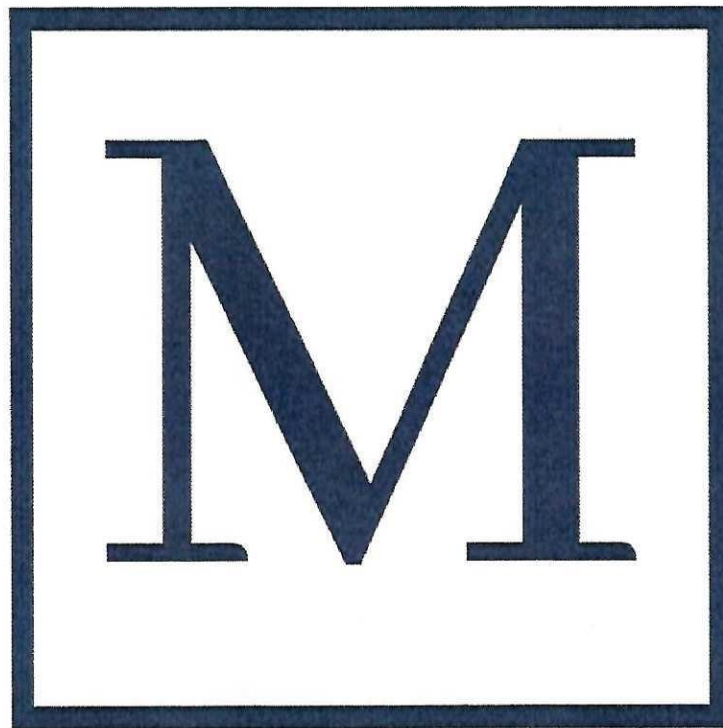


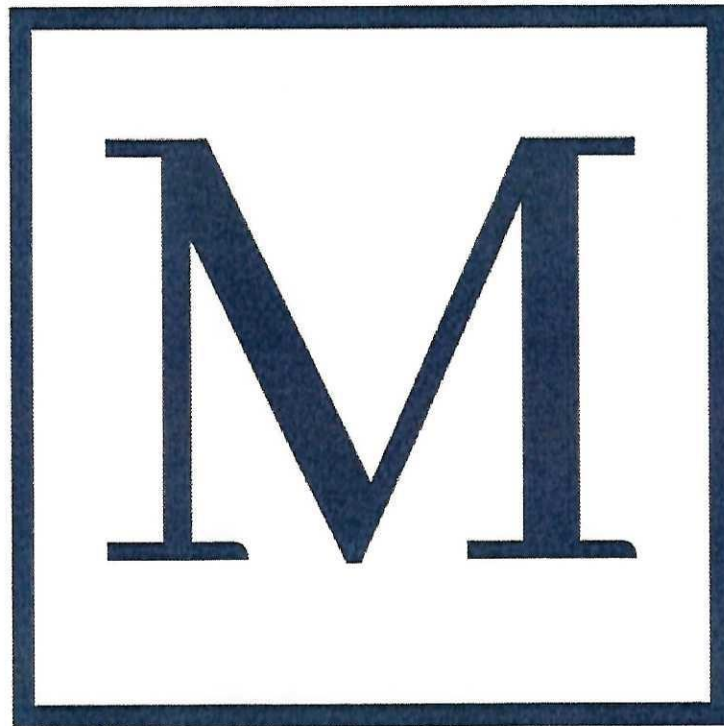
CITY OF MADISONVILLE, KENTUCKY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023



Issued by the
Finance Department
Rhonda Simpson, CPA
Audit Supervisor
Diana Phillips
Finance Supervisor

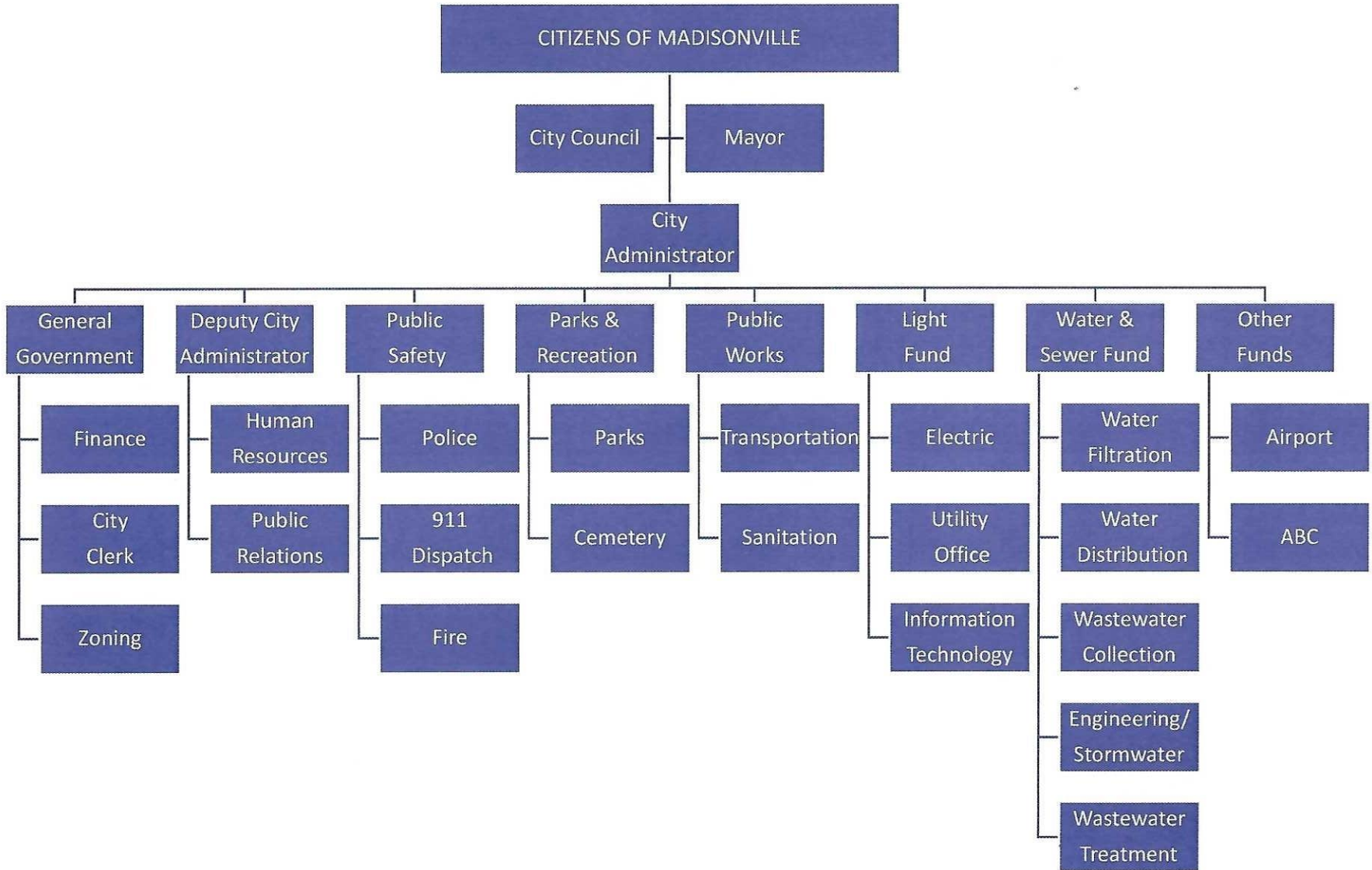
CITY OF MADISONVILLE, KENTUCKY

INTRODUCTORY SECTION



ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF MADISONVILLE, KENTUCKY
ORGANIZATION CHART
AS OF JUNE 30, 2023



**CITY OF MADISONVILLE
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2023**

Elected Officials

Kevin Cotton.....Mayor
Misty Cavanaugh.....Council Member Ward 1
Tony Space.....Council Member Ward 2
Adam Townsend.....Council Member Ward 3
Larry Noffsinger.....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
Rhonda Simpson, CPA.....Audit Supervisor
Diana Phillips.....Finance Supervisor
Kim Blue.....City Clerk
Lynn Owens.....Human Resources
Debbie Todd.....Planning & Zoning
Steve Bryan.....Police Chief
John Dunning.....Fire Chief
Tracy Logan.....Transportation
Caleb Nelson.....Parks & Cemetery
Ashton Robinson.....Mahr Park
Emily HerronAirport
Lincoln Fugal.....City Engineer
Jeff Bell.....IT Director
Duane Snyder.....Alcoholic Beverage Administrator
Tracy Logan.....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, 2023

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Rhonda Simpson, CPA
AUDIT SUPERVISOR
Diana Phillips
FINANCE SUPERVISOR

December 21, 2023

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, 2023. 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 fiscal year ended June 30, 2023. To the best of our knowledge and belief, the enclosed report is accurate in all material respects and 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 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 the basic financial statements are fairly presented in conformity with accounting principles generally accepted in the United States (U.S. GAAP) for the fiscal year ended June 30, 2023. The independent auditor's report can be found on pages 1-3 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 are elected for a two-year term. The Mayor is responsible for the daily management of the City. As of June 30, 2023, the City had 314 full-time employees.

Reporting Entity

For financial statement purposes, as required by U.S. GAAP, the City's ACFR includes all governmental activities, business-type activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (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 Municipal Utilities of the City 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 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 is used.

The Finance Department is responsible for providing the City with all financial services which include: accounting and reporting, payroll, accounts payable, cash and investment management, debt management, budgeting and purchasing. The City utilizes computerized systems of accounting for reporting and payroll/personnel.

Internal Controls

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure the following: 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 U.S. GAAP 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: 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 firm.

Compliance Audit

As a part of the City's audit described previously, 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 fiscal year ended June 30, 2023, 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 Finance Supervisor 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 and proprietary funds is 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 ACFR, the City continues to meet its responsibility for sound financial management.

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 ACFR.

Local Economy

Madisonville is located in mid-central western Kentucky, within Hopkins County. Madisonville is part of the Pennyryle 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 2023, was 5.7%.

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	
2023	2022	2023	2022	2023	2022	2023	2022
18,173	18,221	17,136	17,317	1,037	904	5.7%	5.0%

The statewide unemployment rate for June 2023, was 4.5%. The Hopkins County unemployment rate of 5.7% was above the state average. The City's average unemployment rate increased from the prior fiscal year.

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 industries 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 Supervisor and the 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 Supervisor prepares the revenue forecast for the budget each year and budgeted expenditures are matched to revenue projections. Great emphasis is placed on current fiscal year operating revenues equaling or exceeding current fiscal 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 current fiscal year are discussed below.

During the current fiscal year, the City continued the development and improvement of its Park System. Improvements included the construction of a bathroom pavilion at Grapevine Lake Park and upgrades to the bathrooms at the City Park. Construction continued on the new Sports Complex located in Mid Town Commons. This new sports facility will benefit the citizens of Madisonville and Hopkins County; in addition, it will draw in athletes from all over the country to participate in tournaments.

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, Deck the Park, Harvest Fest, Summer Concert Series, Outdoor Movie Nights and Airport Beech Bash.

Economic Development Initiatives

Major recruiting efforts occurred during the fiscal year ending June 30, 2023. The Economic Development office utilized tools including national recruiting visits, mass mailings and mass marketing efforts, which communicated the benefits of businesses and industries relocating to Madisonville.

Recruiting efforts utilized "Madisonville Expertise" from the Mayor, City Council, local business leaders 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 City 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 efforts, local business leaders maintain enthusiastic interest as well. The City of 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.

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 the current fiscal year. 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 and expand development within the community.

The Sewer Department has continued to improve the Wastewater Collection System throughout the City. Improvements continued on the West Noel Avenue Interceptor Project and the Ahlstrom Sanitary Sewer Extension Project. Additionally, improvements to sewer pump stations and clarifiers were completed during the current fiscal year.

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 involves 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 expand services to the newly annexed areas, the City must explore new methods of obtaining financial resources necessary in maintaining quality services.

The coming fiscal year will include the completion of several projects, improvements of sewer and water lines, improvements to the electrical service lines, continued economic development efforts, continued retail strategy 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 improvements of all services to citizens of Madisonville.

The major projects for the fiscal year ending June 30, 2024, include:

- West 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, 2022. This was the 40th consecutive fiscal 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 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,

Diana R. Phillips

Diana R. Phillips
Finance Supervisor



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

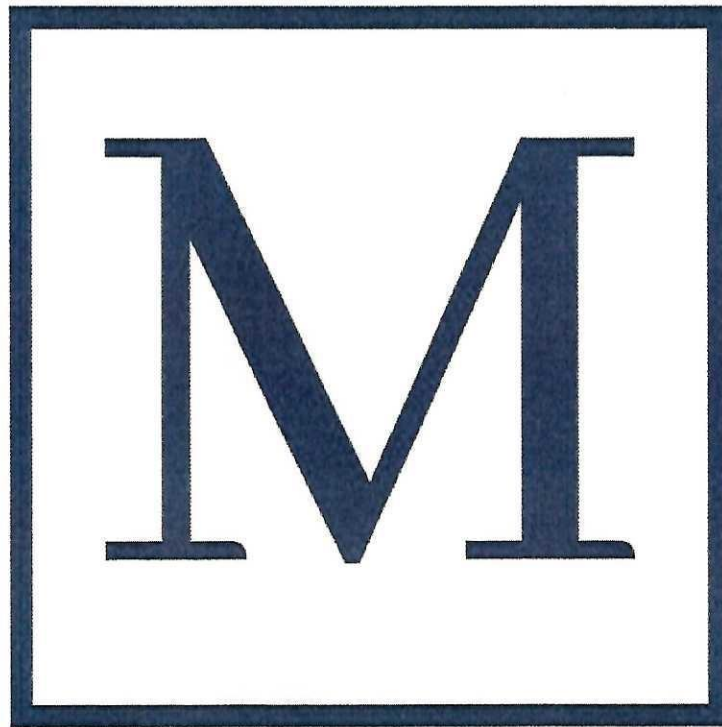
June 30, 2022

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, 2023, 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, 2023, 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

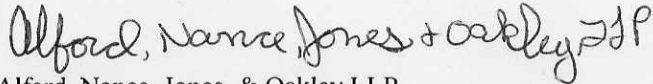
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other post-employment benefit schedules on pages 4 through 15 and pages 77 through 87 be presented to supplement the 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, 2023, 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.

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

Alford, Nance, Jones, & Oakley LLP
December 21, 2023

**CITY OF MADISONVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023
(UNAUDITED)**

As management of the City of Madisonville, Kentucky we offer readers of the City's financial statements this narrative overview and comparative analysis of the financial activities of the City for the fiscal years ended June 30, 2023 and 2022. 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 (MD&A), provide these key financial highlights for fiscal year ended June 30, 2023:

- 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 2023 fiscal year by \$73,605,884 (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 \$44,731,724. 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, 2023, the City had liabilities of \$77,445,757 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 \$20,154,200. Governmental activities increased the City's net position by \$16,839,254 and business-type activities increased the City's net position by \$3,314,946.
- As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$13,293,641, an increase of \$1,182,848 from the prior fiscal year. Of the total fund balance amount, \$8,162,232 or 61% is unassigned and available for spending at the City's discretion.
- As of June 30, 2023, unassigned fund balance for the General Fund was \$8,162,232 or 24% of total General Fund expenditures.
- The City's total long-term bonds, notes payable, financed purchases and lease obligations increased by \$13,422,618 from the prior fiscal 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 a 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 long-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 (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 City'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 seven 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 Sports Complex Fund which are both considered to be major funds. Data from the other five 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 including 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 88-122 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 current fiscal 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 fiscal 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 \$73,605,884 as of June 30, 2023. 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	
	2023	2022	2023	2022	2023	2022
Assets and Deferred Outflows of Resources						
Current and other assets	\$ 19,479,443	\$ 18,691,599	\$ 39,026,333	\$ 27,143,298	\$ 58,505,776	\$ 45,834,897
Capital assets	<u>50,505,608</u>	<u>36,302,817</u>	<u>67,234,661</u>	<u>58,684,135</u>	<u>117,740,269</u>	<u>94,986,952</u>
Total Assets	69,985,051	54,994,416	106,260,994	85,827,433	176,246,045	140,821,849
Deferred outflows of resources	<u>11,353,191</u>	<u>10,872,590</u>	<u>4,977,036</u>	<u>5,195,885</u>	<u>16,330,227</u>	<u>16,068,475</u>
Total Assets and Deferred Outflows of Resources	<u>81,338,242</u>	<u>65,867,006</u>	<u>111,238,030</u>	<u>91,023,318</u>	<u>192,576,272</u>	<u>156,890,324</u>
Liabilities and Deferred Inflows of Resources						
Current and other liabilities	5,140,481	6,435,592	8,045,905	6,934,715	13,186,386	13,370,307
Long-term liabilities	<u>61,139,668</u>	<u>55,958,571</u>	<u>39,108,644</u>	<u>21,275,964</u>	<u>100,248,312</u>	<u>77,234,535</u>
Total Liabilities	66,280,149	62,394,163	47,154,549	28,210,679	113,434,698	90,604,842
Deferred inflows of resources	<u>3,482,701</u>	<u>8,736,705</u>	<u>2,052,989</u>	<u>4,097,093</u>	<u>5,535,690</u>	<u>12,833,798</u>
Total Liabilities and Deferred Inflows of Resources	<u>69,762,850</u>	<u>71,130,868</u>	<u>49,207,538</u>	<u>32,307,772</u>	<u>118,970,388</u>	<u>103,438,640</u>
Net Position						
Net investment in capital assets	44,816,048	34,358,996	57,325,794	52,944,668	102,141,842	87,303,664
Restricted	1,354,939	-	14,840,827	2,922,484	16,195,766	2,922,484
Unrestricted (deficit)	<u>(34,595,595)</u>	<u>(39,622,858)</u>	<u>(10,136,129)</u>	<u>2,848,394</u>	<u>(44,731,724)</u>	<u>(36,774,464)</u>
Total Net Position	<u>\$ 11,575,392</u>	<u>\$ (5,263,862)</u>	<u>\$ 62,030,492</u>	<u>\$ 58,715,546</u>	<u>\$ 73,605,884</u>	<u>\$ 53,451,684</u>

The largest portion of the City's net position (139%) 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 (22%) represents resources that are subject to external restriction on how they

may be used. The remaining balance of unrestricted net position (deficit) is \$(44,731,724). 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 \$73,605,884, an increase of \$20,154,200 from the prior fiscal year. The reasons for the 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 \$20,154,200 and increased by \$2,481,578 during the fiscal years ended June 30, 2023 and 2022, 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	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	\$ 5,926,555	\$ 4,807,274	\$ 44,698,850	\$ 40,403,960	\$ 50,625,405	\$ 45,211,234
Operating grants and contributions	890,419	2,720,841	176,407	23,000	1,066,826	2,743,841
Capital grants and contributions	11,397,892	2,335,722	1,543,472	496,105	12,941,364	2,831,827
General Revenues:						
Occupational taxes	17,242,827	10,059,358	-	-	17,242,827	10,059,358
Property taxes	2,052,830	1,991,842	-	-	2,052,830	1,991,842
Insurance premium tax	3,658,755	3,383,306	-	-	3,658,755	3,383,306
Alcoholic beverage tax	394,213	383,632	-	-	394,213	383,632
Emergency telephone	328,314	341,309	-	-	328,314	341,309
Restaurant	1,948,681	1,813,478	-	-	1,948,681	1,813,478
Franchise and other taxes	475,859	452,896	-	-	475,859	452,896
Investment income	394,641	57,908	635,955	158,521	1,030,596	216,429
Miscellaneous	1,091,507	971,192	-	-	1,091,507	971,192
Gain (loss) on disposal of capital assets	45,515	-	105,248	500	150,763	500
Total Revenues	<u>45,848,008</u>	<u>29,318,758</u>	<u>47,159,932</u>	<u>41,082,086</u>	<u>93,007,940</u>	<u>70,400,844</u>
Expenses:						
General government	8,537,428	7,994,528	-	-	8,537,428	7,994,528
Public safety	16,288,712	16,090,945	-	-	16,288,712	16,090,945
Transportation	2,615,569	2,343,395	-	-	2,615,569	2,343,395
Recreation	2,103,458	2,169,749	-	-	2,103,458	2,169,749
Health and welfare	1,109,822	1,155,459	-	-	1,109,822	1,155,459
Airport	1,236,677	1,208,412	-	-	1,236,677	1,208,412
Cemetery	479,805	469,949	-	-	479,805	469,949
Interest on long-term debt	137,283	59,101	-	-	137,283	59,101
Electric distribution	-	-	23,312,029	20,664,515	23,312,029	20,664,515
Water and sewer services	-	-	12,710,843	11,469,046	12,710,843	11,469,046
Sanitation services	-	-	4,322,114	4,294,167	4,322,114	4,294,167
Total Expenses	<u>32,508,754</u>	<u>31,491,538</u>	<u>40,344,986</u>	<u>36,427,728</u>	<u>72,853,740</u>	<u>67,919,266</u>
Increase (decrease) in net position before transfers	13,339,254	(2,172,780)	6,814,946	4,654,358	20,154,200	2,481,578
Transfers	<u>3,500,000</u>	<u>3,800,000</u>	<u>(3,500,000)</u>	<u>(3,800,000)</u>	-	-
Change in net position	16,839,254	1,627,220	3,314,946	854,358	20,154,200	2,481,578
Net position - July 1	<u>(5,263,862)</u>	<u>(6,891,082)</u>	<u>58,715,546</u>	<u>57,861,188</u>	<u>53,451,684</u>	<u>50,970,106</u>
Net position - June 30	<u>\$ 11,575,392</u>	<u>\$ (5,263,862)</u>	<u>\$ 62,030,492</u>	<u>\$ 58,715,546</u>	<u>\$ 73,605,884</u>	<u>\$ 53,451,684</u>

Governmental Activities

In the fiscal year ended June 30, 2023, governmental activities increased the net position by \$16,839,254 from the prior fiscal year. Governmental activities accounted for 83.55% 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 \$14,293,888. Taxes, investment income, miscellaneous revenues and transfers generated \$31,133,142. For governmental activities overall occupational taxes (37.61%), are the largest single source of funds, followed by capital grants and contributions (24.86%), charges for services (12.93%) and insurance premium taxes (7.98%).

Total expenses increased from the prior fiscal year by \$1,017,216, whereas total revenues for governmental activities increased from the prior fiscal year by \$16,529,250. Revenues exceeded expenses resulting in an increase in net position before transfers. Charges for services increased by \$1,119,281 primarily due to the increases in fuel sales, miscellaneous receipts and the receipt of opioid settlement funds. Operating grants and contributions decreased by \$1,830,422 from the prior fiscal year due to the utilization of COVID-19 grant funds in the prior year for public safety payroll expenses. Capital grants and contributions increased by \$9,062,170 from the prior fiscal year due to increased airport grants and contributions for the construction of the Sports Complex. Total tax revenue increased by \$7,675,658 from the prior fiscal year primarily due to increased occupational, insurance premium and restaurant tax receipts. Occupational tax rates for the current fiscal year were increased from 1.50% to 2.50%.

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, 2023, the City primarily relied upon tax revenues, capital grants and transfers for funding governmental activities.

Business-type Activities

Business-type activities increased the City's net position by \$3,314,946 in the fiscal year ended June 30, 2023, and accounted for 16.45% of the total change in the City's net position. The increase is attributable to a 14.79% increase in revenues coupled with a 10.75% increase in expenditures. Charges for services provided the largest share of revenues (94.79%) followed by capital grants (3.27%). The largest of Madisonville's business-type activities, Light Fund had expenses of \$23,312,029, followed by Water and Sewer Fund with expenses of \$12,710,843 and Sanitation Fund with expenses of \$4,322,114.

Total revenues for business-type activities increased from the prior fiscal year by \$6,077,846. Service revenues had an increase of \$4,294,890 due to increases in electric, water, sewer and sanitation revenues. The primary reason for the increase in service revenues can be attributed to increases in the rates charged for electric and water and sewer services. Program revenues experienced a \$153,407 increase in operating grants and contributions and a \$1,047,367 increase in capital grants and contributions from the prior fiscal year. Investment income increased by \$477,434 primarily due to increases in the interest rates earned on the cash invested in the current fiscal year.

Business-type activities are supported by charges for services and capital grants and contributions. During the fiscal year ended June 30, 2023, 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, 2023, the City’s governmental funds reported combined ending fund balances of \$13,293,641, an increase of \$1,182,848 in comparison to the balance at June 30, 2022, of \$12,110,793. Approximately 61% of the total amount, \$8,162,232 constitutes unassigned fund balance which is available for spending at the City’s discretion. Nonspendable fund balance of \$1,000,003 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 \$649,489 is restricted and \$3,481,917 is committed at June 30, 2023.

Major Governmental Funds

The General Fund is the general operating fund of the City. As of June 30, 2023, the unassigned fund balance in the General Fund was \$8,162,232. The City’s fund balance in the General Fund increased by \$3,245,531.

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

Revenues Classified by Source General Fund - Revenues by Source

Revenues by Source	2023		2022		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Taxes						
Occupational	\$ 17,242,827	47.11	\$ 10,059,358	38.02	\$ 7,183,469	71.41
Insurance premiums	3,658,755	10.00	3,383,306	12.79	275,449	8.14
Property	2,058,883	5.63	1,983,502	7.50	75,381	3.80
Franchise	475,859	1.30	452,896	1.71	22,963	5.07
Emergency telephone	328,314	0.90	341,309	1.29	(12,995)	(3.81)
Police/Fire incentive	716,298	1.96	647,274	2.45	69,024	10.66
Grant income	5,508,258	15.05	2,855,603	10.80	2,652,655	92.89
Fuel sales	418,846	1.14	328,108	1.24	90,738	27.65
Miscellaneous	1,007,358	2.75	959,577	3.63	47,781	4.98
Contributions	327,745	0.90	223,941	0.85	103,804	46.35
Recreational fees	290,419	0.79	285,737	1.08	4,682	1.64
Cemetery revenues	72,300	0.20	108,600	0.41	(36,300)	(33.43)
Police fines and base court	322,385	0.88	326,782	1.24	(4,397)	(1.35)
Rental income	122,097	0.33	102,760	0.39	19,337	18.82
Lease revenue	103,073	0.28	144,157	0.55	(41,084)	(28.50)
Investment income	245,345	0.67	34,266	0.13	211,079	616.00
Lease interest revenue	864	-	3,143	0.01	(2,279)	(72.51)
Total revenues	<u>32,899,626</u>	<u>89.89</u>	<u>22,240,319</u>	<u>84.09</u>	<u>10,659,307</u>	<u>47.93</u>
Transfers in	3,600,000	9.84	3,900,000	14.75	(300,000)	(7.69)
Issuance of debt	-	-	201,966	0.76	(201,966)	(100.00)
Sale of capital assets	100,617	0.27	105,797	0.40	(5,180)	(4.90)
Total revenues and other financing sources	<u>\$ 36,600,243</u>	<u>100.00</u>	<u>\$ 26,448,082</u>	<u>100.00</u>	<u>\$ 10,152,161</u>	<u>38.39</u>

- Occupational taxes increased by \$7,183,469 or 71.41% due to increases in the net profit and occupational tax rates which charged from 1.50% to 2.50% during the 2023 fiscal year.
- Grant income increased by \$2,652,655 or 92.89% due to the current fiscal year receipt of grant funds for capital projects at the Airport and Fire Department. Grant revenues fluctuate from year-to-year.
- Fuel sales increased by \$90,738 or 27.65% due to an increase in airplane traffic at the airport during the 2023 fiscal year.
- Contributions increased by \$103,804 or 46.35% due to the current year donation of property.
- Investment income increased by \$211,079 or 616.00% due to an increase in the interest rate received on invested city funds during the 2023 fiscal year.

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

Expenditures by Function
General Fund - Expenditures by Function

Expenditures by Function	2023		2022		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Public safety	\$ 15,888,425	47.64	\$ 14,793,465	55.93	\$ 1,094,960	7.40
General government	2,950,144	8.84	2,750,359	10.40	199,785	7.26
Transportation	2,181,255	6.54	2,159,824	8.17	21,431	0.99
Health and welfare	1,109,822	3.33	1,155,459	4.37	(45,637)	(3.95)
Parks and recreation	1,798,367	5.39	1,649,491	6.24	148,876	9.03
Airport	736,649	2.21	671,476	2.54	65,173	9.71
Cemetery	447,935	1.34	419,723	1.59	28,212	6.72
Capital outlay	7,941,766	23.81	2,279,046	8.62	5,662,720	248.47
Debt service	300,349	0.90	277,444	1.05	22,905	8.26
Total expenditures	33,354,712	100.00	26,156,287	98.91	7,198,425	27.52
Transfers out	-	-	288,450	1.09	(288,450)	(100.00)
Total expenditures and other financing uses	<u>\$ 33,354,712</u>	<u>100.00</u>	<u>\$ 26,444,737</u>	<u>100.00</u>	<u>\$ 6,909,975</u>	<u>26.13</u>

- Public safety expenditures increased by \$1,094,960 or 7.40% due to increased expenditures for salaries, pension, employee benefits, supplies and repairs in the current fiscal year.
- Parks and recreation expenditures increased by \$148,876 or 9.03% due to an increase in expenditures for salaries, pension, employee benefits and insurance.
- Airport expenditures increased by \$65,173 or 9.71% due to increased expenditures for fuel, oil and utilities.
- Capital outlay expenditures increased by \$5,662,720 or 248.47% due to the construction projects for the Airport, Fire and Transportation Departments.
- Debt service expenditures increased by \$22,905 or 8.26% due to two lease agreements for the Park Department.

The Sports Complex Special Revenue Fund, a major fund, had a \$2,232,535 increase in fund balance during the current fiscal year. During the fiscal year ended June 30, 2023, the City created a separate fund to account for the activity of the sports complex facility that is being constructed. During the prior fiscal year, assets, loan proceeds, debt service and capital outlay expenditures for the sports complex facility were included in the Restaurant Tax Special Revenue Fund. As of June 30, 2023, the overall fund balance was \$2,232,535, with \$2,229,651 committed and \$2,884 being nonspendable for prepayments.

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 (deficit) balance of \$(11,042,626) as of June 30, 2023. An increase of total net position for all proprietary funds during the year equaled \$3,042,809 resulting from current fiscal year operations. The following table shows actual revenues, expenses and results from operations for the 2023 and 2022 fiscal years:

	2023			
	Light	Water and Sewer	Sanitation	Total
Operating revenues	\$ 26,501,860	\$ 13,721,919	\$ 4,651,478	\$ 44,875,257
Operating expenses	23,380,433	12,300,030	4,348,481	40,028,944
Operating income (loss)	3,121,427	1,421,889	302,997	4,846,313
Non-operating revenues (expenses), net	227,489	(185,998)	111,533	153,024
Income (loss) before contributions and transfers	3,348,916	1,235,891	414,530	4,999,337
Contributions and transfers	(3,405,926)	1,449,398	-	(1,956,528)
Change in net position	\$ (57,010)	\$ 2,685,289	\$ 414,530	\$ 3,042,809

	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

Major Proprietary Funds

The Light Fund accounts for the provision of electricity service to the residents of the City. The Light Fund had a decrease in net position of \$57,010 for fiscal year 2023 compared to an increase of \$1,970,935 for fiscal year 2022. The operating revenues increased by \$572,864 and expenses increased by \$2,704,560, respectively over the prior fiscal year. The increase in operating revenues is due primarily to increases in consumption coupled with increases in the energy charges per kwh for all electric customers in the current fiscal year. The increase in operating expenses is due an increase in the cost of power purchased, maintenance, operational and payroll related costs during the current fiscal year. The net position as of June 30, 2023, for the Light Fund was \$20,394,599.

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 an increase in net position of \$2,685,289 for fiscal year 2023 compared to a decrease of \$1,138,297 for fiscal year 2022. The operating revenues increased by \$3,759,191 over the prior fiscal year due to an increase in water and sewer rates charged to all customers. Operating expenses increased by \$986,358 mainly due to increases in wastewater collection, wastewater treatment, purification and depreciation costs. The net position as of June 30, 2023, for the Water and Sewer Fund was \$40,370,565.

The Sanitation Fund accounts for the collection and disposal of the residential and commercial refuse of the City. The Sanitation Fund had an increase in net position of \$414,530 for fiscal year 2023 compared to a decrease of

\$22,141 for fiscal year 2022. Operating revenues increased by \$116,242 and operating expenses increased by \$118,295 over the prior fiscal year. The increase in operating revenues is due to increases in service and miscellaneous income. The increase in operating expenses is due to increases in equipment maintenance costs. The net position as of June 30, 2023, for the Sanitation Fund was \$358,831.

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 1) increased by \$4,321,500 for additional grants and 2) decreased by \$300,000 for transfers into the General Fund. Expenditures, including capital outlay, were 1) increased by \$679,000 for public safety, 2) decreased by \$589,000 for transportation, 3) increased by \$3,696,500 for airport, 4) increased by \$225,000 for parks and recreation and 5) increased by \$10,000 for cemetery. All other budgetary changes are due to budget reclassifications made by the Finance Supervisor before the end of the fiscal year. During the year, actual revenues and other sources were greater than final budgetary estimates by \$2,802,355 and expenditures and other uses were \$100,423 less than final budgetary estimates, resulting in a positive variance of revenues over expenditures of \$2,902,778.

General Fund revenues and other sources were greater than budgetary amounts due to increases in occupational taxes, insurance premium taxes, property taxes, franchise taxes, emergency telephone charges, contributions and fuel sales. General Fund expenditures and other uses were less than budgetary estimates for all areas including public safety, general government, transportation, health and welfare, parks and recreation, airport, cemetery, capital outlay and debt service expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of June 30, 2023, amounts to \$117,740,269 (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 current fiscal year was 23.95% (a 39.12% increase for governmental activities and a 14.57% increase for business-type activities).

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and construction in progress	\$ 21,374,336	\$ 8,000,278	\$ 8,111,062	\$ 1,720,847	\$ 29,485,398	\$ 9,721,125
Buildings, plants and facilities	19,214,452	18,283,153	54,443,908	53,106,617	73,658,360	71,389,770
Machinery and equipment	4,690,573	4,544,599	4,316,561	3,569,500	9,007,134	8,114,099
Right-to-use leased equipment	372,164	473,127	-	-	372,164	473,127
System studies and mapping	-	-	363,130	287,171	363,130	287,171
Infrastructure	4,854,083	5,001,660	-	-	4,854,083	5,001,660
Total Capital Assets	<u>\$ 50,505,608</u>	<u>\$ 36,302,817</u>	<u>\$ 67,234,661</u>	<u>\$ 58,684,135</u>	<u>\$ 117,740,269</u>	<u>\$ 94,986,952</u>

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

- Land purchase, construction and improvements to the Fire Department totaling \$745,626.
- Construction and improvements to the Airport totaling \$4,358,763.
- Construction and improvements to the Sports Complex Project totaling \$7,985,278.
- Street paving infrastructure improvements of \$345,888.

- Construction and improvements on the Mid Town Boulevard Extension Project totaling \$1,693,947.
- Purchase of meters for the Light Department totaling \$467,698.
- Water and Sewer improvements for the US 41A Project totaling \$1,061,511.
- Purchase of membranes for the filter plant totaling \$480,070.
- Construction and improvements on the Noel Avenue Interceptor Project totaling \$4,718,599.
- Wastewater collection clarifier improvements totaling \$451,575.
- Wastewater treatment clarifier improvements totaling \$902,000.
- Purchase of Sanitation Department vehicles totaling \$1,440,484.

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 43-44 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 \$24,738,918. Of this amount, \$2,951,446 comprises debt backed by revenues of the water and sewer system for infrastructure improvements. General obligation bonds of \$16,263,676 are backed by the full faith and credit of the City for sewer system improvements. The notes payable of \$5,109,295 pertain primarily to Sports Complex construction, water and sewer system facilities, infrastructure and Fire Department equipment. The remaining debt of \$414,501 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	
	2023	2022	2023	2022	2023	2022
Revenue Bonds Payable	\$ -	\$ -	\$ 2,951,446	\$ 3,894,703	\$ 2,951,446	\$ 3,894,703
General Obligation Bonds Payable	-	-	16,263,676	-	16,263,676	-
Notes Payable	4,246,597	4,761,099	862,698	954,928	5,109,295	5,716,027
Leases	257,323	367,887	-	-	257,323	367,887
Financed Purchases	-	-	157,178	1,337,683	157,178	1,337,683
Total	\$ 4,503,920	\$ 5,128,986	\$ 20,234,998	\$ 6,187,314	\$ 24,738,918	\$ 11,316,300

The City's total debt increased by \$13,422,618 during the current fiscal year. The following are reasons for the overall increase. In October 2022, the City issued \$6,000,000 in general obligation bonds for construction on the Noel Avenue Interceptor Project. In June 2023, the City issued an additional \$10,000,000 in general obligation bonds for construction on the Noel Avenue Interceptor Project.

The City maintained an A1 rating from Moody's for its debt throughout the current fiscal year. 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 63-70 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the fiscal year 2023-2024 budget, General Fund revenues and transfers in are budgeted to increase by 2.61% from the 2022-2023 budget with occupational license tax revenues making up approximately 40.81% of the General Fund budgeted revenues and transfers in. General Fund expenditures are budgeted to increase by 2.97%. The Light Fund revenues are budgeted to increase by 6.66% with expenditures budgeted to increase by 7.26%. Water and Sewer Fund revenues are budgeted to decrease by 5.59% and expenditures are budgeted to decrease by 5.95%. Sanitation Fund revenues are budgeted to decrease by 24.58% and expenditures are budgeted to decrease by 24.53%.

The following economic factors currently affect the City of Madisonville and were considered in developing the fiscal year 2023-2024 budget.

- Due to the current level of inflation being experienced by the City, costs for personnel, health insurance, supplies and equipment are all expected to increase during the fiscal year 2023-2024 budget.
- The City estimates increases in electric consumption as well as the cost of power purchased for the coming fiscal year.
- During the prior fiscal year, the City issued general obligation bonds to help fund water and sewer infrastructure projects that will be continuing in the coming fiscal year.
- The Sanitation Fund does not anticipate purchasing new garbage trucks during the coming fiscal 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 Audit Supervisor with the Finance Department by mail at City of Madisonville Finance Department, Attn: Audit Supervisor, PO Box 705, Madisonville, Kentucky 42431, by phone at (270) 824-2100 or by email to rsimpson@madisonvillegov.com.

CITY OF MADISONVILLE, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		Totals
	Governmental Activities	Business-type Activities	
<u>Assets</u>			
Cash equivalents	\$ 10,523,166	\$ 14,189,636	\$ 24,712,802
Investments, at fair value	397,231	393,387	790,618
Accounts receivable (net)	6,441,528	5,343,314	11,784,842
Lease receivable	37,665	346,864	384,529
Internal balances	6,767	(6,767)	-
Materials and supplies	94,233	2,520,868	2,615,101
Real estate held for resale	552,294	300,000	852,294
Interest receivable	694	855	1,549
Prepayments	353,476	100,470	453,946
Restricted assets:			
Cash equivalents	1,072,389	11,504,021	12,576,410
Investments	-	4,333,685	4,333,685
Capital assets not being depreciated	21,374,336	8,111,062	29,485,398
Capital assets, net of accumulated depreciation/amortization	<u>29,131,272</u>	<u>59,123,599</u>	<u>88,254,871</u>
Total Assets	<u>69,985,051</u>	<u>106,260,994</u>	<u>176,246,045</u>
<u>Deferred Outflows of Resources</u>			
Related to pensions and other post employment benefits	11,353,191	4,523,730	15,876,921
Related to refunding debt	-	453,306	453,306
Total Deferred Outflows of Resources	<u>11,353,191</u>	<u>4,977,036</u>	<u>16,330,227</u>
<u>Liabilities</u>			
Trade accounts payable	652,311	2,570,327	3,222,638
Construction accounts payable	2,751,437	1,329,341	4,080,778
Accrued interest payable	3,363	179,890	183,253
Accrued payroll and payroll taxes	581,466	310,582	892,048
Unearned revenue	256,926	1,298,925	1,555,851
Customer deposits and related interest	-	643,734	643,734
Noncurrent liabilities:			
Due within one year			
Compensated absences	395,166	276,555	671,721
Revenue bonds payable	-	970,000	970,000
General obligation bonds payable	-	255,000	255,000
Notes payable	384,746	94,085	478,831
Financed purchases	-	117,466	117,466
Leases	115,066	-	115,066
Due in more than one year			
Net pension and other post employment benefit liabilities	57,135,560	20,310,197	77,445,757
Revenue bonds payable	-	1,981,446	1,981,446
General obligation bonds payable	-	16,008,676	16,008,676
Notes payable	3,861,851	768,613	4,630,464
Financed purchases	-	39,712	39,712
Leases	142,257	-	142,257
Total Liabilities	<u>66,280,149</u>	<u>47,154,549</u>	<u>113,434,698</u>
<u>Deferred Inflows of Resources</u>			
Related to pensions and other post employment benefits	3,445,037	1,708,877	5,153,914
Related to leases	37,664	344,112	381,776
Total Deferred Inflows of Resources	<u>3,482,701</u>	<u>2,052,989</u>	<u>5,535,690</u>
<u>Net Position</u>			
Net investment in capital assets	44,816,048	57,325,794	102,141,842
Restricted for:			
Debt service	-	3,000,224	3,000,224
Capital projects	-	11,202,166	11,202,166
Customer deposits	-	638,437	638,437
Municipal aid	363,863	-	363,863
Coal severance	103,997	-	103,997
Opioid abatement	887,079	-	887,079
Unrestricted (deficit)	<u>(34,595,595)</u>	<u>(10,136,129)</u>	<u>(44,731,724)</u>
Total Net Position	<u>\$ 11,575,392</u>	<u>\$ 62,030,492</u>	<u>\$ 73,605,884</u>

See accompanying notes to financial statements.

CITY OF MADISONVILLE, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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
Primary Government							
Governmental Activities:							
General government	\$ 8,537,428	\$ 4,776,784	\$ 1,913	\$ -	\$ (3,758,731)	\$ -	\$ (3,758,731)
Public safety	16,288,712	322,385	762,198	859,156	(14,344,973)	-	(14,344,973)
Transportation	2,615,569	-	3,000	1,581,362	(1,031,207)	-	(1,031,207)
Recreation	2,103,458	290,419	123,308	4,983,948	3,294,217	-	3,294,217
Health and welfare	1,109,822	-	-	-	(1,109,822)	-	(1,109,822)
Airport	1,236,677	464,667	-	3,973,426	3,201,416	-	3,201,416
Cemetery	479,805	72,300	-	-	(407,505)	-	(407,505)
Interest on long-term debt	137,283	-	-	-	(137,283)	-	(137,283)
Total governmental activities	<u>32,508,754</u>	<u>5,926,555</u>	<u>890,419</u>	<u>11,397,892</u>	<u>(14,293,888)</u>	<u>-</u>	<u>(14,293,888)</u>
Business-type activities:							
Electric distribution	23,312,029	26,325,453	176,407	94,074	-	3,283,905	3,283,905
Water and sewer services	12,710,843	13,721,919	-	1,449,398	-	2,460,474	2,460,474
Sanitation services	4,322,114	4,651,478	-	-	-	329,364	329,364
Total business-type activities	<u>40,344,986</u>	<u>44,698,850</u>	<u>176,407</u>	<u>1,543,472</u>	<u>-</u>	<u>6,073,743</u>	<u>6,073,743</u>
Total Primary Government	<u>\$ 72,853,740</u>	<u>\$ 50,625,405</u>	<u>\$ 1,066,826</u>	<u>\$ 12,941,364</u>	<u>(14,293,888)</u>	<u>6,073,743</u>	<u>(8,220,145)</u>
General Revenues							
Taxes:							
Occupational					17,242,827	-	17,242,827
Property					2,052,830	-	2,052,830
Insurance premium					3,658,755	-	3,658,755
Alcoholic beverage					394,213	-	394,213
Emergency telephone					328,314	-	328,314
Restaurant					1,948,681	-	1,948,681
Franchise and other					475,859	-	475,859
Investment income					394,641	635,955	1,030,596
Gain on sale of capital assets					45,515	105,248	150,763
Miscellaneous					1,091,507	-	1,091,507
Transfers					<u>3,500,000</u>	<u>(3,500,000)</u>	<u>-</u>
Total General Revenues and Transfers					<u>31,133,142</u>	<u>(2,758,797)</u>	<u>28,374,345</u>
Change in Net Position					<u>16,839,254</u>	<u>3,314,946</u>	<u>20,154,200</u>
Net Position - Beginning of Year					<u>(5,263,862)</u>	<u>58,715,546</u>	<u>53,451,684</u>
Net Position - End of Year					<u>\$ 11,575,392</u>	<u>\$ 62,030,492</u>	<u>\$ 73,605,884</u>

See accompanying notes to financial statements.

CITY OF MADISONVILLE, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Sports Complex Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash equivalents	\$ 6,589,910	\$ 1,432,960	\$ 1,643,454	\$ 9,666,324
Investments, at fair value	17,634	-	-	17,634
Receivables (Net where applicable of allowances for uncollectibles):				
Taxpayer assessed revenues	3,727,530	-	44,385	3,771,915
Property taxes	65,619	-	-	65,619
Other accounts	198,855	1,138,825	1,095,718	2,433,398
Grants receivable	170,511	-	-	170,511
Lease receivable	37,665	-	-	37,665
Materials and supplies	94,233	-	-	94,233
Real estate held for resale	552,294	-	-	552,294
Interest receivable	11	-	-	11
Prepayments	80,608	2,884	269,984	353,476
Due from other funds	42,475	-	765	43,240
Restricted assets:				
Cash equivalents	25,757	1,046,632	-	1,072,389
Total Assets	<u>\$ 11,603,102</u>	<u>\$ 3,621,301</u>	<u>\$ 3,054,306</u>	<u>\$ 18,278,709</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
<u>Liabilities</u>				
Trade accounts payable	\$ 520,534	\$ -	\$ 59,593	\$ 580,127
Construction accounts payable	1,363,436	1,388,001	-	2,751,437
Due to other funds	27,184	765	8,524	36,473
Unearned revenue	147,926	-	109,000	256,926
Accruals	581,466	-	-	581,466
Total Liabilities	<u>2,640,546</u>	<u>1,388,766</u>	<u>177,117</u>	<u>4,206,429</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenues - property taxes	35,525	-	-	35,525
Related to leases	37,664	-	-	37,664
Related to opioid settlements	-	-	705,450	705,450
Total Deferred Inflows of Resources	<u>73,189</u>	<u>-</u>	<u>705,450</u>	<u>778,639</u>
<u>Fund Balances</u>				
Nonspendable:				
Real estate held for resale	552,294	-	-	552,294
Materials and supplies	94,233	-	-	94,233
Prepayments	80,608	2,884	269,984	353,476
Restricted for:				
Municipal aid	-	-	363,863	363,863
Coal severance	-	-	103,997	103,997
Opioid abatement	-	-	181,629	181,629
Committed for:				
Alcoholic beverage control	-	-	241,440	241,440
Restaurant tax	-	-	1,010,826	1,010,826
Sports complex	-	2,229,651	-	2,229,651
Unassigned	8,162,232	-	-	8,162,232
Total Fund Balances	<u>8,889,367</u>	<u>2,232,535</u>	<u>2,171,739</u>	<u>13,293,641</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 11,603,102</u>	<u>\$ 3,621,301</u>	<u>\$ 3,054,306</u>	<u>\$ 18,278,709</u>

See accompanying notes to financial statements.

CITY OF MADISONVILLE, KENTUCKY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023

<u>Fund Balances - Total Governmental Funds</u>		\$ 13,293,641
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	\$ 107,542,606	
Less accumulated depreciation	<u>(57,409,162)</u>	50,133,444
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>(203,451)</u>	372,164
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	11,353,191	
Deferred inflows of resources related to pension and other post employment benefits	<u>(3,445,037)</u>	7,908,154
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	(3,363)	
Notes payable	(4,246,597)	
Lease obligations	(257,323)	
Net pension and other post employment benefit liabilities	(57,135,560)	
Compensated absences	<u>(395,166)</u>	(62,038,009)
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.		
		35,525
Opioid settlement receivables 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.		
		705,450
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	2,199,870	
Current liabilities	(128,350)	
Net amount allocated to business-type activities	<u>(906,497)</u>	<u>1,165,023</u>
<u>Net Position of Governmental Activities</u>		<u>\$ 11,575,392</u>

See accompanying notes to financial statements.

CITY OF MADISONVILLE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Sports Complex Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Taxes:				
Occupational	\$ 17,242,827	\$ -	\$ -	\$ 17,242,827
- Insurance premiums	3,658,755	-	-	3,658,755
Property	2,058,883	-	-	2,058,883
Franchise	475,859	-	-	475,859
Alcoholic beverage control	-	-	394,213	394,213
Emergency telephone	328,314	-	-	328,314
Restaurant	-	-	1,948,681	1,948,681
Intergovernmental:				
Grant income	5,508,258	-	-	5,508,258
Police/Fire incentive	716,298	-	-	716,298
Kentucky gas tax	-	-	490,759	490,759
Kentucky severance tax	-	-	190,603	190,603
Fuel sales	418,846	-	-	418,846
Miscellaneous	1,007,358	-	84,149	1,091,507
Contributions	327,745	4,303,582	751,066	5,382,393
Recreation	290,419	-	-	290,419
Fees	-	-	25,600	25,600
Police fines and base court	322,385	-	-	322,385
Fines and forfeitures	-	-	181,434	181,434
Cemetery	72,300	-	-	72,300
Rental income	122,097	-	-	122,097
Lease revenue	103,073	-	-	103,073
Investment income	245,345	15,757	96,300	357,402
Lease interest revenue	864	-	-	864
Total Revenues	<u>32,899,626</u>	<u>4,319,339</u>	<u>4,162,805</u>	<u>41,381,770</u>
<u>Expenditures</u>				
Current:				
Public safety	15,888,425	-	-	15,888,425
General government/other	2,950,144	13,437	1,048,680	4,012,261
Transportation	2,181,255	-	-	2,181,255
Health and public welfare	1,109,822	-	-	1,109,822
Parks and recreation	1,798,367	-	-	1,798,367
Airport	736,649	-	-	736,649
Cemetery	447,935	-	-	447,935
Capital outlay	7,941,766	6,995,154	1,925,556	16,862,476
Debt service	300,349	462,000	-	762,349
Total Expenditures	<u>33,354,712</u>	<u>7,470,591</u>	<u>2,974,236</u>	<u>43,799,539</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>(455,086)</u>	<u>(3,151,252)</u>	<u>1,188,569</u>	<u>(2,417,769)</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from sale of capital assets	100,617	-	-	100,617
Transfers in	3,600,000	5,383,787	57,181	9,040,968
Transfers out	-	-	(5,540,968)	(5,540,968)
Total Other Financing Sources (Uses)	<u>3,700,617</u>	<u>5,383,787</u>	<u>(5,483,787)</u>	<u>3,600,617</u>
<u>Net Change in Fund Balances</u>	<u>3,245,531</u>	<u>2,232,535</u>	<u>(4,295,218)</u>	<u>1,182,848</u>
<u>Fund Balances - Beginning of Year</u>	<u>5,643,836</u>	<u>-</u>	<u>6,466,957</u>	<u>12,110,793</u>
<u>Fund Balances - End of Year</u>	<u>\$ 8,889,367</u>	<u>\$ 2,232,535</u>	<u>\$ 2,171,739</u>	<u>\$ 13,293,641</u>

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, 2023

<u>Net Change in Fund Balance - Total Governmental Funds</u>		\$ 1,182,848
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.		(6,053)
Opioid settlement 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.		705,450
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.		(21,058)
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.		(148,483)
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	\$ 16,862,476	
Less current year depreciation	(2,503,620)	
Less current year amortization	<u>(100,963)</u>	14,257,893
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net position.		(55,102)
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.		625,066
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.		2,888
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	567,942	
Net amount allocated to business-type activities	<u>(272,137)</u>	<u>295,805</u>
<u>Change in Net Position of Governmental Activities</u>		<u>\$ 16,839,254</u>

See accompanying notes to financial statements.

CITY OF MADISONVILLE, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-type Activities				Governmental Activities - Internal Service Fund
	Light	Water and Sewer	Sanitation	Totals	
ASSETS					
Current Assets					
Cash equivalents	\$ 6,379,711	\$ 6,126,274	\$ 1,016,948	\$ 13,522,933	\$ 1,523,545
Investments, at fair value	-	98,025	-	98,025	674,959
Accounts receivable:					
Customers (less allowance for uncollectible accounts of \$476,000)	2,789,090	1,354,161	319,687	4,462,938	-
Other	49,130	156,062	158,710	363,902	152
Grants receivable	136,407	380,000	-	516,407	-
Lease receivable	-	346,864	-	346,864	-
Due from other funds	716,126	27,184	-	743,310	-
Materials and supplies	1,626,237	732,461	162,170	2,520,868	-
Real estate held for resale	-	300,000	-	300,000	-
Interest receivable	-	324	-	324	1,214
Prepayments	59,136	25,964	15,370	100,470	-
Restricted assets:					
Cash equivalents	638,437	10,865,584	-	11,504,021	-
Investments, at fair value	-	4,333,685	-	4,333,685	-
Total Current Assets	<u>12,394,274</u>	<u>24,746,588</u>	<u>1,672,885</u>	<u>38,813,747</u>	<u>2,199,870</u>
Noncurrent Assets					
Capital assets	32,800,570	104,699,110	6,340,010	143,839,690	-
Accumulated depreciation	(15,456,005)	(57,871,529)	(3,277,495)	(76,605,029)	-
Total Noncurrent Assets	<u>17,344,565</u>	<u>46,827,581</u>	<u>3,062,515</u>	<u>67,234,661</u>	<u>-</u>
Total Assets	<u>29,738,839</u>	<u>71,574,169</u>	<u>4,735,400</u>	<u>106,048,408</u>	<u>2,199,870</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to refunding debt	-	453,306	-	453,306	-
Related to pensions and other post employment benefits	1,693,971	1,999,013	830,746	4,523,730	-
Total Deferred Outflows of Resources	<u>1,693,971</u>	<u>2,452,319</u>	<u>830,746</u>	<u>4,977,036</u>	<u>-</u>
LIABILITIES					
Current Liabilities					
Trade accounts payable	1,916,346	398,198	199,617	2,514,161	128,350
Construction accounts payable	-	1,329,341	-	1,329,341	-
Due to other funds	12,790	32,913	704,374	750,077	-
Unearned revenue	-	1,298,925	-	1,298,925	-
Accrued interest payable	-	179,780	110	179,890	-
Accrued payroll and payroll taxes	114,370	139,487	56,725	310,582	-
Compensated absences	105,633	125,234	45,688	276,555	-
Customer deposits payable	623,576	-	-	623,576	-
Customer deposit interest payable	20,158	-	-	20,158	-
Current portion of debt	-	1,319,085	117,466	1,436,551	-
Total Current Liabilities	<u>2,792,873</u>	<u>4,822,963</u>	<u>1,123,980</u>	<u>8,739,816</u>	<u>128,350</u>
Long-Term Liabilities Due After One Year					
Long-term portion of debt	-	18,758,735	39,712	18,798,447	-
Net pension and other post employment benefit liabilities	7,605,426	8,974,969	3,729,802	20,310,197	-
Total Long-Term Liabilities	<u>7,605,426</u>	<u>27,733,704</u>	<u>3,769,514</u>	<u>39,108,644</u>	<u>-</u>
Total Liabilities	<u>10,398,299</u>	<u>32,556,667</u>	<u>4,893,494</u>	<u>47,848,460</u>	<u>128,350</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pensions and other post employment benefits	639,912	755,144	313,821	1,708,877	-
Related to leases	-	344,112	-	344,112	-
Total Deferred Inflows of Resources	<u>639,912</u>	<u>1,099,256</u>	<u>313,821</u>	<u>2,052,989</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	17,344,565	37,075,892	2,905,337	57,325,794	-
Restricted for debt service	-	3,000,224	-	3,000,224	-
Restricted for capital projects	-	11,202,166	-	11,202,166	-
Restricted for customer deposits	638,437	-	-	638,437	-
Unrestricted (deficit)	2,411,597	(10,907,717)	(2,546,506)	(11,042,626)	2,071,520
Total Net Position	<u>\$ 20,394,599</u>	<u>\$ 40,370,565</u>	<u>\$ 358,831</u>	<u>61,123,995</u>	<u>\$ 2,071,520</u>
Reconciliation to government-wide statement of net position:					
Adjustment to reflect the consolidation of Internal Service Fund's activities related to Enterprise Funds				906,497	
Net position of business-type activities				<u>\$ 62,030,492</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, 2023

	Business-type Activities- Enterprise Funds			Governmental Activities - Internal Service Fund	
	Light	Water and Sewer	Sanitation		Totals
<u>Operating Revenues</u>					
Sale of electricity	\$ 25,685,293	\$ -	\$ -	\$ 25,685,293	\$ -
Sewer revenues	-	7,391,847	-	7,391,847	-
Water revenues	-	6,302,081	-	6,302,081	-
Sanitation fees	-	-	4,050,215	4,050,215	-
Recycling income	-	-	83,874	83,874	-
Lease revenue	-	24,726	-	24,726	-
Grant income	176,407	-	-	176,407	-
Lease interest revenue	-	3,265	-	3,265	-
Service and miscellaneous	640,160	-	517,389	1,157,549	3,684,951
Total Operating Revenues	<u>26,501,860</u>	<u>13,721,919</u>	<u>4,651,478</u>	<u>44,875,257</u>	<u>3,684,951</u>
<u>Operating Expenses</u>					
Electricity purchased	17,022,939	-	-	17,022,939	-
Depreciation	1,159,899	2,958,249	387,989	4,506,137	-
Maintenance	3,022,648	1,464,609	563,255	5,050,512	-
Sanitation collection and disposal	-	-	3,194,485	3,194,485	-
Wastewater collection	-	2,050,134	-	2,050,134	-
Purification	-	2,043,883	-	2,043,883	-
Wastewater treatment	-	1,877,644	-	1,877,644	-
Engineering/Stormwater	-	806,459	-	806,459	-
Other	899,281	622,112	202,752	1,724,145	3,153,384
Commercial office operations	1,275,666	-	-	1,275,666	-
Power purchased	-	476,940	-	476,940	-
Total Operating Expenses	<u>23,380,433</u>	<u>12,300,030</u>	<u>4,348,481</u>	<u>40,028,944</u>	<u>3,153,384</u>
<u>Income (Loss) from Operations</u>	<u>3,121,427</u>	<u>1,421,889</u>	<u>302,997</u>	<u>4,846,313</u>	<u>531,567</u>
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	227,489	368,271	40,195	635,955	36,375
Gain (loss) on disposal of assets	-	10,000	95,248	105,248	-
Interest expense and fees	-	(564,269)	(23,910)	(588,179)	-
Total Nonoperating Revenues (Expenses)	<u>227,489</u>	<u>(185,998)</u>	<u>111,533</u>	<u>153,024</u>	<u>36,375</u>
<u>Income (Loss) Before Contributions and Transfers</u>					
	3,348,916	1,235,891	414,530	4,999,337	567,942
Capital contributions	94,074	1,449,398	-	1,543,472	-
Transfers out	(3,500,000)	-	-	(3,500,000)	-
<u>Change in Net Position</u>	<u>(57,010)</u>	<u>2,685,289</u>	<u>414,530</u>	<u>3,042,809</u>	<u>567,942</u>
<u>Net Position - Beginning of Year</u>	<u>20,451,609</u>	<u>37,685,276</u>	<u>(55,699)</u>	<u>1,503,578</u>	<u>1,503,578</u>
<u>Net Position - End of Year</u>	<u>\$ 20,394,599</u>	<u>\$ 40,370,565</u>	<u>\$ 358,831</u>	<u>\$ 2,071,520</u>	<u>\$ 2,071,520</u>
Reconciliation to government-wide statement of activities:					
Adjustment to reflect the consolidation of Internal Service Fund's activities related to Enterprise Funds				272,137	
Change in net position of business-type activities				<u>\$ 3,314,946</u>	

See accompanying notes to financial statements.

CITY OF MADISONVILLE, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Fund	
	Light	Water and Sewer	Sanitation		Total
Cash Flows From Operating Activities					
Cash received from customers	\$ 26,183,251	\$ 13,467,865	\$ 4,421,678	\$ 44,072,794	\$ 3,685,614
Cash received from interfund services provided	244,517	72,820	181,565	498,902	-
Cash payments to suppliers for goods and services	(19,904,209)	(4,010,794)	(2,534,181)	(26,449,184)	(3,164,682)
Cash payments to employees for services	(2,622,342)	(2,884,830)	(1,288,863)	(6,796,035)	-
Net Cash Provided (Used) By Operating Activities	<u>3,901,217</u>	<u>6,645,061</u>	<u>780,199</u>	<u>11,326,477</u>	<u>520,932</u>
Cash Flows From Noncapital Financing Activities					
Transfers out	(3,500,000)	-	-	(3,500,000)	-
Net decrease (increase) in amounts due from other funds	23,778	48,081	385	72,244	-
Net increase (decrease) in amounts due to other funds	(410,789)	(546,865)	266,224	(691,430)	(1,085)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(3,887,011)</u>	<u>(498,784)</u>	<u>266,609</u>	<u>(4,119,186)</u>	<u>(1,085)</u>
Cash Flows from Capital and Related Financing Activities					
Proceeds from issuance of debt	-	16,000,000	-	16,000,000	-
Principal paid on debt	-	(727,224)	(1,180,505)	(1,907,729)	-
Contributed capital	94,074	1,449,398	-	1,543,472	-
Proceeds from the sale of capital assets	-	10,000	818,900	828,900	-
Acquisition of property, plant and equipment	(2,047,200)	(10,145,248)	(1,587,867)	(13,780,315)	-
Interest paid on debt	-	(419,962)	(24,796)	(444,758)	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(1,953,126)</u>	<u>6,166,964</u>	<u>(1,974,268)</u>	<u>2,239,570</u>	<u>-</u>
Cash Flows from Investing Activities					
Purchase of investments	-	(1,891,943)	-	(1,891,943)	(5,826)
Proceeds from sales and maturities of investments	-	1,753,542	-	1,753,542	-
Income received on investments	227,489	374,864	40,195	642,548	35,279
Net Cash Provided (Used) By Investing Activities	<u>227,489</u>	<u>236,463</u>	<u>40,195</u>	<u>504,147</u>	<u>29,453</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,711,431)</u>	<u>12,549,704</u>	<u>(887,265)</u>	<u>9,951,008</u>	<u>549,300</u>
Cash and Cash Equivalents - Beginning of Year	<u>8,729,579</u>	<u>4,442,154</u>	<u>1,904,213</u>	<u>15,075,946</u>	<u>974,245</u>
Cash and Cash Equivalents - End of Year	<u>\$ 7,018,148</u>	<u>\$ 16,991,858</u>	<u>\$ 1,016,948</u>	<u>\$ 25,026,954</u>	<u>\$ 1,523,545</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 3,121,427	\$ 1,421,889	\$ 302,997	\$ 4,846,313	\$ 531,567
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,159,899	2,958,249	387,989	4,506,137	-
Customer deposit interest accrued	10,952	-	-	10,952	-
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	(74,092)	(203,169)	(48,235)	(325,496)	663
Decrease (increase) in grants receivable	(136,407)	(164,665)	-	(301,072)	-
Decrease (increase) in lease receivable	-	21,935	-	21,935	-
Decrease (increase) in materials and supplies	(233,756)	(84,484)	(13,158)	(331,398)	-
Decrease (increase) in prepayments	27,681	2,012	(5,310)	24,383	-
Decrease (increase) in deferred outflows	58,873	58,473	56,915	174,261	-
Increase (decrease) in accounts payable	(413,568)	972,759	19,267	578,458	(11,298)
Increase (decrease) in unearned revenue	-	1,133,925	-	1,133,925	-
Increase (decrease) in customer deposits	(48,170)	-	-	(48,170)	-
Increase (decrease) in accrued expenses	33,035	37,064	11,442	81,541	-
Increase (decrease) in net pension and opeb liabilities	1,146,462	1,393,445	458,905	2,998,812	-
Increase (decrease) in deferred inflows	(751,119)	(902,372)	(390,613)	(2,044,104)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,901,217</u>	<u>\$ 6,645,061</u>	<u>\$ 780,199</u>	<u>\$ 11,326,477</u>	<u>\$ 520,932</u>
Reconciliation of Total Cash Equivalents					
Current Assets - Cash equivalents	\$ 6,379,711	\$ 6,126,274	\$ 1,016,948	\$ 13,522,933	\$ 1,523,545
Restricted Assets - Cash equivalents	638,437	10,865,584	-	11,504,021	-
Total Cash Equivalents	<u>\$ 7,018,148</u>	<u>\$ 16,991,858</u>	<u>\$ 1,016,948</u>	<u>\$ 25,026,954</u>	<u>\$ 1,523,545</u>
Noncash Investing, Capital and Related Financing Activities					
None	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash equivalents	\$ <u>40,957</u>	\$ <u>28,221</u>
<u>Total Assets</u>	40,957	28,221
<u>Liabilities</u>		
Other accounts payable	<u>-</u>	<u>-</u>
<u>Net Position</u>		
Net position restricted for pensions	\$ <u><u>40,957</u></u>	\$ <u><u>28,221</u></u>

CITY OF MADISONVILLE, KENTUCKY
POLICEMEN AND FIREFIGHTERS PENSION FUND
COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Additions</u>		
Contributions:		
Employer	\$ <u>360,000</u>	\$ <u>366,000</u>
Investment earnings:		
Interest	<u>512</u>	<u>287</u>
Net investment earnings	<u>512</u>	<u>287</u>
Total Additions	<u>360,512</u>	<u>366,287</u>
<u>Deductions</u>		
Benefits paid	<u>347,776</u>	<u>359,810</u>
Total Deductions	<u>347,776</u>	<u>359,810</u>
<u>Net Increase (Decrease) in Net Position</u>	12,736	6,477
<u>Net Position - Beginning of Year</u>	<u>28,221</u>	<u>21,744</u>
<u>Net Position - End of Year</u>	<u>\$ 40,957</u>	<u>\$ 28,221</u>

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 \$180,666 to the Madisonville-Hopkins County Public Library, \$55,000 to the Hopkins County Joint Planning Commission and \$140,072 to the Madisonville/Hopkins County Economic Development Corporation during the fiscal year ended June 30, 2023.

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.

Sports Complex Fund - The Sports Complex Fund is used to account for revenues and expenditures of the sports complex facility.

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 relate 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, 2023, 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, 2023, 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 and general obligation 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

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

various enterprise fund revenue and general obligation 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 Supervisor 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, 2024. 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 four 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 related to opioid settlements are reported in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (opioid settlement revenues) in the period the amounts become available under the modified accrual basis of accounting.

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.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

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 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 Supervisor 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.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

Budget amendments, as allowed by ordinance, require majority approval by the City Council. The budget was amended on May 20, 2023, for the following:

- a) Increase budgeted expenditures of the General Fund by \$4,021,000 for additional capital outlay, cemetery, park and public safety expenditures. The \$4,021,000 difference is covered by additional grant revenues and a decrease in transfers in.
- b) Reallocate budgeted revenues of the Sports Complex Special Revenue Fund for additional contribution revenues and reduced transfers in from the Restaurant Tax Special Revenue Fund.
- c) Increase budgeted revenues of the Municipal Aid Special Revenue Fund by \$93,680 for additional road aid funds, interest income and transfers in from the Coal Severance Special Revenue Fund.
- d) Increase budgeted expenditures of the Coal Severance Special Revenue Fund by \$107,180 for additional transfers out to the Municipal Aid Special Revenue Fund and the General Fund. Increase budgeted revenues by \$127,500 for additional coal severance and mineral severance tax receipts and interest income.
- e) Increase budgeted expenditures of the Restaurant Tax Special Revenue Fund by \$5,595,000 for additional event, capital outlay and transfers out to the Sports Complex Special Revenue Fund. The \$5,595,000 difference is covered by additional tax, miscellaneous, contributions and prior year reserves.
- f) Increase budgeted expenditures of the Sanitation Fund by \$225,000 for additional maintenance costs and reduced transfers out. Increase budgeted revenues by \$140,000 for additional service and miscellaneous revenues.
- g) Reallocate budgeted revenues of the Policemen and Firefighters Pension Fund for contributions from the General Fund.

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 21, 2023, 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.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

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.

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.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

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.

Net Position Restrictions

Only restrictions imposed by external sources or related to restricted assets are shown as restricted net position on the government-wide financial statements. The following restrictions apply to governmental and business-type activities at June 30, 2023:

Water and Sewer Enterprise Fund	\$ 3,000,224	Restricted for debt service
Water and Sewer Enterprise Fund	11,202,166	Restricted for capital projects
Light Enterprise Fund	638,437	Restricted for customer deposits
Municipal Aid Special Revenue Fund	363,863	Restricted for municipal aid
Coal Severance Special Revenue Fund	103,997	Restricted for coal severance
Opioid Settlement Special Revenue Fund	<u>887,079</u>	Restricted for opioid abatement
Total	<u>\$ 16,195,766</u>	

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:

	<u>Deposits</u>	<u>Investments</u>	<u>Primary Government Total</u>	<u>Pension Trust</u>
Cash equivalents	\$ 24,712,802	\$ -	\$ 24,712,802	\$ 40,957
Investments	790,618	-	790,618	-
Restricted assets:				
Cash equivalents	12,576,224	186	12,576,410	-
Investments	<u>119,625</u>	<u>4,214,060</u>	<u>4,333,685</u>	<u>-</u>
Total	<u>\$ 38,199,269</u>	<u>\$ 4,214,246</u>	<u>\$ 42,413,515</u>	<u>\$ 40,957</u>

At year-end, the carrying amount of the City's deposits was \$38,199,269 and the bank balance was \$40,075,172. The \$1,875,903 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, 2023, in accordance with City policy, \$1,673,680 of the City's deposits was covered by federal depository insurance and \$38,401,492 was collateralized by securities held by the pledging financial institution's agent or trust department in the City's name.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

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 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, 2023, the City had 82% of its primary government investments in mutual funds holding US Government securities 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 2 or 3 inputs.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

Identification

At June 30, 2023, 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>
Mutual Funds:		
Federated Government Obligations	N/A	\$ 3,331,721
Federated Treasury Obligations	N/A	<u>882,110</u>
Total Mutual Funds		<u>4,213,831</u>
Money Market:		
First American Funds	N/A	<u>229</u>
Certificates of Deposit:		
Old National Bank	01/16/2024	17,634
Farmers Bank	04/15/2024	58,021
First Financial Bank	06/14/2024	61,604
First Financial Bank	06/14/2024	340,451
First Financial Bank	03/16/2024	334,508
First United Bank & Trust	09/03/2023	<u>98,025</u>
Total Certificates of Deposit		<u>910,243</u>
Total Primary Government		<u>\$ 5,124,303</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, 2023, customer deposits of \$638,437 were deposited in checking accounts at First United Bank and Independence Bank for the purpose of refunding customer deposits.

Restricted for Capital Projects

At June 30, 2023, the City maintained \$336,539 restricted for water treatment improvement construction and system infrastructure improvements as allowed by Water and 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.

At June 30, 2023, the City maintained \$10,865,627 in unspent Water and Sewer System Series 2022 and 2023 general obligation bond proceeds restricted for construction of the Noel Avenue Interceptor project. These funds are included in restricted cash equivalents and investments.

Debt Covenant Requirements

	<u>Loan Reserve Funds</u>	<u>Payment and Interest Fund</u>	<u>Bond Reserve Fund</u>	<u>Depreciation Fund</u>
Cash Deposits	\$ -	\$ 186	\$ -	\$ -
Certificates of Deposit	119,625	-	-	-
Mutual Funds	-	<u>1,765,501</u>	<u>1,229,681</u>	<u>882,110</u>
Totals	<u>\$ 119,625</u>	<u>\$ 1,765,687</u>	<u>\$ 1,229,681</u>	<u>\$ 882,110</u>

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

Net Position Restricted for Debt Service

A portion of the Net Position of the Water and 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	\$ 1,765,687	
Bond reserve fund	1,229,681	
Depreciation fund	882,110	
Loan reserve funds	<u>119,625</u>	
Total		\$ 3,997,103
 <u>Current Portion of Debt Requirements</u>		
Revenue bonds and debt payable	970,000	
Accrued interest payable	<u>26,879</u>	
Total		<u>996,879</u>
 <u>Net Position Restricted for Debt Service</u>		 <u><u>\$ 3,000,224</u></u>

Net Position Restricted for Municipal Aid

Each fiscal year, counties and cities across the state of Kentucky are allocated Municipal Road Aid funds. The amount of funding received is based on population as determined by the most recent Census. These funds are to be used for the construction, reconstruction and maintenance of county roads and city streets. At June 30, 2023, \$363,863 was restricted for municipal aid.

Net Position Restricted for Coal Severance

The Local Government Economic Assistance Fund (LGEAF) is a program of revenue sharing for Kentucky counties and cities. The LGEAF returns a portion of state collected coal and non-coal mineral severance taxes to eligible local governments. Per KRS 42.455, the funds received must be expended directly related to certain priority categories. The expenditure of LGEAF funds for the administration of government is specifically prohibited. At June 30, 2023, \$103,997 was restricted for coal severance.

Net Position Restricted for Opioid Abatement

During the fiscal year ended June 30, 2023, the City received the first installment of opioid settlement funds as part of a nationwide settlement agreement. State law says that no less than 85% of the proceeds received by each local government shall go towards fighting the opioid epidemic in those communities. State statutes will define the acceptable use of the funds and range of criteria and guidelines for reimbursement of prior expenses and the funding of new programs focusing on prevention, education, treatment and recovery of people with opioid-use disorders and co-occurring substance abuse and mental health issues. At June 30, 2023, \$887,079 was restricted for opioid abatement.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

5. CAPITAL ASSETS

Governmental Activities

A summary of capital assets at June 30, 2023, for governmental activities follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers & Reclasses</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land and other	\$ 5,468,307	\$ 492,700	\$ -	\$ -	\$ 5,961,007
Construction in progress	<u>2,531,971</u>	<u>13,389,815</u>	<u>-</u>	<u>(508,457)</u>	<u>15,413,329</u>
Total capital assets not being depreciated	<u>8,000,278</u>	<u>13,882,515</u>	<u>-</u>	<u>(508,457)</u>	<u>21,374,336</u>
Capital assets being depreciated:					
Buildings	26,303,340	1,126,798	-	479,090	27,909,228
Improvements other than buildings	8,102,399	660,451	-	29,367	8,792,217
Machinery and equipment	12,893,553	846,824	(352,237)	29,483	13,417,623
Right-to-use leased equipment	575,615	-	-	-	575,615
Infrastructure	<u>35,703,314</u>	<u>345,888</u>	<u>-</u>	<u>-</u>	<u>36,049,202</u>
Total capital assets being depreciated	<u>83,578,221</u>	<u>2,979,961</u>	<u>(352,237)</u>	<u>537,940</u>	<u>86,743,885</u>
Less accumulated depreciation for:					
Buildings	(13,062,267)	(894,449)	-	-	(13,956,716)
Improvements other than buildings	(3,060,319)	(469,958)	-	-	(3,530,277)
Machinery and equipment	(8,348,954)	(645,748)	297,135	(29,483)	(8,727,050)
Right-to-use leased equipment	(102,488)	(100,963)	-	-	(203,451)
Infrastructure	<u>(30,701,654)</u>	<u>(493,465)</u>	<u>-</u>	<u>-</u>	<u>(31,195,119)</u>
Total accumulated depreciation	<u>(55,275,682)</u>	<u>(2,604,583)</u>	<u>297,135</u>	<u>(29,483)</u>	<u>(57,612,613)</u>
Total capital assets being depreciated, net	<u>28,302,539</u>	<u>375,378</u>	<u>(55,102)</u>	<u>508,457</u>	<u>29,131,272</u>
Governmental activities capital assets, net	<u>\$ 36,302,817</u>	<u>\$14,257,893</u>	<u>\$ (55,102)</u>	<u>\$ -</u>	<u>\$ 50,505,608</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, 2023, for business-type activities follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers & Reclasses</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land and other	\$ 1,385,400	\$ -	\$ -	\$ -	\$ 1,385,400
Construction in progress	<u>335,447</u>	<u>6,390,215</u>	<u>-</u>	<u>-</u>	<u>6,725,662</u>
Total capital assets not being depreciated	<u>1,720,847</u>	<u>6,390,215</u>	<u>-</u>	<u>-</u>	<u>8,111,062</u>
Capital assets being depreciated:					
Plants and facilities	117,553,232	5,007,295	(602,772)	-	121,957,755
Systems studies and mapping	792,048	121,463	-	-	913,511
Machinery and equipment	<u>11,316,732</u>	<u>2,261,342</u>	<u>(828,608)</u>	<u>107,896</u>	<u>12,857,362</u>
Total capital assets being depreciated	<u>129,662,012</u>	<u>7,390,100</u>	<u>(1,431,380)</u>	<u>107,896</u>	<u>135,728,628</u>
Less accumulated depreciation for:					
Plants and facilities	(64,446,615)	(3,670,004)	602,772	-	(67,513,847)
Systems studies and mapping	(504,877)	(45,504)	-	-	(550,381)
Machinery and equipment	<u>(7,747,232)</u>	<u>(790,629)</u>	<u>104,956</u>	<u>(107,896)</u>	<u>(8,540,801)</u>
Total accumulated depreciation	<u>(72,698,724)</u>	<u>(4,506,137)</u>	<u>707,728</u>	<u>(107,896)</u>	<u>(76,605,029)</u>
Total capital assets being depreciated, net	<u>56,963,288</u>	<u>2,883,963</u>	<u>(723,652)</u>	<u>-</u>	<u>59,123,599</u>
Business-type activities capital assets, net	<u>\$ 58,684,135</u>	<u>\$ 9,274,178</u>	<u>\$ (723,652)</u>	<u>\$ -</u>	<u>\$ 67,234,661</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	\$ 547,709
Airport	558,178
Public safety	530,855
General government	615,316
Culture and recreation	337,218
Cemetery	<u>15,307</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 2,604,583</u>
Business-type activities:	
Light	\$ 1,159,899
Water and sewer	2,958,249
Sanitation	<u>387,989</u>
Total depreciation expense - business-type activities	<u>\$ 4,506,137</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, 2023, taxes were levied on October 1, 2022, and payable on November 30, 2022. 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, 2023 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	\$ 3,488,928	\$ 25,459,140	\$ 32,484,868	\$ 61,432,936
OPEB	<u>-</u>	<u>6,949,531</u>	<u>9,063,290</u>	<u>16,012,821</u>
Total Net Liability	<u>\$ 3,488,928</u>	<u>\$ 32,408,671</u>	<u>\$ 41,548,158</u>	<u>\$ 77,445,757</u>
Deferred Inflows of Resources:				
Pension	\$ 28,057	\$ 226,725	\$ 183,896	\$ 438,678
OPEB	<u>-</u>	<u>2,500,105</u>	<u>2,215,131</u>	<u>4,715,236</u>
Total Deferred Inflows of Resources	<u>\$ 28,057</u>	<u>\$ 2,726,830</u>	<u>\$ 2,399,027</u>	<u>\$ 5,153,914</u>
Deferred Outflows of Resources:				
Pension	\$ 19,208	\$ 4,116,399	\$ 5,751,463	\$ 9,887,070
OPEB	<u>-</u>	<u>3,102,048</u>	<u>2,887,803</u>	<u>5,989,851</u>
Total Deferred Outflows of Resources	<u>\$ 19,208</u>	<u>\$ 7,218,447</u>	<u>\$ 8,639,266</u>	<u>\$ 15,876,921</u>
(Income)/Expense:				
Pension	\$ (110,559)	\$ 2,801,897	\$ 3,036,285	\$ 5,727,623
OPEB	<u>-</u>	<u>1,105,370</u>	<u>1,097,915</u>	<u>2,203,285</u>
Total (Income)/Expense	<u>\$ (110,559)</u>	<u>\$ 3,907,267</u>	<u>\$ 4,134,200</u>	<u>\$ 7,930,908</u>

Long-term liabilities, other than debt, related to governmental activities, including pension and OPEB liabilities will be liquidated by payments from the General Fund. Long-term liabilities, other than debt, related to business-type activities will be liquidated by payments from the individual proprietary funds to which they relate.

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, 2023, all plan participants had retired. Membership at June 30, 2023, is as follows:

Retirees and beneficiaries currently receiving benefits	15
Vested terminated employees	0
Active employees:	
Fully vested-participating	0
Nonvested	0

2. **Summary of Significant Accounting Policies**

The Policemen and 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, 2023, were as follows:

Total pension liability	\$ 3,529,885
Plan fiduciary net position	<u>(40,957)</u>
City's net pension liability	<u>\$ 3,488,928</u>
Plan fiduciary net position as a percentage of the total pension liability	1.16 %

For the year ended June 30, 2023, the City recognized pension income of \$110,559. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Types of Deferred Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Difference between expected and actual experience	\$ -	\$ 28,057	\$ (28,057)
Change of assumptions	19,208	-	19,208
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 19,208</u>	<u>\$ 28,057</u>	<u>\$ (8,849)</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, 2024	\$	46,781
June 30, 2025		38,758
June 30, 2026		5,738
June 30, 2027		(100,126)
Total	\$	(8,849)

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, 2023, actuarial valuation developed by SG Actuarial Services LLC. 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 2023 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, 2023, valuation. Given the fact that the current level of plan assets is 1.16% 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 to 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 6/30/22	\$ 3,805,133	\$ 28,221	\$ 3,776,912
Changes for the year:			
Interest	81,377	-	81,377
Differences between expected and actual experience	(28,057)	-	(28,057)
Changes of assumptions	19,208	-	19,208
Contributions-employer	-	360,000	(360,000)
Net investment income	-	512	(512)
Benefit payments, including refunds of employee contributions	(347,776)	(347,776)	-
Net changes	(275,248)	12,736	(287,984)
Balances at 6/30/23	\$ 3,529,885	\$ 40,957	\$ 3,488,928

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	\$ 3,787,115	\$ 3,488,928	\$ 3,230,022

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, 2021:

<u>Membership Status</u>	<u>Nonhazardous</u>	<u>Hazardous</u>
Inactive plan members currently receiving benefits	67,206	10,858
Inactive plan members entitled to but not yet receiving benefits	100,738	3,895
Active plan members	<u>77,367</u>	<u>9,173</u>
Total plan members	<u><u>245,311</u></u>	<u><u>23,926</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	Prior to September 1, 2008
	Unreduced retirement	27 years of service or 65 years old with 1 month of service credit
	Reduced retirement	Minimum 5 years of service and 55 years old
	Benefits provided	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	September 1, 2008 to December 31, 2013
	Unreduced retirement	Minimum 5 years of service and 65 years old Age of 57 or older and sum of service years plus age equal 87
	Reduced retirement	Minimum 10 years of service and 60 years old
	Benefits provided	Determined by formula using the member's highest five consecutive year average compensation, which must contain at least 60 months
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	Minimum 5 years of service and 65 years old Age of 57 or older and sum of service years plus age equal 87
	Reduced retirement	Not available
	Benefits provided	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 credit 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, 2023, the employer contribution rate was 23.40% and 42.81%, 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, 2023, were \$5,439,948 which consisted of \$2,426,626 and \$3,013,322 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, 2023, the City reported a net pension liability of \$57,944,008 for its proportionate share of the CERS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled-forward from the valuation date to June 30, 2022, 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, 2022. This method is expected to be reflective of the City's long-term contribution effort. At June 30, 2022, the City's proportion was 0.352180 percent for nonhazardous classified employees and 1.064569 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	\$ 25,459,140
City's hazardous proportionate share of the CERS net pension liability	<u>32,484,868</u>
Total CERS net pension liability associated with the City	<u>\$ 57,944,008</u>

For the year ended June 30, 2023, the City recognized pension expense of \$5,838,182 (\$2,801,897 nonhazardous and \$3,036,285 hazardous). At June 30, 2023, 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	\$ 652,680	\$ -	\$ 750,311	\$ -	\$ 1,402,991
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,009,874	-	1,056,431	183,896	1,882,409
Change of assumptions	-	-	-	-	-
Difference between expected and actual experience	27,219	226,725	931,399	-	731,893
Contributions subsequent to the measurement date	<u>2,426,626</u>	<u>-</u>	<u>3,013,322</u>	<u>-</u>	<u>5,439,948</u>
Total	<u>\$ 4,116,399</u>	<u>\$ 226,725</u>	<u>\$ 5,751,463</u>	<u>\$ 183,896</u>	<u>\$ 9,457,241</u>

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

The \$5,439,948 (\$2,426,626 nonhazardous and \$3,013,322 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, 2024. 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, 2024	\$ 683,135	\$ 790,803
June 30, 2025	270,619	735,986
June 30, 2026	(213,944)	203,446
June 30, 2027	723,238	824,010
Total	\$ 1,463,048	\$ 2,554,245

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, 2022, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2021. 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, 2022, was determined using these updated benefit provisions. The following actuarial methods and assumptions were used in performing the actuarial valuation as of June 30, 2022.

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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00 %	
Public Equity	50.00 %	4.45 %
Private Equity	10.00 %	10.15 %
Fixed Income	20.00 %	
Core Bonds	10.00 %	0.28 %
Specialty Credit/High Yield	10.00 %	2.28 %
Cash	- %	(0.91)%
Inflation Protected	20.00 %	
Real Estate	7.00 %	3.67 %
Real Return	13.00 %	4.07 %
Expected Real Return	100.00 %	4.28 %
Long Term Inflation Assumption		2.30 %
Expected Nominal Return for Portfolio		6.58 %

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	\$ 31,820,766	\$ 25,459,140	\$ 20,197,547
<i>Hazardous</i>			
City's proportionate share of the net pension liability	\$ 40,465,220	\$ 32,484,868	\$ 25,985,365

9. Payables to the Pension Plan

As of June 30, 2023, 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, 2021:

Membership Status	Nonhazardous	Hazardous
Inactive plan members currently receiving benefits	37,584	7,655
Inactive plan members entitled to but not yet receiving benefits	28,719	883
Active plan members	76,946	9,109
Total plan members	143,249	17,647

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, 2023, the employer contribution rate was 3.39% and 6.78%, respectively, of members' nonhazardous and hazardous salaries. City employer insurance contributions for the year ended June 30, 2023, were \$828,782 which consisted of \$351,550 and \$477,232 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, 2022, was \$250,558 for nonhazardous employees and \$98,874 for hazardous employees.

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

At June 30, 2023, the City reported a net OPEB liability of \$16,012,821 for its proportionate share of the CERS net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021, rolled-forward to June 30, 2022, 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, 2022. This method is expected to be reflective of the City's long-term contribution effort. At June 30, 2022, the City's proportion was 0.352140 percent for nonhazardous classified employees and 1.064034 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	\$ 6,949,531
City's hazardous proportionate share of the CERS net OPEB liability	<u>9,063,290</u>
Total CERS net OPEB liability associated with the City	<u>\$ 16,012,821</u>

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

For the year ended June 30, 2023, the City recognized OPEB expense of \$2,203,285 (\$1,105,370 nonhazardous and \$1,097,915 hazardous). At June 30, 2023, 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	\$ 282,064	\$ -	\$ 330,804	\$ -	\$ 612,868
Changes in proportion and differences between employer contributions and proportionate share of contributions	419,231	750	267,707	118,885	567,303
Changes of assumptions	1,099,117	905,666	1,512,927	1,559,467	146,911
Difference between expected and actual experience	699,528	1,593,689	200,259	536,779	(1,230,681)
Contributions subsequent to the measurement date, including implicit subsidy	<u>602,108</u>	<u>-</u>	<u>576,106</u>	<u>-</u>	<u>1,178,214</u>
Total	<u>\$ 3,102,048</u>	<u>\$ 2,500,105</u>	<u>\$ 2,887,803</u>	<u>\$ 2,215,131</u>	<u>\$ 1,274,615</u>

The \$1,178,214 (\$602,108 nonhazardous and \$576,106 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, 2023, implicit subsidy will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. 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, 2024	\$ 139,960	\$ 96,218
June 30, 2025	111,648	80,337
June 30, 2026	(313,553)	(100,970)
June 30, 2027	61,780	287,272
June 30, 2028	<u>-</u>	<u>(266,291)</u>
Total	<u>\$ (165)</u>	<u>\$ 96,566</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, 2022, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, 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. Senate Bill 209 passed during the 2022 legislative session and increased the dollar contribution for members hired on or after July 1, 2003, by \$5 for each year of service a member attains over certain thresholds, depending on the member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022, was determined using these updated benefit provisions. The following actuarial methods and assumptions were used in performing the actuarial valuation as of June 30, 2022.

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 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement
Post - 65	Initial trend starting at 6.30% at January 1, 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided "Not to Exceed" 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.

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, 2021, 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.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

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.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00 %	
Public Equity	50.00 %	4.45 %
Private Equity	10.00 %	10.15 %
Fixed Income	20.00 %	
Core Bonds	10.00 %	0.28 %
Specialty Credit/High Yield	10.00 %	2.28 %
Cash	-	(0.91)%
Inflation Protected	20.00 %	
Real Estate	7.00 %	3.67 %
Real Return	13.00 %	4.07 %
Expected Real Return	100.00 %	4.28 %
Long Term Inflation Assumption		2.30 %
Expected Nominal Return for Portfolio		6.58 %

7. Discount Rate

The discount rate used to measure the total OPEB liability was 5.70% for nonhazardous and 5.61% 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 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. 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

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

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.

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 5.70%, 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 (4.70%) or one percentage point higher (6.70%) than the current rate (5.70%):

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
<i>Nonhazardous</i>			
City's proportionate share of the net OPEB liability	\$ 9,290,414	\$ 6,949,531	\$ 5,014,400

The following presents the City's proportionate share of the hazardous net OPEB liability calculated using the discount rate of 5.61%, 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 (4.61%) or one percentage point higher (6.61%) than the current rate (5.61%):

	1% Decrease (4.61%)	Current Discount Rate (5.61%)	1% Increase (6.61%)
<i>Hazardous</i>			
City's proportionate share of the net OPEB liability	\$ 12,593,171	\$ 9,063,290	\$ 6,196,368

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>Nonhazardous</i>			
City's proportionate share of the net OPEB liability	\$ 5,166,822	\$ 6,949,531	\$ 9,090,228
<i>Hazardous</i>			
City's proportionate share of the net OPEB liability	\$ 6,328,782	\$ 9,063,290	\$ 12,396,509

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

10. Payables to the Pension Plan

As of June 30, 2023, 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 \$294,082 for the fiscal year ended June 30, 2023.

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 \$2,268,346 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, 2023. 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, 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)	139,648
Current Year Claims Expense	2,257,048
Current Year Payments on Claims	<u>(2,268,346)</u>
Claims Payable at June 30, 2023 (Due in one year)	\$ <u><u>128,350</u></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 BONDS PAYABLE

WATER AND SEWER REVENUE BONDS PAYABLE

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 6/30/2023</u>	<u>Due in One Year</u>
Water and Sewer Refunding Bond (Series 2012)	0.5% - 3.25%	2033	\$ 3,020,000	\$ 970,000
Total			3,020,000	\$ 970,000
Less current portion			(970,000)	
Long-term portion			\$ 2,050,000	

Principal and interest requirements of the revenue bonds payable as of June 30, 2023, are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending			
June 30, 2024	\$ 970,000	\$ 71,076	\$ 1,041,076
June 30, 2025	180,000	58,156	238,156
June 30, 2026	185,000	53,594	238,594
June 30, 2027	190,000	48,669	238,669
June 30, 2028	195,000	43,375	238,375
June 30, 2029	200,000	37,694	237,694
June 30, 2030 through 2034	1,100,000	90,303	1,190,303
Total	\$ 3,020,000	\$ 402,867	\$ 3,422,867

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 \$393,607 is accumulated. The balance as of June 30, 2023, was \$1,229,681.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

- C) Depreciation Fund - Monthly deposits are required until a balance of \$777,760 is accumulated. The balance as of June 30, 2023, was \$882,110. Withdrawals may be made from the depreciation fund for renewals, replacements, new construction and contingencies in the operation of the 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, 2023, was \$119,625.

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, 2023, the "coverage" was sufficient to produce the required 125% of the maximum debt service requirements.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

WATER AND SEWER GENERAL OBLIGATION BONDS PAYABLE

Water and Sewer General Obligation Bond Series 2022

On October 27, 2022, the City of Madisonville issued general obligation bonds of \$6,000,000 to finance the construction of the West Noel Sewer Interceptor Project. Interest rates range from 4.00% to 5.00%. These bonds are required to be fully paid within 24 years from the date of issue and are backed by the full faith and credit of the City. Principal and interest requirements for Bond Series 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending,			
June 30, 2024	\$ 90,000	\$ 256,037	\$ 346,037
June 30, 2025	95,000	251,411	346,411
June 30, 2026	120,000	246,036	366,036
June 30, 2027	105,000	240,412	345,412
June 30, 2028	110,000	235,038	345,038
June 30, 2029 through 2033	705,000	1,080,065	1,785,065
June 30, 2034 through 2038	1,350,000	860,990	2,210,990
June 30, 2039 through 2043	1,740,000	544,557	2,284,557
June 30, 2044 through 2047	<u>1,685,000</u>	<u>147,154</u>	<u>1,832,154</u>
Total	<u>\$ 6,000,000</u>	<u>\$ 3,861,700</u>	<u>\$ 9,861,700</u>

Water and Sewer General Obligation Bond Series 2023

On June 7, 2023, the City of Madisonville issued general obligation bonds of \$10,000,000 to finance the construction of the West Noel Sewer Interceptor Project. Interest rates range from 4.00% to 5.00%. These bonds are required to be fully paid within 24 years from the date of issue and are backed by the full faith and credit of the City. Principal and interest requirements for Bond Series 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending,			
June 30, 2024	\$ 165,000	\$ 313,307	\$ 478,307
June 30, 2025	150,000	420,862	570,862
June 30, 2026	170,000	412,862	582,862
June 30, 2027	150,000	404,863	554,863
June 30, 2028	160,000	397,112	557,112
June 30, 2029 through 2033	1,075,000	1,841,685	2,916,685
June 30, 2034 through 2038	2,270,000	1,450,362	3,720,362
June 30, 2039 through 2043	2,995,000	891,615	3,886,615
June 30, 2044 through 2047	<u>2,865,000</u>	<u>240,508</u>	<u>3,105,508</u>
Total	<u>\$ 10,000,000</u>	<u>\$ 6,373,176</u>	<u>\$ 16,373,176</u>

11. NOTES PAYABLE AND FINANCED PURCHASES FROM DIRECT BORROWINGS

Water and Sewer 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

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

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, 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	82,080	7,968	90,048
June 30, 2029 through 2032	<u>300,494</u>	<u>13,353</u>	<u>313,847</u>
Total	<u>\$ 695,039</u>	<u>\$ 70,634</u>	<u>\$ 765,673</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, 2024	\$ 18,285	\$ 3,588	\$ 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	19,799	1,923	21,722
June 30, 2029 through 2032	<u>72,486</u>	<u>3,221</u>	<u>75,707</u>
Total	<u>\$ 167,659</u>	<u>\$ 17,038</u>	<u>\$ 184,697</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 were financed for interest only payments each month at an interest rate of 2.52%. A lump sum principal payment was 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 \$83,709, respectively as of June 30, 2023. Maturities of the financed purchase are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending,			
June 30, 2024	\$ 117,466	\$ 2,610	\$ 120,076
June 30, 2025	<u>39,712</u>	<u>208</u>	<u>39,920</u>
Total	<u>\$ 157,178</u>	<u>\$ 2,818</u>	<u>\$ 159,996</u>

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

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 were financed for interest only payments each month at an interest rate of 2.72%. A lump sum principal payment was due at the expiration date on April 20, 2023. The City exercised an option to purchase 4 of the garbage trucks in February 2023 for the purchase price and accrued interest. The agreement qualified as a financed purchase. The financed purchase agreement was fully paid at June 30, 2023.

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, 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	172,300	2,628	174,928
Total	\$ 663,279	\$ 38,545	\$ 701,824

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.

Sports Complex 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.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

Maturities of the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the year ending,			
June 30, 2024	\$ 225,651	\$ 100,142	\$ 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	251,857	73,936	325,793
June 30, 2029 through 2033	1,366,839	264,488	1,631,327
June 30, 2033 through 2037	<u>1,023,609</u>	<u>67,760</u>	<u>1,091,369</u>
Total	<u>\$ 3,583,318</u>	<u>\$ 768,343</u>	<u>\$ 4,351,661</u>

The \$4,000,000 in Sports Complex 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.

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 received monthly payments of \$1,800. The City recognized \$17,700 in lease revenue and \$144 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was fully paid.

On March 1, 2020, the City began leasing one of its buildings to a third party. The lease is for three years and the City received monthly payments of \$10,417. The City recognized \$81,945 in lease revenue and \$547 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was fully paid.

On May 1, 2023, 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 \$3,428 in lease revenue and \$173 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was \$37,665. 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, 2023, the balance of the deferred inflow of resources for this lease was \$37,664.

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 \$24,726 in lease revenue and \$3,265 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was \$346,864. 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, 2023, the balance of the deferred inflow of resources for this lease was \$344,112.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

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. As of June 30, 2023, the value of the lease liability was \$24,996. 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 \$15,931. The future principal and interest lease payments as of June 30, 2023, were as follows:

	Principal	Interest	Total
For the year ending,			
June 30, 2024	\$ 10,052	\$ 816	\$ 10,868
June 30, 2025	10,461	407	10,868
June 30, 2026	4,483	45	4,528
Total	\$ 24,996	\$ 1,268	\$ 26,264

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. As of June 30, 2023, the value of the lease liability was \$100,441. 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 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 \$25,605. The future principal and interest lease payments as of June 30, 2023, were as follows:

	Principal	Interest	Total
For the year ending,			
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	\$ 100,441	\$ 5,094	\$ 105,535

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. As of June 30, 2023, the value of the lease liability was \$131,886. 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 \$161,915. The future principal and interest lease payments as of June 30, 2023, were as follows:

	Principal	Interest	Total
For the year ending,			
June 30, 2024	\$ 64,626	\$ 5,374	\$ 70,000
June 30, 2025	67,260	2,740	70,000
Totals	\$ 131,886	\$ 8,114	\$ 140,000

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, 2023, follows:

	Balance June 30, 2022	Issuance/ Additions	Retirement/ Reductions	Balance June 30, 2023	Due Within One Year
<u>Governmental Activities:</u>					
From Direct Borrowings:					
Notes Payable	\$ 4,761,099	\$ -	\$ (514,502)	\$ 4,246,597	\$ 384,746
Leases	367,887	-	(110,564)	257,323	115,066
Compensated Absences	374,108	536,695	(515,637)	395,166	395,166
Total Governmental Activities	<u>5,503,094</u>	<u>536,695</u>	<u>(1,140,703)</u>	<u>4,899,086</u>	<u>894,978</u>
 <u>Business-Type Activities</u>					
Revenue Bonds Payable	3,970,000	-	(950,000)	3,020,000	970,000
General Obligation Bonds Payable	-	16,000,000	-	16,000,000	255,000
From Direct Borrowings:					
Notes Payable	954,928	-	(92,230)	862,698	94,085
Financed Purchases	1,337,683	-	(1,180,505)	157,178	117,466
Compensated Absences	261,540	390,192	(375,177)	276,555	276,555
Plus Unamortized Bond Premium	-	290,303	-	290,303	-
Less Unamortized Bond Discount	(75,297)	(27,393)	7,509	(95,181)	-
Total Business-Type Activities	<u>6,448,854</u>	<u>16,653,102</u>	<u>(2,590,403)</u>	<u>20,511,553</u>	<u>1,713,106</u>
 Total Primary Government	 <u>\$ 11,951,948</u>	 <u>\$ 17,189,797</u>	 <u>\$ (3,731,106)</u>	 <u>\$ 25,410,639</u>	 <u>\$ 2,608,084</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

Developer Incentive Agreement

On December 19, 2022, the City Council authorized the payment of up to \$2,000,000 to be paid in six equal installments to Madisonville-Hopkins County Economic Development Corporation for an incentive package for economic development purposes. On June 12, 2023, the City Council approved an amendment to the previous funding authorization which altered the timing of the payments totaling \$2,000,000. The final developer incentive agreement was reached and signed on July 31, 2023, with the initial payment of \$1,000,000 to be paid to the Madisonville-Hopkins County Economic Development Corporation.

No portion of these funds will be paid to the developer until it has acquired title to the property and has actually broken ground commencing the development of the property without unreasonable delays. The City building inspector will monitor the progress of construction of the proposed development to insure that the project is progressing in a timely manner. If construction activity has been suspended and the developer is not making a good faith effort to complete the project as designed and presented to the City, or has abandoned the project, the City of Madisonville shall have the right to suspend all further incentive payments to the Madisonville-Hopkins County Economic Development Corporation.

In recognition of the City of Madisonville providing funding for the proposed development, and in order to secure its obligation to construct the proposed development in accordance with the plans presented to the City of Madisonville, the developer upon receipt of said funds will grant the City of Madisonville a real estate mortgage upon the property it is acquiring for the proposed development in the amount of \$1,000,000. In the event the developer completes the development of the property and receives a certificate of occupancy, the City of Madisonville will fully release and forever discharge said mortgage. The City of Madisonville will pay unto the Madisonville-Hopkins County Economic Development Corporation the additional \$1,000,000 when the project has been completed and a certificate of occupancy has been issued.

Construction Commitments

The City has various on-going contracts for construction and renovations. As of June 30, 2023, the most significant construction commitments were as follows:

<u>Project</u>	<u>Cumulative Costs Incurred</u>	<u>Estimated Total Costs</u>
Sports Complex Construction	\$ 4,389,400	\$ 13,920,300
Runway Overlay and Drainage Improvement	2,348,069	2,599,150
Midtown Boulevard Extension	1,097,084	3,156,494
Westside WWTP Clarifier No. 3	426,147	2,888,000
Westside WWTP Clarifier No. 1	807,300	932,000
Ahlstrom Sanitary Sewer Extension	252,083	326,650
Fire Training Center	85,162	94,625
West Noel Sewer Interceptor Project Phase 1	-	2,391,134
West Noel Sewer Interceptor Project Phase 2	-	2,446,071
Airfield Electrical Rehabilitation	-	1,788,757
Choctaw Sewer Pump Station	-	763,106
	<u>\$ 9,405,245</u>	<u>\$ 31,306,287</u>

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.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

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, 2023, 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, 2023, was \$15,115. Interest incurred but unpaid on customer deposits at June 30, 2023, was \$20,158.

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 to support and simplify the administration of various projects or programs.

Operating subsidies provided to the General Fund during the year ended June 30, 2023, were \$100,000 from the Coal Severance Fund and \$3,500,000 from the Light Enterprise Fund. The Restaurant Tax Fund transferred \$5,383,787 to the Sports Complex Fund to cover debt service and capital outlay expenditures. The Coal Severance Fund transferred \$57,181 to the Municipal Aid Fund which included funds earmarked by state statute for transportation expenditures.

Primary government operating transfers at June 30, 2023, were:

	Transfers In	Transfers Out	Transfers Net
<u>Governmental Fund</u>			
General Fund	\$ 3,600,000	\$ -	\$ 3,600,000
<u>Proprietary Fund</u>			
Light Enterprise Fund	-	3,500,000	(3,500,000)
<u>Special Revenue Funds</u>			
Sports Complex Fund	5,383,787	-	5,383,787
Municipal Aid Fund	57,181	-	57,181
Coal Severance Tax Fund	-	157,181	(157,181)
Restaurant Tax Fund	-	5,383,787	(5,383,787)
Total	\$ 9,040,968	\$ 9,040,968	\$ -

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).

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

The purpose of Proprietary Fund interfund payables are for insurance and operating related expenditures provided by the General Fund and the Light Fund. Proprietary Fund interfund receivables represent utility services provided to other funds and reimbursements for operating related expenditures. The purpose of Special Revenue Fund interfund payables were expenses owed to the General Fund and Restaurant Tax Fund. Special Revenue Fund interfund receivables represent reimbursements owed by the Sports Complex 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, 2023, were:

	Interfund Receivables	Interfund Payables
<u>General Fund</u>	\$ 42,475	\$ 27,184
<u>Proprietary Funds</u>		
Light Enterprise Fund	716,126	12,790
Water & Sewer Enterprise Fund	27,184	32,913
Sanitation Enterprise Fund	-	704,374
<u>Special Revenue Funds</u>		
Alcohol Beverage Control Fund	-	6
Sports Complex Fund	-	765
Restaurant Tax Fund	765	8,518
Total	\$ 786,550	\$ 786,550

19. IMPLEMENTATION OF GASB PRONOUNCEMENTS

Accounting Pronouncements Adopted during the Fiscal Year ended June 30, 2023

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. 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 or additional commitments and voluntary commitments extended to issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The adoption of this standard had no impact on the City's financial statements.
- 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. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also improves guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all reporting periods

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

thereafter. The adoption of this standard had no impact on the City's financial statements.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*: Establishes standards of accounting and financial reporting for SBITAs by government end users (governments). This Statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The adoption of this standard had no impact on the City's financial statements.
- GASB Implementation Guide No. 2021-1, *Implementation Guidance Update - 2021*: 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 Question 4.22. For Questions 4.1-4.3, 4.23 and 5.2-5.4, the requirements of this Implementation Guide are effective for reporting periods beginning after June 15, 2022. For Questions 4.4-4.21, the requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. For Question 5.1, the requirements of this Implementation Guide are effective for reporting periods beginning after June 15, 2023. The adoption of the implementation guide had no impact on the City's financial statements.
- 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. 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, 2023.

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. 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)

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

- GASB Implementation Guide No. 2023-1, *Implementation Guidance Update - 2023*: The objective of this Implementation Guide is to provide guidance that clarifies, explains or elaborates on GASB Statements. (FY 2024)

20. SUBSEQUENT EVENTS

Water and Sewer Fund Project

On August 21, 2023, the City Council approved a change order for the West Noel Sewer Interceptor Project Phase 1 in the amount of \$1,606,583. This increases the total construction commitment for the West Noel Sewer Interceptor Project Phase 1 to \$3,997,717.

21. SHORT TERM RELATED PARTY LEASES

During the fiscal year ended June 30, 2023, 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, 2023, and \$24,000 is expected to be received for the fiscal year ended June 30, 2024.

During the fiscal year ended June 30, 2023, 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, 2023, and \$3,600 is expected to be received for the fiscal year ended June 30, 2024.

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, 2023, 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, 2023, the City rebated occupational tax revenues totaling \$6,342 under this program. The authority for this program is established in Kentucky Revised Statute 154.32-100.

CITY OF MADISONVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS - Continued

23. CHANGES IN PRESENTATION OF COMPARATIVE STATEMENTS

During the fiscal year ended June 30, 2023, the City decided to separate out expenses for human resources into their own department inside the General Fund. Therefore, only current year expenses are listed since the previous year's expenses were contained in other accounts.

24 - CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY

During the fiscal year ended June 30, 2023, the City established two new special revenue funds.

- The Sports Complex Fund was created to separate out the construction of the sports complex facility and the related expenditures for operations and debt service. In the prior fiscal year financial statements, expenditures for the sports complex facility were included in the Restaurant Tax Fund. This resulted in \$4,411,787 being transferred into the Sports Complex Fund from the Restaurant Tax Fund. The Restaurant Tax Fund also transferred \$972,000 to the Sports Complex Fund during the current fiscal year to help fund operations.
- The Opioid Settlement Fund was created to account for the national opioid settlement proceeds received by the City during the current fiscal year. This fund will receive all current and future opioid settlement proceeds and expend funds to help the City combat the opioid epidemic in our community through various opioid abatement strategies.

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, 2023

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Occupational	\$ 14,190,000	\$ 14,190,000	\$ 17,242,827	\$ 3,052,827
Insurance premiums	3,250,000	3,250,000	3,658,755	408,755
Property	2,042,000	2,042,000	2,058,883	16,883
Franchise	430,000	430,000	475,859	45,859
Emergency telephone	321,000	321,000	328,314	7,314
Intergovernmental:				
Grant income	2,770,830	7,092,330	5,508,258	(1,584,072)
Police/Fire incentive	788,858	788,858	716,298	(72,560)
Fuel sales	281,000	281,000	418,846	137,846
Contributions	1,500	1,500	327,745	326,245
Recreational fees	302,700	302,700	290,419	(12,281)
Miscellaneous	1,056,500	1,056,500	1,007,358	(49,142)
Police fines and base court	225,000	225,000	322,385	97,385
Cemetery revenues	89,000	89,000	72,300	(16,700)
Rental income	93,000	93,000	122,097	29,097
Lease revenue	-	-	103,073	103,073
Investment income	35,000	35,000	245,345	210,345
Lease interest revenue	-	-	864	864
Total Revenues	<u>25,876,388</u>	<u>30,197,888</u>	<u>32,899,626</u>	<u>2,701,738</u>
Expenditures				
Current:				
Public safety	15,695,029	15,909,029	15,888,425	20,604
General government	2,980,397	2,980,397	2,950,144	30,253
Transportation	2,189,688	2,189,688	2,181,255	8,433
Health and public welfare	1,113,500	1,113,500	1,109,822	3,678
Parks and recreation	1,716,913	1,812,113	1,798,367	13,746
Airport	738,184	738,184	736,649	1,535
Cemetery	442,712	452,712	447,935	4,777
Capital outlay	4,256,372	7,958,672	7,941,766	16,906
Debt service	300,840	300,840	300,349	491
Total Expenditures	<u>29,433,635</u>	<u>33,455,135</u>	<u>33,354,712</u>	<u>100,423</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,557,247)</u>	<u>(3,257,247)</u>	<u>(455,086)</u>	<u>2,802,161</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	100,617	100,617
Transfers in	<u>3,900,000</u>	<u>3,600,000</u>	<u>3,600,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,900,000</u>	<u>3,600,000</u>	<u>3,700,617</u>	<u>100,617</u>
Net Change in Fund Balance	342,753	342,753	3,245,531	2,902,778
Fund Balance - Beginning of Year	<u>5,643,836</u>	<u>5,643,836</u>	<u>5,643,836</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 5,986,589</u>	<u>\$ 5,986,589</u>	<u>\$ 8,889,367</u>	<u>\$ 2,902,778</u>

CITY OF MADISONVILLE, KENTUCKY
SPORTS COMPLEX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Contributions	\$ 8,500,000	\$ 8,588,000	\$ 4,303,582	\$ (4,284,418)
Investment income	<u>2,500</u>	<u>2,500</u>	<u>15,757</u>	<u>13,257</u>
Total Revenues	<u>8,502,500</u>	<u>8,590,500</u>	<u>4,319,339</u>	<u>(4,271,161)</u>
<u>Expenditures</u>				
Current:				
General government/other	136,990	136,990	13,437	123,553
Capital outlay	13,000,000	13,000,000	6,995,154	6,004,846
Debt service	<u>462,000</u>	<u>462,000</u>	<u>462,000</u>	<u>-</u>
Total Expenditures	<u>13,598,990</u>	<u>13,598,990</u>	<u>7,470,591</u>	<u>6,128,399</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>(5,096,490)</u>	<u>(5,008,490)</u>	<u>(3,151,252)</u>	<u>1,857,238</u>
<u>Other Financing Sources (Uses)</u>				
Issuance of debt	4,000,000	-	-	-
Operating transfers:				
Restaurant Tax Fund	<u>1,472,000</u>	<u>5,384,000</u>	<u>5,383,787</u>	<u>(213)</u>
Total Other Financing Sources (Uses)	<u>5,472,000</u>	<u>5,384,000</u>	<u>5,383,787</u>	<u>(213)</u>
<u>Net Change in Fund Balance</u>	375,510	375,510	2,232,535	1,857,025
<u>Fund Balance at Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balance at End of Year</u>	<u>\$ 375,510</u>	<u>\$ 375,510</u>	<u>\$ 2,232,535</u>	<u>\$ 1,857,025</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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	81,377	91,573	115,898	123,400	134,455	139,671	235,784	266,729	329,881	367,062
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(28,057)	(191,424)	(77,857)	(2,803)	(155,795)	90,026	(359,901)	(424,063)	(5,894)	(362,429)
Changes of assumptions	19,208	-	190,032	-	25,076	-	920,701	-	802,160	-
Benefit payments	(347,776)	(359,810)	(387,796)	(400,009)	(412,519)	(427,478)	(440,226)	(486,784)	(524,698)	(548,889)
Net change in total pension liability	(275,248)	(459,661)	(159,723)	(279,412)	(408,783)	(197,781)	356,358	(644,118)	601,449	(544,256)
Total pension liability-beginning	<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>
Total pension liability-ending (a)	<u>\$ 3,529,885</u>	<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>Plan Fiduciary Net Position</u>										
Contributions-employer	\$ 360,000	\$ 366,000	\$ 339,556	\$ 396,000	\$ 432,000	\$ 432,000	\$ 445,000	\$ 488,439	\$ 475,000	\$ 500,000
Contributions-member	-	-	-	-	-	-	-	-	-	-
Net investment income	512	287	381	1,086	1,388	399	717	1,141	1,566	14,135
Benefit payments	(347,776)	(359,810)	(387,796)	(400,009)	(412,519)	(427,478)	(440,226)	(486,784)	(524,698)	(548,889)
Administration expenses	-	-	-	(125)	(125)	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	12,736	6,477	(47,859)	(3,048)	20,744	4,921	5,491	2,796	(48,132)	(34,754)
Plan fiduciary net position-beginning	<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>
Plan fiduciary net position-ending (b)	<u>\$ 40,957</u>	<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>
Net Pension Liability (a) - (b)	<u>\$ 3,488,928</u>	<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>
Plan fiduciary net position as a percentage of the total pension liability	1.16 %	0.74 %	0.51 %	1.57 %	1.54 %	1.02 %	0.88 %	0.84 %	0.69 %	1.74 %
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>2023</u>	<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>
Actuarially Determined Contribution	\$ 468,034	\$ 468,034	\$ 521,676	\$ 521,676	\$ 421,386	\$ 421,386	\$ 510,117	\$ 510,117	\$ 556,103	\$ 556,103
Contributions in relation to the actuarially determined contribution	<u>360,000</u>	<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>
Contribution deficiency (excess)	<u>\$ 108,034</u>	<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>
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, 2023
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 2023 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>2023</u>	<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>
Annual money-weighted rate of return, net of investment expense	- %	- %	- %	- %	- %	- %	- %	(5.30)%	(0.98)%	11.14 %

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

<u>Fiscal Year Ended June 30</u>	<u>Measurement Period Ended June 30</u>	<u>City's proportion of the net pension liability (asset)</u>	<u>City's proportionate share of the net pension liability (asset)</u>	<u>City's covered payroll</u>	<u>City's share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability (2)</u>
<u>Nonhazardous</u>						
2023	2022	0.352180 %	\$ 25,459,140	\$ 9,758,826	260.88 %	52.42 %
2022	2021	0.342320 %	\$ 21,825,585	\$ 8,814,424	247.61 %	57.33 %
2021	2020	0.323816 %	\$ 24,836,419	\$ 8,372,997	296.63 %	47.81 %
2020	2019	0.317418 %	\$ 22,324,149	\$ 8,162,462	273.50 %	50.45 %
2019	2018	0.309797 %	\$ 18,867,582	\$ 7,892,687	239.05 %	53.54 %
2018	2017	0.303223 %	\$ 17,748,574	\$ 7,502,956	236.55 %	53.30 %
2017	2016	0.269313 %	\$ 13,259,953	\$ 6,448,164	205.64 %	55.50 %
2016	2015	0.280283 %	\$ 12,050,851	\$ 6,555,682	183.82 %	59.97 %
2015	2014	0.282624 %	\$ 9,169,400	\$ 6,483,857	141.42 %	66.80 %
2014	2013	0.282624 %	\$ 10,375,372	\$ 6,162,654	168.36 %	61.22 %
<u>Hazardous</u>						
2023	2022	1.064569 %	\$ 32,484,868	\$ 6,932,994	468.55 %	47.11 %
2022	2021	1.050830 %	\$ 27,974,768	\$ 6,283,496	445.21 %	52.26 %
2021	2020	1.008277 %	\$ 30,399,838	\$ 5,890,063	516.12 %	44.11 %
2020	2019	1.035314 %	\$ 28,598,431	\$ 5,896,881	484.98 %	46.63 %
2019	2018	1.049628 %	\$ 25,384,801	\$ 5,847,319	434.13 %	49.26 %
2018	2017	1.064520 %	\$ 23,816,277	\$ 5,889,237	404.40 %	49.80 %
2017	2016	1.025227 %	\$ 17,592,300	\$ 5,400,004	325.78 %	53.95 %
2016	2015	1.066680 %	\$ 16,374,689	\$ 5,817,674	281.46 %	57.52 %
2015	2014	1.101041 %	\$ 13,232,585	\$ 5,576,718	237.28 %	63.46 %
2014	2013	1.101041 %	\$ 14,777,378	\$ 5,410,725	273.11 %	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.

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

Fiscal Year Ended June 30	Contractually required pension contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
<u>Nonhazardous</u>					
2023	\$ 2,426,627	\$ 2,426,627	\$ -	\$ 10,370,199	23.40 %
2022	\$ 2,065,944	\$ 2,065,944	\$ -	\$ 9,758,826	21.17 %
2021	\$ 1,701,184	\$ 1,701,184	\$ -	\$ 8,814,424	19.30 %
2020	\$ 1,615,988	\$ 1,615,988	\$ -	\$ 8,372,997	19.30 %
2019	\$ 1,323,951	\$ 1,323,951	\$ -	\$ 8,162,462	16.22 %
2018	\$ 1,142,861	\$ 1,142,861	\$ -	\$ 7,892,687	14.48 %
2017	\$ 1,046,662	\$ 1,046,662	\$ -	\$ 7,502,956	13.95 %
2016	\$ 800,801	\$ 800,801	\$ -	\$ 6,448,164	12.42 %
2015	\$ 835,849	\$ 835,849	\$ -	\$ 6,555,682	12.75 %
2014	\$ 890,882	\$ 890,882	\$ -	\$ 6,483,857	13.74 %
<u>Hazardous</u>					
2023	\$ 3,013,322	\$ 3,013,322	\$ -	\$ 7,038,826	42.81 %
2022	\$ 2,347,512	\$ 2,347,512	\$ -	\$ 6,932,994	33.86 %
2021	\$ 1,888,819	\$ 1,888,819	\$ -	\$ 6,283,496	30.06 %
2020	\$ 1,770,553	\$ 1,770,553	\$ -	\$ 5,890,063	30.06 %
2019	\$ 1,466,554	\$ 1,466,554	\$ -	\$ 5,896,881	24.87 %
2018	\$ 1,298,105	\$ 1,298,105	\$ -	\$ 5,847,319	22.20 %
2017	\$ 1,278,553	\$ 1,278,553	\$ -	\$ 5,889,237	21.71 %
2016	\$ 1,094,041	\$ 1,094,041	\$ -	\$ 5,400,004	20.26 %
2015	\$ 1,206,004	\$ 1,206,004	\$ -	\$ 5,817,674	20.73 %
2014	\$ 1,214,052	\$ 1,214,052	\$ -	\$ 5,576,718	21.77 %

Notes to Schedule

Valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Amortization period	30 years, closed period at June 30, 2019 (Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases)
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

Contractually required employer contributions exclude the portion of the contributions paid to CERS but allocated to the insuranc 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, 2023

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.

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

<u>Fiscal Year Ended June 30</u>	<u>Measurement Period Ended June 30</u>	<u>City's proportion of the net OPEB liability (asset)</u>	<u>City's proportionate share of the net OPEB liability (asset)</u>	<u>City's covered payroll</u>	<u>City's share of the net OPEB liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability (2)</u>
<u>Nonhazardous</u>						
2023	2022	0.352140 %	\$ 6,949,531	\$ 9,758,826	71.21 %	60.95 %
2022	2021	0.342240 %	\$ 6,552,014	\$ 8,814,424	74.33 %	62.91 %
2021	2020	0.323722 %	\$ 7,816,902	\$ 8,372,997	93.36 %	51.67 %
2020	2019	0.317348 %	\$ 5,337,650	\$ 8,162,462	65.39 %	60.44 %
2019	2018	0.309785 %	\$ 5,500,171	\$ 7,892,687	69.69 %	57.62 %
2018	2017	0.303223 %	\$ 6,095,819	\$ 7,502,956	81.25 %	52.40 %
<u>Hazardous</u>						
2023	2022	1.064034 %	\$ 9,063,290	\$ 6,932,994	130.73 %	64.13 %
2022	2021	1.050827 %	\$ 8,496,560	\$ 6,283,496	135.22 %	66.81 %
2021	2020	1.008019 %	\$ 9,315,160	\$ 5,890,063	158.15 %	58.84 %
2020	2019	1.035110 %	\$ 7,658,363	\$ 5,896,881	129.87 %	64.44 %
2019	2018	1.049687 %	\$ 7,483,843	\$ 5,847,319	127.99 %	64.24 %
2018	2017	1.064520 %	\$ 8,800,084	\$ 5,889,237	149.43 %	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 SEVEN FISCAL YEARS

Fiscal Year Ended June 30	Contractually required OPEB contribution	Contributions relative to contractually required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
<u>Nonhazardous</u>					
2023	\$ 351,550	\$ 351,550	\$ -	\$ 10,370,199	3.39 %
2022	\$ 564,060	\$ 564,060	\$ -	\$ 9,758,826	5.78 %
2021	\$ 419,567	\$ 419,567	\$ -	\$ 8,814,424	4.76 %
2020	\$ 398,555	\$ 398,555	\$ -	\$ 8,372,997	4.76 %
2019	\$ 429,346	\$ 429,346	\$ -	\$ 8,162,462	5.26 %
2018	\$ 370,956	\$ 370,956	\$ -	\$ 7,892,687	4.70 %
2017	\$ 354,890	\$ 354,890	\$ -	\$ 7,502,956	4.73 %
<u>Hazardous</u>					
2023	\$ 477,232	\$ 477,232	\$ -	\$ 7,038,826	6.78 %
2022	\$ 725,884	\$ 725,884	\$ -	\$ 6,932,994	10.47 %
2021	\$ 598,189	\$ 598,189	\$ -	\$ 6,283,496	9.52 %
2020	\$ 560,734	\$ 560,734	\$ -	\$ 5,890,063	9.52 %
2019	\$ 617,403	\$ 617,403	\$ -	\$ 5,896,881	10.47 %
2018	\$ 546,724	\$ 546,724	\$ -	\$ 5,847,319	9.35 %
2017	\$ 550,644	\$ 550,644	\$ -	\$ 5,889,237	9.35 %

Notes to Schedule

Valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Amortization period	30 years, closed period at June 30, 2019 (Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases)
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 6.40% at January 1, 2022, gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Healthcare trend rates (Post-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
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, 2023

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.

2022: Based upon reviewing future health care costs, or trend assumption, the following actuarial assumptions were updated as follows:

- The discount rate was increased from 5.20% to 5.70% for nonhazardous and from 5.05% to 5.61% for hazardous.
- Healthcare trend rates (Pre-65) increased from 6.25% to 6.40% for both nonhazardous and hazardous.
- Healthcare trend rates (Post-65) increased from 5.50% to 6.30% 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.

Restaurant Tax Fund

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

Opioid Settlement Fund

This fund accounts for revenues and expenditures of opioid settlement proceeds.

CITY OF MADISONVILLE, KENTUCKY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds					Total Other Governmental Funds
	Alcoholic Beverage Control Fund	Municipal Aid Fund	Coal Severance Tax Fund	Restaurant Tax Fund	Opioid Settlement Fund	
<u>Assets</u>						
Cash equivalents	\$ 197,335	\$ 363,863	\$ 103,997	\$ 796,630	\$ 181,629	\$ 1,643,454
Due from other funds	-	-	-	765	-	765
Prepayments	143	-	-	269,841	-	269,984
Taxes receivable	44,385	-	-	-	-	44,385
Other accounts receivable	-	-	-	390,268	705,450	1,095,718
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Total Assets</u>	<u>\$ 241,863</u>	<u>\$ 363,863</u>	<u>\$ 103,997</u>	<u>\$ 1,457,504</u>	<u>\$ 887,079</u>	<u>\$ 3,054,306</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>						
Liabilities						
Trade accounts payable	\$ 274	\$ -	\$ -	\$ 59,319	\$ -	\$ 59,593
Unearned revenue	-	-	-	109,000	-	109,000
Due to other funds	6	-	-	8,518	-	8,524
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	280	-	-	176,837	-	177,117
Deferred Inflows						
Related to opioid settlements	-	-	-	-	705,450	705,450
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows	-	-	-	-	705,450	705,450
Fund balances						
Nonspendable						
Prepayments	143	-	-	269,841	-	269,984
Restricted for						
Municipal aid	-	363,863	-	-	-	363,863
Coal severance	-	-	103,997	-	-	103,997
Opioid abatement	-	-	-	-	181,629	181,629
Committed for						
Alcoholic beverage control	241,440	-	-	-	-	241,440
Restaurant tax	-	-	-	1,010,826	-	1,010,826
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	241,583	363,863	103,997	1,280,667	181,629	2,171,739
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Total Liabilities, Deferred Inflows and Fund Balances</u>	<u>\$ 241,863</u>	<u>\$ 363,863</u>	<u>\$ 103,997</u>	<u>\$ 1,457,504</u>	<u>\$ 887,079</u>	<u>\$ 3,054,306</u>

CITY OF MADISONVILLE, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds					Total Other Governmental Funds
	Alcoholic Beverage Control Fund	Municipal Aid Fund	Coal Severance Tax Fund	Restaurant Tax Fund	Opioid Settlement Fund	
<u>Revenues</u>						
Intergovernmental revenue	\$ -	\$ 490,759	\$ 190,603	\$ -	\$ -	\$ 681,362
Tax revenues	394,213	-	-	1,948,681	-	2,342,894
Fines and forfeitures	-	-	-	-	181,434	181,434
Other income	-	-	-	84,149	-	84,149
Contributions	-	-	-	751,066	-	751,066
Fees	25,600	-	-	-	-	25,600
Investment income	13,419	8,290	6,077	68,319	195	96,300
Total Revenues	<u>433,232</u>	<u>499,049</u>	<u>196,680</u>	<u>2,852,215</u>	<u>181,629</u>	<u>4,162,805</u>
<u>Expenditures</u>						
Current:						
General government/other	201,864	-	-	846,816	-	1,048,680
Capital outlay	153,530	345,888	-	1,426,138	-	1,925,556
Total Expenditures	<u>355,394</u>	<u>345,888</u>	<u>-</u>	<u>2,272,954</u>	<u>-</u>	<u>2,974,236</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>77,838</u>	<u>153,161</u>	<u>196,680</u>	<u>579,261</u>	<u>181,629</u>	<u>1,188,569</u>
<u>Other Financing Sources (Uses)</u>						
Transfers in	-	57,181	-	-	-	57,181
Transfers out	-	-	(157,181)	(5,383,787)	-	(5,540,968)
Total Other Financing Sources (Uses)	<u>-</u>	<u>57,181</u>	<u>(157,181)</u>	<u>(5,383,787)</u>	<u>-</u>	<u>(5,483,787)</u>
<u>Net Change In Fund Balances</u>	<u>77,838</u>	<u>210,342</u>	<u>39,499</u>	<u>(4,804,526)</u>	<u>181,629</u>	<u>(4,295,218)</u>
<u>Fund Balances - Beginning of Year</u>	<u>163,745</u>	<u>153,521</u>	<u>64,498</u>	<u>6,085,193</u>	<u>-</u>	<u>6,466,957</u>
<u>Fund Balances - End of Year</u>	<u>\$ 241,583</u>	<u>\$ 363,863</u>	<u>\$ 103,997</u>	<u>\$ 1,280,667</u>	<u>\$ 181,629</u>	<u>\$ 2,171,739</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.

Sports Complex Fund

This fund accounts for revenues and expenditures of the sports complex facility.

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
<u>Assets</u>		
Cash equivalents	\$ 6,589,910	\$ 6,466,538
Investments, at fair value	17,634	17,581
Accounts receivable:		
Taxpayer assessed revenues	3,727,530	2,010,964
Property taxes (less allowance for uncollectible accounts of \$15,545 and \$17,716)	65,619	69,768
Other	198,855	231,279
Grants receivable	170,511	723,093
Lease receivable	37,665	100,642
Materials and supplies	94,233	74,568
Real estate held for resale	552,294	552,794
Interest receivable	11	11
Prepayments	80,608	51,148
Due from other funds	42,475	627,423
Restricted assets:		
Cash equivalents	25,757	26,532
<u>Total Assets</u>	<u>\$ 11,603,102</u>	<u>\$ 10,952,341</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>		
<u>Current Liabilities</u>		
Liabilities		
Trade accounts payable	\$ 520,534	\$ 638,719
Construction accounts payable	1,363,436	410,413
Unearned revenue	147,926	3,325,181
Due to other funds	27,184	291,719
Accrued payroll and payroll taxes	581,466	501,250
Total Liabilities	<u>2,640,546</u>	<u>5,167,282</u>
<u>Deferred Inflows of Resources</u>		
Unavailable revenues - property taxes	35,525	41,578
Related to leases	37,664	99,645
Total Deferred Inflows of Resources	<u>73,189</u>	<u>141,223</u>
<u>Fund Balances</u>		
Nonspendable:		
Real estate held for resale	552,294	552,794
Materials and supplies	94,233	74,568
Prepayments	80,608	51,148
Unassigned	8,162,232	4,965,326
Total Fund Balance	<u>8,889,367</u>	<u>5,643,836</u>
<u>Total Liabilities, Deferred Inflows and Fund Balances</u>	<u>\$ 11,603,102</u>	<u>\$ 10,952,341</u>

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2022
	Budgeted Amounts				Actual GAAP Basis
	Original	Final			Basis
Revenues					
Taxes:					
Occupational	\$ 14,190,000	\$ 14,190,000	\$ 17,242,827	\$ 3,052,827	\$ 10,059,358
Insurance premiums	3,250,000	3,250,000	3,658,755	408,755	3,383,306
Property	2,042,000	2,042,000	2,058,883	16,883	1,983,502
Franchise	430,000	430,000	475,859	45,859	452,896
Emergency telephone	321,000	321,000	328,314	7,314	341,309
Intergovernmental:					
Grant income	2,770,830	7,092,330	5,508,258	(1,584,072)	2,855,603
Police/Fire incentive	788,858	788,858	716,298	(72,560)	647,274
Fuel sales	281,000	281,000	418,846	137,846	328,108
Contributions	1,500	1,500	327,745	326,245	223,941
Recreational fees	302,700	302,700	290,419	(12,281)	285,737
Miscellaneous	1,056,500	1,056,500	1,007,358	(49,142)	959,577
Police fines and base court	225,000	225,000	322,385	97,385	326,782
Cemetery revenues	89,000	89,000	72,300	(16,700)	108,600
Rental income	93,000	93,000	122,097	29,097	102,760
Lease revenue	-	-	103,073	103,073	144,157
Investment income	35,000	35,000	245,345	210,345	34,266
Lease interest revenue	-	-	864	864	3,143
Total Revenues	<u>25,876,388</u>	<u>30,197,888</u>	<u>32,899,626</u>	<u>2,701,738</u>	<u>22,240,319</u>
Expenditures					
Current:					
Public safety	15,695,029	15,909,029	15,888,425	20,604	14,793,465
General government	2,980,397	2,980,397	2,950,144	30,253	2,750,359
Transportation	2,189,688	2,189,688	2,181,255	8,433	2,159,824
Health and public welfare	1,113,500	1,113,500	1,109,822	3,678	1,155,459
Parks and recreation	1,716,913	1,812,113	1,798,367	13,746	1,649,491
Airport	738,184	738,184	736,649	1,535	671,476
Cemetery	442,712	452,712	447,935	4,777	419,723
Capital outlay	4,256,372	7,958,672	7,941,766	16,906	2,279,046
Debt service	300,840	300,840	300,349	491	277,444
Total Expenditures	<u>29,433,635</u>	<u>33,455,135</u>	<u>33,354,712</u>	<u>100,423</u>	<u>26,156,287</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,557,247)	(3,257,247)	(455,086)	2,802,161	(3,915,968)
Other Financing Sources (Uses)					
Sale of capital assets	-	-	100,617	100,617	105,797
Issuance of debt	-	-	-	-	201,966
Transfers in	3,900,000	3,600,000	3,600,000	-	3,900,000
Transfers out	-	-	-	-	(288,450)
Net Change in Fund Balance	<u>\$ 342,753</u>	<u>\$ 342,753</u>	3,245,531	<u>\$ 2,902,778</u>	3,345
Fund Balance - Beginning of Year			5,643,836		5,640,491
Fund Balance - End of Year			<u>\$ 8,889,367</u>		<u>\$ 5,643,836</u>

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022
Continued

	<u>2023</u>			Variance with Final Budget Positive (Negative)	<u>2022</u>
	<u>Budgeted Amounts</u>		Actual GAAP Basis		Actual GAAP Basis
	<u>Original</u>	<u>Final</u>			
<u>GENERAL GOVERNMENT</u>					
<u>Elected Officials</u>					
Current:					
Salaries and wages	\$ 154,544	\$ 154,544	\$ 154,480	\$ 64	\$ 123,545
Contingencies	71,800	71,800	71,399	401	76,510
Supplies and miscellaneous	36,750	36,750	34,794	1,956	31,248
Employee benefits	49,893	49,893	49,674	219	45,169
Pension/post employment benefits	19,829	19,829	19,787	42	16,891
Travel	16,750	16,750	16,673	77	14,962
Insurance and bonds	21,725	21,725	21,379	346	18,289
Payroll taxes	11,608	11,608	11,249	359	8,959
Communications and postage	250	250	45	205	-
Capital outlay	<u>153,900</u>	<u>153,900</u>	<u>152,982</u>	<u>918</u>	<u>9,263</u>
Total Elected Officials	<u>537,049</u>	<u>537,049</u>	<u>532,462</u>	<u>4,587</u>	<u>344,836</u>
<u>Administration</u>					
Current:					
Salaries and wages	421,702	421,702	421,201	501	647,627
Nuisance abatement	-	-	-	-	8,000
Supplies and miscellaneous	115,450	115,450	112,427	3,023	156,697
Pension/post employment benefits	93,035	93,035	92,510	525	153,579
Professional fees	45,500	45,500	44,800	700	65,645
Employee benefits	45,250	45,250	44,629	621	78,703
Payroll taxes	32,209	32,209	31,993	216	49,863
Printing and duplicating	59,500	59,500	59,190	310	54,681
Travel	28,000	28,000	27,694	306	16,457
Insurance and bonds	9,000	9,000	8,561	439	5,671
Communications and postage	2,000	2,000	1,742	258	205
Dues and subscriptions	1,000	1,000	305	695	1,328
Capital outlay	<u>43,800</u>	<u>43,800</u>	<u>43,598</u>	<u>202</u>	<u>20,148</u>
Total Administration	<u>896,446</u>	<u>896,446</u>	<u>888,650</u>	<u>7,796</u>	<u>1,258,604</u>
<u>Finance Office</u>					
Current:					
Salaries and wages	365,296	365,296	364,581	715	334,251
Professional fees	125,532	125,532	122,918	2,614	121,941
Pension/post employment benefits	96,826	96,826	96,761	65	88,367
Employee benefits	42,180	42,180	41,860	320	49,424
Payroll taxes	27,500	27,500	27,249	251	25,531
Supplies and miscellaneous	21,700	21,700	21,345	355	15,533
Communications and postage	12,800	12,800	12,786	14	13,461
Insurance and bonds	3,500	3,500	3,346	154	1,752
Dues and subscriptions	4,600	4,600	4,547	53	4,217
Travel	7,000	7,000	5,858	1,142	5,563
Capital outlay	<u>10,455</u>	<u>10,455</u>	<u>-</u>	<u>10,455</u>	<u>-</u>
Total Finance Office	<u>717,389</u>	<u>717,389</u>	<u>701,251</u>	<u>16,138</u>	<u>660,040</u>

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022
Continued

	2023			Variance with Final Budget Positive (Negative)	2022
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<u>City Clerk/Treasurer</u>					
Current:					
Salaries and wages	\$ 219,600	\$ 219,600	\$ 218,177	\$ 1,423	\$ 168,922
Supplies and miscellaneous	13,950	13,950	12,986	964	14,519
Communications and postage	34,500	34,500	34,117	383	32,241
Pension/post employment benefits	56,972	56,972	56,741	231	45,587
Printing and duplicating	19,000	19,000	18,922	78	24,905
Employee benefits	25,150	25,150	25,080	70	28,477
Insurance and bonds	10,000	10,000	8,973	1,027	10,363
Payroll taxes	16,927	16,927	16,707	220	12,965
Professional fees	10,650	10,650	10,622	28	8,932
Travel	4,000	4,000	3,957	43	3,426
Maintenance and repairs	-	-	-	-	166
Capital outlay	12,250	12,250	12,250	-	-
Total City Clerk/Treasurer	<u>422,999</u>	<u>422,999</u>	<u>418,532</u>	<u>4,467</u>	<u>350,503</u>
<u>Planning and Zoning</u>					
Current:					
Salaries and wages	107,400	107,400	107,331	69	103,194
Pension/post employment benefits	29,191	29,191	28,597	594	27,663
Employee benefits	22,194	22,194	22,181	13	20,107
Payroll taxes	8,640	8,640	7,559	1,081	7,398
Supplies and miscellaneous	7,250	7,250	5,627	1,623	4,616
Professional fees	3,750	3,750	3,411	339	1,504
Travel	1,100	1,100	1,025	75	847
Insurance and bonds	650	650	646	4	458
Total Planning and Zoning	<u>180,175</u>	<u>180,175</u>	<u>176,377</u>	<u>3,798</u>	<u>165,787</u>
<u>Human Resources</u>					
Current:					
Salaries and wages	264,828	264,828	263,155	1,673	-
Pension expense	64,953	64,953	64,591	362	-
Employee benefits	35,226	35,226	34,999	227	-
Supplies and miscellaneous	31,500	31,500	29,965	1,535	-
Payroll taxes	19,737	19,737	19,282	455	-
Professional fees	11,000	11,000	10,518	482	-
Training	13,000	13,000	12,966	34	-
Travel	3,250	3,250	3,177	73	-
Printing and duplicating	2,200	2,200	2,075	125	-
Communications and postage	700	700	649	51	-
Insurance and bonds	350	350	325	25	-
Total Human Resources	<u>446,744</u>	<u>446,744</u>	<u>441,702</u>	<u>5,042</u>	<u>-</u>
<u>TOTAL GENERAL GOVERNMENT</u>	<u>\$ 3,200,802</u>	<u>\$ 3,200,802</u>	<u>\$ 3,158,974</u>	<u>\$ 41,828</u>	<u>\$ 2,779,770</u>

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022
Continued

	2023				Variance with Final Budget Positive (Negative)	2022
	<u>Budgeted Amounts</u>		Actual GAAP Basis			Actual GAAP Basis
	<u>Original</u>	<u>Final</u>				
<u>HEALTH AND PUBLIC WELFARE</u>						
Current:						
Grants and subsidies:						
Library maintenance	\$ 180,675	\$ 180,675	\$ 180,665	\$ 10	\$ 200,648	
Economic Development	140,075	140,075	140,072	3	140,000	
Humane Society	101,150	101,150	101,145	5	86,709	
Madisonville Transit System	118,850	118,850	118,819	31	119,469	
PACS	50,000	50,000	50,000	-	40,000	
Planning Commission	55,000	55,000	55,000	-	45,000	
Glema Mahr Center for the Arts	25,000	25,000	25,000	-	-	
Youth Athletic Association	11,650	11,650	11,640	10	13,139	
PADD	10,000	10,000	9,505	495	9,818	
Historical Society	21,150	21,150	21,123	27	9,312	
Hopkins Co YMCA	-	-	-	-	16,700	
Community Clinic	5,000	5,000	5,000	-	5,000	
Minority Students	3,500	3,500	3,500	-	3,500	
Learning Center	5,000	5,000	5,000	-	-	
World Changers	500	500	438	62	8,464	
Utilities and other expenses	382,820	382,820	379,790	3,030	455,058	
Other employee benefits	3,130	3,130	3,125	5	2,642	
Capital outlay	60,000	60,000	58,420	1,580	279,578	
<u>TOTAL HEALTH AND PUBLIC WELFARE</u>	<u>\$ 1,173,500</u>	<u>\$ 1,173,500</u>	<u>\$ 1,168,242</u>	<u>\$ 5,258</u>	<u>\$ 1,435,037</u>	

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022
Continued

	<u>2023</u>			Variance with Final Budget Positive (Negative)	<u>2022</u>
	<u>Budgeted Amounts</u>		Actual GAAP Basis		Actual GAAP Basis
	<u>Original</u>	<u>Final</u>			
<u>PUBLIC SAFETY</u>					
<u>Police Department</u>					
Current:					
Salaries and wages	\$ 4,187,524	\$ 4,187,524	\$ 4,186,533	\$ 991	\$ 4,196,504
Pension/post employment benefits	1,712,019	1,712,019	1,711,077	942	1,579,190
Employee benefits	526,000	526,000	525,404	596	526,732
Police incentive	205,339	205,339	205,260	79	202,828
Communications and postage	221,500	221,500	220,556	944	191,561
Insurance and bonds	150,750	150,750	150,561	189	115,488
Supplies and miscellaneous	165,305	171,305	170,098	1,207	95,433
Payroll taxes	124,886	124,886	123,893	993	134,964
Professional fees	197,275	197,275	196,461	814	90,873
Fuel and oil	136,000	136,000	135,597	403	142,023
Travel and training	106,215	106,215	105,438	777	66,017
Maintenance and repairs	165,400	219,400	218,609	791	83,130
Uniforms and clothing	67,750	67,750	66,921	829	89,336
Workmen's compensation	50,200	50,200	50,036	164	39,454
Utilities	25,000	25,000	24,322	678	19,533
Printing and duplicating	3,000	3,000	2,720	280	4,308
Capital outlay	155,000	155,000	151,721	3,279	390,953
Debt service	70,000	70,000	70,000	-	70,000
Total Police Department	<u>8,269,163</u>	<u>8,329,163</u>	<u>8,315,207</u>	<u>13,956</u>	<u>8,038,327</u>
<u>Fire Department</u>					
Current:					
Salaries and wages	3,686,045	3,686,045	3,681,167	4,878	3,596,692
Pension/post employment benefits	1,944,291	1,944,291	1,941,718	2,573	1,684,525
Employee benefits	648,236	648,236	647,379	857	603,825
Pension plan contribution	360,000	360,000	360,000	-	366,000
Fire incentive	275,920	275,920	275,554	366	250,517
Nuisance abatement	110,396	110,396	110,250	146	177,441
Maintenance and repairs	123,444	123,444	123,249	195	99,531
Supplies, grant and miscellaneous	187,274	341,274	340,801	473	131,542
Uniforms and clothing	47,234	47,234	47,171	63	54,244
Payroll taxes	61,177	61,177	61,096	81	64,263
Insurance and bonds	42,458	42,458	42,398	60	37,457
Workmen's compensation	44,022	44,022	43,959	63	37,165
Utilities	41,414	41,414	41,356	58	36,551
Training	32,596	32,596	32,551	45	35,541
Fuel and oil	39,578	39,578	39,522	56	36,135
Communications and postage	6,781	6,781	6,768	13	4,662
Capital outlay	439,471	904,471	904,470	1	96,484
Debt service	175,724	175,724	175,632	92	175,632
Total Fire Department	<u>8,266,061</u>	<u>8,885,061</u>	<u>8,875,041</u>	<u>10,020</u>	<u>7,488,207</u>
<u>TOTAL PUBLIC SAFETY</u>	<u>\$ 16,535,224</u>	<u>\$ 17,214,224</u>	<u>\$ 17,190,248</u>	<u>\$ 23,976</u>	<u>\$ 15,526,534</u>

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022
Continued

	2023				2022	
	<u>Budgeted Amounts</u>		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	Actual	
	<u>Original</u>	<u>Final</u>			GAAP Basis	
<u>TRANSPORTATION</u>						
Current:						
Salaries and wages	\$ 883,641	\$ 883,641	\$ 883,042	\$ 599	\$ 838,624	
Other contractual services	220,000	220,000	219,318	682	213,000	
Pension/post employment benefits	195,616	195,616	194,844	772	202,148	
Maintenance and repairs	184,915	184,915	183,847	1,068	243,989	
Employee benefits	190,000	190,000	189,188	812	205,658	
Construction materials	167,000	167,000	166,824	176	151,365	
Salt and technical supplies	102,000	102,000	100,683	1,317	56,793	
Supplies and miscellaneous	55,770	55,770	54,356	1,414	71,636	
Payroll taxes	66,540	66,540	66,410	130	62,083	
Fuel and oil	43,500	43,500	43,450	50	43,036	
Insurance and bonds	20,500	20,500	19,594	906	19,179	
Uniforms and clothing	33,800	33,800	33,781	19	28,614	
Workmen's compensation	15,071	15,071	14,696	375	11,314	
Professional fees	1,500	1,500	1,421	79	11,969	
Rent and storage	9,700	9,700	9,667	33	403	
Communications and postage	135	135	134	1	13	
Capital outlay	<u>2,413,737</u>	<u>1,824,737</u>	<u>1,824,600</u>	<u>137</u>	<u>55,789</u>	
<u>TOTAL TRANSPORTATION</u>	<u>\$ 4,603,425</u>	<u>\$ 4,014,425</u>	<u>\$ 4,005,855</u>	<u>\$ 8,570</u>	<u>\$ 2,215,613</u>	
<u>AIRPORT</u>						
Current:						
Fuel and oil	\$ 337,000	\$ 337,000	\$ 336,749	\$ 251	\$ 263,082	
Salaries and wages	159,901	159,901	159,827	74	173,963	
Supplies and miscellaneous	25,625	25,625	25,274	351	18,790	
Pension/post employment benefits	41,690	41,690	41,686	4	46,155	
Employee benefits	44,454	44,454	44,366	88	43,205	
Utilities	35,400	35,400	35,399	1	25,983	
Maintenance and repairs	32,025	32,025	31,775	250	42,081	
Professional fees	16,950	16,950	16,706	244	13,427	
Insurance and bonds	18,500	18,500	18,493	7	17,043	
Payroll taxes	11,964	11,964	11,863	101	13,100	
Mowing and snow removal	2,650	2,650	2,650	-	4,148	
Communications and postage	8,000	8,000	7,940	60	4,025	
Travel	4,025	4,025	3,921	104	6,474	
Capital outlay	<u>685,320</u>	<u>4,381,820</u>	<u>4,381,656</u>	<u>164</u>	<u>822,984</u>	
<u>TOTAL AIRPORT</u>	<u>\$ 1,423,504</u>	<u>\$ 5,120,004</u>	<u>\$ 5,118,305</u>	<u>\$ 1,699</u>	<u>\$ 1,494,460</u>	

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022
Continued

	<u>2023</u>			Variance with Final Budget Positive (Negative)	<u>2022</u>
	<u>Budgeted Amounts</u>		Actual GAAP Basis		Actual GAAP Basis
	<u>Original</u>	<u>Final</u>			
<u>CEMETERY</u>					
Current:					
Salaries and wages	\$ 236,038	\$ 236,038	\$ 234,382	\$ 1,656	\$ 226,989
Employee benefits	66,480	66,480	65,890	590	57,404
Pension/post employment benefits	63,608	63,608	62,090	1,518	58,550
Maintenance and repairs	18,900	28,900	28,723	177	24,925
Payroll taxes	18,349	18,349	18,036	313	17,195
Supplies and miscellaneous	23,605	23,605	23,170	435	18,998
Fuel and oil	6,590	6,590	6,583	7	6,469
Workmen's compensation	2,392	2,392	2,361	31	1,911
Equipment parts	2,150	2,150	2,119	31	2,843
Uniforms and clothing	4,600	4,600	4,581	19	4,439
Capital outlay	<u>14,700</u>	<u>14,700</u>	<u>14,647</u>	<u>53</u>	<u>30,040</u>
<u>TOTAL CEMETERY</u>	<u>\$ 457,412</u>	<u>\$ 467,412</u>	<u>\$ 462,582</u>	<u>\$ 4,830</u>	<u>\$ 449,763</u>
<u>PARKS AND RECREATION</u>					
Current:					
Salaries and wages	\$ 784,691	\$ 784,691	\$ 783,027	\$ 1,664	\$ 756,502
Pension/post employment benefits	173,265	173,265	172,640	625	169,746
Employee benefits	176,690	176,690	176,358	332	142,254
Supplies and miscellaneous	149,715	166,215	161,707	4,508	162,611
Maintenance and repairs	63,955	119,655	118,117	1,538	113,104
Utilities	69,770	69,770	69,721	49	62,755
Payroll taxes	58,755	58,755	58,571	184	54,546
Equipment parts	31,790	31,790	31,484	306	31,662
Fuel and oil	41,520	41,520	41,458	62	37,338
Insurance and bonds	62,825	62,825	62,759	66	32,834
Pool operations	19,580	19,580	19,147	433	16,082
Concessions	16,575	16,575	16,279	296	16,458
Professional fees	17,500	17,500	17,458	42	16,936
Workmen's compensation	7,552	7,552	7,479	73	9,282
Uniforms and clothing	10,400	10,400	10,376	24	6,173
Construction materials	7,000	30,000	28,649	1,351	12,880
Resale merchandise	8,585	8,585	8,562	23	5,426
Advertising and printing	14,395	14,395	12,810	1,585	2,072
Travel	1,500	1,500	923	577	320
Communications and postage	850	850	842	8	510
Capital outlay	267,739	397,539	397,422	117	573,807
Debt service	<u>55,116</u>	<u>55,116</u>	<u>54,717</u>	<u>399</u>	<u>31,812</u>
<u>TOTAL PARKS AND RECREATION</u>	<u>\$ 2,039,768</u>	<u>\$ 2,264,768</u>	<u>\$ 2,250,506</u>	<u>\$ 14,262</u>	<u>\$ 2,255,110</u>

CITY OF MADISONVILLE, KENTUCKY
SPORTS COMPLEX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>Assets</u>		
Cash equivalents	\$ 1,432,960	\$ -
Accounts receivable	1,138,825	-
Prepayments	2,884	-
Restricted assets:		
Cash equivalents	<u>1,046,632</u>	<u>-</u>
<u>Total Assets</u>	<u>\$ 3,621,301</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Current Liabilities</u>		
Liabilities		
Construction accounts payable	\$ 1,388,001	\$ -
Due to other funds	<u>765</u>	<u>-</u>
Total Liabilities	<u>1,388,766</u>	<u>-</u>
<u>Fund Balance</u>		
Nonspendable:		
Prepayments	2,884	-
Committed	<u>2,229,651</u>	<u>-</u>
Total Fund Balance	<u>2,232,535</u>	<u>-</u>
<u>Total Liabilities and Fund Balance</u>	<u>\$ 3,621,301</u>	<u>\$ -</u>

CITY OF MADISONVILLE, KENTUCKY
SPORTS COMPLEX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<u>Revenues</u>					
Contributions	\$ 8,588,000	\$ 8,588,000	\$ 4,303,582	\$ (4,284,418)	\$ -
Investment income	2,500	2,500	15,757	13,257	-
Total Revenues	<u>8,590,500</u>	<u>8,590,500</u>	<u>4,319,339</u>	<u>(4,271,161)</u>	<u>-</u>
<u>Expenditures</u>					
Current:					
General government/other	136,990	136,990	13,437	123,553	-
Capital outlay	13,000,000	13,000,000	6,995,154	6,004,846	-
Debt service	462,000	462,000	462,000	-	-
Total Expenditures	<u>13,598,990</u>	<u>13,598,990</u>	<u>7,470,591</u>	<u>6,128,399</u>	<u>-</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>					
	<u>(5,008,490)</u>	<u>(5,008,490)</u>	<u>(3,151,252)</u>	<u>1,857,238</u>	<u>-</u>
<u>Other Financing Sources (Uses)</u>					
Transfers:					
Restaurant Tax Fund	5,384,000	5,384,000	5,383,787	(213)	-
Total Other Financing Sources (Uses)	<u>5,384,000</u>	<u>5,384,000</u>	<u>5,383,787</u>	<u>(213)</u>	<u>-</u>
<u>Net Change in Fund Balance</u>					
	375,510	375,510	2,232,535	1,857,025	-
<u>Fund Balance at Beginning of Year</u>					
	-	-	-	-	-
<u>Change in Net Assets</u>					
	<u>\$ 375,510</u>	<u>\$ 375,510</u>	<u>\$ 2,232,535</u>	<u>\$ 1,857,025</u>	<u>\$ -</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<u>Revenues</u>					
Tax revenues	\$ 350,200	\$ 350,200	\$ 394,213	\$ 44,013	\$ 383,632
Fees	25,000	25,000	25,600	600	26,200
Investment income	1,000	1,000	13,419	12,419	1,016
Total Revenues	<u>376,200</u>	<u>376,200</u>	<u>433,232</u>	<u>57,032</u>	<u>410,848</u>
<u>Expenditures</u>					
Current:					
General government/other	212,163	212,163	201,864	10,299	148,490
Capital outlay	<u>153,600</u>	<u>153,600</u>	<u>153,530</u>	<u>70</u>	<u>157,117</u>
Total Expenditures	<u>365,763</u>	<u>365,763</u>	<u>355,394</u>	<u>10,369</u>	<u>305,607</u>
<u>Net Change in Fund Balance</u>	<u>\$ 10,437</u>	<u>\$ 10,437</u>	77,838	<u>\$ 67,401</u>	105,241
<u>Fund Balance - Beginning of Year</u>			<u>163,745</u>		<u>58,504</u>
<u>Fund Balance - End of Year</u>			<u>\$ 241,583</u>		<u>\$ 163,745</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, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<u>Revenues</u>					
Intergovernmental revenue	\$ 405,000	\$ 486,500	\$ 490,759	\$ 4,259	\$ 416,539
Investment income	500	5,500	8,290	2,790	389
Total Revenues	<u>405,500</u>	<u>492,000</u>	<u>499,049</u>	<u>7,049</u>	<u>416,928</u>
<u>Expenditures</u>					
Capital outlay	<u>450,000</u>	<u>450,000</u>	<u>345,888</u>	<u>104,112</u>	<u>308,128</u>
Total Expenditures	<u>450,000</u>	<u>450,000</u>	<u>345,888</u>	<u>104,112</u>	<u>308,128</u>
<u>Excess (Deficiency) of Revenues</u>					
<u>Over Expenditures</u>	<u>(44,500)</u>	<u>42,000</u>	<u>153,161</u>	<u>111,161</u>	<u>108,800</u>
<u>Other Financing Sources (Uses)</u>					
Transfers:					
Coal Severance Fund	50,000	57,180	57,181	1	30,270
General Fund	-	-	-	-	(50,000)
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>57,180</u>	<u>57,181</u>	<u>1</u>	<u>(19,730)</u>
<u>Net Change in Fund Balance</u>	<u>\$ 5,500</u>	<u>\$ 99,180</u>	210,342	<u>\$ 111,162</u>	89,070
<u>Fund Balance - Beginning of Year</u>			153,521		64,451
<u>Fund Balance - End of Year</u>			<u>\$ 363,863</u>		<u>\$ 153,521</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, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<u>Revenues</u>					
Intergovernmental revenue	\$ 68,500	\$ 191,000	\$ 190,603	\$ (397)	\$ 100,902
Investment income	350	5,350	6,077	727	423
Total Revenues	<u>68,850</u>	<u>196,350</u>	<u>196,680</u>	<u>330</u>	<u>101,325</u>
<u>Expenditures</u>					
Current:					
General government/other	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Excess (Deficiency) of Revenues</u>					
<u>Over Expenditures</u>	<u>68,850</u>	<u>196,350</u>	<u>196,680</u>	<u>330</u>	<u>101,325</u>
<u>Other Financing Sources (Uses)</u>					
Transfers:					
General Fund	-	(100,000)	(100,000)	-	(50,000)
Municipal Aid Fund	(50,000)	(57,180)	(57,181)	(1)	(30,270)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(157,180)</u>	<u>(157,181)</u>	<u>(1)</u>	<u>(80,270)</u>
<u>Net Change in Fund Balance</u>	<u>\$ 18,850</u>	<u>\$ 39,170</u>	39,499	<u>\$ 329</u>	21,055
<u>Fund Balance - Beginning of Year</u>			64,498		43,443
<u>Fund Balance - End of Year</u>			<u>\$ 103,997</u>		<u>\$ 64,498</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, 2023

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2022
	Budgeted Amounts				Actual
	Original	Final			GAAP Basis
<u>Revenues</u>					
Tax revenues	\$ 1,800,000	\$ 2,643,650	\$ 1,948,681	\$ (694,969)	\$ 1,813,478
Other income	-	84,350	84,149	(201)	11,615
Contributions	-	755,000	751,066	(3,934)	812,304
Investment income	5,000	5,000	68,319	63,319	10,530
Total Revenues	<u>1,805,000</u>	<u>3,488,000</u>	<u>2,852,215</u>	<u>(635,785)</u>	<u>2,647,927</u>
<u>Expenditures</u>					
Current:					
General government/other	733,000	952,715	846,816	105,899	700,349
Capital outlay	-	1,463,285	1,426,138	37,147	1,947,018
Debt service	-	-	-	-	77,000
Total Expenditures	<u>733,000</u>	<u>2,416,000</u>	<u>2,272,954</u>	<u>143,046</u>	<u>2,724,367</u>
<u>Excess (Deficiency) of Revenues</u>					
<u>Over Expenditures</u>	<u>1,072,000</u>	<u>1,072,000</u>	<u>579,261</u>	<u>(492,739)</u>	<u>(76,440)</u>
<u>Other Financing Sources (Uses)</u>					
Issuance of debt	-	-	-	-	4,000,000
Transfers:					
General Fund	-	-	-	-	288,450
Sports Complex Fund	(1,472,000)	(5,384,000)	(5,383,787)	(213)	-
Total Other Financing Sources (Uses)	<u>(1,472,000)</u>	<u>(5,384,000)</u>	<u>(5,383,787)</u>	<u>(213)</u>	<u>4,288,450</u>
<u>Net Change in Fund Balance</u>					
	<u>\$ (400,000)</u>	<u>\$ (4,312,000)</u>	(4,804,526)	<u>\$ (5,876,526)</u>	4,212,010
<u>Fund Balance - Beginning of Year</u>					
			6,085,193		1,873,183
<u>Fund Balance - End of Year</u>					
			<u>\$ 1,280,667</u>		<u>\$ 6,085,193</u>

CITY OF MADISONVILLE, KENTUCKY
OPIOID SETTLEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2022	
	Budgeted Amounts				Actual GAAP Basis	Actual GAAP Basis
	Original	Final				
Revenues						
Fines and forfeitures	\$ -	\$ -	\$ 181,434	\$ 181,434	\$ -	
Investment income	-	-	195	195	-	
Total Revenues	<u>-</u>	<u>-</u>	<u>181,629</u>	<u>181,629</u>	<u>-</u>	
Expenditures						
Current:						
General government/other	-	-	-	-	-	
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	181,629	<u>\$ 181,629</u>	-	
Fund Balance - Beginning of Year			-		-	
Fund Balance - End of Year			<u>\$ 181,629</u>		<u>\$ -</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, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash equivalents	\$ 6,379,711	\$ 8,693,404
Accounts receivable:		
Customer (less allowance for uncollectible accounts of \$168,000 and \$162,000)	2,789,090	2,681,827
Other	49,130	82,301
Grants receivable	136,407	-
Due from other funds	716,126	739,904
Materials and supplies	1,626,237	1,392,481
Prepayments	59,136	86,817
Restricted assets:		
Cash equivalents	638,437	36,175
Total Current Assets	12,394,274	13,712,909
<u>Noncurrent Assets</u>		
Capital assets	32,800,570	30,911,499
Accumulated depreciation	(15,456,005)	(14,454,235)
Total Noncurrent Assets	17,344,565	16,457,264
Total Assets	29,738,839	30,170,173
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to pensions and other post employment benefits	1,693,971	1,752,845
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Trade accounts payable	1,916,346	2,329,914
Due to other funds	12,790	423,579
Accrued payroll and payroll taxes	114,370	86,106
Compensated absences	105,633	100,862
Customer deposits payable	623,576	671,746
Customer deposit interest payable	20,158	9,206
Total Current Liabilities	2,792,873	3,621,413
<u>Long-Term Liabilities Due After One Year</u>		
Net pension and other post employment benefit liabilities	7,605,426	6,458,965
Total Long-Term Liabilities	7,605,426	6,458,965
Total Liabilities	10,398,299	10,080,378
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to pensions and other post employment benefits	639,912	1,391,031
<u>NET POSITION</u>		
Net investment in capital assets	17,344,565	16,457,264
Restricted for customer deposits	638,437	36,175
Unrestricted	2,411,597	3,958,170
Total Net Position	\$ 20,394,599	\$ 20,451,609

CITY OF MADISONVILLE, KENTUCKY
LIGHT FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<u>Operating Revenues</u>		
Sale of electricity	\$ 25,685,293	\$ 25,217,054
Grant income	176,407	20,000
Service and miscellaneous	640,160	691,942
Total Operating Revenues	26,501,860	25,928,996
 <u>Operating Expenses</u>		
Electricity purchased	17,022,939	15,157,731
Maintenance	3,022,648	2,605,449
Depreciation	1,159,899	1,118,298
Commercial operations	1,275,666	1,062,934
Other	899,281	731,461
Total Operating Expenses	23,380,433	20,675,873
 <u>Income From Operations</u>	 3,121,427	 5,253,123
 <u>Nonoperating Revenues (Expenses)</u>		
Investment income	227,489	77,642
Total Nonoperating Revenues (Expenses)	227,489	77,642
 <u>Income Before Contributions and Transfers</u>	 3,348,916	 5,330,765
Capital contributions	94,074	140,170
Transfers out	(3,500,000)	(3,500,000)
 <u>Change in Net Position</u>	 (57,010)	 1,970,935
 <u>Net Position - Beginning of Year</u>	 20,451,609	 18,480,674
 <u>Net Position - End of Year</u>	 \$ 20,394,599	 \$ 20,451,609

CITY OF MADISONVILLE, KENTUCKY
LIGHT FUND
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Electricity Purchased</u>	\$ 17,022,939	\$ 15,157,731
<u>-Maintenance</u>		
Overhead conductors	1,790,621	1,536,858
Poles, towers and fixtures	408,570	441,861
Tree trimming	365,868	343,942
Other	450,228	270,249
Street lights	7,361	12,539
Total	<u>3,022,648</u>	<u>2,605,449</u>
<u>Depreciation</u>	<u>1,159,899</u>	<u>1,118,298</u>
<u>Commercial Office Operations</u>		
Billing and commercial office salaries and wages	713,415	623,821
Office supplies and other expenses	289,256	225,261
Postage	84,356	64,236
Computer services and supplies	188,639	149,616
Total	<u>1,275,666</u>	<u>1,062,934</u>
<u>Other</u>		
Professional fees	318,955	347,005
Pension and other post employment benefits	370,679	187,366
Employee benefits	133,152	121,048
Uncollectible accounts	6,925	2,414
Payroll taxes	52,105	47,342
Engineering	2,350	25,528
Customer deposit interest	15,115	758
Total	<u>899,281</u>	<u>731,461</u>
<u>Total Operating Expenses</u>	<u>\$ 23,380,433</u>	<u>\$ 20,675,873</u>

CITY OF MADISONVILLE, KENTUCKY
LIGHT FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
<u>Cash Flows From Operating Activities</u>		
Cash received from customers	\$ 26,183,251	\$ 25,849,834
Cash received from interfund services provided	244,517	231,697
Cash payments to suppliers for goods and services	(19,904,209)	(16,875,726)
Cash payments to employees for services	<u>(2,622,342)</u>	<u>(2,393,523)</u>
Net Cash Provided (Used) By Operating Activities	<u>3,901,217</u>	<u>6,812,282</u>
<u>Cash Flows From Noncapital Financing Activities</u>		
Transfers out	(3,500,000)	(3,500,000)
Net decrease (increase) in amounts due from other funds	23,778	12,110
Net increase (decrease) in amounts due to other funds	<u>(410,789)</u>	<u>423,579</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(3,887,011)</u>	<u>(3,064,311)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>		
Contributed capital	94,074	140,170
Acquisition of property, plant and equipment	<u>(2,047,200)</u>	<u>(2,312,525)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(1,953,126)</u>	<u>(2,172,355)</u>
<u>Cash Flows From Investing Activities</u>		
Income received on investments	<u>227,489</u>	<u>77,642</u>
Net Cash Provided (Used) By Investing Activities	<u>227,489</u>	<u>77,642</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	(1,711,431)	1,653,258
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>8,729,579</u>	<u>7,076,321</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 7,018,148</u>	<u>\$ 8,729,579</u>
<u>Reconciliation of Operating Income to Net Cash</u>		
<u>Provided (Used) By Operating Activities</u>		
Operating income	\$ 3,121,427	\$ 5,253,123
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	1,159,899	1,118,298
Customer deposit interest accrued	10,952	(1,537)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(74,092)	152,535
Decrease (increase) in grant receivable	(136,407)	-
Decrease (increase) in materials and supplies	(233,756)	(157,701)
Decrease (increase) in prepayments	27,681	(1,732)
Decrease (increase) in deferred outflows	58,873	213,567
Increase (decrease) in trade accounts payable	(413,568)	474,631
Increase (decrease) in customer deposits	(48,170)	77,050
Increase (decrease) in accrued expenses	33,035	(8,560)
Increase (decrease) in net pension and opeb liabilities	1,146,462	(1,381,144)
Increase (decrease) in deferred inflows	<u>(751,119)</u>	<u>1,073,752</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 3,901,217</u>	<u>\$ 6,812,282</u>
<u>Reconciliation of Total Cash Equivalents</u>		
Current Assets - Cash equivalents	\$ 6,379,711	\$ 8,693,404
Restricted Assets - Cash equivalents	<u>638,437</u>	<u>36,175</u>
Total Cash Equivalents	<u>\$ 7,018,148</u>	<u>\$ 8,729,579</u>
<u>Noncash Investing, Capital and Related Financing Activities</u>		
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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023		Actual GAAP Basis	Variance with Final Budget Positive (Negative)	2022	
	Budgeted Amounts				Actual GAAP Basis	Actual GAAP Basis
	Original	Final				
<u>Operating Revenues</u>						
Sale of electricity	\$ 26,994,000	\$ 26,994,000	\$ 25,685,293	\$ (1,308,707)	\$ 25,217,054	
Grant income	180,000	180,000	176,407	176,407	20,000	
Service and miscellaneous	654,600	654,600	640,160	(14,440)	691,942	
Total Operating Revenues	<u>27,828,600</u>	<u>27,828,600</u>	<u>26,501,860</u>	<u>(1,146,740)</u>	<u>25,928,996</u>	
<u>Operating Expenses</u>						
Electricity purchased	17,100,000	17,100,000	17,022,939	77,061	15,157,731	
Maintenance	5,235,921	5,235,921	3,022,648	2,213,273	2,605,449	
Depreciation	1,160,000	1,160,000	1,159,899	101	1,118,298	
Commercial operations	1,295,920	1,295,920	1,275,666	20,254	1,062,934	
Other	1,011,051	1,011,051	899,281	111,770	731,461	
Total Operating Expenses	<u>25,802,892</u>	<u>25,802,892</u>	<u>23,380,433</u>	<u>2,422,459</u>	<u>20,675,873</u>	
<u>Income from Operations</u>	<u>2,025,708</u>	<u>2,025,708</u>	<u>3,121,427</u>	<u>1,275,719</u>	<u>5,253,123</u>	
<u>Nonoperating Revenues (Expenses)</u>						
Investment income	110,000	110,000	227,489	117,489	77,642	
Total Nonoperating Revenues (Expenses)	<u>110,000</u>	<u>110,000</u>	<u>227,489</u>	<u>117,489</u>	<u>77,642</u>	
<u>Income Before Contributions and Transfers</u>	<u>2,135,708</u>	<u>2,135,708</u>	<u>3,348,916</u>	<u>1,393,208</u>	<u>5,330,765</u>	
Capital contributions	50,000	50,000	94,074	44,074	140,170	
Transfers out	<u>(3,500,000)</u>	<u>(3,500,000)</u>	<u>(3,500,000)</u>	<u>-</u>	<u>(3,500,000)</u>	
<u>Change in Net Position</u>	<u>\$ (1,314,292)</u>	<u>\$ (1,314,292)</u>	<u>\$ (57,010)</u>	<u>\$ 1,437,282</u>	<u>\$ 1,970,935</u>	

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash equivalents	\$ 6,126,274	\$ 4,441,968
Investments, at fair value	98,025	97,489
Accounts receivable:		
Customer (less allowance for uncollectible accounts of \$254,000 and \$234,000)	1,354,161	1,247,487
Other	156,062	59,567
Grant receivable	380,000	215,335
Lease receivable	346,864	368,799
Due from other funds	27,184	75,266
Materials and supplies	732,461	647,977
Real estate held for resale	300,000	300,000
Interest receivable	324	6,917
Prepayments	25,964	27,976
Restricted assets:		
Cash equivalents	10,865,584	186
Investments, at fair value	4,333,685	4,195,821
Total Current Assets	24,746,588	11,684,788
<u>Noncurrent Assets</u>		
Capital assets	104,699,110	94,939,267
Accumulated depreciation	(57,871,529)	(55,298,685)
Total Noncurrent Assets	46,827,581	39,640,582
Total Assets	71,574,169	51,325,370
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to refunding debt	453,306	497,893
Related to pensions and other post employment benefits	1,999,013	2,057,486
Total Deferred Outflows of Resources	2,452,319	2,555,379
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Trade accounts payable	398,198	378,787
Construction accounts payable	1,329,341	375,993
Due to other funds	32,913	579,779
Unearned revenue	1,298,925	165,000
Accrued interest payable	179,780	35,473
Accrued payroll and payroll taxes	139,487	113,289
Compensated absences	125,234	114,369
Current portion of debt	1,319,085	1,042,231
Total Current Liabilities	4,822,963	2,804,921
<u>Long-Term Liabilities Due After One Year</u>		
Long-term portion of debt	18,758,735	3,807,400
Net pension and other post employment benefit liabilities	8,974,969	7,581,524
Total Long-Term Liabilities	27,733,704	11,388,924
Total Liabilities	32,556,667	14,193,845
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to pensions and other post employment benefits	755,144	1,632,790
Related to leases	344,112	368,838
Total Deferred Inflows of Resources	1,099,256	2,001,628
<u>NET POSITION</u>		
Net investment in capital assets	37,075,892	35,238,798
Restricted for debt service	3,000,224	2,886,309
Restricted for capital projects	11,202,166	325,946
Unrestricted	(10,907,717)	(765,777)
Total Net Position	\$ 40,370,565	\$ 37,685,276

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Operating Revenues</u>		
Sewer revenues	\$ 7,391,847	\$ 5,284,831
Water revenues	6,302,081	4,672,837
Lease revenue	24,726	2,060
Lease interest revenue	3,265	-
Grant income	-	3,000
Total Operating Revenues	<u>13,721,919</u>	<u>9,962,728</u>
<u>Operating Expenses</u>		
Depreciation	2,958,249	2,845,112
Wastewater collection	2,050,134	1,606,492
Wastewater treatment	1,877,644	1,604,663
Purification	2,043,883	1,838,412
Distribution maintenance	1,464,609	1,556,712
Engineering/Stormwater	806,459	793,935
Other	622,112	663,982
Power purchased	476,940	404,364
Total Operating Expenses	<u>12,300,030</u>	<u>11,313,672</u>
<u>Income (Loss) From Operations</u>	<u>1,421,889</u>	<u>(1,350,944)</u>
<u>Nonoperating Revenues (Expenses)</u>		
Investment income	368,271	66,296
Gain on disposal of assets	10,000	500
Interest expense and amortization	(564,269)	(179,484)
Total Nonoperating Revenues (Expenses)	<u>(185,998)</u>	<u>(112,688)</u>
<u>Income (Loss) Before Contributions</u>	1,235,891	(1,463,632)
Capital contributions	<u>1,449,398</u>	<u>325,335</u>
<u>Change in Net Position</u>	2,685,289	(1,138,297)
<u>Net Position - Beginning of Year</u>	<u>37,685,276</u>	<u>38,823,573</u>
<u>Net Position - End of Year</u>	<u>\$ 40,370,565</u>	<u>\$ 37,685,276</u>

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Depreciation</u>	\$ 2,958,249	\$ 2,845,112
<u>Wastewater Collection</u>		
Maintenance	1,835,618	1,425,197
Fuel and power	125,744	123,925
Materials and supplies	88,772	57,370
Total	<u>2,050,134</u>	<u>1,606,492</u>
<u>Wastewater Treatment</u>		
Salaries and wages	486,220	449,620
Fuel and power	321,832	310,448
Sludge hauling	202,766	179,002
Pension and other post employment benefits	215,692	36,273
Materials and supplies	210,948	175,235
Employee benefits	177,097	163,412
Maintenance	178,218	222,098
Payroll taxes	37,434	34,731
Professional fees	47,437	33,844
Total	<u>1,877,644</u>	<u>1,604,663</u>
<u>Purification</u>		
Salaries and wages	575,484	536,008
Materials and supplies	748,644	575,716
Pension and other post employment benefits	159,475	185,877
Maintenance	250,320	240,283
Employee benefits	163,051	165,972
Filter water analysis	35,839	39,020
Payroll taxes	43,872	41,610
Engineering	55,494	49,030
Small tools and work equipment	11,704	4,896
Total	<u>2,043,883</u>	<u>1,838,412</u>
<u>Distribution Maintenance</u>		
Water mains	1,228,148	1,349,072
Hydrants	175,499	163,776
Other	60,962	43,864
Total	<u>1,464,609</u>	<u>1,556,712</u>
<u>Engineering/Stormwater</u>		
Pension and other post employment benefits	398,468	510,565
Salaries and wages	308,082	176,456
Professional fees	1,990	48,165
Employee benefits	55,319	25,474
Materials and supplies	16,649	17,491
Payroll taxes	23,200	13,335
Maintenance	2,751	2,449
Total	<u>806,459</u>	<u>793,935</u>
<u>Other</u>		
Billing and collection	261,000	261,000
Professional fees	201,000	201,000
Insurance	68,787	62,895
Miscellaneous	72,099	106,027
Uncollectible accounts	19,226	33,060
Total	<u>622,112</u>	<u>663,982</u>
<u>Power Purchased</u>	<u>476,940</u>	<u>404,364</u>
<u>Total Operating Expenses</u>	<u>\$ 12,300,030</u>	<u>\$ 11,313,672</u>

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
<u>Cash Flows From Operating Activities</u>		
Cash received from customers	\$ 13,467,865	\$ 9,316,693
Cash received from interfund services provided	72,820	66,085
Cash payments to suppliers for goods and services	(4,010,794)	(5,658,128)
Cash payments to employees for services	(2,884,830)	(2,737,395)
Net Cash Provided (Used) By Operating Activities	<u>6,645,061</u>	<u>987,255</u>
<u>Cash Flows From Noncapital Financing Activities</u>		
Net decrease (increase) in amounts due from other funds	48,081	58,648
Net increase (decrease) in amounts due to other funds	(546,865)	69,138
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(498,784)</u>	<u>127,786</u>
<u>Cash Flows From Capital and Related Financing Activities</u>		
Proceeds from issuance of debt	16,000,000	-
Principal paid on debt	(727,224)	(964,083)
Contributed capital	1,449,398	325,335
Acquisition of property, plant and equipment	(10,145,248)	(2,651,822)
Proceeds from sale of property, plant and equipment	10,000	15,298
Interest paid on debt	(419,962)	(185,729)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>6,166,964</u>	<u>(3,461,001)</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of investments	(1,891,943)	(2,035,597)
Proceeds from sales and maturities of investments	1,753,542	2,000,738
Income received on investments	374,864	66,332
Net Cash Provided (Used) By Investing Activities	<u>236,463</u>	<u>31,473</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	12,549,704	(2,314,487)
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>4,442,154</u>	<u>6,756,641</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 16,991,858</u>	<u>\$ 4,442,154</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities</u>		
Operating income (loss)	\$ 1,421,889	\$ (1,350,944)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,958,249	2,845,112
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(203,169)	(211,151)
Decrease (increase) in grant receivable	(164,665)	(215,335)
Decrease (increase) in lease receivable	21,935	(368,799)
Decrease (increase) in materials and supplies	(84,484)	(104,347)
Decrease (increase) in prepayments	2,012	1,750
Decrease (increase) in deferred outflows	58,473	185,699
Increase (decrease) in trade accounts payable	972,759	(94,202)
Increase (decrease) in unearned revenue	1,133,925	-
Increase (decrease) in accrued expenses	37,064	21,858
Increase (decrease) in net pension and opeb liabilities	1,393,445	(1,362,079)
Increase (decrease) in deferred inflows	(902,372)	1,639,693
Net Cash Provided (Used) By Operating Activities	<u>\$ 6,645,061</u>	<u>\$ 987,255</u>
<u>Reconciliation of Total Cash Equivalents</u>		
Current Assets - Cash equivalents	\$ 6,126,274	\$ 4,441,968
Restricted Assets - Cash equivalents	10,865,584	186
Total Cash Equivalents	<u>\$ 16,991,858</u>	<u>\$ 4,442,154</u>
<u>Noncash Investing, Capital and Related Financing Activities</u>		
None	<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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022
	Budgeted Amounts		Actual		Actual
	Original	Final	GAAP Basis		GAAP Basis
<u>Operating Revenues</u>					
Sewer revenues	\$ 7,517,000	\$ 7,517,000	\$ 7,391,847	\$ (125,153)	\$ 5,284,831
Water revenues	6,942,000	6,942,000	6,302,081	(639,919)	4,672,837
Lease revenues	-	-	24,726	24,726	2,060
Lease interest revenue	-	-	3,265	3,265	-
Grant income	-	-	-	-	3,000
Total Operating Revenues	<u>14,459,000</u>	<u>14,459,000</u>	<u>13,721,919</u>	<u>(737,081)</u>	<u>9,962,728</u>
<u>Operating Expenses</u>					
Depreciation	2,960,250	2,960,250	2,958,249	2,001	2,845,112
Wastewater collection	18,975,588	18,975,588	2,050,134	16,925,454	1,606,492
Wastewater treatment	2,520,795	2,520,795	1,877,644	643,151	1,604,663
Purification	3,204,184	3,204,184	2,043,883	1,160,301	1,838,412
Distribution maintenance	3,289,586	3,289,586	1,464,609	1,824,977	1,556,712
Engineering/Stormwater	841,732	841,732	806,459	35,273	793,935
Other	574,398	574,398	622,112	(47,714)	663,982
Power purchased	478,000	478,000	476,940	1,060	404,364
Total Operating Expenses	<u>32,844,533</u>	<u>32,844,533</u>	<u>12,300,030</u>	<u>20,544,503</u>	<u>11,313,672</u>
<u>Income (Loss) from Operations</u>	<u>(18,385,533)</u>	<u>(18,385,533)</u>	<u>1,421,889</u>	<u>19,807,422</u>	<u>(1,350,944)</u>
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	168,000	168,000	368,271	200,271	66,296
Gain on disposal of assets	-	-	10,000	10,000	500
Interest expense and fees	(591,699)	(591,699)	(564,269)	27,430	(179,484)
Total Nonoperating Revenues (Expenses)	<u>(423,699)</u>	<u>(423,699)</u>	<u>(185,998)</u>	<u>237,701</u>	<u>(112,688)</u>
<u>Income (Loss) Before Contributions</u>	<u>(18,809,232)</u>	<u>(18,809,232)</u>	<u>1,235,891</u>	<u>20,045,123</u>	<u>(1,463,632)</u>
Capital contributions	<u>17,935,170</u>	<u>17,935,170</u>	<u>1,449,398</u>	<u>(16,485,772)</u>	<u>325,335</u>
<u>Change in Net Position</u>	<u>\$ (874,062)</u>	<u>\$ (874,062)</u>	<u>\$ 2,685,289</u>	<u>\$ 3,559,351</u>	<u>\$ (1,138,297)</u>

CITY OF MADISONVILLE, KENTUCKY
SANITATION FUND
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash equivalents	\$ 1,016,948	\$ 1,904,213
Accounts receivable:		
Customer (less allowance for uncollectible accounts of \$54,000 and \$53,000)	319,687	308,985
Other	158,710	121,177
Due from other funds	-	385
Materials and supplies	162,170	149,012
Prepayments	15,370	10,060
Total Current Assets	1,672,885	2,493,832
<u>Noncurrent Assets</u>		
Capital assets	6,340,010	5,532,093
Accumulated depreciation	(3,277,495)	(2,945,804)
Total Noncurrent Assets	3,062,515	2,586,289
Total Assets	4,735,400	5,080,121
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to pensions and other post employment benefits	830,746	887,661
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Trade accounts payable	199,617	180,350
Due to other funds	704,374	438,150
Accrued interest payable	110	996
Accrued payroll and payroll taxes	56,725	44,662
Compensated absences	45,688	46,309
Current portion of debt	117,466	1,180,505
Total Current Liabilities	1,123,980	1,890,972
<u>Long-Term Liabilities Due After One Year</u>		
Long-term portion of debt	39,712	157,178
Net pension and other post employment benefit liabilities	3,729,802	3,270,897
Total Long-Term Liabilities	3,769,514	3,428,075
Total Liabilities	4,893,494	5,319,047
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to pensions and other post employment benefits	313,821	704,434
<u>NET POSITION</u>		
Net investment in capital assets	2,905,337	1,248,606
Unrestricted (deficit)	(2,546,506)	(1,304,305)
Total Net Position	\$ 358,831	\$ (55,699)

CITY OF MADISONVILLE, KENTUCKY
SANITATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<u>Operating Revenues</u>		
Sanitation fees	\$ 4,050,215	\$ 4,037,864
Recycling income	83,874	169,599
Service and miscellaneous	517,389	327,773
Total Operating Revenues	4,651,478	4,535,236
<u>Operating Expenses</u>		
Sanitation collection and disposal	3,194,485	3,315,210
Depreciation	387,989	320,754
Maintenance	563,255	406,824
Other	202,752	187,398
Total Operating Expenses	4,348,481	4,230,186
<u>Income (Loss) From Operations</u>	302,997	305,050
<u>Nonoperating Revenues (Expenses)</u>		
Investment income	40,195	14,583
Gain (loss) on disposal of assets	95,248	(38,774)
Interest expense and fees	(23,910)	(33,600)
Total Nonoperating Revenues (Expenses)	111,533	(57,791)
<u>Income (Loss) Before Contributions and Transfers</u>	414,530	247,259
Capital contributions	-	30,600
Transfers out	-	(300,000)
<u>Change in Net Position</u>	414,530	(22,141)
<u>Net Position - Beginning of Year</u>	(55,699)	(33,558)
<u>Net Position - End of Year</u>	\$ 358,831	\$ (55,699)

CITY OF MADISONVILLE, KENTUCKY
SANITATION FUND
COMPARATIVE SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Sanitation Collection and Disposal</u>		
Salaries and wages	\$ 1,208,824	\$ 1,133,485
Pension and other post employment benefits	444,938	743,877
Hauling and landfill tipping fees	550,853	520,124
Materials and supplies	224,470	216,286
Fuel and oil	339,534	301,782
Employee benefits	275,515	250,378
Payroll taxes	91,481	87,577
Uniforms and clothing	41,382	40,790
Workers compensation	17,488	20,911
Total	<u>3,194,485</u>	<u>3,315,210</u>
<u>Depreciation</u>	<u>387,989</u>	<u>320,754</u>
<u>Maintenance</u>		
Equipment	550,394	398,938
Facilities	12,861	7,886
Total	<u>563,255</u>	<u>406,824</u>
<u>Other</u>		
Billing and collection	83,000	83,000
Insurance	79,011	63,053
Professional fees	40,000	40,000
Uncollectible accounts	741	1,345
Total	<u>202,752</u>	<u>187,398</u>
<u>Total Operating Expenses</u>	<u>\$ 4,348,481</u>	<u>\$ 4,230,186</u>

CITY OF MADISONVILLE, KENTUCKY
SANITATION FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
<u>Cash Flows From Operating Activities</u>		
Cash received from customers	\$ 4,421,678	\$ 4,506,069
Cash received from interfund services provided	181,565	150,750
Cash payments to suppliers for goods and services	(2,534,181)	(2,283,513)
Cash payments to employees for services	<u>(1,288,863)</u>	<u>(1,226,096)</u>
Net Cash Provided (Used) By Operating Activities	<u>780,199</u>	<u>1,147,210</u>
<u>Cash Flows From Noncapital Financing Activities</u>		
Transfers out	-	(300,000)
Net decrease (increase) in amounts due from other funds	385	93,610
Net increase (decrease) in amounts due to other funds	<u>266,224</u>	<u>196,119</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>266,609</u>	<u>(10,271)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>		
Proceeds from issuance of debt	-	1,065,500
Principal paid on debt	(1,180,505)	(1,140,827)
Contributed capital	-	30,600
Acquisition of property, plant and equipment	(1,587,867)	(1,256,119)
Proceeds from sale of property, plant and equipment	818,900	982,483
Interest paid on debt	<u>(24,796)</u>	<u>(33,593)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(1,974,268)</u>	<u>(351,956)</u>
<u>Cash Flows From Investing Activities</u>		
Income received on investments	<u>40,195</u>	<u>14,583</u>
Net Cash Provided (Used) By Investing Activities	<u>40,195</u>	<u>14,583</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	(887,265)	799,566
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>1,904,213</u>	<u>1,104,647</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 1,016,948</u>	<u>\$ 1,904,213</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities</u>		
Operating income (loss)	\$ 302,997	\$ 305,050
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	387,989	320,754
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(48,235)	121,583
Decrease (increase) in materials and supplies	(13,158)	(37,530)
Decrease (increase) in prepayments	(5,310)	1,297
Decrease (increase) in deferred outflows	56,915	(46,926)
Increase (decrease) in trade accounts payable	19,267	355
Increase (decrease) in accrued expenses	11,442	(5,034)
Increase (decrease) in net pension and opeb liabilities	458,905	(81,121)
Increase (decrease) in deferred inflows	<u>(390,613)</u>	<u>568,782</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 780,199</u>	<u>\$ 1,147,210</u>
<u>Reconciliation of Total Cash Equivalents</u>		
Current Assets - Cash equivalents	<u>\$ 1,016,948</u>	<u>\$ 1,904,213</u>
Total Cash Equivalents	<u>\$ 1,016,948</u>	<u>\$ 1,904,213</u>
<u>Noncash Investing, Capital and Related Financing Activities</u>		
Increase in financed purchase obligations	<u>\$ -</u>	<u>\$ 1,065,500</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, 2023
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022
	Budgeted Amounts		Actual GAAP Basis		Actual GAAP Basis
	Original	Final			
<u>Operating Revenues</u>					
Sanitation fees	\$ 5,319,414	\$ 5,459,414	\$ 4,050,215	\$ (1,409,199)	\$ 4,037,864
Recycling income	181,008	181,008	83,874	(97,134)	169,599
Service and miscellaneous	351,308	351,308	517,389	166,081	327,773
Total Operating Revenues	<u>5,851,730</u>	<u>5,991,730</u>	<u>4,651,478</u>	<u>(1,340,252)</u>	<u>4,535,236</u>
<u>Operating Expenses</u>					
Sanitation collection and disposal	4,352,236	4,668,736	3,194,485	1,474,251	3,315,210
Depreciation	390,000	390,000	387,989	2,011	320,754
Maintenance	580,555	804,055	563,255	240,800	406,824
Other	240,500	240,500	202,752	37,748	187,398
Total Operating Expenses	<u>5,563,291</u>	<u>6,103,291</u>	<u>4,348,481</u>	<u>1,754,810</u>	<u>4,230,186</u>
<u>Income (Loss) from Operations</u>	<u>288,439</u>	<u>(111,561)</u>	<u>302,997</u>	<u>414,558</u>	<u>305,050</u>
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	18,586	18,586	40,195	21,609	14,583
Gain (loss) on disposal of assets	95,245	95,245	95,248	3	(38,774)
Interest expense and fees	(57,000)	(57,000)	(23,910)	33,090	(33,600)
Total Nonoperating Revenues (Expenses)	<u>56,831</u>	<u>56,831</u>	<u>111,533</u>	<u>54,702</u>	<u>(57,791)</u>
<u>Income (Loss) Before Contributions and Transfers</u>	345,270	(54,730)	414,530	469,260	247,259
Capital contributions	-	-	-	-	30,600
Transfers out	(400,000)	-	-	-	(300,000)
<u>Change in Net Position</u>	<u>\$ (54,730)</u>	<u>\$ (54,730)</u>	<u>\$ 414,530</u>	<u>\$ 469,260</u>	<u>\$ (22,141)</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, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash equivalents	\$ 1,523,545	\$ 974,245
Investments, at fair value	674,959	669,133
Accounts receivable	152	815
Interest receivable	1,214	118
Total Current Assets	2,199,870	1,644,311
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Claims payable	128,350	139,648
Due to other funds	-	1,085
Total Current Liabilities	128,350	140,733
<u>NET POSITION</u>		
Unrestricted	2,071,520	1,503,578
Total Net Position	\$ 2,071,520	\$ 1,503,578

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Charges for premiums and services	\$ <u>3,684,951</u>	\$ <u>3,484,930</u>
<u>Expenses</u>		
Claims expense	2,257,048	2,478,261
Insurance premiums	538,649	541,733
Employee clinic fees	281,613	268,881
Administration	60,249	64,356
Health fair expenses	<u>15,825</u>	<u>-</u>
Total Expenses	<u>3,153,384</u>	<u>3,353,231</u>
<u>Income (Loss) From Operations</u>	531,567	131,699
<u>Nonoperating Revenues (Expenses)</u>		
Investment income	<u>36,375</u>	<u>8,141</u>
<u>Change in Net Position</u>	567,942	139,840
<u>Net Position - Beginning of Year</u>	<u>1,503,578</u>	<u>1,363,738</u>
<u>Net Position - End of Year</u>	<u>\$ <u>2,071,520</u></u>	<u>\$ <u>1,503,578</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, 2023 AND 2022
INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
<u>Cash Flows From Operating Activities</u>		
Cash received for premiums and services	\$ 3,685,614	\$ 3,529,667
Cash payments for premiums, claims and other	<u>(3,164,682)</u>	<u>(3,397,651)</u>
Net Cash Provided (Used) By Operating Activities	<u>520,932</u>	<u>132,016</u>
<u>Cash Flows From Noncapital Financing Activities</u>		
Net decrease (increase) in amounts due from other funds	-	193,878
Net increase (decrease) in amounts due to other funds	<u>(1,085)</u>	<u>573</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(1,085)</u>	<u>194,451</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	<u>-</u>	<u>-</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of investments	(5,826)	(3,172)
Income received on investments	<u>35,279</u>	<u>8,168</u>
Net Cash Provided (Used) By Investing Activities	<u>29,453</u>	<u>4,996</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	549,300	331,463
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>974,245</u>	<u>642,782</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 1,523,545</u>	<u>\$ 974,245</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided (Used) By Operating Activities</u>		
Operating income (loss)	\$ 531,567	\$ 131,699
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in receivables	663	44,737
Increase (decrease) in payables	<u>(11,298)</u>	<u>(44,420)</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 520,932</u>	<u>\$ 132,016</u>
<u>Reconciliation of Total Cash Equivalents</u>		
Current Assets - Cash equivalents	<u>\$ 1,523,545</u>	<u>\$ 974,245</u>
Total Cash Equivalents	<u>\$ 1,523,545</u>	<u>\$ 974,245</u>

CITY OF MADISONVILLE, KENTUCKY

SUPPLEMENTAL SCHEDULES

JUNE 30, 2023

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF NOTE PAYABLE
JUNE 30, 2023

Schedule 1

<u>Amount of Loan</u>	\$ 1,115,649
<u>Date of Loan</u>	June 10, 2020
<u>Interest Rate</u>	2.75%
<u>Loan Outstanding June 30, 2023</u>	\$ 663,279
<u>Creditor</u>	First United Bank

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>	<u>Obligation at June 30</u>
June 30, 2024	\$ 159,095	\$ 16,537	\$ 175,632	\$ 504,184
June 30, 2025	163,631	12,001	175,632	340,553
June 30, 2026	168,253	7,379	175,632	172,300
June 30, 2027	<u>172,300</u>	<u>2,628</u>	<u>174,928</u>	-
	<u>\$ 663,279</u>	<u>\$ 38,545</u>	<u>\$ 701,824</u>	

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF LEASE OBLIGATION
JUNE 30, 2023

Schedule 2

<u>Amount of Lease</u>	\$ 40,246
<u>Date of Lease</u>	December 1, 2021
<u>Interest Rate</u>	4.00%
<u>Lease Outstanding June 30, 2023</u>	\$ 24,996
<u>Lessor</u>	Deere Credit

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>	<u>Obligation at June 30</u>
June 30, 2024	\$ 10,052	\$ 816	\$ 10,868	\$ 14,944
June 30, 2025	10,461	407	10,868	4,483
June 30, 2026	<u>4,483</u>	<u>45</u>	<u>4,528</u>	-
	<u>\$ 24,996</u>	<u>\$ 1,268</u>	<u>\$ 26,264</u>	

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF LEASE OBLIGATION
JUNE 30, 2023

Schedule 3

<u>Amount of Lease</u>	\$ 161,720
<u>Date of Lease</u>	December 1, 2021
<u>Interest Rate</u>	4.00%
<u>Lease Outstanding June 30, 2023</u>	\$ 100,441
<u>Lessor</u>	Deere Credit

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>	<u>Obligation at June 30</u>
June 30, 2024	\$ 40,388	\$ 3,279	\$ 43,667	\$ 60,053
June 30, 2025	42,032	1,635	43,667	18,021
June 30, 2026	<u>18,021</u>	<u>180</u>	<u>18,201</u>	-
	<u>\$ 100,441</u>	<u>\$ 5,094</u>	<u>\$ 105,535</u>	

CITY OF MADISONVILLE, KENTUCKY
GENERAL FUND
SCHEDULE OF LEASE OBLIGATION
JUNE 30, 2023

Schedule 4

Amount of Lease \$ 373,649

Date of Lease May 6, 2021

Interest Rate 4.00%

Lease Outstanding June 30, 2023 \$ 131,886

Lessor Utility Associates, Inc.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>	<u>Obligation at June 30</u>
June 30, 2024	\$ 64,626	\$ 5,374	\$ 70,000	\$ 67,260
June 30, 2025	<u>67,260</u>	<u>2,740</u>	<u>70,000</u>	-
	<u>\$ 131,886</u>	<u>\$ 8,114</u>	<u>\$ 140,000</u>	

CITY OF MADISONVILLE, KENTUCKY
SPORTS COMPLEX FUND
SCHEDULE OF NOTE PAYABLE
JUNE 30, 2023

Schedule 5

<u>Amount of Loan</u>	\$ 4,000,000
<u>Date of Loan</u>	April 25, 2022
<u>Interest Rate</u>	2.75 %
<u>Loan Outstanding June 30, 2023</u>	\$ 3,583,318
<u>Creditor</u>	Farmers Bank and Trust Company

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>	<u>Obligation at June 30</u>
June 30, 2024	\$ 225,651	\$ 100,142	\$ 325,793	\$ 3,357,667
June 30, 2025	231,935	93,858	325,793	3,125,732
June 30, 2026	238,394	87,399	325,793	2,887,338
June 30, 2027	245,033	80,760	325,793	2,642,305
June 30, 2028	251,857	73,936	325,793	2,390,448
June 30, 2029	258,871	66,922	325,793	2,131,577
June 30, 2030	266,080	59,713	325,793	1,865,497
June 30, 2031	273,491	52,302	325,793	1,592,006
June 30, 2032	280,816	45,314	326,130	1,311,190
June 30, 2033	287,581	40,237	327,818	1,023,609
June 30, 2034	296,328	31,490	327,818	727,281
June 30, 2035	305,341	22,477	327,818	421,940
June 30, 2036	314,628	13,190	327,818	107,312
June 30, 2037	<u>107,312</u>	<u>603</u>	<u>107,915</u>	-
	<u>\$ 3,583,318</u>	<u>\$ 768,343</u>	<u>\$ 4,351,661</u>	

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
DEBT SERVICE REQUIREMENTS
FISCAL YEARS ENDING JUNE 30, 2024 THROUGH JUNE 30, 2047

Schedule 6

TOTAL PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year Ending</u>	<u>Bond Series 2012</u>	<u>Kentucky Infrastructure Authority</u>	<u>Bond Series 2022</u>	<u>Bond Series 2023</u>	<u>Total Requirement</u>
June 30, 2024	\$ 1,041,076	\$ 112,549	\$ 346,037	\$ 478,307	\$ 1,977,969
June 30, 2025	238,156	112,360	346,411	570,862	1,267,789
June 30, 2026	238,594	112,167	366,036	582,862	1,299,659
June 30, 2027	238,669	111,970	345,412	554,863	1,250,914
June 30, 2028	238,375	111,770	345,038	557,112	1,252,295
June 30, 2029	237,694	111,565	349,288	573,487	1,272,034
June 30, 2030	236,619	111,356	348,163	569,112	1,265,250
June 30, 2031	240,184	111,143	351,663	574,237	1,277,227
June 30, 2032	238,387	55,490	359,538	578,612	1,232,027
June 30, 2033	236,294	-	376,413	621,237	1,233,944
June 30, 2034	238,819	-	378,338	617,237	1,234,394
June 30, 2035	-	-	459,138	773,612	1,232,750
June 30, 2036	-	-	457,938	774,987	1,232,925
June 30, 2037	-	-	456,338	777,663	1,234,001
June 30, 2038	-	-	459,238	776,863	1,236,101
June 30, 2039	-	-	456,638	775,263	1,231,901
June 30, 2040	-	-	458,538	777,763	1,236,301
June 30, 2041	-	-	454,722	779,263	1,233,985
June 30, 2042	-	-	460,078	774,863	1,234,941
June 30, 2043	-	-	454,581	779,463	1,234,044
June 30, 2044	-	-	458,218	777,963	1,236,181
June 30, 2045	-	-	456,112	775,463	1,231,575
June 30, 2046	-	-	458,262	776,407	1,234,669
June 30, 2047	-	-	459,562	775,675	1,235,237
	<u>\$ 3,422,867</u>	<u>\$ 950,370</u>	<u>\$ 9,861,700</u>	<u>\$ 16,373,176</u>	<u>\$ 30,608,113</u>

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
SCHEDULE OF BONDED INDEBTEDNESS
REVENUE BONDS (SERIES 2012)
JUNE 30, 2023

Schedule 7

DESCRIPTION

The revenue 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 Ending	Principal	Interest		Requirement For Year	Bonds Outstanding at June 30
		September 1	March 1		
June 30, 2024	\$ 970,000	\$ 40,873	\$ 30,203	\$ 1,041,076	\$ 2,050,000
June 30, 2025	180,000	30,203	27,953	238,156	1,870,000
June 30, 2026	185,000	27,953	25,641	238,594	1,685,000
June 30, 2027	190,000	25,641	23,028	238,669	1,495,000
June 30, 2028	195,000	23,028	20,347	238,375	1,300,000
June 30, 2029	200,000	20,347	17,347	237,694	1,100,000
June 30, 2030	205,000	17,347	14,272	236,619	895,000
June 30, 2031	215,000	14,272	10,912	240,184	680,000
June 30, 2032	220,000	10,912	7,475	238,387	460,000
June 30, 2033	225,000	7,475	3,819	236,294	235,000
June 30, 2034	235,000	3,819	-	238,819	-
	<u>\$ 3,020,000</u>	<u>\$ 221,870</u>	<u>\$ 180,997</u>	<u>\$ 3,422,867</u>	

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
SCHEDULE OF NOTE PAYABLE
KENTUCKY INFRASTRUCTURE AUTHORITY
JUNE 30, 2023

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 Ending	December 1		June 1		Requirement For Year	Debt Outstanding at June 30
	Principal	Interest	Principal	Interest		
June 30, 2024	\$ 37,711	\$ 7,645	\$ 38,089	\$ 7,231	\$ 90,676	\$ 619,239
June 30, 2025	38,469	6,813	38,854	6,388	90,524	541,916
June 30, 2026	39,243	5,961	39,635	5,529	90,368	463,038
June 30, 2027	40,032	5,093	40,432	4,653	90,210	382,574
June 30, 2028	40,836	4,209	41,244	3,759	90,048	300,494
June 30, 2029	41,657	3,305	42,074	2,847	89,883	216,763
June 30, 2030	42,494	2,385	42,919	1,917	89,715	131,350
June 30, 2031	43,348	1,445	43,782	968	89,543	44,220
June 30, 2032	<u>44,220</u>	<u>486</u>	<u>-</u>	<u>-</u>	<u>44,706</u>	<u>-</u>
	<u>\$ 368,010</u>	<u>\$ 37,342</u>	<u>\$ 327,029</u>	<u>\$ 33,292</u>	<u>\$ 765,673</u>	

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
SCHEDULE OF NOTE PAYABLE
KENTUCKY INFRASTRUCTURE AUTHORITY
JUNE 30, 2023

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 Ending	December 1		June 1		Requirement For Year	Debt Outstanding at June 30
	Principal	Interest	Principal	Interest		
June 30, 2024	\$ 9,097	\$ 1,844	\$ 9,188	\$ 1,744	\$ 21,873	\$ 149,374
June 30, 2025	9,280	1,643	9,372	1,541	21,836	130,722
June 30, 2026	9,466	1,438	9,561	1,334	21,799	111,695
June 30, 2027	9,657	1,229	9,753	1,121	21,760	92,285
June 30, 2028	9,850	1,016	9,949	907	21,722	72,486
June 30, 2029	10,049	797	10,149	687	21,682	52,288
June 30, 2030	10,251	575	10,353	462	21,641	31,684
June 30, 2031	10,456	349	10,561	234	21,600	10,667
June 30, 2032	<u>10,667</u>	<u>117</u>	<u>-</u>	<u>-</u>	<u>10,784</u>	<u>-</u>
	<u>\$ 88,773</u>	<u>\$ 9,008</u>	<u>\$ 78,886</u>	<u>\$ 8,030</u>	<u>\$ 184,697</u>	

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
SCHEDULE OF BONDED INDEBTEDNESS
GENERAL OBLIGATION BONDS (SERIES 2022)
JUNE 30, 2023

Schedule 10

DESCRIPTION

The general obligation bonds were issued on October 27, 2022, in the amount of \$6,000,000 in connection with the construction of the West Noel Sewer Interceptor Project. The bonds maintain a stated interest rate varying between 4.00% to 5.00% per annum with interest payments falling on March 1 and September 1 with September 1 being the stated principal payment date. The bonds are backed by the full faith and credit of the City.

DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	Principal	Interest		Requirement For Year	Bonds Outstanding at June 30
		September 1	March 1		
June 30, 2024	\$ 90,000	\$ 129,144	\$ 126,893	\$ 346,037	\$ 5,910,000
June 30, 2025	95,000	126,893	124,518	346,411	5,815,000
June 30, 2026	120,000	124,518	121,518	366,036	5,695,000
June 30, 2027	105,000	121,518	118,894	345,412	5,590,000
June 30, 2028	110,000	118,894	116,144	345,038	5,480,000
June 30, 2029	120,000	116,144	113,144	349,288	5,360,000
June 30, 2030	125,000	113,144	110,019	348,163	5,235,000
June 30, 2031	135,000	110,019	106,644	351,663	5,100,000
June 30, 2032	150,000	106,644	102,894	359,538	4,950,000
June 30, 2033	175,000	102,894	98,519	376,413	4,775,000
June 30, 2034	185,000	98,519	94,819	378,338	4,590,000
June 30, 2035	275,000	94,819	89,319	459,138	4,315,000
June 30, 2036	285,000	89,319	83,619	457,938	4,030,000
June 30, 2037	295,000	83,619	77,719	456,338	3,735,000
June 30, 2038	310,000	77,719	71,519	459,238	3,425,000
June 30, 2039	320,000	71,519	65,119	456,638	3,105,000
June 30, 2040	335,000	65,119	58,419	458,538	2,770,000
June 30, 2041	345,000	58,419	51,303	454,722	2,425,000
June 30, 2042	365,000	51,303	43,775	460,078	2,060,000
June 30, 2043	375,000	43,775	35,806	454,581	1,685,000
June 30, 2044	395,000	35,806	27,412	458,218	1,290,000
June 30, 2045	410,000	27,412	18,700	456,112	880,000
June 30, 2046	430,000	18,700	9,562	458,262	450,000
June 30, 2047	<u>450,000</u>	<u>9,562</u>	<u>-</u>	<u>459,562</u>	<u>-</u>
	<u>\$ 6,000,000</u>	<u>\$ 1,995,422</u>	<u>\$ 1,866,278</u>	<u>\$ 9,861,700</u>	

CITY OF MADISONVILLE, KENTUCKY
WATER AND SEWER FUND
SCHEDULE OF BONDED INDEBTEDNESS
GENERAL OBLIGATION BONDS (SERIES 2023)
JUNE 30, 2023

Schedule 11

DESCRIPTION

The general obligation bonds were issued on June 7, 2023, in the amount of \$10,000,000 in connection with the construction of the West Noel Sewer Interceptor Project. The bonds maintain a stated interest rate varying between 4.00% to 5.00% per annum with interest payments falling on March 1 and September 1 with September 1 being the stated principal payment date. The bonds are backed by the full faith and credit of the City.

DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	Principal	Interest		Requirement for Year	Bonds Outstanding at June 30
		September 1	March 1		
June 30, 2024	\$ 165,000	\$ 101,000	\$ 212,307	\$ 478,307	\$ 9,835,000
June 30, 2025	150,000	212,307	208,555	570,862	9,685,000
June 30, 2026	170,000	208,555	204,307	582,862	9,515,000
June 30, 2027	150,000	204,307	200,556	554,863	9,365,000
June 30, 2028	160,000	200,556	196,556	557,112	9,205,000
June 30, 2029	185,000	196,556	191,931	573,487	9,020,000
June 30, 2030	190,000	191,931	187,181	569,112	8,830,000
June 30, 2031	205,000	187,181	182,056	574,237	8,625,000
June 30, 2032	220,000	182,056	176,556	578,612	8,405,000
June 30, 2033	275,000	176,556	169,681	621,237	8,130,000
June 30, 2034	285,000	169,681	162,556	617,237	7,845,000
June 30, 2035	460,000	162,556	151,056	773,612	7,385,000
June 30, 2036	485,000	151,056	138,931	774,987	6,900,000
June 30, 2037	510,000	138,931	128,732	777,663	6,390,000
June 30, 2038	530,000	128,732	118,131	776,863	5,860,000
June 30, 2039	550,000	118,131	107,132	775,263	5,310,000
June 30, 2040	575,000	107,132	95,631	777,763	4,735,000
June 30, 2041	600,000	95,631	83,632	779,263	4,135,000
June 30, 2042	620,000	83,632	71,231	774,863	3,515,000
June 30, 2043	650,000	71,231	58,232	779,463	2,865,000
June 30, 2044	675,000	58,232	44,731	777,963	2,190,000
June 30, 2045	700,000	44,731	30,732	775,463	1,490,000
June 30, 2046	730,000	30,732	15,675	776,407	760,000
June 30, 2047	760,000	15,675	-	775,675	-
	<u>\$ 10,000,000</u>	<u>\$ 3,237,088</u>	<u>\$ 3,136,088</u>	<u>\$ 16,373,176</u>	

CITY OF MADISONVILLE, KENTUCKY
SANITATION FUND
SCHEDULE OF FINANCED PURCHASE
JUNE 30, 2023

Schedule 12

DESCRIPTION

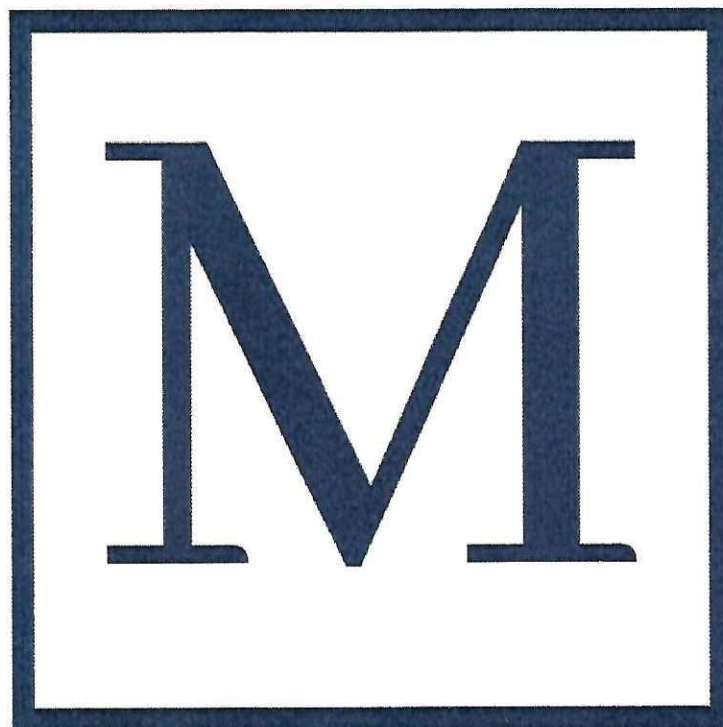
The financed purchase from Kentucky Association of Counties Leasing Trust was finalized October 8, 2020, in the amount of \$1,413,010 to finance with the option to purchase four 2021 Mack Garbage Trucks and two 2020 Mack Garbage Trucks. The financed purchase agreement requires monthly interest only payments 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

<u>Fiscal Year Ending</u>	<u>Amount Representing Principal</u>	<u>Amount Representing Interest</u>	<u>Total Financed Purchase Requirement</u>	<u>Amount Outstanding at June 30</u>
June 30, 2024	\$ 117,466	\$ 2,610	\$ 120,076	\$ 39,712
June 30, 2025	<u>39,712</u>	<u>208</u>	<u>39,920</u>	-
	<u>\$ 157,178</u>	<u>\$ 2,818</u>	<u>\$ 159,996</u>	

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.

<u>Contents</u>	<u>Page</u>
Financial Trends	136
-These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	141
-These schedules contain information to help the reader assess the City’s most significant local revenue source, sale of electricity.	
Debt Capacity	144
-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.	
Demographic and Economic Information	148
-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.	
Operating Information	150
-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									
	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021 (c)	2022	2023
Governmental activities										
Net investment in capital assets	\$ 25,342	\$ 25,769	\$ 28,137	\$ 28,813	\$ 29,445	\$ 30,512	\$ 32,008	\$ 33,004	\$ 34,359	\$ 44,816
Restricted	-	-	-	-	-	-	-	-	-	1,355
Unrestricted (deficit)	6,532	(13,976)	(15,098)	(15,667)	(25,591)	(31,174)	(34,638)	(39,895)	(39,623)	(34,596)
Total governmental activities net position	<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>	<u>\$ 11,575</u>
Business-type activities										
Net investment in capital assets	\$ 41,058	\$ 42,855	\$ 45,792	\$ 46,369	\$ 48,129	\$ 49,694	\$ 50,675	\$ 51,293	\$ 52,945	\$ 57,326
Restricted	3,040	3,103	3,096	2,789	2,791	2,821	2,921	2,899	2,923	14,841
Unrestricted	14,316	9,765	9,828	9,844	5,098	5,260	3,798	3,669	2,848	(10,136)
Total business-type activities net position	<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>	<u>\$ 62,031</u>
Primary government										
Net investment in capital assets	\$ 66,400	\$ 68,624	\$ 73,929	\$ 75,182	\$ 77,574	\$ 80,206	\$ 82,683	\$ 84,297	\$ 87,304	\$ 102,142
Restricted	3,040	3,103	3,096	2,789	2,791	2,821	2,921	2,899	2,923	16,196
Unrestricted (deficit)	20,848	(4,211)	(5,270)	(5,823)	(20,493)	(25,914)	(30,840)	(36,226)	(36,775)	(44,732)
Total primary government net position	<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>	<u>\$ 73,606</u>
GMAIA Component Unit										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	189	185	110	-	-	-	-	-	-	-
Total component unit net position	<u>\$ 189</u>	<u>\$ 185</u>	<u>\$ 110</u>	<u>\$ -</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									
	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021 (c)	2022	2023
Expenses										
Governmental activities:										
General government	\$ 5,815	\$ 4,645	\$ 5,035	\$ 5,254	\$ 5,340	\$ 5,616	\$ 6,401	\$ 7,601	\$ 7,995	\$ 8,537
Public safety	10,636	10,659	10,517	11,558	14,295	15,291	16,713	16,877	16,091	16,289
Transportation	2,626	2,201	2,188	2,777	2,484	3,157	2,280	3,179	2,343	2,616
Recreation	852	1,092	1,054	1,335	1,476	1,461	1,706	1,911	2,170	2,103
Health and welfare	790	889	1,301	1,668	1,148	1,249	1,101	1,087	1,155	1,110
Airport	-	855	862	810	905	930	981	1,197	1,208	1,237
Cemetery	319	337	341	315	277	362	399	512	470	480
Interest on long-term debt	33	26	17	-	-	-	-	29	59	137
Total governmental activities expenses	21,071	20,704	21,315	23,717	25,925	28,066	29,581	32,393	31,491	32,509
Business-type activities:										
Electric distribution	23,214	22,110	20,937	24,164	25,890	23,459	22,587	21,064	20,665	23,312
Water and sewer services	8,396	8,251	9,333	8,802	9,979	9,775	10,913	11,426	11,469	12,711
Sanitation services	2,229	2,389	2,293	3,362	4,515	3,869	4,108	3,420	4,294	4,322
Total business-type activities expenses	33,839	32,750	32,563	36,328	40,384	37,103	37,608	35,910	36,428	40,345
Total primary government expenses	\$ 54,910	\$ 53,454	\$ 53,878	\$ 60,045	\$ 66,309	\$ 65,169	\$ 67,189	\$ 68,303	\$ 67,919	\$ 72,854
Component unit activities (GMAIA):										
Expenses	\$ 94	\$ 105	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	\$ 114	\$ 161	\$ 156	\$ 202	\$ 171	\$ 204	\$ 215	\$ 228	\$ 327	\$ 322
Recreation	147	135	120	121	121	174	137	210	286	291
Cemetery	79	78	84	68	70	72	74	95	108	72
Airport	-	249	241	237	316	285	228	309	377	465
Other activities	2,443	1,936	1,796	2,053	1,895	2,036	2,983	3,737	3,709	4,777
Operating grants and contributions	589	650	726	779	669	638	2,135	1,077	2,721	890
Capital grants and contributions	1,215	1,573	2,183	1,137	875	1,020	2,024	1,497	2,336	11,398
Total governmental activities program revenues	4,587	4,782	5,306	4,597	4,117	4,429	7,796	7,153	9,864	18,215
Business-type activities:										
Charges for services:										
Electric distribution	27,152	26,204	25,652	26,686	28,761	27,561	26,560	25,511	25,909	26,325
Water and sewer services	9,996	9,935	9,745	9,938	9,928	9,696	9,940	9,827	9,960	13,722
Sanitation services	2,179	2,316	2,592	3,555	4,226	3,930	3,787	4,200	4,535	4,652
Operating grants and contributions	184	1	-	-	-	3	-	2	23	176
Capital grants and contributions	158	170	345	198	309	327	302	417	496	1,544
Total business-type activities program revenues	39,669	38,626	38,334	40,377	43,224	41,517	40,589	39,957	40,923	46,419
Total primary government program revenues	\$ 44,256	\$ 43,408	\$ 43,640	\$ 44,974	\$ 47,341	\$ 45,946	\$ 48,385	\$ 47,110	\$ 50,787	\$ 64,634
Component unit activities (GMAIA):										
Revenues	\$ 101	\$ 101	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Component unit activities (GMAIA)	\$ 101	\$ 101	\$ 25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Table 2 - Continued

	Fiscal Year									
	2014	2015 (a)	2016	2017	2018 (b)	2019	2020	2021 (c)	2022	2023
Net (Expense)/Revenue										
Governmental activities	\$ (16,484)	\$ (15,922)	\$ (16,009)	\$ (19,120)	\$ (21,808)	\$ (23,637)	\$ (21,785)	\$ (25,240)	\$ (21,627)	\$ (14,294)
Business-type activities	5,830	5,876	5,771	4,049	2,840	4,414	2,981	4,047	4,495	6,074
Total primary government net expense	<u>\$ (10,654)</u>	<u>\$ (10,046)</u>	<u>\$ (10,238)</u>	<u>\$ (15,071)</u>	<u>\$ (18,968)</u>	<u>\$ (19,223)</u>	<u>\$ (18,804)</u>	<u>\$ (21,193)</u>	<u>\$ (17,132)</u>	<u>\$ (8,220)</u>
Total component unit net expense	<u>\$ 7</u>	<u>\$ (4)</u>	<u>\$ (75)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues and other Changes in Net Position										
Governmental activities:										
Taxes:										
Occupational	\$ 7,410	\$ 7,361	\$ 7,772	\$ 7,523	\$ 7,467	\$ 8,001	\$ 8,101	\$ 8,515	\$ 10,059	\$ 17,243
Property	1,680	1,772	1,657	1,708	1,834	1,814	1,771	1,972	1,992	2,053
Insurance premium	2,715	2,771	2,822	2,955	2,914	2,996	2,918	3,005	3,383	3,659
Alcoholic beverage	388	393	406	402	380	344	315	345	384	394
Emergency telephone	240	221	221	254	347	268	315	327	341	328
Restaurant	-	-	635	1,514	1,488	1,536	1,446	1,613	1,813	1,949
Franchise and other	426	420	400	404	423	422	418	427	453	476
Investment income	8	9	10	16	33	78	97	68	58	395
Gain (loss) on sale of capital assets	-	-	42	40	22	-	-	36	-	45
Miscellaneous	516	448	441	501	708	632	735	871	971	1,091
Transfers	3,850	2,850	2,850	3,910	3,430	3,030	3,700	3,800	3,800	3,500
Total governmental activities	<u>17,233</u>	<u>16,245</u>	<u>17,256</u>	<u>19,227</u>	<u>19,046</u>	<u>19,121</u>	<u>19,816</u>	<u>20,979</u>	<u>23,254</u>	<u>31,133</u>
Business-type activities:										
Investment earnings	62	41	55	112	210	372	317	220	159	636
Gain (loss) on sale of capital assets	42	-	16	35	-	-	22	-	-	105
Miscellaneous	-	25	-	-	-	-	-	-	-	-
Transfers	(3,850)	(2,850)	(2,850)	(3,910)	(3,430)	(3,030)	(3,700)	(3,800)	(3,800)	(3,500)
Total business-type activities	<u>(3,746)</u>	<u>(2,784)</u>	<u>(2,779)</u>	<u>(3,763)</u>	<u>(3,220)</u>	<u>(2,658)</u>	<u>(3,361)</u>	<u>(3,580)</u>	<u>(3,641)</u>	<u>(2,759)</u>
Total primary government	<u>\$ 13,487</u>	<u>\$ 13,461</u>	<u>\$ 14,477</u>	<u>\$ 15,464</u>	<u>\$ 15,826</u>	<u>\$ 16,463</u>	<u>\$ 16,455</u>	<u>\$ 17,399</u>	<u>\$ 19,613</u>	<u>\$ 28,374</u>
Component unit activities (GMAIA):										
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	(110)	-	-	-	-	-	-
Total component unit activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (110)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental activities	\$ 749	\$ 323	\$ 1,247	\$ 107	\$ (2,762)	\$ (4,516)	\$ (1,969)	\$ (4,261)	\$ 1,627	\$ 16,839
Business-type activities	2,084	3,092	2,992	286	(380)	1,756	(380)	467	854	3,315
Total primary government	<u>\$ 2,833</u>	<u>\$ 3,415</u>	<u>\$ 4,239</u>	<u>\$ 393</u>	<u>\$ (3,142)</u>	<u>\$ (2,760)</u>	<u>\$ (2,349)</u>	<u>\$ (3,794)</u>	<u>\$ 2,481</u>	<u>\$ 20,154</u>
Component unit	<u>\$ 7</u>	<u>\$ (4)</u>	<u>\$ (75)</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
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

Table 3

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021 (a)	2022	2023
General Fund										
Nonspendable	\$ 748,605	\$ 925,204	\$ 878,172	\$ 917,384	\$ 895,722	\$ 815,451	\$ 801,775	\$ 904,748	\$ 678,510	\$ 727,135
Unassigned	<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>	<u>8,162,232</u>
Total General Fund	<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>	<u>\$ 8,889,367</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>5,852,210</u>	<u>-</u>
Total Restaurant Tax Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,085,193</u>	<u>\$ -</u>
Sports Complex Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,884
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,229,651</u>
Total Sports Complex Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,232,535</u>
All Other Governmental Funds										
Nonspendable	\$ 92,710	\$ 11,935	\$ 34,820	\$ 133,311	\$ 175,203	\$ 269,883	\$ 132,882	\$ 406,129	\$ 213	\$ 269,984
Restricted	558,006	435,659	284,638	139,038	369,767	239,032	184,794	107,894	218,019	649,489
Committed	37,786	29,531	623,584	1,167,581	1,239,153	967,592	1,263,388	1,525,558	163,532	1,252,266
Unassigned (deficit)	<u>5,142</u>	<u>(154,970)</u>	<u>(269,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<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>	<u>\$ 2,171,739</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									
	2014	2015	2016	2017	2018	2019	2020	2021 (Restated)	2022	2023
Revenues										
Taxes	\$ 12,859	\$ 12,939	\$ 13,913	\$ 14,761	\$ 14,853	\$ 15,381	\$ 15,284	\$ 16,170	\$ 18,417	\$ 26,108
Intergovernmental	1,799	1,820	2,316	1,436	1,266	1,571	3,039	2,102	4,020	6,906
Fuel sales	273	217	201	196	272	243	190	260	328	419
Recreation	147	135	120	121	120	174	137	210	286	290
Police fines and base court	114	161	156	201	171	204	215	228	327	322
Fees	28	22	26	25	26	24	22	22	26	26
Miscellaneous	515	811	441	501	708	632	735	871	971	1,092
Contributions	6	41	593	480	279	87	1,120	472	1,036	5,382
Cemetery	79	78	84	68	70	72	74	96	109	72
Rental income	69	72	100	89	92	95	111	120	103	122
Lease revenue and interest	-	-	-	-	-	-	-	46	147	104
Fines and forfeitures	-	-	-	-	-	-	-	-	-	182
Investment income	4	5	6	12	29	57	68	47	47	357
Total Revenues	15,893	16,301	17,956	17,890	17,886	18,540	20,995	20,644	25,817	41,382
Expenditures										
Public safety	10,490	10,223	9,636	10,310	10,743	11,254	11,920	12,603	14,793	15,889
Transportation	1,661	1,712	1,558	1,909	1,979	2,195	1,841	2,008	2,160	2,181
General government/other	3,016	2,673	2,885	2,939	3,184	2,988	2,873	3,003	3,599	4,012
Recreation	763	911	810	1,025	1,061	1,088	1,137	1,327	1,650	1,798
Health and welfare	790	889	1,301	1,668	1,148	1,249	1,101	1,087	1,155	1,110
Cemetery	314	302	301	299	255	285	321	350	420	448
Airport	-	343	332	314	375	400	413	520	672	737
Debt service:										
Interest	33	26	17	-	-	-	-	29	59	137
Principal	163	161	837	-	-	-	-	267	295	625
Capital outlay	2,491	2,069	3,611	2,695	2,765	3,258	5,222	3,473	4,691	16,863
Total Expenditures	19,721	19,309	21,288	21,159	21,510	22,717	24,828	24,667	29,494	43,800
Excess (Deficiency) of Revenues Over Expenditures	(3,828)	(3,008)	(3,332)	(3,269)	(3,624)	(4,177)	(3,833)	(4,023)	(3,677)	(2,418)
Other Financing Sources (Uses)										
Proceeds from debt issues	-	-	-	-	-	-	1,116	373	4,202	-
Proceeds from sale of capital assets	63	27	228	32	22	20	421	85	106	101
Transfers in	5,000	3,758	3,426	4,539	3,649	3,180	3,997	4,040	4,219	9,041
Transfers out	(1,150)	(908)	(576)	(629)	(219)	(150)	(297)	(240)	(419)	(5,541)
Total Other Financing Sources (Uses)	3,913	2,877	3,078	3,942	3,452	3,050	5,237	4,258	8,108	3,601
Net Change in Fund Balances	\$ 85	\$ (131)	\$ (254)	\$ 673	\$ (172)	\$ (1,127)	\$ 1,404	\$ 235	\$ 4,431	\$ 1,183
Debt Service as a Percentage of Noncapital Expenditures	1.1 %	1.1 %	4.8 %	- %	- %	- %	- %	1.4 %	1.4 %	2.8 %

CITY OF MADISONVILLE, KENTUCKY
LIGHT FUND SALE OF ELECTRICITY
LAST TEN FISCAL YEARS
(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)
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
2023	264,527,076	8,037,427	12,775,131	4,497,103	6.00	0.0997	18.01	0.0669	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

Fiscal Year	Residential	Commercial	Security Lights	Total
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
2023	6,883	1,512	640	9,035

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

<u>Customer</u>	<u>Year Ended June 30, 2023</u>	
	<u>Amount</u>	<u>%</u>
Ahlstrom Filtration	\$ 2,074,317	8.08 %
Baptist Health Deaconess Madisonville	2,019,876	7.86 %
GE Aircraft Engines	1,637,593	6.38 %
Electrocycle	1,293,986	5.04 %
City of Madisonville	941,877	3.67 %
Madisonville Community College	534,099	2.08 %
Hopkins County Board of Education	523,572	2.04 %
AT&T (Bell South)	284,776	1.11 %
Hopkins County Fiscal Court	263,514	1.03 %
Integrated Metal Solutions	254,805	0.99 %
Subtotal (10 largest)	9,828,415	38.26 %
Balance from other customers	15,856,878	61.74 %
Grand totals	\$ <u>25,685,293</u>	<u>100.00 %</u>

<u>Customer</u>	<u>Year Ended June 30, 2014</u>	
	<u>Amount</u>	<u>%</u>
GE Aircraft Engines	\$ 2,276,626	8.57 %
Baptist Health Madisonville	1,954,938	7.35 %
Ahlstrom Filtration	1,530,706	5.75 %
IAC Madisonville	1,382,092	5.20 %
Electrocycle	1,259,011	4.73 %
City of Madisonville	827,533	3.11 %
Hopkins County Board of Education	489,876	1.84 %
Madisonville Community College	423,801	1.59 %
Integrated Metal Solutions	253,863	0.95 %
Madisonville Marketplace	225,087	0.85 %
Subtotal (10 largest)	10,623,533	39.94 %
Balance from other customers	15,974,832	60.06 %
Grand totals	\$ <u>26,598,365</u>	<u>100.00 %</u>

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	General Obligation Bonds	Financed Purchases	Term Loan	Unamortized Bond Discount	Unamortized Bond Premium			
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	1.26 %	583
2023	-	4,246,597	257,323	3,020,000	16,000,000	157,178	862,698	(95,181)	290,303	24,738,918	(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, 2023
(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>
Direct Debt:			
City of Madisonville	\$ <u>4,503,920</u>	100.00 %	\$ <u>4,503,920</u>
Total Direct Debt	<u>4,503,920</u>		<u>4,503,920</u>
Overlapping Debt:			
Hopkins County School Board	<u>40,483,905</u>	56.03 %	<u>22,683,132</u>
Total Overlapping Debt	<u>40,483,905</u>		<u>22,683,132</u>
Total Direct and Overlapping Debt	<u>\$ 44,987,825</u>		<u>\$ 27,187,052</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

Fiscal Year	Net Assessed Value *	Less: Exempt Property	Total Assessed Value	Debt Limit (1)	Amount of Debt Applicable	Legal Debt Margin
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
2023	1,194,750,490	88,298,060	1,106,452,430	55,322,622	4,503,920	50,818,702

(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
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

Table 11

Fiscal Year	Gross Revenue	(1) Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2023	14,090,190	9,341,781	4,748,409	970,000	71,076	1,041,076	4.56

(1) Depreciation excluded

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

Table 12

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Per Capita Income</u>	<u>(2) Personal Income</u>	<u>(3) School Enrollment</u>	<u>(4) Unemployment Rate</u>
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	19,214	46,673	896,775,022	8,290	5.0 %
2023	(5)	46,836	(5)	8,198	5.7 %

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

2023				
Employer	Taxable Wages	Occupational Tax	Rank	% of Total Occupational Tax
Baptist Health Deaconess Madisonville	\$ 80,692,042	\$ 1,957,540	1	11.35 %
Fred E. Clark	40,061,779	970,481	2	5.63 %
General Electric Company	38,414,039	931,901	3	5.40 %
Baptist Health Deaconess Medical Group	34,403,313	834,492	4	4.84 %
Hopkins County Board of Education	24,301,309	565,990	5	3.28 %
Berry Plastics, IK, LLC	18,800,907	453,457	6	2.63 %
City of Madisonville	18,412,739	460,320	7	2.67 %
Land O'Frost, Inc.	12,282,889	298,764	8	1.73 %
Ahlstrom-Munksjo USA Inc.	12,147,051	294,540	9	1.71 %
Kentucky Community and Technical College	10,034,079	226,707	10	1.31 %

2014				
Employer	Taxable Wages	Occupational Tax	Rank	% of Total Occupational Tax
Baptist Health Madisonville	\$ 85,736,693	\$ 1,286,050	1	17.37 %
General Electric Company	49,169,276	737,539	2	9.96 %
Hopkins County Board of Education	19,754,654	296,320	3	4.36 %
City of Madisonville	12,553,541	188,303	4	2.54 %
Ahlstrom Engine Filtration, LLC	12,111,292	181,669	5	2.45 %
Kentucky Community and Technical College	10,900,315	163,505	6	2.21 %
Commonwealth of Kentucky	9,898,747	148,481	7	2.00 %
Walmart Associates, Inc.	7,702,744	115,542	8	1.56 %
Owensboro Medical Health System	5,354,990	80,325	9	1.08 %
Hopkins County Treasurer	5,317,655	79,765	10	1.05 %

Data Source: City of Madisonville Tax and Finance Office

Tax Rates:

Prior to July 1, 2022, occupational taxes are calculated at 1.5% of all taxable wages earned inside the City of Madisonville.

After June 30, 2022, occupational taxes are calculated at 2.5% 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>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>	<u>2023</u>
Function/Program:										
General government	24	21	22	22	21	17	19	21	21	21
Police	52	52	47	48	48	47	49	49	47	50
Emergency telephone	2	3	9	9	12	14	12	13	13	12
Fire	56	58	60	58	61	62	61	65	68	61
Transportation	19	14	24	23	23	23	21	24	24	21
Recreation	9	10	11	12	11	14	14	17	17	16
Airport	1	2	2	2	2	3	3	4	4	3
Cemetery	4	4	5	5	5	5	6	6	7	6
Electric distribution	29	32	30	32	33	34	34	35	34	35
Water and sewer services	55	52	54	53	57	58	56	58	62	63
Sanitation services	18	16	18	24	31	27	23	23	22	26
Totals	<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>	<u>314</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Building permits issued	194	202	191	187	171	162	159	176	173	139
Police										
Physical arrests	3,910	3,764	4,271	4,354	4,063	3,263	2,401	2,664	3,176	3,461
Traffic violations and warnings	9,250	7,380	8,615	5,502	4,145	3,766	2,426	4,327	5,046	4,182
Fire										
Emergency responses	478	489	1,302	1,481	1,719	1,638	1,371	1,234	1,452	1,442
Fires extinguished	144	144	102	138	94	96	86	80	95	90
Water										
Number of water consumers	10,128	10,149	10,140	10,143	10,209	10,210	10,261	10,253	10,320	10,250
Annual consumption (in 1,000 gallons)	1,010,423	986,022	938,505	977,195	970,781	949,652	965,026	961,768	945,370	926,290
Sewer										
Number of sewer consumers	9,014	9,054	9,031	9,041	9,117	9,104	9,224	9,208	9,275	9,199
Electric										
Number of electric consumers	8,369	8,407	8,397	8,366	8,377	8,357	8,371	8,387	8,442	8,395
Annual consumption (in 1,000 kwh)	308,941	298,446	290,880	297,956	293,389	294,301	271,252	258,991	260,676	264,527
Sanitation										
Number of sanitation customers	8,007	8,054	8,021	8,267	8,234	8,233	8,272	8,223	8,274	8,336

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)

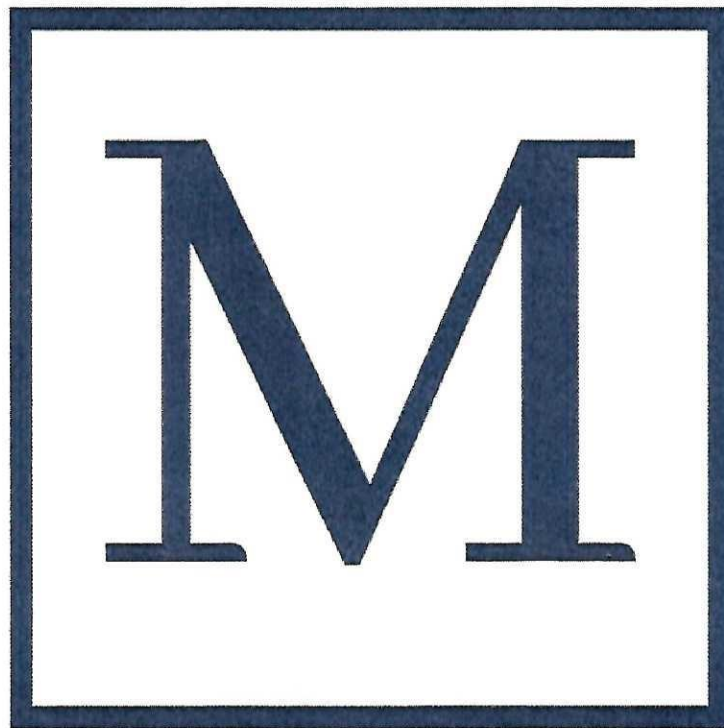
Table 16

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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, 2023

Federal Grantor/ Pass-Through Grantor/ Program	Assistance Listing Number	Grant or Pass-Through Award Number	Federal Expenditures
U.S. Department of the Treasury			
Pass-Through:			
Kentucky Department of Local Government COVID-19 American Relief Plan	21.019	2021	\$ 2,074,733
Kentucky Infrastructure Authority COVID-19 Cleaner Water Program	21.027	21CWW094	<u>164,665</u>
Total U.S. Department of the Treasury			<u>2,239,398</u>
U.S. Department of Homeland Security			
Direct Programs:			
Assistance to Firefighters	97.044	EMW-2021-FG-06725	320,000
Assistance to Firefighters	97.044	EMW-2021-FG-00278	199,436
FEMA Disaster Assistance	97.036	725233	<u>117,592</u>
Total U.S. Department of the Homeland Security			<u>637,028</u>
Delta Area Economic Development			
Pass-Through:			
Delta Regional Authority States Economic Development Assistance	90.201	KY-54218	<u>235,290</u>
Total Delta Area Economic Development			<u>235,290</u>
U.S. Department of Transportation			
Direct Programs:			
Airport Electrical Rehabilitation	20.106	3-21-0033-032-2023	<u>132,539</u>
Total U.S. Department of Transportation			<u>132,539</u>
U.S. Department of Housing and Urban Development			
Pass-Through:			
Kentucky Department of Local Government COVID-19 Community Development Block Grant	14.228	220000618	<u>40,000</u>
Total U.S. Department of Housing and Urban Development			<u>40,000</u>
U.S. Department of Justice			
Direct Programs:			
Bulletproof Vest	16.607	2022	<u>4,675</u>
Total U.S. Department of Justice			<u>4,675</u>
Total Expenditures of Federal Awards			<u>\$ 3,288,930</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, 2023.

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, 2023, 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, 2023.

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.

Alford, Nance, Jones & Oakley LLP

Alford, Nance, Jones, & Oakley LLP

Madisonville, Kentucky

December 21, 2023

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, 2023. 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, 2023.

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 the 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.



Alford, Nance, Jones, & Oakley LLP
Madisonville, Kentucky
December 21, 2023

CITY OF MADISONVILLE, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

Section II - Findings - Financial Statement Audit

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III - Findings and Questioned Costs - Major Federal Award Programs

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).