transfers in	3,900,000	288,450	30,270	4,218,720
Transfers out	(288,450)	-	(130,270)	(418,720)
<b>Total Other Financing Sources (Uses)</b>	<b><u>3,919,313</u></b>	<b><u>4,288,450</u></b>	<b><u>(100,000)</u></b>	<b><u>8,107,763</u></b>
<b><u>Net Change in Fund Balances</u></b>	<b><u>3,345</u></b>	<b><u>4,212,010</u></b>	<b><u>215,366</u></b>	<b><u>4,430,721</u></b>
<b><u>Fund Balances - Beginning of Year (as Restated)</u></b>	<b><u>5,640,491</u></b>	<b><u>1,873,183</u></b>	<b><u>166,398</u></b>	<b><u>7,680,072</u></b>
<b><u>Fund Balances - End of Year</u></b>	<b><u>\$ 5,643,836</u></b>	<b><u>\$ 6,085,193</u></b>	<b><u>\$ 381,764</u></b>	<b><u>\$ 12,110,793</u></b>

See accompanying notes to financial statements.

**CITY OF MADISONVILLE, 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**

<b><u>Net Change in Fund Balance - Total Governmental Funds</u></b>		\$ 4,430,721
Amounts reported for governmental activities in the statement of activities are different because:		
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.		8,340
Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year.		26,386
The net pension and other post employment benefit liabilities and related deferred outflows and inflows of resources are an obligation of the City of Madisonville not payable from current year resources and not reported as an expenditure of the current year. In the Statement of Activities, these costs represent expenses of the current year.		(1,099,396)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated or amortized over their estimated useful lives:		
Expenditures for capital assets	\$ 4,489,343	
Less current year depreciation	(2,376,914)	
Expenditures for leased right-of-use assets	201,966	
Less current year amortization	<u>(90,034)</u>	2,224,361
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net position.		(147,843)
The issuance of long-term debt and lease obligations provides current financial resources to governmental funds, while the repayment of principal of long-term debt and lease obligations consumes current financial resources of governmental funds. Neither transaction, however, has any effect on the net position in the Statement of Activities.		(3,906,623)
Accrued interest expense on long-term debt and lease obligations is reported on the government-wide Statement of Activities and Changes in Net Position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in the governmental funds. In the Statement of Activities, these costs represent expenses of the current year.		(4,705)
Internal service funds are used by management to charge the cost of certain insurance activities to individual funds. The net revenue is reported with governmental activities net of the amount allocated to business-type activities. These amounts are:		
Change in net position	139,840	
Net amount allocated to business-type activities	<u>(43,861)</u>	<u>95,979</u>
<b><u>Change in Net Position of Governmental Activities</u></b>		<b><u>\$ 1,627,220</u></b>

See accompanying notes to financial statements.

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

	Business-type Activities				Governmental Activities - Internal Service Fund
	Light	Water and Sewer	Sanitation	Totals	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash equivalents	\$ 8,693,404	\$ 4,441,968	\$ 1,904,213	\$ 15,039,585	\$ 974,245
Investments, at fair value	-	97,489	-	97,489	669,133
Accounts receivable:					
Customers (less allowance for uncollectible accounts of \$449,000)	2,681,827	1,247,487	308,985	4,238,299	-
Other	82,301	59,567	121,177	263,045	815
Grants receivable	-	215,335	-	215,335	-
Lease receivable	-	368,799	-	368,799	-
Due from other funds	739,904	75,266	385	815,555	-
Materials and supplies	1,392,481	647,977	149,012	2,189,470	-
Real estate held for resale	-	300,000	-	300,000	-
Interest receivable	-	6,917	-	6,917	118
Prepayments	86,817	27,976	10,060	124,853	-
Restricted assets:					
Cash equivalents	36,175	186	-	36,361	-
Investments, at fair value	-	4,195,821	-	4,195,821	-
Total Current Assets	<u>13,712,909</u>	<u>11,684,788</u>	<u>2,493,832</u>	<u>27,891,529</u>	<u>1,644,311</u>
<b>Noncurrent Assets</b>					
Capital assets	30,911,499	94,939,267	5,532,093	131,382,859	-
Accumulated depreciation	(14,454,235)	(55,298,685)	(2,945,804)	(72,698,724)	-
Total Noncurrent Assets	<u>16,457,264</u>	<u>39,640,582</u>	<u>2,586,289</u>	<u>58,684,135</u>	<u>-</u>
Total Assets	<u>30,170,173</u>	<u>51,325,370</u>	<u>5,080,121</u>	<u>86,575,664</u>	<u>1,644,311</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to refunding debt	-	497,893	-	497,893	-
Related to pensions and other post employment benefits	1,752,845	2,057,486	887,661	4,697,992	-
Total Deferred Outflows of Resources	<u>1,752,845</u>	<u>2,555,379</u>	<u>887,661</u>	<u>5,195,885</u>	<u>-</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade accounts payable	2,329,914	378,787	180,350	2,889,051	139,648
Construction accounts payable	-	375,993	-	375,993	-
Due to other funds	423,579	579,779	438,150	1,441,508	1,085
Unearned revenue	-	165,000	-	165,000	-
Accrued interest payable	-	35,473	996	36,469	-
Accrued payroll and payroll taxes	86,106	113,289	44,662	244,057	-
Compensated absences	100,862	114,369	46,309	261,540	-
Customer deposits payable	671,746	-	-	671,746	-
Customer deposit interest payable	9,206	-	-	9,206	-
Current portion of debt	-	1,042,231	1,180,505	2,222,736	-
Total Current Liabilities	<u>3,621,413</u>	<u>2,804,921</u>	<u>1,890,972</u>	<u>8,317,306</u>	<u>140,733</u>
<b>Long-Term Liabilities Due After One Year</b>					
Long-term portion of debt	-	3,807,400	157,178	3,964,578	-
Net pension and other post employment benefit liabilities	6,458,965	7,581,524	3,270,897	17,311,386	-
Total Long-Term Liabilities	<u>6,458,965</u>	<u>11,388,924</u>	<u>3,428,075</u>	<u>21,275,964</u>	<u>-</u>
Total Liabilities	<u>10,080,378</u>	<u>14,193,845</u>	<u>5,319,047</u>	<u>29,593,270</u>	<u>140,733</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pensions and other post employment benefits	1,391,031	1,632,790	704,434	3,728,255	-
Related to leases	-	368,838	-	368,838	-
Total Deferred Inflows of Resources	<u>1,391,031</u>	<u>2,001,628</u>	<u>704,434</u>	<u>4,097,093</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	16,457,264	35,238,798	1,248,606	52,944,668	-
Restricted for debt service	-	2,886,309	-	2,886,309	-
Restricted for customer deposits	36,175	-	-	36,175	-
Unrestricted (deficit)	3,958,170	(439,831)	(1,304,305)	2,214,034	1,503,578
Total Net Position	<u>\$ 20,451,609</u>	<u>\$ 37,685,276</u>	<u>\$ (55,699)</u>	<u>58,081,186</u>	<u>\$ 1,503,578</u>
Reconciliation to government-wide statement of net position:					
Adjustment to reflect the consolidation of Internal Service Fund's activities related to Enterprise Funds				634,360	
Net position of business-type activities				<u>\$ 58,715,546</u>	

See accompanying notes to financial statements.

**CITY OF MADISONVILLE, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Business-type Activities- Enterprise Funds</b>			<b>Totals</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Light</b>	<b>Water and Sewer</b>	<b>Sanitation</b>		
<b><u>Operating Revenues</u></b>					
Sale of electricity	\$ 25,217,054	\$ -	\$ -	\$ 25,217,054	\$ -
Sewer revenues	-	5,284,831	-	5,284,831	-
Water revenues	-	4,672,837	-	4,672,837	-
Sanitation fees	-	-	4,037,864	4,037,864	-
Recycling income	-	-	169,599	169,599	-
Lease revenue	-	2,060	-	2,060	-
Grant income	20,000	3,000	-	23,000	-
Service and miscellaneous	691,942	-	327,773	1,019,715	3,484,930
Total Operating Revenues	<u>25,928,996</u>	<u>9,962,728</u>	<u>4,535,236</u>	<u>40,426,960</u>	<u>3,484,930</u>
<b><u>Operating Expenses</u></b>					
Electricity purchased	15,157,731	-	-	15,157,731	-
Depreciation	1,118,298	2,845,112	320,754	4,284,164	-
Maintenance	2,605,449	1,556,712	406,824	4,568,985	-
Sanitation collection and disposal	-	-	3,315,210	3,315,210	-
Wastewater collection	-	1,606,492	-	1,606,492	-
Purification	-	1,838,412	-	1,838,412	-
Wastewater treatment	-	1,604,663	-	1,604,663	-
Engineering/Stormwater	-	793,935	-	793,935	-
Other	731,461	663,982	187,398	1,582,841	3,353,231
Commercial office operations	1,062,934	-	-	1,062,934	-
Power purchased	-	404,364	-	404,364	-
Total Operating Expenses	<u>20,675,873</u>	<u>11,313,672</u>	<u>4,230,186</u>	<u>36,219,731</u>	<u>3,353,231</u>
<b><u>Income (Loss) from Operations</u></b>	<u>5,253,123</u>	<u>(1,350,944)</u>	<u>305,050</u>	<u>4,207,229</u>	<u>131,699</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>					
Investment income	77,642	66,296	14,583	158,521	8,141
Gain (loss) on disposal of assets	-	500	(38,774)	(38,274)	-
Interest expense and fees	-	(179,484)	(33,600)	(213,084)	-
Total Nonoperating Revenues (Expenses)	<u>77,642</u>	<u>(112,688)</u>	<u>(57,791)</u>	<u>(92,837)</u>	<u>8,141</u>
<b><u>Income (Loss) Before Contributions and Transfers</u></b>	5,330,765	(1,463,632)	247,259	4,114,392	139,840
Capital contributions	140,170	325,335	30,600	496,105	-
Transfers out	(3,500,000)	-	(300,000)	(3,800,000)	-
<b><u>Change in Net Position</u></b>	1,970,935	(1,138,297)	(22,141)	810,497	139,840
<b><u>Net Position - Beginning of Year</u></b>	<u>18,480,674</u>	<u>38,823,573</u>	<u>(33,558)</u>	<u>1,363,738</u>	<u>1,363,738</u>
<b><u>Net Position - End of Year</u></b>	<u>\$ 20,451,609</u>	<u>\$ 37,685,276</u>	<u>\$ (55,699)</u>	<u>\$ 1,503,578</u>	<u>\$ 1,503,578</u>
Reconciliation to government-wide statement of activities:					
Adjustment to reflect the consolidation of Internal Service Fund's activities related to Enterprise Funds				43,861	
Change in net position of business-type activities				<u>\$ 854,358</u>	

See accompanying notes to financial statements.

**CITY OF MADISONVILLE, KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Business-type Activities Enterprise Funds				Governmental Activities - Internal Service Fund
	Light	Water and Sewer	Sanitation	Total	
<b>Cash Flows From Operating Activities</b>					
Cash received from customers	\$ 25,849,834	\$ 9,316,693	\$ 4,506,069	\$ 39,672,596	\$ 3,529,667
Cash received from interfund services provided	231,697	66,085	150,750	448,532	-
Cash payments to suppliers for goods and services	(16,875,726)	(5,658,128)	(2,283,513)	(24,817,367)	(3,397,651)
Cash payments to employees for services	(2,393,523)	(2,737,395)	(1,226,096)	(6,357,014)	-
Net Cash Provided (Used) By Operating Activities	<u>6,812,282</u>	<u>987,255</u>	<u>1,147,210</u>	<u>8,946,747</u>	<u>132,016</u>
<b>Cash Flows From Noncapital Financing Activities</b>					
Transfers out	(3,500,000)	-	(300,000)	(3,800,000)	-
Net decrease (increase) in amounts due from other funds	12,110	58,648	93,610	164,368	193,878
Net increase (decrease) in amounts due to other funds	423,579	69,138	196,119	688,836	573
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(3,064,311)</u>	<u>127,786</u>	<u>(10,271)</u>	<u>(2,946,796)</u>	<u>194,451</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from issuance of debt	-	-	1,065,500	1,065,500	-
Principal paid on debt	-	(964,083)	(1,140,827)	(2,104,910)	-
Contributed capital	140,170	325,335	30,600	496,105	-
Proceeds from the sale of capital assets	-	15,298	982,483	997,781	-
Acquisition of property, plant and equipment	(2,312,525)	(2,651,822)	(1,256,119)	(6,220,466)	-
Interest paid on debt	-	(185,729)	(33,593)	(219,322)	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(2,172,355)</u>	<u>(3,461,001)</u>	<u>(351,956)</u>	<u>(5,985,312)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>					
Purchase of investments	-	(2,035,597)	-	(2,035,597)	(3,172)
Proceeds from sales and maturities of investments	-	2,000,738	-	2,000,738	-
Income received on investments	77,642	66,332	14,583	158,557	8,168
Net Cash Provided (Used) By Investing Activities	<u>77,642</u>	<u>31,473</u>	<u>14,583</u>	<u>123,698</u>	<u>4,996</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,653,258	(2,314,487)	799,566	138,337	331,463
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>7,076,321</u>	<u>6,756,641</u>	<u>1,104,647</u>	<u>14,937,609</u>	<u>642,782</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 8,729,579</u>	<u>\$ 4,442,154</u>	<u>\$ 1,904,213</u>	<u>\$ 15,075,946</u>	<u>\$ 974,245</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating income (loss)	\$ 5,253,123	\$ (1,350,944)	\$ 305,050	\$ 4,207,229	\$ 131,699
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,118,298	2,845,112	320,754	4,284,164	-
Customer deposit interest accrued	(1,537)	-	-	(1,537)	-
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	152,535	(211,151)	121,583	62,967	44,737
Decrease (increase) in grants receivable	-	(215,335)	-	(215,335)	-
Decrease (increase) in lease receivable	-	(368,799)	-	(368,799)	-
Decrease (increase) in materials and supplies	(157,701)	(104,347)	(37,530)	(299,578)	-
Decrease (increase) in prepayments	(1,732)	1,750	1,297	1,315	-
Decrease (increase) in deferred outflows	213,567	185,699	(46,926)	352,340	-
Increase (decrease) in accounts payable	474,631	(94,202)	355	380,784	(44,420)
Increase (decrease) in customer deposits	77,050	-	-	77,050	-
Increase (decrease) in accrued expenses	(8,560)	21,858	(5,034)	8,264	-
Increase (decrease) in net pension and opeb liabilities	(1,381,144)	(1,362,079)	(81,121)	(2,824,344)	-
Increase (decrease) in deferred inflows	1,073,752	1,639,693	568,782	3,282,227	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,812,282</u>	<u>\$ 987,255</u>	<u>\$ 1,147,210</u>	<u>\$ 8,946,747</u>	<u>\$ 132,016</u>
<b>Reconciliation of Total Cash Equivalents</b>					
Current Assets - Cash equivalents	\$ 8,693,404	\$ 4,441,968	\$ 1,904,213	\$ 15,039,585	\$ 974,245
Restricted Assets - Cash equivalents	36,175	186	-	36,361	-
Total Cash Equivalents	<u>\$ 8,729,579</u>	<u>\$ 4,442,154</u>	<u>\$ 1,904,213</u>	<u>\$ 15,075,946</u>	<u>\$ 974,245</u>
<b>Noncash Investing, Capital and Related Financing Activities</b>					
Increase in financed purchase obligations	\$ -	\$ -	\$ 1,065,500	\$ 1,065,500	\$ -
Net Noncash Investing, Capital and Related Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065,500</u>	<u>\$ 1,065,500</u>	<u>\$ -</u>

See accompanying notes to financial statements.



**CITY OF MADISONVILLE, KENTUCKY**  
**POLICEMEN AND FIREFIGHTERS PENSION FUND**  
**COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION**  
**JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>		
Cash equivalents	\$ <u>28,221</u>	\$ <u>21,744</u>
<b><u>Total Assets</u></b>	28,221	21,744
<b><u>Liabilities</u></b>		
Other accounts payable	<u>-</u>	<u>-</u>
<b><u>Net Position</u></b>		
Net position restricted for pensions	\$ <u><u>28,221</u></u>	\$ <u><u>21,744</u></u>

See accompanying notes to financial statements.

**CITY OF MADISONVILLE, KENTUCKY**  
**POLICEMEN AND FIREFIGHTERS PENSION FUND**  
**COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>Additions</u></b>		
Contributions:		
Employer	\$ <u>366,000</u>	\$ <u>339,556</u>
Investment earnings:		
Interest	<u>287</u>	<u>381</u>
Net investment earnings	<u>287</u>	<u>381</u>
Total Additions	<u>366,287</u>	<u>339,937</u>
<b><u>Deductions</u></b>		
Benefits paid	<u>359,810</u>	<u>387,796</u>
Total Deductions	<u>359,810</u>	<u>387,796</u>
<b><u>Net Increase (Decrease) in Net Position</u></b>	6,477	(47,859)
<b><u>Net Position - Beginning of Year</u></b>	<u>21,744</u>	<u>69,603</u>
<b><u>Net Position - End of Year</u></b>	<u>\$ 28,221</u>	<u>\$ 21,744</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Madisonville, Kentucky was chartered in May, 1807. The City operates under a Mayor/Council form of government and provides the following services as authorized: public safety (police and fire), highways and streets, sanitation, electrical distribution, water treatment and distribution, wastewater collection and treatment, health and social services, cultural and recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). The City follows GASB pronouncements as codified under GASB 62. The more significant accounting policies of the City are described below:

**A. The Financial Reporting Entity**

The City of Madisonville, Kentucky is a municipal corporation governed by an elected six member council. The City has adhered to the standards set forth in GASB Statement No. 14 as amended by Statement No. 61, Statement No. 84, and Statement No. 90 of the Governmental Accounting Standards Board in reporting the primary government (including blended component units), discretely presented component units, the reporting entity and related relationships with the City.

**Related Organizations**

Elected City officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City Council appoints a minority of voluntary board members of the Madisonville-Hopkins County Public Library, Hopkins County Joint Planning Commission, the Housing Authority of Madisonville, and the Madisonville/Hopkins County Economic Development Corporation. The City appropriated operating grants of \$200,648 to the Madisonville-Hopkins County Public Library, \$45,000 to the Hopkins County Joint Planning Commission, and \$140,000 to the Madisonville/Hopkins County Economic Development Corporation during the fiscal year ended June 30, 2022.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements with the exception of interfund services provided and used, within the governmental and business-type activities columns. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

or segment, 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The City segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under the accrual basis of accounting, revenues are recorded when earned, including unbilled electric, water, sewer and sanitation services which are accrued 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.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are costs and other charges between the City's governmental activities and the Light Fund, Water and Sewer Fund, and Sanitation Fund, because elimination of these charges would distort the direct costs and program revenues reported in the statement of activities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Each fund is a separate accounting entity with a self-balancing set of accounts. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. Franchise taxes are considered available and are, therefore, recognized as revenues even though a portion of taxes may be collected in the subsequent year. Intergovernmental revenues received as reimbursements for specific purposes or projects are recognized based upon expenditures recorded. Occupational taxes, business taxes, licenses, fines, penalties, and miscellaneous are recognized as revenues in the current period in which they can be used to pay liabilities of the current period (usually 45 days). Expenditures generally are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are recorded only when payment is due.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

Because different measurement focuses and bases of accounting are used in the government-wide statement of net position and in governmental fund balance sheets, amounts reported as restricted fund balances in governmental funds may be different from amounts reported as restricted net position in the statement of net position.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Restaurant Tax Fund** - The Restaurant Tax Fund is used to account for revenues and expenditures of the restaurant tax imposed on food service establishments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the costs of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary funds:

**Light Fund** - The Light Fund is used to account for the provision of electrical service to the residents of the City. Activities of the fund include wholesale purchase of electricity, administration, distribution infrastructure additions and maintenance, and billing and collection activities. All fund costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the financial integrity of the fund.

**Water and Sewer Fund** - The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City and some residents of Hopkins County. Activities of the fund include administration, water treatment, distribution infrastructure additions and maintenance, wastewater collection infrastructure additions and maintenance, and wastewater treatment activities. The fund accounts for the accumulation of resources for, and payment of, long-term debt principal and interest for water and sewer system debt. All fund costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the financial integrity of the fund.

**Sanitation Fund** - The Sanitation Fund is used to account for the collection and disposal of solid waste services to the residents of the City. Activities of the fund include administration, commercial and residential garbage collection, sorting recyclable items, transportation of solid waste, and landfill tipping fees. All fund costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the financial integrity of the fund.

Additionally, the City reports the following fund types:

**Internal Service Fund** - The Self Insured Health Care Trust Fund provides City employees health and life insurance benefits to those who elect coverage.

**Fiduciary Funds** - The Policemen and Firefighters Pension Trust Fund reports fiduciary resources held in trust and the receipt, investment, and distribution of retirement benefits.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**D. Assets, Liabilities, and Net Position or Equity**

**Cash and Investments**

Cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. For the purpose of the statement of cash flows, the City considers all cash in banks with original maturities of three months or less or available for withdrawal by City management to be cash and cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

City ordinances authorize the City to invest in obligations of the U.S. Government and its instrumentalities, mutual funds, and demand deposits. All investments must be purchased through local brokers/dealers or deposited with local financial institutions. Also by ordinance, the Policemen and Firefighters Pension Fund may invest in deposits with out-of-state financial institutions, corporate stocks and bonds, and limited partnership interests. In accordance with GASB Statement No. 72, the City categorizes its fair value measurements within the fair value hierarchy based on the valuation inputs used to measure the fair value of the asset.

**Accounts Receivable and Allowance for Uncollectible Accounts**

Accounts receivable are recorded in the Governmental, Business-type, and Internal Service funds, net of appropriate allowance for uncollectible accounts. An allowance for uncollectible accounts has been provided based on prior years' loss experiences as a percentage of revenues billed. Based on past experience, management considers the allowance adequate to provide for any losses on collection of the June 30, 2022, accounts receivable.

**Short-Term Interfund Receivables and Payables**

During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**Materials and Supplies**

Inventories of materials and supplies are valued at average cost. Resale inventories are valued at the lower of cost or market. Real estate held for resale is valued at the lower of cost or fair value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**Prepayments**

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items and are accounted for using the consumption method. Prepaid items recorded in the governmental funds are reflected as nonspendable fund balance.

**Restricted Assets**

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable debt agreements. The restricted funds have been handled in accordance with the provisions of the various enterprise fund

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

revenue bond resolutions, loan agreements, or by state or federal laws and regulations. Assets are also restricted for deposits received from light customers, as well as amounts received in advance of services provided.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. See Note 4 for information describing restricted assets.

**Capital Assets**

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (excluding those acquired prior to June 30, 1980), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets, not including infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Infrastructure assets capitalized have an original cost of \$5,000 or more.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical or estimated historical cost if actual historical cost is not available (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1.L). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value on the date of acquisition as defined under GASB 72. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right-to-use leased equipment, and infrastructure of the City are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and Infrastructure	20-50 years
Utility Plant	30-33 years
Studies, Surveys, and Maps	10-20 years
Improvements	7-30 years
Machinery and Equipment	3-10 years
Right-to-use Leased Equipment	3-10 years

When capital assets are disposed of, the cost and accumulated depreciation or amortization is removed from the accounts, and any resultant gain or loss is recognized in the government-wide and proprietary fund financial statements.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**Unearned Revenue**

In the governmental funds, certain revenue transactions have been reported as unearned revenue. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current fiscal period. Revenue that is earned but not available is reported as a current liability or deferred inflow of resources until such time as the revenue becomes available. In the proprietary funds (and for the governmental activities in the government-wide statements), unearned revenue is reported regardless of its availability.

**Bond Premiums, Discounts, and Issuance Costs**

In the government-wide financial statements and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective-interest method and are reported as deferred amounts from refunding debt. Issuance costs are reported as expenses.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements and the proprietary fund financial statements as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

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

**Compensated Absences**

The City recognizes a liability for unpaid compensated absences arising from unpaid vacation time in accordance with Governmental Accounting Standards Board (GASB) Statement 16. GASB Statement 16 requires employers to accrue a liability for future vacation, sick and other leave benefits that meet the following conditions:

- a) The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- b) The obligation relates to rights that vest or accumulate.
- c) Payment of the compensation is probable.
- d) The amount can be reasonably estimated.

Employees vacation leave will accrue on the 1st of the month after the date hired. Vacation leave shall start accruing based upon years of service on January 1 of each year and is based on continuous employment. Employees who work 35 hours per week earn 70 hours per year during the first five years of employment, 105 hours per year during and after the sixth year to ten years, 140 hours during the eleventh year to twenty-five years, and 175 hours per year after 25 years. Employees who work 40 hours per week earn 80 hours per year during the first five years of employment, 120 hours per year during and after the sixth year to ten years, 160 hours during the eleventh year to twenty-five years, and 200 hours per year after 25 years. Employees who work an average of 56 hours per week earn 120 hours per year during the first five years of employment, 144 hours per year during and after the sixth year to ten years, 192 hours during the eleventh year to twenty-five years, and 240 hours per year after



**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

25 years. An employee may carry over vacation days at the end of the calendar year upon written permission from the Human Resources Manager for a period not to exceed 12 months. Therefore, compensated absences are reflected as current liabilities in the Statement of Net Position. All outstanding vacation leave is payable upon resignation, retirement, or death.

Employees accumulate sick leave at a rate of one day per month up to a total of 120 days. No payment is made for any unused sick leave; upon resignation, retirement or death, sick leave benefit obligations do not vest with employees.

**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 Policemen & Firefighters Pension Plan (PFPP) and County Employees Retirement System (CERS) and additions to/deductions from PFPP's and CERS's fiduciary net position have been determined on the same basis as they are reported by PFPP and CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**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) OPEB Plan and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position**

In the government-wide statements, equity is classified as net position and displayed in three components.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those capital assets. The outstanding debt is offset by any unspent financing proceeds. Deferred outflows or resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position results from constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. In addition, this component is adjusted for the liabilities and deferred inflows of resources that are related to restricted assets.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**Fund Balance Classification**

In governmental fund financial statements, equity is classified as fund balance and is displayed in up to five components based primarily on the extent to which the City is bound to observe constraints imposed on the use of fund resources. These components are as follows:

- Nonspendable fund balance - amounts that are not in spendable form (such as materials and supplies inventory, prepayments, and real estate held for resale) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by the Finance Director to which the City Council delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. This is the residual fund balance that is not contained in nonspendable fund balance, restricted fund balance, committed fund balance or assigned fund balance. The general fund is the only fund that reports a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**E. Deferred Outflows of Resources and Deferred Inflows of Resources**

**Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category.

Deferred outflows related to refunding debt are reported in the government-wide and proprietary statement of net position. A deferred outflow from refunding debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt using the effective interest method.

Deferred outflows related to pensions and other post employment benefits are reported in the government-wide and proprietary statement of net position. A deferred outflow from pensions and other post employment benefits results from City contributions made subsequent to the measurement date and various changes resulting from actuarial pension/opeb measurements. The contribution amount is deferred and will be recognized as a reduction of net pension and other post employment liabilities in the year ending June 30, 2023. The various changes resulting from actuarial pension/opeb measurements are deferred and amortized in future periods as a component of pension/opeb expense.

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category.

The City reports unavailable revenue - property taxes only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (tax revenues) in the period the amounts become available under the modified accrual basis of accounting.

Deferred inflows related to leases are reported in the governmental funds balance sheet and the government-wide statement and proprietary statement of net position. A deferred inflow from leases results from the present value of the lease receivable plus any payments received at or before commencement of the lease term that relate to future periods. These amounts are deferred and will be recognized as lease revenues over the term of the lease.

Deferred inflows from pensions and other post employment benefits are reported in the government-wide statement and proprietary statement of net position. A deferred inflow from pensions and other post employment benefits results from net differences between expected and actual earnings on pension and other post employment benefit plan investments and various changes resulting from actuarial pension/opeb measurements. These amounts are deferred and will be recognized as a reduction of pension and other post employment benefit expense over future periods.

**F. Revenues, Expenditures and Expenses**

Substantially all governmental fund revenues (including occupational and insurance premium taxes, franchise fees, and licenses) are accrued. Property taxes are generally billed and collected within the same period in which the taxes are levied. In addition, revenue from Federal and State reimbursement type grants for which eligibility requirements have been met have been accrued and recognized as

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

revenues of the period. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures are recognized when the related fund liability is incurred except for the following, which are permitted by generally accepted accounting principles. General obligation long-term debt principal and interest, compensated absences, pension and other benefits, and other long-term liabilities are reported only when due.

Operating revenues for proprietary funds are those that result from providing services and producing and delivering goods and/or services. The principal operating revenue of the proprietary funds is receipts from customers. Operating expenses for these operations include all costs related to providing the service. These costs include salaries, contractual services, supplies, maintenance, depreciation, and administrative expenses. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**G. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services provided and used, are reported as interfund transfers and are included in the results of operations of both governmental and proprietary funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**H. Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, and proprietary funds.

Prior to June 1 of each year, the Mayor submits a proposed budget to the City Council for the year commencing the following July 1. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The City Council holds public hearings to obtain taxpayer comments. Prior to June 30 of each year, the City Council approves the budget by majority vote.

The City Finance Director is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by a majority vote of the City Council.

As required by Kentucky Revised Statutes (K.R.S.) 91A.030 (1), formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Enterprise Funds. Budgets for Internal Service and Fiduciary Type Funds are not legally required, therefore, none are presented. Total expenditures for a fund legally may not exceed the total appropriations as required by K.R.S. 91A.030 (13). All appropriations lapse at year-end.

Budget amendments, as allowed by ordinance, require majority approval by the City Council. The budget was amended on June 27, 2022, for the following:

- a) Increase budgeted expenditures of the Restaurant Tax Special Revenue Fund by \$1,000,000 for additional capital outlay. The \$1,000,000 difference is covered by prior year reserves.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

- b) Increase budgeted expenditures of the General Fund by \$750,000 for additional capital outlay and public safety expenditures. The \$750,000 difference is covered by additional grant revenues, proceeds from the sale of surplus property and increases in tax revenues.

**I. Use of Estimates**

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

**J. Subsequent Events**

The City has evaluated subsequent events through December 31, 2022, the date which the financial statements were available to be issued.

**K. Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**L. Leases**

**Lessee:** The City is a lessee for three noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for the leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**Lessor:** The City is a lessor for two noncancellable leases of buildings and one noncancellable lease of a water tank attachment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental, and proprietary fund financial statements.

At the commencement of the lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The City uses an implicit rate in the lease agreement or its estimated incremental investment rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Compliance with Finance Related Legal and Contractual Provisions**

The government has no material violations of finance related legal and contractual provisions.

**Excess of Expenditures Over Appropriations in Individual Funds**

The following funds had an excess of actual expenditures and other financing uses over budget for the year ended June 30, 2022:

General Fund	\$ 755,564	Due to under budgeted capital outlay and transfers
Restaurant Tax Fund	\$ 257,367	Due to under budgeted operating expenditures
Coal Severance Tax Fund	\$ 14,670	Due to under budgeted transfers
Sanitation Fund	\$ 161,289	Due to under budgeted operating expenses

The excess expenditures were due mainly to budgeting practices. Fund equity and other financial sources were sufficient to offset the excess expenditures in the above funds except for the Sanitation Fund. Annual budgets were adopted for the general fund, all special revenue funds and all enterprise funds.

**Net Position Restrictions**

Only restrictions imposed by external sources are shown as restricted net position on the government-wide financial statements. The following restrictions apply to business-type activities at June 30, 2022:

Light Enterprise Fund	\$ 36,175	Restricted for customer deposits
Water & Sewer Enterprise Fund	<u>2,886,309</u>	Restricted for debt service
Total	<u>\$ 2,922,484</u>	

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**3. DEPOSITS AND INVESTMENTS**

**Net Position**

The captions on the statement of net position for cash, investments, and restricted assets enumerated as to deposits and investments and the amounts in total are as follows:

	Deposits	Investments	Primary Government Total	Pension Trust
Cash equivalents	\$ 28,216,443	\$ -	\$ 28,216,443	\$ 28,221
Investments	784,203	-	784,203	-
Restricted assets:				
Cash equivalents	62,707	186	62,893	-
Investments	1,480,920	2,714,901	4,195,821	-
Total	<u>\$ 30,544,273</u>	<u>\$ 2,715,087</u>	<u>\$ 33,259,360</u>	<u>\$ 28,221</u>

At year-end, the carrying amount of the City's deposits was \$30,544,273 and the bank balance was \$31,923,407. The \$1,379,134 difference represents outstanding checks, deposits in transit, and other reconciling items.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2022, in accordance with City policy, \$1,172,998 of the City's deposits was covered by federal depository insurance and \$29,388,651 was collateralized by securities held by the pledging financial institution's agent or trust department in the City's name. The City had \$1,361,758 of deposits that were uninsured and uncollateralized and exposed to custodial credit risk.

The custodial credit risk for investments is the risk that, in the event of the failures of the counterparty (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The City's investment policy states that investment assets shall be secured through a third party custodian and safekeeping procedures. Bearer instruments shall be held only through third party institutions.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has adopted a formal investment policy. However, that policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Trustees of the Policemen and Firefighters Pension Fund have not adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City and the Trustees of the Policemen and Firefighters Pension Fund have elected the specific identification method to disclose interest rate risk.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. According to the City's investment policy, investments in corporate bonds and/or time deposits have been limited to US Government Agency obligations or entities carrying a superior credit rating. The other investments of the primary government are collateralized certificates of deposit or direct obligations of the US Government and its instrumentalities or with mutual funds. The City's Policemen and Firefighters Pension Fund Board of Trustees has primary responsibility for credit risk related to

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

Fiduciary Fund investments and has engaged a professional financial advisor to consult on investment activity.

**Concentration of Credit Risk**

The City's adopted investment policy limits the amount that may be invested with one issuer to no more than 30% of the City's investment portfolio, with the exception of fully insured or fully collateralized investments and authorized investment pools. At June 30, 2022, the City had 55% of its primary government investments in mutual funds holding US Government securities, 27% was invested in time deposits that are uncollateralized, and 18% in fully collateralized certificates of deposit.

**Fair Value of Investments**

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical investments in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Level 2 fixed income securities are priced by industry standard vendors, such as ICE Data Services (IDC), using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. The City has no Level 3 inputs.

**Identification**

At June 30, 2022, the City had the following recurring fair value measurements:

<u>Investments by Fair Value Level</u>	<u>Maturities</u>	<u>Fair Value Using Level 1</u>	<u>Fair Value Using Level 2</u>
Mutual Funds:			
Federated Government Obligations	N/A	\$ 1,860,821	\$ -
Federated Treasury Obligations	N/A	854,080	-
Total Mutual Funds		<u>2,714,901</u>	<u>-</u>
Time Deposits:			
Bayerische Landesbank	09/01/2022	-	<u>1,361,758</u>
Certificates of Deposit:			
Old National Bank	01/16/2024	17,581	-
Farmers Bank	01/15/2023	57,928	-
First Financial Bank	06/14/2023	61,234	-
First Financial Bank	06/14/2023	338,410	-
First Financial Bank	03/14/2023	330,723	-
First United Bank & Trust	09/03/2022	97,489	-
Total Certificates of Deposit		<u>903,365</u>	<u>-</u>
Total Primary Government		<u>\$ 3,618,266</u>	<u>\$ 1,361,758</u>

**4. RESTRICTED NET POSITION**

**Restricted for Customer Deposits**

Customer deposits for utility services scheduled to be refunded are segregated into a separate account. At June 30, 2022, customer deposits of \$36,175 were deposited in a noninterest bearing checking account at Independence Bank for the purpose of refunding customer deposits.



**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**Bond Issue Construction**

At June 30, 2022, the City maintained \$325,947 restricted for water treatment improvement construction and system infrastructure improvements as allowed by Water & Sewer System Series 2003A Bond Ordinance. The funds were invested in a Federated Government Obligations Fund through an account administered by the Bank of New York.

**Debt Covenant Requirements**

	Loan Reserve Funds	Payment and Interest Fund	Bond Reserve Fund	Depreciation Fund
Cash Deposits	\$ -	\$ 186	\$ -	\$ -
Certificates of Deposit	119,162	-	-	-
Time Deposits	-	826,899	534,859	-
Mutual Funds	-	882,288	652,586	854,080
Totals	<u>\$ 119,162</u>	<u>\$ 1,709,373</u>	<u>\$ 1,187,445</u>	<u>\$ 854,080</u>

**Net Position Restricted for Debt Service**

A portion of the Net Position of the Water & Sewer Enterprise Fund is reserved for debt service. The reserved portion is calculated as follows:

<u>Debt Requirement Restricted Assets</u>			
Revenue bond payment and interest fund		\$ 1,709,373	
Bond reserve fund		1,187,445	
Depreciation fund		854,080	
Loan reserve funds		<u>119,162</u>	
Total			\$ 3,870,060
<u>Current Portion of Debt Requirements</u>			
Revenue bonds and debt payable		950,000	
Accrued interest payable		<u>33,751</u>	
Total			<u>983,751</u>
<u>Net Position Restricted for Debt Service</u>			<u>\$ 2,886,309</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**5. CAPITAL ASSETS**

**Governmental Activities**

A summary of capital assets at June 30, 2022, for governmental activities follows:

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers &amp; Reclasses</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land and other	\$ 5,502,520	\$ 56,450	\$ (90,663)	\$ -	\$ 5,468,307
Construction in progress	<u>1,198,688</u>	<u>2,165,403</u>	<u>-</u>	<u>(832,120)</u>	<u>2,531,971</u>
Total capital assets not being depreciated	<u>6,701,208</u>	<u>2,221,853</u>	<u>(90,663)</u>	<u>(832,120)</u>	<u>8,000,278</u>
Capital assets being depreciated:					
Buildings	24,656,819	855,471	-	791,050	26,303,340
Improvements other than buildings	7,499,555	561,774	-	41,070	8,102,399
Machinery and equipment	12,689,801	542,117	(474,911)	136,546	12,893,553
Right-to-use leased equipment	373,649	201,966	-	-	575,615
Infrastructure	<u>35,395,186</u>	<u>308,128</u>	<u>-</u>	<u>-</u>	<u>35,703,314</u>
Total capital assets being depreciated	<u>80,615,010</u>	<u>2,469,456</u>	<u>(474,911)</u>	<u>968,666</u>	<u>83,578,221</u>
Less accumulated depreciation for:					
Buildings	(12,219,978)	(842,289)	-	-	(13,062,267)
Improvements other than buildings	(2,620,617)	(439,702)	-	-	(3,060,319)
Machinery and equipment	(8,045,823)	(584,316)	417,731	(136,546)	(8,348,954)
Right-to-use leased equipment	(12,454)	(90,034)	-	-	(102,488)
Infrastructure	<u>(30,191,047)</u>	<u>(510,607)</u>	<u>-</u>	<u>-</u>	<u>(30,701,654)</u>
Total accumulated depreciation	<u>(53,089,919)</u>	<u>(2,466,948)</u>	<u>417,731</u>	<u>(136,546)</u>	<u>(55,275,682)</u>
Total capital assets being depreciated, net	<u>27,525,091</u>	<u>2,508</u>	<u>(57,180)</u>	<u>832,120</u>	<u>28,302,539</u>
Governmental activities capital assets, net	<u>\$ 34,226,299</u>	<u>\$ 2,224,361</u>	<u>\$ (147,843)</u>	<u>\$ -</u>	<u>\$ 36,302,817</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**Business-type Activities**

A summary of proprietary fund property, plant and equipment at June 30, 2022, for business-type activities follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers &amp; Reclasses</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land and other	\$ 1,385,400	\$ -	\$ -	\$ -	\$ 1,385,400
Construction in progress	<u>573,063</u>	<u>306,978</u>	<u>-</u>	<u>(544,594)</u>	<u>335,447</u>
Total capital assets not being depreciated	<u>1,958,463</u>	<u>306,978</u>	<u>-</u>	<u>(544,594)</u>	<u>1,720,847</u>
Capital assets being depreciated:					
Plants and facilities	113,138,488	4,365,108	(494,958)	544,594	117,553,232
Systems studies and mapping	787,873	4,175	-	-	792,048
Machinery and equipment	<u>11,049,225</u>	<u>1,544,204</u>	<u>(1,308,731)</u>	<u>32,034</u>	<u>11,316,732</u>
Total capital assets being depreciated	<u>124,975,586</u>	<u>5,913,487</u>	<u>(1,803,689)</u>	<u>576,628</u>	<u>129,662,012</u>
Less accumulated depreciation for:					
Plants and facilities	(61,443,740)	(3,497,833)	494,958	-	(64,446,615)
Systems studies and mapping	(461,098)	(43,779)	-	-	(504,877)
Machinery and equipment	<u>(7,245,323)</u>	<u>(742,552)</u>	<u>272,677</u>	<u>(32,034)</u>	<u>(7,747,232)</u>
Total accumulated depreciation	<u>(69,150,161)</u>	<u>(4,284,164)</u>	<u>767,635</u>	<u>(32,034)</u>	<u>(72,698,724)</u>
Total capital assets being depreciated, net	<u>55,825,425</u>	<u>1,629,323</u>	<u>(1,036,054)</u>	<u>544,594</u>	<u>56,963,288</u>
Business-type activities capital assets, net	<u>\$ 57,783,888</u>	<u>\$ 1,936,301</u>	<u>\$(1,036,054)</u>	<u>\$ -</u>	<u>\$ 58,684,135</u>

Depreciation/amortization expense was charged to the functions/programs of the primary government as follows:

Governmental activities:	
Highways and streets, including depreciation of general infrastructure assets	\$ 556,767
Airport	520,592
Public safety	504,784
General government	557,765
Culture and recreation	313,926
Cemetery	<u>13,114</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 2,466,948</u>
Business-type activities:	
Light	\$ 1,118,298
Water and sewer	2,845,112
Sanitation	<u>320,754</u>
Total depreciation expense - business-type activities	<u>\$ 4,284,164</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**6. PROPERTY TAX**

The City bills and collects its own property taxes. The City elects to use the annual property assessment prepared by Hopkins County as its base to apply the property tax rate. According to Kentucky Revised Statutes, the assessment date for the City must conform to the assessment date of Hopkins County, and the annual increase in the property tax levy cannot exceed 4%. For the year ending June 30, 2022, taxes were levied on October 1, 2021, and payable on November 30, 2021. The tax rate was 12.2 cents per \$100 of assessed valuation of real property; 15.0 cents per \$100 for motor vehicles and watercraft, 16.57 cents per \$100 for all other tangible personal property. City property tax revenues are recognized when levied to the extent that they result in current receivables in accordance with GASB Statement 1, "Revenue Recognition - Property Taxes".

**7. EMPLOYEE RETIREMENT SYSTEMS**

The City maintains a single-employer, defined benefit pension plan (Policemen and Firefighters Pension Fund) which covers public safety employees employed prior to February 1, 1988, who elect to participate in the plan. The City also participates in the County Employees Retirement System, a multiple-employer, cost-sharing public employee pension plan which covers all of the City's employees hired after February 1, 1988, and those employees electing coverage under the plan who were employed on February 1, 1988.

The City's aggregate information for the fiscal year ending June 30, 2022 on pension/opeb reporting is as follows:

	<u>Policemen and Firefighters Pension Plan</u>	<u>Nonhazardous CERS Cost-Sharing</u>	<u>Hazardous CERS Cost-Sharing</u>	<u>Total</u>
Net Liability:				
Pension	\$ 3,776,912	\$ 21,825,585	\$ 27,974,768	\$ 53,577,265
OPEB	<u>-</u>	<u>6,552,014</u>	<u>8,496,560</u>	<u>15,048,574</u>
Total Net Liability	<u>\$ 3,776,912</u>	<u>\$ 28,377,599</u>	<u>\$ 36,471,328</u>	<u>\$ 68,625,839</u>
Deferred Inflows of Resources:				
Pension	\$ 191,424	\$ 3,120,817	\$ 3,349,232	\$ 6,661,473
OPEB	<u>-</u>	<u>2,990,705</u>	<u>2,713,137</u>	<u>5,703,842</u>
Total Deferred Inflows of Resources	<u>\$ 191,424</u>	<u>\$ 6,111,522</u>	<u>\$ 6,062,369</u>	<u>\$ 12,365,315</u>
Deferred Outflows of Resources:				
Pension	\$ -	\$ 3,752,207	\$ 4,429,662	\$ 8,181,869
OPEB	<u>-</u>	<u>3,948,951</u>	<u>3,439,762</u>	<u>7,388,713</u>
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 7,701,158</u>	<u>\$ 7,869,424</u>	<u>\$ 15,570,582</u>
(Income)/Expense:				
Pension	\$ (203,461)	\$ 2,885,904	\$ 2,924,100	\$ 5,606,543
OPEB	<u>-</u>	<u>747,229</u>	<u>849,486</u>	<u>1,596,715</u>
Total (Income)/Expense	<u>\$ (203,461)</u>	<u>\$ 3,633,133</u>	<u>\$ 3,773,586</u>	<u>\$ 7,203,258</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

Information about the single employer and cost-sharing defined benefit plans follows:

**Policemen and Firefighters Pension Plan**

**General Information about the Plan**

**1. Plan Description**

The Policemen and Firefighters Pension Fund is a single-employer, defined benefit pension plan that was established March 5, 1943. The fund provides benefits for widows and retiring personnel of the police and fire departments whose date of employment was prior to February 1, 1988, who elect to continue participation in the plan. A Board of Trustees consisting of the Mayor, City Clerk, a Council Member, and two retired beneficiaries administer the fund. The City no longer has active employees contributing to the plan. There is not a separate, audited GAAP basis report available for this plan. As of June 30, 2022, all plan participants had retired. Membership at June 30, 2022, is as follows:

Retirees and beneficiaries currently receiving benefits	16
Vested terminated employees	0
Active employees:	
Fully vested-participating	0
Nonvested	0

**2. Summary of Significant Accounting Policies**

The Policemen & Firefighters Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Fund are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms as stated in Kentucky Revised Statutes. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The City follows GASB pronouncements as codified under GASB 62.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

**3. Benefits Provided**

Employees attaining the age of 51 years who have completed 20 or more years of service are entitled to an annual benefit of 50% of final salary at the time of retirement. Rights in a service retirement annuity vest upon completion of 20 years of service.

The Plan provides for occupational death benefits, which entitle the spouse to receive immediate income equal to 50% of the member's last rate of pay regardless of the employee's length of service. The income ceases at the spouse's death or remarriage. In addition, \$6 per month is payable to the spouse for each minor child until each child attains age 14. Each surviving dependent parent (if both are alive) is entitled to a benefit of \$15 per month. If only one dependent parent is living, then that parent is entitled to a benefit of \$30 per month. If a member dies from non-occupational causes after completing at least 12 years of service, his/her spouse, dependent children, and dependent parent(s) are entitled to the same benefits as payable under the occupational death benefit.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

The Plan provides for disability benefits based on years of service. If a member becomes disabled and has completed at least 12 years of service, the member receives 50% of his final salary. If the member has less than 12 years of service, the member receives a fixed benefit determined by the Board of Trustees, on the ratio of years of service to 12, not to exceed 50% of final salary.

Upon termination, a member may receive a refund of his accumulated contributions to the fund without interest. However, no post-retirement cost of living increases are provided for in the plan. A \$100 funeral benefit is payable to a deceased member's family for funeral expenses.

**4. Contributions**

Active members are required under Kentucky Revised Statutes to contribute 3.5% of their annual salary to the Fund. The City is required to contribute the remaining amounts necessary to fund the plan, using the entry age-normal actuarial method as specified by ordinance. Effective in 1990, legislation was passed which provides that the Board of Trustees may grant an annual cost-of-living adjustment if actuarially supportable up to a maximum of 5%. During March 2006, the Board of Trustees granted those receiving benefits a one time cost-of-living adjustment increase of \$45 per month.

**5. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The components of the net pension liability of the City at June 30, 2022, were as follows:

Total pension liability	\$	3,805,133
Plan fiduciary net position		<u>(28,221)</u>
City's net pension liability	\$	<u><u>3,776,912</u></u>
Plan fiduciary net position as a percentage of the total pension liability		0.74 %

For the year ended June 30, 2022, the City recognized pension income of \$203,461. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Types of Deferred Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ 191,424	\$ (191,424)
Change of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ -</u></u>	<u><u>\$ 191,424</u></u>	<u><u>\$ (191,424)</u></u>

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

The deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	
June 30, 2023	\$ (83,297)
June 30, 2024	(19,687)
June 30, 2025	(27,710)
June 30, 2026	(60,730)
Total	\$ (191,424)

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**6. Actuarial Assumptions**

The annual required contribution for the current year was determined as part of the July 1, 2021, actuarial valuation developed by SG Actuarial Services LLC and updated as of July 1, 2022. The valuation used an entry age actuarial funding method. The actuarial assumptions included (a) 2.25% investment rate of return; (b) no cost-of-living adjustment; and (c) no inflation rate adjustment. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over an open period of 10 years. Mortality was determined using the RP-2000 Mortality Table projected to 2019 without collar adjustment (separate tables for Male and Female lives). The General Fund of the City of Madisonville, Kentucky provides administrative costs such as professional fees and beneficiary services. Other miscellaneous investment fees and miscellaneous costs are paid from available net position in the Fund.

The long-term expected rate of return on pension plan assets was reviewed as part of the July 1, 2021, valuation. Given the fact that the current level of plan assets is 0.74% of projected plan liabilities, the amount of any investment return is essentially irrelevant regardless of the actual underlying rate of return on invested assets. The plan is for all practical purposes in a "pay as you go" funding mode.

**7. Discount Rate**

The discount rate used to measure the total pension liability was 2.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**8. Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/21	\$ 4,264,794	\$ 21,744	\$ 4,243,050
Changes for the year:			
Interest	91,573	-	91,573
Differences between expected and actual experience	(191,424)	-	(191,424)
Changes of assumptions	-	-	-
Contributions-employer	-	366,000	(366,000)
Net investment income	-	287	(287)
Benefit payments, including refunds of employee contributions	(359,810)	(359,810)	-
Net changes	(459,661)	6,477	(466,138)
Balances at 6/30/22	<u>\$ 3,805,133</u>	<u>\$ 28,221</u>	<u>\$ 3,776,912</u>

**9. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City, calculated using the discount rate of 2.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.25%) or 1-percentage point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
City's net pension liability	\$ 4,105,749	\$ 3,776,912	\$ 3,492,095

**County Employees Retirement System**

**General Information about the Pension Plan**

**1. Plan Description**

The City of Madisonville, Kentucky is a participant in the County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA). The CERS pension plan has two categories: Nonhazardous for general employees and Hazardous for sworn police and fire employees. The KPPA is the successor to Kentucky Retirement Systems and was created by state statute under Kentucky Revised Statute Section 61.645 as amended by House Bill 484 and House Bill 9 of the 2020 and 2021 regular sessions, respectively, of the Kentucky General Assembly. These amendments transferred governance of the CERS to a separate nine member board of trustees. The CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available financial report containing CERS information that can be obtained by writing to Kentucky Public Pensions Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.



**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

On January 18, 1988, the City Council adopted an ordinance which allowed all employees of the City hired before February 1, 1988, at their option, to participate in the CERS. Under the same ordinance, all employees hired after February 1, 1988, are mandated participants in the CERS.

The total pension liability is based on membership in the CERS Nonhazardous and Hazardous pension plan as of June 30, 2020:

<u>Membership Status</u>	<u>Nonhazardous</u>	<u>Hazardous</u>
Inactive plan members currently receiving benefits	65,414	10,452
Inactive plan members entitled to but not yet receiving benefits	95,692	3,590
Active plan members	<u>81,250</u>	<u>9,419</u>
Total plan members	<u><u>242,356</u></u>	<u><u>23,461</u></u>

**2. Benefits Provided**

Kentucky Revised Statute Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. CERS provides retirement, death and disability benefits to plan employees and beneficiaries. Employees are vested in the plan after five years service. For retirement purposes, nonhazardous and hazardous employees are grouped into three tiers, based on hire date.

***Nonhazardous members:***

Tier 1	Participation date Unreduced retirement Reduced retirement Benefits provided	Prior to September 1, 2008 27 years of service or 65 years old with 1 month of service Minimum 5 years of service and 55 years old Minimum 25 years of service and any age Determined by formula using the member's highest five consecutive year average compensation, which must contain at least 48 months
Tier 2	Participation date Unreduced retirement Reduced retirement Benefits provided	September 1, 2008 to December 31, 2013 Minimum 5 years of service and 65 years old Age of 57 or older and sum of service years plus age equal 87 Minimum 10 years of service and 60 years old Determined by formula using the member's highest five consecutive year average compensation, which must contain at least 60 months
Tier 3	Participation date Unreduced retirement Reduced retirement Benefits provided	After December 31, 2013 Minimum 5 years of service and 65 years old Age of 57 or older and sum of service years plus age equal 87 Not available Determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the KPPA Board based on the member's accumulated account balance

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

***Hazardous members:***

Tier 1	Participation date Unreduced retirement	Prior to September 1, 2008 20 years of service and any age Minimum 1 month of service and 55 years old
	Reduced retirement Benefits provided	Minimum 15 years of service and 50 years old Determined by a formula with the member's highest three consecutive year average compensation, which must have at least 24 months
Tier 2	Participation date Unreduced retirement	September 1, 2008 to December 31, 2013 Minimum 5 years of service and 60 years old 25 years of service and any age
	Reduced retirement Benefits provided	Minimum 15 years of service and 50 years old Determined by a formula using the member's highest three consecutive year average compensation, which must have at least 36 months
Tier 3	Participation date Unreduced retirement	After December 31, 2013 Minimum 5 years of service and 60 years old 25 years of service and any age
	Reduced retirement Benefits provided	Not available Determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the KPPA Board based on the member's accumulated account balance

**3. Contributions**

Contributions for employees are established in the statutes governing the KPPA and may only be changed by the Kentucky General Assembly. State statute requires active members to contribute a percentage of creditable compensation based on the tier:

<u><i>Nonhazardous</i></u>		<u><i>Hazardous</i></u>	
	<u>Required Contributions</u>		<u>Required Contributions</u>
Tier 1	5%	Tier 1	8%
Tier 2	5% plus 1% for insurance	Tier 2	8% plus 1% for insurance
Tier 3	5% plus 1% for insurance	Tier 3	8% plus 1% for insurance

Employers are required by state statute (KRS 78.545) to contribute the remaining amounts necessary to pay benefits when due. These contribution rates are determined by the Board of Trustees annually based upon actuarial valuations. For the year ended June 30, 2022, the employer contribution rate was 21.17% and 33.86%, respectively, of members' nonhazardous and hazardous salaries. The employer contribution when combined with employee contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. City employer CERS contributions for the year ended June 30, 2022, were \$4,413,455 which consisted of \$2,065,943 and \$2,347,512 for nonhazardous and hazardous classified employees, respectively.

**4. Refunds of Contributions**

Employees who have terminated service as a contributing member of CERS may file an application for a refund of their contributions. Employee accounts have been credited with interest on July 1 of each year at 3% compounded annually through June 30, 1981; 6% thereafter through June 30, 1986; 4% thereafter through June 30, 2003, and 2.5% thereafter. For Tier 1 employees participating prior to

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

September 1, 2008, the interest paid is set by the KPPA Board and will not be less than 2%, for Tier 2 employees participating on or after September 1, 2008, but before January 1, 2014, interest will be credited at a rate of 2.5%. For Tier 3 employees participating on or after January 1, 2014, interest will be credited at a minimum rate of 4%.

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

At June 30, 2022, the City reported a net pension liability of \$49,800,353 for its proportionate share of the CERS net pension liability. 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, rolled-forward from the valuation date to June 30, 2021, using generally accepted actuarial principles. The City's proportion of the net pension liability was determined using the City's actual contributions for the plan year ended June 30, 2021. This method is expected to be reflective of the City's long-term contribution effort. At June 30, 2021, the City's proportion was 0.342320 percent for nonhazardous classified employees and 1.050830 percent for hazardous classified employees.

The following is a summary of the City's CERS net pension liability:

City's nonhazardous proportionate share of the CERS net pension liability	\$ 21,825,585
City's hazardous proportionate share of the CERS net pension liability	<u>27,974,768</u>
Total CERS net pension liability associated with the City	<u>\$ 49,800,353</u>

For the year ended June 30, 2022, the City recognized pension expense of \$5,810,004 (\$2,885,904 nonhazardous and \$2,924,100 hazardous). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Types of Deferred Resources	Nonhazardous Employees		Hazardous Employees		Total
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,908,985	\$ -	\$ 3,003,151	\$ (5,912,136)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,142,714	-	961,300	346,081	1,757,933
Change of assumptions	292,925	-	349,399	-	642,324
Difference between expected and actual experience	250,625	211,832	771,451	-	810,244
Contributions subsequent to the measurement date	<u>2,065,943</u>	<u>-</u>	<u>2,347,512</u>	<u>-</u>	<u>4,413,455</u>
<b>Total</b>	<u>\$ 3,752,207</u>	<u>\$ 3,120,817</u>	<u>\$ 4,429,662</u>	<u>\$ 3,349,232</u>	<u>\$ 1,711,820</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

The \$4,413,455 (\$2,065,943 nonhazardous and \$2,347,512 hazardous) reported as deferred outflows of resources related to pensions 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS pensions will be recognized in pension expense as follows:

Years Ending	Nonhazardous	Hazardous
June 30, 2023	\$ 330,000	\$ 21,065
June 30, 2024	(230,474)	(218,259)
June 30, 2025	(623,135)	(271,327)
June 30, 2026	(910,944)	(798,561)
Total	\$ (1,434,553)	\$ (1,267,082)

In the table above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**6. Actuarial Assumptions**

For financial reporting, the actuarial valuation as of June 30, 2021, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021, was determined using these updated benefit provisions. The following actuarial methods and assumptions were used in performing the actuarial valuation as of June 30, 2021.

Inflation	2.30%
Payroll growth rate	2.00% for CERS nonhazardous and hazardous
Salary increases	3.30% to 10.30% (varies by service) for CERS nonhazardous 3.55% to 19.05% (varies by service) for CERS hazardous
Investment rate of return	6.25%, net of pension plan investment expense including inflation

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurred after 2019 will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

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

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

year of 2010.

The long-term expected rate of return was determined by using a building block method which best estimate ranges of expected future real rates of return are developed for each asset class. The ranges are combined by weighing the expected future real rate of return by the target asset allocation percentage. The current long term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous systems.

The target allocation and best estimates of arithmetic real rates of return for each major asset class at June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>Growth</b>	<b>68.50 %</b>	
US Equity	21.75 %	5.70 %
Non-US Equity	21.75 %	6.35 %
Private Equity	10.00 %	9.70 %
Specialty Credit/High Yield	15.00 %	2.80 %
<b>Liquidity</b>	<b>11.50 %</b>	
Core Bonds	10.00 %	- %
Cash	1.50 %	(0.60)%
<b>Diversifying Strategies</b>	<b>20.00 %</b>	
Real Estate	10.00 %	5.40 %
Opportunistic	- %	N/A
Real Return	<u>10.00 %</u>	<u>4.55 %</u>
<b>Expected Real Return</b>	<b>100.00 %</b>	<b>5.00 %</b>
<b>Long Term Inflation Assumption</b>		<u><b>2.30 %</b></u>
<b>Expected Nominal Return for Portfolio</b>		<b>7.30 %</b>

**7. Discount Rate**

The discount rate used to measure the total pension liability for the plan was 6.25% for both nonhazardous and hazardous employees. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**8. 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 one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate (6.25%):

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
<i>Nonhazardous</i>			
City's proportionate share of the net pension liability	\$ 27,992,348	\$ 21,825,585	\$ 16,722,733
<i>Hazardous</i>			
City's proportionate share of the net pension liability	\$ 35,657,724	\$ 27,974,768	\$ 21,713,190

**9. Payables to the Pension Plan**

As of June 30, 2022, the City had paid all contractually required employee and employer pension contributions for the year.

**Other Post-Employment Benefit Plan (OPEB)**

**General Information about the OPEB Plan**

**1. Plan Description**

Employees of the City are provided hospital and medical insurance through the Kentucky Public Pensions Authority's County Employees' Retirement Insurance Fund (Insurance Fund), a cost-sharing multiple-employer defined benefit OPEB plan. The KPPA was created by State statute under Kentucky Revised Statute Section 61.645. The CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available annual financial report containing OPEB information that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

The total OPEB liability is based on membership in the CERS Nonhazardous and Hazardous Insurance Fund as of June 30, 2020:

Membership Status	Nonhazardous	Hazardous
Inactive plan members currently receiving benefits	37,037	7,366
Inactive plan members entitled to but not yet receiving benefits	29,208	877
Active plan members	80,745	9,340
Total plan members	146,990	17,583

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

Note, the membership counts for the health insurance plans are different than the membership counts for the retirement fund due to differences in vesting provisions and the coordination of delivery of health insurance benefits to members that have earned service in more than one system maintained by KRS.

**2. Benefits Provided**

The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty.

For members participating prior to July 1, 2003, the Insurance Fund pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Hazardous duty members are also eligible for an additional contribution for dependents based upon hazardous service only. For employees participating prior to July 1, 2003, years of service and respective percentage of the maximum contribution are shown below:

<u>Service Period</u>	<u>% paid by Insurance Fund</u>
20 or more year	100%
15-19 years	75%
10-14 years	50%
4-9 years	25%
Less than 4 years	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for those who began participating on or after July 1, 2003. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008, are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. Nonhazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003, earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. The monthly health insurance contribution is subject to adjustment annually based on the retiree cost of living adjustment (COLA), which is updated annually due to changes in the Consumer Price Index (CPI) prior to July 1, 2009, and by 1.5% annually from July 1, 2009. This benefit is not protected under the inviolable contract provision of Kentucky Revised Statutes 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

**3. Contributions**

Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first 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

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. As of June 30, 2022, the employer contribution rate was 5.78% and 10.47%, respectively, of members' nonhazardous and hazardous salaries. City employer insurance contributions for the year ended June 30, 2022, were \$1,289,945 which consisted of \$564,060 and \$725,885 for nonhazardous and hazardous classified employees, respectively.

Employees hired after September 1, 2008, are required to contribute an additional 1% of their covered payroll to the insurance fund. Contributions are deposited into an account created for the payment of health insurance benefits under 26 USC Section 401(h). These members are classified in the Tier 2/Tier 3 structure of benefits and the 1% contribution to the 401(h) account is non-refundable.

4. **Implicit Subsidy**

The fully-insured premiums KPPA pays for the KERS, CERS, and SPRS Health Insurance Plans are blended rates based on the combined experience of active and retired members. Since the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for non-Medicare eligible retirees. Participating employers should adjust their contributions by the implicit subsidy in order to determine the total employer contribution for GASB 75 purposes. This adjustment is needed for contributions made during the measurement period and for the purpose of deferred outflows/(inflows) related to contributions made after the measurement date. The City's implicit subsidy for the year ending June 30, 2021, was \$215,588 for nonhazardous employees and \$60,509 for hazardous employees.

5. **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2022, the City reported a net OPEB liability of \$15,048,574 for its proportionate share of the CERS net OPEB liability. 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, rolled-forward to June 30, 2021, using generally accepted actuarial principles. The City's proportion of the net OPEB liability was determined using the City's actual contributions for the plan year ended June 30, 2021. This method is expected to be reflective of the City's long-term contribution effort. At June 30, 2021, the City's proportion was 0.342240 percent for nonhazardous classified employees and 1.050827 percent for hazardous classified employees.

The following is a summary of the City's CERS net OPEB liability:

City's nonhazardous proportionate share of the CERS net OPEB liability	\$ 6,552,014
City's hazardous proportionate share of the CERS net OPEB liability	<u>8,496,560</u>
Total CERS net OPEB liability associated with the City	<u><u>\$ 15,048,574</u></u>



**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

For the year ended June 30, 2022, the City recognized OPEB expense of \$1,596,715 (\$747,229 nonhazardous and \$849,486 hazardous). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Types of Deferred Resources</u>	<u>Nonhazardous Employees</u>		<u>Hazardous Employees</u>		<u>Total</u>
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 1,024,971	\$ -	\$ 1,599,244	\$ (2,624,215)
Changes in proportion and differences between employer contributions and proportionate share of contributions	401,934	3,429	257,121	196,627	458,999
Changes of assumptions	1,737,063	6,092	2,130,744	3,175	3,858,540
Difference between expected and actual experience	1,030,306	1,956,213	265,504	914,091	(1,574,494)
Contributions subsequent to the measurement date, including implicit subsidy	<u>779,648</u>	<u>-</u>	<u>786,393</u>	<u>-</u>	<u>1,566,041</u>
Total	<u>\$ 3,948,951</u>	<u>\$ 2,990,705</u>	<u>\$ 3,439,762</u>	<u>\$ 2,713,137</u>	<u>\$ 1,684,871</u>

The \$1,566,041 (\$779,648 nonhazardous and \$786,393 hazardous) reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date and the June 30, 2022, implicit subsidy will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending</u>	<u>Nonhazardous</u>	<u>Hazardous</u>
June 30, 2023	\$ 279,090	\$ (183,721)
June 30, 2024	123,146	36,186
June 30, 2025	95,355	20,680
June 30, 2026	(318,993)	(158,340)
June 30, 2027	<u>-</u>	<u>225,427</u>
Total	<u>\$ 178,598</u>	<u>\$ (59,768)</u>

In the table above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**6. Actuarial Assumptions**

For financial reporting, the actuarial valuation as of June 30, 2021, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021, were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan's fiscal year ending June 30, 2021, using generally accepted actuarial principles.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 was determined using these updated benefit provisions. The following actuarial methods and assumptions were used in performing the actuarial valuation as of June 30, 2021.

Inflation	2.30%
Payroll growth rate	2.00%, CERS nonhazardous and hazardous
Salary increases	3.30% to 10.30% (varies by service) for CERS nonhazardous 3.55% to 19.05% (varies by service) for CERS hazardous
Investment rate of return	6.25%, net of OPEB plan investment expense including inflation
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
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

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. There were no other material assumption changes.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the total OPEB liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

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

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The current long term inflation assumption is 2.30% per annum for both the nonhazardous and hazardous systems.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
<b>Growth</b>	<b>68.50 %</b>	
US Equity	21.75 %	5.70 %
Non-US Equity	21.75 %	6.35 %
Private Equity	10.00 %	9.70 %
Specialty Credit/High Yield	15.00 %	2.80 %
<b>Liquidity</b>	<b>11.50 %</b>	
Core Bonds	10.00 %	- %
Cash	1.50 %	(0.60)%
<b>Diversifying Strategies</b>	<b>20.00 %</b>	
Real Estate	10.00 %	5.40 %
Opportunistic	- %	N/A
Real Return	10.00 %	4.55 %
<b>Expected Real Return</b>	<b>100.00 %</b>	<b>5.00 %</b>
<b>Long Term Inflation Assumption</b>		<b>2.30 %</b>
<b>Expected Nominal Return for Portfolio</b>		<b>7.30 %</b>

**7. Discount Rate**

The discount rate used to measure the total OPEB liability was 5.20% for nonhazardous and 5.05% for hazardous. The discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the OPEB plan's fiduciary net position and future contributions were projected to be sufficient to finance future benefit payments of current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system.

However, the cost associated with the implicit employer subsidy was not included in the calculation of the retirement plan's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the retirement plan's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal real rates of return for each major asset class are summarized in the KPPA financial report.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**8. 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 nonhazardous net OPEB liability calculated using the discount rate of 5.20%, as well as what the City's proportionate share of the nonhazardous net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate (5.20%):

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
<i><b>Nonhazardous</b></i>			
City's proportionate share of the net OPEB liability	\$ 8,995,865	\$ 6,552,014	\$ 4,546,428

The following presents the City's proportionate share of the hazardous net OPEB liability calculated using the discount rate of 5.05%, as well as what the City's proportionate share of the hazardous net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.05%) or one percentage point higher (6.05%) than the current rate (5.05%):

	1% Decrease (4.05%)	Current Discount Rate (5.05%)	1% Increase (6.05%)
<i><b>Hazardous</b></i>			
City's proportionate share of the net OPEB liability	\$ 12,318,399	\$ 8,496,560	\$ 5,425,933

**9. 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 the current healthcare cost trend rates (see details in Actuarial Assumptions above), as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<i><b>Nonhazardous</b></i>			
City's proportionate share of the net OPEB liability	\$ 4,716,671	\$ 6,552,014	\$ 8,767,301
<i><b>Hazardous</b></i>			
City's proportionate share of the net OPEB liability	\$ 5,567,409	\$ 8,496,560	\$ 12,084,071

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**10. Payables to the Pension Plan**

As of June 30, 2022, the City had paid all contractually required employee and employer OPEB contributions for the year.

**8. DEFERRED COMPENSATION PLANS**

The City provides its employees the opportunity to participate in deferred compensation plans which are administered by the Kentucky Public Employees Deferred Compensation Authority. The plans are offered to all eligible City employees as a voluntary retirement supplement. The Kentucky Deferred Compensation plan offers the following options: 401(k), 401(k) Roth IRA, Roth IRA, and a 457. The City remits amounts withheld from payroll to administrators of each plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Since the City does not perform any investing functions for these plans, the deferred compensation plan assets and related liabilities are not shown on the Statement of Net Position. Employee contributions for the deferred compensation plans totaled \$267,612 for the fiscal year ended June 30, 2022.

**9. RISK MANAGEMENT**

Effective July 1, 2005, the City implemented a self insured health care trust fund. The purpose of this fund is to accumulate resources to be used in providing health and life insurance benefits to all City employees electing coverage. The City retains the risk of loss for employee health claims up to a maximum of \$100,000 per employee per annum. The aggregate annual claims exposure associated with employee health claims was \$2,522,681 for the plan as a whole whereupon excess risk insurance proceeds from Aetna Life Insurance Company were scheduled to pay 100% of the claims then outstanding for the year ending June 30, 2022. This self-insurance feature exposes the City to a significant possible insurance risk. The plan is accounted for as an internal service fund.

The following is a reconciliation of changes in the aggregate liabilities for the current and the preceding fiscal years:

	<u>Self Insured Health Care Trust Fund</u>
Claims payable at June 30, 2020 (Due in one year)	\$ 142,373
Current Year Claims Expense	2,801,056
Current Year Payments on Claims	<u>(2,759,361)</u>
Claims payable at June 30, 2021 (Due in one year)	184,068
Current Year Claims Expense	2,478,261
Current Year Payments on Claims	<u>(2,522,681)</u>
Claims Payable at June 30, 2022 (Due in one year)	<u>\$ 139,648</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

There were no claims in excess of the reinsurance coverage levels during the fiscal years for the above described plan. The City also has not had any claims in excess of insurance coverage levels for the prior three fiscal years. All other risks of loss are covered by commercial insurance purchased through private carriers. With regard to the insurance coverage provided by private carriers, there were no significant changes in insurance coverage.

Beginning July 1, 2011, the City became a participant in the Kentucky League of Cities Insurance Services (KLCIS) Program. The fully funded policy provides workers' compensation coverage and benefits on a statutory basis in accordance with the laws of the State of Kentucky. The policy also provides employers' liability insurance limits of \$4,000,000 which provide for disability and injuries not normally included in the workers' compensation system.

**10. WATER AND SEWER ENTERPRISE FUND REVENUE BONDS PAYABLE**

Description	Interest Rate	Maturity Date	Balance 6/30/2022	Due in One Year
Water & Sewer Refunding Bond (Series 2012)	0.5% - 3.25%	2033	\$ 3,970,000	\$ 950,000
Total			3,970,000	<u>950,000</u>
Less current portion			<u>(950,000)</u>	
Long-term portion			<u>\$ 3,020,000</u>	

Principal and interest requirements of the revenue bonds payable as of June 30, 2022, are:

Fiscal Year	Principal	Interest	Total
2022-23	\$ 950,000	\$ 92,196	\$ 1,042,196
2023-24	970,000	71,076	1,041,076
2024-25	180,000	58,156	238,156
2025-26	185,000	53,594	238,594
2026-27	190,000	48,669	238,669
2027-32	1,035,000	156,259	1,191,259
2032-34	<u>460,000</u>	<u>15,113</u>	<u>475,113</u>
Total	<u>\$ 3,970,000</u>	<u>\$ 495,063</u>	<u>\$ 4,465,063</u>

Water and Sewer system revenues are pledged as collateral for annual debt service relating to Refunding Series 2012 and a Kentucky Infrastructure Authority Loan finalized November 12, 2009. Under resolution of the various bond ordinances and covenants, the Water and Sewer Enterprise Fund is required to deposit all receipts in a revenue account and transfer funds to the following segregated accounts:

- A) Bond Principal and Interest Redemption Fund - Pro rata monthly transfers of an amount equal to the next principal and /or interest payment.
- B) Bond Reserve Fund - Monthly deposits are required until a balance of \$470,457 is accumulated. The balance as of June 30, 2022, was \$1,187,445.
- C) Depreciation Fund - Monthly deposits are required until a balance of \$777,760 is accumulated. The balance as of June 30, 2022, was \$854,080. Withdrawals may be made from the depreciation fund for renewals, replacements, new construction, and contingencies in the operation of the

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

combined municipal water works and sewer system and to meet the payment of bond principal or interest, if necessary.

- D) Loan Reserve Funds – Annual deposits of \$9,500 are required until a balance of \$95,000 is accumulated. The balance of the reserve account at June 30, 2022, was \$119,162.

In various bond ordinances, the City also has committed that -

- A) No transfers will be made from the Water and Sewer Enterprise Fund to any other fund until funds are in excess of the amounts to be transferred during the ensuing year to the Bond Principal and Interest Redemption Fund, Reserve Fund, or Depreciation Fund.
- B) In order to issue additional parity bonds, the adjusted net revenues of the combined and consolidated Water and Sewer System for 12 consecutive months of the preceding 18 months are to equal at least one and thirty hundredths (1.30) times (coverage) the maximum amount that will become due in any fiscal year for both principal and interest on the Prior Bonds and the Current Bonds then outstanding and any parity bonds including the bonds then proposed to be issued.
- C) Not to reduce Water and Sewer rates without establishing that the proposed reduction will not reduce the required coverage below the amount of coverage (revenues, as adjusted, equal to at least 1.30 times maximum annual debt service requirements) which would be required in order to enable the City to issue additional parity bonds.
- D) To cause a report to be filed with the City Council within four months after the end of each fiscal year by Certified Public Accountants and/or Independent Consulting Engineers, setting forth what was the precise percentage ("coverage") of the maximum debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then outstanding bonds payable from the revenues of the system, produced or provided by the net revenues of the system in that fiscal year; and the City covenanted that if and whenever such report so filed should establish that such coverage of net revenues for such year was less than 125% of the maximum debt service requirements, the City would increase the rates by an amount sufficient, in the opinion of such Engineers and/or Accountants, to establish the existence of or immediate projection of, such minimum 125% coverage. In a report submitted to the City Council subsequent to June 30, 2022, the "coverage" was sufficient to produce the required 125% of the maximum debt service requirements.

**11. NOTES PAYABLE AND FINANCED PURCHASES FROM DIRECT BORROWINGS**

**Unused Line of Credit**

On August 28, 2020, the City of Madisonville entered into a borrowing agreement with First United Bank that established a line of credit, secured by a Commercial Security Agreement, whereby the City could borrow up to a maximum of \$2,500,000. The City intended to use the line of credit as an interim financing vehicle for various capital projects. The line of credit bore interest at a fixed rate of 2.75%. Per the terms and conditions agreed upon with First United Bank, interest would be payable monthly beginning September 28, 2020, with all subsequent interest payments due on the same day of each month after that. The line of credit matured on August 28, 2021, with all outstanding principal and interest due at that time. During the year ended June 30, 2022, the City did not make any draws on the line of credit.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**Water & Sewer Enterprise Fund Notes Payable**

On November 12, 2009, the City of Madisonville was awarded an American Recovery and Reinvestment Act ("ARRA") Loan from the Kentucky Infrastructure Authority. The committed loan funds totaled \$3,800,000 with principal forgiveness in the amount of \$1,979,800 and had been drawn down to finance the construction of the South Main Sewer Interceptor Project - Phase 1B. The loan consisted of two distinct parts (Loan A209-44 and Loan A209-45), each with its own repayment schedule. Repayment terms for each part of the loan require semi-annual payments of principal and interest at 2.0% per annum with an additional loan servicing fee of 0.2% per annum for an effective rate of 2.2%. Scheduled semi-annual payments vary throughout the loan term. Principal requirements for Loan A209-44 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending,			
June 30, 2023	\$ 74,306	\$ 16,519	\$ 90,825
June 30, 2024	75,800	14,876	90,676
June 30, 2025	77,323	13,201	90,524
June 30, 2026	78,878	11,490	90,368
June 30, 2027	80,464	9,746	90,210
June 30, 2028 through 2032	<u>382,574</u>	<u>21,321</u>	<u>403,895</u>
Total	<u>\$ 769,345</u>	<u>\$ 87,153</u>	<u>\$ 856,498</u>

Principal requirements for Loan A209-45 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending,			
June 30, 2023	\$ 17,925	\$ 3,984	\$ 21,909
June 30, 2024	18,284	3,589	21,873
June 30, 2025	18,652	3,184	21,836
June 30, 2026	19,027	2,772	21,799
June 30, 2027	19,410	2,350	21,760
June 30, 2028 through 2032	<u>92,285</u>	<u>5,144</u>	<u>97,429</u>
Total	<u>\$ 185,583</u>	<u>\$ 21,023</u>	<u>\$ 206,606</u>

The City has pledged future water and sewer customer revenues to repay the \$3,800,000 in water and sewer system notes payable from direct borrowings issued in November 2009. In the event of a default, the City agrees to pay to the Kentucky Infrastructure Authority, on demand, interest on any and all amounts due and owing by the City under the related agreement.

**Sanitation Fund Financed Purchases**

On October 8, 2020, the City entered into a financed purchase agreement with the Kentucky Association of Counties Leasing Trust for 6 garbage trucks. The vehicles are financed for interest only payments each month at an interest rate of 2.52%. A lump sum principal payment is due at the expiration date on March 20, 2022. The City exercised an option to purchase 4 of the garbage trucks on October 20, 2021 for the purchase price and accrued interest. The remaining 2 garbage trucks were refinanced in October 2021 as part of a revised financed purchase agreement bearing interest at 2.52% and requiring monthly payments of principal and interest. The final principal and interest payment is due on October 20, 2024. The agreement qualifies as a financed purchase with the cost of the assets and the net present value of the obligation reflected in these financial statements. The historical cost and accumulated depreciation of the garbage trucks acquired was \$350,410 and \$60,348, respectively as of June 30, 2022. Maturities of the financed



**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

purchase are as follows:

	Principal	Interest	Total
For the year ending,			
June 30, 2023	\$ 115,005	\$ 5,535	\$ 120,540
June 30, 2024	117,467	2,609	120,076
June 30, 2025	39,711	209	39,920
Total	\$ 272,183	\$ 8,353	\$ 280,536

The \$350,410 in Sanitation Fund financed purchases from direct borrowings issued in October 2021 are secured with 2 garbage trucks as collateral. In the event of a default or nonappropriation of funds, the City agrees to pay to the Kentucky Association of Counties Leasing Trust all payments accrued to the date of termination and the City's right to use, occupy or possess the 2 garbage trucks will be terminated.

On October 14, 2021, the City entered into a financed purchase agreement with the Kentucky Association of Counties Leasing Trust for 4 garbage trucks. The vehicles are financed for interest only payments each month at an interest rate of 2.72%. A lump sum principal payment is due at the expiration date on April 20, 2023. There is an option to purchase at any point during the agreement for the purchase price and accrued interest. The agreement qualifies as a financed purchase with the cost of the assets and the net present value of the obligation reflected in these statements. The historical cost and accumulated depreciation of the garbage trucks acquired was \$1,065,500 and \$53,275, respectively as of June 30, 2022. Maturities of the financed purchase are as follows:

	Principal	Interest	Total
For the year ending,			
June 30, 2023	\$ 1,065,500	\$ 24,151	\$ 1,089,651
Total	\$ 1,065,500	\$ 24,151	\$ 1,089,651

The \$1,065,500 in Sanitation Fund financed purchases from direct borrowings issued in October 2021 are secured with 4 garbage trucks as collateral. In the event of a default or nonappropriation of funds, the City agrees to pay to the Kentucky Association of Counties Leasing Trust all payments accrued to the date of termination and the City's rights to use, occupy or possess the 4 garbage trucks will be terminated.

**General Fund Note Payable**

On June 10, 2020, the City borrowed \$1,115,649 from First United Bank to finance the purchase of two fire trucks. The note bears interest at 2.75% and calls for monthly payments of \$14,636 beginning July 10, 2020, and ending June 10, 2027. Maturities of the note payable are as follows:

	Principal	Interest	Total
For the year ending,			
June 30, 2023	\$ 154,767	\$ 20,865	\$ 175,632
June 30, 2024	159,095	16,537	175,632
June 30, 2025	163,631	12,001	175,632
June 30, 2026	168,253	7,379	175,632
June 30, 2027	172,368	2,628	174,996
Total	\$ 818,114	\$ 59,410	\$ 877,524

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

The \$1,115,649 in General Fund notes payable from direct borrowings issued in June 2020 are secured with two fire trucks as collateral. In the event of default or nonappropriation of funds, the City's financing agreement with First United Bank would be terminated and all related indebtedness would be due and payable.

**Restaurant Tax Fund Note Payable**

On April 25, 2022, the City borrowed \$4,000,000 from Farmers Bank and Trust Company to finance the construction of a sports complex. The note calls for 120 monthly consecutive principal and interest payments of \$27,149 each, beginning May 22, 2022, with interest calculated on the unpaid principal balances using an initial discounted interest rate of 2.75% per year; 59 monthly consecutive principal and interest payments in the amount of \$27,318 each, beginning May 22, 2032, with interest calculated on the unpaid principal balances using an interest rate based on the Prime Rate as published in the Wall Street Journal (currently 3.50%), plus a margin of -0.50%, resulting in an initial interest rate of 3.00% per year; and one principal and interest payment of \$27,318 on April 22, 2037. Maturities of the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending,			
June 30, 2023	\$ 219,537	\$ 106,256	\$ 325,793
June 30, 2024	225,650	100,143	325,793
June 30, 2025	231,935	93,858	325,793
June 30, 2026	238,394	87,399	325,793
June 30, 2027	245,033	80,760	325,793
June 30, 2028 through 2032	1,331,115	298,187	1,629,302
June 30, 2032 through 2037	<u>1,451,321</u>	<u>110,557</u>	<u>1,561,878</u>
Total	<u>\$ 3,942,985</u>	<u>\$ 877,160</u>	<u>\$ 4,820,145</u>

The \$4,000,000 in Restaurant Tax Fund notes payable from direct borrowings issued in April 2022 are secured with a mortgage and assignment of Restaurant Tax receipts as collateral. In the event of default or nonappropriation of funds, the City's financing agreement with Farmers Bank and Trust Company would be terminated and all related indebtedness would be due and payable.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**12. LEASES**

**General Fund Lease Receivables**

On May 1, 2021, the City began leasing one of its buildings to a third party. The lease is for two years and the City will receive monthly payments of \$1,800. The City recognized \$21,240 in lease revenue and \$516 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City's receivable for lease payments was \$17,856. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources for this lease was \$17,700.

On March 1, 2021, the City began leasing one of its buildings to a third party. The lease is for three years and the City will receive monthly payments of \$10,417. The City recognized \$122,917 in lease revenue and \$2,627 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City's receivable for lease payments was \$82,786. Also, the City had a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources for this lease was \$81,945.

**Water and Sewer Fund Lease Receivable**

On June 1, 2022, the City began leasing a water tank attachment to a third party. The lease is for five years with an automatic renewal for two additional five year periods. The City will receive monthly payments of \$2,100 for the first five years, monthly payments of \$2,205 for the second five years, and monthly payments of \$2,315 for the third five years. The City recognized \$2,060 in lease revenue and \$0 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City's receivable for lease payments was \$368,799. Also, the City had a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources for this lease was \$368,838.

**General Fund Lease Payables**

On December 1, 2021, the City entered into a four year lease agreement as lessee for the use of park equipment. An initial lease liability was recorded in the amount of \$40,247 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$34,654. The City is required to make monthly principal and interest payments of \$906. The lease has an interest rate of 4.00%. The City will not be purchasing the equipment at the end of the lease term. The equipment has a four year estimated useful life. The value of the right-to-use asset at the end of the current fiscal year was \$40,247 and had an accumulated amortization of \$5,869. The future principal and interest lease payments as of June 30, 2022, were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending,			
June 30, 2023	\$ 9,659	\$ 1,209	\$ 10,868
June 30, 2024	10,052	816	10,868
June 30, 2025	10,461	407	10,868
June 30, 2026	<u>4,482</u>	<u>46</u>	<u>4,528</u>
Total	<u>\$ 34,654</u>	<u>\$ 2,478</u>	<u>\$ 37,132</u>

On December 1, 2021, the City entered into a four year lease agreement as lessee for the acquisition and use of park equipment. An initial lease liability was recorded in the amount of \$161,719 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$139,249. The City is required to make monthly principal and interest payments of \$3,639. The lease has an interest rate of 4.00%. In addition, the City will purchase the equipment for \$6 at the end of the lease term. The equipment has a ten year

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

estimated useful life. The value of the right-to-use asset at the end of the current fiscal year was \$161,719 and had an accumulated amortization of \$9,434. The future principal and interest lease payments as of June 30, 2022, were as follows:

	Principal	Interest	Total
For the year ending,			
June 30, 2023	\$ 38,808	\$ 4,859	\$ 43,667
June 30, 2024	40,388	3,279	43,667
June 30, 2025	42,032	1,635	43,667
June 30, 2026	18,021	180	18,201
Total	\$ 139,249	\$ 9,953	\$ 149,202

On May 6, 2021, the City entered into a five year lease agreement as lessee for the use of police equipment. An initial lease liability was recorded in the amount of \$373,649 during the prior fiscal year. As of June 30, 2022, the value of the lease liability was \$193,984. The City is required to make yearly principal and interest payments of \$70,000. The lease has an interest rate of 4.00%. The City will not be purchasing the equipment at the end of the lease term. The equipment has a five year estimated useful life. The value of the right-to-use asset at the end of the current fiscal year was \$373,649 and had an accumulated amortization of \$87,185. The future principal and interest lease payments as of June 30, 2022, were as follows:

	Principal	Interest	Total
For the years ending,			
June 30, 2023	\$ 62,097	\$ 7,903	\$ 70,000
June 30, 2024	64,627	5,373	70,000
June 30, 2025	67,260	2,740	70,000
Totals	\$ 193,984	\$ 16,016	\$ 210,000

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**13. CHANGES IN GOVERNMENT-WIDE ACTIVITIES DEBT**

A summary of changes in government-wide activities debt for the year ended June 30, 2022, follows:

	Restated Balance June 30, 2021	Issuance/ Additions	Retirement/ Reductions	Balance June 30, 2022	Due Within One Year
<u>Governmental Activities:</u>					
From Direct Borrowings:					
Notes Payable	\$ 968,714	\$ 4,000,000	\$ (207,615)	\$ 4,761,099	\$ 374,304
Leases	253,649	201,966	(87,728)	367,887	110,564
Compensated Absences	400,494	511,859	(538,245)	374,108	374,108
Total Governmental Activities	<u>1,622,857</u>	<u>4,713,825</u>	<u>(833,588)</u>	<u>5,503,094</u>	<u>858,976</u>
<u>Business-Type Activities</u>					
Revenue Bonds Payable	4,895,000	-	(925,000)	3,970,000	950,000
From Direct Borrowings:					
Notes Payable	1,045,342	-	(90,414)	954,928	92,231
Financed Purchases	1,413,010	1,065,500	(1,140,827)	1,337,683	1,180,505
Compensated Absences	274,763	347,184	(360,407)	261,540	261,540
Less Unamortized Bond Discount	(82,040)	-	6,743	(75,297)	-
Total Business-Type Activities	<u>7,546,075</u>	<u>1,412,684</u>	<u>(2,509,905)</u>	<u>6,448,854</u>	<u>2,484,276</u>
Total Primary Government	<u>\$ 9,168,932</u>	<u>\$ 6,126,509</u>	<u>\$ (3,343,493)</u>	<u>\$ 11,951,948</u>	<u>\$ 3,343,252</u>

Compensated absences represent the estimated liability for employees' accrued vacation for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Special Revenue Fund or Enterprise Fund based on the assignment of an employee at termination. The City estimates its liability for compensated absences will be due within one year because vacation leave is calculated on a calendar year basis and must be taken during that year.

**14. COMMITMENTS**

**Kentucky Law Enforcement Foundation Program Funds**

KLEFP funds are provided by the Commonwealth of Kentucky for police training incentives. The funds are made available to supplement police salaries under certain defined requirements for qualification.

**Professional Firefighters Foundation Incentive Program Funds**

PFFIP funds are provided by the Commonwealth of Kentucky for fire training incentives. The funds are made available to supplement firefighters' salaries under certain defined requirements for qualification.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**Construction Commitments**

The City has various on-going contracts for construction and renovations. As of June 30, 2022, the most significant construction commitments were as follows:

Project	Cumulative Costs Incurred	Estimated Total Costs
Sports Complex Construction	\$ 384,859	\$ 13,920,300
Bartlett Drive Water Line	309,834	744,700
Rough Grading for the Sports Complex	307,245	478,357
Electrical Package for Steel Airport Building	-	102,750
Erection of Steel Airport Building	-	88,000
	\$ 1,001,938	\$ 15,334,107

**15. LITIGATION**

There are several minor lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from litigation would not materially affect the financial statements of the City.

**16. CONTINGENT LIABILITIES**

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2022, have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City anticipates that any disallowed expenditures would be immaterial.

**17. CUSTOMER DEPOSITS INTEREST PAYABLE**

During 1979, the city obtained an Attorney General's opinion regarding the payment of interest on customer deposits for utility services. The opinion stated that the Municipal Utilities were liable for payment of interest on customer deposits. The interest expense for the year ended June 30, 2022, was \$758. Interest incurred but unpaid on customer deposits at June 30, 2022, was \$9,206.

**18. TRANSFERS AND INTERFUND RECEIVABLE/PAYABLE BALANCES**

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.

Operating subsidies provided to the General Fund during the year ended June 30, 2022, were \$50,000 from the Municipal Aid Fund, \$50,000 from the Coal Severance Fund, \$3,500,000 from the Light Enterprise Fund and \$300,000 from the Sanitation Enterprise Fund. The General Fund transferred \$288,450 to the Restaurant Tax Fund to cover additional event and capital outlay expenditures. The Coal Severance Fund transferred \$30,270 to the Municipal Aid Fund which included funds earmarked by state statute for transportation expenditures.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

Primary government operating transfers at June 30, 2022, were:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Transfers Net</u>
<b><u>Governmental Fund</u></b>			
General Fund	\$ 3,900,000	\$ 288,450	\$ 3,611,550
<b><u>Proprietary Fund</u></b>			
Light Enterprise Fund	-	3,500,000	(3,500,000)
Sanitation Enterprise Fund	-	300,000	(300,000)
<b><u>Special Revenue Funds</u></b>			
Municipal Aid Fund	30,270	50,000	(19,730)
Coal Severance Tax Fund	-	80,270	(80,270)
Restaurant Tax Fund	<u>288,450</u>	<u>-</u>	<u>288,450</u>
Total	<u>\$ 4,218,720</u>	<u>\$ 4,218,720</u>	<u>\$ -</u>

Outstanding balances between funds reported as “due to/from other funds” include outstanding charges by one fund to another for services or goods and other miscellaneous receivables/payables between funds. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are described as “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

The purpose of Proprietary Fund interfund payables are for insurance and operating related expenditures provided by the General Fund. Proprietary Fund interfund receivables represent utility services provided to other funds. Internal Service Fund interfund payables represent fees owed to the General Fund. The purpose of Special Revenue Fund interfund payables were expenses owed to the Sanitation Fund. Special Revenue Fund interfund receivables represent reimbursements owed by the General Fund.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Balances to which a fiduciary fund is a party are treated as “external” receivables and payables.

Primary government interfund receivable/payable balances at June 30, 2022, were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b><u>General Fund</u></b>		
	\$ 627,423	\$ 291,719
<b><u>Proprietary Funds</u></b>		
Light Enterprise Fund	739,904	423,579
Water & Sewer Enterprise Fund	75,266	579,779
Sanitation Enterprise Fund	385	438,150
<b><u>Internal Service Fund</u></b>		
Self Insured Health Care Fund	-	1,085
<b><u>Special Revenue Funds</u></b>		
Alcohol Beverage Control Fund	53,202	-
Restaurant Tax Fund	<u>238,517</u>	<u>385</u>
Total	<u>\$ 1,734,697</u>	<u>\$ 1,734,697</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**19. IMPLEMENTATION OF GASB PRONOUNCEMENTS**

**Accounting Pronouncements Adopted during the Fiscal Year ended June 30, 2022**

The financial statements of the City are prepared in conformity with GAAP as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the current year, the City adopted the following GASB pronouncements:

- GASB Statement No. 98, *The Annual Comprehensive Financial Report*: Establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The new term replaces instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The City early adopted this standard for fiscal year ending June 30, 2021.
- GASB Statement No. 87, *Leases*: To better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for periods beginning after June 15, 2021. The City adopted this standard for the fiscal year ended June 30, 2022. The adoption of this standard had an impact on the City's financial statements.
- GASB Implementation Guide No. 2019-3, *Leases*: Provides guidance that clarifies, explains, or elaborates on the requirements of Statement No. 87, *Leases*. The requirements of this Implementation Guide are effective for periods beginning after June 15, 2021. The City adopted this implementation guide for fiscal year ended June 30, 2022. The adoption of this implementation guide had an impact on the City's financial statements.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*: Establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements of this Statement are effective for periods beginning after December 15, 2020. The City adopted this standard for fiscal year ended June 30, 2022. The adoption of this standard had no impact on the City's financial statements.
- GASB Statement No. 92, *Omnibus 2020*: Enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-equity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement are effective for periods beginning after June 15, 2021. The City adopted this standard for fiscal year ended June 30, 2022. The adoption of this standard had no impact on the City's financial statements.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*: Establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for paragraphs 11b, 13, and 14, are effective for reporting



**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021. The City adopted this standard for fiscal year ended June 30, 2022. The adoption of this standard had no impact on the City's financial statements.

- GASB Implementation Guide No. 2020-1, *Implementation Guidance Update - 2020*: Provides guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide are effective for periods beginning after June 15, 2021 for Questions 4.1-4.5, 4.18, and 5.3. For Questions 4.6-4.17, and 4.19-4.21, the requirements of this Implementation Guide are effective for fiscal years beginning after December 15, 2021. The City adopted this implementation guide for fiscal year ended June 30, 2022. The adoption of the implementation guide had no impact on the City's financial statements.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*: This Statement (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this Statement are effective as follows: (a) The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately, (b) the requirements in paragraphs 6-9 of this Statement are effective for fiscal years beginning after June 15, 2021, and (c) all other requirements of this Statement are effective for fiscal years beginning after June 15, 2021. The City adopted this standard for fiscal year ended June 30, 2022. The adoption of this standard had no impact on the City's financial statements.
- GASB Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*: Enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for periods beginning after June 15, 2023. The City early adopted this standard for fiscal year ended June 30, 2022.

**Future Implementation of GASB Pronouncements**

In addition to the pronouncements discussed above, the GASB has issued additional guidance for state and local governments that is not yet effective. The City is currently reviewing the provisions of the following pronouncements to determine the impact of the implementation in future periods:

- GASB Statement No. 91, *Conduit Debt Obligations*: Provides a single method of reporting conduit debt obligations. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended to issuers and arrangements associated with conduit debt obligations; and

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

improving required note disclosures. (FY 2023)

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: Establishes standards of accounting and financial reporting for PPPs and APAs for governments. (FY 2023)
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*: Establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). (FY 2023)
- GASB Implementation Guide No. 2021-1, *Implementation Guidance Update - 2021*: The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. (FY 2022, FY 2023, and FY 2024)
- GASB Statement No. 99, *Omnibus 2022*: Enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements in paragraphs 26-32 are effective upon issuance. The requirements in paragraphs 11-25 are effective for periods beginning after June 15, 2022. The requirements for paragraphs 4-10 are effective for periods beginning after June 15, 2023. (FY 2023 and FY 2024)
- GASB Statement No. 101, *Compensated Absences*: The objective of this Statement is to better meet the information needs of users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. (FY 2025)

**20. SUBSEQUENT EVENTS**

**Water and Sewer Fund Bond Issuance**

On September 6, 2022, the City Council authorized the issuance, in one or more series, in the aggregate principal amount not to exceed \$18,200,000 of general obligation bonds to construct additions, improvements and enhancements to the City's water and sewer system. On October 27, 2022, the City issued General Obligation Bonds, Series 2022 in the amount of \$6,000,000. The interest rate on the bonds varies from 4.00% to 5.00% and the maturity date is September 1, 2046.

**21. SHORT TERM RELATED PARTY LEASES**

During the fiscal year ended June 30, 2022, the Light Fund leased office space for the utility office from the City. The lease is cancelable at any time by either party. Lease payments of \$24,000 were received as of June 30, 2022, and \$24,000 is expected to be received for the fiscal year ended June 30, 2023.

During the fiscal year ended June 30, 2022, the Alcoholic Beverage Control Fund (ABC) leased office space for the ABC office from the City. The lease is cancelable at any time by either party. Lease payments of \$3,600 were received as of June 30, 2022, and \$3,600 is expected to be received for the fiscal year ended June 30, 2023.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**22. TAX ABATEMENTS**

Pursuant to GASB Statement No. 77, *Tax Abatement Disclosures*, the City is required to disclose certain information about tax abatements as defined in the Statement. GASB No. 77 defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the city or its citizens. As of June 30, 2022, the City provides tax abatements through the Kentucky Business Investment Program ("KBI").

**Kentucky Business Investment (KBI) Program**

KBI offers incentives to new and existing agribusiness, regional and national headquarters, manufacturing, and non-retail service and technology related companies that locate or expand operations in Kentucky. Eligible projects must meet minimum job, wage, and investment requirements. Projects also have negotiated job and wage targets that must be achieved. Tax incentives are available up to 15 years in enhanced incentive counties or up to 10 years in other counties. The incentives are tax credits up to 100% of the corporate income or limited liability entity tax liability arising from the project. Wage assessment incentives are available up to 5% of the gross wages of each employee (including up to 1.0% required local participation). Tax incentives remain in place until the authorized incentive amount is realized or for the term of the incentive agreement, whichever is first. Unused credits can be carried forward for the term of the agreement but expire at the maturity of the agreement. For the year ended June 30, 2022, the City rebated occupational tax revenues totaling \$8,104 under this program. The authority for this program is established in Kentucky Revised Statute 154.32-100.

**23. DEFICIT NET POSITION/FUND BALANCE**

Governmental activities had a deficit net position of \$5,263,862 as of June 30, 2022, as a result of the unfunded pension and other post employment benefit liabilities. The Sanitation Fund had a deficit net position of \$55,699 as of June 30, 2022, as a result of the unfunded pension and other post employment benefit liabilities.

**24. CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY**

During the fiscal year ended June 30, 2022, the City implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 changed how governments measure and report certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

All changes adopted to conform to the provisions of GASB Statement No. 87, *Leases*, have been applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement is reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated.

**CITY OF MADISONVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS - Continued**

**Adjustments to and Restatements of Beginning Balances**

During the fiscal year ended June 30, 2022, changes to or within the financial reporting entity resulted in adjustments to and restatements of beginning net position and fund balance/fund net position, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Governmental Funds		Government-Wide
	General Fund	ABC Fund	Governmental Activities
June 30, 2021, as previously reported	\$ 5,640,194	\$ 166,340	\$ (6,890,283)
Cumulative effect of change in accounting principle	297	(107,836)	(799)
June 30, 2021, as restated	\$ 5,640,491	\$ 58,504	\$ (6,891,082)

**25. CHANGES IN PRESENTATION OF COMPARATIVE STATEMENTS**

During the fiscal year ended June 30, 2022, the City decided to separate out expenses for engineering/stormwater into their own department inside the Water and Sewer Fund. Therefore, only current year expenses are listed since the previous year's expenses were contained in other accounts.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes:				
Occupational	\$ 8,140,763	\$ 8,350,763	\$ 10,059,358	\$ 1,708,595
Insurance premiums	2,964,196	2,964,196	3,383,306	419,110
Property	1,891,821	1,891,821	1,983,502	91,681
Franchise	413,540	413,540	452,896	39,356
Emergency telephone	310,000	310,000	341,309	31,309
Intergovernmental:				
Grant income	2,216,000	2,506,000	2,855,603	349,603
Police/Fire incentive	623,378	623,378	647,274	23,896
Fuel sales	261,201	261,201	328,108	66,907
Contributions	1,000	1,000	223,941	222,941
Recreational fees	186,110	186,110	285,737	99,627
Miscellaneous	1,024,976	1,274,976	959,577	(315,399)
Police fines and base court	228,100	228,100	326,782	98,682
Cemetery revenues	83,000	83,000	108,600	25,600
Rental income	130,897	130,897	102,760	(28,137)
Lease revenue	-	-	144,157	144,157
Investment income	42,000	42,000	34,266	(7,734)
Lease interest revenue	-	-	3,143	3,143
Total Revenues	<u>18,516,982</u>	<u>19,266,982</u>	<u>22,240,319</u>	<u>2,973,337</u>
<b><u>Expenditures</u></b>				
Current:				
Public safety	14,700,188	14,730,188	14,793,465	(63,277)
General government	2,782,594	2,782,594	2,750,359	32,235
Transportation	2,357,797	2,357,797	2,159,824	197,973
Health and public welfare	1,165,650	1,155,650	1,155,459	191
Parks and recreation	1,454,465	1,454,465	1,649,491	(195,026)
Airport	539,115	539,115	671,476	(132,361)
Cemetery	357,160	357,160	419,723	(62,563)
Capital outlay	1,347,088	2,077,088	2,279,046	(201,958)
Debt service	235,116	235,116	277,444	(42,328)
Total Expenditures	<u>24,939,173</u>	<u>25,689,173</u>	<u>26,156,287</u>	<u>(467,114)</u>
<b><u>Excess (Deficiency) of Revenues Over Expenditures</u></b>	<u>(6,422,191)</u>	<u>(6,422,191)</u>	<u>(3,915,968)</u>	<u>2,506,223</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from sale of capital assets	-	-	105,797	105,797
Issuance of debt	210,204	210,204	201,966	(8,238)
Transfers in	4,100,000	4,100,000	3,900,000	(200,000)
Transfers out	-	-	(288,450)	(288,450)
Total Other Financing Sources (Uses)	<u>4,310,204</u>	<u>4,310,204</u>	<u>3,919,313</u>	<u>(390,891)</u>
<b><u>Net Change in Fund Balance</u></b>	<u>(2,111,987)</u>	<u>(2,111,987)</u>	<u>3,345</u>	<u>2,115,332</u>
<b><u>Fund Balance - Beginning of Year (as Restated)</u></b>	<u>5,640,491</u>	<u>5,640,491</u>	<u>5,640,491</u>	<u>-</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ 3,528,504</u>	<u>\$ 3,528,504</u>	<u>\$ 5,643,836</u>	<u>\$ 2,115,332</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**RESTAURANT TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	GAAP Basis	Final Budget Positive (Negative)
<b><u>Revenues</u></b>				
Tax revenues	\$ 1,560,000	\$ 1,560,000	\$ 1,813,478	\$ 253,478
Contributions	6,000	6,000	812,304	806,304
Miscellaneous income	-	-	11,615	11,615
Investment income	<u>1,000</u>	<u>1,000</u>	<u>10,530</u>	<u>9,530</u>
 Total Revenues	 <u>1,567,000</u>	 <u>1,567,000</u>	 <u>2,647,927</u>	 <u>1,080,927</u>
<b><u>Expenditures</u></b>				
Current:				
General government/other	-	-	700,349	(700,349)
Capital outlay	1,467,000	2,467,000	1,947,018	519,982
Debt service	<u>-</u>	<u>-</u>	<u>77,000</u>	<u>(77,000)</u>
 Total Expenditures	 <u>1,467,000</u>	 <u>2,467,000</u>	 <u>2,724,367</u>	 <u>(257,367)</u>
<b><u>Excess (Deficiency) of Revenues</u></b>				
<b><u>Over Expenditures</u></b>				
	<u>100,000</u>	<u>(900,000)</u>	<u>(76,440)</u>	<u>823,560</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Issuance of debt	-	-	4,000,000	4,000,000
Operating transfers:				
General Fund	<u>-</u>	<u>-</u>	<u>288,450</u>	<u>288,450</u>
 Total Other Financing Sources (Uses)	 <u>-</u>	 <u>-</u>	 <u>4,288,450</u>	 <u>4,288,450</u>
 <b><u>Net Change in Fund Balance</u></b>	 100,000	 (900,000)	 4,212,010	 5,112,010
 <b><u>Fund Balance at Beginning of Year</u></b>	 <u>1,873,183</u>	 <u>1,873,183</u>	 <u>1,873,183</u>	 <u>-</u>
 <b><u>Fund Balance at End of Year</u></b>	 <u>\$ 1,973,183</u>	 <u>\$ 973,183</u>	 <u>\$ 6,085,193</u>	 <u>\$ 5,112,010</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**POLICEMEN AND FIREFIGHTERS PENSION FUND**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Total Pension Liability</b>										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	91,573	115,898	123,400	134,455	139,671	235,784	266,729	329,881	367,062	394,987
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(191,424)	(77,857)	(2,803)	(155,795)	90,026	(359,901)	(424,063)	(5,894)	(362,429)	60,750
Changes of assumptions	-	190,032	-	25,076	-	920,701	-	802,160	-	406,090
Benefit payments	(359,810)	(387,796)	(400,009)	(412,519)	(427,478)	(440,226)	(486,784)	(524,698)	(548,889)	(563,141)
Net change in total pension liability	(459,661)	(159,723)	(279,412)	(408,783)	(197,781)	356,358	(644,118)	601,449	(544,256)	298,686
Total pension liability-beginning	4,264,794	4,424,517	4,703,929	5,112,712	5,310,493	4,954,135	5,598,253	4,996,804	5,541,060	5,242,374
Total pension liability-ending (a)	<u>\$ 3,805,133</u>	<u>\$ 4,264,794</u>	<u>\$ 4,424,517</u>	<u>\$ 4,703,929</u>	<u>\$ 5,112,712</u>	<u>\$ 5,310,493</u>	<u>\$ 4,954,135</u>	<u>\$ 5,598,253</u>	<u>\$ 4,996,804</u>	<u>\$ 5,541,060</u>
<b>Plan Fiduciary Net Position</b>										
Contributions-employer	\$ 366,000	\$ 339,556	\$ 396,000	\$ 432,000	\$ 432,000	\$ 445,000	\$ 488,439	\$ 475,000	\$ 500,000	\$ 450,000
Contributions-member	-	-	-	-	-	-	-	-	-	-
Net investment income	287	381	1,086	1,388	399	717	1,141	1,566	14,135	21,976
Benefit payments	(359,810)	(387,796)	(400,009)	(412,519)	(427,478)	(440,226)	(486,784)	(524,698)	(548,889)	(563,141)
Administration expenses	-	-	(125)	(125)	-	-	-	-	-	(2,300)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	6,477	(47,859)	(3,048)	20,744	4,921	5,491	2,796	(48,132)	(34,754)	(93,465)
Plan fiduciary net position-beginning	21,744	69,603	72,651	51,907	46,986	41,495	38,699	86,831	121,585	215,050
Plan fiduciary net position-ending (b)	<u>\$ 28,221</u>	<u>\$ 21,744</u>	<u>\$ 69,603</u>	<u>\$ 72,651</u>	<u>\$ 51,907</u>	<u>\$ 46,986</u>	<u>\$ 41,495</u>	<u>\$ 38,699</u>	<u>\$ 86,831</u>	<u>\$ 121,585</u>
Net Pension Liability (a) - (b)	<u>\$ 3,776,912</u>	<u>\$ 4,243,050</u>	<u>\$ 4,354,914</u>	<u>\$ 4,631,278</u>	<u>\$ 5,060,805</u>	<u>\$ 5,263,507</u>	<u>\$ 4,912,640</u>	<u>\$ 5,559,554</u>	<u>\$ 4,909,973</u>	<u>\$ 5,419,475</u>
Plan fiduciary net position as a percentage of the total pension liability	0.74 %	0.51 %	1.57 %	1.54 %	1.02 %	0.88 %	0.84 %	0.69 %	1.74 %	2.19 %
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's net position as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



**CITY OF MADISONVILLE, KENTUCKY**  
**POLICEMEN AND FIREFIGHTERS PENSION FUND**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$ 468,034	\$ 521,676	\$ 521,676	\$ 421,386	\$ 421,386	\$ 510,117	\$ 510,117	\$ 556,103	\$ 556,103	\$ 459,050
Contributions in relation to the actuarially determined contribution	<u>366,000</u>	<u>339,556</u>	<u>396,000</u>	<u>432,000</u>	<u>432,000</u>	<u>445,000</u>	<u>488,439</u>	<u>475,000</u>	<u>500,000</u>	<u>450,000</u>
Contribution deficiency (excess)	<u>\$ 102,034</u>	<u>\$ 182,120</u>	<u>\$ 125,676</u>	<u>\$ (10,614)</u>	<u>\$ (10,614)</u>	<u>\$ 65,117</u>	<u>\$ 21,678</u>	<u>\$ 81,103</u>	<u>\$ 56,103</u>	<u>\$ 9,050</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule**

Valuation date	July 1, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period	10 years
Asset valuation method	Fair value
Inflation	None
Salary increases	None
Investment rate of return	2.25%
Retirement age	Age 51 with at least 20 years of service
Mortality	RP-2000 Mortality Table projected to 2021 without collar adjustment

Other information:

The actuarially determined contribution was calculated using the following amortization periods:  
 Fiscal years beginning 7/1/2011 through fiscal year ending 6/30/2013 - 20 year amortization  
 Fiscal years beginning 7/1/2013 through fiscal year ending 6/30/2019 - 15 year amortization  
 Fiscal years beginning 7/1/2019 and later - 10 year amortization

**CITY OF MADISONVILLE, KENTUCKY**  
**POLICEMEN AND FIREFIGHTERS PENSION FUND**  
**SCHEDULE OF INVESTMENT RETURNS**  
**LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return, net of investment expense	- %	- %	- %	- %	- %	- %	(5.30)%	(0.98)%	11.14 %	10.19 %

**CITY OF MADISONVILLE, KENTUCKY**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST NINE MEASUREMENT DATES (1)**

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Measurement period	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
<b><u>Nonhazardous</u></b>									
City's proportion of the net pension liability (asset)	0.342320 %	0.323816 %	0.317418 %	0.309797 %	0.303223 %	0.269313 %	0.280283 %	0.282624 %	0.282624 %
City's proportionate share of the net pension liability (asset)	\$ 21,825,585	\$ 24,836,419	\$ 22,324,149	\$ 18,867,582	\$ 17,748,574	\$ 13,259,953	\$ 12,050,851	\$ 9,169,400	\$ 10,375,372
City's covered payroll	\$ 8,814,424	\$ 8,372,997	\$ 8,162,462	\$ 7,892,687	\$ 7,502,956	\$ 6,448,164	\$ 6,555,682	\$ 6,483,857	\$ 6,162,654
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	247.61 %	296.63 %	273.50 %	239.05 %	236.55 %	205.64 %	183.82 %	141.42 %	168.36 %
Plan fiduciary net position as a percentage of the total pension liability (2)	57.33 %	47.81 %	50.45 %	53.54 %	53.30 %	55.50 %	59.97 %	66.80 %	61.22 %
<b><u>Hazardous</u></b>									
City's proportion of the net pension liability (asset)	1.050830 %	1.008277 %	1.035314 %	1.049628 %	1.064520 %	1.025227 %	1.066680 %	1.101041 %	1.101041 %
City's proportionate share of the net pension liability (asset)	\$ 27,974,768	\$ 30,399,838	\$ 28,598,431	\$ 25,384,801	\$ 23,816,277	\$ 17,592,300	\$ 16,374,689	\$ 13,232,585	\$ 14,777,378
City's covered payroll	\$ 6,283,496	\$ 5,890,063	\$ 5,896,881	\$ 5,847,319	\$ 5,889,237	\$ 5,400,004	\$ 5,817,674	\$ 5,576,718	\$ 5,410,725
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	445.21 %	516.12 %	484.98 %	434.13 %	404.40 %	325.78 %	281.46 %	237.28 %	273.11 %
Plan fiduciary net position as a percentage of the total pension liability (2)	52.26 %	44.11 %	46.63 %	49.26 %	49.80 %	53.95 %	57.52 %	63.46 %	57.73 %

(1) The amounts presented are for the measurement dates used by CERS which differ from the City's current fiscal year end.

(2) This will be the same percentage for all participant employers in the CERS plan.

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10 year trend is compiled, the City will present information for those years for which information is available.

**CITY OF MADISONVILLE, KENTUCKY**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM**  
**SCHEDULE OF CITY CONTRIBUTIONS**  
**LAST NINE FISCAL YEARS**

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b><u>Nonhazardous</u></b>									
Contractually required contributions	\$ 2,065,944	\$ 1,701,184	\$ 1,615,988	\$ 1,323,951	\$ 1,142,861	\$ 1,046,662	\$ 800,801	\$ 835,849	\$ 890,882
Contributions in relation to the contractually required contributions	<u>2,065,944</u>	<u>1,701,184</u>	<u>1,615,988</u>	<u>1,323,951</u>	<u>1,142,861</u>	<u>1,046,662</u>	<u>800,801</u>	<u>835,849</u>	<u>890,882</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 9,758,826	\$ 8,814,424	\$ 8,372,997	\$ 8,162,462	\$ 7,892,687	\$ 7,502,956	\$ 6,448,164	\$ 6,555,682	\$ 6,483,857
Contributions as a percentage of covered payroll	21.17 %	19.30 %	19.30 %	16.22 %	14.48 %	13.95 %	12.42 %	12.75 %	13.74 %
<b><u>Hazardous</u></b>									
Contractually required contributions	\$ 2,347,512	\$ 1,888,819	\$ 1,770,553	\$ 1,466,554	\$ 1,298,105	\$ 1,278,553	\$ 1,094,041	\$ 1,206,004	\$ 1,214,052
Contributions in relation to the contractually required contributions	<u>2,347,512</u>	<u>1,888,819</u>	<u>1,770,553</u>	<u>1,466,554</u>	<u>1,298,105</u>	<u>1,278,553</u>	<u>1,094,041</u>	<u>1,206,004</u>	<u>1,214,052</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,932,994	\$ 6,283,496	\$ 5,890,063	\$ 5,896,881	\$ 5,847,319	\$ 5,889,237	\$ 5,400,004	\$ 5,817,674	\$ 5,576,718
Contributions as a percentage of covered payroll	33.86 %	30.06 %	30.06 %	24.87 %	22.20 %	21.71 %	20.26 %	20.73 %	21.77 %

**Notes to Schedule**

Valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Amortization period	30 years, closed
Asset valuation method	20% of the difference between the fair value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service for nonhazardous, 3.55% to 19.05%, varies by service for hazardous
Payroll growth rate	2.00%
Investment rate of return	6.25%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10 year trend is compiled, the City will present information for those years for which information is available.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of CERS. The above contributions only include those allocated directly to the CERS pension fund.

**CITY OF MADISONVILLE, KENTUCKY**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN BENEFITS AND ASSUMPTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Changes of Benefit Terms:**

The following changes in benefit terms were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2014: A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

2018: House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty.

2020: House Bill 271 was enacted, which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage.

2021: Senate Bill 169 was enacted, which increased the disability benefits for certain qualifying members who become "totally and permanently disabled" in the line of duty or as a result of a duty-related disability.

**Changes of Assumptions:**

The following changes in assumptions were adopted by the KRS Board of Trustees and reflected in the valuation performed as of June 30 listed below:

2015: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- Assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.

2017: Based on reviewing investment trends, inflation, and payroll growth historical trends, the following actuarial assumptions were updated as follows:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 2.00%.
- Salary increases were reduced from 4.00% to 3.05% on average.

2019: Based upon a 2018 Experience Study, the following actuarial assumptions were updated as follows:

- Annual salary increases.
- Annual rates of retirement, disability, withdrawal, and mortality.
- The percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for nonhazardous members and to 50% for hazardous members.

**Notes:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10 year trend is compiled, the City will present information for those years for which information is available.

**CITY OF MADISONVILLE, KENTUCKY**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM OPEB PLAN**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF**  
**THE NET OPEB LIABILITY**  
**LAST FIVE MEASUREMENT DATES (1)**

Fiscal year ended	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement period	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b><u>Nonhazardous</u></b>					
City's proportion of the net OPEB liability (asset)	0.342240 %	0.323722 %	0.317348 %	0.309785 %	0.303223 %
City's proportionate share of the net OPEB liability (asset)	\$ 6,552,014	\$ 7,816,902	\$ 5,337,650	\$ 5,500,171	\$ 6,095,819
City's covered payroll	\$ 8,814,424	\$ 8,372,997	\$ 8,162,462	\$ 7,892,687	\$ 7,502,956
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	74.33 %	93.36 %	65.39 %	69.69 %	81.25 %
Plan fiduciary net position as a percentage of the total OPEB liability (2)	62.91 %	51.67 %	60.44 %	57.62 %	52.40 %
<b><u>Hazardous</u></b>					
City's proportion of the net OPEB liability (asset)	1.050827 %	1.008019 %	1.035110 %	1.049687 %	1.064520 %
City's proportionate share of the net OPEB liability (asset)	\$ 8,496,560	\$ 9,315,160	\$ 7,658,363	\$ 7,483,843	\$ 8,800,084
City's covered payroll	\$ 6,283,496	\$ 5,890,063	\$ 5,896,881	\$ 5,847,319	\$ 5,889,237
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	135.22 %	158.15 %	129.87 %	127.99 %	149.43 %
Plan fiduciary net position as a percentage of the total OPEB liability (2)	66.81 %	58.84 %	64.44 %	64.24 %	59.00 %

(1) The amounts presented are for the measurement dates used by CERS which differ from the City's current fiscal year end.

(2) This will be the same percentage for all participant employers in the CERS plan.

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10 year trend is compiled, the City will present information for those years for which information is available.

**CITY OF MADISONVILLE, KENTUCKY**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM OPEB PLAN**  
**SCHEDULE OF CITY CONTRIBUTIONS**  
**LAST SIX FISCAL YEARS**

Fiscal year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b><u>Nonhazardous</u></b>						
Contractually required contributions	\$ 564,060	\$ 419,567	\$ 398,555	\$ 429,346	\$ 370,956	\$ 354,890
Contributions in relation to the contractually required contribution	<u>564,060</u>	<u>419,567</u>	<u>398,555</u>	<u>429,346</u>	<u>370,956</u>	<u>354,890</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 9,758,826	\$ 8,814,424	\$ 8,372,997	\$ 8,162,462	\$ 7,892,687	\$ 7,502,956
Contributions as a percentage of covered payroll	5.78 %	4.76 %	4.76 %	5.26 %	4.70 %	4.73 %
<b><u>Hazardous</u></b>						
Contractually required contributions	\$ 725,884	\$ 598,189	\$ 560,734	\$ 617,403	\$ 546,724	\$ 550,644
Contributions in relation to the contractually required contribution	<u>725,884</u>	<u>598,189</u>	<u>560,734</u>	<u>617,403</u>	<u>546,724</u>	<u>550,644</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,932,994	\$ 6,283,496	\$ 5,890,063	\$ 5,896,881	\$ 5,847,319	\$ 5,889,237
Contributions as a percentage of covered payroll	10.47 %	9.52 %	9.52 %	10.47 %	9.35 %	9.35 %

**Notes to Schedule**

Valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Amortization period	30 years, closed
Asset valuation method	20% of the difference between the fair value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service for nonhazardous 3.55% to 19.05%, varies by service for hazardous
Payroll growth rate	2.00%
Investment rate of return	6.25%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Healthcare trend rates (Pre-65)	Initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Healthcare trend rates (Post-65)	Initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10 year trend is compiled, the City will present information for those years for which information is available.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the pension fund of CERS. The above contributions only include those allocated directly to the CERS insurance fund.

**CITY OF MADISONVILLE, KENTUCKY**  
**COUNTY EMPLOYEES RETIREMENT SYSTEM OPEB PLAN**  
**SCHEDULE OF CHANGES IN BENEFITS AND ASSUMPTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Changes of Benefit Terms:**

The following changes in benefit terms were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2018: House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty.

2021: Senate Bill 169 was enacted, which increased the disability benefits for certain qualifying members who become "totally and permanently" disabled in the line of duty or as a result of a duty-related disability.

**Changes of Assumptions:**

The following changes in assumptions were adopted by the KRS Board of Trustees and reflected in the valuation performed as of June 30 listed below:

2017: Based on reviewing investment trends, inflation, and payroll growth historical trends, the following actuarial assumptions were updated as follows:

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

2019: Based upon a 2018 Experience Study, the following actuarial assumptions were updated as follows:

- Annual salary increases.
- Annual rates of retirement, disability, withdrawal, and mortality.
- The percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for nonhazardous members and to 50% for hazardous members.
- The assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated (i.e. increased) to better reflect more current expectations relating to anticipated future increases in the medical costs for post-age 65 retirees.
- The assumed impact of the Cadillac Tax was changed from a 3.6% to a 0.9% load on employer paid premiums for Non-Medicare retirees who became participants prior to July 1, 2003.

2020: Based upon reviewing future health care costs, or trend assumption, the following actuarial assumptions were updated as follows:

- The discount rate was decreased from 5.68% to 5.34% for nonhazardous and from 5.69% to 5.30% for hazardous.
- Anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee". The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee.
- Healthcare trend rates decreased from 7.25% to 7.00% for nonhazardous and hazardous.

2021: Based upon reviewing future health care costs, or trend assumption, the following actuarial assumptions were updated as follows:

- The discount rate was decreased from 5.34% to 5.20% for nonhazardous and from 5.30% to 5.05% for hazardous.
- Healthcare trend rates decreased from 7.00% to 6.25% for both nonhazardous and hazardous.

**Notes:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a 10 year trend is compiled, the City will present information for those years for which information is available.



**COMBINING FINANCIAL STATEMENTS**

**NON-MAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

Alcoholic Beverage Control Fund

This fund accounts for revenues and expenditures of the alcoholic beverages tax and related license fees on retailers of alcoholic beverages.

Municipal Aid Fund

This fund accounts for revenues and expenditures of Commonwealth of Kentucky gasoline tax refunds.

Coal Severance Tax Fund

This fund accounts for revenues and expenditures of Commonwealth of Kentucky coal and mineral severance tax refunds.

**CITY OF MADISONVILLE, KENTUCKY**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	Special Revenue Funds			Total Other Governmental Funds
	Alcoholic Beverage Control Fund	Municipal Aid Fund	Coal Severance Tax Fund	
<b><u>Assets</u></b>				
Cash equivalents	\$ 75,144	\$ 153,521	\$ 64,498	\$ 293,163
Due from other funds	53,202	-	-	53,202
Prepayments	213	-	-	213
Taxes receivable	35,332	-	-	35,332
<b><u>Total Assets</u></b>	<b>\$ 163,891</b>	<b>\$ 153,521</b>	<b>\$ 64,498</b>	<b>\$ 381,910</b>
 <b><u>Liabilities and Fund Balances</u></b>				
Liabilities				
Trade accounts payable	\$ 146	\$ -	\$ -	\$ 146
Total Liabilities	146	-	-	146
Fund balances				
Nonspendable				
Prepayments	213	-	-	213
Restricted for				
Municipal aid	-	153,521	-	153,521
Coal severance	-	-	64,498	64,498
Committed for				
Alcoholic beverage control	163,532	-	-	163,532
Total Fund Balances	163,745	153,521	64,498	381,764
<b><u>Total Liabilities and Fund Balances</u></b>	<b>\$ 163,891</b>	<b>\$ 153,521</b>	<b>\$ 64,498</b>	<b>\$ 381,910</b>

**CITY OF MADISONVILLE, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Special Revenue Funds</u>			Total Other Governmental Funds
	Alcoholic Beverage Control Fund	Municipal Aid Fund	Coal Severance Tax Fund	
<b><u>Revenues</u></b>				
Intergovernmental revenue	\$ -	\$ 416,539	\$ 100,902	\$ 517,441
Tax revenues	383,632	-	-	383,632
Fees	26,200	-	-	26,200
Investment income	1,016	389	423	1,828
Total Revenues	<u>410,848</u>	<u>416,928</u>	<u>101,325</u>	<u>929,101</u>
<b><u>Expenditures</u></b>				
Current:				
General government/other	148,490	-	-	148,490
Capital outlay	157,117	308,128	-	465,245
Total Expenditures	<u>305,607</u>	<u>308,128</u>	<u>-</u>	<u>613,735</u>
<b><u>Excess (Deficiency) of Revenues Over Expenditures</u></b>	<u>105,241</u>	<u>108,800</u>	<u>101,325</u>	<u>315,366</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	-	30,270	-	30,270
Transfers out	-	(50,000)	(80,270)	(130,270)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(19,730)</u>	<u>(80,270)</u>	<u>(100,000)</u>
<b><u>Net Change In Fund Balances</u></b>	105,241	89,070	21,055	215,366
<b><u>Fund Balances - Beginning of Year - (as Restated)</u></b>	<u>58,504</u>	<u>64,451</u>	<u>43,443</u>	<u>166,398</u>
<b><u>Fund Balances - End of Year</u></b>	<u>\$ 163,745</u>	<u>\$ 153,521</u>	<u>\$ 64,498</u>	<u>\$ 381,764</u>

## **SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

The supplementary statements and schedules are included to provide management additional information for financial analysis.

### **GOVERNMENTAL FUNDS**

#### General Fund

This fund accounts for resources traditionally associated with governments which are not required to be accounted for in another fund.

#### Restaurant Tax Fund

This fund accounts for revenues and expenditures of the restaurant tax imposed on food service establishments.

**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**  
**JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>Restated 2021</u>
<b><u>ASSETS</u></b>		
<b><u>Assets</u></b>		
Cash equivalents	\$ 6,466,538	\$ 4,473,110
Investments, at fair value	17,581	17,529
Accounts receivable:		
Taxpayer assessed revenues	2,010,964	1,881,373
Property taxes (less allowance for uncollectible accounts of \$17,716 and \$27,353)	69,768	80,473
Other	231,279	209,446
Grants receivable	723,093	154,594
Lease receivable	100,642	244,099
Materials and supplies	74,568	80,150
Real estate held for resale	552,794	702,058
Interest receivable	11	11
Prepayments	51,148	76,540
Due from other funds	627,423	227,904
Restricted assets:		
Cash equivalents	<u>26,532</u>	<u>16,401</u>
<b><u>Total Assets</u></b>	<b><u>\$ 10,952,341</u></b>	<b><u>\$ 8,163,688</u></b>
 <b><u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u></b>		
<b><u>Current Liabilities</u></b>		
Liabilities		
Trade accounts payable	\$ 638,719	\$ 882,755
Construction accounts payable	410,413	46,156
Unearned revenue	3,325,181	27,399
Due to other funds	291,719	419,988
Accrued payroll and payroll taxes	501,250	869,859
Total Liabilities	<u>5,167,282</u>	<u>2,246,157</u>
 <b><u>Deferred Inflows of Resources</u></b>		
Unavailable revenues - property taxes	41,578	33,238
Related to leases	99,645	243,802
Total Deferred Inflows of Resources	<u>141,223</u>	<u>277,040</u>
 <b><u>Fund Balances</u></b>		
Nonspendable:		
Real estate held for resale	552,794	702,058
Materials and supplies	74,568	80,150
Prepayments	51,148	76,540
Long-term receivables	-	46,000
Unassigned	<u>4,965,326</u>	<u>4,735,743</u>
Total Fund Balance	<u>5,643,836</u>	<u>5,640,491</u>
<b><u>Total Liabilities, Deferred Inflows and Fund Balances</u></b>	<b><u>\$ 10,952,341</u></b>	<b><u>\$ 8,163,688</u></b>

**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022				Restated 2021
	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual GAAP Basis
	Original	Final			
<b><u>Revenues</u></b>					
Taxes:					
Occupational	\$ 8,140,763	\$ 8,350,763	\$ 10,059,358	\$ 1,708,595	\$ 8,514,544
Insurance premiums	2,964,196	2,964,196	3,383,306	419,110	3,004,588
Property	1,891,821	1,891,821	1,983,502	91,681	1,939,293
Franchise	413,540	413,540	452,896	39,356	426,879
Emergency telephone	310,000	310,000	341,309	31,309	326,736
Intergovernmental:					
Grant income	2,216,000	2,506,000	2,855,603	349,603	818,900
Police/Fire incentive	623,378	623,378	647,274	23,896	601,379
Fuel sales	261,201	261,201	328,108	66,907	259,881
Contributions	1,000	1,000	223,941	222,941	84,950
Recreational fees	186,110	186,110	285,737	99,627	209,804
Miscellaneous	1,024,976	1,274,976	959,577	(315,399)	871,158
Police fines and base court	228,100	228,100	326,782	98,682	228,033
Cemetery revenues	83,000	83,000	108,600	25,600	95,700
Rental income	130,897	130,897	102,760	(28,137)	119,664
Lease revenue	-	-	144,157	144,157	44,512
Investment income	42,000	42,000	34,266	(7,734)	39,138
Lease interest revenue	-	-	3,143	3,143	1,052
Total Revenues	<u>18,516,982</u>	<u>19,266,982</u>	<u>22,240,319</u>	<u>2,973,337</u>	<u>17,586,211</u>
<b><u>Expenditures</u></b>					
Current:					
Public safety	14,700,188	14,730,188	14,793,465	(63,277)	12,603,275
General government	2,782,594	2,782,594	2,750,359	32,235	2,450,920
Transportation	2,357,797	2,357,797	2,159,824	197,973	2,007,658
Health and public welfare	1,165,650	1,155,650	1,155,459	191	1,086,758
Parks and recreation	1,454,465	1,454,465	1,649,491	(195,026)	1,326,697
Airport	539,115	539,115	671,476	(132,361)	520,153
Cemetery	357,160	357,160	419,723	(62,563)	350,532
Capital outlay	1,347,088	2,077,088	2,279,046	(201,958)	1,394,264
Debt service	235,116	235,116	277,444	(42,328)	175,650
Total Expenditures	<u>24,939,173</u>	<u>25,689,173</u>	<u>26,156,287</u>	<u>(467,114)</u>	<u>21,915,907</u>
<b><u>Excess (Deficiency) of Revenues Over Expenditures</u></b>	(6,422,191)	(6,422,191)	(3,915,968)	2,506,223	(4,329,696)
<b><u>Other Financing Sources (Uses)</u></b>					
Sale of capital assets	-	-	105,797	105,797	85,118
Issuance of debt	210,204	210,204	201,966	(8,238)	-
Transfers in	4,100,000	4,100,000	3,900,000	(200,000)	4,021,000
Transfers out	-	-	(288,450)	(288,450)	-
<b><u>Net Change in Fund Balance</u></b>	<u>\$ (2,111,987)</u>	<u>\$ (2,111,987)</u>	3,345	<u>\$ 2,115,332</u>	(223,578)
<b><u>Fund Balance - Beginning of Year</u></b>			<u>5,640,491</u>		<u>5,864,069</u>
<b><u>Fund Balance - End of Year</u></b>			<u>\$ 5,643,836</u>		<u>\$ 5,640,491</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**  
**Continued**

	<u>2022</u>			Variance with Final Budget Positive (Negative)	<u>2021</u>
	<u>Budgeted Amounts</u>		Actual GAAP Basis		Actual GAAP Basis
	<u>Original</u>	<u>Final</u>			
<b><u>GENERAL GOVERNMENT</u></b>					
<b><u>Elected Officials</u></b>					
Current:					
Salaries and wages	\$ 121,806	\$ 121,806	\$ 123,545	\$ (1,739)	\$ 118,928
Contingencies	100,000	100,000	76,510	23,490	49,686
Supplies and miscellaneous	41,300	41,300	31,248	10,052	60,622
Employee benefits	40,115	40,115	45,169	(5,054)	36,114
Pension/post employment benefits	16,696	16,696	16,891	(195)	14,990
Travel	20,000	20,000	14,962	5,038	4,761
Insurance and bonds	16,225	16,225	18,289	(2,064)	8,723
Payroll taxes	9,318	9,318	8,959	359	8,740
Communications and postage	5,500	5,500	-	5,500	3,676
Capital outlay	-	-	9,263	(9,263)	58,698
Total Elected Officials	<u>370,960</u>	<u>370,960</u>	<u>344,836</u>	<u>26,124</u>	<u>364,938</u>
<b><u>Administration</u></b>					
Current:					
Salaries and wages	653,000	653,000	647,627	5,373	484,184
Nuisance abatement	-	-	8,000	(8,000)	131,718
Supplies and miscellaneous	89,800	89,800	156,697	(66,897)	139,495
Pension/post employment benefits	175,984	175,984	153,579	22,405	98,496
Professional fees	80,000	80,000	65,645	14,355	79,507
Employee benefits	100,500	100,500	78,703	21,797	51,828
Payroll taxes	50,510	50,510	49,863	647	37,389
Printing and duplicating	56,200	56,200	54,681	1,519	34,118
Travel	45,000	45,000	16,457	28,543	6,847
Insurance and bonds	4,000	4,000	5,671	(1,671)	4,611
Communications and postage	3,200	3,200	205	2,995	6,940
Dues and subscriptions	1,000	1,000	1,328	(328)	1,408
Capital outlay	10,000	10,000	20,148	(10,148)	20,202
Total Administration	<u>1,269,194</u>	<u>1,269,194</u>	<u>1,258,604</u>	<u>10,590</u>	<u>1,096,743</u>
<b><u>Finance Office</u></b>					
Current:					
Salaries and wages	316,000	316,000	334,251	(18,251)	309,613
Professional fees	152,000	152,000	121,941	30,059	123,140
Pension/post employment benefits	85,162	85,162	88,367	(3,205)	74,115
Employee benefits	50,300	50,300	49,424	876	46,768
Payroll taxes	24,759	24,759	25,531	(772)	23,550
Supplies and miscellaneous	16,500	16,500	15,533	967	17,907
Communications and postage	10,250	10,250	13,461	(3,211)	12,300
Insurance and bonds	2,650	2,650	1,752	898	2,974
Printing and duplicating	3,000	3,000	-	3,000	-
Dues and subscriptions	2,500	2,500	4,217	(1,717)	1,783
Travel	3,000	3,000	5,563	(2,563)	786
Capital outlay	3,000	3,000	-	3,000	-
Total Finance Office	<u>669,121</u>	<u>669,121</u>	<u>660,040</u>	<u>9,081</u>	<u>612,936</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**  
**Continued**

	<u>2022</u>			Variance with Final Budget Positive (Negative)	<u>2021</u>
	<u>Budgeted Amounts</u>		Actual GAAP Basis		Actual GAAP Basis
	<u>Original</u>	<u>Final</u>			
<b><u>City Clerk/Treasurer</u></b>					
Current:					
Salaries and wages	\$ 151,000	\$ 151,000	\$ 168,922	\$ (17,922)	\$ 150,918
Supplies and miscellaneous	18,100	18,100	14,519	3,581	14,643
Communications and postage	32,000	32,000	32,241	(241)	34,216
Pension/post employment benefits	40,695	40,695	45,587	(4,892)	35,077
Printing and duplicating	15,000	15,000	24,905	(9,905)	6,156
Employee benefits	20,960	20,960	28,477	(7,517)	21,376
Insurance and bonds	10,100	10,100	10,363	(263)	11,751
Payroll taxes	11,831	11,831	12,965	(1,134)	11,645
Professional fees	7,500	7,500	8,932	(1,432)	7,949
Travel	5,000	5,000	3,426	1,574	736
Maintenance and repairs	-	-	166	(166)	-
Capital outlay	1,200	1,200	-	1,200	-
Total City Clerk/Treasurer	<u>313,386</u>	<u>313,386</u>	<u>350,503</u>	<u>(37,117)</u>	<u>294,467</u>
<b><u>Planning and Zoning</u></b>					
Current:					
Salaries and wages	104,020	104,020	103,194	826	101,227
Pension/post employment benefits	28,033	28,033	27,663	370	24,306
Employee benefits	20,000	20,000	20,107	(107)	20,295
Payroll taxes	8,150	8,150	7,398	752	7,269
Supplies and miscellaneous	10,000	10,000	4,616	5,384	5,207
Professional fees	2,550	2,550	1,504	1,046	2,277
Travel	1,200	1,200	847	353	-
Insurance and bonds	180	180	458	(278)	155
Total Planning and Zoning	<u>174,133</u>	<u>174,133</u>	<u>165,787</u>	<u>8,346</u>	<u>160,736</u>
<b><u>TOTAL GENERAL GOVERNMENT</u></b>	<u>\$ 2,796,794</u>	<u>\$ 2,796,794</u>	<u>\$ 2,779,770</u>	<u>\$ 17,024</u>	<u>\$ 2,529,820</u>



**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**  
**Continued**

	2022			Variance with Final Budget Positive (Negative)	2021
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b><u>HEALTH AND PUBLIC WELFARE</u></b>					
Current:					
Grants and subsidies:					
Library maintenance	\$ 200,000	\$ 200,000	\$ 200,648	\$ (648)	\$ 190,392
Economic Development	140,000	140,000	140,000	-	140,000
Humane Society	85,000	85,000	86,709	(1,709)	86,815
Madisonville Transit System	95,000	95,000	119,469	(24,469)	98,689
PACS	40,000	40,000	40,000	-	40,000
Planning Commission	45,000	45,000	45,000	-	40,000
Glema Mahr Center for the Arts	-	-	-	-	25,000
Youth Athletic Association	13,000	13,000	13,139	(139)	26,914
PADD	9,850	9,850	9,818	32	9,818
Historical Society	14,000	14,000	9,312	4,688	8,738
Hopkins Co YMCA	16,700	16,700	16,700	-	-
Community Clinic	5,000	5,000	5,000	-	5,000
Minority Students	3,500	3,500	3,500	-	2,500
World Changers	20,000	20,000	8,464	11,536	
Utilities and other expenses	467,700	457,700	455,058	2,642	409,735
Other employee benefits	10,900	10,900	2,642	8,258	3,157
Capital outlay	-	250,000	279,578	(29,578)	79,885
<b><u>TOTAL HEALTH AND PUBLIC WELFARE</u></b>	<b><u>\$ 1,165,650</u></b>	<b><u>\$ 1,405,650</u></b>	<b><u>\$ 1,435,037</u></b>	<b><u>\$ (29,387)</u></b>	<b><u>\$ 1,166,643</u></b>

**CITY OF MADISONVILLE, KENTUCKY**

**GENERAL FUND**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

**Continued**

	2022			Variance with Final Budget Positive (Negative)	2021
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b><u>PUBLIC SAFETY</u></b>					
<b><u>Police Department</u></b>					
Current:					
Salaries and wages	\$ 4,167,395	\$ 4,167,395	\$ 4,196,504	\$ (29,109)	\$ 3,446,590
Pension/post employment benefits	1,662,987	1,662,987	1,579,190	83,797	1,187,481
Employee benefits	590,000	590,000	526,732	63,268	503,490
Police incentive	207,331	207,331	202,828	4,503	185,672
Communications and postage	106,500	106,500	191,561	(85,061)	181,548
Insurance and bonds	130,000	130,000	115,488	14,512	135,042
Supplies and miscellaneous	81,000	81,000	95,433	(14,433)	131,440
Payroll taxes	126,691	126,691	134,964	(8,273)	112,654
Professional fees	176,800	186,800	90,873	95,927	111,900
Fuel and oil	95,000	95,000	142,023	(47,023)	80,678
Travel and training	74,500	74,500	66,017	8,483	60,677
Maintenance and repairs	71,500	91,500	83,130	8,370	71,266
Uniforms and clothing	53,300	53,300	89,336	(36,036)	52,802
Workmen's compensation	47,400	47,400	39,454	7,946	43,887
Utilities	25,000	25,000	19,533	5,467	18,646
Printing and duplicating	5,000	5,000	4,308	692	4,304
Capital outlay	157,000	337,000	390,953	(53,953)	513,735
Debt service	-	-	70,000	(70,000)	-
Total Police Department	<u>7,777,404</u>	<u>7,987,404</u>	<u>8,038,327</u>	<u>(50,923)</u>	<u>6,841,812</u>
<b><u>Fire Department</u></b>					
Current:					
Salaries and wages	3,487,865	3,487,865	3,596,692	(108,827)	3,179,190
Pension/post employment benefits	1,650,947	1,650,947	1,684,525	(33,578)	1,373,597
Employee benefits	650,000	650,000	603,825	46,175	576,633
Pension plan contribution	380,000	380,000	366,000	14,000	339,556
Fire incentive	255,998	255,998	250,517	5,481	248,405
Nuisance abatement	150,000	150,000	177,441	(27,441)	-
Maintenance and repairs	85,900	85,900	99,531	(13,631)	113,905
Supplies, grant and miscellaneous	103,450	103,450	131,542	(28,092)	127,225
Uniforms and clothing	58,390	58,390	54,244	4,146	76,556
Payroll taxes	60,692	60,692	64,263	(3,571)	57,993
Insurance and bonds	44,500	44,500	37,457	7,043	43,630
Workmen's compensation	44,414	44,414	37,165	7,249	44,177
Utilities	40,000	40,000	36,551	3,449	33,555
Training	36,628	36,628	35,541	1,087	34,728
Fuel and oil	25,000	25,000	36,135	(11,135)	21,058
Communications and postage	6,000	6,000	4,662	1,338	4,990
Capital outlay	114,884	114,884	96,484	18,400	107,503
Debt service	180,000	180,000	175,632	4,368	175,650
Total Fire Department	<u>7,374,668</u>	<u>7,374,668</u>	<u>7,488,207</u>	<u>(113,539)</u>	<u>6,558,351</u>
<b><u>TOTAL PUBLIC SAFETY</u></b>	<b><u>\$ 15,152,072</u></b>	<b><u>\$ 15,362,072</u></b>	<b><u>\$ 15,526,534</u></b>	<b><u>\$ (164,462)</u></b>	<b><u>\$ 13,400,163</u></b>

**CITY OF MADISONVILLE, KENTUCKY**

**GENERAL FUND**

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2022**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

**Continued**

	2022				2021	
	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Actual GAAP Basis</u>	
	<u>Original</u>	<u>Final</u>				
<b><u>TRANSPORTATION</u></b>						
Current:						
Salaries and wages	\$ 872,843	\$ 872,843	\$ 838,624	\$ 34,219	\$ 864,000	
Other contractual services	220,000	220,000	213,000	7,000	213,000	
Pension/post employment benefits	226,111	226,111	202,148	23,963	199,518	
Maintenance and repairs	270,000	270,000	243,989	26,011	155,325	
Employee benefits	280,000	280,000	205,658	74,342	218,561	
Construction materials	135,000	135,000	151,365	(16,365)	104,922	
Salt and technical supplies	93,000	93,000	56,793	36,207	25,607	
Supplies and miscellaneous	51,500	51,500	71,636	(20,136)	41,916	
Payroll taxes	65,736	65,736	62,083	3,653	64,375	
Fuel and oil	50,000	50,000	43,036	6,964	42,317	
Insurance and bonds	33,500	33,500	19,179	14,321	28,117	
Uniforms and clothing	30,000	30,000	28,614	1,386	24,977	
Workmen's compensation	18,607	18,607	11,314	7,293	14,956	
Professional fees	10,000	10,000	11,969	(1,969)	8,402	
Rent and storage	1,500	1,500	403	1,097	1,137	
Communications and postage	-	-	13	(13)	528	
Capital outlay	<u>145,000</u>	<u>145,000</u>	<u>55,789</u>	<u>89,211</u>	<u>150,295</u>	
<b><u>TOTAL TRANSPORTATION</u></b>	<b><u>\$ 2,502,797</u></b>	<b><u>\$ 2,502,797</u></b>	<b><u>\$ 2,215,613</u></b>	<b><u>\$ 287,184</u></b>	<b><u>\$ 2,157,953</u></b>	
<b><u>AIRPORT</u></b>						
Current:						
Fuel and oil	\$ 177,000	\$ 177,000	\$ 263,082	\$ (86,082)	\$ 165,279	
Salaries and wages	156,000	156,000	173,963	(17,963)	152,914	
Supplies and miscellaneous	19,550	19,550	18,790	760	21,725	
Pension/post employment benefits	42,042	42,042	46,155	(4,113)	36,717	
Employee benefits	40,850	40,850	43,205	(2,355)	37,518	
Utilities	23,000	23,000	25,983	(2,983)	22,695	
Maintenance and repairs	31,100	31,100	42,081	(10,981)	27,187	
Professional fees	10,750	10,750	13,427	(2,677)	15,437	
Insurance and bonds	12,100	12,100	17,043	(4,943)	14,837	
Payroll taxes	12,223	12,223	13,100	(877)	11,535	
Mowing and snow removal	6,000	6,000	4,148	1,852	9,592	
Communications and postage	4,000	4,000	4,025	(25)	4,617	
Travel	4,500	4,500	6,474	(1,974)	100	
Capital outlay	<u>516,500</u>	<u>516,500</u>	<u>822,984</u>	<u>(306,484)</u>	<u>167,667</u>	
<b><u>TOTAL AIRPORT</u></b>	<b><u>\$ 1,055,615</u></b>	<b><u>\$ 1,055,615</u></b>	<b><u>\$ 1,494,460</u></b>	<b><u>\$ (438,845)</u></b>	<b><u>\$ 687,820</u></b>	

**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**  
**Continued**

	2022			Variance with Final Budget Positive (Negative)	2021
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b><u>CEMETERY</u></b>					
Current:					
Salaries and wages	\$ 199,439	\$ 199,439	\$ 226,989	\$ (27,550)	\$ 193,424
Employee benefits	50,480	50,480	57,404	(6,924)	52,096
Pension/post employment benefits	51,054	51,054	58,550	(7,496)	45,641
Maintenance and repairs	11,000	11,000	24,925	(13,925)	7,537
Payroll taxes	14,842	14,842	17,195	(2,353)	14,647
Supplies and miscellaneous	15,550	15,550	18,998	(3,448)	25,629
Fuel and oil	5,000	5,000	6,469	(1,469)	4,293
Workmen's compensation	2,795	2,795	1,911	884	2,995
Equipment parts	4,000	4,000	2,843	1,157	1,227
Uniforms and clothing	3,000	3,000	4,439	(1,439)	3,043
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>30,040</u>	<u>(40)</u>	<u>6,199</u>
<b><u>TOTAL CEMETERY</u></b>	<b><u>\$ 387,160</u></b>	<b><u>\$ 387,160</u></b>	<b><u>\$ 449,763</u></b>	<b><u>\$ (62,603)</u></b>	<b><u>\$ 356,731</u></b>
<b><u>PARKS AND RECREATION</u></b>					
Current:					
Salaries and wages	\$ 746,551	\$ 746,551	\$ 756,502	\$ (9,951)	\$ 620,647
Pension/post employment benefits	174,174	174,174	169,746	4,428	124,761
Employee benefits	150,000	150,000	142,254	7,746	139,561
Supplies and miscellaneous	87,500	87,500	162,611	(75,111)	93,190
Maintenance and repairs	60,000	60,000	113,104	(53,104)	105,613
Utilities	58,000	58,000	62,755	(4,755)	56,257
Payroll taxes	47,065	47,065	54,546	(7,481)	46,034
Equipment parts	30,000	30,000	31,662	(1,662)	32,054
Fuel and oil	25,500	25,500	37,338	(11,838)	23,548
Insurance and bonds	15,500	15,500	32,834	(17,334)	21,037
Pool operations	15,000	15,000	16,082	(1,082)	18,056
Concessions	16,000	16,000	16,458	(458)	11,919
Professional fees	5,000	5,000	16,936	(11,936)	7,982
Workmen's compensation	5,175	5,175	9,282	(4,107)	9,162
Uniforms and clothing	6,000	6,000	6,173	(173)	7,322
Construction materials	5,000	5,000	12,880	(7,880)	5,782
Resale merchandise	3,500	3,500	5,426	(1,926)	1,996
Advertising and printing	2,500	2,500	2,072	428	1,499
Travel	1,500	1,500	320	1,180	-
Communications and postage	500	500	510	(10)	277
Capital outlay	369,504	669,504	573,807	95,697	290,080
Debt service	<u>55,116</u>	<u>55,116</u>	<u>31,812</u>	<u>23,304</u>	<u>-</u>
<b><u>TOTAL PARKS AND RECREATION</u></b>	<b><u>\$ 1,879,085</u></b>	<b><u>\$ 2,179,085</u></b>	<b><u>\$ 2,255,110</u></b>	<b><u>\$ (76,025)</u></b>	<b><u>\$ 1,616,777</u></b>

**CITY OF MADISONVILLE, KENTUCKY**  
**RESTAURANT TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b><u>Assets</u></b>		
Cash equivalents	\$ 5,442,912	\$ 1,376,597
Accounts receivable	785,091	441,290
Due from other funds	238,517	-
Prepayments	232,983	406,044
<b><u>Total Assets</u></b>	<b>\$ 6,699,503</b>	<b>\$ 2,223,931</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b><u>Current Liabilities</u></b>		
Liabilities		
Trade accounts payable	\$ 174,503	\$ 22,562
Construction accounts payable	404,422	98,056
Unearned revenue	35,000	56,540
Due to other funds	385	173,590
Total Liabilities	614,310	350,748
<b><u>Fund Balance</u></b>		
Nonspendable:		
Prepayments	232,983	406,044
Committed	5,852,210	1,467,139
Total Fund Balance	6,085,193	1,873,183
<b><u>Total Liabilities and Fund Balance</u></b>	<b>\$ 6,699,503</b>	<b>\$ 2,223,931</b>

**CITY OF MADISONVILLE, KENTUCKY**  
**RESTAURANT TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			Variance with Final Budget Positive (Negative)	2021
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b><u>Revenues</u></b>					
Tax revenues	\$ 1,560,000	\$ 1,560,000	\$ 1,813,478	\$ 253,478	\$ 1,612,607
Contributions	6,000	6,000	812,304	806,304	387,158
Miscellaneous income	-	-	11,615	11,615	-
Investment income	1,000	1,000	10,530	9,530	5,322
Total Revenues	<u>1,567,000</u>	<u>1,567,000</u>	<u>2,647,927</u>	<u>1,080,927</u>	<u>2,005,087</u>
<b><u>Expenditures</u></b>					
Current:					
General government/other	-	-	700,349	(700,349)	106,188
Capital outlay	1,467,000	2,467,000	1,947,018	519,982	1,134,579
Debt service	-	-	77,000	(77,000)	-
Total Expenditures	<u>1,467,000</u>	<u>2,467,000</u>	<u>2,724,367</u>	<u>(257,367)</u>	<u>1,240,767</u>
<b><u>Excess (Deficiency) of Revenues</u></b>					
<u>Over Expenditures</u>	<u>100,000</u>	<u>(900,000)</u>	<u>(76,440)</u>	<u>823,560</u>	<u>764,320</u>
<b><u>Other Financing Sources (Uses)</u></b>					
Issuance of debt	-	-	4,000,000	4,000,000	-
Operating transfers:					
General Fund	-	-	288,450	288,450	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,288,450</u>	<u>4,288,450</u>	<u>-</u>
<b><u>Net Change in Fund Balance</u></b>	100,000	(900,000)	4,212,010	5,112,010	764,320
<b><u>Fund Balance at Beginning of Year</u></b>	<u>1,873,183</u>	<u>1,873,183</u>	<u>1,873,183</u>	<u>-</u>	<u>1,108,863</u>
<b><u>Change in Net Assets</u></b>	<u>\$ 1,973,183</u>	<u>\$ 973,183</u>	<u>\$ 6,085,193</u>	<u>\$ 5,112,010</u>	<u>\$ 1,873,183</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

**NON-MAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

These supplementary statements and schedules are included to provide management additional information for financial analysis.

**CITY OF MADISONVILLE, KENTUCKY**  
**ALCOHOLIC BEVERAGE CONTROL SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			Variance with Final Budget Positive (Negative)	Restated 2021
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b><u>Revenues</u></b>					
Tax revenues	\$ 320,200	\$ 320,200	\$ 383,632	\$ 63,432	\$ 345,519
Fees	20,000	20,000	26,200	6,200	22,575
Investment income	1,000	1,000	1,016	16	1,370
Total Revenues	<u>341,200</u>	<u>341,200</u>	<u>410,848</u>	<u>69,648</u>	<u>369,464</u>
<b><u>Expenditures</u></b>					
Current:					
General government/other	156,195	156,195	148,490	7,705	446,276
Capital outlay	174,799	174,799	157,117	17,682	152,091
Total Expenditures	<u>330,994</u>	<u>330,994</u>	<u>305,607</u>	<u>25,387</u>	<u>598,367</u>
<b><u>Net Change in Fund Balance</u></b>	<u>\$ 10,206</u>	<u>\$ 10,206</u>	105,241	<u>\$ 95,035</u>	(228,903)
<b><u>Fund Balance - Beginning of Year</u></b>			<u>58,504</u>		<u>287,407</u>
<b><u>Fund Balance - End of Year</u></b>			<u>\$ 163,745</u>		<u>\$ 58,504</u>



**CITY OF MADISONVILLE, KENTUCKY**  
**MUNICIPAL AID SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			Variance with Final Budget Positive (Negative)	2021
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b><u>Revenues</u></b>					
Intergovernmental revenue	\$ 400,000	\$ 400,000	\$ 416,539	\$ 16,539	\$ 617,962
Investment income	1,000	1,000	389	(611)	793
Total Revenues	<u>401,000</u>	<u>401,000</u>	<u>416,928</u>	<u>15,928</u>	<u>618,755</u>
<b><u>Expenditures</u></b>					
Capital outlay	<u>250,000</u>	<u>250,000</u>	<u>308,128</u>	<u>(58,128)</u>	<u>538,704</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>308,128</u>	<u>(58,128)</u>	<u>538,704</u>
<b><u>Excess (Deficiency) of Revenues Over Expenditures</u></b>	<u>151,000</u>	<u>151,000</u>	<u>108,800</u>	<u>(42,200)</u>	<u>80,051</u>
<b><u>Other Financing Sources (Uses)</u></b>					
Transfers:					
Coal Severance Fund	15,600	15,600	30,270	14,670	19,112
General Fund	<u>(250,000)</u>	<u>(250,000)</u>	<u>(50,000)</u>	<u>200,000</u>	<u>(171,000)</u>
Total Other Financing Sources (Uses)	<u>(234,400)</u>	<u>(234,400)</u>	<u>(19,730)</u>	<u>214,670</u>	<u>(151,888)</u>
<b><u>Net Change in Fund Balance</u></b>	<u>\$ (83,400)</u>	<u>\$ (83,400)</u>	89,070	<u>\$ 172,470</u>	(71,837)
<b><u>Fund Balance - Beginning of Year</u></b>			<u>64,451</u>		<u>136,288</u>
<b><u>Fund Balance - End of Year</u></b>			<u>\$ 153,521</u>		<u>\$ 64,451</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**COAL SEVERANCE TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2021	
	Budgeted Amounts				Actual GAAP Basis	Actual GAAP Basis
	Original	Final				
<b><u>Revenues</u></b>						
Intergovernmental revenue	\$ 52,000	\$ 52,000	\$ 100,902	\$ 48,902	\$ 63,707	
Investment income	350	350	423	73	342	
Total Revenues	<u>52,350</u>	<u>52,350</u>	<u>101,325</u>	<u>48,975</u>	<u>64,049</u>	
<b><u>Expenditures</u></b>						
Current:						
General government/other	-	-	-	-	-	
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b><u>Excess (Deficiency) of Revenues Over Expenditures</u></b>	<u>52,350</u>	<u>52,350</u>	<u>101,325</u>	<u>48,975</u>	<u>64,049</u>	
<b><u>Other Financing Sources (Uses)</u></b>						
Transfers:						
General Fund	(50,000)	(50,000)	(50,000)	-	(50,000)	
Municipal Aid Fund	(15,600)	(15,600)	(30,270)	(14,670)	(19,112)	
Total Other Financing Sources (Uses)	<u>(65,600)</u>	<u>(65,600)</u>	<u>(80,270)</u>	<u>(14,670)</u>	<u>(69,112)</u>	
<b><u>Net Change in Fund Balance</u></b>	<u>\$ (13,250)</u>	<u>\$ (13,250)</u>	21,055	<u>\$ 34,305</u>	(5,063)	
<b><u>Fund Balance - Beginning of Year</u></b>			43,443		48,506	
<b><u>Fund Balance - End of Year</u></b>			<u>\$ 64,498</u>		<u>\$ 43,443</u>	

## **SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

### **Proprietary Funds**

These supplementary statements and schedules are included to provide management additional information for financial analysis.

#### Light Fund

This fund accounts for the provision of electricity service to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

#### Water and Sewer Fund

This fund accounts for the provisions of water and sewer services to the residents of the City and some residents of Hopkins County Kentucky. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance, financing and related debt service.

#### Sanitation Fund

This fund accounts for the provision of sanitary waste collection and disposal services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, maintenance, financing and related debt service.

**CITY OF MADISONVILLE, KENTUCKY**  
**LIGHT FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash equivalents	\$ 8,693,404	\$ 7,048,537
Accounts receivable:		
Customer (less allowance for uncollectible accounts of \$162,000 and \$167,000)	2,681,827	2,762,037
Other	82,301	154,626
Due from other funds	739,904	752,014
Materials and supplies	1,392,481	1,234,780
Prepayments	86,817	85,085
Restricted assets:		
Cash equivalents	36,175	27,784
Total Current Assets	13,712,909	12,064,863
<b><u>Noncurrent Assets</u></b>		
Capital assets	30,911,499	28,843,879
Accumulated depreciation	(14,454,235)	(13,580,842)
Total Noncurrent Assets	16,457,264	15,263,037
Total Assets	30,170,173	27,327,900
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Related to pensions and other post employment benefits	1,752,845	1,966,412
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities</u></b>		
Trade accounts payable	2,329,914	1,855,283
Due to other funds	423,579	-
Accrued payroll and payroll taxes	86,106	84,152
Compensated absences	100,862	111,376
Customer deposits payable	671,746	594,696
Customer deposit interest payable	9,206	10,743
Total Current Liabilities	3,621,413	2,656,250
<b><u>Long-Term Liabilities Due After One Year</u></b>		
Net pension and other post employment benefit liabilities	6,458,965	7,840,109
Total Long-Term Liabilities	6,458,965	7,840,109
Total Liabilities	10,080,378	10,496,359
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Related to pensions and other post employment benefits	1,391,031	317,279
<b><u>NET POSITION</u></b>		
Net investment in capital assets	16,457,264	15,263,037
Restricted for customer deposits	36,175	27,784
Unrestricted	3,958,170	3,189,853
Total Net Position	\$ 20,451,609	\$ 18,480,674

**CITY OF MADISONVILLE, KENTUCKY**  
**LIGHT FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>Operating Revenues</u></b>		
Sale of electricity	\$ 25,217,054	\$ 24,844,190
Grant income	20,000	375
Service and miscellaneous	691,942	666,720
Total Operating Revenues	25,928,996	25,511,285
<b><u>Operating Expenses</u></b>		
Electricity purchased	15,157,731	15,593,617
Maintenance	2,605,449	2,623,742
Depreciation	1,118,298	1,055,268
Commercial operations	1,062,934	887,110
Other	731,461	899,214
Total Operating Expenses	20,675,873	21,058,951
<b><u>Income From Operations</u></b>	5,253,123	4,452,334
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment income	77,642	119,771
Total Nonoperating Revenues (Expenses)	77,642	119,771
<b><u>Income Before Contributions and Transfers</u></b>	5,330,765	4,572,105
Capital contributions	140,170	268,240
Transfers out	(3,500,000)	(3,500,000)
<b><u>Change in Net Position</u></b>	1,970,935	1,340,345
<b><u>Net Position - Beginning of Year</u></b>	18,480,674	17,140,329
<b><u>Net Position - End of Year</u></b>	\$ 20,451,609	\$ 18,480,674

**CITY OF MADISONVILLE, KENTUCKY**  
**LIGHT FUND**  
**COMPARATIVE SCHEDULES OF OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>Electricity Purchased</u></b>	\$ 15,157,731	\$ 15,593,617
<b><u>Maintenance</u></b>		
Overhead conductors	1,536,858	1,565,219
Poles, towers, and fixtures	441,861	515,247
Tree trimming	343,942	288,450
Other	270,249	203,890
Street lights	12,539	50,936
Total	<u>2,605,449</u>	<u>2,623,742</u>
<b><u>Depreciation</u></b>	<u>1,118,298</u>	<u>1,055,268</u>
<b><u>Commercial Office Operations</u></b>		
Billing and commercial office salaries and wages	623,821	602,465
Office supplies and other expenses	225,261	198,198
Postage	64,236	53,470
Computer services and supplies	149,616	32,977
Total	<u>1,062,934</u>	<u>887,110</u>
<b><u>Other</u></b>		
Professional fees	347,005	320,273
Pension and other post employment benefits	187,366	389,769
Employee benefits	121,048	121,315
Uncollectible accounts	2,414	12,685
Payroll taxes	47,342	44,390
Engineering	25,528	9,704
Customer deposit interest	758	1,078
Total	<u>731,461</u>	<u>899,214</u>
<b><u>Total Operating Expenses</u></b>	<u>\$ 20,675,873</u>	<u>\$ 21,058,951</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**LIGHT FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**  
**INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Cash received from customers	\$ 25,849,834	\$ 25,167,691
Cash received from interfund services provided	231,697	220,906
Cash payments to suppliers for goods and services	(16,875,726)	(17,193,976)
Cash payments to employees for services	(2,393,523)	(2,276,038)
Net Cash Provided (Used) By Operating Activities	<u>6,812,282</u>	<u>5,918,583</u>
<b><u>Cash Flows From Noncapital Financing Activities</u></b>		
Transfers out	(3,500,000)	(3,500,000)
Net decrease (increase) in amounts due from other funds	12,110	117,423
Net increase (decrease) in amounts due to other funds	423,579	-
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(3,064,311)</u>	<u>(3,382,577)</u>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>		
Contributed capital	140,170	268,240
Acquisition of property, plant and equipment	(2,312,525)	(2,505,171)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(2,172,355)</u>	<u>(2,236,931)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Income received on investments	77,642	119,771
Net Cash Provided (Used) By Investing Activities	<u>77,642</u>	<u>119,771</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	1,653,258	418,846
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<u>7,076,321</u>	<u>6,657,475</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 8,729,579</u>	<u>\$ 7,076,321</u>
<b><u>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities</u></b>		
Operating income	\$ 5,253,123	\$ 4,452,334
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	1,118,298	1,055,268
Customer deposit interest accrued	(1,537)	(2,416)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	152,535	(122,688)
Decrease (increase) in materials and supplies	(157,701)	(132,694)
Decrease (increase) in prepayments	(1,732)	(34,320)
Decrease (increase) in deferred outflows	213,567	(146,942)
Increase (decrease) in trade accounts payable	474,631	126,925
Increase (decrease) in customer deposits	77,050	(59,189)
Increase (decrease) in accrued expenses	(8,560)	38,888
Increase (decrease) in net pension and opeb liabilities	(1,381,144)	1,000,088
Increase (decrease) in deferred inflows	1,073,752	(256,671)
Net Cash Provided (Used) By Operating Activities	<u>\$ 6,812,282</u>	<u>\$ 5,918,583</u>
<b><u>Reconciliation of Total Cash Equivalents</u></b>		
Current Assets - Cash equivalents	\$ 8,693,404	\$ 7,048,537
Restricted Assets - Cash equivalents	36,175	27,784
Total Cash Equivalents	<u>\$ 8,729,579</u>	<u>\$ 7,076,321</u>
<b><u>Noncash Investing, Capital and Related Financing Activities</u></b>		
None	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**LIGHT FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			Variance with Final Budget Positive (Negative)	2021
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b><u>Operating Revenues</u></b>					
Sale of electricity	\$ 26,308,000	\$ 26,308,000	\$ 25,217,054	\$ (1,090,946)	\$ 24,844,190
Grant income	-	-	20,000	20,000	375
Service and miscellaneous	632,600	632,600	691,942	59,342	666,720
Total Operating Revenues	<u>26,940,600</u>	<u>26,940,600</u>	<u>25,928,996</u>	<u>(1,011,604)</u>	<u>25,511,285</u>
<b><u>Operating Expenses</u></b>					
Electricity purchased	16,735,000	16,735,000	15,157,731	1,577,269	15,593,617
Maintenance	5,495,996	5,495,996	2,605,449	2,890,547	2,623,742
Depreciation	945,000	945,000	1,118,298	(173,298)	1,055,268
Commercial operations	1,040,450	1,040,450	1,062,934	(22,484)	887,110
Other	779,358	779,358	731,461	47,897	899,214
Total Operating Expenses	<u>24,995,804</u>	<u>24,995,804</u>	<u>20,675,873</u>	<u>4,319,931</u>	<u>21,058,951</u>
<b><u>Income from Operations</u></b>	<u>1,944,796</u>	<u>1,944,796</u>	<u>5,253,123</u>	<u>3,308,327</u>	<u>4,452,334</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>					
Investment income	90,000	90,000	77,642	(12,358)	119,771
Total Nonoperating Revenues (Expenses)	<u>90,000</u>	<u>90,000</u>	<u>77,642</u>	<u>(12,358)</u>	<u>119,771</u>
<b><u>Income Before Contributions and Transfers</u></b>	2,034,796	2,034,796	5,330,765	3,295,969	4,572,105
Capital contributions	48,500	48,500	140,170	91,670	268,240
Transfers out	(3,500,000)	(3,500,000)	(3,500,000)	-	(3,500,000)
<b><u>Change in Net Position</u></b>	<u>\$ (1,416,704)</u>	<u>\$ (1,416,704)</u>	<u>\$ 1,970,935</u>	<u>\$ 3,387,639</u>	<u>\$ 1,340,345</u>



**CITY OF MADISONVILLE, KENTUCKY**  
**WATER AND SEWER FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash equivalents	\$ 4,441,968	\$ 6,756,455
Investments, at fair value	97,489	97,003
Accounts receivable:		
Customer (less allowance for uncollectible accounts of \$234,000 and \$198,000)	1,247,487	1,057,188
Other	59,567	38,715
Grant receivable	215,335	-
Lease receivable	368,799	-
Due from other funds	75,266	133,914
Materials and supplies	647,977	543,630
Real estate held for resale	300,000	300,000
Interest receivable	6,917	6,953
Prepayments	27,976	29,726
Restricted assets:		
Cash equivalents	186	186
Investments, at fair value	4,195,821	4,161,448
Total Current Assets	11,684,788	13,125,218
<b><u>Noncurrent Assets</u></b>		
Capital assets	94,939,267	92,713,374
Accumulated depreciation	(55,298,685)	(52,864,704)
Total Noncurrent Assets	39,640,582	39,848,670
Total Assets	51,325,370	52,973,888
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Related to refunding debt	497,893	542,481
Related to pensions and other post employment benefits	2,057,486	2,243,185
Total Deferred Outflows of Resources	2,555,379	2,785,666
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities</u></b>		
Trade accounts payable	378,787	761,462
Construction accounts payable	375,993	87,520
Due to other funds	579,779	510,641
Unearned revenue	165,000	165,000
Accrued interest payable	35,473	41,718
Accrued payroll and payroll taxes	113,289	88,073
Compensated absences	114,369	117,727
Current portion of debt	1,042,231	1,015,414
Total Current Liabilities	2,804,921	2,787,555
<b><u>Long-Term Liabilities Due After One Year</u></b>		
Long-term portion of debt	3,807,400	4,842,888
Net pension and other post employment benefit liabilities	7,581,524	8,943,603
Total Long-Term Liabilities	11,388,924	13,786,491
Total Liabilities	14,193,845	16,574,046
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Related to pensions and other post employment benefits	1,632,790	361,935
Related to leases	368,838	-
Total Deferred Inflows of Resources	2,001,628	361,935
<b><u>NET POSITION</u></b>		
Net investment in capital assets	35,238,798	34,771,081
Restricted for debt service	2,886,309	2,871,050
Unrestricted	(439,831)	1,181,442
Total Net Position	\$ 37,685,276	\$ 38,823,573

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER AND SEWER FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>Operating Revenues</u></b>		
Sewer revenues	\$ 5,284,831	\$ 5,109,435
Water revenues	4,672,837	4,717,579
Lease revenue	2,060	-
Grant income	3,000	750
Total Operating Revenues	<u>9,962,728</u>	<u>9,827,764</u>
<b><u>Operating Expenses</u></b>		
Depreciation	2,845,112	2,789,693
Wastewater collection	1,606,492	2,190,131
Wastewater treatment	1,604,663	1,732,712
Purification	1,838,412	1,715,016
Distribution maintenance	1,556,712	1,768,725
Engineering/Stormwater	793,935	-
Other	663,982	600,079
Power purchased	404,364	418,036
Total Operating Expenses	<u>11,313,672</u>	<u>11,214,392</u>
<b><u>Income (Loss) From Operations</u></b>	<u>(1,350,944)</u>	<u>(1,386,628)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment income	66,296	81,855
Gain on disposal of assets	500	-
Interest expense and amortization	(179,484)	(199,881)
Total Nonoperating Revenues (Expenses)	<u>(112,688)</u>	<u>(118,026)</u>
<b><u>Income (Loss) Before Contributions</u></b>	(1,463,632)	(1,504,654)
Capital contributions	<u>325,335</u>	<u>110,000</u>
<b><u>Change in Net Position</u></b>	(1,138,297)	(1,394,654)
<b><u>Net Position - Beginning of Year</u></b>	<u>38,823,573</u>	<u>40,218,227</u>
<b><u>Net Position - End of Year</u></b>	<u>\$ 37,685,276</u>	<u>\$ 38,823,573</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER AND SEWER FUND**  
**COMPARATIVE SCHEDULES OF OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>Depreciation</u></b>	\$ 2,845,112	\$ 2,789,693
<b><u>Wastewater Collection</u></b>		
Maintenance	1,425,197	2,028,451
Fuel and power	123,925	126,527
Materials and supplies	57,370	34,793
Engineering/billing fees	-	360
Total	<u>1,606,492</u>	<u>2,190,131</u>
<b><u>Wastewater Treatment</u></b>		
Salaries and wages	449,620	447,034
Fuel and power	310,448	335,431
Sludge hauling	179,002	185,073
Pension and other post employment benefits	36,273	277,623
Materials and supplies	175,235	150,657
Employee benefits	163,412	162,966
Maintenance	222,098	105,088
Payroll taxes	34,731	34,553
Professional fees	33,844	34,287
Total	<u>1,604,663</u>	<u>1,732,712</u>
<b><u>Purification</u></b>		
Salaries and wages	536,008	468,549
Materials and supplies	575,716	405,468
Pension and other post employment benefits	185,877	296,980
Maintenance	240,283	219,585
Employee benefits	165,972	168,712
Filter water analysis	39,020	54,292
Payroll taxes	41,610	35,561
Engineering	49,030	59,931
Small tools and work equipment	4,896	5,938
Total	<u>1,838,412</u>	<u>1,715,016</u>
<b><u>Distribution Maintenance</u></b>		
Water mains	1,349,072	1,505,961
Hydrants	163,776	201,464
Other	43,864	61,300
Total	<u>1,556,712</u>	<u>1,768,725</u>
<b><u>Engineering/Stormwater</u></b>		
Pension and other post employment benefits	510,565	-
Salaries and wages	176,456	-
Professional fees	48,165	-
Employee benefits	25,474	-
Materials and supplies	17,491	-
Payroll taxes	13,335	-
Maintenance	2,449	-
Total	<u>793,935</u>	<u>-</u>
<b><u>Other</u></b>		
Billing and collection	261,000	261,000
Professional fees	201,000	126,000
Insurance	62,895	65,870
Miscellaneous	106,027	126,130
Uncollectible accounts	33,060	21,079
Total	<u>663,982</u>	<u>600,079</u>
<b><u>Power Purchased</u></b>	<u>404,364</u>	<u>418,036</u>
<b><u>Total Operating Expenses</u></b>	<u>\$ 11,313,672</u>	<u>\$ 11,214,392</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER AND SEWER FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**  
**INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Cash received from customers	\$ 9,316,693	\$ 9,697,196
Cash received from interfund services provided	66,085	51,782
Cash payments to suppliers for goods and services	(5,658,128)	(4,658,803)
Cash payments to employees for services	<u>(2,737,395)</u>	<u>(2,708,076)</u>
Net Cash Provided (Used) By Operating Activities	<u>987,255</u>	<u>2,382,099</u>
<b><u>Cash Flows From Noncapital Financing Activities</u></b>		
Net decrease (increase) in amounts due from other funds	58,648	259,210
Net increase (decrease) in amounts due to other funds	<u>69,138</u>	<u>388,744</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>127,786</u>	<u>647,954</u>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>		
Principal paid on debt	(964,083)	(947,302)
Contributed capital	325,335	110,000
Acquisition of property, plant and equipment	(2,651,822)	(1,291,751)
Proceeds from sale of property, plant and equipment	15,298	11,659
Interest paid on debt	<u>(185,729)</u>	<u>(206,039)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(3,461,001)</u>	<u>(2,323,433)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of investments	(2,035,597)	(2,169,795)
Proceeds from sales and maturities of investments	2,000,738	2,141,818
Income received on investments	<u>66,332</u>	<u>82,569</u>
Net Cash Provided (Used) By Investing Activities	<u>31,473</u>	<u>54,592</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	<u>(2,314,487)</u>	<u>761,212</u>
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<u>6,756,641</u>	<u>5,995,429</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 4,442,154</u>	<u>\$ 6,756,641</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities</u></b>		
Operating income (loss)	\$ (1,350,944)	\$ (1,386,628)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,845,112	2,789,693
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(211,151)	(78,786)
Decrease (increase) in grant receivable	(215,335)	4,931
Decrease (increase) in lease receivable	(368,799)	-
Decrease (increase) in materials and supplies	(104,347)	67,620
Decrease (increase) in real estate held for resale	-	(300,000)
Decrease (increase) in prepayments	1,750	5,412
Decrease (increase) in deferred outflows	185,699	(222,289)
Increase (decrease) in trade accounts payable	(94,202)	453,801
Increase (decrease) in unearned revenue	-	(41,040)
Increase (decrease) in accrued expenses	21,858	18,585
Increase (decrease) in net pension and opeb liabilities	(1,362,079)	1,346,354
Increase (decrease) in deferred inflows	<u>1,639,693</u>	<u>(275,554)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 987,255</u>	<u>\$ 2,382,099</u>
<b><u>Reconciliation of Total Cash Equivalents</u></b>		
Current Assets - Cash equivalents	\$ 4,441,968	\$ 6,756,455
Restricted Assets - Cash equivalents	186	186
Total Cash Equivalents	<u>\$ 4,442,154</u>	<u>\$ 6,756,641</u>
<b><u>Noncash Investing, Capital and Related Financing Activities</u></b>		
Net increase (decrease) in fair value of investments	\$ -	\$ -
Net Noncash Investing, Capital and Related Financing Activities	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2021	
	Budgeted Amounts				Actual GAAP Basis	Actual GAAP Basis
	Original	Final				
<b><u>Operating Revenues</u></b>						
Sewer revenues	\$ 4,983,000	\$ 4,983,000	\$ 5,284,831	\$ 301,831	\$ 5,109,435	
Water revenues	4,779,000	4,779,000	4,672,837	(106,163)	4,717,579	
Lease revenues	-	-	2,060	2,060	-	
Grant income	250,000	250,000	3,000	(247,000)	750	
Total Operating Revenues	10,012,000	10,012,000	9,962,728	(49,272)	9,827,764	
<b><u>Operating Expenses</u></b>						
Depreciation	2,700,000	2,700,000	2,845,112	(145,112)	2,789,693	
Wastewater collection	3,151,903	3,151,903	1,606,492	1,545,411	2,190,131	
Wastewater treatment	2,662,479	2,662,479	1,604,663	1,057,816	1,732,712	
Purification	2,673,139	2,673,139	1,838,412	834,727	1,715,016	
Distribution maintenance	2,237,316	2,237,316	1,556,712	680,604	1,768,725	
Engineering/Stormwater	464,422	464,422	793,935	(329,513)	-	
Other	560,198	560,198	663,982	(103,784)	600,079	
Power purchased	450,000	450,000	404,364	45,636	418,036	
Total Operating Expenses	14,899,457	14,899,457	11,313,672	3,585,785	11,214,392	
<b><u>Income (Loss) from Operations</u></b>	(4,887,457)	(4,887,457)	(1,350,944)	3,536,513	(1,386,628)	
<b><u>Nonoperating Revenues (Expenses)</u></b>						
Investment income	117,000	117,000	66,296	(50,704)	81,855	
Gain on disposal of assets	-	-	500	500	-	
Interest expense and fees	(225,750)	(225,750)	(179,484)	46,266	(199,881)	
Total Nonoperating Revenues (Expenses)	(108,750)	(108,750)	(112,688)	(3,938)	(118,026)	
<b><u>Income (Loss) Before Contributions</u></b>	(4,996,207)	(4,996,207)	(1,463,632)	3,532,575	(1,504,654)	
Capital contributions	1,440,000	1,440,000	325,335	(1,114,665)	110,000	
<b><u>Change in Net Position</u></b>	\$ (3,556,207)	\$ (3,556,207)	\$ (1,138,297)	\$ 2,417,910	\$ (1,394,654)	

**CITY OF MADISONVILLE, KENTUCKY**  
**SANITATION FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash equivalents	\$ 1,904,213	\$ 1,104,647
Accounts receivable:		
Customer (less allowance for uncollectible accounts of \$53,000 and \$54,000)	308,985	320,603
Other	121,177	231,142
Due from other funds	385	93,995
Materials and supplies	149,012	111,482
Prepayments	10,060	11,357
Total Current Assets	2,493,832	1,873,226
<b><u>Noncurrent Assets</u></b>		
Capital assets	5,532,093	5,376,796
Accumulated depreciation	(2,945,804)	(2,704,615)
Total Noncurrent Assets	2,586,289	2,672,181
Total Assets	5,080,121	4,545,407
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Related to pensions and other post employment benefits	887,661	840,735
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities</u></b>		
Trade accounts payable	180,350	179,995
Due to other funds	438,150	242,031
Accrued interest payable	996	989
Accrued payroll and payroll taxes	44,662	50,345
Compensated absences	46,309	45,660
Current portion of debt	1,180,505	1,413,010
Total Current Liabilities	1,890,972	1,932,030
<b><u>Long-Term Liabilities Due After One Year</u></b>		
Long-term portion of debt	157,178	-
Net pension and other post employment benefit liabilities	3,270,897	3,352,018
Total Long-Term Liabilities	3,428,075	3,352,018
Total Liabilities	5,319,047	5,284,048
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Related to pensions and other post employment benefits	704,434	135,652
<b><u>NET POSITION</u></b>		
Net investment in capital assets	1,248,606	1,259,171
Unrestricted (deficit)	(1,304,305)	(1,292,729)
Total Net Position	\$ (55,699)	\$ (33,558)

**CITY OF MADISONVILLE, KENTUCKY**  
**SANITATION FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>Operating Revenues</u></b>		
Sanitation fees	\$ 4,037,864	\$ 3,742,766
Recycling income	169,599	99,081
Grant income	-	1,030
Service and miscellaneous	327,773	358,419
Total Operating Revenues	4,535,236	4,201,296
<b><u>Operating Expenses</u></b>		
Sanitation collection and disposal	3,315,210	2,247,320
Depreciation	320,754	334,095
Maintenance	406,824	469,530
Other	187,398	204,143
Total Operating Expenses	4,230,186	3,255,088
<b><u>Income (Loss) From Operations</u></b>	305,050	946,208
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment income	14,583	18,108
Gain (loss) on disposal of assets	(38,774)	(99,307)
Interest expense and fees	(33,600)	(45,144)
Total Nonoperating Revenues (Expenses)	(57,791)	(126,343)
<b><u>Income (Loss) Before Contributions and Transfers</u></b>	247,259	819,865
Capital contributions	30,600	39,355
Transfers out	(300,000)	(300,000)
<b><u>Change in Net Position</u></b>	(22,141)	559,220
<b><u>Net Position - Beginning of Year</u></b>	(33,558)	(592,778)
<b><u>Net Position - End of Year</u></b>	\$ (55,699)	\$ (33,558)

**CITY OF MADISONVILLE, KENTUCKY**  
**SANITATION FUND**  
**COMPARATIVE SCHEDULES OF OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>Sanitation Collection and Disposal</u></b>		
Salaries and wages	\$ 1,133,485	\$ 947,329
Pension and other post employment benefits	743,877	(50,958)
Hauling and landfill tipping fees	520,124	568,025
Materials and supplies	216,286	226,936
Fuel and oil	301,782	165,632
Employee benefits	250,378	251,612
Payroll taxes	87,577	71,314
Uniforms and clothing	40,790	35,997
Workers compensation	20,911	31,433
Total	<u>3,315,210</u>	<u>2,247,320</u>
<b><u>Depreciation</u></b>	<u>320,754</u>	<u>334,095</u>
<b><u>Maintenance</u></b>		
Equipment	398,938	453,243
Facilities	7,886	16,287
Total	<u>406,824</u>	<u>469,530</u>
<b><u>Other</u></b>		
Billing and collection	83,000	83,000
Insurance	63,053	69,800
Professional fees	40,000	40,000
Uncollectible accounts	1,345	11,343
Total	<u>187,398</u>	<u>204,143</u>
<b><u>Total Operating Expenses</u></b>	<u>\$ 4,230,186</u>	<u>\$ 3,255,088</u>



**CITY OF MADISONVILLE, KENTUCKY**  
**SANITATION FUND**  
**COMPARATIVE SCHEDULES OF OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Cash received from customers	\$ 4,506,069	\$ 3,887,814
Cash received from interfund services provided	150,750	125,638
Cash payments to suppliers for goods and services	(2,283,513)	(2,118,072)
Cash payments to employees for services	<u>(1,226,096)</u>	<u>(986,542)</u>
Net Cash Provided (Used) By Operating Activities	<u>1,147,210</u>	<u>908,838</u>
<b><u>Cash Flows From Noncapital Financing Activities</u></b>		
Transfers out	(300,000)	(300,000)
Net decrease (increase) in amounts due from other funds	93,610	(93,995)
Net increase (decrease) in amounts due to other funds	<u>196,119</u>	<u>24,846</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(10,271)</u>	<u>(369,149)</u>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>		
Proceeds from issuance of debt	1,065,500	1,413,010
Principal paid on debt	(1,140,827)	(1,643,410)
Contributed capital	30,600	39,355
Acquisition of property, plant and equipment	(1,256,119)	(1,140,229)
Proceeds from sale of property, plant and equipment	982,483	1,119,193
Interest paid on debt	<u>(33,593)</u>	<u>(45,817)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(351,956)</u>	<u>(257,898)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Income received on investments	<u>14,583</u>	<u>18,108</u>
Net Cash Provided (Used) By Investing Activities	<u>14,583</u>	<u>18,108</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	799,566	299,899
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<u>1,104,647</u>	<u>804,748</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 1,904,213</u>	<u>\$ 1,104,647</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities</u></b>		
Operating income (loss)	\$ 305,050	\$ 946,208
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	320,754	334,095
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	121,583	(187,844)
Decrease (increase) in materials and supplies	(37,530)	(30,148)
Decrease (increase) in prepayments	1,297	(109)
Decrease (increase) in deferred outflows	(46,926)	107,490
Increase (decrease) in trade accounts payable	355	83,199
Increase (decrease) in accrued expenses	(5,034)	32,101
Increase (decrease) in net pension and opeb liabilities	(81,121)	(212,690)
Increase (decrease) in deferred inflows	<u>568,782</u>	<u>(163,464)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,147,210</u>	<u>\$ 908,838</u>
<b><u>Reconciliation of Total Cash Equivalents</u></b>		
Current Assets - Cash equivalents	<u>\$ 1,904,213</u>	<u>\$ 1,104,647</u>
Total Cash Equivalents	<u>\$ 1,904,213</u>	<u>\$ 1,104,647</u>
<b><u>Noncash Investing, Capital and Related Financing Activities</u></b>		
Increase in financed purchase obligations	<u>\$ 1,065,500</u>	<u>\$ 1,413,010</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**SANITATION FUND**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021**

	2022			Variance with Final Budget Positive (Negative)	2021
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<b><u>Operating Revenues</u></b>					
Sanitation fees	\$ 4,322,157	\$ 4,322,157	\$ 4,037,864	\$ (284,293)	\$ 3,742,766
Recycling income	47,156	47,156	169,599	122,443	99,081
Grant income	-	-	-	-	1,030
Service and miscellaneous	240,690	240,690	327,773	87,083	358,419
Total Operating Revenues	<u>4,610,003</u>	<u>4,610,003</u>	<u>4,535,236</u>	<u>(74,767)</u>	<u>4,201,296</u>
<b><u>Operating Expenses</u></b>					
Sanitation collection and disposal	3,071,497	3,071,497	3,315,210	(243,713)	2,247,320
Depreciation	232,000	232,000	320,754	(88,754)	334,095
Maintenance	311,000	311,000	406,824	(95,824)	469,530
Other	188,000	188,000	187,398	602	204,143
Total Operating Expenses	<u>3,802,497</u>	<u>3,802,497</u>	<u>4,230,186</u>	<u>(427,689)</u>	<u>3,255,088</u>
<b><u>Income (Loss) from Operations</u></b>	<u>807,506</u>	<u>807,506</u>	<u>305,050</u>	<u>(502,456)</u>	<u>946,208</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>					
Investment income	17,250	17,250	14,583	(2,667)	18,108
Gain (loss) on disposal of assets	-	-	(38,774)	(38,774)	(99,307)
Interest expense and fees	(300,000)	(300,000)	(33,600)	266,400	(45,144)
Total Nonoperating Revenues (Expenses)	<u>(282,750)</u>	<u>(282,750)</u>	<u>(57,791)</u>	<u>224,959</u>	<u>(126,343)</u>
<b><u>Income (Loss) Before Contributions and Transfers</u></b>	524,756	524,756	247,259	(277,497)	819,865
Capital contributions	32,211	32,211	30,600	(1,611)	39,355
Transfers out	(300,000)	(300,000)	(300,000)	-	(300,000)
<b><u>Change in Net Position</u></b>	<u>\$ 256,967</u>	<u>\$ 256,967</u>	<u>\$ (22,141)</u>	<u>\$ (279,108)</u>	<u>\$ 559,220</u>

## **COMPARATIVE FINANCIAL STATEMENTS**

### **Internal Service Fund**

#### Self Insured Health Care Trust Fund

This fund accounts for the accumulation of resources to be used in providing health and life insurance benefits to all employees electing coverage as determined by the City Council.

**CITY OF MADISONVILLE, KENTUCKY**  
**INTERNAL SERVICE FUND**  
**SELF INSURED HEALTH CARE TRUST FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash equivalents	\$ 974,245	\$ 642,782
Investments, at fair value	669,133	665,961
Accounts receivable	815	45,552
Due from other funds	-	193,878
Interest receivable	118	145
Total Current Assets	1,644,311	1,548,318
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities</u></b>		
Claims payable	139,648	184,068
Due to other funds	1,085	512
Total Current Liabilities	140,733	184,580
<b><u>NET POSITION</u></b>		
Unrestricted	1,503,578	1,363,738
Total Net Position	\$ 1,503,578	\$ 1,363,738

**CITY OF MADISONVILLE, KENTUCKY**  
**INTERNAL SERVICE FUND**  
**SELF INSURED HEALTH CARE TRUST FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>Revenues</u></b>		
Charges for premiums and services	\$ <u>3,484,930</u>	\$ <u>3,599,233</u>
<b><u>Expenses</u></b>		
Claims expense	2,478,261	2,801,056
Insurance premiums	541,733	500,849
Employee clinic fees	268,881	264,395
Administration	<u>64,356</u>	<u>80,438</u>
Total Expenses	<u>3,353,231</u>	<u>3,646,738</u>
<b><u>Income (Loss) From Operations</u></b>	131,699	(47,505)
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Investment income	<u>8,141</u>	<u>19,593</u>
<b><u>Change in Net Position</u></b>	139,840	(27,912)
<b><u>Net Position - Beginning of Year</u></b>	<u>1,363,738</u>	<u>1,391,650</u>
<b><u>Net Position - End of Year</u></b>	<u>\$ <u>1,503,578</u></u>	<u>\$ <u>1,363,738</u></u>

**CITY OF MADISONVILLE, KENTUCKY**  
**INTERNAL SERVICE FUND**  
**SELF INSURED HEALTH CARE TRUST FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**  
**INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Cash received for premiums and services	\$ 3,529,667	\$ 3,590,033
Cash payments for premiums, claims and other	<u>(3,397,651)</u>	<u>(3,605,043)</u>
Net Cash Provided (Used) By Operating Activities	<u>132,016</u>	<u>(15,010)</u>
<b><u>Cash Flows From Noncapital Financing Activities</u></b>		
Net decrease (increase) in amounts due from other funds	193,878	1,601
Net increase (decrease) in amounts due to other funds	<u>573</u>	<u>512</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>194,451</u>	<u>2,113</u>
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>		
	<u>-</u>	<u>-</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of investments	(3,172)	(10,824)
Income received on investments	<u>8,168</u>	<u>19,994</u>
Net Cash Provided (Used) By Investing Activities	<u>4,996</u>	<u>9,170</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	331,463	(3,727)
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<u>642,782</u>	<u>646,509</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 974,245</u>	<u>\$ 642,782</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash</u></b>		
<b><u>Provided (Used) By Operating Activities</u></b>		
Operating income (loss)	\$ 131,699	\$ (47,505)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in receivables	44,737	(9,200)
Increase (decrease) in payables	<u>(44,420)</u>	<u>41,695</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 132,016</u>	<u>\$ (15,010)</u>
<b><u>Reconciliation of Total Cash Equivalents</u></b>		
Current Assets - Cash equivalents	<u>\$ 974,245</u>	<u>\$ 642,782</u>
Total Cash Equivalents	<u>\$ 974,245</u>	<u>\$ 642,782</u>

**CITY OF MADISONVILLE, KENTUCKY**

**SUPPLEMENTAL SCHEDULES  
JUNE 30, 2022**

**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**SCHEDULE OF NOTE PAYABLE**  
**JUNE 30, 2022**

**Schedule 1**

<b><u>Amount of Loan</u></b>	\$ 1,115,649
<b><u>Date of Loan</u></b>	June 10, 2020
<b><u>Interest Rate</u></b>	2.75%
<b><u>Loan Outstanding June 30, 2022</u></b>	\$ 818,114
<b><u>Creditor</u></b>	First United Bank

Fiscal Year	Principal	Interest	Total Requirement	Obligation at June 30
2022 - 2023	\$ 154,767	\$ 20,865	\$ 175,632	\$ 663,347
2023 - 2024	159,095	16,537	175,632	504,252
2024 - 2025	163,631	12,001	175,632	340,621
2025 - 2026	168,253	7,379	175,632	172,368
2026 - 2027	<u>172,368</u>	<u>2,628</u>	<u>174,996</u>	-
	<u>\$ 818,114</u>	<u>\$ 59,410</u>	<u>\$ 877,524</u>	



**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**SCHEDULE OF LEASE OBLIGATION**  
**JUNE 30, 2022**

**Schedule 2**

**Amount of Lease**                                       \$    40,246

**Date of Lease**   December 1, 2021

**Interest Rate**   4.00%

**Lease Outstanding June 30, 2022**             \$    34,654

**Lessor**   Deere Credit

Fiscal Year	Principal	Interest	Total Requirement	Obligation at June 30
2022 - 2023	\$ 9,659	\$ 1,209	\$ 10,868	\$ 24,995
2023 - 2024	10,052	816	10,868	14,943
2024 - 2025	10,461	407	10,868	4,482
2025 - 2026	<u>4,482</u>	<u>46</u>	<u>4,528</u>	-
	<u>\$ 34,654</u>	<u>\$ 2,478</u>	<u>\$ 37,132</u>	

**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**SCHEDULE OF LEASE OBLIGATION**  
**JUNE 30, 2022**

**Schedule 3**

<b><u>Amount of Lease</u></b>	\$ 161,720
<b><u>Date of Lease</u></b>	December 1, 2021
<b><u>Interest Rate</u></b>	4.00%
<b><u>Lease Outstanding June 30, 2022</u></b>	\$ 139,249
<b><u>Lessor</u></b>	Deere Credit

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>	<u>Obligation at June 30</u>
2022 - 2023	\$ 38,808	\$ 4,859	\$ 43,667	\$ 100,441
2023 - 2024	40,388	3,279	43,667	60,053
2024 - 2025	42,032	1,635	43,667	18,021
2025 - 2026	<u>18,021</u>	<u>180</u>	<u>18,201</u>	-
	<u>\$ 139,249</u>	<u>\$ 9,953</u>	<u>\$ 149,202</u>	

**CITY OF MADISONVILLE, KENTUCKY**  
**GENERAL FUND**  
**SCHEDULE OF LEASE OBLIGATION**  
**JUNE 30, 2022**

**Schedule 4**

<b><u>Amount of Lease</u></b>	\$ 373,649
<b><u>Date of Lease</u></b>	May 6, 2021
<b><u>Interest Rate</u></b>	4.00%
<b><u>Lease Outstanding June 30, 2022</u></b>	\$ 193,984
<b><u>Lessor</u></b>	Utility Associates, Inc.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>	<u>Obligation at June 30</u>
2022 - 2023	\$ 62,097	\$ 7,903	\$ 70,000	\$ 131,887
2023 - 2024	64,627	5,373	70,000	67,260
2024 - 2025	<u>67,260</u>	<u>2,740</u>	<u>70,000</u>	-
	<u>\$ 193,984</u>	<u>\$ 16,016</u>	<u>\$ 210,000</u>	

**CITY OF MADISONVILLE, KENTUCKY**  
**RESTAURANT TAX FUND**  
**SCHEDULE OF NOTE PAYABLE**  
**JUNE 30, 2022**

**Schedule 5**

<b><u>Amount of Loan</u></b>	\$ 4,000,000
<b><u>Date of Loan</u></b>	April 25, 2022
<b><u>Interest Rate</u></b>	2.75 %
<b><u>Loan Outstanding June 30, 2022</u></b>	\$ 3,942,985
<b><u>Creditor</u></b>	Farmers Bank and Trust Company

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>	<u>Obligation at June 30</u>
2022 - 2023	\$ 219,537	\$ 106,256	\$ 325,793	\$ 3,723,448
2023 - 2024	225,650	100,143	325,793	3,497,798
2024 - 2025	231,935	93,858	325,793	3,265,863
2025 - 2026	238,394	87,399	325,793	3,027,469
2026 - 2027	245,033	80,760	325,793	2,782,436
2027 - 2028	251,857	73,936	325,793	2,530,579
2028 - 2029	258,871	66,922	325,793	2,271,708
2029 - 2030	266,080	59,713	325,793	2,005,628
2030 - 2031	273,491	52,302	325,793	1,732,137
2031 - 2032	280,816	45,314	326,130	1,451,321
2032 - 2033	287,581	40,237	327,818	1,163,740
2033 - 2034	296,328	31,490	327,818	867,412
2034 - 2035	305,341	22,477	327,818	562,071
2035 - 2036	314,628	13,190	327,818	247,443
2036 - 2037	<u>247,443</u>	<u>3,163</u>	<u>250,606</u>	-
	<u>\$ 3,942,985</u>	<u>\$ 877,160</u>	<u>\$ 4,820,145</u>	

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER AND SEWER FUND**  
**DEBT SERVICE REQUIREMENTS**  
**2022-2023 THROUGH 2033-2034**

**Schedule 6**

**TOTAL PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Fiscal Year</u>	<u>Series 2012</u>	<u>Kentucky Infrastructure Authority</u>	<u>Total Requirement</u>
2022 - 2023	\$ 1,042,196	\$ 112,734	\$ 1,154,930
2023 - 2024	1,041,076	112,549	1,153,625
2024 - 2025	238,156	112,360	350,516
2025 - 2026	238,594	112,167	350,761
2026 - 2027	238,669	111,970	350,639
2027 - 2028	238,375	111,770	350,145
2028 - 2029	237,694	111,565	349,259
2029 - 2030	236,619	111,356	347,975
2030 - 2031	240,184	111,143	351,327
2031 - 2032	238,387	55,490	293,877
2032 - 2033	236,294	-	236,294
2033 - 2034	<u>238,819</u>	<u>-</u>	<u>238,819</u>
	<u>\$ 4,465,063</u>	<u>\$ 1,063,104</u>	<u>\$ 5,528,167</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER AND SEWER FUND**  
**SCHEDULE OF BONDED INDEBTEDNESS**  
**WATER AND SEWER REVENUE BONDS (SERIES OF 2012)**  
**JUNE 30, 2022**

**Schedule 7**

**DESCRIPTION**

The bonds were issued on March 6, 2012 in the amount of \$9,810,000 to partially advance refund bonds originally issued in connection with the construction of water supply/treatment system improvements performed in 2003. The bonds maintain a stated interest rate varying between 0.50% and 3.25% per annum with interest payments falling on March 1 and September 1 with September 1 being the stated principal payment date. The bond issue is on a parity basis with other bonded indebtedness of the water and sewer system and are payable with income and revenues derived by the operation of the City's combined and consolidated water and sewer system.

**DEBT SERVICE REQUIREMENTS**

Fiscal Year	Principal	Interest		Requirement For Year	Bonds Outstanding at June 30
		September 1	March 1		
2022 - 2023	\$ 950,000	\$ 51,323	\$ 40,873	\$ 1,042,196	\$ 3,020,000
2023 - 2024	970,000	40,873	30,203	1,041,076	2,050,000
2024 - 2025	180,000	30,203	27,953	238,156	1,870,000
2025 - 2026	185,000	27,953	25,641	238,594	1,685,000
2026 - 2027	190,000	25,641	23,028	238,669	1,495,000
2027 - 2028	195,000	23,028	20,347	238,375	1,300,000
2028 - 2029	200,000	20,347	17,347	237,694	1,100,000
2029 - 2030	205,000	17,347	14,272	236,619	895,000
2030 - 2031	215,000	14,272	10,912	240,184	680,000
2031 - 2032	220,000	10,912	7,475	238,387	460,000
2032 - 2033	225,000	7,475	3,819	236,294	235,000
2033 - 2034	235,000	3,819	-	238,819	-
	<u>\$ 3,970,000</u>	<u>\$ 273,193</u>	<u>\$ 221,870</u>	<u>\$ 4,465,063</u>	

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER AND SEWER FUND**  
**SCHEDULE OF NOTE PAYABLE**  
**KENTUCKY INFRASTRUCTURE AUTHORITY**  
**JUNE 30, 2022**

**Schedule 8**

**DESCRIPTION**

The American Recovery and Reinvestment Act ("ARRA") note from the Kentucky Infrastructure Authority was finalized on December 21, 2011 in the amount of \$1,466,459 (original loan amount of \$3,061,500 less principal forgiveness of \$1,595,041) to construct the South Main Sewer Interceptor Project - Phase 1B. The note bears interest at 2.0% per annum with the Kentucky Infrastructure Authority charging an additional 0.2% servicing fee for a total effective interest rate of 2.2% per annum. Payments of principal and interest are due each June 1 and December 1. The note is subordinated to various previous bond issues which are payable with income and revenues derived by the operation of the City's combined water and sewer system.

**DEBT SERVICE REQUIREMENTS**

Fiscal Year	December 1		June 1		Requirement For Year	Debt Outstanding at June 30
	Principal	Interest	Principal	Interest		
2022 - 2023	\$ 36,969	\$ 8,463	\$ 37,337	\$ 8,056	\$ 90,825	\$ 695,039
2023 - 2024	37,711	7,645	38,089	7,231	90,676	619,239
2024 - 2025	38,469	6,813	38,854	6,388	90,524	541,916
2025 - 2026	39,243	5,961	39,635	5,529	90,368	463,038
2026 - 2027	40,032	5,093	40,432	4,653	90,210	382,574
2027 - 2028	40,836	4,209	41,244	3,759	90,048	300,494
2028 - 2029	41,657	3,305	42,074	2,847	89,883	216,763
2029 - 2030	42,494	2,385	42,919	1,917	89,715	131,350
2030 - 2031	43,348	1,445	43,782	968	89,543	44,220
2031 - 2032	<u>44,220</u>	<u>486</u>	<u>-</u>	<u>-</u>	<u>44,706</u>	-
	<u>\$ 404,979</u>	<u>\$ 45,805</u>	<u>\$ 364,366</u>	<u>\$ 41,348</u>	<u>\$ 856,498</u>	

**CITY OF MADISONVILLE, KENTUCKY**  
**WATER AND SEWER FUND**  
**SCHEDULE OF NOTE PAYABLE**  
**KENTUCKY INFRASTRUCTURE AUTHORITY**  
**JUNE 30, 2022**

**Schedule 9**

**DESCRIPTION**

The American Recovery and Reinvestment Act ("ARRA") note from the Kentucky Infrastructure Authority was finalized on December 21, 2011 in the amount of \$353,741 (original loan amount of \$738,500 less principal forgiveness of \$384,758) to construct the South Main Sewer Interceptor Project - Phase 1B. The note bears interest at 2.0% per annum with the Kentucky Infrastructure Authority charging an additional 0.2% servicing fee for a total effective interest rate of 2.2% per annum. Payments of principal and interest are due each June 1 and December 1. The note is subordinated to various previous bond issues which are payable with income and revenues derived by the operation of the City's combined water and sewer system.

**DEBT SERVICE REQUIREMENTS**

Fiscal Year	December 1		June 1		Requirement For Year	Debt Outstanding at June 30
	Principal	Interest	Principal	Interest		
2022 - 2023	\$ 8,918	\$ 2,041	\$ 9,007	\$ 1,943	\$ 21,909	\$ 167,658
2023 - 2024	9,096	1,845	9,188	1,744	21,873	149,374
2024 - 2025	9,280	1,643	9,372	1,541	21,836	130,722
2025 - 2026	9,466	1,438	9,561	1,334	21,799	111,695
2026 - 2027	9,657	1,229	9,753	1,121	21,760	92,285
2027 - 2028	9,850	1,016	9,949	907	21,722	72,486
2028 - 2029	10,049	797	10,149	687	21,682	52,288
2029 - 2030	10,251	575	10,353	462	21,641	31,684
2030 - 2031	10,456	349	10,561	234	21,600	10,667
2031 - 2032	<u>10,667</u>	<u>117</u>	<u>-</u>	<u>-</u>	<u>10,784</u>	<u>-</u>
	<u>\$ 97,690</u>	<u>\$ 11,050</u>	<u>\$ 87,893</u>	<u>\$ 9,973</u>	<u>\$ 206,606</u>	



**CITY OF MADISONVILLE, KENTUCKY**  
**SANITATION FUND**  
**SCHEDULE OF FINANCED PURCHASE**  
**JUNE 30, 2022**

**Schedule 10**

**DESCRIPTION**

The financed purchase from Kentucky Association of Counties Leasing Trust was finalized October 8, 2020 in the amount of \$1,413,010 to finance with the option to purchase four 2021 Mack Garbage Trucks and two 2020 Mack Garbage Trucks. The financed purchase agreement requires monthly interest only payments with a lump sum principal payment due at the expiration of the financed purchase and bears interest at 2.52% per annum. Payments of amounts representing interest are due on the 20th day of each month with the lump sum principal payment due on March 20, 2022. On October 20, 2021, the City exercised the purchase option for four 2021 Mack Garbage Trucks and refinanced two 2020 Mack Garbage trucks for the remaining \$347,510. The refinanced purchase agreement requires monthly principal and interest payments due on the 20th day of each month and bears interest at 2.52% per annum. The final payment of principal and interest is due on October 20, 2024.

**FINANCED PURCHASE REQUIREMENTS**

Fiscal Year	Amount Representing Principal	Amount Representing Interest	Total Financed Purchase Requirement	Amount Outstanding at June 30
2022 - 2023	\$ 115,005	\$ 5,535	\$ 120,540	\$ 157,178
2023 - 2024	117,467	2,609	120,076	39,711
2024 - 2025	<u>39,711</u>	<u>209</u>	<u>39,920</u>	-
	<u>\$ 272,183</u>	<u>\$ 8,353</u>	<u>\$ 280,536</u>	

**CITY OF MADISONVILLE, KENTUCKY**  
**SANITATION FUND**  
**SCHEDULE OF FINANCED PURCHASE**  
**JUNE 30, 2022**

**Schedule 11**

**DESCRIPTION**

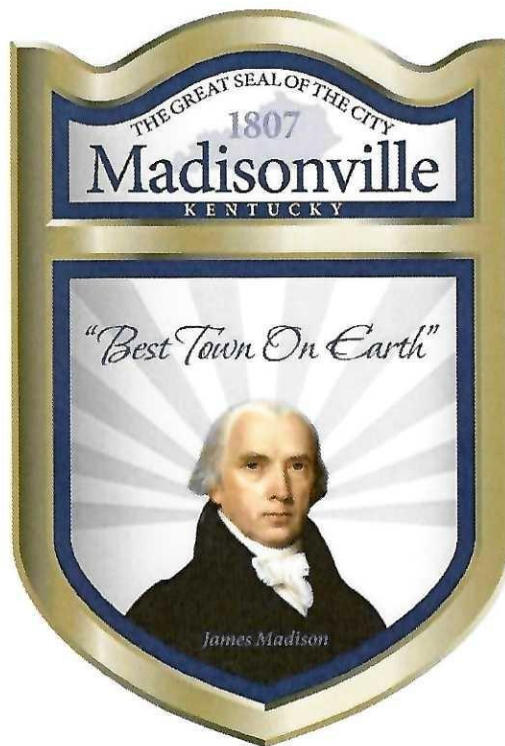
The financed purchase from Kentucky Association of Counties Leasing Trust was finalized October 14, 2021 in the amount of \$1,065,500 to finance with the option to purchase four 2022 Mack Garbage Trucks. The financed purchase agreement requires monthly interest only payments with a lump sum principal payment due at the expiration of the financed purchase and bears interest at 2.72% per annum. Payments of amounts representing interest are due on the 20th day of each month with the lump sum principal payment due on April 20, 2023.

**FINANCED PURCHASE REQUIREMENTS**

Fiscal Year	Amount Representing Principal	Amount Representing Interest	Total Financed Purchase Requirement	Amount Outstanding at June 30
2022 - 2023	\$ 1,065,500	\$ 24,151	\$ 1,089,651	\$ -
	\$ 1,065,500	\$ 24,151	\$ 1,089,651	

**CITY OF MADISONVILLE, KENTUCKY**

**STATISTICAL SECTION**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**CITY OF MADISONVILLE, KENTUCKY**  
**STATISTICAL SECTION**  
**TABLE OF CONTENTS**  
**(Unaudited)**

This part of the City of Madisonville’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	<b>133</b>
-These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>138</b>
-These schedules contain information to help the reader assess the City's most significant local revenue source, sale of electricity.	
<b>Debt Capacity</b>	<b>141</b>
-These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>145</b>
-These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with the other governments.	
<b>Operating Information</b>	<b>147</b>
-These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**CITY OF MADISONVILLE, KENTUCKY**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**All amounts in thousands**  
**(Unaudited)**

**Table 1**

	Fiscal Year									
	2013	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021 (c)	2022
<b>Governmental activities</b>										
Net investment in capital assets	\$ 24,919	\$ 25,342	\$ 25,769	\$ 28,137	\$ 28,813	\$ 29,445	\$ 30,512	\$ 32,008	\$ 33,004	\$ 34,359
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	<u>6,205</u>	<u>6,532</u>	<u>(13,976)</u>	<u>(15,098)</u>	<u>(15,667)</u>	<u>(25,591)</u>	<u>(31,174)</u>	<u>(34,638)</u>	<u>(39,895)</u>	<u>(39,623)</u>
Total governmental activities net position	<u>\$ 31,124</u>	<u>\$ 31,874</u>	<u>\$ 11,793</u>	<u>\$ 13,039</u>	<u>\$ 13,146</u>	<u>\$ 3,854</u>	<u>\$ (662)</u>	<u>\$ (2,630)</u>	<u>\$ (6,891)</u>	<u>\$ (5,264)</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 39,671	\$ 41,058	\$ 42,855	\$ 45,792	\$ 46,369	\$ 48,129	\$ 49,694	\$ 50,675	\$ 51,293	\$ 52,945
Restricted	3,756	3,040	3,103	3,096	2,789	2,791	2,821	2,921	2,899	2,923
Unrestricted	<u>13,073</u>	<u>14,316</u>	<u>9,765</u>	<u>9,828</u>	<u>9,844</u>	<u>5,098</u>	<u>5,260</u>	<u>3,798</u>	<u>3,669</u>	<u>2,848</u>
Total business-type activities net position	<u>\$ 56,500</u>	<u>\$ 58,414</u>	<u>\$ 55,723</u>	<u>\$ 58,716</u>	<u>\$ 59,002</u>	<u>\$ 56,018</u>	<u>\$ 57,775</u>	<u>\$ 57,394</u>	<u>\$ 57,861</u>	<u>\$ 58,716</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 64,590	\$ 66,400	\$ 68,624	\$ 73,929	\$ 75,182	\$ 77,574	\$ 80,206	\$ 82,683	\$ 84,297	\$ 87,304
Restricted	3,756	3,040	3,103	3,096	2,789	2,791	2,821	2,921	2,899	2,923
Unrestricted (deficit)	<u>19,278</u>	<u>20,848</u>	<u>(4,211)</u>	<u>(5,270)</u>	<u>(5,823)</u>	<u>(20,493)</u>	<u>(25,914)</u>	<u>(30,840)</u>	<u>(36,226)</u>	<u>(36,775)</u>
Total primary government net position	<u>\$ 87,624</u>	<u>\$ 90,288</u>	<u>\$ 67,516</u>	<u>\$ 71,755</u>	<u>\$ 72,148</u>	<u>\$ 59,872</u>	<u>\$ 57,113</u>	<u>\$ 54,764</u>	<u>\$ 50,970</u>	<u>\$ 53,452</u>
<b>GMAIA Component Unit</b>										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>182</u>	<u>189</u>	<u>185</u>	<u>110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component unit net position	<u>\$ 182</u>	<u>\$ 189</u>	<u>\$ 185</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(a) In 2015, the City implemented GASB 68 and 71 which changed how governments measure and report pension liabilities.

(b) In 2018, the City implemented GASB 75 which changed how governments measure and report post employment benefits other than pensions.

(c) In 2022, the City implemented GASB 87 which changed how governments measure and report leases. Amounts for 2021 are restated.

**CITY OF MADISONVILLE, KENTUCKY**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**All amounts in thousands**  
**(Unaudited)**

**Table 2**

	Fiscal Year									
	2013	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021 (c)	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,720	\$ 5,815	\$ 4,645	\$ 5,035	\$ 5,254	\$ 5,340	\$ 5,616	\$ 6,401	\$ 7,601	\$ 7,995
Public safety	10,228	10,636	10,659	10,517	11,558	14,295	15,291	16,713	16,877	16,091
Transportation	2,697	2,626	2,201	2,188	2,777	2,484	3,157	2,280	3,179	2,343
Recreation	761	852	1,092	1,054	1,335	1,476	1,461	1,706	1,911	2,170
Health and welfare	835	790	889	1,301	1,668	1,148	1,249	1,101	1,087	1,155
Airport	-	-	855	862	810	905	930	981	1,197	1,208
Cemetery	310	319	337	341	315	277	362	399	512	470
Interest on long-term debt	56	33	26	17	-	-	-	-	29	59
Total governmental activities expenses	<u>20,607</u>	<u>21,071</u>	<u>20,704</u>	<u>21,315</u>	<u>23,717</u>	<u>25,925</u>	<u>28,066</u>	<u>29,581</u>	<u>32,393</u>	<u>31,491</u>
Business-type activities:										
Electric distribution	22,165	23,214	22,110	20,937	24,164	25,890	23,459	22,587	21,064	20,665
Water and sewer services	8,213	8,396	8,251	9,333	8,802	9,979	9,775	10,913	11,426	11,469
Sanitation services	2,360	2,229	2,389	2,293	3,362	4,515	3,869	4,108	3,420	4,294
Total business-type activities expenses	<u>32,738</u>	<u>33,839</u>	<u>32,750</u>	<u>32,563</u>	<u>36,328</u>	<u>40,384</u>	<u>37,103</u>	<u>37,608</u>	<u>35,910</u>	<u>36,428</u>
Total primary government expenses	<u>\$ 53,345</u>	<u>\$ 54,910</u>	<u>\$ 53,454</u>	<u>\$ 53,878</u>	<u>\$ 60,045</u>	<u>\$ 66,309</u>	<u>\$ 65,169</u>	<u>\$ 67,189</u>	<u>\$ 68,303</u>	<u>\$ 67,919</u>
Component unit activities (GMAIA):										
Expenses	<u>\$ 104</u>	<u>\$ 94</u>	<u>\$ 105</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Public safety	\$ 130	\$ 114	\$ 161	\$ 156	\$ 202	\$ 171	\$ 204	\$ 215	\$ 228	\$ 327
Recreation	151	147	135	120	121	121	174	137	210	286
Cemetery	81	79	78	84	68	70	72	74	95	108
Airport	-	-	249	241	237	316	285	228	309	377
Other activities	2,443	2,443	1,936	1,796	2,053	1,895	2,036	2,983	3,737	3,709
Operating grants and contributions	496	589	650	726	779	669	638	2,135	1,077	2,721
Capital grants and contributions	2,700	1,215	1,573	2,183	1,137	875	1,020	2,024	1,497	2,336
Total governmental activities program revenues	<u>6,001</u>	<u>4,587</u>	<u>4,782</u>	<u>5,306</u>	<u>4,597</u>	<u>4,117</u>	<u>4,429</u>	<u>7,796</u>	<u>7,153</u>	<u>9,864</u>
Business-type activities:										
Charges for services:										
Electric distribution	26,110	27,152	26,204	25,652	26,686	28,761	27,561	26,560	25,511	25,909
Water and sewer services	10,239	9,996	9,935	9,745	9,938	9,928	9,696	9,940	9,827	9,960
Sanitation services	2,175	2,179	2,316	2,592	3,555	4,226	3,930	3,787	4,200	4,535
Operating grants and contributions	1	184	1	-	-	-	3	-	2	23
Capital grants and contributions	1,049	158	170	345	198	309	327	302	417	496
Total business-type activities program revenues	<u>39,574</u>	<u>39,669</u>	<u>38,626</u>	<u>38,334</u>	<u>40,377</u>	<u>43,224</u>	<u>41,517</u>	<u>40,589</u>	<u>39,957</u>	<u>40,923</u>
Total primary government program revenues	<u>\$ 45,575</u>	<u>\$ 44,256</u>	<u>\$ 43,408</u>	<u>\$ 43,640</u>	<u>\$ 44,974</u>	<u>\$ 47,341</u>	<u>\$ 45,946</u>	<u>\$ 48,385</u>	<u>\$ 47,110</u>	<u>\$ 50,787</u>
Component unit activities (GMAIA):										
Revenues	<u>\$ 101</u>	<u>\$ 101</u>	<u>\$ 101</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Component unit activities (GMAIA)	<u>\$ 101</u>	<u>\$ 101</u>	<u>\$ 101</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MADISONVILLE, KENTUCKY**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**All amounts in thousands**  
**(Unaudited)**

Table 2 - Continued

	Fiscal Year									
	2013	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021 (c)	2022
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (14,606)	\$ (16,484)	\$ (15,922)	\$ (16,009)	\$ (19,120)	\$ (21,808)	\$ (23,637)	\$ (21,785)	\$ (25,240)	\$ (21,627)
Business-type activities	6,836	5,830	5,876	5,771	4,049	2,840	4,414	2,981	4,047	4,495
Total primary government net expense	\$ (7,770)	\$ (10,654)	\$ (10,046)	\$ (10,238)	\$ (15,071)	\$ (18,968)	\$ (19,223)	\$ (18,804)	\$ (21,193)	\$ (17,132)
Total component unit net expense	\$ (3)	\$ 7	\$ (4)	\$ (75)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Occupational	\$ 7,069	\$ 7,410	\$ 7,361	\$ 7,772	\$ 7,523	\$ 7,467	\$ 8,001	\$ 8,101	\$ 8,515	\$ 10,059
Property	1,651	1,680	1,772	1,657	1,708	1,834	1,814	1,771	1,972	1,992
Insurance premium	2,800	2,715	2,771	2,822	2,955	2,914	2,996	2,918	3,005	3,383
Alcoholic beverage	400	388	393	406	402	380	344	315	345	384
Emergency telephone	228	240	221	221	254	347	268	315	327	341
Restaurant	-	-	-	635	1,514	1,488	1,536	1,446	1,613	1,813
Franchise and other	402	426	420	400	404	423	422	418	427	453
Investment income	9	8	9	10	16	33	78	97	68	58
Gain (loss) on sale of capital assets	9	-	-	42	40	22	-	-	36	-
Miscellaneous	673	516	448	441	501	708	632	735	871	971
Transfers	2,850	3,850	2,850	2,850	3,910	3,430	3,030	3,700	3,800	3,800
Total governmental activities	16,091	17,233	16,245	17,256	19,227	19,046	19,121	19,816	20,979	23,254
Business-type activities:										
Investment earnings	86	62	41	55	112	210	372	317	220	159
Gain (loss) on sale of capital assets	4	42	-	16	35	-	-	22	-	-
Miscellaneous	-	-	25	-	-	-	-	-	-	-
Transfers	(2,850)	(3,850)	(2,850)	(2,850)	(3,910)	(3,430)	(3,030)	(3,700)	(3,800)	(3,800)
Total business-type activities	(2,760)	(3,746)	(2,784)	(2,779)	(3,763)	(3,220)	(2,658)	(3,361)	(3,580)	(3,641)
Total primary government	\$ 13,331	\$ 13,487	\$ 13,461	\$ 14,477	\$ 15,464	\$ 15,826	\$ 16,463	\$ 16,455	\$ 17,399	\$ 19,613
Component unit activities (GMAIA):										
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	(110)	-	-	-	-	-
Total component unit activities	\$ -	\$ -	\$ -	\$ -	\$ (110)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ 1,485	\$ 749	\$ 323	\$ 1,247	\$ 107	\$ (2,762)	\$ (4,516)	\$ (1,969)	\$ (4,261)	\$ 1,627
Business-type activities	4,076	2,084	3,092	2,992	286	(380)	1,756	(380)	467	854
Total primary government	\$ 5,561	\$ 2,833	\$ 3,415	\$ 4,239	\$ 393	\$ (3,142)	\$ (2,760)	\$ (2,349)	\$ (3,794)	\$ 2,481
Component unit	\$ (3)	\$ 7	\$ (4)	\$ (75)	\$ (110)	\$ -	\$ -	\$ -	\$ -	\$ -

- (a) In 2015, the City implemented GASB 68 and 71 which changed how governments measure and report pension liabilities.  
(b) In 2018, the City implemented GASB 75 which changed how governments measure and report post employment benefits other than pensions.  
(c) In 2022, the City implemented GASB 87 which changed how governments measure and report leases. Amounts for 2021 are restated.

**CITY OF MADISONVILLE, KENTUCKY**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 3**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021 (a)	2022
General Fund										
Nonspendable	\$ 662,308	\$ 748,605	\$ 925,204	\$ 878,172	\$ 917,384	\$ 895,722	\$ 815,451	\$ 801,775	\$ 904,748	\$ 678,510
Unassigned	<u>5,520,127</u>	<u>5,609,890</u>	<u>5,673,276</u>	<u>5,114,697</u>	<u>4,982,806</u>	<u>4,488,407</u>	<u>3,749,174</u>	<u>5,062,294</u>	<u>4,735,743</u>	<u>4,965,326</u>
Total General Fund	<u>\$ 6,182,435</u>	<u>\$ 6,358,495</u>	<u>\$ 6,598,480</u>	<u>\$ 5,992,869</u>	<u>\$ 5,900,190</u>	<u>\$ 5,384,129</u>	<u>\$ 4,564,625</u>	<u>\$ 5,864,069</u>	<u>\$ 5,640,491</u>	<u>\$ 5,643,836</u>
Restaurant Tax Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,983
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,852,210</u>
Total Restaurant Tax Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,085,193</u>
All Other Governmental Funds										
Nonspendable	\$ 77,681	\$ 92,710	\$ 11,935	\$ 34,820	\$ 133,311	\$ 175,203	\$ 269,883	\$ 132,882	\$ 406,129	\$ 213
Restricted	614,416	558,006	435,659	284,638	139,038	369,767	239,032	184,794	107,894	218,019
Committed	404,054	37,786	29,531	623,584	1,167,581	1,239,153	967,592	1,263,388	1,525,558	163,532
Unassigned (deficit)	<u>(310,899)</u>	<u>5,142</u>	<u>(154,970)</u>	<u>(269,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 785,252</u>	<u>\$ 693,644</u>	<u>\$ 322,155</u>	<u>\$ 673,975</u>	<u>\$ 1,439,930</u>	<u>\$ 1,784,123</u>	<u>\$ 1,476,507</u>	<u>\$ 1,581,064</u>	<u>\$ 2,039,581</u>	<u>\$ 381,764</u>

(a) In 2022, the City implemented GASB 87 which changed how governments measure and report leases. Amounts for 2021 have been restated.



**CITY OF MADISONVILLE, KENTUCKY**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**All amounts in thousands**  
**(Unaudited)**

**Table 4**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021 (Restated)	2022
<b>Revenues</b>										
Taxes	\$ 12,550	\$ 12,859	\$ 12,939	\$ 13,913	\$ 14,761	\$ 14,853	\$ 15,381	\$ 15,284	\$ 16,170	\$ 18,417
Intergovernmental	1,695	1,799	1,820	2,316	1,436	1,266	1,571	3,039	2,102	4,020
Fuel sales	279	273	217	201	196	272	243	190	260	328
Recreation	151	147	135	120	121	120	174	137	210	286
Police fines and base court	130	114	161	156	201	171	204	215	228	327
Fees	29	28	22	26	25	26	24	22	22	26
Miscellaneous	673	515	811	441	501	708	632	735	871	971
Contributions	1,502	6	41	593	480	279	87	1,120	472	1,036
Cemetery	81	79	78	84	68	70	72	74	96	109
Rental income	46	69	72	100	89	92	95	111	120	103
Lease revenue	-	-	-	-	-	-	-	-	45	144
Lease interest	-	-	-	-	-	-	-	-	1	3
Investment income	3	4	5	6	12	29	57	68	47	47
Total Revenues	<u>17,139</u>	<u>15,893</u>	<u>16,301</u>	<u>17,956</u>	<u>17,890</u>	<u>17,886</u>	<u>18,540</u>	<u>20,995</u>	<u>20,644</u>	<u>25,817</u>
<b>Expenditures</b>										
Public safety	10,157	10,490	10,223	9,636	10,310	10,743	11,254	11,920	12,603	14,793
Transportation	1,495	1,661	1,712	1,558	1,909	1,979	2,195	1,841	2,008	2,160
General government/other	2,852	3,016	2,673	2,885	2,939	3,184	2,988	2,873	3,003	3,599
Recreation	678	763	911	810	1,025	1,061	1,088	1,137	1,327	1,650
Health and welfare	835	790	889	1,301	1,668	1,148	1,249	1,101	1,087	1,155
Cemetery	310	314	302	301	299	255	285	321	350	420
Airport	-	-	343	332	314	375	400	413	520	672
Debt service:										
Interest	56	33	26	17	-	-	-	-	29	59
Principal	127	163	161	837	-	-	-	-	267	295
Capital outlay	2,775	2,491	2,069	3,611	2,695	2,765	3,258	5,222	3,473	4,691
Total Expenditures	<u>19,285</u>	<u>19,721</u>	<u>19,309</u>	<u>21,288</u>	<u>21,159</u>	<u>21,510</u>	<u>22,717</u>	<u>24,828</u>	<u>24,667</u>	<u>29,494</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,146)</u>	<u>(3,828)</u>	<u>(3,008)</u>	<u>(3,332)</u>	<u>(3,269)</u>	<u>(3,624)</u>	<u>(4,177)</u>	<u>(3,833)</u>	<u>(4,023)</u>	<u>(3,677)</u>
<b>Other Financing Sources (Uses)</b>										
Proceeds from debt issues	-	-	-	-	-	-	-	1,116	373	4,202
Proceeds from sale of capital assets	11	63	27	228	32	22	20	421	85	106
Transfers in	3,507	5,000	3,758	3,426	4,539	3,649	3,180	3,997	4,040	4,219
Transfers out	(657)	(1,150)	(908)	(576)	(629)	(219)	(150)	(297)	(240)	(419)
Total Other Financing Sources (Uses)	<u>2,861</u>	<u>3,913</u>	<u>2,877</u>	<u>3,078</u>	<u>3,942</u>	<u>3,452</u>	<u>3,050</u>	<u>5,237</u>	<u>4,258</u>	<u>8,108</u>
<b>Net Change in Fund Balances</b>	<u>\$ 715</u>	<u>\$ 85</u>	<u>\$ (131)</u>	<u>\$ (254)</u>	<u>\$ 673</u>	<u>\$ (172)</u>	<u>\$ (1,127)</u>	<u>\$ 1,404</u>	<u>\$ 235</u>	<u>\$ 4,431</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	1.1 %	1.1 %	1.1 %	4.8 %	- %	- %	- %	- %	1.4 %	1.4 %

**CITY OF MADISONVILLE, KENTUCKY**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**All amounts in thousands**  
**(Unaudited)**

**Table 5**

Fiscal Year	Kilowatt Hours Sold	Residential Charges	Commercial Charges	Commercial KW Demand Charges	Residential Rates		Commercial Rates		
					Customer Charge	Energy Rate (per KWH)	Customer Charge	Energy Rate (per KWH)	Demand Charge (per KWH)
2013	316,543,448	\$ 7,344,327	\$ 12,792,793	\$ 5,221,454	\$ 6.00	\$ 0.0697	\$ 18.01	\$ 0.0369	\$ 11.74
2014	308,941,340	7,870,054	13,414,902	5,156,410	6.00	0.0697	18.01	0.0369	11.74
2015	298,445,857	7,550,746	12,915,824	5,073,190	6.00	0.0697	18.01	0.0369	11.74
2016	290,879,810	7,213,997	12,486,234	4,926,720	6.00	0.0697	18.01	0.0369	11.74
2017	297,955,670	7,600,349	13,108,288	5,055,571	6.00	0.0697	18.01	0.0369	11.74
2018	293,388,928	8,248,077	14,234,326	4,997,984	6.00	0.0697	18.01	0.0369	11.74
2019	294,300,806	8,189,921	13,773,862	5,046,206	6.00	0.0697	18.01	0.0369	11.74
2020	271,252,375	7,964,353	12,725,574	4,890,427	6.00	0.0697	18.01	0.0369	11.74
2021	258,990,556	8,011,311	12,285,656	4,416,823	6.00	0.0697	18.01	0.0369	11.74
2022	260,675,841	8,300,841	12,174,639	4,306,731	6.00	0.0697	18.01	0.0369	11.74

Data Source: City of Madisonville Municipal Utilities Billing Office

**CITY OF MADISONVILLE, KENTUCKY**  
**NUMBER OF ELECTRIC CUSTOMERS BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 6**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Security Lights</b>	<b>Total</b>
2013	6,949	1,489	568	9,006
2014	6,888	1,481	576	8,945
2015	6,924	1,483	570	8,977
2016	6,914	1,483	575	8,972
2017	6,877	1,489	568	8,934
2018	6,874	1,503	568	8,945
2019	6,862	1,495	579	8,936
2020	6,880	1,491	621	8,992
2021	6,887	1,500	623	9,010
2022	6,930	1,512	631	9,073

Data Source: City of Madisonville Municipal Utilities Billing Office

**CITY OF MADISONVILLE, KENTUCKY**  
**TEN LARGEST ELECTRIC CUSTOMERS**  
**CURRENT YEAR AND TEN YEARS AGO**  
**(Unaudited)**

**Table 7**

<b><u>Customer</u></b>	<b><u>Year Ended June 30, 2022</u></b>	
	<b><u>Amount</u></b>	<b><u>%</u></b>
Baptist Health Madisonville	\$ 2,069,432	8.21 %
Ahlstrom Filtration	2,058,074	8.16 %
GE Aircraft Engines	1,596,369	6.33 %
Electrocycle	1,223,495	4.85 %
City of Madisonville	933,278	3.70 %
Madisonville Community College	541,401	2.15 %
Hopkins County Board of Education	503,508	2.00 %
AT&T (Bell South)	281,156	1.11 %
Hopkins County Fiscal Court	262,566	1.04 %
Integrated Metal Solutions	234,026	0.93 %
Subtotal (10 largest)	9,703,305	38.48 %
Balance from other customers	15,513,749	61.52 %
Grand totals	\$ 25,217,054	100.00 %

<b><u>Customer</u></b>	<b><u>Year Ended June 30, 2013</u></b>	
	<b><u>Amount</u></b>	<b><u>%</u></b>
GE Aircraft Engines	\$ 2,246,240	8.83 %
Trover Foundation	1,790,728	7.04 %
Ahlstrom Filtration	1,428,232	5.61 %
IAC Madisonville	1,318,087	5.18 %
Electrocycle	1,243,235	4.88 %
City of Madisonville	700,556	2.75 %
Hopkins County Board of Education	467,180	1.84 %
Madisonville Community College	407,756	1.60 %
UC Milk Company	377,053	1.48 %
Gemtron	273,331	1.07 %
Subtotal (10 largest)	10,252,398	40.28 %
Balance from other customers	15,201,504	59.72 %
Grand totals	\$ 25,453,902	100.00 %

Data Source: City of Madisonville Municipal Utilities Billing Office

**CITY OF MADISONVILLE**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 8**

Fiscal Year	Governmental Activities			Business Type Activities				Total Outstanding Debt	Percentage of Personal Income	Debt Per Capita
	Financed Purchases	Term Loan	Leases	Revenue Bonds	Financed Purchases	Term Loan	Unamortized Bond Discount			
2013	\$ 1,161,003	\$ -	\$ -	\$ 13,470,000	\$ 881,161	\$ 5,122,129	\$ -	\$ 20,634,293	3.11 %	\$ 1,042
2014	998,427	-	-	12,370,000	1,440,169	4,100,676	(151,225)	18,758,047	2.73 %	948
2015	836,933	-	-	11,230,000	1,623,690	3,052,961	(131,555)	16,612,029	2.38 %	850
2016	-	-	-	10,045,000	1,475,195	1,471,379	(119,781)	12,871,793	1.82 %	664
2017	-	-	-	8,825,000	1,604,335	1,389,529	(109,588)	11,709,276	1.68 %	614
2018	-	-	-	7,575,000	1,459,500	1,306,033	(102,269)	10,238,264	1.43 %	544
2019	-	-	-	6,700,000	1,577,380	1,220,860	(95,526)	9,402,714	1.29 %	505
2020	-	1,115,649	-	5,805,000	1,643,410	1,133,974	(88,783)	9,609,250	1.22 %	492
2021	-	968,714	-	4,895,000	1,413,010	1,045,342	(82,040)	8,240,026	0.99 %	424
2022	-	4,761,099	367,887	3,970,000	1,337,683	954,928	(75,297)	11,316,300	(1)	(1)

(1) Not Available

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF MADISONVILLE, KENTUCKY**  
**DIRECT AND OVERLAPPING**  
**GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2022**  
**(Unaudited)**

**Table 9**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Madisonville</u>	<u>Amount Applicable to City of Madisonville</u>
<b>Direct Debt:</b>			
City of Madisonville	\$ <u>5,128,986</u>	100.00 %	\$ <u>5,128,986</u>
Total Direct Debt	<u>5,128,986</u>		<u>5,128,986</u>
<b>Overlapping Debt:</b>			
Hopkins County School Board	<u>46,640,911</u>	56.03 %	<u>26,132,902</u>
Total Overlapping Debt	<u>46,640,911</u>		<u>26,132,902</u>
Total Direct and Overlapping Debt	<u>\$ 51,769,897</u>		<u>\$ 31,261,888</u>

Note: The percentage used for the Hopkins County School Board is based upon the percentage of school facilities located within the City of Madisonville compared to Hopkins County as a whole.

Data Source: Hopkins County Board of Education and Council minutes.

**CITY OF MADISONVILLE, KENTUCKY**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 10**

<b>Fiscal Year</b>	<b>Net Assessed Value *</b>	<b>Less: Exempt Property</b>	<b>Total Assessed Value</b>	<b>Debt Limit (1)</b>	<b>Amount of Debt Applicable</b>	<b>Legal Debt Margin</b>
2013	\$ 910,444,989	\$ 62,861,975	\$ 847,583,014	\$ 42,379,151	\$ 1,161,003	\$ 41,218,148
2014	924,219,641	63,925,775	860,293,866	43,014,693	998,427	42,016,266
2015	922,303,963	65,393,000	856,910,963	42,845,548	836,933	42,008,615
2016	958,995,210	66,413,500	892,581,710	44,629,086	-	44,629,086
2017	974,571,009	67,821,200	906,749,809	45,337,490	-	45,337,490
2018	993,861,528	69,437,800	924,423,728	46,221,186	-	46,221,186
2019	1,012,891,778	72,303,800	940,587,978	47,029,399	-	47,029,399
2020	1,058,194,538	73,801,600	984,392,938	49,219,647	1,115,649	48,103,998
2021	1,083,201,996	73,819,500	1,009,382,496	50,469,125	968,714	49,500,411
2022	1,129,130,539	76,911,760	1,052,218,779	52,610,939	5,128,986	47,481,953

(1) Section 158 of the Commonwealth of Kentucky Constitution states:  
"Cities shall not be authorized or permitted to incur indebtedness to an amount, including existing indebtedness in the aggregate exceeding the following named maximum percentage on the value of the taxable property therein, to be estimated by the assessment next before Cities and towns of the fourth class 5 per centum."

\* Source: PVA Certified Assessment

**CITY OF MADISONVILLE, KENTUCKY**  
**PLEGDED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 11**

<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>(1) Operating Expenses</u>	<u>Net Revenue Available For Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2013	\$ 10,321,590	\$ 5,148,646	\$ 5,172,944	\$ 1,100,000	\$ 331,003	\$ 1,431,003	3.61
2014	10,053,073	5,360,040	4,693,033	1,140,000	292,925	1,432,925	3.28
2015	9,971,881	5,306,778	4,665,103	1,185,000	252,502	1,437,502	3.25
2016	9,785,786	6,345,662	3,440,124	1,220,000	217,721	1,437,721	2.39
2017	10,005,472	5,877,600	4,127,872	1,250,000	189,196	1,439,196	2.87
2018	10,050,770	6,963,084	3,087,686	875,000	165,996	1,040,996	2.97
2019	9,911,469	6,645,706	3,265,763	895,000	148,296	1,043,296	3.13
2020	10,103,035	7,719,838	2,383,197	910,000	130,246	1,040,246	2.29
2021	9,909,619	8,424,699	1,484,920	925,000	111,896	1,036,896	1.43
2022	10,029,024	8,468,560	1,560,464	950,000	92,196	1,042,196	1.50

(1) Depreciation excluded



**CITY OF MADISONVILLE, KENTUCKY**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 12**

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>(2) Per Capita Income</b>	<b>(2) Personal Income</b>	<b>(3) School Enrollment</b>	<b>(4) Unemployment Rate</b>
2013	19,798	\$ 33,467	\$ 662,579,666	9,173	8.8 %
2014	19,791	34,670	686,153,970	8,906	7.4 %
2015	19,539	35,657	696,702,123	8,772	5.8 %
2016	19,399	36,518	708,412,682	7,878	6.2 %
2017	19,067	36,460	695,182,820	7,872	5.6 %
2018	18,833	38,097	717,480,801	7,887	5.0 %
2019	18,621	39,236	730,613,556	7,320	5.2 %
2020	19,542	40,317	787,874,814	6,917	6.0 %
2021	19,420	42,918	833,467,560	7,791	5.6 %
2022	(5)	46,673	(5)	8,290	5.0 %

Data Sources: (1) Census Data  
(2) Bureau of Economic Analysis  
(3) Kentucky Department of Education  
(4) Kentucky Department For Employment Services  
(5) Not Available

**CITY OF MADISONVILLE, KENTUCKY**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND TEN YEARS AGO**  
**(Unaudited)**

**Table 13**

<b>Employer</b>	<b>2022</b>			
	<b>Taxable Wages</b>	<b>Occupational Tax</b>	<b>Rank</b>	<b>% of Total Occupational Tax</b>
Baptist Health Deaconess Madisonville	\$ 73,630,080	\$ 1,104,451	1	10.98 %
General Electric Company	36,501,161	547,517	2	5.44 %
Fred E. Clark	34,291,765	491,752	3	4.89 %
Hopkins County Board of Education	23,869,702	358,050	4	3.56 %
Baptist Health Deaconess Medical Group	22,833,347	342,500	5	3.40 %
City of Madisonville	17,430,938	261,464	6	2.60 %
Berry Plastics, IK, LLC	16,222,251	243,334	7	2.42 %
Ahlstrom-Munksjo USA Inc.	11,619,151	174,287	8	1.73 %
Land O'Frost, Inc.	11,370,075	170,551	9	1.70 %
Kentucky Community and Technical College	10,082,061	151,231	10	1.50 %

<b>Employer</b>	<b>2013</b>			
	<b>Taxable Wages</b>	<b>Occupational Tax</b>	<b>Rank</b>	<b>% of Total Occupational Tax</b>
Baptist Health Madisonville/Trover Clinic	\$ 74,423,402	\$ 1,116,351	1	15.79 %
General Electric Company	48,736,849	731,053	2	10.34 %
Hopkins County Board of Education	17,093,842	252,026	3	3.57 %
City of Madisonville	12,059,958	180,899	4	2.56 %
Ahlstrom Engine Filtration, LLC	10,076,986	150,917	5	2.13 %
Kentucky Community and Technical College	8,321,122	124,817	6	1.77 %
Wal-mart Associates, Inc	7,280,485	109,208	7	1.54 %
Commonwealth of Kentucky	7,218,938	108,284	8	1.53 %
Land O'Frost, Inc.	4,781,165	71,395	9	1.01 %
Owensboro Medical Health System	3,924,698	58,871	10	0.83 %

Data Source: City of Madisonville Tax and Finance Office

Tax Rate: Occupational taxes are calculated at 1.5% of all taxable wages earned inside the City of Madisonville

Note: Fred E. Clark has a tax abatement agreement with the City of Madisonville regarding payroll taxes

**CITY OF MADISONVILLE, KENTUCKY**  
**FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 14**

**Full-Time Equivalent Employees**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Function/Program:</b>										
General government	24	24	21	22	22	21	17	19	21	21
Police	55	52	52	47	48	48	47	49	49	47
Emergency telephone	2	2	3	9	9	12	14	12	13	13
Fire	56	56	58	60	58	61	62	61	65	68
Transportation	18	19	14	24	23	23	23	21	24	24
Recreation	9	9	10	11	12	11	14	14	17	17
Airport	1	1	2	2	2	2	3	3	4	4
Cemetery	4	4	4	5	5	5	5	6	6	7
Electric distribution	27	29	32	30	32	33	34	34	35	34
Water and sewer services	52	55	52	54	53	57	58	56	58	62
Sanitation services	18	18	16	18	24	31	27	23	23	22
Totals	<u>266</u>	<u>269</u>	<u>264</u>	<u>282</u>	<u>288</u>	<u>304</u>	<u>304</u>	<u>298</u>	<u>315</u>	<u>319</u>

Data Source: City of Madisonville Human Resources Department

**CITY OF MADISONVILLE, KENTUCKY**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 15**

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Building permits issued	194	194	202	191	187	171	162	159	176	173
Police										
Physical arrests	3,927	3,910	3,764	4,271	4,354	4,063	3,263	2,401	2,664	3,176
Traffic violations and warnings	10,548	9,250	7,380	8,615	5,502	4,145	3,766	2,426	4,327	5,046
Fire										
Emergency responses	467	478	489	1,302	1,481	1,719	1,638	1,371	1,234	1,452
Fires extinguished	123	144	144	102	138	94	96	86	80	95
Water										
Number of water consumers	10,161	10,128	10,149	10,140	10,143	10,209	10,210	10,261	10,253	10,320
Annual consumption (in 1,000 gallons)	1,016,999	1,010,423	986,022	938,505	977,195	970,781	949,652	965,026	961,768	945,370
Sewer										
Number of sewer consumers	9,017	9,014	9,054	9,031	9,041	9,117	9,104	9,224	9,208	9,275
Electric										
Number of electric consumers	8,438	8,369	8,407	8,397	8,366	8,377	8,357	8,371	8,387	8,442
Annual consumption (in 1,000 kwh)	316,543	308,941	298,446	290,880	297,956	293,389	294,301	271,252	258,991	260,676
Sanitation										
Number of sanitation customers	8,061	8,007	8,054	8,021	8,267	8,234	8,233	8,272	8,223	8,274

Data Source: City of Madisonville Planning & Zoning, Police, Fire Departments and Municipal Utilities Billing Office

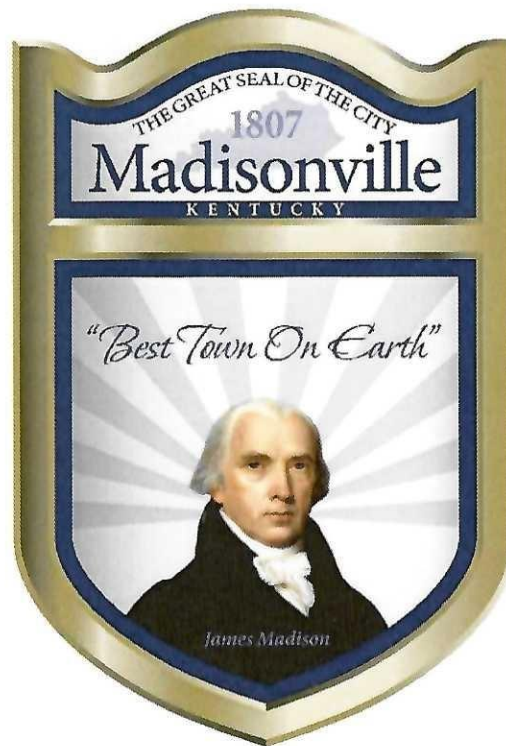
**CITY OF MADISONVILLE, KENTUCKY**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

**Table 16**

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General										
Number of municipal airports	1	1	1	1	1	1	1	1	1	1
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations	4	4	4	4	4	4	4	4	4	4
Parks & recreation										
Number of parks	6	6	6	6	6	6	6	6	6	6
Number of lakes	3	3	3	3	3	3	3	3	3	3
Number of golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Sewer										
Number of miles of lines	160	160	160	160	160	160	160	160	160	160
Number of lift stations	50	50	50	50	50	50	50	50	50	50

Data Source: City of Madisonville Clerk's Office, Parks & Recreation, Police, Fire and Wastewater Collection Departments.

**CITY OF MADISONVILLE, KENTUCKY**  
**COMPLIANCE AND INTERNAL CONTROL SECTION**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**CITY OF MADISONVILLE, KENTUCKY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/ Pass-Through Grantor/ Program</b>	<b>Assistance Listing Number</b>	<b>Grant or Pass-Through Award Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of the Treasury</b>			
<b>Pass-Through:</b>			
Kentucky Department of Local Government COVID-19 American Relief Plan	21.019	2021	\$ 1,700,000
COVID-19 Coronavirus Relief Fund	21.019	2200000592	140,276
Kentucky Infrastructure Authority COVID-19 Cleaner Water Program	21.027	21CWW094	<u>215,335</u>
<b>Total U.S. Department of the Treasury</b>			<u>2,055,611</u>
<b>Delta Area Economic Development</b>			
<b>Pass-Through:</b>			
Delta Regional Authority States Economic Development Assistance	90.201	KY-54218	<u>264,710</u>
<b>Total Delta Area Economic Development</b>			<u>264,710</u>
<b>U.S. Department of Transportation</b>			
<b>Direct Programs:</b>			
Environmental Assessment - Apron	20.106	3-21-0033-030-2021	63,236
COVID-19 Airport Rescue Grant ARPA	20.106	3-21-0033-031-2021	32,000
COVID-19 CRRSA Act Grant	20.106	3-21-0033-029-2021	<u>13,000</u>
<b>Total U.S. Department of Transportation</b>			<u>108,236</u>
<b>U.S. Department of Interior - National Park Service</b>			
<b>Pass-Through:</b>			
Kentucky Department of Local Government Land and Water Conservation Fund	15.916	2100001044	<u>34,908</u>
<b>Total U.S. Department of Interior - National Park Service</b>			<u>34,908</u>
<b>U.S. Department of Housing and Urban Development</b>			
<b>Pass-Through:</b>			
Kentucky Department of Local Government COVID-19 Community Development Block Grant	14.228	220000618	<u>10,000</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>10,000</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,473,465</u>

**Note 1 - Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Madisonville 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 Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 2 - Subrecipients**

The City of Madisonville did not pass-through grant money to any subrecipients during the year ended June 30, 2022.

**Note 3 - Indirect Cost Rate**

The City of Madisonville has elected not to use the 10 percent de minimus indirect cost rate allowed under Uniform Guidance.

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

To The Honorable Mayor Kevin Cotton  
And Members of the City Council  
City of Madisonville, 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 City of Madisonville, 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 Madisonville, Kentucky's basic financial statements, and have issued our report thereon dated December 21, 2022.

### **Report on Internal Control over Financial Reporting**

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

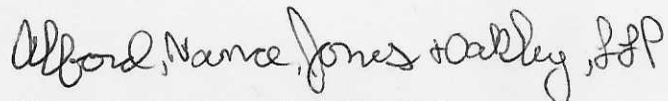
As part of obtaining reasonable assurance about whether the City of Madisonville, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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.

A handwritten signature in cursive script that reads "Alford, Nance, Jones & Oakley, LLP".

Alford, Nance, Jones, & Oakley LLP

Madisonville, Kentucky

December 21, 2022

# Alford Nance Jones & Oakley, llp

Certified Public Accountants

J. Wesley Alford, Jr., CPA  
Jacqueline L. Nance, CPA

Theresa A. Jones, CPA  
Lori A. Oakley, CPA

108 S. Main St., Ste 101 • Madisonville, Kentucky 42431 • Tel: 270-825-4578 • Fax: 270-821-3521 • www.anjocpa.com

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

To The Honorable Mayor Kevin Cotton  
And Members of the City Council  
City of Madisonville, Kentucky

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

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

In our opinion, City of Madisonville, 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### ***Responsibilities of Management for Compliance***

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

### *Auditor's Responsibilities for the Audit of Compliance*

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

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

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

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

### **Report on Internal Control Over Compliance**

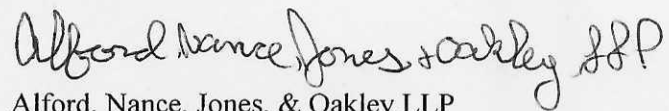
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal

control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in cursive script that reads "Alford, Nance, Jones, & Oakley LLP".

Alford, Nance, Jones, & Oakley LLP  
Madisonville, Kentucky  
December 21, 2022

**CITY OF MADISONVILLE, KENTUCKY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Section I - Summary of Auditor's Results**

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of the City of Madisonville, Kentucky were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies relating to the audit of the financial statements are reported. No material weaknesses relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the City of Madisonville, Kentucky, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award program for the City of Madisonville, Kentucky expresses an unmodified opinion on all major federal programs.
6. There are no findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule.
7. The program tested as major was:

Name	CFDA
American Relief Plan	21.019

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The City of Madisonville, Kentucky did not qualify to be audited as a low-risk auditee.

**Section II – Financial Statement Findings and Questioned Costs**

There are no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

**Section III – Federal Award Findings and Questioned Costs**

There are no findings or questioned costs related to the major federal program which are required to be reported in accordance with Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**CITY OF MADISONVILLE, KENTUCKY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Section II - Findings - Financial Statement Audit**

Audit finding number: 2021-1

Finding Summary: During payroll testing, it was discovered that some employees were paid an incorrect rate of pay because wage increases were updated incorrectly.

Status: Finding corrected in the current year

**Section III - Findings and Questioned Costs - Major Federal Award Programs**

The City of Madisonville was not subject to a Single Audit for the year ended June 30, 2021. Therefore, there were no findings or questioned costs related to the major federal programs which are required to be reported in accordance with Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance).