

THE CITY OF  
**BARDSTOWN**  
BOURBON CAPITAL OF THE WORLD™



**RECEIVED**

**DEC 01 2025**

**PUBLIC SERVICE  
COMMISSION**

December 1, 2025

Hon. Linda C. Bridwell, Executive Director  
Kentucky Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

RE: Wholesale Water Rate Increase  
Seller: City of Bardstown  
Purchaser: Larue County #1 Water District

Dear Ms. Bridwell:

Please find the enclosed for filing documents related to a proposed wholesale water rate increase by the City of Bardstown to its wholesale customer Larue County Water District #1. After meeting with Larue County Water District's General Maganger a member of the Commissioner, the Board of Commissioners voted to approve the increase provided that Ms. Heather Temple of Honaker Law Office could review the cost of service study and confirm the data is consistent with the proposed rate. The City and its Consultant did so and Larue agreed that the \$3.81 rate will not be contested. The increase will be effective January 1, 2026 for February billing. The new rate was determined by cost of service calculations performed by Salt River Engineering. The enclosed document reflects the new rate schedule.

The following documents relating to the City of Bardstown's wholesale rate increase are enclosed for filing:

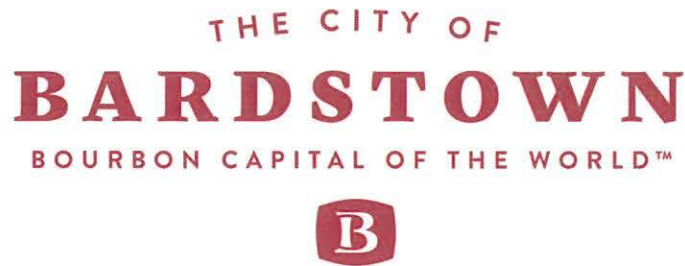
1. Revised tariff sheet
2. Customer notice which was delivered to LCWD#1 earlier today

Thank you for your assistance with this matter.

Sincerely:

Jessica Filiatreau, P.E.  
City Civil Engineer

Enclosures



November 24, 2025

Attn: Mr. Tim Bartley  
General Manager  
Larue County Water District  
421 Strange Road  
Hodgenville, KY 42748

RE: BARDSTOWN WATER RATE INCREASE- NOTICE & TARIFF SHEET

Mr. Bartley,

On November 20<sup>th</sup>, 2025, Connie Allen, PE with Salt River Engineering and I met with the District's legal councilor, Heather Temple. We walked through the cost of service study and showed how the rate for Larue County Water District was arrived at. Please find the attached Notice of the proposed wholesale water rate increase. Also included is a copy of the Tariff Sheet Filed with the Public Service Commission. Bardstown appreciates your cooperation and business.

If you have any questions or comments, please feel free to contact me.

Sincerely,

Jessica Filiatreau, PE  
City Civil Engineer

Enclosure

## WHOLESALE CUSTOMER NOTICE

The City of Bardstown is providing notice that it plans to file a tariff with the Public Service Commission, on or before November 26, 2025, to increase its wholesale water rate to the Larue County Water District No. 1.

The Current Rate is \$2.72 per thousand gallons and was last raised in 2023. A new rate is proposed to be implemented and become effective for water service rendered on and after January 1, 2026 with a new rate per 1,000 gallons:

<b>Effective Date</b>	<b>New Rate</b>	<b>Previous Rate</b>	<b>\$ Difference</b>	<b>% Difference</b>
January 1 <sup>st</sup> 2026	\$3.81	\$2.72	\$1.09	40.07%

Larue County Water District purchased an average of 6,774,292 gallons of water during the previous 12 months with an average bill of \$18,426.07. Under the proposed rate, Larue County Water District's average monthly bill will be \$25,810.05. This is an increase of \$7,383.98 per month.

Water flowing through the meter(s) before the effective date will be charged at the previous rate while water flowing through the meter(s) on and after the new effective date will be charged at the new rate(s).

This filing may be examined at the utility's office inside Bardstown City Hall located at 220 North Fifth Street, Bardstown, Kentucky; Monday – Friday from 8:00 am - 4:30 pm.

This filing may also be examined at the offices of the Public Service Commission located at 211 Sower Boulevard in Frankfort, Kentucky, Monday – Friday from 8:00 am – 4:30 pm, or on the Public Service Commission's website at <http://psc.ky.gov>.

Comments regarding this filing may be submitted by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602; or through its website at <http://psc.ky.gov>.

While the proposed rates are the rates proposed by the City of Bardstown Water, the Public Service Commission may order rates that differ from these proposed rates.

Intervention may be requested by submitting a timely written request for intervention by mail to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. The request for intervention must establish the grounds for the request including the status and interest of the party.

If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the providing of this notice, the Public Service Commission may take final action on the filing.



AREA Bardstown, Kentucky

PSC KY NO. 1

Second Revised SHEET NO. 1

City of Bardstown, Bardstown Water Department  
(NAME OF UTILITY)

CANCELLING PSC KY NO. 1

First Revised SHEET NO. 1

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RATES AND CHARGES

MONTHLY WHOLESALE WATER RATE:

Larue County Water District #1

	<u>Effective Date</u>	<u>Rate Per 1,000 Gallons</u>	
All usage	January 1 <sup>st</sup> 2026	\$3.81	(T) (T)(I)

(D)

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DATE OF ISSUE November 24, 2025  
MONTH / DATE / YEAR

DATE EFFECTIVE January, 1, 2026  
MONTH / DATE / YEAR

ISSUED BY   
SIGNATURE OF OFFICER

TITLE City Administrative Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

AREA Bardstown, Kentucky

PSC KY NO. 1

Second Revised SHEET NO. 1

City of Bardstown, Bardstown Water Department  
(NAME OF UTILITY)

CANCELLING PSC KY NO. 1

First Revised SHEET NO. 1

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RATES AND CHARGES

MONTHLY WHOLESALE WATER RATE:

Larue County Water District #1

	<u>Effective Date</u>	<u>Rate Per 1,000 Gallons</u>	
All usage	January 1 <sup>st</sup> 2026	\$3.81	(T) (T)(I)

(D)

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DATE OF ISSUE November 24, 2025  
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ISSUED BY   
SIGNATURE OF OFFICER

TITLE City Administrative Officer

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

Bardstown Water Utility  
Cost of Service Rate Schedule - As Calculated and Before Adjustments

customer class	customer charge	volumetric rate	minimum bill at 2,000 gallons for 3/4-in meter		existing customer charge	existing volumetric rate	existing minimum bill	percent difference minimum bill
residential - owner	\$12.86	\$4.93	\$ 22.71		\$ 6.74	\$ 5.72	\$ 18.18	25%
residential - non-owner	\$12.86	\$6.34	\$ 25.53		\$ 15.19	\$ 5.72	\$ 26.63	-4%
commercial - owner	\$13.91	\$4.26	\$ 22.44		\$ 6.74	\$ 5.72	\$ 18.18	23%
commercial - non-owner	\$13.91	\$5.89	\$ 25.69		\$ 15.19	\$ 5.72	\$ 26.63	-4%
industrial	\$12.86	\$5.97	\$ 24.79		\$ 6.74	\$ 5.72	\$ 18.18	36%
city books	\$12.86	\$3.64	\$ 20.15			\$ 5.72	varies	
wholesale - Bloomfield	\$57.86	\$3.71	n/a		n/a	\$ 2.72	n/a	36%
wholesale - LCWD	\$57.86	\$3.91	n/a		n/a	\$ 2.72	n/a	44%

<sup>1</sup>The rate differential between inside city (owner) and outside city (non-owner) customers is created by assessing a 5% return on rate base. That revenue is above and beyond the revenue generated by the COS rates.

Bardstown Water Utility  
Cost of Service Rate Schedule - Adjusted

customer class	customer charge	volumetric rate	minimum bill at 2,000 gallons for 3/4-in meter		existing customer charge	existing volumetric rate	existing minimum bill	percent difference minimum bill
residential - owner	\$12.86	\$4.93	\$ 22.71		\$ 6.74	\$ 5.72	\$ 18.18	25%
residential - non-owner	\$12.86	\$6.34	\$ 26.88		\$ 15.19	\$ 5.72	\$ 26.63	1%
commercial - owner	\$13.91	\$4.26	\$ 22.44		\$ 6.74	\$ 5.72	\$ 18.18	23%
commercial - non-owner	\$13.91	\$5.89	\$ 26.63		\$ 15.19	\$ 5.72	\$ 26.63	0%
industrial	\$12.86	\$5.97	\$ 24.79		\$ 6.74	\$ 5.72	\$ 18.18	36%
city books	\$12.86	\$3.64	\$ 20.15			\$ 5.72	varies	
wholesale - Bloomfield	\$57.86	\$3.37	n/a		n/a	\$ 2.72	n/a	24%
wholesale - LCWD	\$57.86	\$3.37	n/a		n/a	\$ 2.72	n/a	24%

<sup>1</sup>The rate differential between inside city (owner) and outside city (non-owner) customers is created by assessing a 5% return on rate base. That revenue is above and beyond the revenue generated by the COS rates.

**CITY OF BARDSTOWN**  
**Bardstown, Kentucky**

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**FINANCIAL STATEMENTS**  
**June 30, 2023**



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## INDEPENDENT AUDITORS' REPORT

To the Mayor and the City Council  
City of Bardstown, Kentucky

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bardstown, Kentucky, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bardstown, Kentucky, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules and other post-employment benefits (OPEB) schedules on pages 4-11 and 45-53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2024, on our consideration of the City of Bardstown, 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 Bardstown, 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 the City of Bardstown, Kentucky's internal control over financial reporting and compliance.

**RFH**

RFH, PLLC  
Lexington, Kentucky  
January 11, 2024

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

The Management Discussion and Analysis of the financial performance of the City of Bardstown provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please review the MD&A in conjunction with the auditors' report and the City of Bardstown's Audited Financial Statements. Should anyone have questions or desire additional information, please contact Aaron Boles at [aboles@bardstowncable.net](mailto:aboles@bardstowncable.net).

**Financial Highlights**

As of June 30, 2023, the City's Net Position (assets minus liabilities) totaled \$100,288,328.

- Net Position includes Capital Assets, net of related debt, of \$92,264,318, \$747,134 in restricted resources (restricted for debt service and for specific projects by law, regulation, or contractual agreement), and unrestricted resources of \$7,276,876, of which \$6,397,533 is in the business-type activities while the governmental activities stands at \$879,343.
- City Liabilities on June 30, 2023 totaled \$50,390,444, of which \$42,234,911 is long term and \$8,155,533 is current. Liabilities include all Kentucky Infrastructure Authority (KIA) loans, accounts payable, and the City's Net Pension/OPEB liability.
- The City paid \$708,847 of principal and \$321,055 of interest on the 7 KIA loans it has received for major water and sewer projects, leaving a year-end balance of approximately \$13,064,575 on the existing 20-year loans. After construction and material delays, the newest KIA loan providing additional capacity at three separate sewer pump stations is set to finalize in early FY24, however its balance is included in the total above. During the course of FY23 the City pursued and was awarded a new KIA loan to assist in the construction of our East Bardstown Water improvement project. A 20-year, 2.25% loan for \$4,445,000 was awarded for the construction of a 1.25M gallon water storage tank.



**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**TABLE 1:  
City of Bardstown  
Assets, Liabilities, and Net Position  
3-Year Review**

<b>Assets</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>Capital and Leased Assets</b>			
Governmental Activities	\$ 14,704,000	\$ 15,470,000	\$ 15,676,000
Business-type Activities	80,553,000	85,413,000	90,843,000
<b>Total Capital Assets</b>	<u>95,257,000</u>	<u>100,883,000</u>	<u>106,519,000</u>
<b>Current &amp; Other Assets</b>			
Governmental Activities	11,264,000	14,322,000	16,670,000
Business-type Activities	20,860,000	26,265,000	25,145,000
<b>Total Current &amp; Other Assets</b>	<u>32,124,000</u>	<u>40,587,000</u>	<u>41,815,000</u>
<b>Deferred Outflows of Resources</b>			
Governmental Activities	3,349,000	3,374,000	4,470,000
Business-type Activities	4,041,000	3,787,000	3,265,000
<b>Total Deferred Outflows of Resources</b>	<u>7,390,000</u>	<u>7,161,000</u>	<u>7,735,000</u>
<b>Total Assets and Deferred Outflows of Resources</b>			
Governmental Activities	29,317,000	33,166,000	36,816,000
Business-type Activities	105,454,000	115,465,000	119,253,000
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 134,771,000</u>	<u>\$ 148,631,000</u>	<u>\$ 156,069,000</u>
<b>Liabilities</b>			
<b>Current &amp; Other Liabilities</b>			
Governmental Activities	\$ 1,533,000	\$ 2,137,000	\$ 2,139,000
Business-type Activities	5,363,000	9,744,000	6,016,000
<b>Total Current &amp; Other Liabilities</b>	<u>6,896,000</u>	<u>11,881,000</u>	<u>8,155,000</u>
<b>Long-term Liabilities</b>			
Governmental Activities	15,711,000	14,640,000	15,620,000
Business-type Activities	26,758,000	25,502,000	26,615,000
<b>Total Long-term Liabilities</b>	<u>42,469,000</u>	<u>40,142,000</u>	<u>42,235,000</u>
<b>Deferred Inflows of Resources</b>			
Governmental Activities	1,227,000	2,881,000	2,732,000
Business-type Activities	1,714,000	3,492,000	2,659,000
<b>Total Deferred Inflows of Resources</b>	<u>2,941,000</u>	<u>6,373,000</u>	<u>5,391,000</u>
<b>Total Liabilities and Deferred Inflows</b>			
Governmental Activities	18,471,000	19,658,000	20,491,000
Business-type Activities	33,835,000	38,738,000	35,290,000
<b>Total Liabilities and Deferred Inflows</b>	<u>52,306,000</u>	<u>58,396,000</u>	<u>55,781,000</u>

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**TABLE 1 (CONTINUED):  
City of Bardstown  
Assets, Liabilities, and Net Position  
3-Year Review (Continued)**

<b>Net Position</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Governmental Activities	10,846,000	13,508,000	16,325,000
Business-type Activities	71,619,000	76,727,000	83,963,000
<b>Total Net Position</b>	<b>82,465,000</b>	<b>90,235,000</b>	<b>100,288,000</b>
<b>Net Position, Details</b>			
<b>Invested in Capital Assets</b>			
Governmental Activities	14,704,000	14,887,000	14,913,000
Business-type Activities	68,227,000	72,274,000	77,351,000
<b>Total Capital Assets (net of debt)</b>	<b>82,931,000</b>	<b>87,161,000</b>	<b>92,264,000</b>
<b>Restricted Net Position</b>			
Governmental Activities	971,000	297,000	533,000
Business-type Activities	150,000	174,000	214,000
<b>Total Restricted Net Position</b>	<b>1,121,000</b>	<b>471,000</b>	<b>747,000</b>
<b>Unrestricted Net Position</b>			
Governmental Activities	(4,828,000)	(1,676,000)	879,000
Business-type Activities	3,241,000	4,279,000	6,398,000
<b>Total Unrestricted Net Position</b>	<b>\$ (1,587,000)</b>	<b>\$ 2,603,000</b>	<b>\$ 7,277,000</b>

**Overview of the Financial Statements**

The City provides governmental services, primarily funded by taxes and intergovernmental revenues, and business-type services, funded by user fees and charges. Governmental activities include services such as police, fire, recreation, streets and street lighting, prevention of drug and alcohol abuse, cemetery operation and maintenance, planning and zoning, industrial development, historic preservation, and the administrative and oversight functions necessary to provide all of the above. Business-type activities include electric, water, sewer, cable, internet and garbage services.

The audited financial statements include three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. The audited Financial Statements also include other supplemental information and the Budget and Actual statements, which are required to demonstrate the City's compliance with state law regarding the budgeting of public funds.

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**Government-Wide Financial Statements**

The government-wide financial statements (Government-wide Statement of Net Position and Government-wide Statement of Activities) are designed to provide readers with a broad overview of the City of Bardstown's finances in a manner similar to that used in the private sector. They report the financial condition on both governmental and business-type activities as of June 30; the City's short-term and long-term assets and liabilities; and how the City's Net Position changed during the fiscal year.

**Governmental Fund Statements**

The next two financial statements report only on governmental services:

- Balance Sheet-Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.

The Balance Sheet lists the resources available as of June 30 to pay current liabilities and to continue governmental operations into the following fiscal year. Capital assets and long-term debt are not included in this report, but are included in the Government-Wide Statement of Net Position. The Balance Sheet is intended to demonstrate current, as opposed to long-term, financial strength and/or weakness.

The Statement of Revenues, Expenditures, and Changes in Fund Balance provides some of the most important data necessary to choose the level of governmental service. It also provides insight into the level of taxation and/or fees needed for those services.

Management presents the following observations about the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance, primarily related to the General Fund.

- The June 30, 2023 General Fund Balance of \$11,198,229 includes an Unassigned Balance of \$10,932,116, which represents an increase of \$1,671,496 compared to June 30, 2022. The remainder of the Fund Balance is restricted, assigned, or nonspendable. The Unassigned Balance of our General Fund stands at 76% of revenues, well above the recommended 16.7% or two months of coverage.
- Liquid assets such as cash and investments increased \$1,985,491 over prior year.
- The effects of the Net Pension & OPEB liability are not recorded on these financial statements.
- The Statement of Revenues and Expenditures shows that the General Fund revenues exceeded expenditures by \$1,358,663. Revenues increased \$859,367 over FY22 due to increased License and Permit revenue, Interest Income, and Tax revenue. Expenditures increased \$1,400,743 from FY22 due to increased personnel costs along with continued CPI increases experienced throughout all areas of City operations.

The Required Supplementary Budgetary Comparison – General Fund reports on the City's compliance with budget adoption and execution requirements. Actual General Fund revenue exceeded budget as a whole by \$435,322, while actual General Fund expenditures exceeded budget by \$338,909 due mainly to one-time reporting charges associated with new leased vehicles.

The continued increase of the General Fund balance shows a self-sustaining governmental fund that is able to provide necessary services such as police, fire, streets, and recreation without the support of the combined utility operations. The steps taken by past and current administrations to eliminate the City's dependency on non-governmental operations for support has allowed the General Fund Balance to increase \$7,068,854 or 171% over the last three years.

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**Proprietary Fund Statements**

The three primary statements reporting on the proprietary or business-type activities are:

- Statement of Net Position – Proprietary Funds
- Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
- Statement of Cash Flows – Proprietary Funds

The Statement of Net Position shows, for the Utility Operating Fund, a Net Position of \$76,887,037 an increase of \$6,939,222 from the previous year. Our Unrestricted Net Position decreased to (\$678,367) due to increased capital asset positions. This Unrestricted Net Position is directly affected by required GASB 68 & 75 adjustments pertaining to the Net Pension and OPEB liability. Removing these adjustments puts the Utility Operating Fund's Unrestricted Net Position at a much healthier \$11,642,002. Without the Net Pension/OPEB Liability, the City is operating with an Unrestricted Net Position equal to 24% of operating revenues, well above the desired 16.7% or two months of coverage.

The Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds shows Income from Operations for the Utility Operating Fund of \$3,661,508, an increase of \$674,169 from the prior year.

The Statement of Cash Flows – Proprietary Funds reports Cash and Cash Equivalents of \$3,845,451 as of June 30, 2023. This cash and equivalents balance is down \$795,394 from prior year due to increased capital project activity and completion.

The Governmental Activities–Internal Service Fund, included in the last column in the Proprietary Fund statements represents the City's Employee Health Insurance Fund, a self-insured plan. This Fund reports on the City's attempt to control the ever-increasing cost of employee health insurance. The City, like most employers, had experienced serious cost increases in the provision of health insurance coverage for its employees. To combat these increases, the City became a self-insured entity several years ago and continuously modifies its plan to contain the ever-increasing cost of employee health care. Management believes the plan changes are leading to permanent cost containment, as evidenced by its below industry average yearly increase in expenditures. Management projects that future increases will not exceed the industry-wide growth rate.

**Program Revenues**

Revenue from service charges, or Program Revenue, funds all of the City's business-type activities, the utility services or departments and the self-insured employee health insurance program of those departments.

# City of Bardstown, Kentucky Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

## Governmental Activities

Table 2: Governmental Activities, Program Expenses, by Function (Department), Three-year Comparison

	FY 21			FY 22			FY 23		
	Expenses	Total P. Rev	Net Exp.	Expenses	Total P. Rev	Net Exp.	Expenses	Total P. Rev	Net Exp.
General Government	\$ 890,170	\$ 163,885	\$ 726,285	\$ 984,646	\$ 46,097	\$ 938,549	\$ 837,377	\$ 379,981	\$ 457,396
Finance	914,919	-	914,919	1,083,645	-	1,083,645	1,212,467	-	1,212,467
Public Safety	4,629,366	210,162	4,419,204	4,271,149	236,984	4,034,165	4,656,783	210,779	4,446,004
Fire	2,729,381	1,564,612	1,164,769	2,588,787	148,155	2,440,632	2,810,538	184,757	2,625,781
Recreation	610,056	77,451	532,605	812,737	147,205	665,532	1,046,556	280,865	765,691
COBEC	83,011	-	83,011	92,726	-	92,726	101,107	-	101,107
Streets	1,285,180	245,908	1,039,272	1,493,681	703,015	790,666	1,721,066	279,647	1,441,419
Cemetery	88,516	133,725	(45,209)	115,492	107,250	8,242	108,531	117,850	(9,319)
Interest on long-term debt & leases	12,675	-	12,675	17,420	-	17,420	23,669	-	23,669
	<b>\$ 11,243,274</b>	<b>\$ 2,395,743</b>	<b>\$ 8,847,531</b>	<b>\$ 11,460,283</b>	<b>\$ 1,388,706</b>	<b>\$ 10,071,577</b>	<b>\$ 12,518,094</b>	<b>\$ 1,453,879</b>	<b>\$ 11,064,215</b>
<b>Governmental Activities, General Revenues</b>									
Property Taxes		2,631,014			2,841,018			4,042,260	
Restaurant Tax		696,159			842,005			907,108	
Business and Occ. License Fees		7,169,924			8,395,891			8,043,377	
Interest & Invest. Earnings		5,948			25,440			244,234	
Misc.		267,722			628,971			517,889	
<b>Total Gen. Revenues</b>			<b>10,770,767</b>			<b>12,733,325</b>			<b>13,754,868</b>
<b>Gain from disposal of assets</b>			<b>26,064</b>			<b>-</b>			<b>26,840</b>
<b>Transfers-Net</b>			<b>-</b>			<b>-</b>			<b>100,000</b>
Change in Net Position			<b>1,949,300</b>			<b>2,661,748</b>			<b>2,817,493</b>
Net Position, Beginning of Year			8,896,850			10,846,150			13,507,898
Net Position, End of Year			<b>\$ 10,846,150</b>			<b>\$ 13,507,898</b>			<b>\$ 16,325,391</b>

**Table 2** shows a 3-year history of Expenses, Program and Grant revenues, and finally Net Expenses for each governmental program. These net expenses were funded from tax revenues and investment income. The table also shows the Tax, Investment, and Miscellaneous Revenue generated to partially fund the Net Expenses of the governmental activities. The City allocates general overhead expenses to all departments.



**City of Bardstown, Kentucky**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**

**Business-type Activities**

**Table 3** presents a 3-year history of program revenues and expenses for the Business-type Activities, the utility services. Annual service charge revenue has increased 22% over the 3-year period. Although year-over-year expenses increased \$2,533,502, expenses have only increased 17% over this same 3-year period.

**Table 3: Program Revenue & Expense, Business-type Activities, 3-Year Comparison**

Activity	FY 21			FY 22			FY 23		
	Charges for Service	Expenses	Net Revenue	Charges for Service	Expenses	Net Revenue	Charges for Service	Expenses	Net Revenue
Electric	\$ 15,394,462	\$ 15,003,500	\$ 390,962	\$ 17,276,497	\$ 17,648,396	\$ (371,899)	\$ 18,309,669	\$ 17,000,624	\$ 1,309,045
Water	5,162,841	5,641,051	(478,210)	7,038,066	6,259,047	779,019	8,882,015	7,018,747	1,863,268
Sewer	4,892,006	3,716,970	1,175,036	5,966,967	4,340,263	1,626,704	6,479,006	5,152,263	1,326,743
Cable Net	12,596,522	12,078,355	518,167	13,045,278	12,580,074	465,204	12,812,449	14,034,055	(1,221,606)
Garbage	1,698,902	1,494,087	204,815	1,787,071	1,611,758	175,313	1,818,218	1,767,351	50,867
Interest Exp	-	265,783	(265,783)	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 39,744,733</b>	<b>\$ 38,199,746</b>	<b>\$ 1,544,987</b>	<b>\$ 45,113,879</b>	<b>\$ 42,439,538</b>	<b>\$ 2,674,341</b>	<b>\$ 48,301,357</b>	<b>\$ 44,973,040</b>	<b>\$ 3,328,317</b>

**General Revenues, Business-type Activities**

Interest & Invest. Earnings	135,474	84,526	297,476
Grants & Contributions	1,798,825	2,069,460	3,478,456
System Development Charges	235,861	279,038	176,245
Other	21,288	350	350
Gain on disposal of capital assets	-	-	55,576
Less Net Transfers	-	-	(100,000)
Change in Net Position	3,736,435	5,107,715	7,236,420
<b>Net Position, Beginning</b>	<u>67,882,367</u>	<u>71,618,802</u>	<u>76,726,517</u>
<b>Net Position, Ending</b>	<u><b>\$ 71,618,802</b></u>	<u><b>\$ 76,726,517</b></u>	<u><b>\$ 83,962,937</b></u>

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**Summary & Pending Actions**

The City continued to capitalize on the area's historically low unemployment along with booming community growth. A record level of annual revenue has helped push the General Fund balance to new heights allowing us to prepare financially for the years ahead. Healthy General Fund revenues allow our public safety departments, police and fire, to be fully staffed and outfitted with updated equipment for better community protection. These revenues allow our parks & recreation department to expand services and update community gathering areas, all the while maintaining the very infrastructure that keeps everything moving, our streets. As the City prepares to invest back in our community in big ways in the coming years, the reserves we have been building will go along way to minimize future debt and financial strain.

The Utility Fund saw increasing revenues and increasing expenses during FY23. The use of CPI rate increases in water & sewer have helped those departments' revenues keep pace with operational expenses. Electric usage remains steady, but decreased wholesale purchase costs have helped to reduce expenses. The utility services area of the City continues to grow leading to increasing usage and increasing revenues. Streamlining operations and utilizing the resources of each department will help to contain the expenses associated with this growth.

While our financial position remains positive, the City continues to face various issues:

- 1) Inflationary pressures continue to impact City operations just like any other business. While personnel expenses appear to be leveling off, material cost and capital outlay are all experiencing substantial increases into FY24. Construction bids are often coming in 30%-40% higher than engineering estimates.
- 2) The very industries credited for the phenomenal growth of our community are also placing increased pressures on the City's infrastructure. Water, sewer, and electric have all been heavily impacted during FY23 and will continue to see significant impacts in FY24. Increased capital outlay expenses during an inflationary period as described above could have detrimental impacts to the future financial position of the combined utilities.
- 3) During FY23 the Federal government increased borrowing rates to levels not seen in 15 years in an effort to tame inflation. These moves continue to have an unknown impact locally on businesses as they adjust their operations to this new reality.

Management will continue to monitor these situations and adjust budget projections to account for the potential negative impact they could have.

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 2,347,241	\$ 3,631,851	\$ 5,979,092
Investments	11,660,810	14,688,643	26,349,453
Accrued interest receivable	39,597	52,861	92,458
Receivables, net	2,064,631	3,383,083	5,447,714
Current portion of lease receivable	15,352	-	15,352
Prepaid expenses	65,039	60,130	125,169
Land held for resale	66,322	-	66,322
Internal balances	192,483	(192,483)	-
Inventory	11,822	3,307,554	3,319,376
Total current assets	<u>16,463,297</u>	<u>24,931,639</u>	<u>41,394,936</u>
Noncurrent assets			
Restricted cash	189,442	213,600	403,042
Lease receivable	17,073	-	17,073
Nondepreciable capital assets	1,073,205	3,805,626	4,878,831
Depreciable capital assets, net	14,336,759	86,621,309	100,958,068
Leased vehicles, net	266,308	415,583	681,891
Total noncurrent assets	<u>15,882,787</u>	<u>91,056,118</u>	<u>106,938,905</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension	3,271,180	1,842,117	5,113,297
Deferred outflows - OPEB	1,199,123	1,423,063	2,622,186
Total deferred outflows of resources	<u>4,470,303</u>	<u>3,265,180</u>	<u>7,735,483</u>
Total assets and deferred outflows of resources	<u>\$ 36,816,387</u>	<u>\$ 119,252,937</u>	<u>\$ 156,069,324</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 982,582	\$ 4,038,163	\$ 5,020,745
Retainage payable	-	40,941	40,941
Accrued taxes	474,234	46,997	521,231
Other liabilities	496,282	1,014,874	1,511,156
Accrued interest payable	8,707	-	8,707
Current portion of lease liability	84,412	121,109	205,521
Current portion of long-term debt	93,193	754,039	847,232
Total current liabilities	<u>2,139,410</u>	<u>6,016,123</u>	<u>8,155,533</u>
Noncurrent liabilities			
Lease liability	186,297	305,030	491,327
Loans payable	399,856	12,310,536	12,710,392
Net pension liability	11,761,905	10,997,964	22,759,869
Net OPEB liability	3,271,402	3,001,921	6,273,323
Total noncurrent liabilities	<u>15,619,460</u>	<u>26,615,451</u>	<u>42,234,911</u>
Total liabilities	<u>17,758,870</u>	<u>32,631,574</u>	<u>50,390,444</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension	1,599,453	308,437	1,907,890
Deferred inflows - OPEB	1,100,248	1,277,227	2,377,475
Deferred inflows - leases	32,425	-	32,425
Deferred inflows - other	-	1,072,762	1,072,762
Total deferred inflows of resources	<u>2,732,126</u>	<u>2,658,426</u>	<u>5,390,552</u>
<b>NET POSITION</b>			
Net investment in capital assets	14,912,514	77,351,804	92,264,318
Restricted for:			
Debt service	-	213,600	213,600
Road improvements	344,092	-	344,092
Other	189,442	-	189,442
Unrestricted	879,343	6,397,533	7,276,876
Total net position	<u>16,325,391</u>	<u>83,962,937</u>	<u>100,288,328</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 36,816,387</u>	<u>\$ 119,252,937</u>	<u>\$ 156,069,324</u>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF ACTIVITIES**  
for the year ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
<b>Governmental activities</b>							
General government	\$ 837,377	\$ 375,781	\$ 4,200	\$ -	\$ (457,396)	\$ -	\$ (457,396)
Finance	1,212,467	-	-	-	(1,212,467)	-	(1,212,467)
Public safety	4,656,783	-	210,779	-	(4,446,004)	-	(4,446,004)
Fire	2,810,538	-	184,757	-	(2,625,781)	-	(2,625,781)
Recreation	1,046,556	174,665	106,200	-	(765,691)	-	(765,691)
COBEC (Education Center)	101,107	-	-	-	(101,107)	-	(101,107)
Streets	1,721,066	-	279,647	-	(1,441,419)	-	(1,441,419)
Cemetery	108,531	117,850	-	-	9,319	-	9,319
Interest on long-term debt	14,892	-	-	-	(14,892)	-	(14,892)
Interest on long-term leases	8,777	-	-	-	(8,777)	-	(8,777)
Total governmental activities	12,518,094	668,296	785,583	-	(11,064,215)	-	(11,064,215)
<b>Business-type activities</b>							
Electric	17,000,624	18,309,669	-	-	-	1,309,045	1,309,045
Water	7,018,747	8,882,015	-	557,611	-	2,420,879	2,420,879
Sewer system	5,152,263	6,655,251	-	2,279,619	-	3,782,607	3,782,607
CableNet	14,034,055	12,812,449	-	641,226	-	(580,380)	(580,380)
Garbage	1,767,351	1,818,218	-	-	-	50,867	50,867
Total business-type activities	44,973,040	48,477,602	-	3,478,456	-	6,983,018	6,983,018
<b>Total primary government</b>	<b>\$ 57,491,134</b>	<b>\$ 49,145,898</b>	<b>\$ 785,583</b>	<b>\$ 3,478,456</b>	<b>(11,064,215)</b>	<b>6,983,018</b>	<b>(4,081,197)</b>
<b>General Revenues</b>							
Taxes:							
Property taxes					4,042,260	-	4,042,260
License fees:							
Franchise					501,206	-	501,206
Business					9,175	-	9,175
Occupational					6,876,313	-	6,876,313
Net Profits					1,478,323	-	1,478,323
Liquor					46,025	-	46,025
Other					3,958	-	3,958
Permits					35,485	-	35,485
Interest and investment earnings					244,234	297,476	541,710
Other					517,889	350	518,239
Total general revenues					13,754,868	297,826	14,052,694
Gain on disposal of capital assets					26,840	55,576	82,416
Transfers in (out)					100,000	(100,000)	-
<b>Change in Net Position</b>					2,817,493	7,236,420	10,053,913
Net Position - beginning					13,507,898	76,726,517	90,234,415
<b>Net Position - Ending</b>					<b>\$ 16,325,391</b>	<b>\$ 83,962,937</b>	<b>\$ 100,288,328</b>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,604,502	\$ 722,477	\$ 2,326,979
Investments	10,044,624	1,616,186	11,660,810
Accounts receivable	2,023,495	36,217	2,059,712
Lease receivable	32,425	-	32,425
Prepaid expenses	64,849	190	65,039
Accrued interest	39,597	-	39,597
Inventory	11,822	-	11,822
Land held for resale	-	66,322	66,322
Internal balances	-	557,750	557,750
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 13,821,314</u>	<u>\$ 2,999,142</u>	<u>\$ 16,820,456</u>
<b>LIABILITIES</b>			
Liabilities			
Accounts payable	\$ 906,159	\$ 11,086	\$ 917,245
Accrued payroll	495,761	521	496,282
Payroll taxes payable	474,194	40	474,234
Internal balances	365,267	-	365,267
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>2,241,381</u>	<u>11,647</u>	<u>2,253,028</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	32,425	-	32,425
Unavailable revenue	349,279	-	349,279
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total deferred inflows of resources	<u>381,704</u>	<u>-</u>	<u>381,704</u>
<b>FUND BALANCE</b>			
Nonspendable	76,671	66,322	142,993
Restricted			
Roads	-	344,092	344,092
Other	189,442	-	189,442
Assigned			
Land acquisition and equipment	-	2,026,335	2,026,335
Public safety	-	177,694	177,694
Cemetery	-	373,052	373,052
Unassigned	10,932,116	-	10,932,116
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balance	<u>11,198,229</u>	<u>2,987,495</u>	<u>14,185,724</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities, deferred inflows or resources and fund balance	<u>\$ 13,821,314</u>	<u>\$ 2,999,142</u>	<u>\$ 16,820,456</u>

Amounts reported for *governmental activities* in the statement of net position are different because:

Fund balance reported above	\$ 14,185,724
Allocation of internal service net position	149,286
Capital and leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,676,272
Deferred inflows - unavailable revenue related to the opioid settlement is recognized as revenue in the year of settlement in the governmental activities in accordance with the accrual basis of accounting.	349,279
Net deferred inflows/outflows related to the long-term net pension and net OPEB liabilities are not reported in the funds.	1,770,602
Interest accrued on general long-term debt is not a current expenditure and is not reported in the funds.	(8,707)
Long-term liabilities, including loans and leases payable and net pension/OPEB liability, are not due and payable in the current period and therefore are not reported in the funds.	<u>(15,797,065)</u>
Net position of governmental activities	<u>\$ 16,325,391</u>

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



**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**for the year ended June 30, 2023**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 4,042,260	\$ -	\$ 4,042,260
Licenses and permits	8,950,485	-	8,950,485
Fines and forfeitures	59,152	-	59,152
Intergovernmental	505,936	279,647	785,583
Charges for services	201,167	117,850	319,017
Interest	207,267	36,967	244,234
Other	354,855	103,882	458,737
Total revenues	<u>14,321,122</u>	<u>538,346</u>	<u>14,859,468</u>
<b>EXPENDITURES</b>			
Current:			
General government	767,244	-	767,244
Finance	1,200,438	-	1,200,438
Public safety	4,579,565	34,711	4,614,276
Fire	2,753,560	-	2,753,560
Recreation	935,248	-	935,248
COBEC (Education Center)	84,313	-	84,313
Streets	841,650	-	841,650
Cemetery	-	99,855	99,855
Capital outlay	1,639,551	-	1,639,551
Debt service	160,890	-	160,890
Total expenditures	<u>12,962,459</u>	<u>134,566</u>	<u>13,097,025</u>
Excess (deficiency) of revenues over expenditures	<u>1,358,663</u>	<u>403,780</u>	<u>1,762,443</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of assets	26,840	-	26,840
Lease proceeds	315,698	-	315,698
Transfers in	240,000	176,040	416,040
Transfers out	(60,000)	(256,040)	(316,040)
Total other financing sources (uses)	<u>522,538</u>	<u>(80,000)</u>	<u>442,538</u>
<b>Net change in fund balance</b>	1,881,201	323,780	2,204,981
Fund balance-beginning	<u>9,317,028</u>	<u>2,663,715</u>	<u>11,980,743</u>
<b>Fund balance - ending</b>	<u>\$ 11,198,229</u>	<u>\$ 2,987,495</u>	<u>\$ 14,185,724</u>
Reconciliation to government-wide change in net position:			
Net change in fund balance			\$ 2,204,981
add: capital outlay expenditures capitalized			1,639,551
add: debt service expenditures			160,890
add: opioid settlement revenue			349,279
less: change in net position - self insurance fund			(40,409)
less: lease proceeds			(315,698)
less: depreciation on governmental activities capital assets			(1,384,134)
less: amortization on governmental activities leased assets			(49,389)
add: change in net pension liability			446,304
less: change in net OPEB liability			(170,213)
less: interest on long term debt			(14,892)
less: interest on long term leases			<u>(8,777)</u>
Change in net position governmental activities			<u>\$ 2,817,493</u>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2023**

	Business-type Activities			Internal Service Fund
	Utility Operating Fund	Non-Major Proprietary Funds	Total Business-type Activities	Self- Insurance Fund
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 3,092,884	\$ 538,967	\$ 3,631,851	\$ 209,704
Investments	8,188,603	6,500,040	14,688,643	-
Prepays	60,130	-	60,130	-
Accrued interest	15,968	36,893	52,861	-
Receivables (net of allowance for doubtful accounts, \$135,952)	3,383,083	-	3,383,083	4,919
Inventory	3,307,554	-	3,307,554	-
Total current assets	18,048,222	7,075,900	25,124,122	214,623
Noncurrent assets				
Restricted cash	213,600	-	213,600	-
Capital and leased assets				
Leased vehicles	496,650	-	496,650	-
Land	1,926,246	-	1,926,246	-
Construction in progress	1,879,380	-	1,879,380	-
Distribution systems	125,304,895	-	125,304,895	-
Plant and buildings	23,772,097	-	23,772,097	-
Vehicles and equipment	17,711,815	-	17,711,815	-
Less accumulated depreciation and amortization	(80,248,565)	-	(80,248,565)	-
Total noncurrent assets	91,056,118	-	91,056,118	-
Total assets	109,104,340	7,075,900	116,180,240	214,623
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pension	1,842,117	-	1,842,117	-
Deferred outflows - OPEB	1,423,063	-	1,423,063	-
Total deferred outflows of resources	3,265,180	-	3,265,180	-
Total assets and deferred outflows of resources	\$ 112,369,520	\$ 7,075,900	\$ 119,445,420	\$ 214,623
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 4,038,163	\$ -	\$ 4,038,163	\$ 65,337
Retainage payable	40,941	-	40,941	-
Accrued payroll taxes	46,997	-	46,997	-
Internal balances	192,483	-	192,483	-
Customer deposits	404,080	-	404,080	-
Accrued payroll	610,794	-	610,794	-
Current portion of lease liability	121,109	-	121,109	-
Current portion of long-term debt	754,039	-	754,039	-
Total current liabilities	6,208,606	-	6,208,606	65,337
Noncurrent liabilities				
Lease liability	305,030	-	305,030	-
Loans payable	12,310,536	-	12,310,536	-
Net pension liability	10,997,964	-	10,997,964	-
Net OPEB liability	3,001,921	-	3,001,921	-
Total noncurrent liabilities	26,615,451	-	26,615,451	-
Total liabilities	32,824,057	-	32,824,057	65,337
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pension	308,437	-	308,437	-
Deferred inflows - OPEB	1,277,227	-	1,277,227	-
Deferred inflows - other	1,072,762	-	1,072,762	-
Total deferred inflows of resources	2,658,426	-	2,658,426	-
<b>NET POSITION</b>				
Net investment in capital assets	77,351,804	-	77,351,804	-
Restricted for debt service	213,600	-	213,600	-
Unrestricted	(678,367)	7,075,900	6,397,533	149,286
Total net position	76,887,037	7,075,900	83,962,937	149,286
Total liabilities, deferred inflows of resources and net position	\$ 112,369,520	\$ 7,075,900	\$ 119,445,420	\$ 214,623

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

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**for the year ended June 30, 2023**

	<b>Business-type Activities</b>			<b>Internal Service Fund</b>
	<b>Utility Operating Fund</b>	<b>Non-Major Proprietary Funds</b>	<b>Total Business-type Activities</b>	<b>Self- Insurance Fund</b>
<b>Operating revenues</b>				
Charges for services	\$ 46,448,771	\$ -	\$ 46,448,771	\$ 2,105,189
Utility surcharge	121,352	-	121,352	-
Connection fees	372,726	-	372,726	-
System development charges	-	176,245	176,245	-
Contract services	77,204	-	77,204	-
Penalties	324,124	-	324,124	-
Miscellaneous	957,180	-	957,180	-
Total operating revenues	<u>48,301,357</u>	<u>176,245</u>	<u>48,477,602</u>	<u>2,105,189</u>
<b>Operating expenses</b>				
Purchases for resale	20,302,505	-	20,302,505	-
Personal services	8,936,576	-	8,936,576	-
Contractual services	2,201,675	-	2,201,675	-
Materials and supplies	2,818,426	-	2,818,426	-
Maintenance and repairs	2,250,762	-	2,250,762	-
Other expenses	2,536,608	-	2,536,608	2,147,043
Depreciation and amortization	5,593,297	-	5,593,297	-
Total operating expenses	<u>44,639,849</u>	<u>-</u>	<u>44,639,849</u>	<u>2,147,043</u>
Operating income (loss)	<u>3,661,508</u>	<u>176,245</u>	<u>3,837,753</u>	<u>(41,854)</u>
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	176,523	120,953	297,476	1,445
Gain on disposal of capital assets	55,576	-	55,576	-
Lease revenue	350	-	350	-
Interest expense	(333,191)	-	(333,191)	-
Total nonoperating revenues (expenses)	<u>(100,742)</u>	<u>120,953</u>	<u>20,211</u>	<u>1,445</u>
Income (loss) before capital contributions and transfers	3,560,766	297,198	3,857,964	(40,409)
Capital contributions	380,880	-	380,880	-
Grants	3,097,576	-	3,097,576	-
Transfers (out)	(100,000)	-	(100,000)	-
<b>Change in net position</b>	6,939,222	297,198	7,236,420	(40,409)
Total net position-beginning	<u>69,947,815</u>	<u>6,778,702</u>	<u>76,726,517</u>	<u>189,695</u>
<b>TOTAL NET POSITION-ENDING</b>	<u>\$ 76,887,037</u>	<u>\$ 7,075,900</u>	<u>\$ 83,962,937</u>	<u>\$ 149,286</u>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**for the year ended June 30, 2023**

	Business-Type Activities			Internal Service Fund
	Utility Operating Fund	Non-Major Proprietary Funds	Total Business- type Activities	Self- Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 47,218,164	\$ 176,245	\$ 47,394,409	\$ 2,317,144
Cash payments to suppliers for good and services	(30,424,498)	-	(30,424,498)	(2,161,964)
Cash payments to employees for services	(9,109,739)	-	(9,109,739)	-
Other operating cash receipts	957,180	-	957,180	-
<b>Net cash provided by (used in) operating activities</b>	<u>8,641,107</u>	<u>176,245</u>	<u>8,817,352</u>	<u>155,180</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Receipts (payments) on interfund loans	(194,000)	-	(194,000)	-
Transfers (to) other funds	(100,000)	-	(100,000)	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>(294,000)</u>	<u>-</u>	<u>(294,000)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(11,267,107)	-	(11,267,107)	-
Proceeds from debt	668,975	-	668,975	-
Principal paid on capital debt and leases	(772,828)	-	(772,828)	-
Interest paid on capital debt and leases	(333,191)	-	(333,191)	-
Capital contributed - grants	859,888	-	859,888	-
Other receipts	350	-	350	-
Proceeds from sale of capital assets	93,742	-	93,742	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(10,750,171)</u>	<u>-</u>	<u>(10,750,171)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale (purchase) of investments	3,172,228	(2,007,374)	1,164,854	-
Interest and dividends	171,089	95,482	266,571	1,445
<b>Net cash provided by (used in) investing activities</b>	<u>3,343,317</u>	<u>(1,911,892)</u>	<u>1,431,425</u>	<u>1,445</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>940,253</u>	<u>(1,735,647)</u>	<u>(795,394)</u>	<u>156,625</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>2,366,231</u>	<u>2,274,614</u>	<u>4,640,845</u>	<u>53,079</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,306,484</u>	<u>\$ 538,967</u>	<u>\$ 3,845,451</u>	<u>\$ 209,704</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss):	\$ 3,661,508	\$ 176,245	\$ 3,837,753	\$ (41,854)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	5,593,297	-	5,593,297	-
Net pension liability activity	(482,971)	-	(482,971)	-
Net OPEB liability activity	212,213	-	212,213	-
Change in assets and liabilities:				
(Increase) Decrease in receivables, net	(135,898)	-	(135,898)	211,955
(Increase) Decrease in inventory	(451,168)	-	(451,168)	-
(Increase) Decrease in prepaids	(28,548)	-	(28,548)	-
Increase (Decrease) in deferred inflows	-	-	-	-
Increase (Decrease) in accounts and other payables	165,194	-	165,194	(14,921)
Increase (Decrease) in customer deposits	9,885	-	9,885	-
Increase (Decrease) in accrued payroll	97,595	-	97,595	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 8,641,107</u>	<u>\$ 176,245</u>	<u>\$ 8,817,352</u>	<u>\$ 155,180</u>
<b>Supplemental disclosure of cash flow information:</b>				
Noncash capital and related financing activities:				
Payables for capital items, net	\$ (661,223)	\$ -	\$ (661,223)	\$ -
Leased vehicle additions, net	414,251	-	414,251	-
Contributed capital	380,880	-	380,880	-
<b>Net non-cash capital and related financing activities</b>	<u>\$ 133,908</u>	<u>\$ -</u>	<u>\$ 133,908</u>	<u>\$ -</u>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Bardstown, Kentucky ("the City") operates under a City Council form of government and has budgetary authority over the following functional areas: public safety, public service, water and sewer, and general administration, and for financial reporting purposes, all funds and account groups that are controlled by or dependent on the City, as determined on the basis of budget adoption, management oversight responsibility, and taxing authority.

**A. Reporting Entity**

The City of Bardstown is a municipal corporation governed by an elected Mayor and six-member Council. The accompanying financial statements of the City include the funds, agencies boards and entities for which the City is considered to be financially accountable. Blended component units are legally separate entities, but are, in substance, part of the City's operations. The City does not have any blended component units.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur and supervision over the accounting functions.

The Bardstown Cemetery is governed by a board that is appointed by the City Council. The Mayor appoints the Sexton to maintain records and provide daily management of the facility. The Public Works Director of the City also provides technical assistance and grounds maintenance. The Cemetery Committee recommends rate revisions to the City Council for approval.

The City does not have any discretely presented component units.

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

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all the activities of the primary government. Interfund activity, which duplicates revenues or expenses, has been eliminated from these statements, except for those transactions and balances between governmental and business-type activities. Governmental activities and business-type activities are reported separately to highlight the differences in funding and operations. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, on the other hand, rely mostly on fees and charges that are designed to recover the costs of operations, including the cost of capital.

The Statement of Activities outlines the direct expenses of each of the City's major functions and the program revenues generated by those programs. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues and are reported instead as general revenues.

The fund statements include separate statements for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, grants, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental fund:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

The Utilities Operating Fund reports the major segments of the utilities' operations, which are presented as *Supplementary Information*. The City's utilities include operation of the electric distribution, water treatment and distribution, wastewater treatment, garbage pickup, cable TV and internet services.

Health insurance for all City employees is funded through a Self-Insurance Fund. This fund is reported as an internal service fund within the proprietary fund statements.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the transfers between the Utilities Fund and the General Fund.

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets, transfer assets and service debt. The accompanying financial statements generally reflect such transactions as transfers.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utilities are charges to the customers for services. Principal operating revenues of the internal service fund are the premiums charged to individual departments and the employees for insurance coverage. The employees pay a set amount each month. The departments' premiums are based on claims paid and administrative fees charged by third party administrators. The City's utilities also recognize as operating revenue tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise (utility) funds include the cost of sales and services, personnel, administrative expenses, and depreciation on capital assets. Operating expenses of the Internal Service (Self-insurance) fund include medical claims and third-party administrative fees. All revenues and expenses not meeting the above definitions are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities and Net Position or Fund Balance**

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the City are certificates of deposits which are reported at cost.

For purposes of the statement of cash flows for proprietary fund types, all highly liquid investments (including restricted assets) with maturity of three months or less, when purchased, are considered to be cash equivalents.

Receivables and Payables

Activity between funds that are representative of lending/borrowing transactions outstanding at the end of the fiscal year are designated as internal balances.

The City maintains allowances for doubtful accounts based on evaluation by management and percentages applied to the various aging periods of accounts receivable. Specific accounts deemed uncollectible are charged to the allowance upon evaluation by management. Evaluation factors include familiarity with the customer, credit history and the age of the unpaid bill.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Fund Balance (continued)**

Restricted Assets

Certain proceeds of the City's utilities fund, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable loan covenants. Surplus funds in any of the reserves may only be used to fund principal or interest payments on outstanding debt.

The Operations and Maintenance Reserve reflects resources that have been set aside to subsidize potential deficiencies from the utility operations that could adversely affect debt service payments.

A City ordinance requires the City to set aside \$500,000 in the Depreciation Reserve to provide funding for future improvements to the utility system or emergency repairs necessary to maintain current service levels.

Capital Assets and Leased Assets

Capital assets and leased assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's network of streets was inventoried and valued during the fiscal year ending June 30, 2002. Estimated historical costs were based on current replacement costs discounted to the date of the last major renovation or construction of the street.

The City of Bardstown was established in 1780, with the first justices for the local government appointed in 1785. The justices appointed surveyors to manage the roads and ensure that the roads were "cleared, ditched, and in good repair". A portion of the streets in Bardstown has been in existence for over 220 years. However, historical cost estimates were only discounted back to 1980, in accordance with provisions of GASB Statement 34.

The City has established a capitalization policy to recognize capital assets as assets with an initial, individual cost per the schedule below and an estimated useful life in excess of two years. Such assets are recorded at cost. Leased assets are recorded at the amount of the initial measurement of the lease liability, plus any payments made at or before commencement of the lease term. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Capitalization Threshold</b>	<b>Useful Life</b>
Land improvements	\$25,000	10-20
Building improvements	\$25,000	10-20
Machinery & equipment	\$10,000	3-20
Vehicles, passenger	\$10,000	3-7
Vehicles, heavy trucks	\$10,000	7-20
Construction equipment	\$10,000	7-10
Technical equipment	\$10,000	5-7
Software	\$10,000	2-5
Infrastructure	\$25,000	10-50

All leased assets are amortized over the shorter of the lease term or the useful life of the underlying assets.



**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Fund Balance (continued)**

Compensated Absences

The City stopped granting sick leave hours in 2004. However, those employees with accumulated sick leave retained the hours accumulated. Unused sick leave is only paid to those employees who retire from City service who have more than 240 hours of accumulated sick leave and who have not used more than 480 hours of sick leave during the ten-year period immediately preceding the date of retirement. Management has determined that these restrictions will result in actual payments that are immaterial to total assets in the fund financial statements.

Previously, the City replaced the granting of 96 sick leave hours per year with the granting of 60 personal leave hours per year. Accumulated personal leave is paid to the employee upon termination of service with proper notice. Earned vacation hours must be used within one year of the earning thereof and is also paid to the employee upon termination of service with proper notice. The liability for these compensated absences is recorded as a current liability in the government-wide statements. Liabilities are calculated using the employee's current rate of pay and the total hours of accumulated leave.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column of the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable unamortized deferred amounts.

Fund Balance

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance of the governmental funds is classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – amounts constrained for a specific purpose by the City using its highest level of decision-making authority. For resources considered committed, the City issues an ordinance that can only be changed with another corresponding ordinance.

Assigned – for all governmental funds, other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, amounts constrained, by intent, to be used for a specific purpose by the City or the elected City official given the authority to assign amounts.

Unassigned – for the General Fund, amounts not classified as nonspendable, restricted, committed or assigned. For all other governmental funds, amounts expended in excess of resources that are nonspendable, restricted, committed or assigned.

It is the policy of the City to spend restricted funds first when both restricted and unrestricted are available. Once restricted funds are spent then committed, assigned and unassigned funds are spent in that order.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Pensions and OPEB**

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

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

**F. Reconciliation of Government-Wide and Fund Financial Statements**

The governmental fund balance sheet includes reconciliation between fund balance in the governmental funds and net position reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balance on the economic resource's measurement focus and accrual basis of accounting. The self-insurance net position is reported within the governmental activities for the government-wide statements. In addition, capital assets, and long-term debt are added to the governmental funds to compile the long-term view of the governmental activities' column.

A similar reconciliation is included on the statement of revenues, expenditures and changes in fund balance for the governmental funds. These adjustments reflect the transition from the modified accrual accounting for governmental funds to the accrual basis of accounting for the statement of activities. Capital outlay is replaced with depreciation expense. The change in net position for the self-insurance fund is added to the governmental activities, and principal payments on long-term debt are eliminated from expenditures.

**G. Budgeting**

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets for all funds are adopted on the accrual basis. All annual appropriations lapse at fiscal year-end, even if encumbered.

**H. Change in Accounting Policy**

Effective July 1, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-based Information Technology Arrangements. GASB Statement No. 96 requires recognition of a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability for subscription-based information technology arrangements (SBITA) that were previously classified as operating expenses. It establishes uniform guidance for SBITA accounting based on the foundational principle that SBITA are financings of the right to use vendor-provided information technology assets. Government entities are required to recognize a subscription liability and an intangible right-to-use subscription asset. These changes had no effect on the financial statements.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Management's Review of Subsequent Events**

The City has evaluated and considered the need to recognize or disclose subsequent events through January 11, 2024, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2023, have not been evaluated by the City.

**2. CASH AND INVESTMENTS**

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk beyond that specified in KRS 66.480.

The balances for cash and cash equivalents and investments for the primary government at June 30, 2023 are as follows:

Carrying amount	\$ 32,731,587
Bank balance	\$ 33,259,547
FDIC insurance	\$ 750,000
Uninsured and collateral held by the pledging financial institution's trust department or agent and pledged to the City.	\$ 32,487,223
Uninsured and uncollateralized	\$ 22,324

Investments

As of June 30, 2023, the City had a total of \$26,349,453 in investments. Investments consisted of certificates of deposits.

**3. ACCOUNTS RECEIVABLE**

Accounts Receivable

Account receivables at June 30, 2023 for all governmental activities of the City are as follows:

	<b>Taxes</b>	<b>Intergov.</b>	<b>Other</b>	<b>Allowance</b>	<b>Total</b>
General Fund	\$ 255,386	\$ 4,200	\$ 1,812,866	\$ (48,957)	\$ 2,023,495
Self-Insurance Fund	-	-	4,919	-	4,919
Cemetery Fund	-	-	3,222	-	3,222
Municipal Road Aid	-	32,995	-	-	32,995
Totals	<u>\$ 255,386</u>	<u>\$ 37,195</u>	<u>\$ 1,821,007</u>	<u>\$ (48,957)</u>	<u>\$ 2,064,631</u>

Account receivables at June 30, 2023 for all business-type activities of the City are as follows:

	<b>Accounts</b>	<b>Other</b>	<b>Allowance</b>	<b>Total</b>
Utility Operating Fund	<u>\$ 3,138,314</u>	<u>\$ 380,721</u>	<u>\$ (135,952)</u>	<u>\$ 3,383,083</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**3. ACCOUNTS RECEIVABLE (CONTINUED)**

Lease Receivable and Deferred Inflows of Resources

Governmental Activities

In November 2018 the City entered into a five-year lease agreement with Central Kentucky Community Action Council to lease out three classrooms and two storage rooms located on the first floor of the former Old Kentucky Home Middle School. The City recognized both a lease receivable and a deferred inflow of resources related to the lease agreement totaling \$40,612. The City calculated the present value of future lease payments based on an incremental borrowing rate of 2.80%. The balance of the lease receivable and the deferred inflows of resources as of June 30, 2023, totaled \$5,965.

In April 2021 the City entered into a five-year lease agreement with St. Vincent Depaul Mission Store to lease out rooms located at the former Old Kentucky Home Middle School. The City recognized both a lease receivable and a deferred inflow of resources related to the lease agreement totaling \$44,464. The City calculated the present value of future lease payments based on an incremental borrowing rate of 2.80%. The balance of the lease receivable and the deferred inflows of resources as of June 30, 2023, totaled \$26,459.

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

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 15,352	\$ 998	\$ 16,350
2025	9,654	355	10,009
2026	<u>7,419</u>	<u>355</u>	<u>7,774</u>
Total	<u>\$ 32,425</u>	<u>\$ 1,708</u>	<u>\$ 34,133</u>

The deferred inflows of resources will be recognized over the term of the lease agreement as lease revenue. During 2023, the City recognized \$2,349 of interest income and \$80,817 of lease revenue from the lease agreement.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	June 30, 2022	Additions/ Transfers	Disposals/ Transfers	June 30, 2023
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Land	\$ 1,073,205	\$ -	\$ -	\$ 1,073,205
Capital assets that are depreciated:				
Infrastructure	23,461,409	564,049	-	24,025,458
Building and improvements	5,548,449	128,096	-	5,676,545
Vehicles	3,545,771	54,674	(84,315)	3,516,130
Equipment	2,910,603	467,943	(194,834)	3,183,712
Other improvements	1,493,273	109,092	-	1,602,365
Leased vehicles	-	315,697	-	315,697
Totals	<u>36,959,505</u>	<u>1,639,551</u>	<u>(279,149)</u>	<u>38,319,907</u>
Total capital & leased assets	<u>38,032,710</u>	<u>1,639,551</u>	<u>(279,149)</u>	<u>39,393,112</u>
Accumulated depreciation:				
Infrastructure	14,288,267	758,967	-	15,047,234
Buildings and improvements	2,197,979	182,446	-	2,380,425
Vehicles	2,409,660	265,468	(84,315)	2,590,813
Equipment	2,383,594	155,337	(194,834)	2,344,097
Other improvements	<u>1,282,966</u>	<u>21,916</u>	<u>-</u>	<u>1,304,882</u>
Totals	<u>22,562,466</u>	<u>1,384,134</u>	<u>(279,149)</u>	<u>23,667,451</u>
Accumulated amortization:				
Leased vehicles	-	49,389	-	49,389
<b>Capital &amp; Leased Assets, Net</b>	<u>\$ 15,470,244</u>	<u>\$ 206,028</u>	<u>\$ -</u>	<u>\$ 15,676,272</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**4. CAPITAL ASSETS (CONTINUED)**

	June 30, 2022	Additions/ Transfers	Disposals/ Transfers	June 30, 2023
<b>Business-type Activities</b>				
Capital assets not depreciated:				
Land	\$ 1,926,246	\$ -	\$ -	\$ 1,926,246
Construction in progress	<u>2,157,805</u>	<u>1,842,880</u>	<u>(2,121,305)</u>	<u>1,879,380</u>
Totals	<u>4,084,051</u>	<u>1,842,880</u>	<u>(2,121,305)</u>	<u>3,805,626</u>
Capital assets that are depreciated:				
Plant facilities	18,610,411	600,782	-	19,211,193
Other improvements	2,979,237	1,581,672	-	4,560,909
Vehicles	1,633,508	-	(27,905)	1,605,603
Equipment	15,469,801	988,756	(352,344)	16,106,213
Infrastructure	117,591,791	5,591,794	2,121,305	125,304,890
Leased vehicles	<u>41,199</u>	<u>455,451</u>	<u>-</u>	<u>496,650</u>
Totals	<u>156,325,947</u>	<u>9,218,455</u>	<u>1,741,056</u>	<u>167,285,458</u>
Total capital assets	<u>160,409,998</u>	<u>11,061,335</u>	<u>(380,249)</u>	<u>171,091,084</u>
Accumulated depreciation:				
Plant facilities	14,421,810	393,892	-	14,815,702
Other improvements	1,857,151	131,817	-	1,988,968
Vehicles	1,328,485	81,770	(27,905)	1,382,350
Equipment	8,479,484	1,116,316	(314,178)	9,281,622
Infrastructure	<u>48,903,555</u>	<u>3,795,302</u>	<u>-</u>	<u>52,698,857</u>
Totals	<u>74,990,485</u>	<u>5,519,097</u>	<u>(342,083)</u>	<u>80,167,499</u>
Accumulated amortization:				
Leased vehicles	<u>6,867</u>	<u>74,200</u>	<u>-</u>	<u>81,067</u>
Totals	<u>6,867</u>	<u>74,200</u>	<u>-</u>	<u>81,067</u>
<b>Capital &amp; Leased Assets, Net</b>	<u>\$ 85,412,646</u>	<u>\$ 5,468,038</u>	<u>\$ (38,166)</u>	<u>\$ 90,842,518</u>

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

**Primary Government**  
Governmental Activities

Streets	\$ 846,025
Public Safety	236,744
Fire	202,050
General government	54,598
Recreation	73,260
COBEC	15,941
Cemetery	<u>4,905</u>
	<u>\$ 1,433,523</u>

Business-Type Activities

Electric	\$ 667,393
Water	1,712,604
Sewer system	1,639,683
CableNet	1,462,881
Garbage	<u>110,736</u>
	<u>\$ 5,593,297</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**5. LONG-TERM DEBT**

***Business-type Activities – Direct Borrowings***

KIA Loans

The City has a loan agreement with the Kentucky Infrastructure Authority for \$1,800,000. This loan is for the financing of a sewer capital project, with an interest rate of 2.0% per year. This twenty-year agreement matures in December 2032 and requires principal and interest payments every June and December. The balance of the loan as of June 30, 2023, was \$944,331. Future principal and interest requirements are as follows:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 91,207	\$ 18,433	\$ 109,640
2025	93,041	16,600	109,641
2026	94,911	14,729	109,640
2027	96,818	12,822	109,640
2028	98,764	10,876	109,640
2029-2033	<u>469,590</u>	<u>23,791</u>	<u>493,381</u>
Total	<u>\$ 944,331</u>	<u>\$ 97,251</u>	<u>\$ 1,041,582</u>

The City has a loan agreement with the Kentucky Infrastructure Authority for \$3,500,000. This loan is for the financing of a water capital project, with an interest rate of 3.0% per year. This twenty-year agreement matures in December 2032 and requires principal and interest payments due monthly. The balance of the loan as of June 30, 2023, was \$1,966,966. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 176,334	\$ 56,697	\$ 233,031
2025	181,697	51,234	232,931
2026	187,223	45,708	232,931
2027	192,918	40,013	232,931
2028	198,786	34,145	232,931
2029-2033	<u>1,030,008</u>	<u>76,416</u>	<u>1,106,424</u>
Total	<u>\$ 1,966,966</u>	<u>\$ 304,213</u>	<u>\$ 2,271,179</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**5. LONG-TERM DEBT (CONTINUED)**

***Business-type Activities – Direct Borrowings, continued***

The City has a loan agreement with the Kentucky Infrastructure Authority for \$1,800,000. This loan is for the financing of a water capital project, with an interest rate of 3.0% per year. This 20-year agreement matures in December 2033 and requires principal and interest payments due monthly. The balance of the loan as of June 30, 2023 was \$1,114,004. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 87,571	\$ 32,223	\$ 119,794
2025	90,234	29,559	119,793
2026	92,979	26,814	119,793
2027	95,807	23,986	119,793
2028	98,721	21,072	119,793
2029-2033	540,512	58,453	598,965
2034	<u>108,180</u>	<u>1,630</u>	<u>109,810</u>
<b>Total</b>	<b><u>\$ 1,114,004</u></b>	<b><u>\$ 193,737</u></b>	<b><u>\$ 1,307,741</u></b>

The City has a loan agreement with the Kentucky Infrastructure Authority for \$1,220,499. This loan is for the financing of a water capital project, with an interest rate of 1.75% per year. This 20-year agreement matures in December 2037 and requires principal and interest payments every June and December. The balance of the loan as of June 30, 2023 was \$926,071. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 56,630	\$ 15,960	\$ 72,590
2025	57,626	14,964	72,590
2026	58,639	13,951	72,590
2027	59,669	12,921	72,590
2028	60,718	11,872	72,590
2029-2033	319,979	42,971	362,950
2034-2038	<u>312,810</u>	<u>13,844</u>	<u>326,654</u>
<b>Total</b>	<b><u>\$ 926,071</u></b>	<b><u>\$ 126,483</u></b>	<b><u>\$ 1,052,554</u></b>

The City has a loan agreement with the Kentucky Infrastructure Authority for \$1,123,048. This loan is for the financing of a water capital project, with an interest rate of 1.75% per year. This 20-year agreement matures in December 2039 and requires principal and interest payments every June and December. The balance of the loan as of June 30, 2023 was \$953,661. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 50,324	\$ 16,470	\$ 66,794
2025	51,209	15,585	66,794
2026	52,109	14,685	66,794
2027	53,025	13,769	66,794
2028	53,959	12,837	66,796
2029-2033	284,346	49,624	333,970
2034-2038	310,230	23,740	333,970
2039-2040	<u>98,459</u>	<u>1,728</u>	<u>100,187</u>
<b>Total</b>	<b><u>\$ 953,661</u></b>	<b><u>\$ 148,438</u></b>	<b><u>\$ 1,102,099</u></b>



**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**5. LONG-TERM DEBT (CONTINUED)**

***Business-type Activities Direct Borrowings, continued***

The City has a loan agreement with the Kentucky Infrastructure Authority for \$6,218,035. This loan is for the financing of a sewer capital project, with an interest rate of 2.00% per year. This 20-year agreement matures in December 2041 and requires principal and interest payments every June and December. The balance of the loan as of June 30, 2023, was \$5,832,626. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 263,406	\$ 115,352	\$ 378,758
2025	268,700	110,048	378,748
2026	274,101	104,647	378,748
2027	279,611	99,137	378,748
2028	285,231	93,517	378,748
2029-2033	1,514,491	379,249	1,893,740
2034-2038	1,672,941	220,799	1,893,740
2039-2042	<u>1,274,145</u>	<u>51,473</u>	<u>1,325,618</u>
Total	<u>\$ 5,832,626</u>	<u>\$ 1,174,222</u>	<u>\$ 7,006,848</u>

The City has a loan agreement with the Kentucky Infrastructure Authority for \$1,326,918. This loan is for the financing of improvements at the Corman's Crossing, Royal Crest and American Greetings pump stations, with an interest rate of 1.50% per year. This 20-year agreement matures in December 2043 and requires principal and interest payments every June and December. The balance of the loan as of June 30, 2023, was \$1,326,916. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 28,567	\$ 9,953	\$ 38,520
2025	57,783	19,260	77,043
2026	58,653	18,389	77,042
2027	59,535	17,507	77,042
2028	60,432	16,610	77,042
2029-2033	316,082	69,123	385,205
2034-2038	340,605	44,600	385,205
2039-2043	367,027	18,178	385,205
2044	<u>38,232</u>	<u>287</u>	<u>38,519</u>
Total	<u>\$ 1,326,916</u>	<u>\$ 213,907</u>	<u>\$ 1,540,823</u>

Future principal and interest requirements for all direct borrowings are as follows:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 754,039	\$ 265,088	\$ 1,019,127
2025	800,289	257,250	1,057,539
2026	818,615	238,923	1,057,538
2027	837,383	220,155	1,057,538
2028	856,611	200,930	1,057,541
2029-2033	4,475,009	699,626	5,174,635
2034-2038	2,744,765	304,614	3,049,379
2039-2043	1,739,630	71,379	1,811,009
2044	<u>38,234</u>	<u>288</u>	<u>38,522</u>
Totals	<u>\$ 13,064,575</u>	<u>\$ 2,258,253</u>	<u>\$ 15,322,828</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**5. LONG-TERM DEBT (CONTINUED)**

***Business-type Activities Direct Borrowings, continued***

The changes in business-type activities long-term debt is as follows:

	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2023</b>
Direct borrowings	\$ 13,104,447	\$ 668,975	\$ (708,847)	\$ 13,064,575
Lease liability	34,670	455,450	(63,981)	426,139
Net pension liability	10,063,890	934,074	-	10,997,964
Net OPEB liability	<u>3,021,169</u>	<u>-</u>	<u>(19,248)</u>	<u>3,001,921</u>
Total	<u>\$ 26,224,176</u>	<u>\$ 2,058,499</u>	<u>\$ ( 792,076)</u>	<u>\$ 27,490,599</u>

The loan agreements with the Kentucky Infrastructure Authority require the City to establish a repairs and maintenance reserve. To satisfy this requirement, as of June 30, 2023, the City has set aside \$213,600, which is reported as restricted cash in the utility operating fund.

***Governmental Activities***

On November 15, 2020, the City financed a purchase of a new fire truck with Republic First National Bank. The financed purchase calls for 7 annual payments totaling \$107,124 beginning November 15, 2021. The loan bears interest at 2.825%. Future payments are summarized as follows:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 93,193	\$ 13,931	\$ 107,124
2025	95,826	11,298	107,124
2026	98,533	8,591	107,124
2027	101,317	5,807	107,124
2028	<u>104,180</u>	<u>2,944</u>	<u>107,124</u>
Total	<u>\$ 493,049</u>	<u>\$ 42,571</u>	<u>\$ 535,620</u>

The changes in governmental activities long-term debt is as follows:

	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2023</b>
Fire Truck Loan	\$ 583,681	\$ -	\$ (90,632)	\$ 493,049
Lease Liability	-	315,698	(44,989)	270,709
Net pension liability	10,855,301	906,604	-	11,761,905
Net OPEB liability	<u>3,291,940</u>	<u>-</u>	<u>(20,538)</u>	<u>3,271,402</u>
Total	<u>\$ 14,730,922</u>	<u>\$ 1,222,302</u>	<u>\$ (156,159)</u>	<u>\$ 15,797,065</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**6. LEASE LIABILITIES**

Business-type Activities

On September 16, 2021, the City entered into a master lease agreement with Enterprise FM Trust. The agreement allows the City to enter into separate individual lease agreements for vehicles as needed. The lease term for the vehicles the City has leased as of June 30, 2023, range from 36 to 72 months. The interest rates on the vehicle leases range from 3.99 - 6.98%. The balance of the liability as of June 30, 2023, totaled \$426,139.

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

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 121,109	\$ 8,590	\$ 129,699
2025	114,103	8,299	122,402
2026	79,876	6,212	86,088
2027	78,249	6,105	84,354
2028	17,742	4,348	22,090
2029	<u>15,060</u>	<u>1,288</u>	<u>16,348</u>
Total	<u>\$ 426,139</u>	<u>\$ 34,842</u>	<u>\$ 460,981</u>

Governmental Activities

On September 16, 2021, the City entered into a master lease agreement with Enterprise FM Trust. The agreement allows the City to enter into separate individual lease agreements for vehicles as needed. The lease term for the vehicles the City has leased as of June 30, 2023, range from 36 to 60 months. The interest rates on the vehicle leases range from 6.14 - 6.98%. The balance of the liability as of June 30, 2023, totaled \$270,709.

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

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 84,412	\$ 6,031	\$ 90,443
2025	84,412	6,031	90,443
2026	48,032	3,608	51,640
2027	43,438	3,299	46,737
2028	<u>10,415</u>	<u>2,132</u>	<u>12,547</u>
Total	<u>\$ 270,709</u>	<u>\$ 21,101</u>	<u>\$ 291,810</u>

**7. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables within governmental activities and business-type activities as of June 30, 2023 are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
Land Acquisition and Building	General Fund	\$ 365,267
Land Acquisition and Building	Utility Operating	<u>192,483</u>
Total		<u>\$ 557,750</u>

The City anticipates the General Fund will repay the remaining balance over a period of 10 years. The balance due from the Utility Operating Fund is expected to be repaid in fiscal year 2024.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**8. RETIREMENT PLAN**

**CERS**

The City of Bardstown is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Public Pensions Authority website.

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

*Contributions* – For the year ended June 30, 2023, plan members were required to contribute 5% of wages for non-hazardous job classifications and 8% of wages for hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium.

The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2023, participating employers contributed 26.79% of each employee's wages for non-hazardous job classifications and 49.59% of each employee's wages for hazardous job classifications. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described in Note 9. Plan members contributed 23.40% to the pension trust for non-hazardous job classifications and 42.81% to the pension trust for hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Public Pensions Authority are financed through employer contributions and investment earnings.

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

For the year ended June 30, 2023, the City contributed \$1,487,046 or 100% of the required contribution for non-hazardous job classifications, and \$1,269,868, for the year ended June 30, 2023, or 100% of the required contribution for hazardous job classifications, to the same pension trust.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**8. RETIREMENT PLAN (CONTINUED)**

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

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old and 4 years service
	Reduced retirement	At least 5 years service and 55 years old or 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+ with sum of service years plus age equal to 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+ with sum of service years plus age equal to 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' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service.

Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

*Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources* - At June 30, 2023, the City reported a liability for its proportionate share of the net pension liability as follows:

<b>Total Net</b>		
<b>Pension Liability</b>	<b>Non-hazardous</b>	<b>Hazardous</b>
<u>\$ 22,759,869</u>	<u>\$ 12,680,051</u>	<u>\$ 10,079,818</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2022, was as follows:

<b>Non-hazardous</b>	<b>Hazardous</b>
.175%	.330%

The proportionate share at June 30, 2022 relative to June 30, 2021 decreased for non-hazardous by .005% and decreased for hazardous by .023%.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**8. RETIREMENT PLAN (CONTINUED)**

For the year ended June 30, 2023, the City recognized pension expense of \$1,900,323. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 302,562	\$ 1,004,501
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	1,449,467	-
Changes in proportion and differences between City contributions and proportionate share of contributions	648,604	903,389
City contributions subsequent to the measurement date	<u>2,712,664</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 5,113,297</u></b>	<b><u>\$ 1,907,890</u></b>

The \$2,712,664 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year ending June 30,</b>		
2024	\$	161,205
2025	\$	(23,327)
2026	\$	(212,703)
2027	\$	567,568

*Actuarial Assumptions* – The total pension liability reported at June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Non-hazardous**

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

**Hazardous**

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

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**8. RETIREMENT PLAN (CONTINUED)**

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022. The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>Growth</b>	<b>60.00%</b>	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
<b>Liquidity</b>	<b>20.00%</b>	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
<b>Total</b>	<b>100.00%</b>	<b>4.28%</b>
<b>Long term inflation assumption</b>		<b>2.30%</b>
<b>Expected nominal return for portfolio</b>		<b>6.58%</b>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**8. RETIREMENT PLAN (CONTINUED)**

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	Non-hazardous		Hazardous	
	Discount rate	City's proportionate share of net pension liability	Discount rate	City's proportionate share of net pension liability
1% decrease	5.25%	\$ 15,848,491	5.25%	\$ 12,556,063
Current discount rate	6.25%	\$ 12,680,051	6.25%	\$ 10,079,818
1% increase	7.25%	\$ 10,059,489	7.25%	\$ 8,063,069

*Payable to the Pension Plan –* At June 30, 2023, the City reported a payable of \$436,200 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023. The payable includes both the pension and insurance contribution allocation.

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

*Plan Description –* As more fully described in Note 8, the City of Bardstown participates in the County Employees' Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

*Contributions –* As more fully described in Note 8, plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ending June 30, 2023, the employer's contribution was 3.39% to the insurance trust for non-hazardous job classifications and 6.78% to the insurance trust for hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Public Pensions Authority are financed through employer contributions and investment earnings.

For the year ended June 30, 2023, the City contributed \$215,431, or 100% of the required contribution for non-hazardous job classifications, and \$201,114, or 100% of the required contribution for hazardous job classifications.



**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

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

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

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

*OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2023, the City reported a liability for its proportionate share of the net OPEB liability as follows:

<b>Total Net</b>		
<b>OPEB Liability</b>	<b>Non-hazardous</b>	<b>Hazardous</b>
<u>\$ 6,273,323</u>	<u>\$ 3,461,050</u>	<u>\$ 2,812,273</u>

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2022, was as follows:

<b>Non-hazardous</b>	<b>Hazardous</b>
.175%	.330%

The proportionate share at June 30, 2022 relative to June 30, 2021 decreased for non-hazardous by .005% and decreased for hazardous by .023%.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

For the year ended June 30, 2023, the City recognized OPEB expense of \$833,992. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 410,522	\$ 960,257
Changes of assumptions	1,016,838	934,936
Net difference between projected and actual earnings on Plan investments	243,121	-
Changes in proportion and differences between City contributions and proportionate share of contributions	386,185	482,282
City contributions subsequent to the measurement date	<u>565,520</u>	<u>-</u>
Total	<u>\$ 2,622,186</u>	<u>\$ 2,377,475</u>

The \$565,520 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. This includes adjustments of \$124,785 for the nonhazardous implicit subsidy and \$30,680 for the hazardous implicit subsidy, which are required to be recognized as deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ending June 30,</b>	
2024	\$ 501
2025	\$ (14,650)
2026	\$ (247,448)
2027	\$ 55,615
2028	\$ (114,827)

*Actuarial Assumptions* – The total OPEB liability reported at June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Non-hazardous**

Inflation	2.30%
Salary increases	3.30 to 10.30%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare trend	
Pre – 65:	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65:	Initial trend starting at 9.00% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Hazardous**

Inflation	2.30%
Salary increases	3.55 to 19.05%, varies by service, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare trend	
Pre – 65:	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65:	Initial trend starting at 9.00% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022.

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Growth</b>	<b>60.00%</b>	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
<b>Liquidity</b>	<b>20.00%</b>	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
<b>Diversifying Strategies</b>	<b>20.00%</b>	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
<b>Total</b>	<b>100.00%</b>	<b>4.28%</b>
<b>Long term inflation assumption</b>		<b>2.30%</b>
<b>Expected nominal return for portfolio</b>		<b>6.58%</b>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

*Discount Rate* – The discount rate used to measure the total OPEB liability was 5.70% and 5.61% for non-hazardous and hazardous classifications, respectively. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index." However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

	Non-hazardous		Hazardous	
	Discount rate	City's proportionate share of net OPEB liability	Discount rate	City's proportionate share of net OPEB liability
1% decrease	4.70%	\$ 4,626,871	4.61%	\$ 3,907,569
Current discount rate	5.70%	\$ 3,461,050	5.61%	\$ 2,812,273
1% increase	6.70%	\$ 2,497,303	6.61%	\$ 1,922,688

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

	Non-hazardous		Hazardous	
		City's proportionate share of net OPEB liability		City's proportionate share of net OPEB liability
1% decrease		\$ 2,573,213		\$ 1,963,775
Current trend rate		\$ 3,461,050		\$ 2,812,273
1% increase		\$ 4,527,173		\$ 3,846,546

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

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**10. PROPERTY TAX CALENDAR**

Property taxes include amounts levied against all real and public utility property, plus tangible personal property that is located within the city limits. All property taxes are levied as of July 1 based on the assessment values as of the previous January 1. Property taxes are due by November 1. After that date, a 10% penalty is imposed. If bills are not paid by December 1, all delinquent accounts bear interest at 12% per annum until paid. Liens are filed for all delinquent property taxes in May of the following year. Assessed values are established by the County Property Valuation Administration at 100% of appraised market value. The City's tax rate applicable to the 2023 fiscal year was \$.168 per \$100 of assessed valuation for real estate and \$.168 for personal property.

**11. TRANSFER OF FUNDS**

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General Fund	Equipment Fund	Future Reserve	\$ 37,500
General Fund	Land Acquisition and Building	Future Reserve	\$ 22,500
Municipal Road Aid	General Fund	Road Paving	\$ 240,000
Utility Operating	Equipment Fund	Future Reserve	\$ 100,000

**12. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. The City contracts with the Kentucky League of Cities Insurance Services (KLCIS), a local government risk pool for insurance coverage for these risks. KLCIS was formed for the primary purpose of managing and funding third-party liability claims against its members. As a member of KLCIS, the City is required to make annual contributions sufficient to produce the funds necessary to fund the administrative expenses and the claims and claims expenses, and any deficiencies in the cumulative reserves. Coverage by KLCIS consists of \$2,000,000 in general liability insurance with \$5,000 deductible. As of June 30, 2023, the City is a defendant in several lawsuits arising in the normal course of business. In the aggregate these claims seek monetary damages in significant amounts. It is reasonably possible the City will experience a loss from such claims, however an estimate of such loss cannot be determined at this time. Additionally, there have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in recent years.

In July 1998, the City initiated a self-insured health insurance plan to provide employees with traditional health care insurance that covers hospitalization and major medical expenses within specified limits.

The plan is administered by a third-party administrator. The City pays the administrator a monthly fixed fee for various claim administration services, plus premiums for excess coverage insurance to insure claims that exceed \$75,000 per participant. Monthly payments also include a specified amount to set aside funds for payment of claims that do not exceed the \$75,000 amount. The third-party administrator pays these claims from the funds set aside by the City and bills the City for additional funds if funds on hand are not sufficient to pay claims.

Changes in the fund's claims liability amounts are:

	2023	2022
Balance as of beginning of year	\$ 80,258	\$ 86,752
Current year claims	1,603,015	2,314,272
Claims paid	<u>(1,617,936)</u>	<u>(2,320,766)</u>
Balance as of end of year	<u>\$ 65,337</u>	<u>\$ 80,258</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**13. TAX ABATEMENTS**

The City has agreements to abate real and tangible property taxes with one company in order to promote new business in the City based upon prescribed criteria. During the year, the City abated \$33,769 of real and tangible tax.

The City also has agreements with three other companies to abate occupational tax if they meet the criteria. It is unknown if any occupational tax was abated during this fiscal year.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BARDSTOWN, KENTUCKY**  
**REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON**  
**GENERAL FUND**  
**for the year ended June 30, 2023**

	<b>Enacted Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Taxes	\$ 3,615,000	\$ 4,035,000	\$ 4,042,260	\$ 7,260
Licenses and permits	8,085,500	8,905,500	8,950,485	44,985
Fines and forfeitures	54,700	54,700	59,152	4,452
Intergovernmental	1,156,900	413,650	505,936	92,286
Charges for services	170,000	170,000	201,167	31,167
Interest	45,000	45,000	207,267	162,267
Other	<u>130,200</u>	<u>261,950</u>	<u>354,855</u>	<u>92,905</u>
Total revenues	<u>13,257,300</u>	<u>13,885,800</u>	<u>14,321,122</u>	<u>435,322</u>
<b>EXPENDITURES</b>				
Current:				
General government	786,700	786,700	767,244	19,456
Finance	1,005,925	1,257,850	1,200,438	57,412
Public safety	4,391,150	4,535,575	4,579,565	(43,990)
Fire	2,682,725	2,714,375	2,753,560	(39,185)
Recreation	902,350	918,500	935,248	(16,748)
COBEC (Education Center)	84,850	84,850	84,313	537
Streets	792,075	713,325	841,650	(128,325)
Capital outlay	2,714,150	1,424,500	1,639,551	(215,051)
Debt service	<u>243,875</u>	<u>187,875</u>	<u>160,890</u>	<u>26,985</u>
Total expenditures (Note 1)	<u>13,603,800</u>	<u>12,623,550</u>	<u>12,962,459</u>	<u>(338,909)</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(346,500)</u>	<u>1,262,250</u>	<u>1,358,663</u>	<u>96,413</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	5,000	21,250	26,840	5,590
Lease proceeds (Note 1)	-	-	315,698	315,698
Transfers in	425,000	240,000	240,000	-
Transfers out	<u>(58,500)</u>	<u>(58,500)</u>	<u>(60,000)</u>	<u>(1,500)</u>
	<u>371,500</u>	<u>202,750</u>	<u>522,538</u>	<u>319,788</u>
Net change in fund balance	25,000	1,465,000	1,881,201	416,201
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>9,317,028</u>	<u>9,317,028</u>	<u>9,317,028</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 9,342,028</u>	<u>\$ 10,782,028</u>	<u>\$ 11,198,229</u>	<u>\$ 416,201</u>

Note 1: Adjustments to record lease proceeds and capital outlay for the City's vehicle leases totaled \$315,698. The City did not include the lease proceeds or the related capital outlay in the budget since no cash was received or disbursed related to these amounts in the current year.



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

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2014 (2013)</b>	<b>2015 (2014)</b>	<b>2016 (2015)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>	<b>2023 (2022)</b>
City's proportion of the net pension liability	0.175%	0.175%	0.180%	0.172%	0.170%	0.161%	0.182%	0.167%	0.180%	0.175%
City's proportionate share of the net pension liability (asset)	\$5,892,696	\$5,674,000	\$7,720,186	\$8,468,750	\$9,924,049	\$9,795,829	\$12,778,409	\$12,811,676	\$11,496,878	\$12,680,051
City's covered employee payroll	\$3,952,136	\$5,516,055	\$4,185,306	\$3,934,533	\$4,128,036	\$3,986,464	\$ 4,583,026	\$ 4,368,576	\$ 4,702,133	\$ 5,077,975
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	149.10%	102.86%	184.46%	215.24%	240.41%	245.73%	278.82%	293.27%	244.50%	249.71%
Plan fiduciary net position as a percentage of the total pension liability	61.22%	66.80%	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%	57.33%	52.42%

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

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2014 (2013)</b>	<b>2015 (2014)</b>	<b>2016 (2015)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>	<b>2023 (2022)</b>
City's proportion of the net pension liability	0.329%	0.329%	0.323%	0.334%	0.371%	0.333%	0.357%	0.334%	0.353%	0.330%
City's proportionate share of the net pension liability (asset)	\$4,413,000	\$3,952,000	\$4,954,109	\$5,739,046	\$8,296,053	\$8,403,739	\$9,874,902	\$10,069,653	\$9,422,313	\$ 10,079,818
City's covered employee payroll	\$1,535,887	\$2,731,098	\$1,707,390	\$1,732,763	\$2,035,541	\$1,867,706	\$2,035,954	\$ 2,070,391	\$2,258,949	\$ 2,404,289
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	287.33%	144.70%	290.16%	331.21%	407.56%	449.95%	485.03%	486.36%	417.11%	419.24%
Plan fiduciary net position as a percentage of the total pension liability	57.74%	63.46%	57.52%	53.95%	49.78%	49.26%	46.63%	44.11%	52.26%	47.11%

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

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 757,906	\$ 536,101	\$ 488,669	\$ 575,861	\$ 577,240	\$ 743,367	\$ 843,135	\$ 907,512	\$ 1,130,094	\$ 1,487,046
Contributions relative to contractually required employer contributions	<u>757,906</u>	<u>536,101</u>	<u>488,669</u>	<u>575,861</u>	<u>577,240</u>	<u>743,367</u>	<u>843,135</u>	<u>907,512</u>	<u>1,130,094</u>	<u>1,487,046</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$5,516,055	\$4,185,306	\$3,934,533	\$4,128,036	\$3,986,464	\$4,583,026	\$4,368,576	\$4,702,133	\$5,077,975	\$ 6,354,896
Employer contributions as a percentage of covered-employee payroll	13.74%	12.81%	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	22.25%	23.40%

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

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 594,560	\$ 348,767	\$ 353,563	\$ 441,916	\$ 411,309	\$ 506,342	\$ 622,360	\$ 679,040	\$ 807,486	\$ 1,269,868
Contributions relative to contractually required employer contributions	<u>594,560</u>	<u>348,767</u>	<u>353,563</u>	<u>441,916</u>	<u>411,309</u>	<u>506,342</u>	<u>622,360</u>	<u>679,040</u>	<u>807,486</u>	<u>1,269,868</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$2,731,098	\$1,707,390	\$1,732,763	\$2,035,541	\$1,867,706	\$2,035,954	\$2,070,391	\$2,258,949	\$2,404,289	\$ 2,966,287
Employer contributions as a percentage of covered-employee payroll	21.77%	20.43%	20.40%	21.71%	22.02%	24.87%	30.06%	30.06%	33.59%	42.81%

**CITY OF BARDSTOWN, KENTUCKY**  
**REQUIRED SUPPLEMENTARY SCHEDULE**  
**PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - NONHAZARDOUS**  
**Last Seven Fiscal Years**

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>	<b>2023 (2022)</b>
City's proportion of the net OPEB liability	0.172%	0.170%	0.161%	0.182%	0.167%	0.180%	0.175%
City's proportionate share of the net OPEB liability (asset)	\$ 2,673,490	\$ 3,408,455	\$ 2,855,611	\$ 3,055,170	\$ 4,032,566	\$ 3,451,351	\$ 3,461,050
City's covered employee payroll	\$ 3,934,533	\$ 4,128,036	\$ 3,986,464	\$ 4,583,026	\$ 4,368,576	\$ 4,702,133	\$ 5,077,975
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	67.95%	82.57%	71.63%	66.66%	92.31%	73.40%	68.16%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	52.39%	57.62%	60.44%	51.67%	62.91%	60.95%

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

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

<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>	<b>2023 (2022)</b>
City's proportion of the net OPEB liability	0.334%	0.371%	0.333%	0.357%	0.334%	0.353%	0.330%
City's proportionate share of the net OPEB liability (asset)	\$ 1,831,677	\$ 3,065,381	\$ 2,371,417	\$ 2,644,399	\$ 3,085,367	\$ 2,861,758	\$ 2,812,273
City's covered employee payroll	\$ 1,732,763	\$ 2,035,541	\$ 1,867,706	\$ 2,035,954	\$ 2,070,391	\$ 2,258,949	\$ 2,404,289
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	105.71%	150.59%	126.97%	129.89%	149.02%	126.69%	116.97%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	58.99%	64.24%	64.44%	58.84%	66.81%	64.13%

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

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

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	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Contractually required employer contribution	\$ 284,077	\$ 205,917	\$ 182,562	\$ 195,256	\$ 187,364	\$ 241,067	\$ 207,944	\$ 223,821	\$ 206,870	\$ 215,431
Contributions relative to contractually required employer contributions	<u>284,077</u>	<u>205,917</u>	<u>182,562</u>	<u>195,256</u>	<u>187,364</u>	<u>241,067</u>	<u>207,944</u>	<u>223,821</u>	<u>206,870</u>	<u>215,431</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$5,516,055	\$4,185,306	\$3,934,533	\$4,128,036	\$3,986,464	\$4,583,026	\$4,368,576	\$4,702,133	\$5,077,975	\$ 6,354,896
Employer contributions as a percentage of covered-employee payroll	5.15%	4.92%	4.64%	4.73%	4.70%	5.26%	4.76%	4.76%	4.07%	3.39%

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

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 380,442	\$ 231,864	\$ 219,888	\$ 190,323	\$ 173,232	\$ 213,164	\$ 197,101	\$ 215,052	\$ 198,016	\$ 201,114
Contributions relative to contractually required employer contributions	<u>380,442</u>	<u>231,864</u>	<u>219,888</u>	<u>190,323</u>	<u>173,232</u>	<u>213,164</u>	<u>197,101</u>	<u>215,052</u>	<u>198,016</u>	<u>201,114</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 2,731,098	\$ 1,707,390	\$ 1,732,763	\$ 2,035,541	\$ 1,867,706	\$ 2,035,954	\$ 2,070,391	\$ 2,258,949	\$ 2,404,289	\$ 2,966,287
Employer contributions as a percentage of covered-employee payroll	13.93%	13.58%	12.69%	9.35%	9.28%	10.47%	9.52%	9.52%	8.24%	6.78%



**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2023**

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**1. GENERAL INFORMATION**

**Contributions**

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

**Payroll**

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

**2. CHANGES OF ASSUMPTIONS**

**June 30, 2022 – Pension and OPEB – Hazardous and Nonhazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for OPEB:

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

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for pension.

**June 30, 2021 – Pension and OPEB – Hazardous and Nonhazardous**

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

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

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

**June 30, 2020 – Pension and OPEB – Hazardous and Nonhazardous**

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

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

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

**June 30, 2019 – Pension and OPEB Hazardous and Nonhazardous**

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

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average.

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

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

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2023**

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**2. CHANGES OF ASSUMPTIONS (CONTINUED)**

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

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

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

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

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

**June 30, 2015 – Pension – Hazardous and Nonhazardous**

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

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

**June 30, 2014 – Pension – Hazardous and Nonhazardous**

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

**June 30, 2013 – Pension – Hazardous and Nonhazardous**

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

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

## **SUPPLEMENTARY INFORMATION**

**CITY OF BARDSTOWN, KENTUCKY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2023**

	<b>Municipal Road Aid</b>	<b>Land Acquisition and Building</b>	<b>Law Enforcement</b>	<b>Equipment Fund</b>	<b>Cemetery</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,062	\$ 255,164	\$ 177,694	\$ 142,698	\$ 138,859	\$ 722,477
Investments	303,035	803,042	-	267,681	242,428	1,616,186
Accounts receivable	32,995	-	-	-	3,222	36,217
Prepaid expense	-	-	-	-	190	190
Land held for resale	-	66,322	-	-	-	66,322
Due from other funds	-	557,750	-	-	-	557,750
Total assets	<u>\$ 344,092</u>	<u>\$ 1,682,278</u>	<u>\$ 177,694</u>	<u>\$ 410,379</u>	<u>\$ 384,699</u>	<u>\$ 2,999,142</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 11,086	\$ 11,086
Accrued payroll	-	-	-	-	521	521
Accrued payroll taxes payable	-	-	-	-	40	40
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,647</u>	<u>11,647</u>
Fund Balance						
Nonspendable	-	66,322	-	-	-	66,322
Restricted						
Roads	344,092	-	-	-	-	344,092
Assigned						
Land acquisition and industrial development	-	1,615,956	-	410,379	-	2,026,335
Public safety	-	-	177,694	-	-	177,694
Cemetery	-	-	-	-	373,052	373,052
Fund balance	<u>344,092</u>	<u>1,682,278</u>	<u>177,694</u>	<u>410,379</u>	<u>373,052</u>	<u>2,987,495</u>
Total liabilities and fund balance	<u>\$ 344,092</u>	<u>\$ 1,682,278</u>	<u>\$ 177,694</u>	<u>\$ 410,379</u>	<u>\$ 384,699</u>	<u>\$ 2,999,142</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**for the year ended June 30, 2023**

	<b>Municipal Road Aid</b>	<b>Land Acquisition and Building</b>	<b>Law Enforcement</b>	<b>Equipment Fund</b>	<b>Cemetery</b>	<b>Total Nonmajor Funds</b>
<b>REVENUES</b>						
Intergovernmental	\$ 279,647	\$ -	\$ -	\$ -	\$ -	\$ 279,647
Charges for services	-	-	-	-	117,850	117,850
Interest	7,330	16,631	-	6,547	6,459	36,967
Other	-	-	103,882	-	-	103,882
Total revenues	<u>286,977</u>	<u>16,631</u>	<u>103,882</u>	<u>6,547</u>	<u>124,309</u>	<u>538,346</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	34,711	-	-	34,711
Cemetery	-	-	-	-	99,855	99,855
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>34,711</u>	<u>-</u>	<u>99,855</u>	<u>134,566</u>
Excess (deficiency) of revenues over expenditures before other sources (uses)	<u>286,977</u>	<u>16,631</u>	<u>69,171</u>	<u>6,547</u>	<u>24,454</u>	<u>403,780</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	22,500	-	137,500	16,040	176,040
Transfers out	<u>(240,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,040)</u>	<u>(256,040)</u>
Total other financing sources (uses)	<u>(240,000)</u>	<u>22,500</u>	<u>-</u>	<u>137,500</u>	<u>-</u>	<u>(80,000)</u>
<b>Net change in fund balances</b>	46,977	39,131	69,171	144,047	24,454	323,780
Fund balance, beginning of year	<u>297,115</u>	<u>1,643,147</u>	<u>108,523</u>	<u>266,332</u>	<u>348,598</u>	<u>2,663,715</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 344,092</u>	<u>\$ 1,682,278</u>	<u>\$ 177,694</u>	<u>\$ 410,379</u>	<u>\$ 373,052</u>	<u>\$ 2,987,495</u>

**CITY OF BARDSTOWN, KENTUCKY  
COMBINING BALANCE SHEET  
NONMAJOR PROPRIETARY FUNDS  
June 30, 2023**

	<u>Depreciation Reserve</u>	<u>Operating and Maintenance Reserve</u>	<u>Water and Wastewater Enhancement Fund</u>	<u>Lagoon Cleaning Fund</u>	<u>Total Nonmajor Proprietary Funds</u>
<b>ASSETS</b>					
Current assets					
Cash	\$ 2,853	\$ 500	\$ 24,860	\$ 510,754	\$ 538,967
Investments	510,108	4,049,932	1,940,000	-	6,500,040
Accrued interest	<u>-</u>	<u>36,893</u>	<u>-</u>	<u>-</u>	<u>36,893</u>
Total current assets	<u>512,961</u>	<u>4,087,325</u>	<u>1,964,860</u>	<u>510,754</u>	<u>7,075,900</u>
Noncurrent assets					
Restricted cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 512,961</u>	<u>\$ 4,087,325</u>	<u>\$ 1,964,860</u>	<u>\$ 510,754</u>	<u>\$ 7,075,900</u>
<b>NET POSITION</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>512,961</u>	<u>4,087,325</u>	<u>1,964,860</u>	<u>510,754</u>	<u>7,075,900</u>
Total net position	<u>512,961</u>	<u>4,087,325</u>	<u>1,964,860</u>	<u>510,754</u>	<u>7,075,900</u>
Total liabilities and net position	<u>\$ 512,961</u>	<u>\$ 4,087,325</u>	<u>\$ 1,964,860</u>	<u>\$ 510,754</u>	<u>\$ 7,075,900</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**for the year ended June 30, 2023**

	<b>Depreciation Reserve</b>	<b>Operating and Maintenance Reserve</b>	<b>Water and Wastewater Enhancement</b>	<b>Lagoon Cleaning</b>	<b>Total Non-Major Proprietary Funds</b>
<b>OPERATING REVENUES</b>					
System development charges	\$ -	\$ -	\$ 176,245	\$ -	\$ 176,245
Total operating revenues	-	-	176,245	-	176,245
Operating income (loss)	-	-	176,245	-	176,245
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings (loss)	13,697	74,148	33,108	-	120,953
Total nonoperating revenues (expenses)	13,697	74,148	33,108	-	120,953
Income (loss) before transfers	13,697	74,148	209,353	-	297,198
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net position	13,697	74,148	209,353	-	297,198
Total net position - beginning	499,264	4,013,177	1,755,507	510,754	6,778,702
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 512,961</b>	<b>\$ 4,087,325</b>	<b>\$ 1,964,860</b>	<b>\$ 510,754</b>	<b>\$ 7,075,900</b>

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**UTILITY OPERATING DEPARTMENTS**  
**for the year ended June 30, 2023**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Cablenet</u>	<u>Garbage</u>	<u>Total Utility Operating Fund</u>
<b>Operating revenues</b>						
Charges for services	\$ 18,203,986	\$ 7,645,791	\$ 6,312,301	\$ 12,518,453	\$ 1,768,240	\$ 46,448,771
Utility surcharge	-	-	-	121,352	-	121,352
Connection fees	5,981	275,728	69,789	21,228	-	372,726
Contract services	-	887	24,257	52,060	-	77,204
Penalties	89,197	69,177	59,058	92,539	14,153	324,124
Miscellaneous	<u>10,505</u>	<u>890,432</u>	<u>13,601</u>	<u>6,817</u>	<u>35,825</u>	<u>957,180</u>
Total operating revenues	<u>18,309,669</u>	<u>8,882,015</u>	<u>6,479,006</u>	<u>12,812,449</u>	<u>1,818,218</u>	<u>48,301,357</u>
<b>Operating expenses</b>						
Purchases for resale	13,831,146	-	-	6,471,359	-	20,302,505
Personal services	1,503,517	2,240,304	1,547,358	2,760,903	884,494	8,936,576
Contractual services	275,523	364,492	331,229	762,391	468,040	2,201,675
Materials and supplies	236,820	1,103,875	472,184	839,779	165,768	2,818,426
Maintenance and repairs	273,606	578,282	266,045	1,060,905	71,924	2,250,762
Other expenses	205,517	877,367	718,017	669,318	66,389	2,536,608
Depreciation and amortization	<u>667,393</u>	<u>1,712,604</u>	<u>1,639,683</u>	<u>1,462,881</u>	<u>110,736</u>	<u>5,593,297</u>
Total operating expenses	<u>16,993,522</u>	<u>6,876,924</u>	<u>4,974,516</u>	<u>14,027,536</u>	<u>1,767,351</u>	<u>44,639,849</u>
Operating income (loss)	<u>1,316,147</u>	<u>2,005,091</u>	<u>1,504,490</u>	<u>(1,215,087)</u>	<u>50,867</u>	<u>3,661,508</u>
<b>Nonoperating revenues (expenses)</b>						
Investment earnings	65,499	31,770	30,573	48,681	-	176,523
Gain on disposal of capital assets	2,779	38,903	-	-	13,894	55,576
Lease revenue	-	350	-	-	-	350
Interest expense	<u>(7,102)</u>	<u>(141,823)</u>	<u>(177,747)</u>	<u>(6,519)</u>	<u>-</u>	<u>(333,191)</u>
Total nonoperating revenue (expenses)	<u>61,176</u>	<u>(70,800)</u>	<u>(147,174)</u>	<u>42,162</u>	<u>13,894</u>	<u>(100,742)</u>
Income before capital contributions and transfers	1,377,323	1,934,291	1,357,316	(1,172,925)	64,761	3,560,766
Capital contributions	-	143,420	237,460	-	-	380,880
Grants	-	414,191	2,042,159	641,226	-	3,097,576
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
<b>Change in net position</b>	<u>\$ 1,377,323</u>	<u>\$ 2,491,902</u>	<u>\$ 3,636,935</u>	<u>\$ (531,699)</u>	<u>\$ (35,239)</u>	<u>\$ 6,939,222</u>
Total net position-beginning						<u>69,947,815</u>
<b>TOTAL NET POSITION-ENDING</b>						<u>\$ 76,887,037</u>





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

To the Mayor and City Council  
City of Bardstown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bardstown, Kentucky as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 11, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Bardstown, Kentucky's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bardstown, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bardstown, Kentucky's internal control.

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Bardstown, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

**RFH**

RFH, PLLC  
Lexington, Kentucky  
January 11, 2024



Members American Institute of Certified Public Accountants  
and Kentucky Society of Certified Public Accountants

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

To the Mayor and City Council  
City of Bardstown, Kentucky

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

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

We have audited the City of Bardstown, Kentucky's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Bardstown, Kentucky's major federal programs for the year ended June 30, 2023. The City of Bardstown, Kentucky's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Bardstown, Kentucky complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Bardstown, Kentucky's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Bardstown, Kentucky's compliance with the requirements of each major federal program as a whole.

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

**RFH**

RFH, PLLC  
Lexington, Kentucky  
January 11, 2024

**CITY OF BARDSTOWN, KENTUCKY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**for the year ended June 30, 2023**

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GRANTOR/PROGRAM TITLE	AL Number	Contract Number	Contract Period	Passed Through to Subrecipients	Expenditures
U.S. Department of the Treasury					
Passed through the Kentucky Department for Local Government					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	7/1/22-6/30/23	\$ -	\$ 3,097,576
<b>Total U.S. Department of the Treasury</b>				-	3,097,576
<b>Total federal awards expended</b>				\$ -	\$ 3,097,576

**Note 1 - Basis of Presentation**

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

**Note 2 - Indirect Cost Rates**

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

**Note 3 - Passthrough entity numbers are presented when available. Passthrough grantor's number not available.**

**CITY OF BARDSTOWN, KENTUCKY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
for the year ended June 30, 2023**

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**I. SUMMARY OF AUDITORS' RESULTS**

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified ☐ Yes ☒ No

Significant deficiencies identified that are not  
considered to be material weaknesses ☐ Yes ☒ None reported

Non-compliance material to financial statements noted ☐ Yes ☒ No

Federal Awards:

Internal control over major programs:

Material weaknesses identified ☐ Yes ☒ No

Significant deficiencies identified that are not  
considered to be material weaknesses ☐ Yes ☒ None reported

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

Unmodified for all major programs.

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

**Major Program:**

<b>AL Numbers</b>	<b>Name of Federal Program or Cluster</b>
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS**

NONE

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE

**IV. PRIOR AUDIT FINDINGS**

NONE

**CITY OF BARDSTOWN**  
**Bardstown, Kentucky**

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**FINANCIAL STATEMENTS**  
**June 30, 2024**

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## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
City of Bardstown, Kentucky

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bardstown, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bardstown, Kentucky, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other post-employment benefits (OPEB) schedules on pages 4-11 and 46-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2025, on our consideration of the City of Bardstown, 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 Bardstown, 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 the City of Bardstown, Kentucky's internal control over financial reporting and compliance.

**RFH**

RFH, PLLC  
Lexington, Kentucky  
January 16, 2025

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024**

The Management Discussion and Analysis of the financial performance of the City of Bardstown provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. Please review the MD&A in conjunction with the auditors' report and the City of Bardstown's Audited Financial Statements. Should anyone have questions or desire additional information, please contact Aaron Boles at [aboles@bardstownconnect.com](mailto:aboles@bardstownconnect.com).

**Financial Highlights**

As of June 30, 2024, the City's Net Position (assets minus liabilities) totaled \$110,724,056.

- Net Position includes Capital Assets, net of related debt, of \$102,501,133, \$781,637 in restricted resources (restricted for debt service and for specific projects by law, regulation, or contractual agreement), and unrestricted resources of \$7,441,286, of which \$3,826,407 is in the business-type activities while the governmental activities stands at \$3,614,879.
- City Liabilities on June 30, 2024 totaled \$50,057,207, of which \$39,449,577 is long term and \$10,607,630 is current. Liabilities include all Kentucky Infrastructure Authority (KIA) loans, accounts payable, and the City's Net Pension/OPEB liability.
- The City paid \$754,041 of principal and \$292,309 of interest on the 7 KIA loans it has received for major water and sewer projects, leaving a year-end balance of approximately \$12,310,534 on the existing 20-year loans. Two new loans have been awarded by the KIA to assist in the construction of our East Bardstown Water improvement project. Both are 20-year, 2.25% loans with: one in the amount of \$4,818,000 was awarded for the construction of a 1.5M gallon water storage tank, and one in the amount of \$5,148,000 was awarded for the construction of a new 16" water main and booster pump station. All aspects of this project are designed to improve water delivery and resiliency to the eastern portions of our system. Both loans will begin draw-down as construction commences in FY25.

**City of Bardstown, Kentucky**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2024**

**TABLE 1:**  
**City of Bardstown**  
**Assets, Liabilities, and Net Position**  
**3-Year Review**

<b>Assets</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>
<b>Capital and Leased Assets</b>			
Governmental Activities	\$ 15,470,000	\$ 15,676,000	\$ 17,861,000
Business-type Activities	85,413,000	90,843,000	100,100,000
<b>Total Capital Assets</b>	<u>100,883,000</u>	<u>106,519,000</u>	<u>117,961,000</u>
<b>Current &amp; Other Assets</b>			
Governmental Activities	14,322,000	16,670,000	19,295,000
Business-type Activities	26,265,000	25,145,000	23,823,000
<b>Total Current &amp; Other Assets</b>	<u>40,587,000</u>	<u>41,815,000</u>	<u>43,118,000</u>
<b>Deferred Outflows of Resources</b>			
Governmental Activities	3,374,000	4,470,000	5,875,000
Business-type Activities	3,787,000	3,265,000	5,055,000
<b>Total Deferred Outflows of Resources</b>	<u>7,161,000</u>	<u>7,735,000</u>	<u>10,930,000</u>
<b>Total Assets and Deferred Outflows of Resources</b>			
Governmental Activities	33,166,000	36,816,000	43,031,000
Business-type Activities	115,465,000	119,253,000	128,978,000
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 148,631,000</u>	<u>\$ 156,069,000</u>	<u>\$ 172,009,000</u>
<b>Liabilities</b>			
<b>Current &amp; Other Liabilities</b>			
Governmental Activities	\$ 2,137,000	\$ 2,139,000	\$ 2,719,000
Business-type Activities	9,744,000	6,016,000	7,889,000
<b>Total Current &amp; Other Liabilities</b>	<u>11,881,000</u>	<u>8,155,000</u>	<u>10,608,000</u>
<b>Long-term Liabilities</b>			
Governmental Activities	14,640,000	15,620,000	14,968,000
Business-type Activities	25,502,000	26,615,000	24,482,000
<b>Total Long-term Liabilities</b>	<u>40,142,000</u>	<u>42,235,000</u>	<u>39,450,000</u>
<b>Deferred Inflows of Resources</b>			
Governmental Activities	2,881,000	2,732,000	5,376,000
Business-type Activities	3,492,000	2,659,000	5,852,000
<b>Total Deferred Inflows of Resources</b>	<u>6,373,000</u>	<u>5,391,000</u>	<u>11,228,000</u>
<b>Total Liabilities and Deferred Inflows</b>			
Governmental Activities	19,658,000	20,491,000	23,063,000
Business-type Activities	38,738,000	35,290,000	38,223,000
<b>Total Liabilities and Deferred Inflows</b>	<u>58,396,000</u>	<u>55,781,000</u>	<u>61,286,000</u>

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024**

**TABLE 1 (CONTINUED):  
City of Bardstown  
Assets, Liabilities, and Net Position  
3-Year Review (Continued)**

<b>Net Position</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>
Governmental Activities	13,508,000	16,325,000	19,968,000
Business-type Activities	76,727,000	83,963,000	90,755,000
<b>Total Net Position</b>	<b>90,235,000</b>	<b>100,288,000</b>	<b>110,723,000</b>
<b>Net Position, Details</b>			
<b>Invested in Capital Assets</b>			
Governmental Activities	14,887,000	14,913,000	15,812,000
Business-type Activities	72,274,000	77,351,000	86,689,000
<b>Total Capital Assets (net of debt)</b>	<b>87,161,000</b>	<b>92,264,000</b>	<b>102,501,000</b>
<b>Restricted Net Position</b>			
Governmental Activities	297,000	533,000	541,000
Business-type Activities	174,000	214,000	240,000
<b>Total Restricted Net Position</b>	<b>471,000</b>	<b>747,000</b>	<b>781,000</b>
<b>Unrestricted Net Position</b>			
Governmental Activities	(1,676,000)	879,000	3,615,000
Business-type Activities	4,279,000	6,398,000	3,826,000
<b>Total Unrestricted Net Position</b>	<b>\$ 2,603,000</b>	<b>\$ 7,277,000</b>	<b>\$ 7,441,000</b>

**Overview of the Financial Statements**

The City provides governmental services, primarily funded by taxes and intergovernmental revenues, and business-type services, funded by user fees and charges. Governmental activities include services such as police, fire, recreation, streets and street lighting, prevention of drug and alcohol abuse, cemetery operation and maintenance, planning and zoning, industrial development, historic preservation, and the administrative and oversight functions necessary to provide all of the above. Business-type activities include electric, water, sewer, cable, internet and garbage services.

The audited financial statements include three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. The audited Financial Statements also include other supplemental information and the Budget and Actual statements, which are required to demonstrate the City's compliance with state law regarding the budgeting of public funds.

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024**

**Government-Wide Financial Statements**

The government-wide financial statements (Government-wide Statement of Net Position and Government-wide Statement of Activities) are designed to provide readers with a broad overview of the City of Bardstown's finances in a manner similar to that used in the private sector. They report the financial condition on both governmental and business-type activities as of June 30; the City's short-term and long-term assets and liabilities; and how the City's Net Position changed during the fiscal year.

**Governmental Fund Statements**

The next two financial statements report only on governmental services:

- Balance Sheet-Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds

The Balance Sheet lists the resources available as of June 30 to pay current liabilities and to continue governmental operations into the following fiscal year. Capital assets and long-term debt are not included in this report, but are included in the Government-Wide Statement of Net Position. The Balance Sheet is intended to demonstrate current, as opposed to long-term, financial strength and/or weakness.

The Statement of Revenues, Expenditures, and Changes in Fund Balance provides some of the most important data necessary to choose the level of governmental service. It also provides insight into the level of taxation and/or fees needed for those services.

Management presents the following observations about the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance, primarily related to the General Fund.

- The June 30, 2024 General Fund Balance of \$13,173,784 includes an Unassigned Balance of \$12,944,979, which represents an increase of \$2,012,863 compared to June 30, 2023. The remainder of the Fund Balance is restricted, assigned, or nonspendable. The Unassigned Balance of our General Fund stands at 80% of revenues, well above the recommended 16.7% or two months of coverage.
- Liquid assets such as cash and investments increased \$1,357,470 over prior year.
- The effects of the Net Pension & OPEB liability are not recorded on these financial statements.
- The Statement of Revenues and Expenditures shows that the General Fund revenues exceeded expenditures by \$90,630. Revenues increased \$1,852,815 over FY23 due to increased License and Permit revenue, Interest Income, and Tax revenue. Expenditures increased \$3,120,848 from FY23 due to increased capital outlay.

The Required Supplementary Budgetary Comparison – General Fund reports on the City's compliance with budget adoption and execution requirements. Actual General Fund revenue exceeded budget as a whole by \$362,712, while actual General Fund expenditures exceeded budget by \$1,651,807 due mainly to one-time reporting charges associated with new leased vehicles acquired during the year.

The continued increase of the General Fund balance shows a self-sustaining governmental fund that is able to provide necessary services such as police, fire, streets, and recreation without the support of the combined utility operations. The steps taken by past and current administrations to eliminate the City's dependency on non-governmental operations for support has allowed the General Fund Balance to increase \$9,044,409 or 219% over the last four years.

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024**

**Proprietary Fund Statements**

The three primary statements reporting on the proprietary or business-type activities are:

- Statement of Net Position – Proprietary Funds
- Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
- Statement of Cash Flows – Proprietary Funds

The Statement of Net Position shows, for the Utility Operating Fund, a Net Position of \$83,473,809 an increase of \$6,586,772 from the previous year. Our Unrestricted Net Position decreased to (\$3,455,194) due to increased capital asset positions. This Unrestricted Net Position is directly affected by required GASB 68 & 75 adjustments pertaining to the Net Pension and OPEB liability. Removing these adjustments puts the Utility Operating Fund's Unrestricted Net Position at a much healthier \$9,049,215. This position decreased from prior year by \$2,592,787 as we utilize reserves to fund much needed system improvements. Without the Net Pension/OPEB Liability, the City is operating with an Unrestricted Net Position equal to 18.4% of operating revenues, above the desired 16.7% or two months of coverage.

The Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds shows Income from Operations for the Utility Operating Fund of \$3,524,923, a decrease of \$136,585 from the prior year.

The Governmental Activities–Internal Service Fund, included in the last column in the Proprietary Fund statements represents the City's Employee Health Insurance Fund, a self-insured plan. This Fund reports on the City's attempt to control the ever-increasing cost of employee health insurance. The City uses third-party health insurance consultants and continuously modifies its plan to contain the ever-increasing cost of employee health care.

**Program Revenues**

Revenue from service charges, or Program Revenue, funds all of the City's business-type activities, the utility services or departments and the self-insured employee health insurance program of those departments.



# City of Bardstown, Kentucky Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

## Governmental Activities

**Table 2: Governmental Activities, Program Expenses, by Function (Department), Three-year Comparison**

	FY 22			FY 23			FY 24		
	Expenses	Total P. Rev	Net Exp.	Expenses	Total P. Rev	Net Exp.	Expenses	Total P. Rev	Net Exp.
General Government	\$ 984,646	\$ 46,097	\$ 938,549	\$ 837,377	\$ 379,981	\$ 457,396	\$ 887,496	\$ 231,391	\$ 656,105
Finance	1,083,645	-	1,083,645	1,212,467	-	1,212,467	1,343,248	-	1,343,248
Public Safety	4,271,149	236,984	4,034,165	4,656,783	210,779	4,446,004	5,302,548	172,832	5,129,716
Fire	2,588,787	148,155	2,440,632	2,810,538	184,757	2,625,781	3,254,409	134,870	3,119,539
Recreation	812,737	147,205	665,532	1,046,556	280,865	765,691	873,165	645,910	227,255
COBEC	92,726	-	92,726	101,107	-	101,107	89,127	-	89,127
Streets	1,493,681	703,015	790,666	1,721,066	279,647	1,441,419	1,543,971	481,607	1,062,364
Cemetery	115,492	107,250	8,242	108,531	117,850	(9,319)	85,055	79,931	5,124
Interest on long-term debt & leases	17,420	-	17,420	23,669	-	23,669	69,211	-	69,211
	<b>\$ 11,460,283</b>	<b>\$ 1,388,706</b>	<b>\$ 10,071,577</b>	<b>\$ 12,518,094</b>	<b>\$ 1,453,879</b>	<b>\$ 11,064,215</b>	<b>\$ 13,448,230</b>	<b>\$ 1,746,541</b>	<b>\$ 11,701,689</b>
<b>Governmental Activities, General Revenues</b>									
Property Taxes		2,841,018			3,135,152			3,424,926	
Restaurant Tax		842,005			907,108			1,028,478	
Business and Occ. License Fees		8,395,891			8,950,485			9,662,082	
Interest & Invest. Earnings		25,440			244,234			566,665	
Misc.		628,971			517,889			438,563	
<b>Total Gen. Revenues</b>			<b>12,733,325</b>			<b>13,754,868</b>			<b>15,120,714</b>
<b>Gain from disposal of assets</b>			<b>-</b>			<b>26,840</b>			<b>36,730</b>
<b>Transfers-Net</b>			<b>-</b>			<b>100,000</b>			<b>187,500</b>
Change in Net Position			<b>2,661,748</b>			<b>2,817,493</b>			<b>3,643,255</b>
Net Position, Beginning of Year			10,846,150			13,507,898			16,325,391
Net Position, End of Year			<b>\$ 13,507,898</b>			<b>\$ 16,325,391</b>			<b>\$ 19,968,646</b>

**Table 2** shows a 3-year history of Expenses, Program and Grant revenues, and finally Net Expenses for each governmental program. These net expenses were funded from tax revenues and investment income. The table also shows the Tax, Investment, and Miscellaneous Revenue generated to partially fund the Net Expenses of the governmental activities. The City allocates general overhead expenses to all departments.

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024**

**Business-type Activities**

**Table 3** presents a 3-year history of program revenues and expenses for the Business-type Activities, the utility services. Annual service charge revenue has increased 9.1% over the 3-year period while expenses have only increased 8.3% over this same 3-year period.

**Table 3: Program Revenue & Expense, Business-type Activities, 3-Year Comparison**

Activity	FY 22			FY 23			FY 24		
	Charges for Service	Expenses	Net Revenue	Charges for Service	Expenses	Net Revenue	Charges for Service	Expenses	Net Revenue
Electric	\$ 17,276,497	\$ 17,648,396	\$ (371,899)	\$ 18,309,669	\$ 17,000,624	\$ 1,309,045	\$ 15,999,025	\$ 16,500,803	\$ (501,778)
Water	7,038,066	6,259,047	779,019	8,882,015	7,018,747	1,863,268	10,621,058	7,604,307	3,016,751
Sewer	5,966,967	4,340,263	1,626,704	6,479,006	5,152,263	1,326,743	7,374,477	5,681,273	1,693,204
Cable Net	13,045,278	12,580,074	465,204	12,812,449	14,034,055	(1,221,606)	12,782,736	13,628,156	(845,420)
Garbage	1,787,071	1,611,758	175,313	1,818,218	1,767,351	50,867	2,419,854	2,560,274	(140,420)
Interest Exp	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 45,113,879</b>	<b>\$ 42,439,538</b>	<b>\$ 2,674,341</b>	<b>\$ 48,301,357</b>	<b>\$ 44,973,040</b>	<b>\$ 3,328,317</b>	<b>\$ 49,197,150</b>	<b>\$ 45,974,813</b>	<b>\$ 3,222,337</b>

**General Revenues, Business-type Activities**

Interest & Invest. Earnings	84,526	297,476	650,441
Grants & Contributions	2,069,460	3,478,456	2,952,450
System Development Charges	279,038	176,245	154,395
Other	350	350	350
Gain on disposal of capital assets	-	55,576	-
Less Net Transfers	-	(100,000)	(187,500)
Change in Net Position	5,107,715	7,236,420	6,792,473
<b>Net Position, Beginning</b>	<b>71,618,802</b>	<b>76,726,517</b>	<b>83,962,937</b>
<b>Net Position, Ending</b>	<b>\$ 76,726,517</b>	<b>\$ 83,962,937</b>	<b>\$ 90,755,410</b>

**City of Bardstown, Kentucky  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024**

**Summary & Pending Actions**

The General Fund continued its positive momentum throughout FY24 relying on continued low unemployment along with booming community growth. Increased reserves helped council and administration to make bold moves to invest back in our community improving the health and well-being of our citizens. Healthy General Fund revenues allowed us to increase staffing in our public safety departments and provide them with the most updated equipment for better community protection. Our Recreation department was given the go-ahead to finalize construction design work on a new Indoor Aquatic and Sports Facility, a much-needed addition in our area. Meanwhile the first new park in 28 years, the Mayors Park, was constructed to improve green space and gathering areas near our downtown district. The City continues its forward-thinking leadership to best utilize the financial resources we have available.

As we move to self-fund as many projects as possible, the Utility Fund saw its first decrease of reserves in quite some time. Aging infrastructure and increasing demand depleted resources in Water and Sewer. Meanwhile, improved resiliency & stability projects in the Electric department also utilized the financial resources available. The utility services area of the City continues to grow leading to increasing usage and increasing revenues. Streamlining operations and utilizing the resources of each department will help to contain the expenses associated with this growth.

During FY24, the City of Bardstown signed a letter of intent to divest its Cable and Internet assets to Charter Communications, dba Spectrum Mid-America LLC. Almost 40 years ago the City entered the Cable TV business when there weren't many quality options available to its residents. That is no longer the case in today's market with many different options available to consumers for TV and Internet service needs. The increasing competition in our market has proven difficult for our organization to react and keep up with changing technology and expanding infrastructure. This was a business decision that council and management have deemed to be in the best interest of the City as an organization for future prosperity and to take advantage of an asset that currently has a marketable value. This sale will have a significant positive financial impact on the City allowing us to continue to advance our communities interests without detrimental amounts of debt.

While our financial position remains positive, the City continues to face various issues:

- 1) Inflationary pressures impact City operations just like any other business. While these continue to come down, FY24 continued to see elevated pricing from prior years.
- 2) The very industries credited for the phenomenal growth of our community are also placing increased pressures on the City's infrastructure. Water, sewer, and electric have all been heavily impacted during FY24 and will continue to see significant impacts in FY25.
- 3) Reported softening throughout the bourbon industry poses a potential threat to the revenues of our General Fund. Although we have a diverse community of employers, the bourbon industry has played a major role in its expansion and prosperity.

Management will continue to monitor these situations and adjust budget projections to account for the potential negative impact they could have.

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**June 30, 2024**

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 3,259,407	\$ 3,057,747	\$ 6,317,154
Investments	12,563,726	13,516,309	26,080,035
Accrued interest receivable	28,503	31,304	59,807
Receivables, net	2,791,077	3,798,154	6,589,231
Current portion of lease receivable	9,653	-	9,653
Prepaid expenses	80,570	72,343	152,913
Land held for resale	66,322	-	66,322
Internal balances	339,983	(339,983)	-
Inventory	12,185	3,184,595	3,196,780
Total current assets	<u>19,151,426</u>	<u>23,320,469</u>	<u>42,471,895</u>
Noncurrent assets			
Restricted cash	136,050	240,300	376,350
Net OPEB asset	-	261,915	261,915
Lease receivable	7,419	-	7,419
Nondepreciable capital assets	1,144,266	9,248,769	10,393,035
Depreciable capital assets, net	15,111,652	89,796,200	104,907,852
Leased vehicles, net	<u>1,605,273</u>	<u>1,055,548</u>	<u>2,660,821</u>
Total noncurrent assets	<u>18,004,660</u>	<u>100,602,732</u>	<u>118,607,392</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension	4,450,254	3,569,824	8,020,078
Deferred outflows - OPEB	<u>1,424,285</u>	<u>1,485,627</u>	<u>2,909,912</u>
Total deferred outflows of resources	<u>5,874,539</u>	<u>5,055,451</u>	<u>10,929,990</u>
Total assets and deferred outflows of resources	<u>\$ 43,030,625</u>	<u>\$ 128,978,652</u>	<u>\$172,009,277</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 1,067,630	\$ 5,370,461	\$ 6,438,091
Retainage payable	-	273,347	273,347
Accrued taxes	349,769	50,293	400,062
Other liabilities	744,917	1,092,344	1,837,261
Accrued interest payable	7,061	-	7,061
Current portion of lease liability	453,208	302,485	755,693
Current portion of long-term debt	<u>95,826</u>	<u>800,289</u>	<u>896,115</u>
Total current liabilities	<u>2,718,411</u>	<u>7,889,219</u>	<u>10,607,630</u>
Noncurrent liabilities			
Lease liability	1,195,697	798,795	1,994,492
Loans payable	304,030	11,510,245	11,814,275
Net pension liability	12,924,695	12,172,646	25,097,341
Net OPEB liability	<u>543,469</u>	<u>-</u>	<u>543,469</u>
Total noncurrent liabilities	<u>14,967,891</u>	<u>24,481,686</u>	<u>39,449,577</u>
Total liabilities	<u>17,686,302</u>	<u>32,370,905</u>	<u>50,057,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension	1,567,722	1,400,052	2,967,774
Deferred inflows - OPEB	3,790,883	4,249,077	8,039,960
Deferred inflows - leases	17,072	-	17,072
Deferred inflows - other	<u>-</u>	<u>203,208</u>	<u>203,208</u>
Total deferred inflows of resources	<u>5,375,677</u>	<u>5,852,337</u>	<u>11,228,014</u>
<b>NET POSITION</b>			
Net investment in capital assets	15,812,430	86,688,703	102,501,133
Restricted for:			
Debt service	-	240,300	240,300
Road improvements	405,287	-	405,287
Other	136,050	-	136,050
Unrestricted	<u>3,614,879</u>	<u>3,826,407</u>	<u>7,441,286</u>
Total net position	<u>19,968,646</u>	<u>90,755,410</u>	<u>110,724,056</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 43,030,625</u>	<u>\$ 128,978,652</u>	<u>\$172,009,277</u>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF ACTIVITIES**  
for the year ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
<b>Governmental activities</b>							
General government	\$ 887,496	\$ 215,141	\$ 16,250	\$ -	\$ (656,105)	\$ -	\$ (656,105)
Finance	1,343,248	-	-	-	(1,343,248)	-	(1,343,248)
Public safety	5,302,548	-	172,832	-	(5,129,716)	-	(5,129,716)
Fire	3,254,409	-	134,870	-	(3,119,539)	-	(3,119,539)
Recreation	873,165	189,022	-	456,888	(227,255)	-	(227,255)
COBEC (Education Center)	89,127	-	-	-	(89,127)	-	(89,127)
Streets	1,543,971	-	424,758	56,849	(1,062,364)	-	(1,062,364)
Cemetery	85,055	79,931	-	-	(5,124)	-	(5,124)
Interest on long-term debt	11,995	-	-	-	(11,995)	-	(11,995)
Interest on long-term leases	57,216	-	-	-	(57,216)	-	(57,216)
Total governmental activities	13,448,230	484,094	748,710	513,737	(11,701,689)	-	(11,701,689)
<b>Business-type activities</b>							
Electric	16,500,803	15,999,025	-	-	-	(501,778)	(501,778)
Water	7,604,307	10,621,058	-	1,655,473	-	4,672,224	4,672,224
Sewer system	5,681,273	7,528,872	-	1,231,707	-	3,079,306	3,079,306
CableNet	13,628,156	12,782,736	-	65,270	-	(780,150)	(780,150)
Garbage	2,560,274	2,419,854	-	-	-	(140,420)	(140,420)
Total business-type activities	45,974,813	49,351,545	-	2,952,450	-	6,329,182	6,329,182
<b>Total primary government</b>	<b>\$ 59,423,043</b>	<b>\$ 49,835,639</b>	<b>\$ 748,710</b>	<b>\$ 3,466,187</b>	<b>(11,701,689)</b>	<b>6,329,182</b>	<b>(5,372,507)</b>
<b>General Revenues</b>							
Taxes:							
Property taxes					4,453,404	-	4,453,404
License fees:							
Franchise					440,927	-	440,927
Business					10,625	-	10,625
Occupational					7,477,119	-	7,477,119
Net Profits					1,647,209	-	1,647,209
Liquor					50,970	-	50,970
Other					60	-	60
Permits					35,172	-	35,172
Interest and investment earnings					566,665	650,441	1,217,106
Other					438,563	350	438,913
Total general revenues					15,120,714	650,791	15,771,505
Gain on disposal of capital assets					36,730	-	36,730
Transfers in (out)					187,500	(187,500)	-
<b>Change in Net Position</b>					3,643,255	6,792,473	10,435,728
Net Position - Beginning					16,325,391	83,962,937	100,288,328
<b>Net Position - Ending</b>					\$ 19,968,646	\$ 90,755,410	\$ 110,724,056

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

**CITY OF BARDSTOWN, KENTUCKY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,458,391	\$ 708,907	\$ 3,167,298
Investments	10,548,205	2,015,521	12,563,726
Accounts receivable	2,693,246	65,382	2,758,628
Lease receivable	17,072	-	17,072
Prepaid expenses	80,570	-	80,570
Accrued interest	28,503	-	28,503
Inventory	12,185	-	12,185
Land held for resale	-	66,322	66,322
Internal balances	<u>260,000</u>	<u>724,500</u>	<u>984,500</u>
Total assets	<u>\$ 16,098,172</u>	<u>\$ 3,580,632</u>	<u>\$ 19,678,804</u>
<b>LIABILITIES</b>			
Liabilities			
Accounts payable	\$ 890,709	\$ 7,174	\$ 897,883
Accrued payroll	743,740	1,177	744,917
Payroll taxes payable	349,685	84	349,769
Internal balances	<u>384,517</u>	<u>260,000</u>	<u>644,517</u>
Total liabilities	<u>2,368,651</u>	<u>268,435</u>	<u>2,637,086</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	17,072	-	17,072
Unavailable revenue	<u>538,665</u>	<u>-</u>	<u>538,665</u>
Total deferred inflows of resources	<u>555,737</u>	<u>-</u>	<u>555,737</u>
<b>FUND BALANCE</b>			
Nonspendable	92,755	66,322	159,077
Restricted			
Roads	-	405,287	405,287
Other	136,050	-	136,050
Assigned			
Land acquisition and equipment	-	2,300,403	2,300,403
Public safety	-	168,343	168,343
Cemetery	-	371,842	371,842
Unassigned	<u>12,944,979</u>	<u>-</u>	<u>12,944,979</u>
Total fund balance	<u>13,173,784</u>	<u>3,312,197</u>	<u>16,485,981</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 16,098,172</u>	<u>\$ 3,580,632</u>	<u>\$ 19,678,804</u>

Amounts reported for *governmental activities* in the statement of net position are different because:

Fund balance reported above	\$ 16,485,981
Allocation of internal service net position	90,861
Capital and leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,861,191
Deferred inflows - unavailable revenue related to the opioid settlement is recognized as revenue in the year of settlement in the governmental activities in accordance with the accrual basis of accounting.	538,665
Net deferred inflows/outflows related to the long-term net pension and net OPEB liabilities are not reported in the funds.	515,934
Interest accrued on general long-term debt is not a current expenditure and is not reported in the funds.	(7,061)
Long-term liabilities, including loans and leases liability and net pension/OPEB liability, are not due and payable in the current period and therefore are not reported in the funds.	<u>(15,516,925)</u>
Net position of governmental activities	<u>\$ 19,968,646</u>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**for the year ended June 30, 2024**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 4,453,404	\$ -	\$ 4,453,404
Licenses and permits	9,662,082	-	9,662,082
Fines and forfeitures	56,843	-	56,843
Intergovernmental	577,391	307,843	885,234
Charges for services	215,066	79,931	294,997
Interest	493,592	73,073	566,665
Other	<u>715,559</u>	<u>43,374</u>	<u>758,933</u>
Total revenues	<u>16,173,937</u>	<u>504,221</u>	<u>16,678,158</u>
<b>EXPENDITURES</b>			
Current:			
General government	808,545	-	808,545
Finance	1,372,533	-	1,372,533
Public safety	4,817,064	52,435	4,869,499
Fire	3,023,699	-	3,023,699
Recreation	890,445	-	890,445
COBEC (Education Center)	64,080	-	64,080
Streets	794,341	-	794,341
Cemetery	-	92,084	92,084
Capital outlay	3,900,761	-	3,900,761
Debt service	<u>411,839</u>	<u>-</u>	<u>411,839</u>
Total expenditures	<u>16,083,307</u>	<u>144,519</u>	<u>16,227,826</u>
Excess (deficiency) of revenues over expenditures	<u>90,630</u>	<u>359,702</u>	<u>450,332</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of assets	36,730	-	36,730
Lease proceeds	1,625,695	-	1,625,695
Transfers in	260,000	235,370	495,370
Transfers out	<u>(37,500)</u>	<u>(270,370)</u>	<u>(307,870)</u>
Total other financing sources (uses)	<u>1,884,925</u>	<u>(35,000)</u>	<u>1,849,925</u>
<b>Net change in fund balance</b>	<u>1,975,555</u>	<u>324,702</u>	<u>2,300,257</u>
Fund balance-beginning	<u>11,198,229</u>	<u>2,987,495</u>	<u>14,185,724</u>
<b>Fund balance - ending</b>	<u>\$ 13,173,784</u>	<u>\$ 3,312,197</u>	<u>\$ 16,485,981</u>
Reconciliation to government-wide change in net position:			
Net change in fund balance			\$ 2,300,257
add: capital outlay expenditures capitalized			3,900,761
add: debt service expenditures			411,839
add: opioid settlement revenue			189,097
less: change in net position - self insurance fund			(58,425)
less: lease proceeds			(1,625,695)
less: depreciation on governmental activities capital assets			(1,429,114)
less: amortization on governmental activities leased assets			(286,732)
add: change in net pension liability			48,016
less: change in net OPEB liability			262,462
less: interest on long term debt			(11,995)
less: interest on long term leases			<u>(57,216)</u>
Change in net position governmental activities			<u>\$ 3,643,255</u>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2024**

	<b>Business-type Activities</b>			<b>Internal Service Fund</b>
	<b>Utility Operating Fund</b>	<b>Non-Major Proprietary Funds</b>	<b>Total Business-type Activities</b>	<b>Self- Insurance Fund</b>
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 1,752,421	\$ 1,305,326	\$ 3,057,747	\$ 228,159
Investments	7,313,693	6,202,616	13,516,309	-
Prepays	72,343	-	72,343	-
Accrued interest	7,245	24,059	31,304	-
Receivables (net of allowance for doubtful accounts, \$77,793)	3,798,154	-	3,798,154	32,449
Inventory	3,184,595	-	3,184,595	-
Internal balances	250,000	-	250,000	-
Total current assets	16,378,451	7,532,001	23,910,452	260,608
Noncurrent assets				
Restricted cash	240,300	-	240,300	-
Net OPEB asset	261,915	-	261,915	-
Capital and leased assets				
Leased vehicles	1,344,081	-	1,344,081	-
Land	2,021,662	-	2,021,662	-
Construction in progress	7,227,107	-	7,227,107	-
Distribution systems	133,231,139	-	133,231,139	-
Plant and buildings	24,247,520	-	24,247,520	-
Vehicles and equipment	18,209,055	-	18,209,055	-
Less accumulated depreciation and amortization	(86,180,047)	-	(86,180,047)	-
Total noncurrent assets	100,602,732	-	100,602,732	-
Total assets	116,981,183	7,532,001	124,513,184	260,608
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pension	3,569,824	-	3,569,824	-
Deferred outflows - OPEB	1,485,627	-	1,485,627	-
Total deferred outflows of resources	5,055,451	-	5,055,451	-
Total assets and deferred outflows of resources	\$ 122,036,634	\$ 7,532,001	\$ 129,568,635	\$ 260,608
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 5,370,061	\$ 400	\$ 5,370,461	\$ 169,747
Retainage payable	273,347	-	273,347	-
Accrued payroll taxes	50,293	-	50,293	-
Internal balances	339,983	250,000	589,983	-
Customer deposits	426,254	-	426,254	-
Accrued payroll	666,090	-	666,090	-
Current portion of lease liability	302,485	-	302,485	-
Current portion of long-term debt	800,289	-	800,289	-
Total current liabilities	8,228,802	250,400	8,479,202	169,747
Noncurrent liabilities				
Lease liability	798,795	-	798,795	-
Loans payable	11,510,245	-	11,510,245	-
Net pension liability	12,172,646	-	12,172,646	-
Total noncurrent liabilities	24,481,686	-	24,481,686	-
Total liabilities	32,710,488	250,400	32,960,888	169,747
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pension	1,400,052	-	1,400,052	-
Deferred inflows - OPEB	4,249,077	-	4,249,077	-
Deferred inflows - other	203,208	-	203,208	-
Total deferred inflows of resources	5,852,337	-	5,852,337	-
<b>NET POSITION</b>				
Net investment in capital assets	86,688,703	-	86,688,703	-
Restricted for debt service	240,300	-	240,300	-
Unrestricted	(3,455,194)	7,281,601	3,826,407	90,861
Total net position	83,473,809	7,281,601	90,755,410	90,861
Total liabilities, deferred inflows of resources and net position	\$ 122,036,634	\$ 7,532,001	\$ 129,568,635	\$ 260,608

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



**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**for the year ended June 30, 2024**

	<b>Business-type Activities</b>			<b>Internal Service Fund</b>
	<b>Utility Operating Fund</b>	<b>Non-Major Proprietary Funds</b>	<b>Total Business-type Activities</b>	<b>Self- Insurance Fund</b>
<b>Operating revenues</b>				
Charges for services	\$ 45,401,533	\$ -	\$ 45,401,533	\$ 2,157,816
Utility surcharge	112,236	-	112,236	-
Connection fees	369,225	-	369,225	-
System development charges	-	154,395	154,395	-
Contract services	59,317	-	59,317	-
Penalties	292,008	-	292,008	-
Miscellaneous	2,962,831	-	2,962,831	-
 Total operating revenues	 49,197,150	 154,395	 49,351,545	 2,157,816
<b>Operating expenses</b>				
Purchases for resale	19,533,638	-	19,533,638	-
Personal services	10,033,937	-	10,033,937	-
Contractual services	2,192,514	-	2,192,514	-
Materials and supplies	2,809,350	-	2,809,350	-
Maintenance and repairs	1,806,287	-	1,806,287	-
Other expenses	3,080,937	-	3,080,937	2,218,555
Depreciation and amortization	6,215,564	-	6,215,564	-
 Total operating expenses	 45,672,227	 -	 45,672,227	 2,218,555
 Operating income (loss)	 3,524,923	 154,395	 3,679,318	 (60,739)
<b>Nonoperating revenues (expenses)</b>				
Investment earnings	349,135	301,306	650,441	2,314
Lease revenue	350	-	350	-
Interest expense	(302,586)	-	(302,586)	-
 Total nonoperating revenues (expenses)	 46,899	 301,306	 348,205	 2,314
 Income (loss) before capital contributions and transfers	 3,571,822	 455,701	 4,027,523	 (58,425)
Capital contributions	2,019,571	-	2,019,571	-
Grants	932,879	-	932,879	-
Transfers in (out)	62,500	(250,000)	(187,500)	-
<b>Change in net position</b>	<b>6,586,772</b>	<b>205,701</b>	<b>6,792,473</b>	<b>(58,425)</b>
 Total net position-beginning	 76,887,037	 7,075,900	 83,962,937	 149,286
<b>TOTAL NET POSITION-ENDING</b>	<b>\$ 83,473,809</b>	<b>\$ 7,281,601</b>	<b>\$ 90,755,410</b>	<b>\$ 90,861</b>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**for the year ended June 30, 2024**

	<b>Business-Type Activities</b>			<b>Internal Service Fund</b>
	<b>Utility Operating Fund</b>	<b>Non-Major Proprietary Funds</b>	<b>Total Business-type Activities</b>	<b>Self- Insurance Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 45,841,422	\$ 154,395	\$ 45,995,817	\$ 2,130,286
Cash payments to suppliers for goods and services	(26,814,694)	400	(26,814,294)	(2,114,145)
Cash payments to employees for services	(9,791,305)	-	(9,791,305)	-
Other operating cash receipts	2,962,831	-	2,962,831	-
<b>Net cash provided by (used in) operating activities</b>	<b>12,198,254</b>	<b>154,795</b>	<b>12,353,049</b>	<b>16,141</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Receipts (payments) on interfund loans	(40,000)	-	(40,000)	-
Transfers (to) other funds	-	-	-	-
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>(40,000)</b>	<b>-</b>	<b>(40,000)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(13,539,541)	-	(13,539,541)	-
Principal paid on capital debt and leases	(926,923)	-	(926,923)	-
Interest paid on capital debt and leases	(302,586)	-	(302,586)	-
Capital contributed - grants	63,916	-	63,916	-
Other receipts	350	-	350	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(14,704,784)</b>	<b>-</b>	<b>(14,704,784)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale (purchase) of investments	874,909	297,424	1,172,333	-
Interest and dividends	357,858	314,140	671,998	2,314
<b>Net cash provided by (used in) investing activities</b>	<b>1,232,767</b>	<b>611,564</b>	<b>1,844,331</b>	<b>2,314</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,313,763)</b>	<b>766,359</b>	<b>(547,404)</b>	<b>18,455</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,306,484</b>	<b>538,967</b>	<b>3,845,451</b>	<b>209,704</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,992,721</b>	<b>\$ 1,305,326</b>	<b>\$ 3,298,047</b>	<b>\$ 228,159</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss):	\$ 3,524,923	\$ 154,395	\$ 3,679,318	\$ (60,739)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	6,215,564	-	6,215,564	-
Net pension liability activity	538,590	-	538,590	-
Net OPEB liability activity	(354,550)	-	(354,550)	-
Change in assets and liabilities:				
(Increase) Decrease in receivables, net	(415,071)	-	(415,071)	(27,530)
(Increase) Decrease in inventory	122,959	-	122,959	-
(Increase) Decrease in prepaids	(12,213)	-	(12,213)	-
Increase (Decrease) in deferred inflows	-	-	-	-
Increase (Decrease) in accounts and other payables	2,497,286	400	2,497,686	104,410
Increase (Decrease) in customer deposits	22,174	-	22,174	-
Increase (Decrease) in accrued payroll	58,592	-	58,592	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 12,198,254</b>	<b>\$ 154,795</b>	<b>\$ 12,353,049</b>	<b>\$ 16,141</b>
<b>Supplemental disclosure of cash flow information:</b>				
Noncash capital and related financing activities:				
Payables for capital items, net	\$ (932,982)	\$ -	\$ (932,982)	\$ -
Leased vehicle additions, net	847,431	-	847,431	-
Contributed capital	2,019,571	-	2,019,571	-
<b>Net non-cash capital and related financing activities</b>	<b>\$ 1,934,020</b>	<b>\$ -</b>	<b>\$ 1,934,020</b>	<b>\$ -</b>

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

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Bardstown, Kentucky ("the City") operates under a City Council form of government and has budgetary authority over the following functional areas: public safety, public service, water and sewer, and general administration, and for financial reporting purposes, all funds and account groups that are controlled by or dependent on the City, as determined on the basis of budget adoption, management oversight responsibility, and taxing authority.

**A. Reporting Entity**

The City of Bardstown is a municipal corporation governed by an elected Mayor and six-member Council. The accompanying financial statements of the City include the funds, agencies, boards and entities for which the City is considered to be financially accountable. Blended component units are legally separate entities, but are, in substance, part of the City's operations. The City does not have any blended component units.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur and supervision over the accounting functions.

The Bardstown Cemetery is governed by a board that is appointed by the City Council. The Mayor appoints the Sexton to maintain records and provide daily management of the facility. The Public Works Director of the City also provides technical assistance and grounds maintenance. The Cemetery Committee recommends rate revisions to the City Council for approval.

The City does not have any discretely presented component units.

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

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all the activities of the primary government. Interfund activity, which duplicates revenues or expenses, has been eliminated from these statements, except for those transactions and balances between governmental and business-type activities. Governmental activities and business-type activities are reported separately to highlight the differences in funding and operations. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, on the other hand, rely mostly on fees and charges that are designed to recover the costs of operations, including the cost of capital.

The Statement of Activities outlines the direct expenses of each of the City's major functions and the program revenues generated by those programs. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues and are reported instead as general revenues.

The fund statements include separate statements for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, grants, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental fund:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

The Utilities Operating Fund reports the major segments of the utilities' operations, which are presented as *Supplementary Information*. The City's utilities include operation of the electric distribution, water treatment and distribution, wastewater treatment, garbage pickup, cable TV and internet services.

Health insurance for all City employees is funded through a Self-Insurance Fund. This fund is reported as an internal service fund within the proprietary fund statements.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the transfers between the Utilities Fund and the General Fund.

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets, transfer assets and service debt. The accompanying financial statements generally reflect such transactions as transfers.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utilities are charges to the customers for services. Principal operating revenues of the internal service fund are the premiums charged to individual departments and the employees for insurance coverage. The employees pay a set amount each month. The departments' premiums are based on claims paid and administrative fees charged by third party administrators. The City's utilities also recognize as operating revenue tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise (utility) funds include the cost of sales and services, personnel, administrative expenses, and depreciation on capital assets. Operating expenses of the Internal Service (Self-insurance) fund include medical claims and third-party administrative fees. All revenues and expenses not meeting the above definitions are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities and Net Position or Fund Balance**

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the City are certificates of deposits which are reported at cost.

For purposes of the statement of cash flows for proprietary fund types, all highly liquid investments (including restricted assets) with maturity of three months or less, when purchased, are considered to be cash equivalents.

Receivables and Payables

Activity between funds that are representative of lending/borrowing transactions outstanding at the end of the fiscal year are designated as internal balances.

The City maintains allowances for doubtful accounts based on evaluation by management and percentages applied to the various aging periods of accounts receivable. Specific accounts deemed uncollectible are charged to the allowance upon evaluation by management. Evaluation factors include familiarity with the customer, credit history and the age of the unpaid bill.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Fund Balance (continued)**

Restricted Assets

Certain proceeds of the City's utilities fund, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable loan covenants. Surplus funds in any of the reserves may only be used to fund principal or interest payments on outstanding debt.

The Operations and Maintenance Reserve reflects resources that have been set aside to subsidize potential deficiencies from the utility operations that could adversely affect debt service payments.

A City ordinance requires the City to set aside \$500,000 in the Depreciation Reserve to provide funding for future improvements to the utility system or emergency repairs necessary to maintain current service levels.

Capital Assets and Leased Assets

Capital assets and leased assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's network of streets was inventoried and valued during the fiscal year ending June 30, 2002. Estimated historical costs were based on current replacement costs discounted to the date of the last major renovation or construction of the street.

The City of Bardstown was established in 1780, with the first justices for the local government appointed in 1785. The justices appointed surveyors to manage the roads and ensure that the roads were "cleared, ditched, and in good repair". A portion of the streets in Bardstown has been in existence for over 220 years. However, historical cost estimates were only discounted back to 1980, in accordance with provisions of GASB Statement 34.

The City has established a capitalization policy to recognize capital assets as assets with an initial, individual cost per the schedule below and an estimated useful life in excess of two years. Such assets are recorded at cost. Leased assets are recorded at the amount of the initial measurement of the lease liability, plus any payments made at or before commencement of the lease term. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Capitalization Threshold</b>	<b>Useful Life</b>
Land improvements	\$25,000	10-20
Building improvements	\$25,000	10-20
Machinery & equipment	\$10,000	3-20
Vehicles, passenger	\$10,000	3-7
Vehicles, heavy trucks	\$10,000	7-20
Construction equipment	\$10,000	7-10
Technical equipment	\$10,000	5-7
Software	\$10,000	2-5
Infrastructure	\$25,000	10-50

All leased assets are amortized over the shorter of the lease term or the useful life of the underlying assets.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position or Fund Balance (continued)**

Compensated Absences

The City stopped granting sick leave hours in 2004. However, those employees with accumulated sick leave retained the hours accumulated. Unused sick leave is only paid to those employees who retire from City service who have more than 240 hours of accumulated sick leave and who have not used more than 480 hours of sick leave during the ten-year period immediately preceding the date of retirement. Management has determined that these restrictions will result in actual payments that are immaterial to total assets in the fund financial statements.

Previously, the City replaced the granting of 96 sick leave hours per year with the granting of 60 personal leave hours per year. Accumulated personal leave is paid to the employee upon termination of service with proper notice. Earned vacation hours must be used within one year of the earning thereof and is also paid to the employee upon termination of service with proper notice. The liability for these compensated absences is recorded as a current liability in the government-wide statements. Liabilities are calculated using the employee's current rate of pay and the total hours of accumulated leave.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column of the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable unamortized deferred amounts.

Fund Balance

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance of the governmental funds is classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – amounts constrained for a specific purpose by the City using its highest level of decision-making authority. For resources considered committed, the City issues an ordinance that can only be changed with another corresponding ordinance.

Assigned – for all governmental funds, other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, amounts constrained, by intent, to be used for a specific purpose by the City or the elected City official given the authority to assign amounts.

Unassigned – for the General Fund, amounts not classified as nonspendable, restricted, committed or assigned. For all other governmental funds, amounts expended in excess of resources that are nonspendable, restricted, committed or assigned.

It is the policy of the City to spend restricted funds first when both restricted and unrestricted are available. Once restricted funds are spent, then committed, assigned and unassigned funds are spent in that order.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Pensions and OPEB**

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

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

**F. Reconciliation of Government-Wide and Fund Financial Statements**

The governmental fund balance sheet includes reconciliation between fund balance in the governmental funds and net position reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balance on the economic resources measurement focus and accrual basis of accounting. The self-insurance net position is reported within the governmental activities for the government-wide statements. In addition, capital assets and long-term debt are added to the governmental funds to compile the long-term view of the governmental activities' column.

A similar reconciliation is included on the statement of revenues, expenditures and changes in fund balance for the governmental funds. These adjustments reflect the transition from the modified accrual accounting for governmental funds to the accrual basis of accounting for the statement of activities. Capital outlay is replaced with depreciation expense. The change in net position for the self-insurance fund is added to the governmental activities, and principal payments on long-term debt are eliminated from expenditures.

**G. Budgeting**

The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets for all funds are adopted on the accrual basis. All annual appropriations lapse at fiscal year-end, even if encumbered.

**H. Management's Review of Subsequent Events**

The City has evaluated and considered the need to recognize or disclose subsequent events through January 16, 2025, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2024, have not been evaluated by the City.



**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**2. CASH AND INVESTMENTS**

Custodial Credit Risks – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk beyond that specified in KRS 66.480.

The balances for cash and cash equivalents and investments for the primary government at June 30, 2024, are as follows:

Carrying amount	\$ 32,773,539
Bank balance	\$ 34,747,001
FDIC insurance	\$ 750,000
Uninsured; collateral held by the pledging financial institution's trust department or agent and pledged to the City	\$ 33,884,688
Uninsured and uncollateralized	\$ 112,313

Investments

As of June 30, 2024, the City had a total of \$26,080,035 in investments. Investments consisted of certificates of deposit.

**3. ACCOUNTS RECEIVABLE**

Accounts Receivable

Accounts receivable at June 30, 2024, for all governmental activities of the City are as follows:

	<b>Taxes</b>	<b>Intergov.</b>	<b>Other</b>	<b>Allowance</b>	<b>Total</b>
General Fund	\$ 329,746	\$ 237,036	\$ 2,169,287	\$ (42,823)	\$ 2,693,246
Self-Insurance Fund	-	-	32,449	-	32,449
Cemetery Fund	-	-	4,040	-	4,040
Municipal Road Aid Fund	-	61,342	-	-	61,342
Totals	<u>\$ 329,746</u>	<u>\$ 298,378</u>	<u>\$ 2,205,776</u>	<u>\$ (42,823)</u>	<u>\$ 2,791,077</u>

Accounts receivable at June 30, 2024, for all business-type activities of the City are as follows:

	<b>Accounts</b>	<b>Other</b>	<b>Allowance</b>	<b>Total</b>
Utility Operating Fund	<u>\$ 3,595,302</u>	<u>\$ 280,645</u>	<u>\$ (77,793)</u>	<u>\$ 3,798,154</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**3. ACCOUNTS RECEIVABLE (CONTINUED)**

Lease Receivable and Deferred Inflows of Resources

Governmental Activities

In November 2018, the City entered into a five-year lease agreement with Central Kentucky Community Action Council to lease out three classrooms and two storage rooms located on the first floor of the former Old Kentucky Home Middle School. The City recognized both a lease receivable and a deferred inflow of resources related to the lease agreement totaling \$40,612. The City calculated the present value of future lease payments based on an incremental borrowing rate of 2.80%. The balance of the lease receivable and the deferred inflows of resources as of June 30, 2024, totaled \$0.

In April 2021, the City entered into a five-year lease agreement with St. Vincent Depaul Mission Store to lease out rooms located at the former Old Kentucky Home Middle School. The City recognized both a lease receivable and a deferred inflow of resources related to the lease agreement totaling \$44,464. The City calculated the present value of future lease payments based on an incremental borrowing rate of 2.80%. The balance of the lease receivable and the deferred inflows of resources as of June 30, 2024, totaled \$17,072.

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

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 9,653	\$ 355	\$ 10,008
2026	<u>7,419</u>	<u>87</u>	<u>7,506</u>
Total	<u>\$ 17,072</u>	<u>\$ 442</u>	<u>\$ 17,514</u>

The deferred inflows of resources will be recognized over the term of the lease agreements as lease revenue. During 2024, the City recognized \$648 of interest income and \$15,352 of lease revenue from the lease agreements.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, was as follows:

	<b>June 30, 2023</b>	<b>Additions/ Transfers</b>	<b>Disposals/ Transfers</b>	<b>June 30, 2024</b>
<b>Governmental Activities</b>				
Capital assets not depreciated:				
Land	\$ 1,073,205	\$ -	\$ -	\$ 1,073,205
Construction in progress	-	59,881	11,180	71,061
Totals	<u>1,073,205</u>	<u>59,881</u>	<u>11,180</u>	<u>1,144,266</u>
Capital assets that are depreciated:				
Infrastructure	24,025,458	717,143	(11,180)	24,731,421
Building and improvements	5,676,545	112,089	-	5,788,634
Vehicles	3,516,130	-	(576,250)	2,939,880
Equipment	3,183,712	118,380	(136,330)	3,165,762
Other improvements	1,602,365	1,267,575	-	2,869,940
Leased vehicles	<u>315,697</u>	<u>1,625,697</u>	<u>-</u>	<u>1,941,394</u>
Totals	<u>38,319,907</u>	<u>3,840,884</u>	<u>(723,760)</u>	<u>41,437,031</u>
Total capital & leased assets	<u>39,393,112</u>	<u>3,900,765</u>	<u>(712,580)</u>	<u>42,581,297</u>
Accumulated depreciation:				
Infrastructure	15,047,234	774,962	-	15,822,196
Buildings and improvements	2,380,425	199,518	-	2,579,943
Vehicles	2,590,813	249,164	(576,251)	2,263,726
Equipment	2,344,097	171,958	(136,329)	2,379,726
Other improvements	<u>1,304,882</u>	<u>33,512</u>	<u>-</u>	<u>1,338,394</u>
Totals	<u>23,667,451</u>	<u>1,429,114</u>	<u>(712,580)</u>	<u>24,383,985</u>
Accumulated amortization:				
Leased vehicles	<u>49,389</u>	<u>286,732</u>	<u>-</u>	<u>336,121</u>
<b>Capital &amp; Leased Assets, Net</b>	<u><b>\$ 15,676,272</b></u>	<u><b>\$ 2,184,919</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 17,861,191</b></u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2024

**4. CAPITAL ASSETS (CONTINUED)**

	June 30, 2023	Additions/ Transfers	Disposals/ Transfers	June 30, 2024
<b>Business-type Activities</b>				
Capital assets not depreciated:				
Land	\$ 1,926,246	\$ 95,416	\$ -	\$ 2,021,662
Construction in progress	<u>1,879,380</u>	<u>6,247,990</u>	<u>(900,263)</u>	<u>7,227,107</u>
Totals	<u>3,805,626</u>	<u>6,343,406</u>	<u>(900,263)</u>	<u>9,248,769</u>
Capital assets that are depreciated:				
Plant facilities	19,211,193	290,508	-	19,501,701
Other improvements	4,560,909	184,914	-	4,745,823
Vehicles	1,605,603	-	(230,263)	1,375,340
Equipment	16,106,213	781,320	(53,817)	16,833,716
Infrastructure	125,304,890	6,200,080	1,726,176	133,231,146
Leased vehicles	<u>496,650</u>	<u>847,431</u>	<u>-</u>	<u>1,344,081</u>
Totals	<u>167,285,458</u>	<u>8,304,253</u>	<u>1,422,096</u>	<u>177,031,807</u>
Total capital assets	<u>171,091,084</u>	<u>14,647,659</u>	<u>541,833</u>	<u>186,280,576</u>
Accumulated depreciation:				
Plant facilities	14,815,702	457,020	-	15,272,722
Other improvements	1,988,968	155,754	-	2,144,722
Vehicles	1,382,350	63,606	(230,263)	1,215,693
Equipment	9,281,622	1,063,418	(53,817)	10,291,223
Infrastructure	<u>52,698,857</u>	<u>4,268,297</u>	<u>-</u>	<u>59,967,154</u>
Totals	<u>80,167,499</u>	<u>6,008,095</u>	<u>(284,080)</u>	<u>85,891,514</u>
Accumulated amortization:				
Leased vehicles	<u>81,067</u>	<u>207,466</u>	<u>-</u>	<u>288,533</u>
Totals	<u>81,067</u>	<u>207,466</u>	<u>-</u>	<u>288,533</u>
<b>Capital &amp; Leased Assets, Net</b>	<u>\$ 90,842,518</u>	<u>\$ 8,432,098</u>	<u>\$ (825,913)</u>	<u>\$ 100,100,529</u>

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

**Primary Government**  
Governmental Activities

Streets	\$ 844,913
Public Safety	196,567
Fire	204,412
General government	48,809
Recreation	104,791
COBEC	24,733
Cemetery	<u>4,886</u>
	<u>\$ 1,429,114</u>

Business-Type Activities

Electric	\$ 752,402
Water	1,827,707
Sewer system	1,841,679
CableNet	1,672,661
Garbage	<u>121,115</u>
	<u>\$ 6,215,564</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**5. LONG-TERM DEBT**

***Business-type Activities – Direct Borrowings***

KIA Loans

The City has a loan agreement with the Kentucky Infrastructure Authority for \$1,800,000. This loan is for the financing of a sewer capital project, with an interest rate of 2.0% per year. This 20-year agreement matures in December 2032 and requires principal and interest payments every June and December. The balance of the loan as of June 30, 2024, was \$853,124. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 93,041	\$ 16,600	\$ 109,641
2026	94,911	14,729	109,640
2027	96,818	12,822	109,640
2028	98,764	10,876	109,640
2029	100,750	8,890	109,640
2030-2033	<u>368,840</u>	<u>14,901</u>	<u>383,741</u>
Total	<u>\$ 853,124</u>	<u>\$ 78,818</u>	<u>\$ 931,942</u>

The City has a loan agreement with the Kentucky Infrastructure Authority for \$3,500,000. This loan is for the financing of a water capital project, with an interest rate of 3.0% per year. This 20-year agreement matures in December 2032 and requires principal and interest payments due monthly. The balance of the loan as of June 30, 2024, was \$1,790,630. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 181,697	\$ 51,234	\$ 232,931
2026	187,223	45,708	232,931
2027	192,918	40,013	232,931
2028	198,786	34,145	232,931
2029	204,832	28,099	232,931
2030-2033	<u>825,174</u>	<u>48,317</u>	<u>873,491</u>
Total	<u>\$ 1,790,630</u>	<u>\$ 247,516</u>	<u>\$ 2,038,146</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**5. LONG-TERM DEBT (CONTINUED)**

***Business-type Activities – Direct Borrowings, continued***

The City has a loan agreement with the Kentucky Infrastructure Authority for \$1,800,000. This loan is for the financing of a water capital project, with an interest rate of 3.0% per year. This 20-year agreement matures in December 2033 and requires principal and interest payments due monthly. The balance of the loan as of June 30, 2024, was \$1,026,433. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 90,234	\$ 29,559	\$ 119,793
2026	92,979	26,814	119,793
2027	95,807	23,986	119,793
2028	98,721	21,072	119,793
2029	101,723	18,070	119,793
2030-2034	<u>546,969</u>	<u>42,013</u>	<u>588,982</u>
<b>Total</b>	<b><u>\$ 1,026,433</u></b>	<b><u>\$ 161,514</u></b>	<b><u>\$ 1,187,947</u></b>

The City has a loan agreement with the Kentucky Infrastructure Authority for \$1,220,499. This loan is for the financing of a water capital project, with an interest rate of 1.75% per year. This 20-year agreement matures in December 2037 and requires principal and interest payments every June and December. The balance of the loan as of June 30, 2024, was \$869,441. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 57,626	\$ 14,964	\$ 72,590
2026	58,639	13,951	72,590
2027	59,669	12,921	72,590
2028	60,718	11,872	72,590
2029	61,785	10,805	72,590
2030-2034	<u>325,603</u>	<u>37,347</u>	<u>362,950</u>
2035-2038	<u>245,401</u>	<u>8,664</u>	<u>254,065</u>
<b>Total</b>	<b><u>\$ 869,441</u></b>	<b><u>\$ 110,524</u></b>	<b><u>\$ 979,965</u></b>

The City has a loan agreement with the Kentucky Infrastructure Authority for \$1,123,048. This loan is for the financing of a water capital project, with an interest rate of 1.75% per year. This 20-year agreement matures in December 2039 and requires principal and interest payments every June and December. The balance of the loan as of June 30, 2024, was \$903,337. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 51,209	\$ 15,585	\$ 66,794
2026	52,109	14,685	66,794
2027	53,025	13,769	66,794
2028	53,959	12,837	66,796
2029	54,905	11,889	66,794
2030-2034	<u>289,344</u>	<u>44,626</u>	<u>333,970</u>
2035-2039	<u>315,682</u>	<u>18,288</u>	<u>333,970</u>
2040	<u>33,104</u>	<u>290</u>	<u>33,394</u>
<b>Total</b>	<b><u>\$ 903,337</u></b>	<b><u>\$ 131,969</u></b>	<b><u>\$ 1,035,306</u></b>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2024

**5. LONG-TERM DEBT (CONTINUED)**

***Business-type Activities – Direct Borrowings, continued***

The City has a loan agreement with the Kentucky Infrastructure Authority for \$6,218,035. This loan is for the financing of a sewer capital project, with an interest rate of 2.00% per year. This 20-year agreement matures in December 2041 and requires principal and interest payments every June and December. The balance of the loan as of June 30, 2024, was \$5,569,220. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 268,700	\$ 110,048	\$ 378,748
2026	274,101	104,647	378,748
2027	279,611	99,137	378,748
2028	285,231	93,517	378,748
2029	290,964	87,784	378,748
2030-2034	1,544,933	348,807	1,893,740
2035-2039	1,706,567	187,173	1,893,740
2040-2042	<u>919,113</u>	<u>27,756</u>	<u>946,869</u>
Total	<u>\$ 5,569,220</u>	<u>\$ 1,058,869</u>	<u>\$ 6,628,089</u>

The City has a loan agreement with the Kentucky Infrastructure Authority for \$1,326,918. This loan is for the financing of improvements at the Corman's Crossing, Royal Crest and American Greetings pump stations, with an interest rate of 1.50% per year. This 20-year agreement matures in December 2043 and requires principal and interest payments every June and December. The balance of the loan as of June 30, 2024, was \$1,298,349. Future principal and interest requirements are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 57,782	\$ 19,260	\$ 77,042
2026	58,653	18,389	77,042
2027	59,535	17,507	77,042
2028	60,432	16,610	77,042
2029	61,341	15,700	77,041
2030-2034	320,842	64,363	385,205
2035-2039	345,732	39,473	385,205
2040-2044	<u>334,032</u>	<u>12,652</u>	<u>346,684</u>
Total	<u>\$ 1,298,349</u>	<u>\$ 203,954</u>	<u>\$ 1,502,303</u>

Future principal and interest requirements for all direct borrowings are:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 800,289	\$ 257,250	\$ 1,057,539
2026	818,615	238,923	1,057,538
2027	837,383	220,155	1,057,538
2028	856,611	200,929	1,057,540
2029	876,300	181,237	1,057,537
2030-2034	4,221,705	600,374	4,822,079
2035-2039	2,613,382	253,598	2,866,980
2040-2044	<u>1,286,249</u>	<u>40,698</u>	<u>1,326,947</u>
Totals	<u>\$ 12,310,534</u>	<u>\$ 1,993,164</u>	<u>\$ 14,303,698</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**5. LONG-TERM DEBT (CONTINUED)**

The changes in business-type activities long-term debt are as follows:

	<b>Balance June 30, 2023</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2024</b>
Direct borrowings	\$ 13,064,575	\$ -	\$ (754,041)	\$ 12,310,534
Lease liability	426,139	848,023	(172,882)	1,101,280
Net pension liability	10,997,964	1,174,682	-	12,172,646
Net OPEB liability (asset)	<u>3,001,921</u>	<u>-</u>	<u>(3,263,836)</u>	<u>(261,915)</u>
Total	<u>\$ 27,490,599</u>	<u>\$ 2,022,705</u>	<u>\$ ( 4,190,759)</u>	<u>\$ 25,322,545</u>

The loan agreements with the Kentucky Infrastructure Authority require the City to establish a repairs and maintenance reserve. To satisfy this requirement, as of June 30, 2024, the City had set aside \$240,300, which is reported as restricted cash in the utility operating fund.

**Governmental Activities**

On November 15, 2020, the City financed a purchase of a new fire truck with Republic First National Bank. The financed purchase calls for 7 annual payments totaling \$107,124 beginning November 15, 2021. The loan bears interest at 2.825%. Future payments are summarized as follows:

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 95,826	\$ 11,298	\$ 107,124
2026	98,533	8,591	107,124
2027	101,317	5,807	107,124
2028	<u>104,180</u>	<u>2,944</u>	<u>107,124</u>
Total	<u>\$ 399,856</u>	<u>\$ 28,640</u>	<u>\$ 428,496</u>

The changes in governmental activities long-term debt are as follows:

	<b>Balance June 30, 2023</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2024</b>
Fire truck loan	\$ 493,049	\$ -	\$ (93,193)	\$ 399,856
Lease liability	270,710	1,625,985	(247,790)	1,648,905
Net pension liability	11,761,905	1,162,790	-	12,924,695
Net OPEB liability	<u>3,271,402</u>	<u>-</u>	<u>(2,727,933)</u>	<u>543,469</u>
Total	<u>\$ 15,797,066</u>	<u>\$ 2,788,775</u>	<u>\$ (3,068,916)</u>	<u>\$ 15,516,925</u>



**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**6. LEASE LIABILITIES**

Business-type Activities

On September 16, 2021, the City entered into a master lease agreement with Enterprise FM Trust. The agreement allows the City to enter into separate individual lease agreements for vehicles as needed. The lease terms for the vehicles the City was leasing as of June 30, 2024, range from 36 to 72 months. The interest rates on the vehicle leases range from 3.99 - 8.37%. The balance of the liability as of June 30, 2024, totaled \$1,101,280.

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

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 302,485	\$ 23,495	\$ 325,980
2026	268,258	21,408	289,666
2027	266,631	21,301	287,932
2028	243,208	19,548	262,756
2029	<u>20,698</u>	<u>8,965</u>	<u>29,663</u>
<b>Total</b>	<b><u>\$ 1,101,280</u></b>	<b><u>\$ 94,717</u></b>	<b><u>\$ 1,195,997</u></b>

Governmental Activities

On September 16, 2021, the City entered into a master lease agreement with Enterprise FM Trust. The agreement allows the City to enter into separate individual lease agreements for vehicles as needed. The lease terms for the vehicles the City was leasing as of June 30, 2024, range from 36 to 60 months. The interest rates on the vehicle leases range from 6.14 - 8.14%. The balance of the liability as of June 30, 2024, totaled \$1,648,905.

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

<b>Year ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 453,208	\$ 37,575	\$ 490,783
2026	416,827	35,152	451,979
2027	412,234	34,843	447,077
2028	228,681	31,047	259,728
2029	<u>137,955</u>	<u>11,442</u>	<u>149,397</u>
<b>Total</b>	<b><u>\$ 1,648,905</u></b>	<b><u>\$ 150,059</u></b>	<b><u>\$ 1,798,964</u></b>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**7. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables within governmental activities and business-type activities as of June 30, 2024, are as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Municipal Road Aid Fund	\$ 260,000
Equipment Fund	General Fund	37,500
Equipment Fund	Utility Operating Fund	187,500
Land Acquisition and Building Fund	General Fund	347,017
Land Acquisition and Building Fund	Utility Operating Fund	152,483
Utility Operating Fund	Lagoon Cleaning Fund	<u>250,000</u>
Total		<u>\$ 1,234,500</u>

The City anticipates the remaining balance owed to the Land Acquisition and Building Fund by the General Fund will be repaid over a period of 18 years, and the remaining balance owed to the Land Acquisition and Building Fund by the Utility Operating Fund will be repaid over a period of 3 years. The other balances are expected to be repaid in fiscal year 2025.

**8. RETIREMENT PLAN**

**CERS**

The City of Bardstown is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Public Pensions Authority (KPPA) administers the CERS. The plan issues publicly available financial statements which may be downloaded from the KPPA website.

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

*Contributions* – For the year ended June 30, 2024, plan members were required to contribute 5% of wages for non-hazardous job classifications and 8% of wages for hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers are required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**8. RETIREMENT PLAN (CONTINUED)**

The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2024, participating employers contributed 23.34% of each employee's wages for non-hazardous job classifications and 43.69% of each employee's wages for hazardous job classifications. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described in Note 9. Plan members' contributions were allocated 23.34% to the pension trust for non-hazardous job classifications and 41.11% to the pension trust for hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of KPPA are financed through employer contributions and investment earnings.

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

For the year ended June 30, 2024, the City contributed \$1,613,657 or 100% of the required contribution for non-hazardous job classifications, and \$1,298,433, for the year ended June 30, 2024, or 100% of the required contribution for hazardous job classifications, to the same pension trust.

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

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old and 4 years service
	Reduced retirement	At least 5 years service and 55 years old or 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+ with sum of service years plus age equal to 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+ with sum of service years plus age equal to 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' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2024

**8. RETIREMENT PLAN (CONTINUED)**

Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

*Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2024, the City reported a liability for its proportionate share of the net pension liability as follows:

<b>Total Net</b>		
<b>Pension Liability</b>	<b>Non-hazardous</b>	<b>Hazardous</b>
\$ 25,097,341	\$ 13,724,398	\$ 11,372,943

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 June 30, 2022, and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2023, was as follows:

<b>Non-hazardous</b>	<b>Hazardous</b>
.214%	.422%

The proportionate share at June 30, 2023 relative to June 30, 2022, increased for non-hazardous by .039% and increased for hazardous by .092%.

For the year ended June 30, 2024, the City recognized pension expense of \$3,340,317. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 1,230,410	\$ 37,293
Changes of assumptions	-	2,146,044
Net difference between projected and actual earnings on Plan investments	-	301,301
Changes in proportion and differences between City contributions and proportionate share of contributions	3,947,103	483,136
City contributions subsequent to the measurement date	<u>2,842,565</u>	<u>-</u>
Total	<u>\$ 8,020,078</u>	<u>\$ 2,967,774</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**8. RETIREMENT PLAN (CONTINUED)**

The \$2,842,565 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2025	\$ 875,450
2026	\$ 530,401
2027	\$ 931,569
2028	\$ (127,681)

*Actuarial Assumptions* – The total pension liability reported at June 30, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Non-hazardous**

Inflation	2.50%
Salary increases	3.30% to 10.30%, varies by service, including inflation
Investment rate of return	6.50%, net of Plan investment expense, including inflation

**Hazardous**

Inflation	2.50%
Salary increases	3.55 to 19.05%, varies by service, including inflation
Investment rate of return	6.50%, net of Plan investment expense, including inflation

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 Mortality Improvement Scale using a base year of 2023. The Mortality Table used for 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 MP-2020 Mortality Improvement Scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 - 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.

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

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2024

**8. RETIREMENT PLAN (CONTINUED)**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Equity</b>	<b>60.00%</b>	
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
<b>Liquidity</b>	<b>20.00%</b>	
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
<b>Inflation Protected</b>	<b>20.00%</b>	
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
<b>Total</b>	<b>100.00%</b>	<b>5.75%</b>
<b>Long term inflation assumption</b>		<b>2.50%</b>
<b>Expected nominal return for portfolio</b>		<b>8.25%</b>

*Discount Rate* – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the closed 30-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

*Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50%, 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:

	Non-hazardous			Hazardous		
	Discount rate	City's proportionate share of net pension liability		Discount rate	City's proportionate share of net pension liability	
1% decrease	5.50%	\$ 17,327,882		5.50%	\$ 14,361,055	
Current discount rate	6.50%	\$ 13,724,398		6.50%	\$ 11,372,943	
1% increase	7.50%	\$ 10,729,768		7.50%	\$ 8,932,333	

*Payable to the Pension Plan* – At June 30, 2024, the City reported a payable of \$292,693 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024. The payable includes both the pension and insurance contribution allocation.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

*Plan Description* – As more fully described in Note 8, the City of Bardstown participates in the County Employees' Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

*Contributions* – As more fully described in Note 8, plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ending June 30, 2024, the employer's contribution was 0.00% to the insurance trust for non-hazardous job classifications and 2.58% to the insurance trust for hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of KPPA are financed through employer contributions and investment earnings.

For the year ended June 30, 2024, the City contributed \$0, or 100% of the required contribution for non-hazardous job classifications, and \$81,488, or 100% of the required contribution for hazardous job classifications.

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

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

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

**CITY OF BARDSTOWN, KENTUCKY**  
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June 30, 2024

**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

*OPEB Liabilities (Assets), Expense, Deferred Outflows of Resources and Deferred Inflows of Resources –*  
At June 30, 2024, the City reported a liability (asset) for its proportionate share of the net OPEB liability (asset) as follows:

<b>Total Net OPEB Liability (Asset)</b>	<b>Non-hazardous</b>	<b>Hazardous</b>
<u>\$ 281,554</u>	<u>\$ (295,303)</u>	<u>\$ 576,857</u>

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 June 30, 2022, and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2023, was as follows:

<b>Non-hazardous</b>	<b>Hazardous</b>
.214%	.422%

The proportionate share at June 30, 2023, relative to June 30, 2022, increased for non-hazardous by .039% and increased for hazardous by .092%.

For the year ended June 30, 2024, the City recognized OPEB expense of \$(506,144). At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual results	\$ 258,046	\$ 6,571,209
Changes of assumptions	975,015	1,006,339
Net difference between projected and actual earnings on Plan investments	-	147,978
Changes in proportion and differences between City contributions and proportionate share of contributions	1,504,271	314,434
City contributions subsequent to the measurement date	<u>172,580</u>	<u>-</u>
Total	<u>\$ 2,909,912</u>	<u>\$ 8,039,960</u>



**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

The \$172,580 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. This includes adjustments of \$96,453 for the nonhazardous implicit subsidy and \$(5,361) for the hazardous implicit subsidy, which are required to be recognized as deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2025	\$ (1,196,838)
2026	\$ (1,487,679)
2027	\$ (1,104,695)
2028	\$ (1,213,270)
2029	\$ (300,144)

*Actuarial Assumptions* – The total OPEB liability reported at June 30, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Non-hazardous**

Inflation	2.50%
Salary increases	3.30 to 10.30%, varies by service, including inflation
Investment rate of return	6.50%, net of Plan investment expense, including inflation
Healthcare trend	
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% at January 1, 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

**Hazardous**

Inflation	2.50%
Salary increases	3.55 to 19.05%, varies by service, including inflation
Investment rate of return	6.50%, net of Plan investment expense, including inflation
Healthcare trend	
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% at January 1, 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 Mortality Improvement Scale using a base year of 2023. The Mortality Table used for 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 MP-2020 Mortality Improvement Scale using a base year of 2010.

**CITY OF BARDSTOWN, KENTUCKY**  
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**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 - 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.

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Equity</b>	<b>60.00%</b>	
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
<b>Liquidity</b>	<b>20.00%</b>	
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
<b>Inflation Protected</b>	<b>20.00%</b>	
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
<b>Total</b>	<b>100.00%</b>	<b>5.75%</b>
<b>Long term inflation assumption</b>		<b>2.50%</b>
<b>Expected nominal return for portfolio</b>		<b>8.25%</b>

*Discount Rate* – The discount rate used to measure the total OPEB liability was 5.93% and 5.97% for non-hazardous and hazardous classifications, respectively. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.50%, 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. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

**CITY OF BARDSTOWN, KENTUCKY**  
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**9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

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

Non-hazardous			Hazardous		
	Discount rate	City's proportionate share of net OPEB liability (asset)		Discount rate	City's proportionate share of net OPEB liability (asset)
1% decrease	4.93%	\$ 554,170		4.97%	\$ 1,458,880
Current discount rate	5.93%	\$ (295,303)		5.97%	\$ 576,857
1% increase	6.93%	\$ (1,006,632)		6.97%	\$ (158,104)

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

Non-hazardous		Hazardous	
	City's proportionate share of net OPEB liability (asset)		City's proportionate share of net OPEB liability (asset)
1% decrease	\$ (946,496)		\$ 6,572
Current trend rate	\$ (295,303)		\$ 576,857
1% increase	\$ 504,628		\$ 1,265,592

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

**10. PROPERTY TAX CALENDAR**

Property taxes include amounts levied against all real and public utility property, plus tangible personal property that is located within the city limits. All property taxes are levied as of July 1 based on the assessment values as of the previous January 1. Property taxes are due by November 1. After that date, a 10% penalty is imposed. If bills are not paid by December 1, all delinquent accounts bear interest at 12% per annum until paid. Liens are filed for all delinquent property taxes in May of the following year. Assessed values are established by the County Property Valuation Administration at 100% of appraised market value. The City's tax rate applicable to the 2024 fiscal year was \$.163 per \$100 of assessed valuation for real estate and \$.163 for personal property.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**11. TRANSFER OF FUNDS**

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General Fund	Equipment Fund	Future Reserve	\$ 37,500
Lagoon Cleaning Fund	Utility Operating Fund	Lagoon Filling	\$ 250,000
Municipal Road Aid Fund	General Fund	Road Paving	\$ 260,000
Utility Operating Fund	Equipment Fund	Future Reserve	\$ 187,500

**12. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City contracts with the Kentucky League of Cities Insurance Services (KLCIS), a local government risk pool, for insurance coverage for these risks. KLCIS was formed for the primary purpose of managing and funding third-party liability claims against its members. As a member of KLCIS, the City is required to make annual contributions sufficient to produce the funds necessary to fund the administrative expenses and the claims and claims expenses and any deficiencies in the cumulative reserves. Coverage by KLCIS consists of \$4,000,000 in general liability insurance with \$5,000 deductible. As of June 30, 2024, the City is a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. It is reasonably possible the City will experience a loss from such claims; however, an estimate of such loss cannot be determined at this time. During the year ended June 30, 2024, one such claim exceeded liability coverage and resulted in the City paying a settlement of \$750,000 in excess of insurance. Insurance coverage has not been significantly reduced in recent years.

In July 1998, the City initiated a self-insured health insurance plan to provide employees with traditional health care insurance that covers hospitalization and major medical expenses within specified limits.

The plan is administered by a third-party administrator. The City pays the administrator a monthly fixed fee for various claim administration services, plus premiums for excess coverage insurance to insure claims that exceed \$75,000 per participant. Monthly payments also include a specified amount to set aside funds for payment of claims that do not exceed the \$75,000 amount. The third-party administrator pays these claims from the funds set aside by the City and bills the City for additional funds if funds on hand are not sufficient to pay claims.

Changes in the fund's claims liability amounts are:

	2024	2023
Balance as of beginning of year	\$ 65,337	\$ 80,258
Current year claims	1,700,388	1,603,015
Claims paid	<u>(1,595,978)</u>	<u>(1,617,936)</u>
Balance as of end of year	<u>\$ 169,747</u>	<u>\$ 65,337</u>

**13. TAX ABATEMENTS**

The City has agreements to abate real and tangible property taxes with one company in order to promote new business in the City based upon prescribed criteria. During the year, the City abated \$32,424 of real and tangible tax.

The City also has agreements with three other companies to abate occupational tax if they meet the criteria. It is unknown if any occupational tax was abated during this fiscal year.

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

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**14. SUBSEQUENT EVENTS**

In September 2024, the City entered into two assistance agreements with the Kentucky Infrastructure Authority for up to \$4,818,000 and \$5,148,000, respectively. These loans are for the financing of water capital projects, with an interest rate of 2.25% per year. These 20-year agreements require principal and interest payments every June and December, with interest payments beginning within six months from the first draw of funds and full principal and interest payments to commence on June 1st or December 1st immediately succeeding the date of the last draw of funds.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BARDSTOWN, KENTUCKY**  
**REQUIRED SUPPLEMENTARY BUDGETARY COMPARISON**  
**GENERAL FUND**  
**for the year ended June 30, 2024**

	<b>Enacted Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES</b>				
Taxes	\$ 4,154,750	\$ 4,389,750	\$ 4,453,404	\$ 63,654
Licenses and permits	8,971,000	9,561,000	9,662,082	101,082
Fines and forfeitures	53,000	53,000	56,843	3,843
Intergovernmental	1,251,000	613,250	577,391	(35,859)
Charges for services	194,250	194,250	215,066	20,816
Interest	400,000	450,475	493,592	43,117
Other	414,500	549,500	715,559	166,059
Total revenues	<u>15,438,500</u>	<u>15,811,225</u>	<u>16,173,937</u>	<u>362,712</u>
<b>EXPENDITURES</b>				
Current:				
General government	719,275	743,275	808,545	(65,270)
Finance	1,137,400	1,302,400	1,372,533	(70,133)
Public safety	4,841,525	4,814,525	4,817,064	(2,539)
Fire	2,963,200	3,015,200	3,023,699	(8,499)
Recreation	968,725	962,225	890,445	71,780
COBEC (Education Center)	74,250	74,250	64,080	10,170
Streets	918,100	843,100	794,341	48,759
Capital outlay	2,876,500	2,228,000	3,900,761	(1,672,761)
Debt service	448,525	448,525	411,839	36,686
Total expenditures (Note 1)	<u>14,947,500</u>	<u>14,431,500</u>	<u>16,083,307</u>	<u>(1,651,807)</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>491,000</u>	<u>1,379,725</u>	<u>90,630</u>	<u>(1,289,095)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	5,000	31,275	36,730	5,455
Lease proceeds (Note 1)	-	-	1,625,695	1,625,695
Transfers in	425,000	260,000	260,000	-
Transfers out	(96,000)	(96,000)	(37,500)	58,500
	<u>334,000</u>	<u>195,275</u>	<u>1,884,925</u>	<u>1,689,650</u>
Net change in fund balance	825,000	1,575,000	1,975,555	400,555
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>11,198,229</u>	<u>11,198,229</u>	<u>11,198,229</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 12,023,229</u>	<u>\$ 12,773,229</u>	<u>\$ 13,173,784</u>	<u>\$ 400,555</u>

Note 1: Adjustments to record lease proceeds and capital outlay for the City's vehicle leases totaled \$1,625,695. The City did not include the lease proceeds or the related capital outlay in the budget since no cash was received or disbursed related to these amounts in the current year.

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

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2015 (2014)</b>	<b>2016 (2015)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>	<b>2023 (2022)</b>	<b>2024 (2023)</b>
City's proportion of the net pension liability	0.175%	0.180%	0.172%	0.170%	0.161%	0.182%	0.167%	0.180%	0.175%	0.214%
City's proportionate share of the net pension liability (asset)	\$5,674,000	\$7,720,186	\$8,468,750	\$9,924,049	\$9,795,829	\$12,778,409	\$12,811,676	\$11,496,878	\$12,680,051	\$ 13,724,398
City's covered employee payroll	\$5,516,055	\$4,185,306	\$3,934,533	\$4,128,036	\$3,986,464	\$ 4,583,026	\$ 4,368,576	\$ 4,702,133	\$ 5,077,975	\$ 6,354,896
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	102.86%	184.46%	215.24%	240.41%	245.73%	278.82%	293.27%	244.50%	249.71%	215.97%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%



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

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2015 (2014)</b>	<b>2016 (2015)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>	<b>2023 (2022)</b>	<b>2024 (2023)</b>
City's proportion of the net pension liability	0.329%	0.323%	0.334%	0.371%	0.333%	0.357%	0.334%	0.353%	0.330%	0.422%
City's proportionate share of the net pension liability (asset)	\$3,952,000	\$4,954,109	\$5,739,046	\$8,296,053	\$8,403,739	\$9,874,902	\$10,069,653	\$ 9,422,313	\$10,079,818	\$ 11,372,943
City's covered employee payroll	\$2,731,098	\$1,707,390	\$1,732,763	\$2,035,541	\$1,867,706	\$2,035,954	\$ 2,070,391	\$ 2,258,949	\$ 2,404,289	\$ 2,966,287
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	144.70%	290.16%	331.21%	407.56%	449.95%	485.03%	486.36%	417.11%	419.24%	383.41%
Plan fiduciary net position as a percentage of the total pension liability	63.46%	57.52%	53.95%	49.78%	49.26%	46.63%	44.11%	52.26%	47.11%	52.96%

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

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required employer contribution	\$ 536,101	\$ 488,669	\$ 575,861	\$ 577,240	\$ 743,367	\$ 843,135	\$ 907,512	\$ 1,130,094	\$ 1,487,046	\$ 1,613,657
Contributions relative to contractually required employer contributions	<u>536,101</u>	<u>488,669</u>	<u>575,861</u>	<u>577,240</u>	<u>743,367</u>	<u>843,135</u>	<u>907,512</u>	<u>1,130,094</u>	<u>1,487,046</u>	<u>1,613,657</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$4,185,306	\$3,934,533	\$4,128,036	\$3,986,464	\$4,583,026	\$4,368,576	\$4,702,133	\$5,077,975	\$6,354,896	\$ 6,913,699
Employer contributions as a percentage of covered-employee payroll	12.81%	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	22.25%	23.40%	23.34%

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

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	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Contractually required employer contribution	\$ 348,767	\$ 353,563	\$ 441,916	\$ 411,309	\$ 506,342	\$ 622,360	\$ 679,040	\$ 807,486	\$1,269,868	\$ 1,298,433
Contributions relative to contractually required employer contributions	<u>348,767</u>	<u>353,563</u>	<u>441,916</u>	<u>411,309</u>	<u>506,342</u>	<u>622,360</u>	<u>679,040</u>	<u>807,486</u>	<u>1,269,868</u>	<u>1,298,433</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$1,707,390	\$1,732,763	\$2,035,541	\$1,867,706	\$2,035,954	\$2,070,391	\$2,258,949	\$2,404,289	\$2,966,287	\$ 3,158,437
Employer contributions as a percentage of covered-employee payroll	20.43%	20.40%	21.71%	22.02%	24.87%	30.06%	30.06%	33.59%	42.81%	41.11%

**CITY OF BARDSTOWN, KENTUCKY  
REQUIRED SUPPLEMENTARY SCHEDULE  
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - NONHAZARDOUS  
Last Eight Fiscal Years**

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>	<b>2023 (2022)</b>	<b>2024 (2023)</b>
City's proportion of the net OPEB liability	0.172%	0.170%	0.161%	0.182%	0.167%	0.180%	0.175%	0.214%
City's proportionate share of the net OPEB liability (asset)	\$ 2,673,490	\$ 3,408,455	\$ 2,855,611	\$ 3,055,170	\$ 4,032,566	\$ 3,451,351	\$ 3,461,050	\$ (295,303)
City's covered employee payroll	\$ 3,934,533	\$ 4,128,036	\$ 3,986,464	\$ 4,583,026	\$ 4,368,576	\$ 4,702,133	\$ 5,077,975	\$ 6,354,896
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	67.95%	82.57%	71.63%	66.66%	92.31%	73.40%	68.16%	-4.65%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	52.39%	57.62%	60.44%	51.67%	62.91%	60.95%	104.23%

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

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

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<b>Reporting Fiscal Year (Measurement Date)</b>	<b>2017 (2016)</b>	<b>2018 (2017)</b>	<b>2019 (2018)</b>	<b>2020 (2019)</b>	<b>2021 (2020)</b>	<b>2022 (2021)</b>	<b>2023 (2022)</b>	<b>2024 (2023)</b>
City's proportion of the net OPEB liability	0.334%	0.371%	0.333%	0.357%	0.334%	0.353%	0.330%	0.422%
City's proportionate share of the net OPEB liability (asset)	\$ 1,831,677	\$ 3,065,381	\$ 2,371,417	\$ 2,644,399	\$ 3,085,367	\$ 2,861,758	\$ 2,812,273	\$ 576,857
City's covered employee payroll	\$ 1,732,763	\$ 2,035,541	\$ 1,867,706	\$ 2,035,954	\$ 2,070,391	\$ 2,258,949	\$ 2,404,289	\$ 2,966,287
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	105.71%	150.59%	126.97%	129.89%	149.02%	126.69%	116.97%	19.45%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	58.99%	64.24%	64.44%	58.84%	66.81%	64.13%	92.27%

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

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

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required employer contribution	\$ 205,917	\$ 182,562	\$ 195,256	\$ 187,364	\$ 241,067	\$ 207,944	\$ 223,821	\$ 206,870	\$ 215,431	\$ -
Contributions relative to contractually required employer contributions	<u>205,917</u>	<u>182,562</u>	<u>195,256</u>	<u>187,364</u>	<u>241,067</u>	<u>207,944</u>	<u>223,821</u>	<u>206,870</u>	<u>215,431</u>	<u>-</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
City's covered employee payroll	\$4,185,306	\$3,934,533	\$4,128,036	\$3,986,464	\$4,583,026	\$4,368,576	\$4,702,133	\$5,077,975	\$6,354,896	\$ 6,913,699
Employer contributions as a percentage of covered-employee payroll	4.92%	4.64%	4.73%	4.70%	5.26%	4.76%	4.76%	4.07%	3.39%	0.00%

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

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required employer contribution	\$ 231,864	\$ 219,888	\$ 190,323	\$ 173,232	\$ 213,164	\$ 197,101	\$ 215,052	\$ 198,016	\$ 201,114	\$ 81,488
Contributions relative to contractually required employer contributions	<u>231,864</u>	<u>219,888</u>	<u>190,323</u>	<u>173,232</u>	<u>213,164</u>	<u>197,101</u>	<u>215,052</u>	<u>198,016</u>	<u>201,114</u>	<u>81,488</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 1,707,390	\$ 1,732,763	\$ 2,035,541	\$ 1,867,706	\$ 2,035,954	\$ 2,070,391	\$ 2,258,949	\$ 2,404,289	\$ 2,966,287	\$ 3,158,437
Employer contributions as a percentage of covered-employee payroll	13.58%	12.69%	9.35%	9.28%	10.47%	9.52%	9.52%	8.24%	6.78%	2.58%

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2024**

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**1. GENERAL INFORMATION**

**Contributions**

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

**Payroll**

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

**2. CHANGES OF ASSUMPTIONS**

**June 30, 2023 – Pension and OPEB – Hazardous and Nonhazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for pension:

- The rate of inflation was increased from 2.30% to 2.50%.
- The salary productivity assumption was reduced by .20%, resulting in no change in the salary increase assumption for long-service employees of 3.30% in the non-hazardous funds.
- The individual rates of salary increases were increased during the select period for the CERS funds.
- The investment return assumption was increased from 6.25% to 6.50%.
- The Tier 3 cash balance interest crediting rate assumption was increased to 6.75% for the CERS pension funds.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for OPEB:

- The rate of inflation was increased from 2.30% to 2.50%.
- The salary productivity assumption was reduced by .20%, resulting in no change in the salary increase assumption for long-service employees of 3.30% in the non-hazardous funds.
- The individual rates of salary increases were increased during the select period for the CERS funds.
- The investment return assumption was increased from 6.25% to 6.50%.
- The initial healthcare trend rate for pre-65 was changed from 6.20% to 6.80%. The initial healthcare trend rate for post-65 was changed from 9.00% to 8.50%.

**June 30, 2022 – Pension and OPEB – Hazardous and Nonhazardous**

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.30% to 6.40%. The initial healthcare trend rate for post-65 was changed from 6.30% to 9.00%.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for pension.



**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2024**

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**2. CHANGES OF ASSUMPTIONS (CONTINUED)**

**June 30, 2021 – Pension and OPEB – Hazardous and Nonhazardous**

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

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

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

**June 30, 2020 – Pension and OPEB – Hazardous and Nonhazardous**

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

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

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

**June 30, 2019 – Pension and OPEB – Hazardous and Nonhazardous**

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

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

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

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

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

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

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

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

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

**CITY OF BARDSTOWN, KENTUCKY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2024**

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**2. CHANGES OF ASSUMPTIONS (CONTINUED)**

**June 30, 2015 – Pension – Hazardous and Nonhazardous**

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

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

**June 30, 2014 – Pension – Hazardous and Nonhazardous**

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

## **SUPPLEMENTARY INFORMATION**

**CITY OF BARDSTOWN, KENTUCKY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2024**

	<b>Municipal Road Aid</b>	<b>Land Acquisition and Building</b>	<b>Law Enforcement</b>	<b>Equipment Fund</b>	<b>Cemetery</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 268,661	\$ 159,462	\$ 168,343	\$ 4,214	\$ 108,227	\$ 708,907
Investments	335,284	993,248	-	418,979	268,010	2,015,521
Accounts receivable	61,342	-	-	-	4,040	65,382
Prepaid expense	-	-	-	-	-	-
Land held for resale	-	66,322	-	-	-	66,322
Due from other funds	-	499,500	-	225,000	-	724,500
Total assets	<u>\$ 665,287</u>	<u>\$ 1,718,532</u>	<u>\$ 168,343</u>	<u>\$ 648,193</u>	<u>\$ 380,277</u>	<u>\$ 3,580,632</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 7,174	\$ 7,174
Due to other funds	260,000	-	-	-	-	260,000
Accrued payroll	-	-	-	-	1,177	1,177
Accrued payroll taxes payable	-	-	-	-	84	84
Total liabilities	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,435</u>	<u>268,435</u>
Fund Balance						
Nonspendable	-	66,322	-	-	-	66,322
Restricted						
Roads	405,287	-	-	-	-	405,287
Assigned						
Land acquisition and industrial development	-	1,652,210	-	648,193	-	2,300,403
Public safety	-	-	168,343	-	-	168,343
Cemetery	-	-	-	-	371,842	371,842
Fund balance	<u>405,287</u>	<u>1,718,532</u>	<u>168,343</u>	<u>648,193</u>	<u>371,842</u>	<u>3,312,197</u>
Total liabilities and fund balance	<u>\$ 665,287</u>	<u>\$ 1,718,532</u>	<u>\$ 168,343</u>	<u>\$ 648,193</u>	<u>\$ 380,277</u>	<u>\$ 3,580,632</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**for the year ended June 30, 2024**

	<b>Municipal Road Aid</b>	<b>Land Acquisition and Building</b>	<b>Law Enforcement</b>	<b>Equipment Fund</b>	<b>Cemetery</b>	<b>Total Nonmajor Funds</b>
<b>REVENUES</b>						
Intergovernmental	\$ 307,843	\$ -	\$ -	\$ -	\$ -	\$ 307,843
Charges for services	-	-	-	-	79,931	79,931
Interest	13,352	36,254	-	12,814	10,653	73,073
Other	-	-	43,084	-	290	43,374
Total revenues	<u>321,195</u>	<u>36,254</u>	<u>43,084</u>	<u>12,814</u>	<u>90,874</u>	<u>504,221</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	52,435	-	-	52,435
Cemetery	-	-	-	-	92,084	92,084
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>52,435</u>	<u>-</u>	<u>92,084</u>	<u>144,519</u>
Excess (deficiency) of revenues over expenditures before other sources (uses)	<u>321,195</u>	<u>36,254</u>	<u>(9,351)</u>	<u>12,814</u>	<u>(1,210)</u>	<u>359,702</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	225,000	10,370	235,370
Transfers out	<u>(260,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,370)</u>	<u>(270,370)</u>
Total other financing sources (uses)	<u>(260,000)</u>	<u>-</u>	<u>-</u>	<u>225,000</u>	<u>-</u>	<u>(35,000)</u>
<b>Net change in fund balances</b>	61,195	36,254	(9,351)	237,814	(1,210)	324,702
Fund balance, beginning of year	<u>344,092</u>	<u>1,682,278</u>	<u>177,694</u>	<u>410,379</u>	<u>373,052</u>	<u>2,987,495</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 405,287</u>	<u>\$ 1,718,532</u>	<u>\$ 168,343</u>	<u>\$ 648,193</u>	<u>\$ 371,842</u>	<u>\$ 3,312,197</u>

**CITY OF BARDSTOWN, KENTUCKY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR PROPRIETARY FUNDS**  
**June 30, 2024**

	<u>Depreciation Reserve</u>	<u>Operating and Maintenance Reserve</u>	<u>Water and Wastewater Enhancement Fund</u>	<u>Lagoon Cleaning Fund</u>	<u>Total Nonmajor Proprietary Funds</u>
<b>ASSETS</b>					
Current assets					
Cash	\$ 751	\$ 500	\$ 793,321	\$ 510,754	\$ 1,305,326
Investments	534,438	4,262,942	1,405,236	-	6,202,616
Accrued interest	<u>-</u>	<u>24,059</u>	<u>-</u>	<u>-</u>	<u>24,059</u>
Total current assets	<u>535,189</u>	<u>4,287,501</u>	<u>2,198,557</u>	<u>510,754</u>	<u>7,532,001</u>
Noncurrent assets					
Restricted cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 535,189</u></u>	<u><u>\$ 4,287,501</u></u>	<u><u>\$ 2,198,557</u></u>	<u><u>\$ 510,754</u></u>	<u><u>\$ 7,532,001</u></u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 400	\$ -	\$ 400
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>400</u>	<u>250,000</u>	<u>250,400</u>
<b>NET POSITION</b>					
Restricted for:					
Debt service	-	-	-	-	-
Unrestricted	<u>535,189</u>	<u>4,287,501</u>	<u>2,198,157</u>	<u>260,754</u>	<u>7,281,601</u>
Total net position	<u>535,189</u>	<u>4,287,501</u>	<u>2,198,157</u>	<u>260,754</u>	<u>7,281,601</u>
Total liabilities and net position	<u><u>\$ 535,189</u></u>	<u><u>\$ 4,287,501</u></u>	<u><u>\$ 2,198,557</u></u>	<u><u>\$ 510,754</u></u>	<u><u>\$ 7,532,001</u></u>

**CITY OF BARDSTOWN, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**for the year ended June 30, 2024**

	<b>Depreciation Reserve</b>	<b>Operating and Maintenance Reserve</b>	<b>Water and Wastewater Enhancement</b>	<b>Lagoon Cleaning</b>	<b>Total Non-Major Proprietary Funds</b>
<b>OPERATING REVENUES</b>					
System development charges	\$ -	\$ -	\$ 154,395	\$ -	\$ 154,395
Total operating revenues	-	-	154,395	-	154,395
Operating income (loss)	-	-	154,395	-	154,395
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings (loss)	22,228	200,176	78,902	-	301,306
Total nonoperating revenues (expenses)	22,228	200,176	78,902	-	301,306
Income (loss) before transfers	22,228	200,176	233,297	-	455,701
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(250,000)	(250,000)
Change in net position	22,228	200,176	233,297	(250,000)	205,701
Total net position - beginning	512,961	4,087,325	1,964,860	510,754	7,075,900
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 535,189</b>	<b>\$ 4,287,501</b>	<b>\$ 2,198,157</b>	<b>\$ 260,754</b>	<b>\$ 7,281,601</b>

**CITY OF BARDSTOWN, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**UTILITY OPERATING DEPARTMENTS**  
**for the year ended June 30, 2024**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Cablenet</u>	<u>Garbage</u>	<u>Total Utility Operating Fund</u>
<b>Operating revenues</b>						
Charges for services	\$ 15,755,387	\$ 8,059,061	\$ 6,718,125	\$ 12,507,994	\$ 2,360,966	\$ 45,401,533
Utility surcharge	-	-	-	112,236	-	112,236
Connection fees	1,923	280,775	66,165	20,362	-	369,225
Contract services	-	(887)	21,748	38,456	-	59,317
Penalties	67,054	63,009	65,349	78,863	17,733	292,008
Miscellaneous	<u>174,661</u>	<u>2,219,100</u>	<u>503,090</u>	<u>24,825</u>	<u>41,155</u>	<u>2,962,831</u>
Total operating revenues	<u>15,999,025</u>	<u>10,621,058</u>	<u>7,374,477</u>	<u>12,782,736</u>	<u>2,419,854</u>	<u>49,197,150</u>
<b>Operating expenses</b>						
Purchases for resale	13,100,871	-	-	6,432,767	-	19,533,638
Personal services	1,561,733	2,740,797	1,691,416	3,122,558	917,433	10,033,937
Contractual services	338,738	346,601	324,580	698,703	483,892	2,192,514
Materials and supplies	262,913	1,040,046	591,909	763,368	151,114	2,809,350
Maintenance and repairs	322,099	785,868	275,752	353,445	69,123	1,806,287
Other expenses	159,845	752,266	759,788	591,441	817,597	3,080,937
Depreciation and amortization	<u>752,402</u>	<u>1,827,707</u>	<u>1,841,679</u>	<u>1,672,661</u>	<u>121,115</u>	<u>6,215,564</u>
Total operating expenses	<u>16,498,601</u>	<u>7,493,285</u>	<u>5,485,124</u>	<u>13,634,943</u>	<u>2,560,274</u>	<u>45,672,227</u>
Operating income (loss)	<u>(499,576)</u>	<u>3,127,773</u>	<u>1,889,353</u>	<u>(852,207)</u>	<u>(140,420)</u>	<u>3,524,923</u>
<b>Nonoperating revenues (expenses)</b>						
Investment earnings	121,169	77,160	54,008	96,798	-	349,135
Lease revenue	-	350	-	-	-	350
Interest expense	<u>(2,202)</u>	<u>(111,022)</u>	<u>(196,149)</u>	<u>6,787</u>	<u>-</u>	<u>(302,586)</u>
Total nonoperating revenue (expenses)	<u>118,967</u>	<u>(33,512)</u>	<u>(142,141)</u>	<u>103,585</u>	<u>-</u>	<u>46,899</u>
Income before capital contributions and transfers	(380,609)	3,094,261	1,747,212	(748,622)	(140,420)	3,571,822
Capital contributions	-	945,506	1,074,065	-	-	2,019,571
Grants	-	709,967	157,642	65,270	-	932,879
Transfers in (out)	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>(187,500)</u>	<u>62,500</u>
<b>Change in net position</b>	<u>\$ (380,609)</u>	<u>\$ 4,749,734</u>	<u>\$ 3,228,919</u>	<u>\$ (683,352)</u>	<u>\$ (327,920)</u>	<u>\$ 6,586,772</u>
Total net position-beginning						<u>76,887,037</u>
<b>TOTAL NET POSITION-ENDING</b>						<u>\$ 83,473,809</u>





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

To the Mayor and City Council  
City of Bardstown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bardstown, Kentucky as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 16, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Bardstown, Kentucky's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bardstown, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bardstown, Kentucky's internal control.

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Bardstown, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-001.

### **City of Bardstown, Kentucky's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Bardstown, Kentucky's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Bardstown, Kentucky's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

**RFH**

RFH, PLLC  
Lexington, Kentucky  
January 16, 2025



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

To the Mayor and City Council  
City of Bardstown, Kentucky

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

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

We have audited the City of Bardstown, Kentucky's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Bardstown, Kentucky's major federal programs for the year ended June 30, 2024. The City of Bardstown, Kentucky's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Bardstown, Kentucky complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Bardstown, Kentucky's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Bardstown, Kentucky's compliance with the requirements of each major federal program as a whole.

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

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

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

#### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Bardstown, Kentucky's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Bardstown, Kentucky's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

#### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Bardstown, Kentucky's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Bardstown, Kentucky's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

**RFH**

RFH, PLLC  
Lexington, Kentucky  
January 16, 2025

**CITY OF BARDSTOWN, KENTUCKY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**for the year ended June 30, 2024**

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GRANTOR/PROGRAM TITLE	AL Number	Contract Number	Contract Period	Passed Through to Subrecipients	Expenditures
U.S. Department of the Interior					
Passed through the Kentucky Department for Local Government					
Outdoor Recreation Acquisition, Development and Planning	15.916	PON2 112 2400000822	7/1/23-6/30/24	\$ -	\$ 79,675
<b>Total U.S. Department of the Interior</b>				-	79,675
U.S. Department of Transportation					
Passed through the Kentucky Transportation Cabinet					
Highway Planning and Construction	20.205	2300000212	7/1/23-6/30/24	-	56,849
<b>Total U.S. Department of Transportation</b>				-	56,849
U.S. Department of the Treasury					
Passed through the Kentucky Department for Local Government					
COVID-19 - Coronavirus State and Local Fiscal Recovery Func	21.027	N/A	7/1/23-6/30/24	-	928,254
<b>Total U.S. Department of the Treasury</b>				-	928,254
<b>Total federal awards expended</b>				\$ -	\$ 1,064,778

**Note 1 - Basis of Presentation**

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

**Note 2 - Indirect Cost Rates**

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

**Note 3 - Passthrough entity numbers are presented when available. Passthrough grantor's number not available.**

**CITY OF BARDSTOWN, KENTUCKY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
for the year ended June 30, 2024**

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**I. SUMMARY OF AUDITORS' RESULTS**

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified ☐ Yes ☒ No

Significant deficiencies identified that are not considered to be material weaknesses ☐ Yes ☒ None reported

Non-compliance material to financial statements noted ☒ Yes ☐ No

Federal Awards:

Internal control over major programs:

Material weaknesses identified ☐ Yes ☒ No

Significant deficiencies identified that are not considered to be material weaknesses ☒ Yes ☐ None reported

Type of auditors' report issued on compliance for major programs:

Unmodified for all major programs.

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

☒ Yes ☐ No

**Major Program:**

**AL Numbers**

**Name of Federal Program or Cluster**

21.027

COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

☐ Yes ☒ No

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS**

NONE

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Finding 2024-001 – AL 21.027 – Significant Deficiency/Non-compliance – Procurement, Suspension and Debarment**

Criteria: The City should have in place written procurement standards found in 2 CFR 200.317 through 200.326 of the Uniform Guidance.

Condition: The City does not have written procurement standards that are in accordance with the standards found in 2 CFR 200.317 through 200.326 of the Uniform Guidance.

Cause: The City's purchasing policy has not been updated to incorporate the standards found in 2 CFR 200.317 through 200.326 of the Uniform Guidance.

Effect: The City is not in compliance with the procurement standards found in 2 CFR 200.317 through 200.326 of the Uniform Guidance.

**CITY OF BARDSTOWN, KENTUCKY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**for the year ended June 30, 2024**

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**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)**

**Finding 2024-001 – AL 21.027 – Significant Deficiency/Non-compliance – Procurement, Suspension and Debarment (Continued)**

Recommendation: We recommend the City adopt a written purchasing policy to ensure the procurement standards found in 2 CFR 200.317 through 200.326 of the Uniform Guidance are incorporated.

Management's Response:

The City of Bardstown places a high priority on fair and equitable purchasing practices. The General Bidding Statute (KRS 424.260) governs purchases made during the normal course of business.

The City acknowledges the need to adopt a written purchasing policy to set qualifications and procedures when federal funds are being utilized.

A purchasing policy is currently being drafted to adopt procurement standards found in 2 CFR 200.317 through 200.326. This policy will be presented to council and adopted prior to February 28, 2025.

**IV. PRIOR AUDIT FINDINGS**

NONE



**AN ORDINANCE AMENDING AND ADOPTING AS AMENDED CHAPTER 52: WATER  
OF THE CITY OF BARDSTOWN'S CODE OF ORDINANCES**

**WHEREAS**, the City of Bardstown performed a rate study to revise its rates to appropriately cover costs associated with providing service; and

**WHEREAS**, the City of Bardstown's Water Department has determined it is necessary to modify the rates charged to water customers based on the information learned from the rate study.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BARDSTOWN, KENTUCKY THAT:**

Amendments be made to CHAPTER 52: WATER, under General Provisions, subsections 52.01 Rates, 52.02 Water Connection Charge, 52.04 Deposit, 52.05 After-Hour Service, and 52.06 Billing, Payment, Due Date, and Penalty.

**GENERAL PROVISIONS**

**§ 52.01 RATES**

**(A) For the purpose of this chapter the following words and phrases shall have the following meanings ascribed to them respectively:**

- (1) "COMMERCIAL CUSTOMER." All retail stores, restaurants, office buildings, laundries, hotels, schools, nursing homes, churches, hospitals, government facilities, and other private business and service establishments. Further multiple unit dwellings where usage is measured through one meter shall be deemed commercial. A residential building that is primarily used to accommodate roomers, boarders, or short-term renters for compensation, shall be billed as a commercial rate.**
- (2) "INDUSTRIAL CUSTOMER." Those locations engaged in manufacturing, warehousing, distributing, including heavy industry.**
- (3) "RESIDENTIAL CUSTOMER." Those locations occupied and used principally as a single-family dwelling and used for household purposes.**

**(AB) All water sold by the city to customers within or without the city limits, other than water delivered to customers under any special arrangements, provisions, or conditions of any contract, shall be metered, and the customer shall be charged therefor and shall pay the following rates for water used or consumed by them, to-wit:**

[Monthly Water Service	
First 2,000 gallons	\$15.21 (minimum inside city limits)
	\$22.29 (minimum outside city limits)
Next 76,000 gallons	\$4.79 (per thousand gallons)
Over 78,000 gallons	\$3.65 (per thousand gallons)]

**(1) The required monthly service charge includes up to 2,000 gallons of water usage and establishes the monthly bill for each customer class by meter size.**

**Monthly Service Charge**

Meter Size	Residential	
	In City Limits	Outside City Limits
<u>5/8"x3/4" &amp; 3/4"</u>	<u>\$22.97</u>	<u>\$27.38</u>
<u>1"</u>	<u>\$42.79</u>	<u>\$48.38</u>
<u>1-1/2"</u>	<u>\$75.81</u>	<u>\$83.38</u>
<u>2"</u>	<u>\$115.44</u>	<u>\$125.38</u>

Meter Size	Commercial	
	In City Limits	Outside City Limits
<u>5/8"x3/4" &amp; 3/4"</u>	<u>\$27.68</u>	<u>\$31.30</u>
<u>1"</u>	<u>\$54.56</u>	<u>\$58.18</u>
<u>1-1/2"</u>	<u>\$99.36</u>	<u>\$102.98</u>
<u>2"</u>	<u>\$153.12</u>	<u>\$156.74</u>
<u>3"</u>	<u>\$323.36</u>	<u>\$326.98</u>
<u>4"</u>	<u>\$547.36</u>	<u>\$550.98</u>



<u>6"</u>	<u>\$1,219.36</u>	<u>\$1,222.98</u>
<u>8"</u>	<u>\$1,443.36</u>	<u>\$1,446.98</u>

<u>Industrial</u>		
<u>All (Inside &amp; Outside</u>		
<u>Meter Size</u>	<u>City Limits)</u>	
<u>5/8"x3/4" &amp;</u>		
<u>3/4"</u>	<u>\$42.03</u>	
<u>1"</u>	<u>\$90.59</u>	
<u>1-1/2"</u>	<u>\$171.51</u>	
<u>2"</u>	<u>\$268.62</u>	
<u>3"</u>	<u>\$576.14</u>	
<u>4"</u>	<u>\$980.76</u>	
<u>6"</u>	<u>\$2,194.64</u>	
<u>8"</u>	<u>\$2,599.26</u>	

(2) The volumetric rate for monthly water usage after the first 2,000 gallons shall be charged per the following schedule:

<u>Volumetric Rate (per 1,000 gallons)</u>		
<u>Customer Class</u>	<u>In City Limits</u>	<u>Outside City Limits</u>
<u>Residential/Commercial</u>	<u>\$4.88</u>	<u>\$6.69</u>
<u>Industrial</u>	<u>\$4.83</u>	<u>\$4.83</u>

(~~B~~C)Contract water service

(1) The rate and conditions charged for all water sold by the city to customers under agreement shall be modified according to the terms of said agreement(s) and, where applicable, approved by the Kentucky Public Service Commission as governed by law. The rates charged for water shall be by wholesale contracts. ~~[The rate charged for water under the wholesale contracts shall be per the following schedule:~~

<u>Effective Date</u>	<u>Rate per 1,000 gallons of water</u>
<u>January 1, 2020</u>	<u>\$2.45</u>
<u>July 1, 2020</u>	<u>\$2.49</u>
<u>July 1, 2021</u>	<u>\$2.56</u>
<u>July 1, 2022</u>	<u>\$2.64</u>
<u>July 1, 2023</u>	<u>\$2.72]</u>

(2) ~~[The]~~ Any rate modification shall apply to water meter readings made in the effective month for billing according to the cycle due date.

(~~E~~D) Fire service charges

(1) All fire service mains leaving the city water main for fire protection must be metered. Customers requesting fire service shall be responsible for the cost of meter at rates set on the current water connection form. The fire service charges listed below will apply based on the fire main size. In addition to the fire service charge listed below, the volume used or leaked through the fire meter shall be billed at the retail rates and minimum charges listed above in division (A). Emergency events recorded by the Fire Department (i.e., fires) will be deducted from the billed usage.

<u>Size of Fire Service Main</u>	<u>Charge per Month</u>
<u>2-inch</u>	<u>\$ [5.23] 6.26</u>
<u>4-inch</u>	<u>\$ [10.52] 12.56</u>
<u>6-inch</u>	<u>\$ [24.03] 28.71</u>
<u>8-inch</u>	<u>\$ [46.53] 55.58</u>
<u>10-inch</u>	<u>\$ [94.13] 112.47</u>
<u>12-inch</u>	<u>\$ [187.77] 224.34</u>

(2) For multiple unit fire service consumers, the above listed rates shall apply prorated among the users. In no case shall the amount be less than a minimum of \$[4] 5.00 per month.

(~~D~~E) Consumer price index adjustment of rates.



- (1) In addition to the above rates listed in division (A) and (C), on July 1 of each year the city may adjust rates based upon the consumer price index (CPI) for the preceding year. Documentation for the CPI shall be available from the U.S. Department of Labor.

## § 52.02 WATER CONNECTION CHARGE

(A) Every future tap on or connection to any water pipe, main, trunk line, interceptor, or other water line installation or facility of the system, shall be made only after written application for permission to make the same shall have been submitted to, and approved by, the officer having responsibility therefor, shall be made according to city regulations, policies and other governmental standards prescribed from time to time, and shall not be backfilled or covered over until inspected on behalf of the city for verification of conformity with such requirements. Each application for permission to tap on or make connection to any water installation or facilities shall, except as otherwise provided in this section, be for a single tap on or connection for a single unit user; a tap on or connection charge for each connection is hereby established:

### Water Connection Fees

Size (Inches)	Inside City Limits	Outside City Limits
5/8 x 3/4	<del>\$(1,350)</del> <u>1,450</u>	<del>\$(1,475)</del> <u>1,575</u>
3/4	<del>\$(1,350)</del> <u>1,450</u>	<del>\$(1,475)</del> <u>1,575</u>
1	<del>\$(1,750)</del> <u>1,920</u>	<del>\$(1,875)</del> <u>2,045</u>
1-1/2	<del>\$(3,500)</del> <u>3,815</u>	<del>\$(3,625)</del> <u>3,940</u>
2	<del>\$(4,000)</del> <u>4,340</u>	<del>\$(4,125)</del> <u>4,465</u>

(B) All charges for tap-on or connections exceeding two inches in size or being special in nature to meet varying flow parameters, shall be fixed by the officer in responsible charge's office by separate negotiation and contract, which sum shall at all times be sufficient to cover expenses of the installation, all such connection charges shall be tendered and accompany the application to the city.

## ~~[§ 52.04 DEPOSIT~~

~~Each single residential unit or multiple residential unit shall tender to the city, with the application for any utility connection, a deposit as set forth in the rate table below. These rates apply to residential customers only. Deposits for commercial establishments will be determined at the time of application for utilities which shall be in the sum equivalent to six weeks' billing for all connected utility services. The deposit shall be retained by the city and if necessary, upon termination of service, applied towards payment of any delinquent balances or refunded to the user (residential or commercial) after two years, provided all balances have been kept current during the two years and no checks were returned for any reason during that period. Persons presently on city utilities who move to another residence on city utilities will not be required to update their deposit, provided their paying record meets the criteria set forth above. Persons who have received their refund and moved to another residence on city utilities will not be required to make a new deposit. Persons disconnected for nonpayment will be required to increase deposit to these new amounts.~~

<del>Deposits</del>	<del>Owner Fee</del>	<del>Renter Fee</del>
<del>Electric</del>	<del>\$80</del>	<del>\$120</del>
<del>Water</del>	<del>\$30</del>	<del>\$45</del>
<del>Sewer</del>	<del>\$40</del>	<del>\$45]</del>

## ~~[§ 52.05 AFTER-HOUR SERVICE~~

~~All service calls made after hours will be charged to the account of the consumer provided that it is not the fault of the city. An additional \$15 service charge will be made for after hour turn-ons.]~~

## § 52.05 SERVICE FEES

### (A) (1) Hydrant meter rental (when and where available)

\$100.00 – Setup Fee

\$50.00 – Monthly Rental Fee

Ongoing - Commercial volumetric rate charge for usage

(2) Meter test charges. Where the test of a meter is requested (during normal working hours) by a customer, the customer will be charged \$60.00 to cover the test and transportation costs.



§ 52.06 BILLING[, PAYMENT, DUE DATE AND], PENALTY, AND ACCOUNT FEES

(A) The obligation to provide electricity, water, sewer, garbage and sanitation services is closely related to the general welfare, health, safety, and protection of the lives and property of the people of the city. The failure of such services constitutes a hindrance to the protection of the lives and property of the citizens of the city. Therefore, the officer in responsible charge is authorized and directed to render and collect under his or her supervision all electric, water, sewer, and garbage charges and bills and to present the bills and charges for electricity, water, sewer, and garbage services simultaneously each month to all electric, water, sewer, and garbage customers, each bill showing each separate item. All bills for electricity, water, sewer, and garbage service shall be paid by the final date shown on such bills, and all accounts not paid by such time shall be subject to discontinuance of all electricity, water, sewer and garbage services.

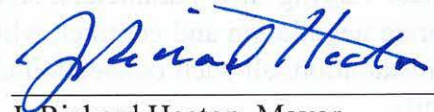
(B) All customers will be billed monthly, assessed penalties, and charged account fees as specified in § 55.05.

(C) The officer in responsible charge is hereby authorized to discontinue the furnishing of electricity, water, sewer, garbage and refuse and rubbish disposal services to any customer who is in default of the payment of the charges set forth on any bill for any of these services, as outlined above.

All ordinances or parts of ordinances in conflict are hereby repealed to the extent of that conflict.

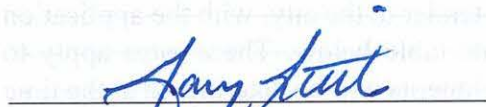
This ordinance shall be in full force and effect as of January 1, 2026 and following publication as required by law.

**CITY OF BARDSTOWN**



J. Richard Heaton, Mayor

ATTEST:

  
Gary Little, City Clerk

Date: 11-25-2025