



**PARIS CITY COMMISSION
REGULAR MEETING AGENDA**
525 High Street Paris, KY 40361
Commission Chambers – Room 121
Tuesday, February 27, 2024 - 9:00 AM

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. APPROVE MINUTES

- A. Regular Meeting - February 13, 2024

5. SPECIAL PRESENTATIONS

- A. RFH PLLC, Audit Presentation for FY'23

6. ORDINANCES

- A. Second Reading; Ordinance 2024-1: Financing of a Project through Kentucky Bond Corporation
- B. Second Reading; Ordinance 2024-2: Solid Waste Convenience Center Fees

7. CONSENT AGENDA

- A. Police and Fire Department Employment Contracts
- B. Municipal Order 2024-9; eBridge Business Solutions Reverse Chemical Auction
- C. General and Utility Fund Payment of Invoices
- D. Street Closure/Event Request: Westside Neighborhood Block Party

8. REGULAR AGENDA

- A. Municipal Order 2024-10; Municipal Road Aid Cooperative: Emergency Program
- B. Municipal Order 2024-11; Award of Solid Waste and Recycling Convenience Center Bid
- C. January General and Utility Fund Financials

9. REPORTS

- A. Outside Agencies
- B. City Staff
- C. Mayor & Commissioners

10. ADJOURNMENT

CALL TO ORDER

The Paris City Commission met in regular session at 9:00 a.m. viewable on Facebook live at www.facebook.com/cityofparisky on February 13, 2024.

PLEDGE OF ALLEGIANCE

Mayor Plummer called the meeting to order, and the Pledge of Allegiance was recited.

ROLL CALL

Present: Mayor, John Plummer; Commissioner, Wallis Brooks; Commissioner, Tim Gray; Commissioner, Sharon Fields; Commissioner, Mike Withrow.

Others in Attendance: City Attorney, Bryan Beaman; CPA, Brad Oberlander; City Clerk & Treasurer, Stephanie Settles

APPROVE MINUTES

Motion by Fields, seconded by Brooks, the motion unanimously carried to approve January 23, 2024 meeting minutes.

SPECIAL PRESENTATIONS

Holli Hatmaker, President of the Farmers Market, provided an annual update. Stating that 120 vendors sold items at the market last year. A state senior citizen program was offered last year that included funds to spend at a farmers market. The market offered double dollars, with the combined dollars seniors citizens received a total of \$3,3000 to spend on food items.

ORDINANCES

First reading of Ordinance 2024-1 was read by Jamie Miller, approving a lease agreement for the financing of a project; providing for the payment of and security for the lease; affirming the maintenance of the existing sinking fund; and authorizing the execution of various documents related to the lease.

First reading of Ordinance 2024-2 was read by Jamie Miller, related to the rates and charges for disposal at the solid waste convenience center.

CONSENT AGENDA

Motion by Plummer, seconded by Brooks, the motion unanimously carried approving Tourism's request related to Artwalk for the street closure on April 19, 2024 between 8th Street and 2nd Street from 3:00 p.m. to 10:00 p.m. to include Police Department assistance.

Motion by Plummer, seconded by Brooks, the motion unanimously carried approving the Chamber of Commerce's request related to Tour de Paris 5K on April 20th, 2024 for a temporary street closure at the crossing of Pleasant Street and 3rd Street., at the crossing of 2nd Street and Main Street, at the crossing of High Street and 8th Street. Putting cones out down Pleasant Street from Duncan to 2nd Street, on 2nd Street from Mt. Airy to Houston Ave, and on 8th Street from Houston Avenue to High Street and to include Police Department assistance.

Motion by Plummer, seconded by Brooks, the motion unanimously carried approving Municipal Order 2024-7 approving a lease of storage space with Fairway Farms LLC and authorize the Mayor, City Manager, and City Clerk to execute all necessary contracts, and authorize the Mayor to execute renewals in accordance with the order.

Motion by Plummer, seconded by Brooks, the motion unanimously carried approving curbside pickup provided by Rumpke for heavy trash on Thursday, March 28th. The City of Paris will pick up brush and limbs curbside the week of March 25th through March 29th.

Motion by Plummer, seconded by Brooks, the motion unanimously carried approving the full-time hire of Eric Puckett to the position of Field Operations Trainee, pay scale O2-12.

Motion by Plummer, seconded by Brooks, the motion unanimously carried approving the full-time hire of Itia Bear to the position of Police Cadet, payscale P4-1 and authorize the Mayor, City Manager, and City Clerk to execute the employment contract.

Motion by Plummer, seconded by Brooks, the motion unanimously carried approving payment of invoices for General Fund in the amount of \$361,442.76 and Utility Fund in the amount of \$172,505.97.

Motion by Plummer, seconded by Brooks, the motion unanimously carried approving payment of an invoice from Local Government Corporation related to their annual service agreement for the amount of \$49,012.64 for the City's hardware and software general ledger system.

Motion by Plummer, seconded by Brooks, the motion unanimously carried approving payment of invoice to Layne Christensen Company for \$9,216.00 for high service pump number 2 at the Water Treatment plant.

Motion by Plummer, seconded by Brooks, the motion unanimously carried approving the Mayor, City Manager, and City Clerk to the execute all necessary documents for Change Order #1 is for the amount of \$188,800 and for field changes and the City for waterline damages that are required for house repairs for approximately \$3,000 related to the US-460 project.

REGULAR AGENDA

Motion: Move to approve Municipal Order 2024-8 authorizing a lease renewal with the Commonwealth of Kentucky and authorizing the Mayor, City Manager, and City Clerk to execute all necessary documents.

By: Fields
Seconded: Withrow

Yes: Plummer, Brooks, Fields, Gray, Withrow
No: None
Abstain: None

Motion by Withrow, seconded by Brooks, the motion unanimously carried approving November Utility Fund financial reports as presented reporting revenues of \$4,450,081 with expenses of \$4,876,377 with expenses exceeding revenues by \$426,296. Operating cash at the end of November totaled \$1,056,297.

Motion by Withrow, seconded by Plummer, the motion unanimously carried approving December Utility Fund financial reports as presented reporting revenues of \$5,444,767 with expenses of \$5,597,352 with expenses exceeding revenues by \$152,585. Operating cash at the end of November totaled \$1,108,165.

Motion: Move to approve Resolution 2024-3 and authorize the Mayor, City Manager, City Clerk, and City Attorney to execute all required documents.

By: Brooks
Seconded: Withrow

Yes: Plummer, Brooks, Fields, Gray, Withrow
No: None
Abstain: None

Motion: Move to approve Resolution 2024-4 approving the filing of the letter of intent to request funding through the Kentucky Infrastructure Authority and authorize the Mayor, City Manager, City Clerk, and City Attorney to execute all necessary documents.

By: Fields
Seconded: Withrow

Yes: Plummer, Brooks, Fields, Gray, Withrow
No: None
Abstain: None

Motion: Move to approve Resolution 2024-5 approving funding for certificates of deposits and authorize the Mayor, City Manager, and City Clerk to execute all necessary documents.

By: Withrow
Seconded: Brooks

Yes: Plummer, Brooks, Fields, Gray, Withrow
No: None
Abstain: None

Motion: Move to approve Resolution 2024-6 approving the filing of an application to request funding through FY23 for assistance to Firefighters grant and authorize the Mayor, City Manager, City Clerk, and City Attorney to execute all required documents.

By: Fields
Seconded: Withrow

Yes: Plummer, Brooks, Fields, Gray, Withrow
No: None
Abstain: None

REPORTS

Betty Ann Allen, Tourism
- Artwalk is April 19, 2024 6:00 p.m. - 9:00 p.m.

Lauren Biddle, Chamber of Commerce
- Provided an update related to retail strategies.
- Tour de Paris 5K is April 20, 2024

Dalton Belcher, Planning and Zoning
- Compliance and citations have been issued.

Jamie Miller, City Manager
- A proclamation is in process for recognition of Garrett Morgan
- Staff is working on quarterly calculation reviews and reconciliation of utility accounts. Some accounts may require credit to be issued to their account due to a classification error.
- Lexington/Fayette County will be discussing a regional sustainability plan that is a six-county initiative. Citizens can attend the virtual meeting at The Paris-Bourbon County Public Library.

Commissioner Brooks
- 40 applications were received for the Parks Director position, and have been narrowed down to 5 for interviews.

Commissioner Gray
- Requested a committee be formed for fundraising for a Garrett Morgan statue.
- Requested review of the city ordinances related to puppy mills.

ADJOURNMENT

Motion by Withrow, seconded by Brooks, the motion unanimously carried approving to adjourn the meeting at 10:18 a.m.

Mayor, John A. Plummer

Attest:

City Clerk, Stephanie Settles

CITY OF PARIS
Paris, Kentucky

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Commissioners
City of Paris, 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 Paris, Kentucky, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Paris, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Paris, 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 Paris, 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 Paris, 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 Paris, 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 Paris, 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, pension and OPEB schedules, and budgetary comparison information on pages 4-17 and 48-59 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 Paris, Kentucky's basic financial statements. The accompanying combining nonmajor fund financial statements, the schedule of operating expenses – utility fund, and the 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, the schedule of operating expenses – utility fund, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2024, on our consideration of the City of Paris, 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 Paris, 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 Paris, Kentucky's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
February 19, 2024

CITY OF PARIS, KENTUCKY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the City of Paris (the City) presents a discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2023. It is supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to provide a readable explanation of the information within the basic financial statements. It should be read in conjunction with the financial statements immediately following the analysis.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government - Wide Highlights

- Total assets plus deferred outflows of resources of the Primary Government exceeded total liabilities and deferred inflows of resources by approximately \$8.27 million at the close of fiscal year 2023. This amount includes a net investment in capital assets of \$14.34 million and an overall deficit in unrestricted net position of approximately \$8.61 million.
- Governmental Activities' net position was \$6.47 million at the end of fiscal year 2023. This amount includes a net investment in capital assets of \$6.77 million and an overall deficit in unrestricted net position of approximately \$436 thousand. The net investment in capital assets comprises 104.67% of total net position.
- Business-Type Activities' net position was \$1.80 million at the end of fiscal year 2023. This amount includes a net investment in capital assets of \$7.57 million and an overall deficit in unrestricted net position of approximately \$8.18 million. The net investment in capital assets comprises 419.86% of total net position.

Fund Highlights

- As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$12.38 million, an increase of \$1.28 million compared to the previous fiscal year. Of this amount, \$134 thousand is restricted for various projects: public works, public safety, and capital projects.
- The General Fund, the primary operating fund of the City, held unassigned fund balances of \$12.32 million or 122.49% of general fund expenditures.

The General Fund's cash and cash equivalents balance decreased approximately \$271 thousand compared to the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Three key elements comprise the basic financial statements, including:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

A. Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements report financial information, except for fiduciary activities, and provide both short-term and long-term information about the City's entire financial position and assist in the assessment of the City's economic condition at the end of the fiscal year. The statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. They take into account all revenues and expenses of the fiscal year regardless of when cash is received or paid. The *Government-Wide Financial Statements* include two statements: the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* reflects the financial position of the City at fiscal year ended June 30, 2023. Accordingly, the City's net position, the difference between assets (what the citizens own) plus deferred outflows of resources and liabilities (what the citizens owe) plus deferred inflows of resources, is one way to determine the financial condition of the City. Over time, increases or decreases in net position are one indicator of whether the financial health of the City is improving or deteriorating. However, additional factors such as changes in the City's revenue structure, its tax base, and its level of assets held, should be considered in order to assess thoroughly the overall financial condition of the City.

The *Statement of Activities* reflects the City's revenues and expenses, as well as other transactions that increase or decrease net position. Program revenues are offset by program expenses in order to provide better information regarding program costs financed by general government revenues.

The *Government-Wide Financial Statements* divide the City's activities into two types:

- Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants), namely licenses and permits, property taxes, and charges for services. Most services normally associated with local government fall into these categories: police, fire, streets, public works, parks, and general administration.

- **Business-Type Activities** – These activities normally are intended to recover all or a significant portion of costs through user fees and charges for goods and services provided by the City. The Business-Type Activities of the City include the operations of various Enterprise Funds, including electric, water, sanitary sewer services, landfill and disposal costs.

B. Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The *Fund Financial Statements* report the operations of the City in greater detail than the *Government-Wide Financial Statements* by providing information about the City's most significant funds. Local ordinance or bond covenants may require the creation of some funds; others may be created at the discretion of the Administration for management and fiscal control of financial resources. All funds of the City can be divided into two types of funds: Governmental Funds and Proprietary Funds.

- *Governmental funds* – Governmental funds are used to account for essentially the same functions reported as Governmental Activities in the *Government-Wide Financial Statements*. However, unlike the *Government-Wide Financial Statements*, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year.

Most of the basic services performed by the City are reported in the governmental funds' category. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. Because the focus of governmental funds is narrower than that of the *Government-Wide Financial Statements*, it is useful to compare the information presented for governmental funds with similar information presented for Governmental Activities in the *Government-Wide Financial Statements*. By doing so, readers may better understand the long-term impact of the City's near-term funding decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and Governmental Activities. The following funds are used by the City:

- **General Fund** – the general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund. Most of the essential governmental services such as police and fire protection, community services, and general administration are reported in this fund.
- **Special Revenue Funds** – The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted by law to be expended for specific purposes. The following special revenue funds are maintained by the City:

Municipal Road Aid Fund – A special revenue fund used to account for state municipal road aid.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

- *Proprietary funds* – When the City charges a fee for services which is intended to cover the cost of providing those services – whether to outside customers or other units of the City – those services are generally reported in the proprietary funds’ category.

The proprietary funds are reported in the same way that all activities are reported in the *Government-Wide Financial Statements*, but the fund statements provide more detail. The Government considers the Utility Fund as its major proprietary fund. The subcategories of the proprietary funds include enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as Business-Type Activities in the *Government-Wide Financial Statements*.

Utility Fund – The Utility Fund accounts for the electric, water, sewer and garbage disposal and incinerator services provided to residents of the City and surrounding areas, the operations of which are financed by user charges.

C. Notes to the Financial Statements

The notes to the financial statements provide information that is essential to a full understanding of the data provided in the *Government-Wide* and *Fund Financial Statements*. They are an integral part of the financial statements and focus on the primary government and its activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

Net position serves as a useful indicator of the City's financial position. In Table 1 below, the City's combined net position (Governmental and Business-Type Activities) totaled \$8.27 million as of June 30, 2023, an increase of \$2.63 million from the previous year.

The largest proportion of the City's net position, \$14.34 million, is invested in capital assets (e.g. land, infrastructures, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The City uses these capital assets to provide services to its citizens. As such, these assets are not available for future spending.

Table 1
City of Paris, Kentucky
Summary of Net Position
For Years as Stated
(in thousands)

	Total Net Position		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
ASSETS			
Current and other assets	\$ 14,656	\$ 14,481	\$ 175
Restricted cash and other assets	2,543	1,552	991
Capital assets and other noncurrent assets	<u>19,759</u>	<u>19,607</u>	<u>152</u>
Total assets	<u>36,958</u>	<u>35,640</u>	<u>1,318</u>
DEFERRED OUTFLOWS OF RESOURCES	5,033	5,036	(3)
LIABILITIES			
Current and other liabilities	5,053	3,525	1,528
Long-term liabilities	<u>26,243</u>	<u>26,430</u>	<u>(187)</u>
Total liabilities	<u>31,296</u>	<u>29,955</u>	<u>1,341</u>
DEFERRED INFLOWS OF RESOURCES	2,420	5,072	(2,652)
NET POSITON			
Net investment in capital assets	14,343	13,618	725
Restricted for:			
Debt service	206	343	(137)
Other purposes	2,337	1,209	1,128
Unrestricted	<u>(8,612)</u>	<u>(9,521)</u>	<u>909</u>
Total net position	<u>\$ 8,274</u>	<u>\$ 5,649</u>	<u>\$ 2,625</u>

Table 2 indicates that the net position of Governmental Activities totaled approximately \$6.47 million, or 30.3% of total assets, an increase of \$1.82 million over the previous year. Of this total, \$6.77 million is invested in capital assets (e.g. land, infrastructures, buildings and improvements, and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets.

Current assets exceeded current liabilities by approximately \$12.13 million at the end of fiscal year 2023.

Table 2
City of Paris, Kentucky
Summary of Net Position
For Years as Stated
(in thousands)

	Total Governmental Activities		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
ASSETS			
Current and other assets	\$ 13,209	\$ 12,834	\$ 375
Restricted cash and other assets	134	71	63
Capital assets	<u>8,014</u>	<u>8,035</u>	<u>(21)</u>
Total assets	<u>21,357</u>	<u>20,940</u>	<u>417</u>
DEFERRED OUTFLOWS OF RESOURCES	3,009	2,861	148
LIABILITIES			
Current and other liabilities	1,082	2,166	(1,084)
Long-term liabilities	<u>15,338</u>	<u>13,694</u>	<u>1,644</u>
Total liabilities	<u>16,420</u>	<u>15,860</u>	<u>560</u>
DEFERRED INFLOWS OF RESOURCES	1,475	3,294	(1,819)
NET POSITON			
Net investment in capital assets	6,773	6,449	324
Restricted for:			
Debt service	-	-	-
Other purposes	134	71	63
Unrestricted	<u>(436)</u>	<u>(1,873)</u>	<u>1,437</u>
Total net position	<u>\$ 6,471</u>	<u>\$ 4,647</u>	<u>\$ 1,824</u>

Table 3
City of Paris, Kentucky
Summary of Net Position
For Years as Stated
(in thousands)

	Total Business-Type Activities		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
ASSETS			
Current and other assets	\$ 1,447	\$ 1,646	\$ (199)
Restricted cash and other assets	2,409	1,481	928
Capital assets	<u>11,744</u>	<u>11,573</u>	<u>171</u>
Total assets	<u>15,600</u>	<u>14,700</u>	<u>900</u>
DEFERRED OUTFLOWS OF RESOURCES	2,024	2,175	(151)
LIABILITIES			
Current and other liabilities	3,971	1,359	2,612
Long-term liabilities	<u>10,905</u>	<u>12,736</u>	<u>(1,831)</u>
Total liabilities	<u>14,876</u>	<u>14,095</u>	<u>781</u>
DEFERRED INFLOWS OF RESOURCES	945	1,777	(832)
NET POSITON			
Net investment in capital assets	7,570	7,169	401
Restricted for:			
Debt service	206	343	(137)
Other purposes	2,203	1,138	1,065
Unrestricted	<u>(8,176)</u>	<u>(7,648)</u>	<u>(528)</u>
Total net position	\$ <u>1,803</u>	\$ <u>1,002</u>	\$ <u>801</u>

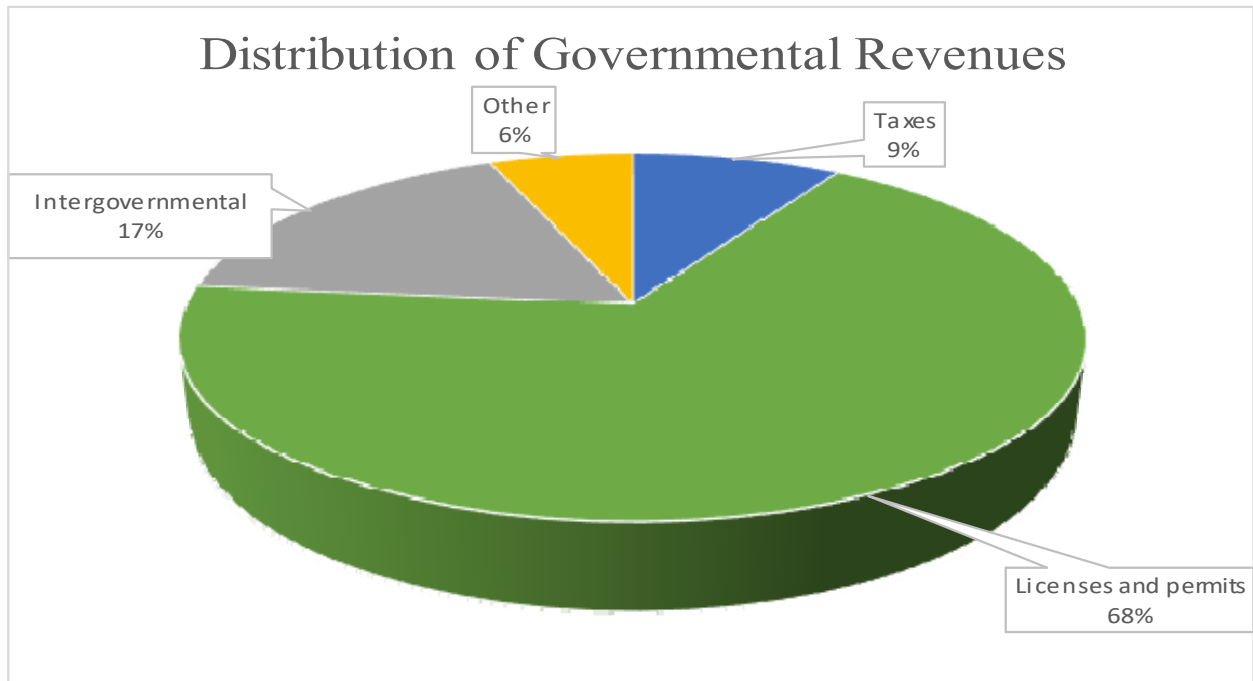
Table 3 indicates that the net position of Business-Type Activities totaled approximately \$1.80 million or 11.6% of total assets, an increase of \$801 thousand over the previous year. Of this total, \$7.57 million is invested in capital assets, minus related debt which is still outstanding and used to acquire those assets. The City uses these capital assets in the same way as the capital assets held by Governmental Activities.

Current liabilities exceed current assets by approximately \$2.52 million at the end of the fiscal year. Compared to the prior fiscal year when current assets exceeded current liabilities by approximately \$287 thousand, this was an overall decrease of approximately \$2.81 million. Current liabilities include a \$2.5 million revenue anticipation bond maturing during fiscal year 2024 that the City is currently issuing long-term debt to restructure.

Governmental Activities

As indicated in Chart 1, the City funds its Governmental Activities from revenue received from four significant categories. A clear majority, 68%, of the City's revenue is provided through licenses and permits. This category includes fees placed on employee withholdings, business returns, insurance premiums, and franchise fees. Property taxes comprise 9% of governmental revenues. Federal and State grant funding represents 17% of governmental revenue. The remaining other category represents miscellaneous revenues collected by the City.

Chart 1



As indicated in Chart 2, expenditures related to public safety for police and fire represent 34% and 23%, respectively, of total expenditures of the City's Governmental Activities.

Expenditures for police totaled approximately \$3.72 million (Table 4) for fiscal year 2023, an increase of \$723 thousand compared to the previous fiscal year. Expenditures for fire totaled approximately \$2.63 million (Table 4) for fiscal year 2023, an increase of \$251 thousand compared to the previous fiscal year.

Salary and wage costs, including benefits, for police totaled \$3.05 million for fiscal year 2023 or approximately 82% of total police expenditures for 2023.

Salary and wage costs, including benefits, for fire totaled \$2.0 million for fiscal year 2023 or approximately 76% of total fire expenditures for 2023.

Chart 2

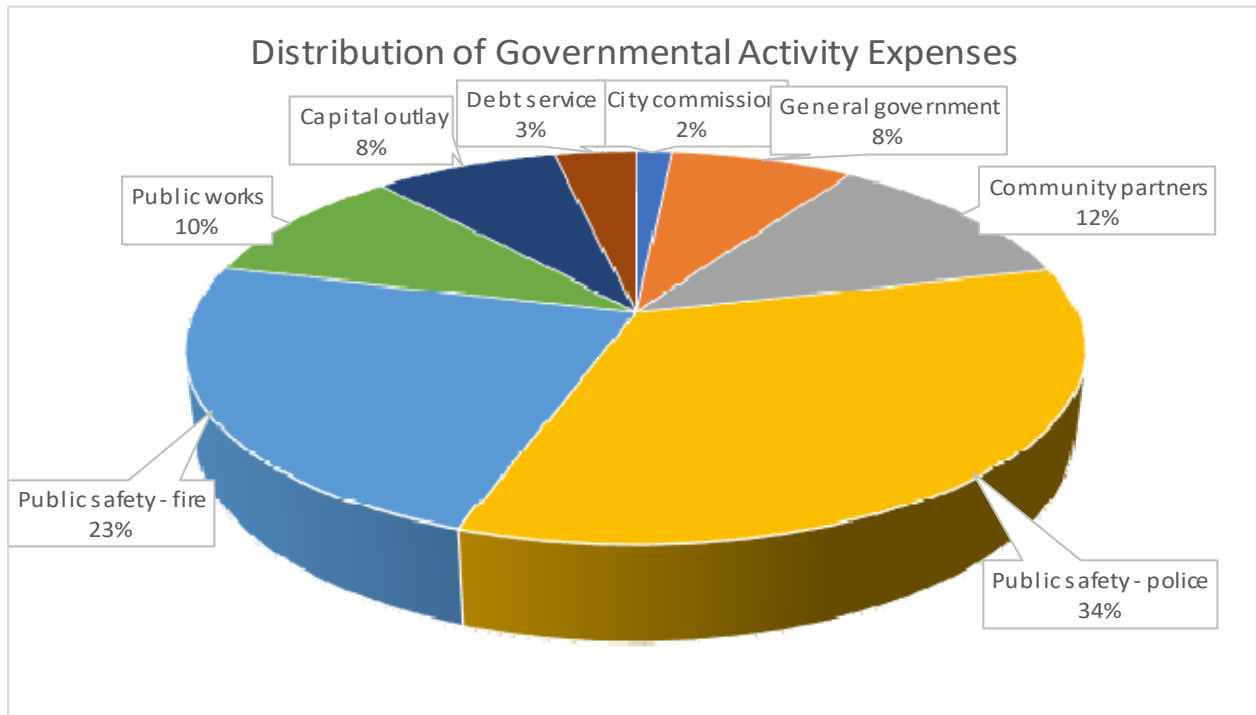


Table 4
City of Paris, Kentucky
Summary of Statement of Activities
For Years as Stated
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program Revenue:						
Charge for services	\$ 345	\$ 353	\$ 10,347	\$ 9,728	\$ 10,692	\$ 10,081
General revenues:						
Tax	1,056	981			1,056	981
Licenses	8,046	7,910			8,046	7,910
Intergovernmental	2,120	2,051	74	1,602	2,194	3,653
Fines and forfeitures	4	13			4	13
Other revenues	571	258	134	288	705	546
Total revenues	<u>12,142</u>	<u>11,566</u>	<u>10,555</u>	<u>11,618</u>	<u>22,697</u>	<u>23,184</u>
Program Expenses:						
City commission	173	243			173	243
General government	1,215	1,128			1,215	1,128
Community partners	1,275	1,129			1,275	1,129
Public safety - police	3,722	2,999			3,722	2,999
Public safety - fire	2,634	2,383			2,634	2,383
Public works	1,279	1,149			1,279	1,149
Interest on long-term debt	20	22			20	22
Electric			4,913	5,370	4,913	5,370
Sanitation			657	1,070	657	1,070
Water			2,115	2,481	2,115	2,481
Sewer			2,069	2,342	2,069	2,342
Total program expenses	<u>10,318</u>	<u>9,053</u>	<u>9,754</u>	<u>11,263</u>	<u>20,072</u>	<u>20,316</u>
Net change in net position	\$ <u>1,824</u>	\$ <u>2,513</u>	\$ <u>801</u>	\$ <u>355</u>	\$ <u>2,625</u>	\$ <u>2,868</u>

As indicated by Table 4, revenues from Governmental Activities totaled \$12.14 million, which was an increase of \$576 thousand or 5%, from the previous year. Licenses and permits totaled \$8.05 million, representing 66.3% of total revenues. As stated earlier, this category includes employee withholdings in the form of an occupational license fee (OLF). This fee is comprised of an assessment of 1.50% on the total wages received by individuals employed in the City of Paris and an assessment of 1.50% on the net profits of businesses operating in the City of Paris. Licenses and permits increased by \$136 thousand from the previous year. Property taxes increased by \$75 thousand.

As noted on Table 4, total expense of Governmental Activities was \$10.32 million, an increase of \$1.27 million from the previous fiscal year.

Business-Type Activities

Also indicated by Table 4, revenues from Business-Type Activities decreased \$1.06 million from the previous fiscal year. Prior year revenues included \$1.60 million in non-recurring grants for infrastructure improvements. Fees for utility services increased by \$619 thousand from the previous year. Continued stabilization in overall electric costs as well as implementing new rates for water and sewer is a key factor in this increase for 2023 compared to 2022.

Consistent with a decrease in overall revenues, total expenses for Business-Type Activities decreased \$1.51 million compared to the previous fiscal year. Non-recurring infrastructure costs associated with grant funding of \$1.60 million is a main factor for decreased expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, the Commission revises the budget from time to time; thus, exercising one of the primary duties of the Commission as guardian of the City's funds. Supplemental appropriations are approved to reflect actual beginning fund balances and to re-appropriate funds for capital projects. As the year progresses and actual revenue collections and budgetary experience is known, amendments are processed to reflect the actual results and revised expectations of future revenue and expenditures.

For fiscal year 2023, General Fund revenues totaled \$11.72 million, an increase of 4.0% from the previous fiscal year. Total revenues were \$1.53 million above the budgeted amount. The increase in actual revenue is the result of continued growth in the local and U.S. economies, which affected both business returns and franchise fees.

General fund expenditures of the City totaled \$10.06 million, an increase of \$706 thousand over the previous fiscal year. Expenditures were \$416 thousand below the final budgeted amount.

The City's financial commitment to support Emergency Medical Services within the City of Paris and Bourbon County increased 3.75% to \$415 thousand compared to the previous fiscal year. In addition, the City's financial commitment to support Paris-Bourbon County E-911 services increased 2.70% compared to the previous fiscal year for a total of \$228 thousand. The City's continued financial commitment to Community Partners equals approximately 13% of the City's overall budget including EMS and E911.

Table 5
City of Paris, Kentucky
General Fund Budgetary Highlights
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
REVENUES			
Taxes	\$ 1,158,000	\$ 1,055,708	\$ (102,292)
Licenses and permits	6,925,000	8,046,281	1,121,281
Fines and forfeitures	1,000	3,662	2,662
Intergovernmental	2,004,196	1,881,273	(122,923)
Charges for services	-	345,404	345,404
Other revenues	<u>100,000</u>	<u>384,336</u>	<u>284,336</u>
Total revenues	<u>10,188,196</u>	<u>11,716,664</u>	<u>1,528,468</u>
EXPENDITURES			
Current			
City commission	231,325	172,819	(58,506)
General government	1,188,595	832,712	(355,883)
Community partners	1,276,635	1,275,341	(1,294)
Public safety - police	3,810,975	3,613,630	(197,345)
Public safety - fire	2,582,350	2,492,975	(89,375)
Public works	1,386,600	1,049,263	(337,337)
Capital outlay	<u>-</u>	<u>623,342</u>	<u>623,342</u>
Total expenditures	<u>10,476,480</u>	<u>10,060,082</u>	<u>(416,398)</u>
Excess (deficiency) of revenues over expenditures	(288,284)	1,656,582	1,944,866
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	-	25,540	25,540
Proceeds from SBITAs	-	14,172	14,172
Transfers in	-	2,712	2,712
Transfers (out)	<u>-</u>	<u>(378,226)</u>	<u>(378,226)</u>
Total other financing sources (uses)	<u>-</u>	<u>(335,802)</u>	<u>(335,802)</u>
Net change in net position	\$ <u>(288,284)</u>	\$ <u>1,320,780</u>	\$ <u>1,609,064</u>

CAPITAL ASSETS

The City's capital assets totaled \$19.69 million as of June 30, 2023. This investment includes land, buildings, equipment, park facilities, roads, bridges, and water and sewer systems. For Governmental Activities, capital assets totaled \$8.01 million. For Business-Type Activities, capital assets totaled \$11.68 million.

This year's major changes in capital assets included:

- Governmental Activities capital assets decreased by \$21 thousand from the prior fiscal year. Depreciation expense for Governmental Activities totaled \$831 thousand for the fiscal year ended 2023. Amortization expense for Governmental Activities totaled \$5 thousand for the fiscal year ended 2023.
- Business-Type Activities capital assets increased by \$233 thousand from the prior fiscal year. Depreciation expense for Business-Type Activities totaled \$894 thousand for the fiscal year ended 2023.

Table 6
City of Paris, Kentucky
Summary of Capital Assets
For the Years as Stated
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 1,729	\$ 1,729	\$ 573	\$ 573	\$ 2,302	\$ 2,302
Buildings and improvements	3,774	3,686			3,774	3,686
Equipment and vehicles	7,047	6,874	3,343	3,991	10,390	10,865
SBITA	14				14	
Electric lines, poles and plant			10,290	10,236	10,290	10,236
Water treatment plant and water system improvements			9,282	8,333	9,282	8,333
Sewer treatment plant and improvements			17,982	18,027	17,982	18,027
Infrastructure assets	4,955	4,676			4,955	4,676
Construction in progress	285	41	2,902	3,014	3,187	3,055
	<u>17,804</u>	<u>17,006</u>	<u>44,372</u>	<u>44,174</u>	<u>62,176</u>	<u>61,180</u>
Less accumulated depreciation	9,785	8,971	32,692	32,727	42,477	41,698
Less accumulated amortization	<u>5</u>				<u>5</u>	
Capital assets, net	<u>\$ 8,014</u>	<u>\$ 8,035</u>	<u>\$ 11,680</u>	<u>\$ 11,447</u>	<u>\$ 19,694</u>	<u>\$ 19,482</u>

Construction in progress at June 30, 2023 includes costs of \$2.24 million for water meter replacements, \$328 thousand for engineering fees for water and waste water improvements, \$127 thousand for water plant upgrades, \$208 thousand for a new transfer station, \$109 thousand for a police department evidence room, \$170 thousand for elevator renovations, and \$5 thousand for a new fire station.

Additional information on the City's capital assets activity can be found in Note 5 to the financial statements.

DEBT ADMINISTRATION

As of the end of fiscal year 2023, the City had \$5.34 million in bonds and outstanding notes; Governmental Activities' debt decreased by \$353 thousand; Business-Type Activities' debt decreased by \$168 thousand.

Table 7
City of Paris, Kentucky
Summary of Outstanding Debt
For the Years as Stated
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General obligation bonds, notes and leases	\$ 1,232	\$ 1,585	\$ 3,701	\$ 3,828	\$ 4,933	\$ 5,413
Revenue bonds			266	271	266	271
Mortgage notes			144	180	144	180
Total debt	<u>\$ 1,232</u>	<u>\$ 1,585</u>	<u>\$ 4,111</u>	<u>\$ 4,279</u>	<u>\$ 5,343</u>	<u>\$ 5,864</u>

NEXT YEAR'S BUDGET

The City's fiscal year 2024 budget, for all funds combined, net of interfund transfers, is \$32.0 million. In fiscal year 2024, the City took the stance that tax rates and service fees should remain virtually the same from previous fiscal years. In fiscal year 2024 and subsequent years the City is making a commitment to invest in additional infrastructure projects including a new recycling and transfer station estimated to cost \$4.2 million and improvements at the water plant estimated to cost \$3.28 million. The City continues to seek cost savings by ensuring major expenditures are vetted through competitive bid process, and ensuring employees understand management's philosophy responsible for fiscal management as well providing competitive and cost-effective health benefits for all participants.

REQUEST FOR INFORMATION

This financial report is designed to provide the citizens of the City, taxpayers, customers, and investors and creditors with a general overview of the City's finances, and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Manager at 525 High Street, Paris, Kentucky 40361 or by telephone at (859) 987-2110.

CITY OF PARIS, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 10,051,696	\$ 465,651	\$ 10,517,347
Receivables, net	2,626,456	713,186	3,339,642
Lease receivable, current	27,341	116,990	144,331
Prepaid expense	25,447	24,494	49,941
Inventory	-	605,087	605,087
Internal balances	477,989	(477,989)	-
Total current assets	13,208,929	1,447,419	14,656,348
Noncurrent assets			
Restricted cash and cash equivalents	134,234	2,408,771	2,543,005
Noncurrent portion of lease receivable	-	64,099	64,099
Capital assets			
Land and improvements	1,728,917	572,552	2,301,469
Construction in progress	285,391	2,901,656	3,187,047
Depreciable infrastructure, net	2,817,881	-	2,817,881
Depreciable buildings, property, and equipment, net	3,172,577	8,205,932	11,378,509
Amortizable SBITA assets, net	9,448	-	9,448
Total noncurrent assets	8,148,448	14,153,010	22,301,458
Total assets	21,357,377	15,600,429	36,957,806
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	1,763,722	1,238,315	3,002,037
Deferred outflows - OPEB	1,245,418	785,400	2,030,818
Total deferred outflows of resources	3,009,140	2,023,715	5,032,855
Total assets and deferred outflows of resources	\$ 24,366,517	\$ 17,624,144	\$ 41,990,661
LIABILITIES			
Current liabilities			
Accounts payable	\$ 237,144	\$ 493,359	\$ 730,503
Accrued liabilities	375,386	236,500	611,886
Accrued interest payable	-	12,160	12,160
Customer deposits	-	286,500	286,500
Unearned revenue	84,000	268,116	352,116
Current portion of SBITA liabilities	4,716	-	4,716
Current portion of long-term obligations	380,863	2,674,002	3,054,865
Total current liabilities	1,082,109	3,970,637	5,052,746
Noncurrent liabilities			
Compensated absences	424,192	150,444	574,636
Noncurrent portion of SBITA liabilities	5,058	-	5,058
Noncurrent portion of long-term obligations	850,907	1,436,016	2,286,923
Net pension liability	10,814,704	7,524,133	18,338,837
Net OPEB liability	3,243,202	1,794,881	5,038,083
Total noncurrent liabilities	15,338,063	10,905,474	26,243,537
Total liabilities	16,420,172	14,876,111	31,296,283
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	317,367	97,158	414,525
Deferred inflows - OPEB	1,130,413	666,666	1,797,079
Deferred inflows - lease	27,341	181,089	208,430
Total deferred inflows of resources	1,475,121	944,913	2,420,034
NET POSITION			
Net investment in capital assets	6,772,670	7,570,122	14,342,792
Restricted for:			
Debt service	-	206,151	206,151
Other purposes	134,234	2,202,620	2,336,854
Unrestricted	(435,680)	(8,175,773)	(8,611,453)
Total net position	6,471,224	1,803,120	8,274,344
Total liabilities, deferred inflows of resources, and net position	\$ 24,366,517	\$ 17,624,144	\$ 41,990,661

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
City commission	\$ 172,819	\$ -	\$ -	\$ -	\$ (172,819)	\$ -	\$ (172,819)
General administration	1,214,622	127,931	231,377	-	(855,314)	-	(855,314)
Community partners	1,275,341	-	-	-	(1,275,341)	-	(1,275,341)
Public safety-police	3,722,341	217,473	1,023,173	-	(2,481,695)	-	(2,481,695)
Public safety-fire	2,633,396	-	626,723	-	(2,006,673)	-	(2,006,673)
Public works	1,279,100	-	-	239,126	(1,039,974)	-	(1,039,974)
Interest on long-term debt	19,904	-	-	-	(19,904)	-	(19,904)
Total governmental activities	<u>10,317,523</u>	<u>345,404</u>	<u>1,881,273</u>	<u>239,126</u>	<u>(7,851,720)</u>	<u>-</u>	<u>(7,851,720)</u>
Business-type activities							
Electric	4,913,347	5,590,787	-	-	-	677,440	677,440
Sanitation	657,422	170,937	-	-	-	(486,485)	(486,485)
Water	2,114,638	2,356,446	-	74,016	-	315,824	315,824
Sewer	2,068,550	2,228,974	-	-	-	160,424	160,424
Total business-type activities	<u>9,753,956</u>	<u>10,347,144</u>	<u>-</u>	<u>74,016</u>	<u>-</u>	<u>667,204</u>	<u>667,204</u>
Total primary government	<u>\$ 20,071,479</u>	<u>\$ 10,692,548</u>	<u>\$ 1,881,273</u>	<u>\$ 313,142</u>	<u>(7,851,720)</u>	<u>667,204</u>	<u>(7,184,516)</u>

General revenues

Taxes

Property taxes, levied for general purposes	1,055,708	-	1,055,708
License fees:			
Franchise	369,360	-	369,360
Payroll	4,248,302	-	4,248,302
Insurance premiums	2,001,347	-	2,001,347
Net profit	1,380,283	-	1,380,283
Other licenses and permits	46,989	-	46,989
Fines and forfeits	3,662	-	3,662
Investment earnings	100,779	27,194	127,973
Miscellaneous	464,130	191,230	655,360

Total general revenues	<u>9,670,560</u>	<u>218,424</u>	<u>9,888,984</u>
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Gain (loss) on disposal of assets	2,801	(82,249)	(79,448)
Transfers in (out)	<u>2,712</u>	<u>(2,712)</u>	<u>-</u>

Change in net position	1,824,353	800,667	2,625,020
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Net position-beginning, as restated	<u>4,646,871</u>	<u>1,002,453</u>	<u>5,649,324</u>
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NET POSITION-ENDING	<u>\$ 6,471,224</u>	<u>\$ 1,803,120</u>	<u>\$ 8,274,344</u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF PARIS, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 10,167,100	\$ 18,830	\$ 10,185,930
Receivables, net	2,607,581	18,875	2,626,456
Prepaid expenses	25,447	-	25,447
Due from other funds	<u>622,585</u>	<u>-</u>	<u>622,585</u>
Total assets	<u>\$ 13,422,713</u>	<u>\$ 37,705</u>	<u>\$ 13,460,418</u>
LIABILITIES			
Accounts payable	\$ 237,144	\$ -	\$ 237,144
Accrued liabilities	375,386	-	375,386
Due to other funds	-	144,596	144,596
Unearned revenue	<u>84,000</u>	<u>-</u>	<u>84,000</u>
Total liabilities	<u>696,530</u>	<u>144,596</u>	<u>841,126</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>243,903</u>	<u>-</u>	<u>243,903</u>
Total deferred inflows of resources	<u>243,903</u>	<u>-</u>	<u>243,903</u>
FUND BALANCES			
Nonspendable	25,447	-	25,447
Restricted	134,234	-	134,234
Unassigned	<u>12,322,599</u>	<u>(106,891)</u>	<u>12,215,708</u>
Total fund balances	<u>12,482,280</u>	<u>(106,891)</u>	<u>12,375,389</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,422,713</u>	<u>\$ 37,705</u>	<u>\$ 13,460,418</u>

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

Fund balances per above	\$ 12,375,389
Capital and SBITA assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,014,214
Revenue recognized in governmental activities that does not represent current financial resources and therefore is not recognized in the funds.	243,903
Long-term liabilities and related pension/OPEB deferred inflows/outflows are not due and payable in the current period and therefore are not reported in the funds.	<u>(14,162,282)</u>
Net position of governmental activities	<u>\$ 6,471,224</u>

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

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

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,055,708	\$ -	\$ 1,055,708
Licenses and permits	8,046,281	-	8,046,281
Fees and fines	3,662	-	3,662
Intergovernmental	1,881,273	174,876	2,056,149
Charges for services	345,404	-	345,404
Other revenues	384,336	920	385,256
	<u>11,716,664</u>	<u>175,796</u>	<u>11,892,460</u>
Total revenues			
EXPENDITURES			
Current			
City commission	172,819	-	172,819
General administration	832,712	-	832,712
Community partners	1,275,341	-	1,275,341
Public safety-police	3,613,630	-	3,613,630
Public safety-fire	2,492,975	-	2,492,975
Public works	1,049,263	-	1,049,263
Capital outlay	623,342	214,332	837,674
Debt service	-	378,226	378,226
	<u>10,060,082</u>	<u>592,558</u>	<u>10,652,640</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	1,656,582	(416,762)	1,239,820
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	25,540	-	25,540
Proceeds from SBITAs	14,172	-	14,172
Transfers in	2,712	-	2,712
Transfers (out)	(378,226)	378,226	-
	<u>(335,802)</u>	<u>378,226</u>	<u>42,424</u>
Total other financing sources (uses)			
Net change in fund balances	1,320,780	(38,536)	1,282,244
Fund balances-beginning	11,161,500	(68,355)	11,093,145
Fund balances-ending	<u>\$ 12,482,280</u>	<u>\$ (106,891)</u>	<u>\$ 12,375,389</u>
Reconciliation to government-wide change in net position:			
Net change in fund balances			\$ 1,282,244
Add: capital outlay expenditures			837,674
Add: debt service expenditures			378,226
Add: gain on disposal of assets			2,801
Add: unavailable revenue			243,903
Less: change in compensated absences			(1,940)
Less: proceeds from sale of assets			(25,540)
Less: proceeds from SBITAs			(14,172)
Less: depreciation/amortization on governmental activities assets			(835,528)
Less: change in net pension liability			194,403
Less: change in net OPEB liability			(217,814)
Less: interest on long-term debt			(19,904)
Change in net position governmental activities			<u>\$ 1,824,353</u>

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

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

	Business-Type Activities Utility Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 465,651
Receivables, net	713,186
Lease receivable, current	116,990
Prepaid expenses	24,494
Inventory	605,087
Total current assets	<u>1,925,408</u>
Noncurrent assets	
Restricted cash and cash equivalents	2,408,771
Noncurrent portion of lease receivable	64,099
Land and improvements	572,552
Construction in progress	2,901,656
Depreciable buildings, property, and equipment	40,897,906
Less: accumulated depreciation	<u>(32,691,974)</u>
Total noncurrent assets	<u>14,153,010</u>
Total assets	<u>16,078,418</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension	1,238,315
Deferred outflows - OPEB	785,400
Total deferred outflows of resources	<u>2,023,715</u>
Total assets and deferred outflows of resources	<u>\$ 18,102,133</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 493,359
Accrued liabilities	236,500
Accrued interest payable	12,160
Customer deposits	286,500
Unearned revenue	268,116
Due to other funds	477,989
Current portion of long-term debt	2,674,002
Total current liabilities	<u>4,448,626</u>
Noncurrent liabilities	
Compensated absences	150,444
Bonds, notes and loans payable	1,436,016
Net pension liability	7,524,133
Net OPEB liability	1,794,881
Total noncurrent liabilities	<u>10,905,474</u>
Total liabilities	<u>15,354,100</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension	97,158
Deferred inflows - OPEB	666,666
Deferred inflows - lease	181,089
Total deferred inflows of resources	<u>944,913</u>
NET POSITION	
Net investment in capital assets	7,570,122
Restricted for:	
Debt service	206,151
Other purposes	2,202,620
Unrestricted	<u>(8,175,773)</u>
Total net position	<u>1,803,120</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 18,102,133</u>

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

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

	Business-type Activities Utility Fund
Operating revenues	
Charges for services	\$ 10,347,145
Lease/rental income	28,839
Grant income	30,016
Other revenues	<u>162,391</u>
Total operating revenues	<u>10,568,391</u>
Operating expenses	
Utility administration	940,965
Electric department	4,466,521
Water distribution	1,628,128
Sewer treatment	1,356,548
Sanitation	389,247
Depreciation	<u>893,698</u>
Total operating expenses	<u>9,675,107</u>
Operating income	<u>893,284</u>
Nonoperating revenues (expenses)	
Interest and investment income	27,194
Interest expense	(78,850)
Gain (loss) on sale of assets	<u>(82,249)</u>
Total nonoperating (expenses)	<u>(133,905)</u>
Capital contributions	<u>44,000</u>
Transfers in (out)	<u>(2,712)</u>
Change in net position	800,667
Total net position-beginning, as restated	<u>1,002,453</u>
TOTAL NET POSITION-ENDING	<u><u>\$ 1,803,120</u></u>

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

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

	Business-Type Activities Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 10,544,504
Grant receipts	30,016
Payments to suppliers	(5,632,208)
Payments for employee services and benefits	(2,714,673)
Payments for interfund services used	(222,000)
Other receipts	191,230
Net cash provided by operating activities	<u>2,196,869</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,226,422)
Principal payments on bonds, notes, and loans payable	(168,400)
Interest paid on capital debt	(79,480)
Net cash (used) in capital and related financing activities	<u>(1,474,302)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers (to) other funds	(2,712)
Payments on interfund loans	140,541
Net cash provided by noncapital financing activities	<u>137,829</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment income	27,194
Net cash provided by investing activities	<u>27,194</u>
Net increase in cash and cash equivalents	887,590
Cash and cash equivalents-beginning of the year	1,986,832
CASH AND CASH EQUIVALENTS-END OF THE YEAR	<u><u>\$ 2,874,422</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 893,284
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	893,698
Change in assets and liabilities:	
Net pension liability	26,739
Net OPEB liability	157,129
Receivables, net	186,209
Prepaid expense	(1,981)
Inventory	(133,493)
Customer deposits	11,150
Accounts and other payables	126,158
Accrued expenses	37,976
Net cash provided by operating activities	<u><u>\$ 2,196,869</u></u>
Reconciliation of total cash and cash equivalents:	
Current assets - cash and cash equivalents	\$ 465,651
Restricted cash and cash equivalents	2,408,771
	<u><u>\$ 2,874,422</u></u>
Supplemental disclosure of cash flow information:	
Noncash capital and related financing activities:	
Accounts payable for capital items, net	<u><u>\$ (61,641)</u></u>
Capital contributions	<u><u>\$ (44,000)</u></u>

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

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Paris, Kentucky (the City) operates under the City Manager form of government and provides the following services as authorized by its charter: public safety, public works, recreation and community development. The accounting policies of the City of Paris conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The financial statements of the City of Paris, Kentucky include the funds, account groups and entities over which the Mayor and Commission exercise significant oversight responsibility. Oversight responsibility, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, was determined on the basis of the City's ability to significantly influence operations, select the governing body, participate in fiscal management and the scope of public service. The only entity included in the financial statements is the Paris, Kentucky Public Properties Corporation.

The following entities have been excluded from the financial statements because they do not meet the criteria described above:

1. Paris-Bourbon County Community Development Agency
2. Paris-Bourbon County Emergency Medical Services
3. Paris Independent Schools
4. Paris-Bourbon County E-911
5. Paris-Bourbon County Tourism Commission
6. Paris-Bourbon County Economic Development Authority

B. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements display information about the City as a whole. The statements distinguish between governmental and business-type activities of the City. These financial statements include the financial activities of the City except for fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. The government-wide statement of activities reflects costs of government by function for governmental activities and business-type activities. Program revenues include charges paid by recipients for the goods or services offered by the program and grants or contributions that are restricted to the program. Revenues which are not classified as program revenues are presented as general revenues of the City.

Fund Financial Statements

Fund financial statements report detailed information about the City. The accounts of the City are organized on the basis of funds, each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund balance or net position, revenues and expenditures or expenses.

Governmental funds are those through which most governmental functions are financed. The governmental fund measurement focus is upon determination of financial position and budgetary control over revenues and expenditures. Proprietary fund types are used to account for operations that are financed and operated in a manner similar to business enterprises - where intent of the governing body is that costs of providing services are to be financed or recovered primarily through user charges.

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The following funds are used by the City of Paris:

Governmental Funds

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

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted by law to be expended for specific purposes. The following special revenue funds are maintained by the City:

Municipal Road Aid Fund - A special revenue fund used to account for state municipal road aid.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Funds

Proprietary funds (enterprise funds) are used to account for the ongoing organizations and activities of the City which are similar to those found in private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in cash flows.

Enterprise funds are established to account for the acquisition, operations and maintenance of the City's facilities and services which are entirely or predominantly self-supported by user charges or where the City has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The accounts are maintained on the accrual basis of accounting.

Utility Fund - The Utility Fund accounts for the electric, water, sewer, and garbage disposal and incinerator services provided to residents of the City and surrounding areas, the operations of which are financed by user charges.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for individual funds.

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. Their focus is on individual funds rather than reporting funds by type. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred.

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and expenses are recognized when they are incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Permits, fines and forfeits, and miscellaneous revenues (except for investment earnings) are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available in all funds.

D. Fund Balance

In fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into nonspendable and spendable components, if applicable. The City further breaks down both nonspendable and spendable components into the following components:

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. The City Commission is the highest level of decision making authority for the City of Paris.

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 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.

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Balance (Continued)

For resources considered to be committed, the City issues an ordinance that can be changed with another corresponding ordinance.

For resources considered to be assigned, the City has designated the City Manager to carry the intent of the City Commission.

It is the policy of the City to spend restricted funds first when both restricted and unrestricted funds are available. Once restricted funds are spent, the City will use committed funds first, assigned funds second and unassigned funds last.

E. 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 a basis consistent with generally accepted accounting principles. Budgeted amounts in the financial statements are as adopted by ordinance of the City.

The City estimates the expenses the General Fund paid or incurred on behalf of the Utility Fund. Total estimated expenses reimbursed to the General Fund from the Utility Fund amounted to \$222,000 for the year ended June 30, 2023. In the fund financial statements, these reimbursements are recorded as "Intergovernmental" revenue in the General Fund and "Utility administration" expense in the Utility Fund.

F. Cash and Cash Equivalents

The City considers all cash, and certificates of deposit maturing in 90 days or less when purchased, both restricted and unrestricted, as cash and cash equivalents for purposes of the Statement of Cash Flows.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (i.e., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets acquired are recorded at cost or estimated cost. Depreciation of capital assets is provided over the estimated useful lives of the respective assets using the straight-line basis. The estimated useful lives are as follows:

Infrastructure	30-50 years
Buildings	20-50 years
Improvements	10-40 years
Vehicles, furniture and equipment	3-20 years

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pensions

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

I. Postemployment Benefits Other Than Pensions (OPEB)

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

J. Compensated Absences

Full-time employees of the City may accumulate sick leave at the rate of eight hours per month. Fire department employees assigned to 24-hour shifts may accumulate twelve hours per month. Sick days are allowed to be accumulated and carried over to a maximum of 520 work hours at the beginning of the calendar year. Fire department employees can carry a maximum of 720 work hours at the beginning of the calendar year. The City has a policy that employees must complete a minimum of five years of service to be eligible for a payout. Employees must have an accrual balance higher than 420 total hours to be eligible for a payout. At the end of the calendar year, employees with a balance higher than 420 hours may cash out up to a maximum of 80 hours at a 4 to 1 ratio of their current hourly rate. Upon resignation in good standing or retirement from the City, an employee may cash out all the remaining accrued sick hours at a 3 to 1 ratio of their current hourly rate.

New employees of the City may accumulate vacation leave on the first day of the month following six months of employment. There is no maximum accrual for vacation leave. Employees who resign in good standing or retire are eligible to receive payment for unused vacation days.

The City accrues compensated absences for employees who meet the minimum years of service and hourly accrual balance requirements for sick leave. The City also accrues compensated absences for employees who have met the probationary period for vacation leave.

K. Interfund balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from/to other funds". These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Other Accounting Policies

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Leases

The City follows Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information on the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

N. 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 (SBITAs) that were previously classified as operating expenses. It establishes uniform guidance for SBITA accounting based on the foundational principle that SBITAs 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 beginning net position of the City.

O. Management's Review of Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through February 19, 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

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

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

2. CASH AND INVESTMENTS (CONTINUED)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a policy regarding interest rate risk.

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 City's deposits and investments at June 30, 2023 were fully covered by federal depository insurance or by collateral held by the custodial banks in the City's name. The book balances of the City's deposits were \$13,060,352 and the bank balances were \$13,524,275. Bank balances of \$663,646 were covered by FDIC insurance, and \$12,860,629 by collateral held by the custodial banks.

3. ACCOUNTS RECEIVABLE

Receivables at year end of the City's major individual funds and nonmajor funds in the aggregate including the applicable allowances for uncollectible accounts, are as follows:

<u>Governmental activities</u>	General Fund	Nonmajor Funds	Total
Licenses and permits	\$ 1,613,657	\$ -	\$ 1,613,657
Intergovernmental	682,702	18,875	701,577
Other	<u>311,222</u>	<u>-</u>	<u>311,222</u>
Total receivables	<u>\$ 2,607,581</u>	<u>\$ 18,875</u>	<u>\$ 2,626,456</u>
 <u>Business-type activities</u>	 Utility Fund		
Charges for service, net	\$ 729,122		
Other	<u>24,164</u>		
Gross receivable	753,286		
Less allowance for uncollectible	<u>(40,100)</u>		
Total receivables, net	<u>\$ 713,186</u>		

4. LEASE RECEIVABLE AND DEFERRED INFLOW OF RESOURCES

Governmental activities

Effective July 1, 2022, the City entered into a two-year lease agreement with the Commonwealth of Kentucky, Cabinet for Health and Family Services, to lease out space in the City's municipal building. Upon entering into the lease, the City recognized both a lease receivable and a deferred inflow of resources related to the lease agreement totaling \$189,685. The City calculated the present value of future lease payments based on a discount rate of 3.25%. The balance of both the lease receivable and the deferred inflow of resources as of June 30, 2023, totaled \$27,341.

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

Fiscal Year	Principal	Interest	Total
2024	<u>\$ 27,341</u>	<u>\$ 889</u>	<u>\$ 28,230</u>

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

4. LEASE RECEIVABLE AND DEFERRED INFLOW OF RESOURCES (CONTINUED)

The deferred inflow of resources will be recognized over the term of the lease agreement as lease revenue. During 2023, the City recognized \$27,887 of interest revenue and \$162,344 of lease revenue from the lease agreement.

Business-type activities

On September 1, 2020, the City entered into a five-year lease agreement with New Cingular Wireless PCS, LLC to lease out space on the City's water tower for the company to mount antennas and other equipment and related devices. Upon adoption of GASB 87, the City recognized both a lease receivable and a deferred inflow of resources related to the lease agreement totaling \$118,627 in the Utility Fund. The City calculated the present value of future lease payments based on a discount rate of 3.25%. The balance of both the lease receivable and the deferred inflow of resources as of June 30, 2023, totaled \$118,627.

On March 9, 2021, the City entered into a five-year lease agreement with T-Mobile Central, LLC to lease out space on the City's water tower for the company to mount antennas and other equipment and related devices. Upon adoption of GASB 87, the City recognized both a lease receivable and a deferred inflow of resources related to the lease agreement totaling \$118,628 in the Utility Fund. The City calculated the present value of future lease payments based on a discount rate of 3.25%. The balance of both the lease receivable and the deferred inflow of resources as of June 30, 2023, totaled \$62,462.

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

Fiscal Year	Principal	Interest	Total
2024	\$ 116,990	\$ 10,883	\$ 127,873
2025	<u>64,099</u>	<u>2,083</u>	<u>66,182</u>
Total	<u>\$ 181,089</u>	<u>\$ 12,996</u>	<u>\$ 194,055</u>

The deferred inflows of resources will be recognized over the term of the lease agreements as lease revenue. During 2023, the City recognized \$2,967 of interest revenue and \$28,839 of lease revenue from the lease agreements.

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

5. CAPITAL ASSETS

A summary of capital asset activity during the year ended June 30, 2023 is as follows:

<u>Governmental activities</u>	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land and improvements	\$ 1,728,917	\$ -	\$ -	\$ 1,728,917
Construction in progress	<u>41,440</u>	<u>243,951</u>	<u>-</u>	<u>285,391</u>
Total	<u>1,770,357</u>	<u>243,951</u>	<u>-</u>	<u>2,014,308</u>
Capital assets being depreciated/amortized:				
Building and improvements	3,685,965	88,215	-	3,774,180
Vehicles	5,441,726	106,035	(38,980)	5,508,781
Equipment	1,430,414	106,719	-	1,537,133
SBITA	<u>-</u>	<u>14,172</u>	<u>-</u>	<u>14,172</u>
Total	<u>10,558,105</u>	<u>315,141</u>	<u>(38,980)</u>	<u>10,834,266</u>
Total non-infrastructure assets	<u>12,328,462</u>	<u>559,092</u>	<u>(38,980)</u>	<u>12,848,574</u>
Infrastructure assets	<u>4,676,443</u>	<u>278,582</u>	<u>-</u>	<u>4,955,025</u>
Total capital assets	<u>17,004,905</u>	<u>837,674</u>	<u>(38,980)</u>	<u>17,803,599</u>
Accumulated depreciation:				
Buildings and improvements	2,479,837	105,604	-	2,585,441
Vehicles	3,579,004	419,602	(16,242)	3,982,364
Equipment	1,000,432	79,280	-	1,079,712
Infrastructure assets	<u>1,910,826</u>	<u>226,318</u>	<u>-</u>	<u>2,137,144</u>
Total	<u>8,970,099</u>	<u>830,804</u>	<u>(16,242)</u>	<u>9,784,661</u>
Accumulated amortization:	<u>-</u>	<u>4,724</u>	<u>-</u>	<u>4,724</u>
Governmental activities capital assets, net	<u>\$ 8,034,806</u>	<u>\$ 2,146</u>	<u>\$ (22,738)</u>	<u>\$ 8,014,214</u>

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

5. CAPITAL ASSETS (CONTINUED)

<u>Business-type activities</u>	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land and improvements	\$ 572,552	\$ -	\$ -	\$ 572,552
Construction in progress	<u>3,014,401</u>	<u>791,747</u>	<u>(904,492)</u>	<u>2,901,656</u>
Total	<u>3,586,953</u>	<u>791,747</u>	<u>(904,492)</u>	<u>3,474,208</u>
Capital assets being depreciated:				
Equipment and vehicles	3,991,405	130,694	(778,501)	3,343,598
Electric lines, poles, and plant	10,235,857	54,734	-	10,290,591
Water treatment plant and water system improvements	8,333,574	948,492	-	9,282,066
Sewer treatment plant and improvements	<u>18,026,824</u>	<u>187,607</u>	<u>(232,780)</u>	<u>17,981,651</u>
Total	<u>40,587,660</u>	<u>1,321,527</u>	<u>(1,011,281)</u>	<u>40,897,906</u>
Total capital assets	<u>44,174,613</u>	<u>2,113,274</u>	<u>(1,915,773)</u>	<u>44,372,114</u>
Accumulated depreciation	<u>32,727,308</u>	<u>893,698</u>	<u>(929,032)</u>	<u>32,691,974</u>
Business-type activities capital assets, net	<u>\$ 11,447,305</u>	<u>\$ 1,219,576</u>	<u>\$ (986,741)</u>	<u>\$ 11,680,140</u>

Depreciation and amortization expense was charged to functions or departments as follows:

<u>Governmental activities:</u>	Depreciation	Amortization
General administration	\$ 199,506	\$ 4,724
Public safety-police	223,786	-
Public safety-fire	228,499	-
Public works	<u>179,013</u>	<u>-</u>
Total depreciation expense	<u>\$ 830,804</u>	<u>\$ 4,724</u>

<u>Business-type activities:</u>	Depreciation
Electric	\$ 191,871
Water	231,557
Sewer	457,049
Sanitation	<u>13,221</u>
Total depreciation expense	<u>\$ 893,698</u>

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended June 30, 2023:

Governmental activities

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Direct Placements				
Kentucky Bank note payable with interest at 1.28%, secured by fire trucks	\$ 1,063,362	\$ -	\$ (146,771)	\$ 916,591
Traditional Bank note payable with interest at 1.45%, secured by police vehicles	290,424	-	(133,015)	157,409
Kentucky Bank note payable with interest at 1.35%, secured by a street sweeper	231,908	-	(74,138)	157,770
Compensated absences	422,253	1,939	-	424,192
Net pension liability	9,013,077	1,801,627	-	10,814,704
Net OPEB liability	3,026,677	216,525	-	3,243,202
SBITA liability	<u>-</u>	<u>14,172</u>	<u>(4,398)</u>	<u>9,774</u>
Total governmental activities	<u>\$ 14,047,791</u>	<u>\$ 2,034,263</u>	<u>\$ (358,322)</u>	<u>\$ 15,723,642</u>

The annual debt service requirements to maturity for all governmental activity notes payable are as follows:

Year ended	Principal	Interest	Total
2024	\$ 380,863	\$ 14,330	\$ 395,193
2025	226,441	9,931	236,372
2026	158,556	7,334	165,890
2027	154,177	5,340	159,517
2028	156,182	3,335	159,517
2029-2030	<u>155,551</u>	<u>1,303</u>	<u>156,854</u>
	<u>\$ 1,231,770</u>	<u>\$ 41,573</u>	<u>\$ 1,273,343</u>

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

6. LONG-TERM DEBT (CONTINUED)

Business-type activities

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due within one year
Direct Placements					
KBC note payable with interest at 3.29% maturing in fiscal year 2032	\$ 1,327,912	\$ -	\$ (127,083)	\$ 1,200,829	\$ 132,081
Traditional Bank note payable with interest at 3.30% maturing in fiscal year 2027	179,506	-	(35,817)	143,689	36,421
US Bank bond anticipation note payable with interest at 0.79% maturing in fiscal year 2024	2,500,000	-	-	2,500,000	2,500,000
Series 2014 Revenue Bonds publicly issued with interest at 2.75% maturing in fiscal year 2054	<u>271,000</u>	<u>-</u>	<u>(5,500)</u>	<u>265,500</u>	<u>5,500</u>
Total bonds and notes payable	<u>4,278,418</u>	<u>-</u>	<u>(168,400)</u>	<u>4,110,018</u>	<u>2,674,002</u>
Compensated absences	142,250	8,194	-	150,444	-
Net pension liability	6,759,068	765,065	-	7,524,133	-
Net OPEB liability	<u>1,723,870</u>	<u>71,011</u>	<u>-</u>	<u>1,794,881</u>	<u>-</u>
Total business-type activities	<u>\$ 12,903,606</u>	<u>\$ 844,270</u>	<u>\$ (168,400)</u>	<u>\$ 13,579,476</u>	<u>\$ 2,674,002</u>

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

6. LONG-TERM DEBT (CONTINUED)

The annual debt service requirements to maturity for all business-type activity bonds and notes payable are as follows:

Year ended	Principal	Interest	Total
2024	\$ 2,674,002	\$ 76,796	\$ 2,750,798
2025	180,224	51,379	231,603
2026	184,910	45,448	230,358
2027	178,808	39,205	218,013
2028	155,167	33,523	188,690
2029-2033	533,907	77,945	611,852
2034-2038	38,000	26,268	64,268
2039-2043	44,000	20,708	64,708
2044-2048	50,500	14,328	64,828
2049-2053	57,500	7,009	64,509
2054	<u>13,000</u>	<u>432</u>	<u>13,432</u>
	<u>\$ 4,110,018</u>	<u>\$ 393,041</u>	<u>\$ 4,503,059</u>

7. CONDUIT DEBT

The City is the issuer of certain industrial revenue bonds issued in order to promote the local construction of production facilities. The facilities, which are constructed from the bond proceeds, are leased to the industrial companies for an amount required to annually service the debt. The lessee assumes ownership of the facilities at the completion of all lease payments required to fully service the debt. The lease payments are remitted directly to the trustee (bank) with whom the facilities are mortgaged. These bonds constitute a limited obligation of the City payable solely from the revenues and receipts derived from the lease agreement. Accordingly, the assets and liabilities relating to these bonds are not recorded on the books of the City. The amount of bonds outstanding at June 30, 2023 is not readily available.

8. SBITA LIABILITIES

Governmental activities

Effective April 1, 2022, the City entered into a SBITA for budgeting software. The agreement calls for annual payments of \$5,425 over a period of 3 years. Upon adoption of GASB 96, the City recognized a subscription liability and a subscription asset related to the agreement totaling \$14,172. The City calculated the present value of future payments based on an incremental borrowing rate of 7.25%. The balance of the SBITA liability as of June 30, 2023 totaled \$9,774.

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

Fiscal Year	Principal	Interest	Total
2024	\$ 4,716	\$ 709	\$ 5,425
2025	<u>5,058</u>	<u>367</u>	<u>5,425</u>
Total	<u>\$ 9,774</u>	<u>\$ 1,076</u>	<u>\$ 10,850</u>

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

9. RETIREMENT PLAN

The City of Paris 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 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, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living (COLA) adjustments are provided at the discretion of state legislature.

Contributions – For the year ended June 30, 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 10. 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 \$1,465,432, or 100% of the required contribution for non-hazardous job classifications, which was allocated \$1,279,997 to the CERS pension fund and \$185,435 to the CERS insurance fund. The City contributed \$612,226, or 100% of the required contribution for hazardous job classifications, which was allocated \$528,522 to the CERS pension fund and \$83,704 to the CERS insurance fund.

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.

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

9. RETIREMENT PLAN (CONTINUED)

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 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, 2023, the City reported a liability for its proportionate share of the net pension liability as follows:

Total Net		
Pension Liability	Non-hazardous	Hazardous
<u>\$ 18,338,837</u>	<u>\$ 13,000,007</u>	<u>\$ 5,338,830</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:

Non-hazardous	Hazardous
0.1798%	0.1750%

The proportionate share at June 30, 2022, increased 0.0027% for non-hazardous and 0.0067% for hazardous compared to the proportionate share as of June 30, 2021.

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

9. RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2023, the City recognized pension expense of \$1,706,807. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 166,973	\$ 115,771
Changes of assumptions	-	-
Net difference between projected and actual earnings on Plan Investments	456,585	-
Changes in proportion and differences between City contributions and proportionate share of contributions	569,961	298,754
City contributions subsequent to the measurement date	1,808,518	-
Total	<u>\$ 3,002,037</u>	<u>\$ 414,525</u>

The \$1,808,518 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, 2024. 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,

2024	\$ 231,810
2025	\$ 108,664
2026	\$ (73,881)
2027	\$ 512,401

Actuarial Assumptions – The total pension liabilities in the June 30, 2022, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Non-hazardous

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

Hazardous

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

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2020. 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.

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

9. RETIREMENT PLAN (CONTINUED)

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 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
Equity	60.00%	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	20.00%	
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	20.00%	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	100.00%	4.28%
Long term inflation assumption		2.30%
Expected nominal return for portfolio		6.58%

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 PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

9. 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%	\$ 16,248,396	5.25%	\$ 6,650,386
Current discount rate	6.25%	\$ 13,000,007	6.25%	\$ 5,338,830
1% increase	7.25%	\$ 10,313,320	7.25%	\$ 4,270,648

Payable to the Pension Plan – At June 30, 2023, the City reported a payable of \$201,656 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.

10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Contributions – As more fully described in Note 9, plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ending June 30, 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 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. 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 \$185,435, or 100% of the required contribution for non-hazardous job classifications, and \$83,704, or 100% of the required contribution for hazardous job classifications.

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

10. 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:

Total Net		
OPEB Liability	Non-hazardous	Hazardous
\$ 5,038,083	\$ 3,548,437	\$ 1,489,646

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:

Non-hazardous	Hazardous
0.1798%	0.1749%

The proportionate share at June 30, 2022, increased 0.0027% for non-hazardous and 0.0066% for hazardous compared to the proportionate share as of June 30, 2021.

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$683,148. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 390,094	\$ 901,964
Changes of assumptions	809,875	718,749
Net difference between projected and actual earnings on Plan investments	198,393	-
Changes in proportion and differences between City contributions and proportionate share of contributions	219,130	176,366
City contributions subsequent to the measurement date	<u>413,326</u>	<u>-</u>
Total	<u>\$ 2,030,818</u>	<u>\$ 1,797,079</u>

The \$413,326 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 \$127,935 for the nonhazardous implicit subsidy and \$16,251 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 expense as follows:

Year ending June 30,

2024	\$ 4,725
2025	\$ 11,229
2026	\$ (220,417)
2027	\$ 63,516
2028	\$ (38,640)

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

Non-hazardous

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

Pre – 65: Initial trend starting at 6.20% 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 PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

10. 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:

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

CITY OF PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

10. 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 3.69%, 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%	\$ 4,743,694		4.61%	\$ 2,069,818	
Current discount rate	5.70%	\$ 3,548,437		5.61%	\$ 1,489,646	
1% increase	6.70%	\$ 2,560,357		6.61%	\$ 1,018,437	

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		\$ 2,638,184		\$ 1,040,201
Current trend rate		\$ 3,548,437		\$ 1,489,646
1% increase		\$ 4,641,479		\$ 2,037,495

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 PARIS, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

11. PROPERTY TAX CALENDAR

Property taxes for fiscal year 2023 were levied on the assessed valuation of property located in Bourbon County as of January 1, 2022 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	Per K.R.S. 134.020
1. Due date for payment of taxes	Upon receipt
2. Face value amount payment date	December 31
3. Delinquent date, 10% penalty, 12% interest	January 1

Vehicle taxes are collected by the County Clerk of Bourbon County and are due and collected in the birth month of the vehicle's licensee.

12. RISK MANAGEMENT

The City of Paris is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the City also carries commercial insurance for all other risks of loss such as worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The City is also exposed to a certain amount of risk related to agencies jointly supported by the City and County. In the event of an economic crisis, jointly supported agencies could require additional contributions to continue operations.

13. RESTATEMENT OF NET POSITION

Beginning net position in the Utility Fund has been restated, as it was discovered during the current year audit that customers were overbilled in fiscal year 2022 due to certain rates being incorrectly input into the utility billing system. The effect of this restatement on beginning net position is outlined below:

Utility Fund / Business-type Activities

Net position - beginning of year	\$ 1,270,569
Restatement	<u>(268,116)</u>
Net position - beginning of year, as restated	<u>\$ 1,002,453</u>

14. SUBSEQUENT EVENT

On December 4, 2023, the Board of Trustees of the County Employees' Retirement System (CERS) approved the City's application to reclassify certain positions within the fire and police departments from non-hazardous to hazardous duty positions. On January 9, 2024, the City Commission approved Municipal Order 2024-4, formally designating these positions as hazardous duty positions for the purposes of retirement coverage effective January 1, 2024. The City estimates the initial, one-year cost associated with this change will range from \$580,000 to \$600,000. The annual increase in cost after the year of implementation is dependent on contribution rates set by the Board of Trustees of the KPPA, but should be similar with the first year.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Enacted Budget	Amended Budget	Actual	Over (Under) Budget
REVENUES				
Taxes	\$ 1,158,000	\$ 1,158,000	\$ 1,055,708	\$ (102,292)
Licenses and permits	6,925,000	6,925,000	8,046,281	1,121,281
Fines and forfeits	1,000	1,000	3,662	2,662
Intergovernmental	1,939,196	2,004,196	1,881,273	(122,923)
Charges for services	-	-	345,404	345,404
Other revenues	80,000	100,000	384,336	284,336
Total revenues	10,103,196	10,188,196	11,716,664	1,528,468
EXPENDITURES				
Current				
City commission	344,825	231,325	172,819	(58,506)
General administration	1,242,695	1,188,595	832,712	(355,883)
Community partners	1,276,635	1,276,635	1,275,341	(1,294)
Public safety-police	3,569,975	3,810,975	3,613,630	(197,345)
Public safety-fire	2,330,350	2,582,350	2,492,975	(89,375)
Public works	1,352,600	1,386,600	1,049,263	(337,337)
Capital outlay	-	-	623,342	623,342
Total expenditures	10,117,080	10,476,480	10,060,082	(416,398)
Excess (deficiency) of revenues over expenditures	(13,884)	(288,284)	1,656,582	1,944,866
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	25,540	25,540
Proceeds from SBITAs	-	-	14,172	14,172
Transfers in	-	-	2,712	2,712
Transfers (out)	-	-	(378,226)	(378,226)
Total other financing sources (uses)	-	-	(335,802)	(335,802)
Net change in fund balances	(13,884)	(288,284)	1,320,780	1,609,064
Fund Balance, July 1, 2022	9,384,363	11,161,500	11,161,500	-
Fund Balance, June 30, 2023	\$ 9,370,479	\$ 10,873,216	\$ 12,482,280	\$ 1,609,064

Note: Budgeted figures by department included respective capital outlay.

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

Reporting Fiscal Year (Measurement Date)	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)
City's proportion of the net pension liability	0.1513%	0.1513%	0.1548%	0.1565%	0.1648%	0.1606%	0.1678%	0.1671%	0.1771%	0.1798%
City's proportionate share of the net pension liability (asset)	\$ 5,540,969	\$ 4,908,008	\$ 6,655,841	\$ 7,707,594	\$ 9,649,119	\$ 9,779,811	\$11,803,770	\$12,814,284	\$11,292,343	\$13,000,007
City's covered employee payroll	\$ 3,249,210	\$ 3,464,140	\$ 3,578,212	\$ 3,731,788	\$ 4,022,672	\$ 4,068,530	\$ 4,218,674	\$ 4,299,261	\$ 4,481,156	\$ 4,911,362
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	170.53%	141.68%	186.01%	206.54%	239.87%	240.38%	279.80%	298.06%	252.00%	264.69%
Plan fiduciary net position as a percentage of the total pension liability	61.22%	66.80%	59.97%	55.50%	53.32%	53.54%	50.54%	47.81%	57.33%	52.42%

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

Reporting Fiscal Year (Measurement Date)	2014 (2013)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)
City's proportion of the net pension liability	0.3229%	0.3229%	0.3189%	0.2849%	0.2510%	0.2178%	0.2045%	0.1726%	0.1683%	0.1750%
City's proportionate share of the net pension liability (asset)	\$ 4,318,002	\$ 3,880,937	\$ 4,895,682	\$ 4,888,873	\$ 5,614,562	\$ 5,267,955	\$ 5,650,082	\$ 5,204,150	\$ 4,479,802	\$ 5,338,830
City's covered employee payroll	\$ 1,765,881	\$ 1,634,497	\$ 1,631,230	\$ 1,486,407	\$ 1,394,492	\$ 1,206,352	\$ 1,175,929	\$ 999,915	\$ 1,062,150	\$ 1,200,398
City's share of the net pension liability (asset) as a percentage of its covered employee payroll	244.52%	237.44%	300.12%	328.91%	402.62%	436.68%	480.48%	520.46%	421.77%	444.75%
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 PARIS, KENTUCKY
REQUIRED SUPPLEMENTARY
SCHEDULE OF PENSION CONTRIBUTIONS - NONHAZARDOUS
Last Ten Fiscal Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 475,973	\$ 457,406	\$ 464,886	\$ 561,163	\$ 589,123	\$ 700,576	\$ 849,644	\$ 882,445	\$ 1,147,090	\$ 1,279,997
Contributions relative to contractually required employer contribution	<u>475,973</u>	<u>457,406</u>	<u>464,886</u>	<u>561,163</u>	<u>589,123</u>	<u>700,576</u>	<u>849,644</u>	<u>882,445</u>	<u>1,147,090</u>	<u>1,279,997</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	\$ 3,464,140	\$ 3,578,212	\$ 3,731,788	\$ 4,022,672	\$ 4,068,530	\$ 4,218,674	\$ 4,299,261	\$ 4,481,156	\$ 4,911,362	\$ 5,401,697
Employer contributions as a percentage of covered-employee payroll	13.74%	12.78%	12.46%	13.95%	14.48%	16.61%	19.76%	19.69%	23.36%	23.70%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 374,768	\$ 342,713	\$ 306,301	\$ 311,400	\$ 267,810	\$ 292,453	\$ 300,575	\$ 319,282	\$ 427,341	\$ 528,522
Contributions relative to contractually required employer contribution	<u>374,768</u>	<u>342,713</u>	<u>306,301</u>	<u>311,400</u>	<u>267,810</u>	<u>292,453</u>	<u>300,575</u>	<u>319,282</u>	<u>427,341</u>	<u>528,522</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	\$ 1,634,497	\$ 1,631,230	\$ 1,486,407	\$ 1,394,492	\$ 1,206,352	\$ 1,175,929	\$ 999,915	\$ 1,062,150	\$ 1,200,398	\$ 1,234,575
Employer contributions as a percentage of covered-employee payroll	22.93%	21.01%	20.61%	22.33%	22.20%	24.87%	30.06%	30.06%	35.60%	42.81%

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

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)
City's proportion of the net OPEB liability	0.1648%	0.1648%	0.1606%	0.1678%	0.1670%	0.1771%	0.1798%
City's proportionate share of the net OPEB liability (asset)	\$ 2,599,425	\$ 3,314,029	\$ 2,850,960	\$ 2,822,154	\$ 4,033,098	\$ 3,389,936	\$ 3,548,437
City's covered employee payroll	\$ 3,731,788	\$ 4,022,672	\$ 4,068,530	\$ 4,218,674	\$ 4,299,261	\$ 4,481,156	\$ 4,911,362
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	69.66%	82.38%	70.07%	66.90%	93.81%	75.65%	72.25%
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 PARIS, KENTUCKY
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HAZARDOUS
Last Seven Fiscal Years**

Reporting Fiscal Year (Measurement Date)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)
City's proportion of the net OPEB liability	0.2510%	0.2510%	0.2178%	0.2045%	0.1726%	0.1683%	0.1749%
City's proportionate share of the net OPEB liability (asset)	\$ 1,239,634	\$ 2,074,574	\$ 1,553,075	\$ 1,513,035	\$ 1,594,572	\$ 1,360,611	\$ 1,489,646
City's covered employee payroll	\$ 1,486,407	\$ 1,394,492	\$ 1,206,352	\$ 1,175,929	\$ 999,915	\$ 1,062,150	\$ 1,200,398
City's share of the net OPEB liability (asset) as a percentage of its covered employee payroll	83.40%	148.77%	128.74%	128.67%	159.47%	128.10%	124.10%
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 PARIS, KENTUCKY
REQUIRED SUPPLEMENTARY
SCHEDULE OF OPEB CONTRIBUTIONS - NONHAZARDOUS
Last Ten Fiscal Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 178,403	\$ 176,239	\$ 173,575	\$ 190,272	\$ 191,221	\$ 227,191	\$ 209,549	\$ 217,639	\$ 209,981	\$ 185,435
Contributions relative to contractually required employer contribution	<u>178,403</u>	<u>176,239</u>	<u>173,575</u>	<u>190,272</u>	<u>191,221</u>	<u>227,191</u>	<u>209,549</u>	<u>217,639</u>	<u>209,981</u>	<u>185,435</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	\$ 3,464,140	\$ 3,578,212	\$ 3,731,788	\$ 4,022,672	\$ 4,068,530	\$ 4,218,674	\$ 4,299,261	\$ 4,481,156	\$ 4,911,362	\$ 5,401,697
Employer contributions as a percentage of covered-employee payroll	5.15%	4.93%	4.65%	4.73%	4.70%	5.39%	4.87%	4.86%	4.28%	3.43%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required employer contribution	\$ 239,803	\$ 224,508	\$ 192,068	\$ 134,113	\$ 112,794	\$ 123,155	\$ 95,192	\$ 101,117	\$ 104,795	\$ 83,704
Contributions relative to contractually required employer contribution	<u>239,803</u>	<u>224,508</u>	<u>192,068</u>	<u>134,113</u>	<u>112,794</u>	<u>123,155</u>	<u>95,192</u>	<u>101,117</u>	<u>104,795</u>	<u>83,704</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	\$ 1,634,497	\$ 1,631,230	\$ 1,486,407	\$ 1,394,492	\$ 1,206,352	\$ 1,175,929	\$ 999,915	\$ 1,062,150	\$ 1,200,398	\$ 1,234,575
Employer contributions as a percentage of covered-employee payroll	14.67%	13.76%	12.92%	9.62%	9.35%	10.47%	9.52%	9.52%	8.73%	6.78%

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

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

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.

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

2. CHANGES OF ASSUMPTIONS (CONTINUED)

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.

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.

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

2. CHANGES OF ASSUMPTIONS (CONTINUED)

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 PARIS, KENTUCKY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023**

	Municipal Road Aid Fund	Debt Service	Total
ASSETS			
Cash	\$ 18,830	\$ -	\$ 18,830
Accounts receivable	<u>18,875</u>	<u>-</u>	<u>18,875</u>
Total assets	<u>\$ 37,705</u>	<u>\$ -</u>	<u>\$ 37,705</u>
LIABILITIES			
Due to other funds	\$ 144,596	\$ -	\$ 144,596
Total liabilities	<u>144,596</u>	<u>-</u>	<u>144,596</u>
FUND BALANCES			
Unassigned	<u>(106,891)</u>	<u>-</u>	<u>(106,891)</u>
Total liabilities and fund balances	<u>\$ 37,705</u>	<u>\$ -</u>	<u>\$ 37,705</u>

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

	Municipal Road Aid Fund	Debt Service	Total
REVENUES			
Intergovernmental revenue	\$ 174,876	\$ -	\$ 174,876
Other revenues	<u>920</u>	<u>-</u>	<u>920</u>
Total revenues	<u>175,796</u>	<u>-</u>	<u>175,796</u>
EXPENDITURES			
Capital outlay	214,332	-	214,332
Debt service	<u>-</u>	<u>378,226</u>	<u>378,226</u>
Total expenditures	<u>214,332</u>	<u>378,226</u>	<u>592,558</u>
(Deficiency) of revenues over expenditures	(38,536)	(378,226)	(416,762)
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>378,226</u>	<u>378,226</u>
Total other financing sources	<u>-</u>	<u>378,226</u>	<u>378,226</u>
Net change in fund balances	<u>(38,536)</u>	<u>-</u>	<u>(38,536)</u>
Fund balances-beginning	<u>(68,355)</u>	<u>-</u>	<u>(68,355)</u>
Fund balances-ending	<u>\$ (106,891)</u>	<u>\$ -</u>	<u>\$ (106,891)</u>

CITY OF PARIS, KENTUCKY
SCHEDULE OF OPERATING EXPENSES
UTILITY FUND
for the year ended June 30, 2023

UTILITY ADMINISTRATION

Personnel services	\$ 407,538
Contractual services	224,331
Materials and supplies	51,094
Other expenses	36,002
Payment in lieu of taxes	<u>222,000</u>
Total utility administration	<u>940,965</u>

ELECTRIC DEPARTMENT

Personnel services	802,924
Electric purchases	3,365,669
Contractual services	187,295
Materials and supplies	<u>110,633</u>
Total electric department	<u>4,466,521</u>

WATER DISTRIBUTION

Personnel services	1,035,240
Contractual services	150,550
Materials and supplies	437,672
Other expenses	<u>4,666</u>
Total water distribution	<u>1,628,128</u>

SEWER TREATMENT

Personnel services	763,680
Contractual services	355,849
Materials and supplies	<u>237,019</u>
Total sewer treatment	<u>1,356,548</u>

SANITATION

Personnel services	149,135
Contractual services	235,471
Materials and supplies	<u>4,641</u>
Total sanitation	<u>389,247</u>

DEPRECIATION

	<u>893,698</u>
Total operating expenses	<u>\$ 9,675,107</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 Commissioners
City of Paris, 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 Paris, Kentucky, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Paris, Kentucky's basic financial statements and have issued our report thereon dated February 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Paris, 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 Paris, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Paris, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Paris, Kentucky's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Paris, Kentucky's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Paris, Kentucky's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
February 19, 2024



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

To the Mayor and Commissioners
City of Paris, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Paris, 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 Paris, Kentucky's major federal programs for the year ended June 30, 2023. The City of Paris, 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 Paris, 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 Paris, 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 Paris, 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 Paris, 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 Paris, 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 Paris, 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 Paris, 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 Paris, Kentucky's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Paris, 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
February 19, 2024

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

GRANTOR/PROGRAM TITLE	Federal AL Number	Pass/Through Contract Number	Total Federal Expenditures
U.S. Department of the Treasury (TREAS) Passed through Kentucky Department of Local Government COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	KY0227	\$ 1,295,961
Total U.S. Department of the Treasury			\$ 1,295,961
U.S. Department of Housing and Urban Development (HUD) Passed through Kentucky Department of Local Government Community Development Block Grant	14.228	20C-201	\$ 30,016
Total U.S. Department of Housing and Urban Development			\$ 30,016
Total federal awards expended			\$ 1,325,977

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Paris, 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 financials statements may differ from these numbers.

Note 2 - The City of Paris, Kentucky did not pass through any funds to subrecipients.

Note 3 - Indirect Cost Rates

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

Note 4 - Passthrough grantor numbers are presented when available.

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

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 Programs:

AL Number	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

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

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2023-001 – Material Weakness – Audit Adjustments (Recurring)

Criteria:

Management of the City of Paris (the City) is responsible for establishing and maintaining effective internal controls over the financial reporting process of the City.

Condition:

During the course of our audit, we identified misstatements that were not identified by the City's internal controls over financial reporting. 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 deficiency in operation exists when a properly designed control does not operate as designed. In this case, the internal controls over the preparation and review of the City's financial statements did not operate as designed, and we consider this a material weakness.

Cause:

The City did not have properly operating internal controls in place over the financial reporting process and did not prepare year-end adjustments related to fixed assets, accounts payable, accrued liabilities, and interfund activity until the audit was already underway. The City did not have properly operating internal controls in place over the monthly reconciliation process for accounts payable, accrued liabilities, and interfund activity and did not reconcile year-end balances until the audit had commenced. The City also did not have properly operating internal controls in place to adequately track capital asset activity during the year.

Effect:

Field work on the audit began on December 11, 2023, and it was evident year-end account balances had not been fully adjusted at that point. The City's CPA was able to provide adjustments throughout the audit to correct account balances. However, between the commencement of the audit field work and completion, there were a total of 59 adjustments posted to get to the final figures presented in the audited financials. Management has a listing of these adjustments and has approved all adjustments.

Recommendation:

We recommend that the City continue to work towards strengthening its internal controls over financial reporting throughout the year and prior to the commencement of audit work. We recommend that the City continue to enhance its internal controls over financial reporting with steps such as management review of monthly account reconciliations and listings, improved analysis of the financials compared to prior years, and improved internal communication, particularly as it relates to tracking and recording of payables and the financial closeout process. We recommend specifically that accounts payable, accrued liabilities, and interfund activity be reconciled each month to the financial database. An individual other than the preparer of these reconciliations should review all reconciliations to ensure these are completed within 30 days after month end. Upon completion, the reviewer should initial and date the reconciliation. Additionally, we recommend that additions to capital assets be appropriately recorded as such when acquired.

Response:

The City concurs with this finding and has been working toward, and further agrees to continue to work towards, additional period-end reconciliations and reporting prior to the performance of the audit. Internal communication as well as staff training will continue related to receivables, payables, and accrued liabilities. In some areas, checklists have been established and, in many areas, additional reviews have been added to the process. In addition, for fiscal year 2024 a new Financial Coordinator position was added to the budget with the position being filled in December 2023 to assist with working towards more timely and complete reviews.

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

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (CONTINUED)

2023-002 – Material Weakness – Controls over Utility Billing (Recurring)

Criteria:

The City should have effective internal controls, including appropriate segregation of duties with independent checks and secondary reviews, over the utility billing process.

Condition:

Beginning in fiscal year 2022, revisions were made on how the City calculates its Power Cost Adjustment (PCA) related to electric utility bills, which led to monthly over and under charging on utility bills for both fiscal years 2022 and 2023. The results of these errors required a \$268,116 restatement of net position in the current year for overbillings that occurred during fiscal year 2022, as a result of the PCA being incorrectly entered into the utility billing system. The overbillings related to PCA for fiscal year 2023 were corrected with adjustments already posted to customers' bills prior to June 30, 2023.

Cause:

The City does not have effective internal controls in place over the utility billing process to permit billing errors to be caught prior to the bills being sent to customers.

Effect:

As a result of the incorrectly input rates discovered during the audit, the City will have to recalculate bills and issue credits/refunds to customers.

Recommendation:

We recommend the City work to strengthen its internal controls over the utility billing process by improving segregation of duties, specifically by implementing a secondary review of utility bills, including the underlying inputs and calculations, prior to mailing to customers.

Response:

The City concurs with this finding that beginning in fiscal year 2022 the change in PCA methodology and subsequent input errors resulted in net overbillings to electric utility customers. Since the December 2022 incident, the City implemented enhanced reviews of the billing process, including a secondary review of the inputted billing rates as well as a secondary review and sign off of the PCA calculation. Increased stability of staff has also allowed the auditing of items and additional reporting to be reviewed related to billing.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE REPORTED

IV. PRIOR AUDIT FINDINGS

2022-001 – Material Weakness related to Audit Adjustments

2022-002 – Material Weakness related to Utility Billing



February 19, 2024

To the Mayor and Commissioners
City of Paris, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Paris, Kentucky for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 22, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Paris, Kentucky are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City of Paris, Kentucky implemented GASB Statement No. 96 *Subscription-based Information Technology Arrangements* during the year ended June 30, 2023. We noted no transactions entered into by the City of Paris, Kentucky during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Paris, Kentucky's financial statements were:

Management's estimate of depreciation expense is based on the cost of a capital asset divided by the useful life of the capital asset, using a straight-line method. We evaluated the methods, assumptions, and data used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension and OPEB liability is based on actuarial information provided by Kentucky Public Pensions Authority (KPPA) and audited by another auditor. We evaluated the KPPA audited reports in determining that the City of Paris, Kentucky's proportionate share of the net pension and OPEB liability is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. A list of adjustments detected as a result of audit procedures and corrected by management is attached. The following material misstatements detected as a result of audit procedures were corrected by management:

- A \$243,903 adjustment in the General Fund related to the accounting for national opioid settlement funds.
- A \$181,306 adjustment in the General Fund to balance interfund activity.
- A \$268,116 adjustment in the Utility Fund to restate prior year net position as a result of customers being overbilled in fiscal year 2022 due to rates being incorrectly input into the utility billing system.
- A \$209,255 adjustment in the Utility Fund to reverse a receivable for federal grant money related to the transfer station project.
- Multiple adjustments to fixed assets in the Utility Fund to record depreciation, the transfer of an asset between departments, asset disposals, and capital contributions.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 19, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Paris, Kentucky's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Items Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Paris, Kentucky's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Supplementary Information

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, and pension and OPEB schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining nonmajor fund financial statements, the schedule of operating expenses – utility fund, and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Manager, Mayor, and the Commissioners of the City of Paris, Kentucky and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, consisting of the letters 'RFH' in a stylized, bold font.

RFH, PLLC
Lexington, Kentucky

General Fund

Adjusting Journal Entries JE # 1

To reclassify detective wing expenses to capital outlay

01-121-575	Police Department - Major, Capital Outlay/Expense -	2,083.00	
01-121-532	Police Department - Office Equipment/Furnishings - General		2,083.00
Total		2,083.00	2,083.00

Adjusting Journal Entries JE # 2

To reclassify capital expenses to capital outlay

01-123-598	Fire Department - Buildings - General Fund	20,650.00	
01-123-575	Fire Department - Major Capital Outlay - General Fund		20,650.00
Total		20,650.00	20,650.00

Adjusting Journal Entries JE # 3

To reclassify non-capital expenses out of capital outlay

01-123-320	Fire Department - Construction Materials - General Fund	5,123.00	
01-123-530	Fire Department - Building Costs - General Fund		4,978.00
01-123-598	Fire Department - Buildings - General Fund		145.00
Total		5,123.00	5,123.00

Adjusting Journal Entries JE # 4

To reclassify capital expenses to capital outlay

01-131-505	Public Works - Technical Equip/Furnishings	11,517.00	
01-131-515	Public Works - Construction Equipment		11,517.00
Total		11,517.00	11,517.00

Adjusting Journal Entries JE # 5

To book a prepaid expense

01-000-864	Prepaid Insurance - General Fund	4,709.00	
01-121-299	Police Department - Other Contract Services - General		4,709.00
Total		4,709.00	4,709.00

Adjusting Journal Entries JE # 6

To reclassify Burnett Roofing invoice to capital outlay

01-123-598	Fire Department - Buildings - General Fund	73,215.00	
01-123-222	Fire Department - Building Maintenance - General Fund		73,215.00
Total		73,215.00	73,215.00

Adjusting Journal Entries JE # 7

PBC - To reclassify non-capital expenses out of capital outlay

01-131-220	Public Works - Vehicle Maintenance/Repairs	15.00	
01-131-510	Public Works - Vehicles		15.00
Total		15.00	15.00

Adjusting Journal Entries JE # 8

PBC - To record deferred grant revenues

01-000-460	Other Grants - General Fund	3,000.00	
01-000-960	Deferred Grant Revenues		3,000.00
Total		3,000.00	3,000.00

Adjusting Journal Entries JE # 9

PBC - To reclassify insurance proceeds for repairs on wrecked vehicles that were not totaled

01-000-716	Gain - Loss on Sale of Assets	64,455.00	
01-000-407	Misc Sales & Receipts - General Fund		64,455.00
Total		64,455.00	64,455.00

Adjusting Journal Entries JE # 10

To accrue a payable for professional services provided to the Paris-Bourbon County Chamber of Commerce by Retail Strategies

01-111-401	Commission - Reserve For Contingencies - General Fund	20,000.00	
01-000-900	Accounts Payable - General Fund		20,000.00
Total		20,000.00	20,000.00

Adjusting Journal Entries JE # 11

To accrue retainage on elevator modernization project

01-115-575	City Mgr/Building - Major Capital Expense - General Fund	10,036.00	
01-000-900	Accounts Payable - General Fund		10,036.00
Total		10,036.00	10,036.00

Adjusting Journal Entries JE # 12

To record missing debt payment

01-123-599	Fire Department - Major Lease-Farmers Bank - General	13,293.00	
01-000-900	Accounts Payable - General Fund		13,293.00
Total		13,293.00	13,293.00

Adjusting Journal Entries JE # 13

PBC - To adjust accounts payable

01-121-299	Police Department - Other Contract Services - General	100.00	
01-121-320	Police Department - Construction Materials - General Fund	1,049.00	
01-121-320	Police Department - Construction Materials - General Fund	171.00	
01-121-320	Police Department - Construction Materials - General Fund	342.00	
01-121-340	Police Department - Fuel - General Fund	85.00	
01-123-220	Fire Department - Vehicle Maintenance/Repairs - General	32.00	
01-123-305	Fire Department - Technical Supplies Per Dept - General	313.00	
01-123-305	Fire Department - Technical Supplies Per Dept - General	341.00	
01-123-306	Fire Department - Specific Supplies Per Dept - General	39.00	
01-123-315	Fire Department - Vehicle Parts - General Fund	26.00	
01-131-220	Public Works - Vehicle Maintenance/Repairs	4,914.00	
01-131-305	Public Works - Technical Supplies Per Dept	259.00	
01-132-222	Maintenance - Building Maintenance	935.00	
01-132-299	Maintenance - Other Contractual Services General	861.00	
01-132-299	Maintenance - Other Contractual Services General	861.00	
01-000-900	Accounts Payable - General Fund		10,328.00
Total		10,328.00	10,328.00

Adjusting Journal Entries JE # 14

PBC - To balance accounts payable

01-115-299	City Mgr/Building - Other Contract Services - General Fund	4,691.00	
01-000-900	Accounts Payable - General Fund		4,691.00
Total		4,691.00	4,691.00

Adjusting Journal Entries JE # 15

PBC - To adjust EMS receivable to actual per schedule

01-000-867	A/R Ems - General Fund	6,017.00	
01-000-407	Misc Sales & Receipts - General Fund		6,017.00
Total		6,017.00	6,017.00

Adjusting Journal Entries JE # 16

To reclassify server to capital outlay

01-123-592	FIRE DEPARTMENT	6,190.00	
01-123-505	Fire Department - Technical Equipment - General Fund		6,190.00
Total		6,190.00	6,190.00

Adjusting Journal Entries JE # 17

To accrue receivable for health insurance refund from Humana

01-000-880	Miscellaneous Acct Receivable - General Fund	66,438.00	
01-121-125	Police Department - Medical Insurance - General Fund		31,890.00
01-123-125	Fire Department - Medical Insurance - General Fund		22,589.00
01-131-125	Public Works - Medical Insurance		11,959.00

Total

<u>66,438.00</u>	<u>66,438.00</u>
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Adjusting Journal Entries JE # 18

PBC - To adjust miscellaneous accounts receivable

01-000-407	Misc Sales & Receipts - General Fund	15,554.00	
01-000-880	Miscellaneous Acct Receivable - General Fund		15,554.00
Total		15,554.00	15,554.00

Adjusting Journal Entries JE # 19

To adjust deferred rental income

01-000-411	City Hall Office Leases - General Fund	1,000.00	
01-000-965	Deferred Rental Income - General Fund		1,000.00
Total		1,000.00	1,000.00

Adjusting Journal Entries JE # 20

To record inception of SBITA during the current year

01-115-575	City Mgr/Building - Major Capital Expense - General Fund	14,172.00	
01-184-100	OFS - SBITA		14,172.00
Total		14,172.00	14,172.00

Adjusting Journal Entries JE # 21

To reclassify SBITA subscription payments into debt service

01-900-200	Long-Term Debt	5,425.00	
01-115-299	City Mgr/Building - Other Contract Services - General Fund		2,713.00
01-184-000	transfer to utility fund		2,712.00
Total		5,425.00	5,425.00

Adjusting Journal Entries JE # 22

To reclassify costs for sidewalk repairs

01-131-320	Public Works - Const Matls/Asphalt Patching	29,593.00	
01-111-401	Commission - Reserve For Contingencies - General Fund		29,593.00
Total		29,593.00	29,593.00

Adjusting Journal Entries JE # 23

PBC - To balance to payroll transfer reconciliation schedule

01-115-210	City Mgr/Building - Professional Fees - General Fund	8,836.00	
01-000-865	Advances/Combined Utilities - General Fund		8,836.00
Total		8,836.00	8,836.00

Adjusting Journal Entries JE # 24

PBC - To balance to estimated health insurance expense

01-115-125	City Mgr/Building - Medical Insurance - General Fund	4,841.00	
01-121-125	Police Department - Medical Insurance - General Fund	79,086.00	
01-123-125	Fire Department - Medical Insurance - General Fund	73,719.00	
01-131-125	Public Works - Medical Insurance	23,660.00	
01-000-865	Advances/Combined Utilities - General Fund		181,306.00
Total		181,306.00	181,306.00

Adjusting Journal Entries JE # 25

To record Park Ridge Drive as capital contribution

01-131-575	Public Works - Major Capital Outlay	64,250.00	
01-000-720	Capital Contributions		64,250.00
Total		64,250.00	64,250.00

Adjusting Journal Entries JE # 26

To adjust beginning net position

99-999-999	Rounding Account	435.00	
01-000-970	Fund Balance - General Fund		435.00
Total		435.00	435.00

Adjusting Journal Entries JE # 27

To record receivable and unavailable revenue for opioid settlement funds

01-000-893	National Opioid Settlement Receivable	243,903.00	
01-000-967	Unavailable Revenue		243,903.00
Total		243,903.00	243,903.00



PARIS CITY COMMISSION AGENDA ITEM

Commission Meeting Date: February 27, 2024

AGENDA ITEM: Second Reading; Ordinance 2024-1: Financing of a Project through Kentucky Bond Corporation

DEPARTMENT: Finance

RECOMMENDED MOTION: Move to approve ordinance 2024-1 approving a lease agreement for the financing of a project; providing for the payment of and security for the lease; affirming the maintenance of the existing sinking fund; and authorizing the execution of various documents related to the lease and to authorize the Mayor, City Manager, City Attorney, Finance Director, and City Clerk to execute all necessary documents.

DESCRIPTION: The first reading was read on February 13, 2024.

The City has been working on the Solid Waste and Recycling Convenience Center project for the relocation of this facility. Municipal Order 2022-15 establishes this project.

The City has been awarded a CDBG grant in the amount of \$2M.

The original budget for this project was \$4.605M. Initial bids were opened on 10/27/2023. The project budget was revised and would be a total of \$6.784M based on the bids. The project has been redesigned and put out for new bids. The bid opening occurred on February 21, 2024.

Staff has been evaluating different financing options available to fund the City portion of the project.

At the prior meeting, RSA Advisors presented a summary of the City's current debt and options for funding.

Action is required at a minimum to convert the \$2.5M 2021 Series Revenue BAN (Bond Anticipation Note) which matures 04/01/2024 and would be due for repayment.

RSA Advisors prepared two options to convert the 2021 Series BAN into long term debt, and issue an amount not to exceed \$4.0M towards the Transfer Station. The reason this is structured with a "not to exceed" on the first reading is to begin the process in order to align with the timing of the 2021 Series coming due but to allow for the Transfer Station bids to be opened.

Given the new bids for the Transfer Station, the staff recommends to issue an amount of \$3.0M towards the Project Cost. An updated Debt Capsule has been attached to reflect how this would impact the Debt Service requirements.

If funding is secured outside the bond, the funding for the bond could be applied to other priority utility projects. The original Debt Capsule has still been attached if there is interest to review the higher debt issuance values. The City has additional upcoming debt for the KIA project at the water plant, estimated to start in 2026 at an amount of \$218k, not currently reflected on the debt schedule.

The option preferred at the February 13, 2024 meeting was to take the option prepared by RSA that converts the 2021 series, restructures the 2014A Kentucky Bond Corporation (KBC) issue, and issues debt for the upcoming project. This method keeps the total debt schedule at a lower amount for a few more years, and escalates it further in the out years of the debt. The debt payment schedule, currently approximately \$240k a year, would escalate to slightly over \$300K in the next year. This schedule can be found on page 12 of the RSA attachment.

Attached is the Source and Uses document showing the prior breakdown of the Bond amounts and how the amounts would break down into each category. The Deposit to Project Fund line would be reduced to \$3M.

Under this plan as discussed on February 13, 2024 the rate study will need to account for the increased debt and will need to result in adjusted utility rates.

REQUESTED BY:

Jamie Miller, City Manager

**CITY OF PARIS
ORDINANCE NO. 2024-1**

**AN ORDINANCE OF THE CITY OF PARIS, KENTUCKY APPROVING
A LEASE AGREEMENT FOR THE FINANCING OF A PROJECT;
PROVIDING FOR THE PAYMENT OF AND SECURITY FOR THE LEASE;
AFFIRMING THE MAINTENANCE OF THE EXISTING SINKING FUND;
AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS
RELATED TO THE LEASE.**

WHEREAS, in accordance with Sections 65.940 through 65.956, inclusive, of the Kentucky Revised Statutes, the City of Paris, Kentucky, a municipal corporation and political subdivision of the Commonwealth of Kentucky (the "Lessee"), has the power to enter into lease agreements with any person, with or without the option to purchase, in order to provide for the use of property for public purposes; and

WHEREAS, the Lessee has found and determined, and hereby further finds and determines, that the Lessee is in need of the Project, as defined in the hereinafter described Lease; and

WHEREAS, the Lessee has found and determined, and hereby further finds and determines, that it will be in the best interests of the Lessee to enter into a Lease Agreement (the "Lease") with the Kentucky Bond Corporation, a nonprofit corporation incorporated and existing under the laws of the Commonwealth of Kentucky (the "Lessor"), for the leasing by the Lessee from the Lessor of the Project.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF PARIS, KENTUCKY, AS FOLLOWS:

Section 1. Affirmation of Recitals. It is hereby found, determined, and declared that the facts, declarations, and definitions set forth in the recitals of this Ordinance are all true and correct, and such facts, declarations, and definitions are hereby affirmed, adopted, and incorporated as a part of this Ordinance, and all acts described in the recitals of this Ordinance are hereby ratified.

Section 2. Approval. Authorization. Necessity. and Purpose of the Lease. The Lessee hereby approves the Lease, in substantially the form presented to the Lessee. It is hereby found and determined that the Project identified in the Lease is property to be used for public purposes. It is hereby further found and determined that it is necessary and desirable and in the best interests of the Lessee to enter into the Lease for the purposes specified therein, and the execution and delivery of the Lease by the Lessee and all of the representations, certifications, and other matters contained in the documents to be executed and delivered in connection with the Lease, or as may be required by the Lessor before the delivery of the Lease, are hereby approved, ratified, and confirmed. The Mayor and the City Clerk of the Lessee are each hereby authorized to execute, in the name and on behalf of the Lessee, the Lease and any other documents, agreements, or certifications that may be necessary in order to accomplish the transaction contemplated by the Lease.

Section 3. General Obligation Pledge. In accordance with the Constitution and laws of the Commonwealth of Kentucky, including, particularly, Sections 66.011 to 66.191, inclusive, of the Kentucky Revised Statutes, as amended (the "General Obligation Act"), the obligation of the Lessee to pay the Lease Rental Payments under (and as defined in) the Lease shall constitute a full general obligation of the Lessee, and the full faith, credit, and taxing power of the Lessee are hereby pledged

for the prompt payment of such Lease Rental Payments. During the period the Lease is outstanding, there shall be and there hereby is levied, annually, on all taxable property in the Lessee, in addition to all other taxes, without limitation as to rate, a direct tax in an amount sufficient to pay such Lease Rental Payments as and when due and payable, it being hereby found and determined that the current tax rates of the Lessee are within all applicable limitations. The tax shall be, and hereby is, ordered to be computed, certified, levied, and extended upon the tax duplicate, and shall be collected by the same officers, in the same manner, and at the same time that taxes for general purposes for each of the years are certified, extended, and collected. The tax shall be placed before and in preference to all other items and for the full amount thereof; provided, however, that in each year, to the extent that any other lawfully available funds of the Lessee are available for the payment of such Lease Rental Payments and are appropriated for such purpose, the amount of such tax on all taxable property in the Lessee shall be reduced by the amount of such other funds so available and appropriated.

Section 4. Maintenance of Sinking Fund. The sinking fund previously established by the Lessee (the "Sinking Fund") is hereby ordered to be continued and maintained as long as the Lease remains outstanding. The funds derived from the tax levy required by Section 3 hereof and any other lawfully available funds of the Lessee shall be deposited into the Sinking Fund and, together with the interest collected on the same, are hereby irrevocably pledged for the payment of the principal of and interest on all bonds issued by the Lessee under the General Obligation Act and all Tax-Supported Leases, as defined in the General Obligation Act, including the Lease, as and when the same become due and payable. The Lessee shall transfer the funds on deposit in the Sinking Fund to the Lessor at the times and in the amounts required by Section 9 of the Lease.

Section 5. Severability. If any section, paragraph, or provision of this Ordinance shall be determined by a court of competent jurisdiction to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph, or provision shall not affect any remaining sections, paragraphs, or provisions of this Ordinance.

Section 6. Open Meetings Compliance. The Lessee hereby finds and determines that all formal actions relating to the adoption of this Ordinance and the execution and delivery of the Lease were taken in open meetings of the Board of Commissioners of the Lessee, and that all deliberations of the Board of Commissioners of the Lessee and of its committees, if any, which resulted in such formal actions were held in meetings open to the public, in full compliance with all applicable legal requirements, including Sections 61.810 to 61.850, inclusive, of the Kentucky Revised Statutes.

Section 7. Conflicts. All prior ordinances, resolutions, or orders of the Lessee, or parts thereof, that conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, and the provisions of this Ordinance shall prevail and be given effect.

Section 8. Effective Date. This Ordinance shall become effective immediately upon the adoption and publication of a summary hereof, as provided by law.

[Signature page to follow]

SIGNATURE PAGE TO ORDINANCE

INTRODUCED, SECONDED, AND ADOPTED at a duly convened meeting of the Board of Commissioners of the City of Paris, Kentucky held on February 27, 2024, after first reading held on February 13, 2024, signed by the Mayor, attested by the City Clerk, and filed and indexed as provided by law.

CITY OF PARIS, KENTUCKY

By: _____
John A. Plummer, Mayor

Attest:

By: _____
Stephanie Settles, City Clerk

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Paris, Kentucky, and as City Clerk, I hereby further certify that the foregoing is a true, correct, and complete copy of an Ordinance duly adopted by the Board of Commissioners of the City at a duly convened meeting held on February 27, 2024, signed by the Mayor, and duly filed, recorded, and indexed in my office and now in full force and effect, and that all action taken by the City in connection with the Ordinance was in compliance with all applicable requirements of the laws of the Commonwealth of Kentucky, all as appears from the official records of the City in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand this February 27, 2024.

Stephanie Settles, City Clerk



PARIS CITY COMMISSION AGENDA ITEM

Commission Meeting Date: February 27, 2024

AGENDA ITEM: Second Reading; Ordinance 2024-2: Solid Waste Convenience Center Fees

DEPARTMENT: City Manager

RECOMMENDED MOTION: Move to approve ordinance 2024-2 related to the rates and charges for disposal at the solid waste convenience center.

DESCRIPTION: First reading of ordinance 2024-2 was read on February 13, 2024.

Ordinance section 31.250 addresses the charges for the Solid Waste Convenience Center and was most recently codified in 2019.

In July 2020, the City Commission voted to adjust the rate schedule for the Solid Waste Convenience Center to \$80/ton, with a \$10 minimum charge for solid waste under 250lbs. This is what has been in practice since that time (see attached minutes).

An analysis of the Net Position of Sanitation Revenue over Expenses shows a loss in this Division year over year (see attached analysis). The analysis also shows comparison data for other facilities in the region. The current City per ton rate is comparable to other facilities, so the recommended adjustment to the per ton rate from \$80/ton to \$85/ton which will increase revenue, but not cause a major change to how the City compares to other facilities. However, the structure of other facilities has a higher minimum charge, so the recommended adjustment is to move from a \$10.00 minimum to a \$30.00 minimum.

If the usage of the facility is maintained at the same tonnage as the prior year, the anticipated additional revenue from the proposed changes is approximately an additional \$35,000 - \$39,000 annually. The proposed changes will still result in a net position loss for the current operations of the facility. The debt for the new facility would not be covered by these changes and will still need to be funded by adjusting rates through the rate study.

Additional items that could be available to increase revenue for this facility are to evaluate the free drop-off events, evaluate inter-department transfers to account for other city department use, or to evaluate if changes should be made to any community partner arrangements for use of the facility. For reference, if each ton disposed of was ticketed, to cover all the expenses of FY23-24, the rates would be approximately \$150/ton.

REQUESTED BY:

Name: Jamie Miller, City Manager ; Brad Oberlander, Finance Director ; Mike Smith, Public Works Superintendent

**CITY OF PARIS
ORDINANCE 2024-2**

**AN ORDINANCE RELATED TO THE RATES AND
CHARGES FOR DISPOSAL AT THE SOLID WASTE
CONVENIENCE CENTER**

WHEREAS, the City periodically reviews ordinances and regulations to recommended revisions to remain current;

WHEREAS, a review has been completed of parts of Chapter 31, City Trash Collection Services and there amendments are being recommended to section 31.250 Schedule of Classifications and Charges;

WHEREAS, the City of Paris has determined that it is in the public interest to complete a project that includes the movement of the Paris Solid Waste and Recycling Convenience Center;

WHEREAS, the current revenue collected for use of the Solid Waste Convenience Center does not cover the cost to operate the center and there is a desire to reduce that loss;

WHEREAS, a comparison of other centers and the rates have been reviewed;

NOW THEREFORE, BE IT ORDERED BY THE BOARD OF COMMISSIONERS OF THE CITY OF PARIS, KENTUCKY THAT THE FOLLOWING SECTIONS OF THE CODE OF ORDINANCES BE AMENDED AS FOLLOWS:

§ 31.250 SCHEDULE OF CLASSIFICATIONS AND CHARGES

The following charges shall be made for disposal of solid waste at the solid waste convenience center shall be \$85 per ton, with a \$30 minimum charge. compactor station or inert landfill.

Compact pickup truck	\$15
Full-size truck	\$25
Bagged trash/brush	\$1 per bag
16 ft. trailer	\$40
Dump trailer	\$50
Tandem or twin axle dump or straight truck	\$50
Triplex or three axle dump or straight truck	\$100
Tractor trailer or sem-truck	\$150
Demo material	\$12 per cubic yard
Shingles	\$40 per cubic yard

Concrete	\$30 per cubic yard
Chair	\$10
Love seat	\$15
Couch	\$20
Box springs	\$5
Mattress	\$10—\$20 depending on size

This Ordinance shall take effect immediately upon execution and publication.

The foregoing Ordinance was introduced and read for the first time at the City Commission's regular meeting of February 13, 2024. Read for the second time, adopted, and approved February 27, 2024.

CITY OF PARIS, KENTUCKY

John A. Plummer, Mayor

ATTEST:

Stephanie Settles, City Clerk

ARTICLE III. CITY TRASH COLLECTION SERVICE

Division 1. General Provisions

§ 31.200 CONTAINERS REQUIRED

No owner, tenant, or other occupant of any public or private premises shall permit to accumulate upon the premises any garbage or trash except in rodent-proof, fly-proof, and water-proof containers with tight-fitting covers made of metal or other material equivalent in strength and weight, and which containers shall be kept covered at all times. (1976 Code, § 8-31) (Ord. 2007-11, passed 6-12-07; Am. Ord. 2019-14, passed 9-10-19)

§ 31.201 RESERVED

§ 31.202 INDIVIDUAL DISPOSAL

(A) Any householder or commercial operator may, either in person or by a bona fide employee, haul and dispose of his own garbage and trash, without a permit, provided that all garbage or trash transported on the streets of the city shall be in containers as specified in § 31.200 or in such vehicles as may comply with the regulations of the City Engineer then in force. Spillage or droppage from vehicles transporting garbage or other refuse shall not be permitted.

(B) Nothing in this section shall be deemed to take the place of the city's contracted collection service or in any manner to relieve any householder or commercial establishment from the requirement that the householder or commercial establishment shall subscribe to the city's contracted collection service.

(1976 Code, § 8-35) (Am. Ord. 2019-14, passed 9-10-19)

§ 31.203 COLLECTION FEE IMPOSED

(A) The city shall contract with a vendor to provide a service for the collection of garbage, trash, and mixed refuse as defined in § 31.001, and such other refuse as it may from time to time specify in its rules and regulations.

(B) Collection service shall be available to persons within the city who subscribe to and pay the requisite fee, and comply with the rules and regulations of the city as to placement, containment, segregation, and the like from time to time adopted by the Board of Commissioners. (1976 Code, § 8-39) (Am. Ord. 2019-14, passed 9-10-19)

§ 31.204 COLLECTION SERVICE; SUBSCRIPTION REQUIRED

(A) The city's contracted residential collection service shall be the only commercial collection service for garbage and trash entitled to operate within and use the streets of the city.

(B) Each householder shall be required to subscribe, and shall be conclusively presumed to have subscribed, to the city's collection service and pay the applicable charge therefor.

(C) Every commercial operator or occupant of any premises within the city, originating or accumulating garbage or trash thereon, shall be conclusively presumed to have subscribed to the city's contracted collection service, even though the commercial operator may haul and dispose of his own garbage and trash to the city dump or elsewhere. In any event, without excusing any person from any criminal penalty under this chapter, if any trash, garbage, or other refuse of any kind is allowed to accumulate anywhere within the city for such a period of time as to constitute a nuisance, even though not a subscriber to the city's contracted collection service under the terms of this article, shall each be conclusively presumed to have authorized the city to remove such trash, garbage, or other refuse and shall each be responsible to the city for the payment of the city's reasonable charges for collecting and hauling the refuse, which shall be not less than the monthly charge shown on the then currently effective schedule of charges for performing similar service.

(1976 Code, § 8-40) (Am. Ord. 2019-14, passed 9-10-19)

§ 31.205 CLASSIFICATIONS; CHARGES

(A) The charges payable for the city contracted collection service shall be as determined by a duly adopted contract with a provider approved by the Board of Commissioners.

(B) The classifications and charges shall be effective immediately upon the inauguration of the city contracted collection service.

(1976 Code, § 8-42) (Am. Ord. 2019-14, passed 9-10-19)

§ 31.206 RESERVED

§ 31.207 RESERVED

§ 31.208 USE OF PROCEEDS

The proceeds derived by the city from its contract for garbage and trash collection service shall be kept in a separate fund to be known as the City of Paris Combined Utility Fund. Such fund shall be used:

thereto, including salaries and wages of employees, truck operation, and maintenance and repair;

(B) Sufficient amounts of the funds shall be retained at all times to meet the requirements of any outstanding bonds, and to provide for depreciation of the existing collection and incidental equipment and replacement thereof with more modern equipment;

(1976 Code, § 8-49)

Division 2. Rates and Charges

§ 31.250 SCHEDULE OF CLASSIFICATIONS AND CHARGES

The following charges shall be made for disposal at the compactor station or inert landfill.

Compact pickup truck	\$15
Full-size truck	\$25
Bagged trash/brush	\$1 per bag
16 ft. trailer	\$40
Dump trailer	\$50
Tandem or twin axle dump or straight truck	\$50
Triplex or three axle dump or straight truck	\$100
Tractor-trailer or sem-truck	\$150
Demo material	\$12 per cubic yard
Shingles	\$40 per cubic yard
Concrete	\$30 per cubic yard
Chair	\$10
Love seat	\$15
Couch	\$20
Box springs	\$5
Mattress	\$10 - \$20 depending on size

(1976 Code, § 8-41) (Am. Ord. 2019-14, passed 9-10-19)

§ 31.251 RESIDENCES

For any collection service contracting with the city, residences in the city shall, at all times, be considered to be in a single grouping or classification, without subdivision within that classification regardless of size or quantity or service, and shall pay the same charge.

(1976 Code, § 8-43) (Am. Ord. 2019-14, passed 9-10-19)

§ 31.252 COMMERCIAL ESTABLISHMENTS

(A) Any collection service contracting with the city shall divide all commercial establishments or other users of the city collection service other than residences into classifications and may be divided into groups or subclassifications within a classification, based upon such factors as weight and quantity of refuse, quantity and frequency of service, manpower and time of handling required, and other factors affecting the cost of service involved.

(B) Assignment of a particular classification and group may be changed from time to time to more correctly reflect the actual facts and costs involved or to meet changes of circumstances.

(C) Where several commercial establishments are served by the same water meter and customarily place their garbage and trash in the same container or group of containers, they shall be treated as a single unit and classed and charged accordingly.

(1976 Code, § 8-44) (Am. Ord. 2019-14, passed 9-10-19)

§ 31.253 NONPAYMENT

The city may, upon the recommendation of the City Manager, discontinue all water and all garbage collection service to a user, who shall be in arrears for a period of one (1) month in the payment of the garbage and trash collection charges, but discontinuance of service to anyone by the city shall not excuse such person from the obligation to collect and dispose of his trash and garbage as herein provided, or relieve him of any criminal penalty for the failure to do so.

(1976 Code, § 8-47) (Am. Ord. 2019-14, passed 9-10-19)



PARIS CITY COMMISSION AGENDA ITEM

Commission Meeting Date: February 27, 2024

AGENDA ITEM: Police and Fire Department Employment Contracts

DEPARTMENT: Administration

RECOMMENDED MOTION: Move to approve the updated employment contract templates for the Police Department and Fire Department.

DESCRIPTION: On January 9, 2024 Commission approved a template for two Police employment contracts for cadet new hires needing to complete the academy and lateral new hires with more than five years' experience.

There have been significant statutory changes since the last version of the prior versions of the Employment Contract template was adopted and the proposed revisions are in compliance with current requirements and the Statute.

This will provide a template for the remainder of the contracts utilized in the Police Department and those needed by the Fire Department.

REQUESTED BY:

Name: Chief Thomas
Chief Duffy
Bryan Beauman



PARIS CITY COMMISSION AGENDA ITEM

Commission Meeting Date: February 27, 2024

AGENDA ITEM: Municipal Order 2024-9; eBridge Business Solutions Reverse Chemical Auction

DEPARTMENT: Assistant City Manager

RECOMMENDED MOTION: Move to approve Municipal Order 2024-9 approving an engagement agreement with eBridge Business Solutions for reverse chemical bid and to authorize the Mayor, City Manager, and City Clerk to execute all necessary contracts, and authorize the Mayor to execute renewals in accordance with the order.

DESCRIPTION: Staff is requesting approval to enter into an agreement with eBridge Business Solutions for a reverse chemical bid. The staff has thoroughly researched potential solutions to streamline our procurement processes, particularly in sourcing chemical supplies crucial for our city's operations.

After careful consideration and evaluation, we strongly believe that eBridge offers an efficient way to increase competition on this bid without a direct cost to the City. Their platform provides a comprehensive suite of features tailored to streamline the bidding process, ensuring transparency, competitiveness, and compliance with regulatory requirements. By utilizing eBridge's reverse bidding platform, we anticipate potential cost savings and improved vendor relationships through increased competition and transparency in the bidding process.

Furthermore, eBridge offers robust reporting tools that will enable us to track and analyze procurement data effectively, facilitating informed decision-making and accountability. eBridge Business Solutions is the reverse auction provider for the Commonwealth of Kentucky (#758 2000000177) and their service has no cost to the City of Paris. The City would still publish the bid in the newspaper as it currently does.

REQUESTED BY:

Name: Kevin Mayhorn, Assistant City Manager

**CITY OF PARIS
MUNICIPAL ORDER NO. 2024-9**

**A MUNICIPAL ORDER APPROVING AN ENGAGEMENT AGREEMENT WITH
EBRIDGE BUSINESS SOLUTIONS FOR REVERSE CHEMICAL BID**

WHEREAS, the City has completed researched potential solutions to streamline our procurement processes, particularly in sourcing chemical supplies crucial for our city's operations;

WHEREAS, the eBridge Business Solutions offers a reverse-bid auction process that is compliant with State procurement standards;

WHEREAS, the City has determined it is in its best interest to enter into a written agreement, at no cost to the City, for the eBridge reverse bidding platform;

NOW THEREFORE, be it ordered by the City Commission of the City of Paris, Kentucky to approve the finalizing of the Agreement with eBridge Business Solutions and that the Mayor and City Manager are authorized to negotiate, finalize, and execute the final contract. Further, if it is deemed that a renewal is within the best interest of the City, the Mayor is authorized to execute agreements to renew the service annually given the similar terms and conditions.

Enacted at the City Commission's regular meeting of February 27, 2024.

CITY OF PARIS, KENTUCKY

John A. Plummer, Mayor

ATTEST:

Stephanie Settles, City Clerk



PARIS CITY COMMISSION AGENDA ITEM

Commission Meeting Date: February 27, 2024

AGENDA ITEM: General and Utility Fund Payment of Invoices

DEPARTMENT: Finance

RECOMMENDED MOTION: Move to approve the payment of invoices for General Fund in the amount of \$85,242.89 and Utility Fund in the amount of \$159,421.51.

DESCRIPTION: Attached is the list of invoices for the General Fund in the amount of \$85,242.89 and the Utility Fund in the amount of \$159,421.51. A notable purchase in the Utility Fund was from repairs at the Power Plant that were previously approved through Commission.

REQUESTED BY:

Name: Brad Oberlander, CPA



PARIS CITY COMMISSION AGENDA ITEM

Commission Meeting Date: February 27, 2024

AGENDA ITEM: Street Closure/Event Request: Westside Neighborhood Block Party

DEPARTMENT: Administration

RECOMMENDED MOTION: Move to approve closure of the 400 block of Williams St. for a Community Block Party on May 4, 2024, to include Police Department assistance.

DESCRIPTION: The Westside Neighborhood is requesting to close the 400 block of Williams St. for a Community Block Party.

The date is May 4, 2024. The time of the requested event is between noon and 8pm, with an estimated maximum set up and tear downtime of an additional hour (11a-9p).

The Neighborhood Association has provided a certificate of insurance. The approval is conditional upon a City permit for the event being completed, and any applicable encroachment or other necessary permits through the State being approved.

The staff had an opportunity to review the request.

REQUESTED BY:

Name: Andrea Pompei and Vanessa Logan thru Jamie Miller, City Manager



PARIS CITY COMMISSION AGENDA ITEM

Commission Meeting Date: February 27, 2024

AGENDA ITEM: Municipal Order 2024-10; Municipal Road Aid Cooperative: Emergency Program
DEPARTMENT: Public Works

RECOMMENDED MOTION: Move to approve Municipal Order 2024-10 approving participation in the Kentucky Transportation Cabinet Municipal Road Aid Cooperative Emergency Program and authorize the Mayor, City Manager, and City Clerk to execute any documents necessary.

DESCRIPTION: The City of Paris has historically participated in the Emergency Municipal Road Aid Cooperative program with the KY Transportation Cabinet Department of Rural and Municipal Aid.

The Kentucky Revised Statutes (KRS) provides for a share of revenue resulting from motor fuel taxes being distributed locally. These funds are limited to use by the City of Paris for construction, reconstruction, and maintenance of roads and streets.

City staff works with the Cabinet periodically to verify the city roads.

This program allows the City to participate in the Emergency Fund. 3% of the allocated amount for the City will be held by the Department of Rural and Municipal Aid. Participating in this program will allow the City to request emergency funds, if needed, for emergency roadway and bridge projects. This program, if the project is approved, could cover 50% of the emergency project cost.

The upcoming Fiscal Year's Municipal Road Aid calculation has not been finalized, but the prior year was \$185,564. The 3% for participating in this program would then have been \$5,566.92 of the designated funds were withheld.

Staff must notify the Department of their interest in participating in the program by March 29, 2024. The major change this year over the prior year, is that the program will be set up once we opt in this year that the agreement will auto-renew year over year unless the City provides notice we would like to opt out of the program. Therefore, this item will not come into commission annually.

REQUESTED BY:

Name: Mike Smith, Public Works
Jamie Miller, City Manager

**CITY OF PARIS
MUNICIPAL ORDER NO. 2024-10**

**A MUNICIPAL ORDER APPROVING PARTICIPATION IN THE KENTUCKY
TRANSPORTATION CABINET MUNICIPAL ROAD AID COOPERATIVE
EMERGENCY PROGRAM**

WHEREAS, the City receives funding from the KY Transportation Cabinet for Municipal Road Aid funding annually;

WHEREAS, this entity provides for participation in an Emergency Fund as a source of funding for emergency roadway and bridge projects, with a 3% funding requirement of the City's annual Municipal Road Aid Fund contribution;

WHEREAS, the City has participated in the past in this program and has benefited from the emergency fund;

NOW THEREFORE, be it ordered by the City Commission of the City of Paris, Kentucky to authorize the Mayor, City Manager, and City Clerk to execute the agreement to enter into the Cooperative Emergency Program.

Enacted at the City Commission's regular meeting of February 27, 2024.

CITY OF PARIS, KENTUCKY

John A. Plummer, Mayor

ATTEST:

Stephanie Settles, City Clerk



PARIS CITY COMMISSION AGENDA ITEM

Commission Meeting Date: February 27, 2024

AGENDA ITEM: Municipal Order 2024-11; Award of Solid Waste and Recycling Convenience Center Bid
DEPARTMENT: Public Works

RECOMMENDED MOTION: Move to approve Municipal Order 2024-11 approving the award of bid to W Principle for the construction of the Solid Waste and Recycling Convenience Center and providing for the approval of items related to such award, and authorize the Mayor, City Manager, and City Clerk to execute documents necessary.

DESCRIPTION: The City has been working on the Solid Waste and Recycling Convenience Center project for the relocation of this facility. Municipal Order 2022-15 establishes this project.

The City has been awarded a CDBG grant in the amount of \$2M.

The original budget for this project was \$4.605M. Initial bids were opened on 10/27/2023. The project budget was revised and would be a total of \$6.784M based on the prior bids. All bids were rejected, the project was redesigned, and put out for new bids. The bid opening occurred on Wednesday, February 21, 2024.

The City received five responsive bidders.

The bid tabulation of all responses is included. The full packets of responses related to the Solid Waste and Recycling Convenience Center are available for review by request at the office of the City Clerk.

Staff recommends awarding the bid to W Principle, with a bid amount of \$3,758,000. The Engineer's recommendation is also attached. The new bids are within the original project budget estimates.

Once a contract is finalized, a Notice of Award will be issued. The Contractor will have up to 90 days to make arrangements on the project, then a Notice to Proceed will be awarded. Once a Notice to Proceed is issued, the construction period under current contract provisions is 270 days.

REQUESTED BY:

Name: Jamie Miller, City Manager
Mike Smith, Public Works Superintendent

**CITY OF PARIS
MUNICIPAL ORDER 2024-11**

**A MUNICIPAL ORDER APPROVING THE AWARD OF
THE BID TO W PRINCIPLE FOR THE CONSTRUCTION
OF THE SOLID WASTE AND RECYCLING
CONVENIENCE CENTER AND PROVIDING FOR THE
APPROVAL OF ITEMS RELATED TO SUCH AWARD.**

WHEREAS, the City of Paris has determined that it is in the public interest to complete a project that includes the movement of the Paris Solid Waste and Recycling Convenience Center;

WHEREAS the projects consists of the construction of an access road, water and sewer infrastructure, and a building to serve as a solid waste transfer station and recycling convenience center;

WHEREAS, the Bourbon County Fiscal Court has allowed for the lease of a site off of Martin Luther King Blvd for the relocation;

WHEREAS, Kenvirons Inc., is serving as the Engineer on behalf of the City;

WHEREAS the City has received a CDBG Grant Award in the amount of \$2,000,000 for project number 20C-201;

WHEREAS the City has contracted with the Blue Grass Area development District (BGADD) for the administration of the CDBG Grant;

WHEREAS the City has received five bid responses for this project and has determined that W Principle's bid is the lowest and best bid for the City;

NOW THEREFORE be it resolved by the Board of Commissioners of the City of Paris ("Board") that the board hereby approves the award of the bid to W Principle

BE IT FURTHER RESOLVED that the board authorizes the Mayor, City Manager, City Attorney, City Clerk, to execute all necessary Agreements or other documents on behalf of the City in connection with the advancement the project;

Enacted at the City Commission's regular meeting of February 22, 2024.

CITY OF PARIS, KENTUCKY

John A. Plummer, Mayor

ATTEST:

Stephanie Settles, City Clerk



PARIS CITY COMMISSION AGENDA ITEM

Commission Meeting Date: February 27, 2024

AGENDA ITEM: January General and Utility Fund Financials

DEPARTMENT: Finance

RECOMMENDED MOTION: Move to approve the January General and Utility Fund financial reports as presented.

DESCRIPTION: General Fund financial reports as presented reflect revenues of \$6,895,689 or 64.9% of budgeted revenues with expenses of \$6,265,209 or 54.5% of budgeted expenditures, with revenues exceeding expenses by \$630,480. Operating cash at the end of January totaled \$9,884,134.

Utility Fund financial reports as presented reflect revenues of \$6,325,982 or 56.9% of budgeted revenues (excluding grant and loan proceeds of \$10,305,586) with expenses of \$6,580,240 or 58.1% of budgeted expenditures (excluding grant and loan proceeds of \$10,305,586), with expenses exceeding revenues by \$254,258. Operating cash at the end of January totaled \$739,931.

REQUESTED BY:

Name: Brad Oberlander, CPA