

**CITY OF ALEXANDRIA, KENTUCKY**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2024**

# CITY OF ALEXANDRIA, KENTUCKY

## ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2024

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# **CITY OF ALEXANDRIA, KENTUCKY**

## **CITY OFFICIALS**

**As of June 30, 2024**

### **MAYOR**

Andy Schabell

### **COUNCIL MEMBERS**

Joe Anderson

Kyle Sparks

Patrick Blair

Robert Strong

Stacey Graus

Tom Baldridge

### **DEPARTMENT HEADS**

City Administrator

David Plummer

City Clerk

Stephanie Tarter

City Treasurer

Kelly Perry

City Attorney

Michael Duncan

Public Works Superintendent

Doug DeJaco

Chief of Police

Lucas Cooper

## **INDEPENDENT AUDITOR'S REPORT**

**To the Honorable Mayor and  
Members of the Council of the  
City of Alexandria, Kentucky**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Alexandria, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Alexandria, 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, each major fund, and the aggregate remaining fund information of the City of Alexandria, Kentucky as of June 30, 2024, and the respective changes in financial position 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 accounting standards generally accepted in the United States of America. 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 the City of Alexandria, Kentucky and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Alexandria, 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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Alexandria, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Alexandria, 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 schedules, and *Multiple Employer, Cost Sharing, Defined Benefit Pension and OPEB Plan* disclosures 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 the 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 Alexandria, Kentucky's basic financial statements. The budgetary comparison schedules – non major funds and the combining non major governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules – non major funds and the combining non major governmental fund financial statements 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 5, 2024, on our consideration of the City of Alexandria, 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 Alexandria, 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 Alexandria, Kentucky's internal control over financial reporting and compliance.

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen, & Co., Inc.**

Erlanger, Kentucky

December 5, 2024

**CITY OF ALEXANDRIA, KENTUCKY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Year Ended June 30, 2024**

Our discussion and analysis of the City of Alexandria Kentucky's financial performance provides an overview and analysis of the City's financial activities during the fiscal year ended June 30, 2024. Please read this analysis in conjunction with the City's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,909,640 (net position).
- During the year, the City's net position increased by \$4,402,036 compared to a increase of \$2,947,491 in the prior year.
- As of the close of the current fiscal year, the City's government funds reported ending fund balances of \$14,133,955, and increase of \$3,160,476. \$13,722,891 is available for spending at the City's discretion (Unassigned fund balance).
- GASB No. 68 - Accounting and Financial Reporting for Pensions - requires the City to record its proportionate share of the County Employees' Retirement System (CERS) net pension liability. The City has recorded a net pension liability of \$4,530,005 as well as related deferred outflows and inflows of resources as a result of this standard.
- GASB No. 75 - Accounting and Financial Reporting for Other Post-Employment Health Insurance Benefits (OPEB) - requires the City to record its proportionate share of the County Employees' Retirement System (CERS) net OPEB liability. The City has recorded a net pension liability of \$131,726 as well as related deferred outflows and inflows of resources as a result of this standard.

**USING THIS ANNUAL REPORT**

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

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and 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 will only result in cash flows in future fiscal periods.

**CITY OF ALEXANDRIA, KENTUCKY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)**  
**For the Year Ended June 30, 2024**

The government-wide financial statements outline functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, police, fire, public works, parks and recreation. Capital assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 12 through 14 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are 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, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund and in the combining statement of revenues, expenditures and changes in fund balance – nonmajor governmental funds for the Municipal Road Aid Fund, Area Referral Connection (ARC) Fund, and Sewer Fund.

The City adopts an annual budget for each of its funds except the Area Referral Connection Fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

***Notes to Financial Statements***

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 19-45 of this report.



**CITY OF ALEXANDRIA, KENTUCKY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)**  
**For the Year Ended June 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Alexandria, Kentucky, assets and deferred outflows exceeded liabilities and deferred inflows by \$12,909,640 as of June 30, 2024. A large portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding as well as the net pension liability. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The following is a comparison of net position at June 30, 2024 and 2023:

<b>Net Position</b>	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Current assets	\$ 15,071,358	\$ 12,489,713
Capital assets	5,921,321	5,582,878
Other noncurrent assets	312,033	293,259
Total assets	21,304,712	18,365,850
Deferred outflows of resources	1,048,312	1,388,286
Total assets and deferred outflows of resources	22,353,024	19,754,136
Current liabilities	1,101,936	1,555,508
Long-term liabilities	5,155,791	8,807,269
Total liabilities	6,257,727	10,362,777
Deferred inflows of resources	3,185,657	883,755
Total liabilities and deferred inflows of resources	9,443,384	11,246,532
Net investment in capital assets	5,588,632	5,137,389
Restricted for		
Municipal road aid	99,481	85,911
Area referral connection	2,350	2,736
Sewer fund debt service	179,902	206,569
Police forfeiture	33,954	37,129
Opioid remediation	244,990	244,990
Unrestricted	6,760,331	2,792,880
Total Net Position	\$ 12,909,640	\$ 8,507,604

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$6,760,331 may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position.

**CITY OF ALEXANDRIA, KENTUCKY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)**  
**For the Year Ended June 30, 2024**

The following is a comparison of the change in net position for 2024 and 2023:

**Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Revenues:		
Program revenues:		
Charges for services	\$ 920,299	\$ 850,330
Operating grants	755,150	895,776
Capital grants	198,727	173,322
General revenues:		
Property and other taxes	6,727,161	6,451,816
Licenses and permits	12,796	18,405
Fines and forfeitures	10,486	12,387
Investment income	711,507	94,451
Other	116,469	89,410
Total revenues	<u>9,452,595</u>	<u>8,585,897</u>
Expenses:		
General government	1,118,981	892,261
Police	2,397,789	1,661,961
Public works	1,068,129	1,175,179
Waste collection	913,066	822,964
Planning and inspection	53,425	109,392
Parks and recreation	12,580	12,147
Miscellaneous	255	320
Interest on long term debt	5,190	1,600
Unallocated pension expense	(643,108)	437,236
Unallocated OPEB expense	(234,248)	205,729
Unallocated depreciation	358,500	319,617
Total expenses	<u>5,050,559</u>	<u>5,638,406</u>
Change in net position	4,402,036	2,947,491
Net position-Beginning	8,507,604	5,560,113
Net position-End of year	<u>\$ 12,909,640</u>	<u>\$ 8,507,604</u>

Governmental activities increased the City's net position by \$4,402,036. Key elements of this increase are as follows:

- General tax revenue increased approximately \$275,345 due to continued economic growth of the City and increase in property assessments.
- Investment Income increased approximately \$617,056 due the City's invests earning better interest. The City's Operating account has an interest rate of 5.12% at June 30, 2024.
- Police expenditures increased \$735,828 due to an increase in payroll related expenditures.
- The increase in net position also includes three non-cash activities. These activities include the recognition of \$358,500 in non-cash depreciation expenses. As well as \$643,108 in non-cash actuarial pension gain and \$243,248 in non-cash actuarial OPEB gain.
- The net pension liability decreased \$3,519,231 due to a decrease in the overall total pension liability.

**CITY OF ALEXANDRIA, KENTUCKY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)**  
**For the Year Ended June 30, 2024**

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental Funds***

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved* fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported an *unassigned* balance of \$13,722,891. This is available for spending for our citizens.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,133,955, an increase of \$3,160,476, in comparison to the prior year. This total consists of: General Fund - \$13,952,016; Municipal Road Aid Fund - \$99,481; Sewer Fund - \$80,108; and ARC Fund - \$2,350.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$13,722,891. The total fund balance increased by \$3,037,154. This increase is largely the result of the continued economic growth and increase in property assessments as noted above.

The Municipal Road Aid Fund balance increased by \$13,570. There were no material changes in this fund.

The Sewer Fund balance increased \$5,469 because revenues and transfers in are greater than the normal payments of debt.

The ARC Fund balance decreased \$386. There were no material changes in this fund.

***General Fund Budgeting Highlights***

The City's budget is prepared according to the City Charter and is based on accounting for certain transactions on the modified accrual basis of accounting. The beginning fund balance for the fiscal year was approximately \$7.6 million.

For the general fund, budgeted revenues were budgeted at \$6.7 million. Actual revenues were approximately \$9.3 million. Actual revenues exceeded budgeted revenues largely due to an increase in general tax revenue and receiving the national opioid settlement that was not budgeted for.

Expenditures were budgeted at approximately \$7.1 million, while actual expenditures were approximately \$6.2 million. Actual expenditures were less than budgeted largely due to salaries and related expenses being less than anticipated due to retirements and turnover.

**CITY OF ALEXANDRIA, KENTUCKY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)**  
**For the Year Ended June 30, 2024**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

The City's investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$5,921,321. The following table details the capital assets owned by the City in 2024 and 2023:

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
Land	\$ 1,769,496	\$ 1,769,496
Construction in progress	363,955	135,691
Buildings	632,530	632,530
Improvements	578,985	477,951
Infrastructure	3,910,780	3,910,780
Vehicles	1,318,900	1,226,334
Equipment	968,948	1,188,431
Furniture and fixtures	99,975	99,975
Subtotals	9,643,569	9,441,188
Accumulated depreciation	(3,722,248)	(3,858,309)
Net Capital Assets	<u>\$ 5,921,321</u>	<u>\$ 5,582,879</u>

***Debt***

At June 30, 2024, the City had no outstanding commercial debt. The following is a summary of the City's debt transactions during the year ended June 30, 2024:

Debt type	Balance at June 30, 2023	Additions	Retirements	Balance at June 30, 2024	Current Portion
Financed purchases	\$ 309,709	\$ -	\$ (80,223)	\$ 229,486	\$ 83,971
Notes payable	135,780	-	(32,577)	103,203	32,904
Totals	<u>\$ 445,489</u>	<u>\$ -</u>	<u>\$ (112,800)</u>	<u>\$ 332,689</u>	<u>\$ 116,875</u>

**GASB 68 PENSION AND GASB 75 OPEB LIABILITY RECOGNITION**

As of June 30, 2024, the City is required, by Governmental Accounting Standards Board Statements No. 68 and 75, to display its proportionate share of the unfunded liability of the Kentucky Retirement System's County Employee Retirement System (CERS), a cost sharing multiple employer plan, in which the District is a participant. The net pension and OPEB liability, \$4,661,731, the deferred outflow of resources, \$1,048,312, and the deferred inflow of resources, \$3,185,657 on the Statement of Net Position at June 30, 2024 are a function of this required reporting. Detailed information on this pension and OPEB recognition can be found in Note 7 in the Notes to the Financial Statements.

**ECONOMIC FACTORS IN NEXT YEAR'S BUDGET**

***Taxes***

The City remains in a solid financial position. The latest Census saw the population grow approximately 22% to an estimated 10,700 residents. In addition, the City proposed the property tax rate be kept the same at \$0.140 per \$100 of valuation. This rate still includes an additional 3.9% of revenue over the calculated compensating rate. We collected \$2,498,163 in property revenue, leaving only \$10,070 (0.4%)

**CITY OF ALEXANDRIA, KENTUCKY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS (Continued)**  
**For the Year Ended June 30, 2024**

outstanding. This reflects 4,402 paid and 45 unpaid residents. Overall, general fund revenue exceeded expectations by \$2,604,825, and total expenses came in \$944,398 under budget.

***Housing***

In addition, legacy single-family developments like Arcadia are finishing their build-out. New communities like Rifle Ridge are in the full swing of construction, and even selling homes, which continues the trend of patio and high-dollar-value homes. Elevation Apartments, a complex expected to have 450 units, is half built-out with rumblings of commercial out lots on the horizon. There have been rumors of two additional residential developments likely to impact the city, though details of their timing remain unknown.

***Commercial***

The city is seeing a pattern of strong occupational tax receipts from business activities in the city. Much of this is being driven by numerous small businesses, a collection of which, have been holding events along Washington street to help drive the visibility of our local markets. Many times, rumblings of larger commercial interests continue to be heard.

***New City Campus***

The City expects to start construction on our new City Campus in December 2024 with an end date of June 2026. This 9.8 acre site was purchased 3 years ago by the city at 8822 Constable Drive. The projected cost for all aspects of the project is around 23.8 million. An unusually high price tag which is being driven by heavily inflated construction costs post covid. Easing of interest rates could help the city's borrowing power. Initial analysis concerning what we can pay for estimated that the city could handle up to \$16 million in debt service, which would be around a \$900k in payments per year with refinancing available after 8 years. We are actively looking at the structure of this potential debt.

***Infrastructure***

Infrastructure projects remain a significant focus. SR 536 is expected to be extended to SR 9 to the east in the next several years. With improvements to SR 536 in Kenton County, the City will have direct access to the facilities and amenities of Florence/Union in a 20-minute timeframe without touching the congested I-275 corridor. In addition, a Transportation Alternative grant from OKI for 520,993 was awarded to the city in November of 2023. This will complete a vital connection in our sidewalk network linking the Alexandria Fairgrounds to East Main Street.

In 2024, the city completed upgrades to the Alexandria Community Park lower dam. This project has been identified for a year, and its cost carried on our budget many times over. This project ended up right around \$490k, just under the \$500k we originally estimated. This is now a project no longer needing to be on the books.

Lastly, the city completed its Property Condition Index study (PCI) for all public streets. This ranking system is being applied to the City's Street Paving Program, prioritizing streets with the lowest ratings for short-term infrastructure upgrades. This approach aims to establish a 20-year rotation, maximizing dollars toward the most critical problem areas first.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide the citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to reflect the City's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to the City Treasurer, Kelly Perry, at the City of Alexandria, 8236 W. Main Street, Alexandria, Kentucky, 41001.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>STATEMENT OF NET POSITION</b> <b>June 30, 2024</b>
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	<u>Primary Government Governmental Activities</u>
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 12,675,818
Investments	1,124,247
Accounts receivable	
Property taxes	47,148
Insurance taxes	525,020
Payroll and occupational taxes	663,929
Other receivables - current portion	33,256
Prepaid expenses	1,940
Total Current Assets	<u>15,071,358</u>
<b>Noncurrent Assets</b>	
Capital assets	
Land	1,769,496
Construction in progress	363,955
Depreciable capital assets	7,510,118
Less accumulated depreciation	<u>(3,722,248)</u>
Total Capital Assets	5,921,321
Other receivables	<u>312,033</u>
Total Noncurrent Assets	<u>6,233,354</u>
Total Assets	<u>21,304,712</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to net pension and OPEB liabilities	<u>1,048,312</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>22,353,024</u>

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

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>STATEMENT OF NET POSITION - Continued from page 12</b> <b>June 30, 2024</b>
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	Primary Government Governmental Activities
<b>Liabilities and Deferred Inflows of Resources</b>	
<b>Current Liabilities</b>	
Accounts payable and accrued expenses	135,929
Accrued payroll and withholdings	154,420
Compensated absences	54,774
Financed purchases	83,971
Notes payable	32,904
Unearned revenue	639,938
Total Current Liabilities	1,101,936
<b>Long Term Liabilities</b>	
Compensated absences	278,246
Financed purchases	145,515
Notes payable	70,299
Net pension liability	4,530,005
Net OPEB liability	131,726
Total Long Term Liabilities	5,155,791
<b>Total Liabilities</b>	6,257,727
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to net pension and OPEB liabilities	3,185,657
<b>Total Liabilities and Deferred Inflows of Resources</b>	9,443,384
<b>Net Position</b>	
Invested in capital assets, net of related debt	5,588,632
Restricted	
Municipal road aid	99,481
Area referral connection	2,350
Sewer fund debt service	179,902
Police forfeitures	33,954
Opioid remediation	244,990
Unrestricted	6,760,331
<b>Total Net Position</b>	\$ 12,909,640

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

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

Functions/Programs: Primary Government	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government
					Governmental Activities
<b>Governmental Activities:</b>					
General government	\$ 1,118,981	\$ -	\$ 643,071	\$ -	\$ (475,910)
Police	2,397,789	28,861	101,178	-	(2,267,750)
Public works	1,068,129	31,951	-	198,727	(837,451)
Waste collection	913,066	805,773	-	-	(107,293)
Planning and inspection	53,425	51,815	-	-	(1,610)
Parks and recreation	12,580	1,899	10,901	-	220
Miscellaneous	255	-	-	-	(255)
Interest on long-term debt	5,190	-	-	-	(5,190)
Unallocated pension	(643,108)	-	-	-	643,108
Unallocated OPEB	(234,248)	-	-	-	234,248
Unallocated depreciation	358,500	-	-	-	(358,500)
<b>Total Primary Government</b>	<b>\$ 5,050,559</b>	<b>\$ 920,299</b>	<b>\$ 755,150</b>	<b>\$ 198,727</b>	<b>(3,176,383)</b>
<b>General Revenues:</b>					
Property and other taxes					6,727,161
Licenses and permits					12,796
Fines and forfeitures					10,486
Other					116,469
Investment income					711,507
Total General Revenues					7,578,419
<b>Change in Net Position</b>					4,402,036
<b>Net Position - Beginning</b>					8,507,604
<b>Net Position - Ending</b>					<b>\$ 12,909,640</b>

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



<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>BALANCE SHEET - GOVERNMENTAL FUNDS</b> <b>June 30, 2024</b>
--

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 12,532,202	\$ 143,616	\$ 12,675,818
Investments	1,124,247	-	1,124,247
Accounts receivable			
Property taxes	47,148	-	47,148
Insurance taxes	525,020	-	525,020
Payroll and occupational taxes	663,929	-	663,929
Other receivables - current portion	207,319	137,970	345,289
Due from other funds	-	147	147
Prepaid expenses	1,940	-	1,940
<b>Total Assets</b>	<b>\$ 15,101,805</b>	<b>\$ 281,733</b>	<b>\$ 15,383,538</b>
<b>Liabilities, deferred inflows of Resources, and Fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 135,929	\$ -	\$ 135,929
Accrued payroll and withholdings	154,420	-	154,420
Due to other funds	147	-	147
Unearned revenue	639,938	-	639,938
Total Liabilities	930,434	-	930,434
<b>Deferred inflows of resources</b>			
Unavailable revenue - from:			
Taxes	47,148	-	47,148
Sewer assessments	172,207	-	172,207
Opioid settlement	-	99,794	99,794
Total Deferred Inflows of resources	219,355	99,794	319,149
<b>Fund Balances</b>			
Non-spendable			
Prepaid expenses	1,940	-	1,940
Restricted			
Municipal road aid	-	99,481	99,481
Area referral connection	-	2,350	2,350
Sewer fund debt service	-	80,108	80,108
Police forfeitures	33,954	-	33,954
Opioid remediation	72,783	-	72,783
Assigned			
Insurance fund	113,996	-	113,996
Unassigned	13,729,343	-	13,729,343
Total Fund Balances	13,952,016	181,939	14,133,955
<b>Total Liabilities, Deferred Inflows of resources, and Fund Balances</b>	<b>\$ 15,101,805</b>	<b>\$ 281,733</b>	<b>\$ 15,383,538</b>

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

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS</b> <b>TO THE STATEMENT OF NET POSITION</b> <b>June 30, 2024</b>
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<b>Total fund balance per balance sheet</b>	<b>\$ 14,133,955</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of \$9,643,569, less accumulated depreciation of (\$3,722,248), used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,921,321
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Other assets are not available to pay for current period expenditures, and therefore, are deferred in governmental funds.	319,149
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Compensated absences are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(333,020)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, not reportable in the funds:

Deferred outflows related to pension	801,640
Deferred outflows related to post-employment health insurance (OPEB)	246,672
Deferred inflows related to pension	(1,482,899)
Deferred inflows related to post-employment health insurance (OPEB)	(1,702,758)

Long-term liabilities, including net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds.

Financed purchases	(229,486)
Notes payable	(103,203)
Net pension liability	(4,530,005)
Net post-employment health insurance (OPEB) liability	(131,726)

<b>Net position of governmental activities</b>	<b>\$ 12,909,640</b>
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The accompanying notes are an integral part of the financial statements.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE</b> <b>For the Year Ended June 30, 2024</b>
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	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 6,819,207	\$ -	\$ 6,819,207
Licenses and permits	12,796	-	12,796
Fines and forfeitures	10,486	-	10,486
Other revenue	136,811	217	137,028
Investment income	699,777	11,730	711,507
Intergovernmental	755,150	198,727	953,877
Charges for services	888,348	31,951	920,299
<b>Total Revenues</b>	<u>9,322,575</u>	<u>242,625</u>	<u>9,565,200</u>
<b>Expenditures</b>			
General government	1,123,989	-	1,123,989
Police	2,397,063	726	2,397,789
Public works	878,992	189,137	1,068,129
Waste collection	913,066	-	913,066
Planning and inspection	53,425	-	53,425
Parks and recreation	12,580	-	12,580
Miscellaneous	-	255	255
Debt service			
Principal	80,223	32,577	112,800
Interest	3,913	1,277	5,190
Capital outlay	717,501	-	717,501
<b>Total Expenditures</b>	<u>6,180,752</u>	<u>223,972</u>	<u>6,404,724</u>
<b>Excess of</b>			
<b>Revenues Over</b>			
<b>Expenditures</b>	<u>3,141,823</u>	<u>18,653</u>	<u>3,160,476</u>
<b>Change in Fund Balances</b>	<u>3,141,823</u>	<u>18,653</u>	<u>3,160,476</u>
<b>Fund Balances - Beginning</b>	<u>10,810,193</u>	<u>163,286</u>	<u>10,973,479</u>
<b>Fund Balances - Ending</b>	<u>\$ 13,952,016</u>	<u>\$ 181,939</u>	<u>\$ 14,133,955</u>

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

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES</b> <b>AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS</b> <b>TO THE STATEMENT OF ACTIVITIES</b> <b>For the Year Ended June 30, 2023</b>
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<b>Net change in fund balance - total governmental funds</b>	<b>\$ 3,160,476</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period, net of gain or losses on disposal:

Capital outlays	\$ 717,501	
Depreciation expense	<u>(358,500)</u>	359,001

The net effect of various transactions involving capital assets is to increase net position as follows:

Change due to capital retirements	(20,559)
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Compensated absences not expected to be paid within the next fiscal year are not reported as liabilities in the fund, but are reported as liabilities in the statement of net position. This is the net change in compensated absences for the year.	5,008
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Governmental funds report pension and other post-employment health insurance (OPEB) contributions as expenditures, however, in the statement of activities, the cost of the pension and OPEB benefits earned, net of employer contributions is reported as pension and OPEB expense:

Pension benefits earned	643,108
Post-employment health insurance benefits (OPEB) earned	234,248

Repayments of long-term debt are reported as expenditures in governmental funds. However, it is reported as a decrease in liabilities in the Statement of Net Position	112,800
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	<u>(92,046)</u>
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<b>Change in net position of governmental activities</b>	<b><u>\$ 4,402,036</u></b>
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The accompanying notes are an integral part of the financial statements.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

Kentucky Revised Statutes and Ordinances of the City Council of the City of Alexandria, Kentucky (the City) designate the purpose, function, and restrictions of the various funds. The financial statements included herein consist of the General Fund, the Municipal Road Aid Fund, the Area Referral Connection (ARC) Fund, and the Sewer Fund.

The City, for financial purposes, includes all the funds and account groups relevant to the operations of the City of Alexandria, Kentucky.

The City of Alexandria, Kentucky, is a charter city in which citizens elect the mayor at large and six council members. The accompanying financial statements present the City's primary government. Component units are those over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City does not have any component units to be included in its financial report.

### **Basis of Presentation**

#### ***Government-Wide Financial Statements***

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The City has no business-type activities.

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

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

#### ***Fund Financial Statements***

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balance, which reports on the changes in net total position. Fiduciary funds are reported using the economic resources measurement focus.

**Governmental funds** are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. The City's major governmental funds are as follows:

*General Fund* – The General Fund is the government's primary operating fund. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use. This is a major fund of the City. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

*Special Revenue Funds* –Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Special Revenue Funds include:

- *Municipal Road Aid Fund* – to account for revenues and related expenses provided by the Commonwealth of Kentucky's Transportation Cabinet through the Department for Local Government.
- *Area Referral Connection Fund* – to account for revenues and related expenses focused on supporting the everyday needs of the community.

*Debt Service Fund* – Debt Service Funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The city has one debt service fund, the Sewer Fund.

### **Basis of Accounting and Measurement Focus**

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

**Revenues-Exchange and Non-Exchange Transactions** - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on an accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means are expected to be received within sixty days of the fiscal year end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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Eligibility requirements include timing requirements, which specify the year when the resources are required to be used, or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before they can be recognized.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

### **Cash and Cash Equivalents**

The City considers demand deposits, money market funds, and other investments with an original maturity of ninety days or less, to be cash equivalents.

### **Investments**

In accordance with Government Accounting Standards Board Statement No. 72, investments held are measured using quoted market prices in an active market for identical investments and/or using significant other observable inputs.

It is the policy of the City to invest public funds in a manner that will provide the maximum security and highest investment of principle while meeting the daily cash flow demands of the City and conforming to both KRS 91A.060 and KRS 66.480.

In accordance with KRS 66.480, the City is authorized to invest in the following:

- A) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, provided that delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian.
- B) U.S. Treasury and other U.S. government obligations that carry the full faith and credit guarantee of the United States for the payment of principal and interest.
- C) Federal Agency or U.S. government-sponsored enterprises obligations, participations or other instruments.
- D) CDs issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky and that are insured by the Federal Deposit Insurance Corporation or similar entity or that are collateralized by any obligations, including surety bonds permitted by KRS 41.240. KRS 66.480(1)(d).
- E) Uncollateralized CDs issued by any bank or savings and loan having a physical presence in Kentucky rated in one of three highest categories by a competent rating agency.
- F) Bankers' acceptances, which must be rated in one of the three highest categories by a competent rating agency.
- G) Commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a competent rating organization.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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- H) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities.
- I) Investment-grade obligations of state or local governments or instrumentality thereof rated one of three highest categories by a competent rating agency.
- J) Shares of mutual funds and exchange traded funds as identified by KRS 66.480(1)(j).
- K) Individual equity securities if the funds are managed by a professional investment manager regulated by a federal regulatory agency and are included within the S&P 500 pursuant to KRS 66.480(1)(k).
- L) Individual high-quality corporate bonds managed by a professional investment manager pursuant to KRS 66.480(1)(l).

Overall investments in (E), (F), (G), (K), and (L) investment types are restricted to 20% of total local government investments.

### Accounts Receivable

Accounts receivables are presented, when considered necessary, net of an allowance for doubtful accounts. There was no allowance determined necessary as of June 30, 2024.

### Capital Assets

General capital assets are assets that generally result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or appraised value) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend an asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for general capital assets:

Description	Governmental Activities Estimated Lives	
Buildings	40	years
Building Improvements	20	years
Public Doman Infrastructure	25	years
Vehicles	7	years
Machinery and Equipment	5	years
Furniture and Fixtures	5	years



<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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### **Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and is therefore deferred until that time. The City recognized deferred outflows of resources related to pensions and other postemployment benefits on the government-wide financial statements.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is therefore deferred until that time. The City recognizes deferred inflows of resources related to pensions and other postemployment benefits on the government-wide financial statements. In the governmental funds, certain revenue transactions have been reported as unavailable revenue. Revenue cannot be recognized until it has been earned and is available to finance expenditures of the current period. Revenue that is earned but not available is reported as a deferred inflow of resources until such time the revenue becomes available.

### **Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is a liability for unpaid accumulated sick and vacation leave since the City does have a policy to pay specified amounts when employees separate from service with the City. All sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as liabilities in the fund's financial statements, only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund's financial statements until due.

### **Pensions**

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

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
--

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**

The government-wide financial statements utilize a net position presentation. Net position is displayed as three components:

- Net Investment in Capital Assets – Represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of capital leases, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – Consists of net position with constraints placed on their use by external groups such as creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted Net Position – Represents the net position available for future operations.

### **Governmental Fund Balances**

In the governmental fund financial statements, fund balances are classified as follows:

- Non-Spendable – Amounts that cannot be spent, either because they are in a non-spendable form, or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance, or resolution.
- Assigned – Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed, or there is a majority vote approval (for capital projects or debt service) by the City Council.
- Unassigned – All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances. The City has no outstanding encumbrances as of June 30, 2024.

### **Use of Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Certain estimates relate to unsettled transactions and events as of the date of the financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities' column of the statement of net position.

### **Property Taxes**

Property taxes include amounts levied on real property. Property values were assessed on January 1st and property taxes were due on October 31st. Property tax rates for the year ended June 30, 2024, were \$0.140 per \$100 valuation for real property. The assessed value of property on which the levy for 2023 was based was \$1,246,289,343 for real property.

### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A) In accordance with City ordinance, by May 31, the Mayor submits to the City Council, a proposed operating budget on the modified accrual basis of accounting for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- B) A public meeting is conducted to obtain citizen comments.
- C) By July 1, the budget is legally enacted through passage of an ordinance.
- D) The Mayor is required, by Kentucky Revised Statutes, to present a quarterly report to the Council explaining any variance from the approved budget.
- E) Appropriations continue in effect until a new budget is adopted.
- F) The Council may authorize supplemental appropriations during the year.

Expenditures may not legally exceed budgeted appropriations at the function level. Any revisions to the budget that would alter total revenues and expenditures of any fund must be approved by the Council. The Council adopted two supplementary appropriation ordinances. All appropriations lapse at fiscal year-end.

A formal budget is not adopted for the Area Referral Connection fund.

### **NOTE 3 – DEPOSITS AND INVESTMENTS**

*Custodial credit risk – deposits.* For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. The City maintains deposits with financial institutions insured by the FDIC. As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2024, \$250,000 of the City's deposits were covered by FDIC insurance and the remaining balance was collateralized with securities held by the financial institutions on the City's behalf.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no custodial credit risk at June 30, 2024.

# CITY OF ALEXANDRIA, KENTUCKY

## NOTES TO THE FINANCIAL STATEMENTS

### Year Ended June 30, 2024

*Interest rate risk – investments.* For an investment, interest rate risk is the risk that interest rates will change and cause a decrease in the value of an entity's investments. The City does not have a formal investment maturities policy as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk – investments.* For an investment, credit risk is the risk that issuers of securities owned by an entity will default or that other parties that owe the entity money will not fulfill its obligations. At June 30, 2024 the City's investments were held in funds established by the Kentucky League of Cities Investment Pool. These funds are not rated.

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

**LEVEL 1:** Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the City has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Assets utilizing Level 1 inputs include exchange-traded equity securities and mutual funds that are actively traded.

**LEVEL 2:** Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Assets utilizing Level 2 inputs include U.S. Government agency securities and corporate debentures.

**LEVEL 3:** Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Unobservable input may be developed by outside third parties using marketing models based on information available to them. Unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing. Unobservable input shall be developed based on the best information available in circumstances, which might include the reporting entity's own data. The City has no assets or liabilities valued using Level 3 inputs.

For those investments measured at fair value, the investments' fair value measurements are as follows at June 30, 2024:

Investments	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>Kentucky league of cities investment pool</i>				
Money market fund	\$ 103,106	\$ 103,106	\$ -	\$ -
Dividend focus equity pool	340,320	-	340,320	-
Government bond fund	125	-	125	-
Corporate bond fund	156,900	-	156,900	-
Equity S&P 500 index fund	369,420	-	369,420	-
Enhanced income fund	154,376	-	154,376	-
Total investments at fair value	<u>\$ 1,124,247</u>	<u>\$ 103,106</u>	<u>\$ 1,021,141</u>	<u>\$ -</u>

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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**NOTE 4 – CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for governmental activities for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
<b>Governmental activities:</b>				
Assets not being depreciated				
Land	\$ 1,769,496	\$ -	\$ -	\$ 1,769,496
Construction in progress	135,691	261,985	(33,721)	363,955
Subtotal	1,905,187	261,985	(33,721)	2,133,451
Depreciable capital assets				
Buildings	632,530	-	-	632,530
Improvements	477,951	101,035	-	578,986
Infrastructure	3,910,780	-	-	3,910,780
Vehicles	1,226,334	233,997	(141,431)	1,318,900
Equipment	1,188,431	154,205	(373,689)	968,947
Furniture and fixtures	99,975	-	-	99,975
Total depreciable capital assets	7,536,001	489,237	(515,120)	7,510,118
Total capital assets at historical cost	9,441,188	751,222	(548,841)	9,643,569
Accumulated depreciation				
Buildings	(331,857)	(15,813)	-	(347,670)
Improvements	(254,886)	(22,291)	-	(277,177)
Infrastructure	(1,450,173)	(97,770)	-	(1,547,943)
Vehicles	(797,376)	(115,027)	120,872	(791,531)
Equipment	(966,219)	(97,303)	373,689	(689,833)
Furniture and fixtures	(57,798)	(10,296)	-	(68,094)
Total accumulated depreciation	(3,858,309)	(358,500)	494,561	(3,722,248)
Depreciable capital assets, net	3,677,692	130,737	(20,559)	3,787,870
<b>Governmental activities capital assets, net</b>	<b>\$ 5,582,879</b>	<b>\$ 392,722</b>	<b>\$ (54,280)</b>	<b>\$ 5,921,321</b>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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**NOTE 5 – LONG-TERM DEBT**

***Notes From Direct Borrowings***

*Kentucky Infrastructure Authority Loan F05-03*

In June 2007, the City entered into an agreement with the Kentucky Infrastructure Authority (KIA) for the improvement of the sewer lines on Viewpoint Drive. The full amount of allowable funds is \$426,220 at an interest rate of 1.0%, maturing in December 2026. As of December 31, 2010, all funds had been received. This note will be repaid over a period of 20 years, with payments due on the first of both December and June of each year. The note will be repaid with funds collected from residents of Viewpoint Drive. These funds will be collected by the Sanitation District Number 1 of Northern Kentucky as an additional surcharge on owners' quarterly sewer sanitation bills and remitted to the City quarterly.

The Kentucky Infrastructure Authority Loan F05-03 is scheduled to mature as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Fees Amount	Total Debt Service
2025	1.00%	\$ 23,043	\$ 523	\$ 105	\$ 23,671
2026	1.00%	23,274	292	58	23,624
2027	1.00%	11,724	59	12	11,795
Totals		<u>\$ 58,041</u>	<u>\$ 874</u>	<u>\$ 175</u>	<u>\$ 59,090</u>

*Kentucky Infrastructure Authority Loan F07-05*

In June 2009, the City entered into an agreement with the Kentucky Infrastructure Authority (KIA) for the improvement of the sewer lines on Douglas James Drive. The full amount of allowable funds is \$186,073 at an interest rate of 1.0%, maturing in December 2028. As of December 31, 2010, all funds had been received. This note will be repaid over a period of 20 years, with payments due on the first of both December and June of each year. The note will be repaid with funds collected from residents of Douglas James Drive. These funds will be collected by the Sanitation District Number 1 of Northern Kentucky as an additional surcharge on owners' quarterly sewer sanitation bills and remitted to the City quarterly.

The Kentucky Infrastructure Authority Loan F07-05 is scheduled to mature as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Fees Amount	Total Debt Service
2025	1.00%	\$ 9,861	\$ 427	\$ 85	\$ 10,373
2026	1.00%	9,960	328	67	10,355
2027	1.00%	10,059	228	46	10,333
2028	1.00%	10,161	127	25	10,313
2029	1.00%	5,121	26	5	5,152
Totals		<u>\$ 45,162</u>	<u>\$ 1,136</u>	<u>\$ 228</u>	<u>\$ 46,526</u>

***Financed Purchases From Direct Borrowings***

In September 2020, the City entered into an agreement for the purchase of land. The agreement charges interest at 2.12% and expires in October 2030. At the conclusion of the financed purchase, ownership passes to the City.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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The financed purchase is scheduled to mature as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2025	2.12%	\$ 25,501	\$ 3,379	\$ 28,880
2026	2.12%	26,047	2,833	28,880
2027	2.12%	26,604	2,275	28,879
2028	2.12%	27,174	1,706	28,880
2029	2.12%	27,756	1,124	28,880
2030-2031	2.12%	37,934	572	38,506
Totals		<u>\$ 171,016</u>	<u>\$ 11,889</u>	<u>\$ 182,905</u>

In October 2020, the City entered into an agreement for the purchase of police department equipment. The agreement charges interest at 0.00% and expires in October 2024. At the conclusion of the financed purchase ownership passes to the City.

The financed purchase is scheduled to mature as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2025	0.00%	\$ 14,148	\$ -	\$ 14,148
Totals		<u>\$ 14,148</u>	<u>\$ -</u>	<u>\$ 14,148</u>

In February 2023, the City entered into three agreements for the purchase of police department vehicles. The agreements charge interest at 7.81% and expire in February 2025. At the conclusion of the financed purchases ownership passes to the City.

The financed purchase is scheduled to mature as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2025	7.81%	\$ 44,322	\$ 3,462	\$ 47,784
Totals		<u>\$ 44,322</u>	<u>\$ 3,462</u>	<u>\$ 47,784</u>

The following is a summary of the City's long-term liability transactions for the year ended June 30, 2024:

Debt Instrument	Balance at June 30, 2023	Additions	Retirements	Balance at June 30, 2024
KIA Loan F05-03	\$ 80,855	\$ -	\$ (22,814)	\$ 58,041
KIA Loan F07-05	54,925	-	(9,763)	45,162
BB&T - 8822 Constable	195,982	-	(24,966)	171,016
Body Cams	28,296	-	(14,148)	14,148
Huntington 302	85,431	-	(41,109)	44,322
Subtotal	<u>445,489</u>	<u>\$ -</u>	<u>\$ (112,800)</u>	<u>332,689</u>
Less: current portion of long-term debt	<u>(112,800)</u>			<u>(116,875)</u>
Total Long-Term Indebtedness	<u>\$ 332,689</u>			<u>\$ 215,814</u>

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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## NOTE 6 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

Governmental fund balances as of June 30, 2024, consist of the following:

	General Fund	Minor Funds	Total
Non-spendable	\$ 1,940	\$ -	\$ 1,940
Restricted	113,190	181,939	295,129
Assigned	113,996	-	113,996
Unassigned	13,722,890	-	13,722,890
Total Fund Balance	<u>\$ 13,952,016</u>	<u>\$ 181,939</u>	<u>\$ 14,133,955</u>

## NOTE 7 – COUNTY EMPLOYEES' RETIREMENT SYSTEM

*Plan description* – City employees are covered by CERS (County Employees' Retirement System), a cost-sharing multiple-employer defined benefit pension and health insurance (Other Post-Employment Benefits; OPEB) plan administered by the Kentucky Public Pension Authority, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statue ("KRS") Section 61.645, the Board of Trustees of the Kentucky Public Pension Authority administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Public Pension Authority issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

The Plan is divided into both a **Pension Plan** and **Health Insurance Fund Plan** (Other Post-Employment Benefits; OPEB) and each Plan is further sub-divided based on **Non-Hazardous** duty and **Hazardous** duty covered-employee classifications. The City has both *Non-Hazardous* and *Hazardous Duty* employees.

Membership in CERS consisted of the following at June 30, 2023:

	Non-Hazardous		Hazardous	
	Pension	OPEB	Pension	OPEB
Active Plan Members	77,849	76,946	9,184	9,109
Inactive Plan Members	105,707	28,719	4,100	883
Retired Members	68,889	37,584	11,231	7,655
	<u>252,445</u>	<u>143,249</u>	<u>24,515</u>	<u>17,647</u>
Number of participating employers		<u>1,141</u>		<u>260</u>

## PENSION PLAN

### Non-Hazardous Pension Plan Description

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to non-hazardous plan employees and beneficiaries. Employees are vested in the plan after five years of service. For retirement purposes, employees are grouped into three tiers, based on hire date:



<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

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

*Contributions* – Required pension contributions by the employee are based on the tier:

	Required Contribution
Tier 1	5%
Tier 2	5%
Tier 3	5%

### **Hazardous Pension Plan Description**

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

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

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	At least one month of hazardous duty service credit and 55 years old, or any age with 20 years of service.
	Reduced retirement	15 years service and 50 years old
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years of hazardous duty service credit and 60 years old or any age with 25 years of service.
	Reduced retirement	15 years service and 50 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years of hazardous duty service credit and 60 years old or 25 or more years of service, with no age requirement
	Reduced retirement	Not available

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

*Contributions* – Required pension contributions by the employee are based on the tier:

	Required Contribution
Tier 1	8%
Tier 2	8%
Tier 3	8%

### Contributions

For non-hazardous duty employees, the City contributed 23.34% of covered-employee's compensation, of which 23.34% was for the pension fund and 0.00% was for the health insurance fund.

For hazardous duty employees, the City contributed 43.69% of covered-employee's compensation, of which 41.11% was for the pension fund and 2.58% was for the health insurance fund.

The City made all required contributions for the non-hazardous plan pension obligation for the fiscal year in the amount of \$197,686, of which \$197,686 was for the pension fund and \$0 was for the health insurance fund.

The City made all required contributions for the hazardous plan pension obligation for the fiscal year in the amount of \$402,034, of which \$378,293 was for the pension fund and \$23,741 was for the health insurance fund.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At June 30, 2024, the City reported a liability of \$4,530,005 (\$1,357,027 for the non-hazardous plan and \$3,172,978 for the hazardous plan) as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At the June 30, 2023 measurement year, the City's non-hazardous employer allocation proportion was 0.0212% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.118% of the total CERS hazardous duty employees. For the year ended June 30, 2024, the City recognized pension benefit of \$643,107 in addition to its \$575,979 pension contribution.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 70,251	\$ (3,687)	\$ 145,056	\$ -	\$ 215,307	\$ (3,687)
Net difference between projected actual earnings on plan investments	-	(18,511)	-	(31,831)	-	(50,342)
Changes of assump.	-	(124,372)	-	(247,801)	-	(372,173)
Changes in proportion, differences between contributions and proportionate share of contributions	-	(257,092)	10,354	(799,605)	10,354	(1,056,697)
Contributions subsequent to the measurement date	197,686	-	378,293	-	575,979	-
	<u>\$ 267,937</u>	<u>\$ (403,662)</u>	<u>\$ 533,703</u>	<u>\$ (1,079,237)</u>	<u>\$ 801,640</u>	<u>\$ (1,482,899)</u>

The City's contributions subsequent to the measurement date of \$575,979 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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Measurement Year Ending June 30,	Net Deferral
2024	\$ (505,334)
2025	(481,291)
2026	(174,019)
2027	(96,596)
2028	-
Thereafter	-
	<u>\$ (1,257,240)</u>

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

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

### Changes of Assumptions

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023 and include a change in the investment return assumption from 6.25% to 6.50%. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022." The Total Pension Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore reflected no fiscal impact to the total pension liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plans. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the non-hazardous plans is determined using these updated benefits provisions.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022. It is GRS's opinion that these procedures for determining the information

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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contained in this report are reasonable, appropriate, and comply with applicable requirements under GASB No. 68.

The actuarial assumptions are:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous and Hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Non-hazardous 3.55% to 19.05%, varies by service for CERS Hazardous
Investment Rate of Return	6.50% for CERS Non-hazardous and Hazardous

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-hazardous 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 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

#### Discount Rate

The projection of cash flows used to determine the discount rate of 6.50% for CERS non-hazardous and hazardous systems assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362, (passed in 2018) over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability.

#### Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions for Fiscal Year 2023

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2023:

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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Salary Increases	3.30% to 10.30%, varies by service for Non-Hazardous 3.55% to 19.05%, varies by service for Hazardous
Investment Rate of Return	6.25%
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

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.

### Plan Target Allocation

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

Asset Class	CERS Pensions Non-Hazardous and Hazardous Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit / high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	Proportionate Share of Net Pension Liability		
	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Non-hazardous	\$ 1,713,329	\$ 1,357,027	\$ 1,060,927
Hazardous	4,006,642	3,172,978	2,492,064
Total	\$ 5,719,971	\$ 4,530,005	\$ 3,552,991

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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## **HEALTH INSURANCE – OTHER POST-EMPLOYMENT BENEFITS**

### **Non-Hazardous OPEB Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to non-hazardous duty Plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member	< 4 years service - 0%
	premium paid by the plan	4-9 years service - 25%
		10-14 years service - 50%
		15-19 years service - 75%
		20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$12.99 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2016, the contribution was \$12.99 per month.

*Contributions* – Required health insurance Plan contributions by the employee are based on the tier:

	Required Contribution
Tier 1	None
Tier 2	1%
Tier 3	1%

### **Hazardous OPEB Plan Description**

*Benefits Provided* – CERS provides retirement, health insurance, death and disability benefits to hazardous duty Plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$20.07 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	\$15/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was \$20.07 per month.

*Contributions* – Required health insurance Plan contributions by the employee are based on the tier:

	Required Contribution
Tier 1	None
Tier 2	1%
Tier 3	1%

## Contributions

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KPPA Trustees.

For non-hazardous employees, the City contributed 0.00% of covered employees' compensation for the health insurance fund.

For hazardous duty employees, the City contributed 2.58% of covered employees' compensation for the health insurance fund.

The City made all required contributions for the non-hazardous plan OPEB obligation for the fiscal year in the amount of \$0.

The City made all required contributions for the hazardous plan OPEB obligation for the fiscal year in the amount of \$23,741.



<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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These contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, the City recognized OPEB benefit of \$234,246 in addition to its \$23,741 OPEB contribution.

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

At June 30, 2024, the City reported a liability of \$131,726 as its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB Plan relative to the projected contributions of all governmental entities, actuarially determined. At the June 30, 2023 measurement year, the City's non-hazardous employer allocation proportion was 0.0.212% of the total CERS non-hazardous duty employees and the hazardous employer allocation proportion was 0.118% of the total CERS hazardous duty employees.

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous		Hazardous		Total	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 20,356	\$ (414,587)	\$ 14,555	\$ (663,443)	\$ 34,911	\$ (1,078,030)
Net difference between projected actual earnings on plan investments	-	(6,776)	-	(22,162)	-	(28,938)
Changes of assump.	57,460	(40,044)	109,880	(167,756)	167,340	(207,800)
Changes in proportion, differences between contributions and proportionate share of contributions	10,083	(105,417)	10,597	(282,573)	20,680	(387,990)
Contributions subsequent to the measurement date	-	-	23,741	-	23,741	-
	<u>\$ 87,899</u>	<u>\$ (566,824)</u>	<u>\$ 158,773</u>	<u>\$ (1,135,934)</u>	<u>\$ 246,672</u>	<u>\$ (1,702,758)</u>

The City's contributions subsequent to the measurement date of \$23,741 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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Measurement Year Ending June 30,	Net Deferral
2024	\$ (320,973)
2025	(371,590)
2026	(306,365)
2027	(327,663)
2028	(153,236)
Thereafter	-
	<u>\$ (1,479,827)</u>

### Actuarial Methods and Assumptions to Determine the Net OPEB Liability

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using the generally accepted actuarial principles.

The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2023:

Inflation	2.50%
Payroll Growth Rate	2.0% for CERS Non-hazardous and Hazardous
Salary Increase	3.30% to 10.30%, varies by service for CERS Non-hazardous 3.55% to 19.05%, varies by service for CERS Hazardous
Investment Rate of Return	6.50%
Health Care Trend Rates	
Pre-65	Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 8.50% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Post-retirement (nondisabled)	System-specific mortality table based on mortality experience from 2013-2022 projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year 2010.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability within each plan

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
--

changed since the prior year. Additional information regarding the single discount rates is provided below. The Total OPEB Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis in any nonhazardous position. GRS believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, GRS assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023, for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total OPEB liability since June 30, 2022. It is GRS's opinion that these procedures are reasonable and appropriate and comply with applicable requirements under GASB Statement No. 75.

**Actuarial Methods and Assumptions used to determine the Actuarial Determined Contribution for Fiscal Year 2023**

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the fiscal year ending June 30, 2023:

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years closed period at June 30, 2019; gains and losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for Non-hazardous 3.55% to 19.05%, varies by service for Hazardous

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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Investment Rate of Return 6.25%

Healthcare Trend Rates

Pre - 65

Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were included into the liability measurement.

Post - 65

Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were included into the liability measurement.

Mortality

Pre-retirement

PUB-2010 General Mortality table, for the Non-hazardous Systems, and the PUB2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

Post-retirement (non- disabled)

System-specific mortality table based on mortality experience 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

Post-retirement (disabled)

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 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 209 passed during the 2022 legislative session and increased the insurance 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 a 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 on 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, 2023, is determined using these updated benefit provisions. There were no other material plan provision changes.

### Changes of Assumptions

The discount rates used to calculate the total OPEB liability increased from 5.70% to 5.93%. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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### Discount Rate

Single discount rates of 5.93% for CERS non-hazardous and 5.97% for CERS hazardous were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the 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 plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

### Plan Target Allocation

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

Asset Class	CERS Pensions Non-Hazardous and Hazardous	
	Target Allocation	Long Term Expected Nominal Return
Public equity	50.00%	5.90%
Private equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit /high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected Real Return	100.00%	5.75%
Long-Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

### Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.93% for the Non-hazardous plan and the 5.97% for the hazardous plan, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount Rate, Non-Hazardous	4.93%	5.93%	6.93%
Net OPEB liability, Non-Haz	\$ 54,794	\$ (29,198)	\$ (99,532)
Discount Rate, Hazardous	4.97%	5.97%	6.97%
Net OPEB liability, Haz	\$ 406,980	\$ 160,924	\$ (44,106)
Total	\$ 461,774	\$ 131,726	\$ (143,638)

### Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Healthcare cost trend rate			
Net OPEB liability, Non-hazardous	\$ (93,586)	\$ (29,198)	\$ 49,896
Net OPEB liability, Hazardous	1,834	160,924	353,059
Total	\$ (91,752)	\$ 131,726	\$ 402,955

### Plan Fiduciary Net Position

Both the Pension Plan and the Health Insurance Plan issue publicly available financial report that include financial statements and required supplementary information, and detailed information about each Plan's fiduciary net position. These reports may be obtained, in writing, from the Kentucky Public Pension Authority, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601 or online at [www.kyret.ky.gov](http://www.kyret.ky.gov).

### NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through a commercial insurance company. In addition, the City has effectively managed risk through various employee education and prevention programs through the efforts and cooperation of its risk manager and department heads. All general liability risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonable estimated.

Management estimates that the amount of actual or potential claims against the City as of June 30, 2024 will not materially affect the financial condition of the City. Therefore, the general fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

### NOTE 9 – CONTINGENT LIABILITIES

The City is, from time to time, a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>NOTES TO THE FINANCIAL STATEMENTS</b> <b>Year Ended June 30, 2024</b>
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**NOTE 10 – CLAIMS AND JUDGEMENTS**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal or state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE 11 – STATE AND LOCAL FISCAL RECOVERY FUNDS**

In response to the COVID-19 Global Pandemic, the City has qualified and was approved for \$2,559,751 in funding from the American Rescue Plan Act. This funding has been designated to help city governments respond to the pandemic and its negative economic impacts. The City has received these funds and recognized \$639,938 as income during the year ended June 30, 2024. The remaining \$639,938 is Unearned Revenue at June 30, 2024.

**NOTE 12 – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS**

Statement No. 99 – *Omnibus 2020*, Para. 4-10 – This standard has no significant impact on the City.

Statement No. 100 – *Accounting Changes and Error Corrections* – This standard has no significant impact on the City.

Statement No. 101 – *Compensated Absences* – This standard has no significant impact on the City.

**NOTE 13 – FUTURE ACCOUNTING STANDARDS**

Statement No. 102 – *Certain Risk Disclosures* – Implementation in FY 2025

Statement No. 103 – *Financial Reporting Model Improvements* – Implementation in FY 2026

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated events through December 5, 2024, the date on which the financial statements were available for issue. The City had no events, subsequent to June 30, 2024 through December 5, 2024 to disclose.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF ALEXANDRIA, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Budgetary fund balance, July 1</b>	\$ 7,658,655	\$ 7,658,655	\$ 10,810,193	\$ 3,151,538
<b>Resources (inflows):</b>				
Taxes	5,546,075	5,549,425	6,819,207	1,269,782
Licenses and permits	7,650	7,650	12,796	5,146
Fines and forfeitures	12,650	12,650	10,486	(2,164)
Other revenue	93,000	124,000	136,811	12,811
Investment income	11,600	11,600	699,777	688,177
Intergovernmental	157,750	156,800	755,150	598,350
Charges for services	855,125	855,625	888,348	32,723
<b>Amounts Available for Appropriation</b>	<b>14,342,505</b>	<b>14,376,405</b>	<b>20,132,768</b>	<b>5,756,363</b>
<b>Charges to Appropriations (outflows):</b>				
General government	1,101,350	1,206,275	1,123,989	82,286
Police	2,352,425	2,598,600	2,452,320	146,280
Public works	2,033,550	2,094,950	1,169,855	925,095
Other city expense	849,000	854,000	913,066	(59,066)
Community center	162,075	84,625	53,425	31,200
Parks and recreation	15,720	67,300	125,586	(58,286)
Planning & Zoning	16,000	20,000	-	20,000
Capital outlay	272,500	297,500	342,511	(45,011)
<b>Total Charges to Appropriations:</b>	<b>6,802,620</b>	<b>7,223,250</b>	<b>6,180,752</b>	<b>1,042,498</b>
Proceeds from financed purchase	-	-	-	-
Transfer from other fund	-	30,000	-	(30,000)
Transfer to other fund	-	-	-	-
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,539,885</b>	<b>\$ 7,183,155</b>	<b>\$ 13,952,016</b>	<b>\$ 4,683,865</b>

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

**CITY OF ALEXANDRIA, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN DISCLOSURE - NON-HAZARDOUS**  
**Last Ten Fiscal Years**

**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability	0.02115%	0.02593%	0.02753%	0.02803%	0.02745%	0.02527%	0.02393%	0.02110%	0.02274%	0.02274%
Proportionate share of the net pension liability (asset)	\$ 1,357,027	\$ 1,874,556	\$ 1,755,190	\$ 2,149,801	\$ 1,930,360	\$ 1,538,959	\$ 1,400,638	\$ 1,038,734	\$ 997,060	\$ 737,836
Covered payroll in year of measurement	\$ 655,983	\$ 720,380	\$ 703,165	\$ 707,822	\$ 692,118	\$ 640,149	\$ 585,582	\$ 537,679	\$ 541,546	\$ 527,356
Share of the net pension liability (asset) as a percentage of its covered payroll	206.87%	260.22%	249.61%	303.72%	278.91%	240.41%	239.19%	193.19%	184.11%	139.91%
Plan fiduciary net position as a percentage of total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

**Schedule of the City's Contributions**  
**County Employees' Retirement System (CERS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 197,686	\$ 153,510	\$ 152,504	\$ 135,710	\$ 136,610	\$ 112,262	\$ 92,693	\$ 81,549	\$ 66,780	\$ 69,047
Actual contribution	197,686	153,510	152,504	135,710	136,610	112,262	92,693	81,549	66,780	69,047
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 846,985	\$ 655,983	\$ 720,380	\$ 703,165	\$ 707,822	\$ 692,118	\$ 640,149	\$ 585,582	\$ 537,679	\$ 541,546
Contributions as a percentage of employee payroll	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.93%	12.42%	12.75%

**Notes to Required Supplementary Information**  
**for the Year Ended June 30, 2024**

The net pension liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE 7 in the Notes to the Financial Statements.

**CITY OF ALEXANDRIA, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN DISCLOSURE - HAZARDOUS**  
**Last Ten Fiscal Years**

**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability	0.117694%	0.148446%	0.151075%	0.160908%	0.156562%	0.167252%	0.163189%	0.162268%	0.165202%	0.165202%
Proportionate share of the net pension liability (asset)	\$ 3,172,978	\$ 4,529,766	\$ 4,021,857	\$ 4,851,422	\$ 4,324,705	\$ 4,044,918	\$ 3,650,992	\$ 2,784,417	\$ 2,238,031	\$ 1,985,439
Covered payroll in year of measurement	\$ 834,257	\$ 960,887	\$ 910,132	\$ 754,130	\$ 896,380	\$ 926,944	\$ 900,663	\$ 857,341	\$ 787,380	\$ 789,460
Share of the net pension liability (asset) as a percentage of its covered payroll	380.34%	471.42%	441.90%	643.31%	482.46%	436.37%	405.37%	324.77%	284.24%	251.49%
Plan fiduciary net position as a percentage of total pension liability	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.80%	57.52%	53.95%	63.46%

**Schedule of the City's Contributions**  
**County Employees' Retirement System (CERS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 378,293	\$ 357,145	\$ 325,356	\$ 273,586	\$ 273,088	\$ 233,732	\$ 205,782	\$ 195,534	\$ 173,697	\$ 163,224
Actual contribution	378,293	357,145	325,356	273,586	273,088	233,732	205,782	195,534	173,697	163,224
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 920,198	\$ 834,257	\$ 960,887	\$ 910,132	\$ 754,130	\$ 896,380	\$ 926,944	\$ 900,663	\$ 857,341	\$ 787,380
Contributions as a percentage of covered payroll	41.11%	42.81%	33.86%	30.06%	36.21%	26.08%	22.20%	21.71%	20.26%	20.73%

**Notes to Required Supplementary Information**  
**for the Year Ended June 30, 2024**

The net pension liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation.. The changes to the elements of the pension expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE 7 in the Notes to the Financial Statements.

**CITY OF ALEXANDRIA, KENTUCKY****MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN DISCLOSURE - NON-HAZARDOUS****Last Ten Fiscal Years**

**Schedule of the City's Proportionate Share of the Net OPEB Liability  
County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net OPEB liability	0.02115%	0.02593%	0.02752%	0.02808%	0.02752%	0.02527%				
Proportionate share of the net OPEB liability (asset)	\$ (29,198)	\$ 511,653	\$ 526,914	\$ 678,071	\$ 462,840	\$ 448,628				
Covered payroll in year of measurement	\$ 655,983	\$ 720,380	\$ 703,165	\$ 707,822	\$ 692,118	\$ 640,149				
Share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.45%	71.03%	74.93%	95.80%	66.87%	70.08%				
Plan fiduciary net position as a percentage of total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%				

**Schedule of the City's Contributions  
County Employees' Retirement System (CERS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ -	\$ 22,239	\$ 41,638	\$ 33,471	\$ 33,692	\$ 36,406	\$ 30,087			
Actual contribution	-	22,239	41,638	33,471	33,692	36,406	30,087			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered payroll	\$ 846,985	\$ 655,983	\$ 720,380	\$ 703,165	\$ 707,822	\$ 692,118	\$ 640,149			
Contributions as a percentage of covered payroll	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%			

**Notes to Required Supplementary Information  
for the Year Ended June 30, 2024**

The net OPEB liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation.. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE 7 in the Notes to the Financial Statements.

**CITY OF ALEXANDRIA, KENTUCKY**  
**MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN DISCLOSURE - HAZARDOUS**  
**Last Ten Fiscal Years**

**Schedule of the City's Proportionate Share of the Net OPEB Liability**  
**County Employees' Retirement System (CERS)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net OPEB liability	0.117615%	0.148510%	0.151075%	0.161737%	0.156531%	0.167252%	0.163189%			
Proportionate share of the net OPEB liability (asset)	\$ 160,924	\$ 1,264,987	\$ 1,221,531	\$ 1,494,620	\$ 1,158,110	\$ 1,192,646	\$ 1,349,037			
Covered payroll in year of measurement	\$ 834,257	\$ 960,887	\$ 910,132	\$ 754,130	\$ 896,380	\$ 926,944	\$ 900,663			
Share of the net OPEB liability (asset) as a percentage of its covered payroll	19.29%	131.65%	134.21%	198.19%	129.20%	128.66%	149.78%			
Plan fiduciary net position as a percentage of total liability	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	58.99%			

**Schedule of the City's Contributions**  
**County Employees' Retirement System (CERS)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 23,741	\$ 56,563	\$ 100,605	\$ 86,644	\$ 86,488	\$ 98,438	\$ 86,669			
Actual contribution	23,741	56,563	100,605	86,644	86,488	98,438	86,669			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered payroll	\$ 920,198	\$ 834,257	\$ 960,887	\$ 910,132	\$ 754,130	\$ 896,380	\$ 926,944			
Contributions as a percentage of covered payroll	2.58%	6.78%	10.47%	9.52%	11.47%	10.98%	9.35%			

**Notes to Required Supplementary Information**  
**for the Year Ended June 30, 2024**

The net OPEB liability as of June 30, 2024, is based on the June 30, 2023, actuarial valuation.. The changes to the elements of the OPEB expense, i.e. the difference between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, and the changes in proportion and differences between City's contributions and proportionate share of contributions are detailed in NOTE 7 in the Notes to the Financial Statements.

## **SUPPLEMENTARY INFORMATION**

**CITY OF ALEXANDRIA, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**MUNICIPAL ROAD AID FUND**  
**For the Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Budgetary fund balance, July 1</b>	\$ 76,695	\$ 76,695	\$ 85,911	\$ 9,216
<b>Resources (inflows):</b>				
Investment income	-	-	3,980	3,980
Intergovernmental	182,000	178,000	198,727	20,727
Interfund transfers	-	-	-	-
<b>Amounts Available for Appropriation</b>	<u>258,695</u>	<u>254,695</u>	<u>288,618</u>	<u>33,923</u>
<b>Charges to Appropriations (outflows):</b>				
Public works	182,000	178,000	189,137	(11,137)
Interfund transfers	-	-	-	-
<b>Total Charges to Appropriations:</b>	<u>182,000</u>	<u>178,000</u>	<u>189,137</u>	<u>(11,137)</u>
<b>Budgetary Fund Balance, June 30</b>	<u>\$ 76,695</u>	<u>\$ 76,695</u>	<u>\$ 99,481</u>	<u>\$ 22,786</u>

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

**CITY OF ALEXANDRIA, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**SEWER FUND**  
**For the Year Ended June 30, 2024**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Budgetary fund balance, July 1</b>	\$ 75,769	\$ 75,769	\$ 74,639	\$ (1,130)
<b>Resources (inflows):</b>				
Investment income	25	25	7,627	7,602
Assessment revenue	31,050	31,050	31,951	901
Interfund transfers	-	-	-	-
<b>Amounts Available for Appropriation</b>	<u>106,844</u>	<u>106,844</u>	<u>114,217</u>	<u>7,373</u>
<b>Charges to Appropriations (outflows):</b>				
Miscellaneous	260	260	255	5
Debt service				
Principal	32,580	32,580	32,577	3
Interest	1,277	1,277	1,277	-
Interfund transfers	-	-	-	-
<b>Total Charges to Appropriations:</b>	<u>34,117</u>	<u>34,117</u>	<u>34,109</u>	<u>8</u>
<b>Budgetary Fund Balance, June 30</b>	<u>\$ 72,727</u>	<u>\$ 72,727</u>	<u>\$ 80,108</u>	<u>\$ 7,381</u>

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



<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS</b> <b>June 30, 2024</b>
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	<b>Municipal Road Aid Fund</b>	<b>ARC Fund</b>	<b>Sewer Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 61,305	\$ 2,203	\$ 80,108	\$ 143,616
Other receivable	38,176	-	99,794	137,970
Due from other funds	-	147	-	147
<b>Total Assets</b>	<u>\$ 99,481</u>	<u>\$ 2,350</u>	<u>\$ 179,902</u>	<u>\$ 281,733</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	99,794	99,794
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>99,794</u>	<u>99,794</u>
<b>Fund Balances</b>				
Restricted	99,481	2,350	80,108	181,939
Committed	-	-	-	-
Assigned	-	-	-	-
<b>Total Fund Balances</b>	<u>99,481</u>	<u>2,350</u>	<u>80,108</u>	<u>181,939</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 99,481</u>	<u>\$ 2,350</u>	<u>\$ 179,902</u>	<u>\$ 281,733</u>

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

<b>CITY OF ALEXANDRIA, KENTUCKY</b> <b>COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN</b> <b>FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS</b> <b>For the Year Ended June 30, 2024</b>
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	Municipal Road Aid Fund	ARC Fund	Sewer Fund	Total Non-Major Governmental Funds
<b>Revenues</b>				
Other revenue	\$ -	\$ 217	\$ -	\$ 217
Investment income	3,980	123	7,627	11,730
Intergovernmental	198,727	-	-	198,727
Charges for services	-	-	31,951	31,951
<b>Total Revenues</b>	<u>202,707</u>	<u>340</u>	<u>39,578</u>	<u>242,625</u>
<b>Expenditures</b>				
Police	-	726	-	726
Public works	189,137	-	-	189,137
Miscellaneous	-	-	255	255
Debt service				
Principal	-	-	32,577	32,577
Interest	-	-	1,277	1,277
<b>Total Expenditures</b>	<u>189,137</u>	<u>726</u>	<u>34,109</u>	<u>223,972</u>
<b>Excess (Deficit) of Revenues Over (Under) Expenditures Before Other Sources</b>	<u>13,570</u>	<u>(386)</u>	<u>5,469</u>	<u>18,653</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficit) of Revenues Over (Under) Expenditures</b>	<u>13,570</u>	<u>(386)</u>	<u>5,469</u>	<u>18,653</u>
<b>Fund Balances, Beginning of Year</b>	<u>85,911</u>	<u>2,736</u>	<u>74,639</u>	<u>163,286</u>
<b>Fund Balances, End of Year</b>	<u>\$ 99,481</u>	<u>\$ 2,350</u>	<u>\$ 80,108</u>	<u>\$ 181,939</u>

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

## **REQUIRED REGULATORY SECTION**

**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 and  
Members of Council  
City of Alexandria, 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 and each major fund of the City of Alexandria, Kentucky as of June 30, 2024 and the related notes to the financial statements which collectively comprise the City of Alexandria, Kentucky's financial statements, and have issued our report thereon dated December 5, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered City of Alexandria, Kentucky's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Alexandria, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Alexandria, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Alexandria, 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 audits, 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.

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen & Co., Inc.**

Erlanger, Kentucky

December 5, 2024