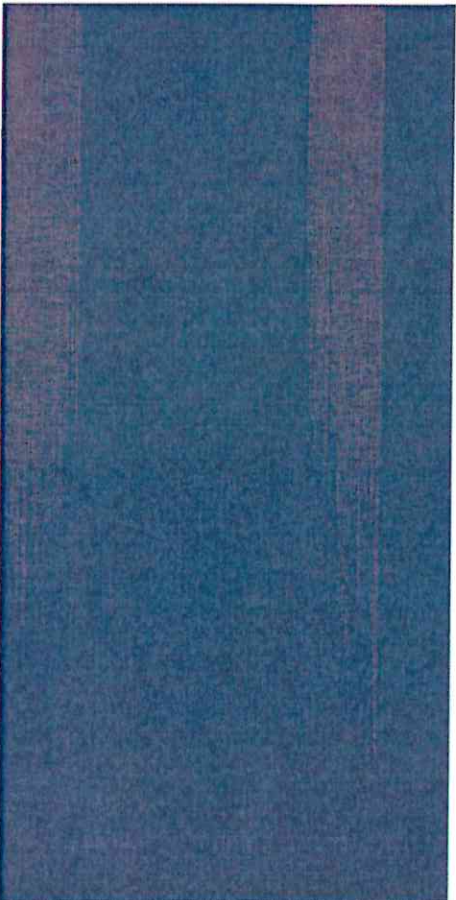
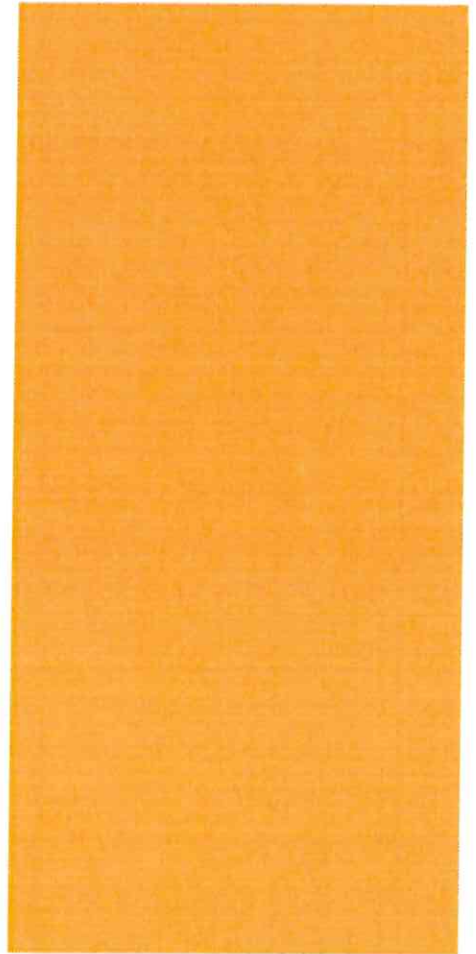


# Annual Comprehensive Financial Report



YEAR ENDED  
**June 30, 2024**



**CITY OF FLORENCE, KENTUCKY**

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***ANNUAL COMPREHENSIVE FINANCIAL REPORT***

**Year Ended June 30, 2024**

Prepared by:  
Linda J. Chapman  
CFO/HR

**CITY OF FLORENCE, KENTUCKY**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

Year Ended June 30, 2024

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## INTRODUCTORY SECTION



OFFICE OF THE FINANCE DIRECTOR

September 27, 2024

To the Mayor, City Council and Citizens of the City of Florence, Kentucky:

State law requires that all general-purpose local governments publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Florence for the fiscal year ended June 30, 2024.

This report consists of management's representations concerning the finances of the City of Florence. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Florence has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Florence's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Florence's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Florence's financial statements have been audited by Chamberlin Owen and Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Florence for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Florence's financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and

Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Florence's MD&A can be found immediately following the report of the independent auditors.

### Profile of the Government

The City of Florence, founded in 1830, is located in the northern most part of the state, situated in Boone County and is part of the Northern Kentucky Region, which ranks as one of the top growth areas in Kentucky. The City of Florence currently occupies a land area of 10.73 square miles and serves an estimated population of 32,618. The City of Florence is empowered to levy numerous sources of revenue including its major sources payroll tax, business license tax, insurance premiums tax and a property tax on both real and personal properties. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City of Florence operates under the Mayor/Council form of government. Legislative authority is vested in the City Council, consisting of six City Council members. The Mayor is the executive authority. The City Council is responsible, among other things for passing ordinances, adopting the budget and appointing members to various boards. The Mayor approves the hiring of all full time employees. The City Coordinator reports directly to the Mayor and is responsible for carrying out policies and ordinances of the City Council and is responsible for the development of short and long range planning, capital improvement programs and running the day-to-day operations of the city. The City Council is elected on a non-partisan basis. The Mayor serves based upon a 4-year term and the City Council serves based upon a 2-year term. The next election for the Office of Mayor will be held in 2026 with the Mayor to take office January 1, 2027. The next election for City Council will be held in 2024 with the Council to take office on January 1, 2025.

The City of Florence provides a full range of services, full time professional police force and full-time professional fire protection; advanced life support medic services; street maintenance and improvement; water and sewer services; storm water collection; a full range of recreational facilities and activities; cultural events; planning and zoning and code enforcement.

The annual budget serves as the foundation for the City of Florence's financial planning and control. All departments of the City of Florence are required to submit requests for appropriation to the City Coordinator. The City Coordinator uses these requests as the starting point for developing a proposed budget. The City Coordinator then presents this proposed budget to the Mayor for review. The Mayor and City Coordinator then present the budget to the City Council for review. Then, City Council budget work sessions are held on the proposed budget. The final budget is adopted by July 1. The appropriated budget is prepared by fund and department (e.g., police). Expenditures may not legally exceed budgeted appropriations at the departmental level. Any revisions to the budget that would alter total revenues and department expenditures of any fund must be approved by the City Council.

### Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Florence operates.

Local economy. Florence's location is a major factor in allowing it to become an economic force in the Greater Cincinnati/Northern Kentucky region. Also, the consistent and persistent effort put forth by Florence's elected and appointed officials and other community leaders over the past twenty years has positioned the City very well.

The focus on financial management and economic development has established the City as a center of commerce in the Greater Cincinnati and Northern Kentucky region. Private investment and job growth continue in the city. Continuing efforts are paying dividends, and the City is experiencing successes from large to small, all of which are very important to our community.

The City continues to implement its annual plan to upgrade the City's infrastructure. Contractors were hired and are replacing certain sidewalks and curbs and are repaving City streets. The City has continuing plans to upgrade the water and sewer system as well as the storm water infrastructure during the upcoming year. In addition to the annual plan, the City maintains a rolling five-year capital plan for infrastructure, equipment and vehicles. The plan is in place to address departmental needs and determine capital funding needs for the future. Major infrastructure improvements such as streets, water and sewer have \$50,000 annual increases. All other amounts are at estimated actual costs.

The City does have one major project That was started in fiscal year 2023 that will carry over into fiscal year 2025 for the new fire station. The City has two substantial projects from 2024 that will carry over into fiscal 2025 as well and includes the Mall Road Connector and the New Buffington sidewalks. For fiscal year 2025, there are a few planned projects such as the US 42 widening and improvements and the Mall Road mill and overlay. However, this is always subject to change. All projects and operations in the rolling five-year plan have been provided for with the City's current reserves. The recent addition of additional personnel and wage increases as part of operations will have a slight impact on reserves moving forward but are inclusive in the plan. There are not any major future capital projects or operational plans that will have a significant impact on the budget past the five-year plan. The final debt service amounts will be retired in June of 2027. As stated above, the City is focused on being in "maintain" mode to be able to attract the business and resident mix necessary to preserve this viable community. Without the continuous upkeep of the many features, infrastructure and amenities, this community will suffer and that could potentially have a measurable impact on the long-range plans of the City. The City has always looked past the five-year plan to assess what future maintenance needs will transpire for the City as whole and how will we be able to fund those needs. That is one of the reasons that the City has accumulated \$77.2 million in reserves knowing the importance of having a future funding mechanism for financial stability.

There were several state transportation projects that were started during the year that are all of great benefit to the residents, visitors and businesses of the City. The City has also completed numerous sidewalk, street improvements, storm water, sanitary sewer and water improvements throughout areas of the City. In addition, the City has continued the Main Street streetscape project to revitalize the area and spur redevelopment and has plans to add sidewalks to New Buffington Road for connectivity.

Long-term financial planning. The five-year capital and operating budget plan referenced above serves as a basis for the City's strategic plan. This plan carries out the City's vision as adopted by the City Council. Long-term future sustainability is the primary focus of the budget plans.



The City is continuing to explore the possibility of adding amenities to existing parks. In addition, there is ongoing exploration on how to improve the traffic flow through the retail districts. After the completion of the projects mentioned in the paragraphs above, there are no large construction projects planned.

#### Relevant Financial Policies

The City of Florence has adopted a comprehensive set of financial policies addressing various areas of operations such as revenue collection, banking services, investment policies, debt management, budget management and fund balance reserves.

The unassigned fund balance in the general fund is 125.55% of total general fund revenues and falls within policy guidelines. The City strives to maintain at least 25 percent of total general fund revenues so as to reduce amounts that may need to be borrowed in the future.

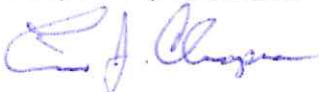
#### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Florence for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This was the twenty first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable program requirements.

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

The preparation of this annual comprehensive financial report on a timely basis was made possible by the dedicated service of the entire staff of the departments of Finance and Administration. Each member of both departments has my sincere appreciation for the contribution made in the preparation of this report. Credit must also be given to the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Florence's finances.

Respectfully submitted,



Linda J. Chapman  
CFO/HR

**CITY OF FLORENCE, KENTUCKY**

***LIST OF PRINCIPAL OFFICIALS***

**June 30, 2024**

**Mayor**

---

Dr. Julie Metzger Aubuchon

**Council Members**

---

Mel D. Carroll

Lesley Chambers

Jenna Kemper

David A. Osborne

Patricia J. Wingo

Gary Winn

**Staff**

---

City Clerk - Melissa A. Kramer

CFO/HR - Linda J. Chapman

City Attorney - Thomas R. Nienaber

City Engineer - William R. Viox

Director of Public Services - Robert E. Hall

Chief of Police - Jeffrey M. Mallery

Fire/E.M.S. Chief - Rodney E. Wren



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

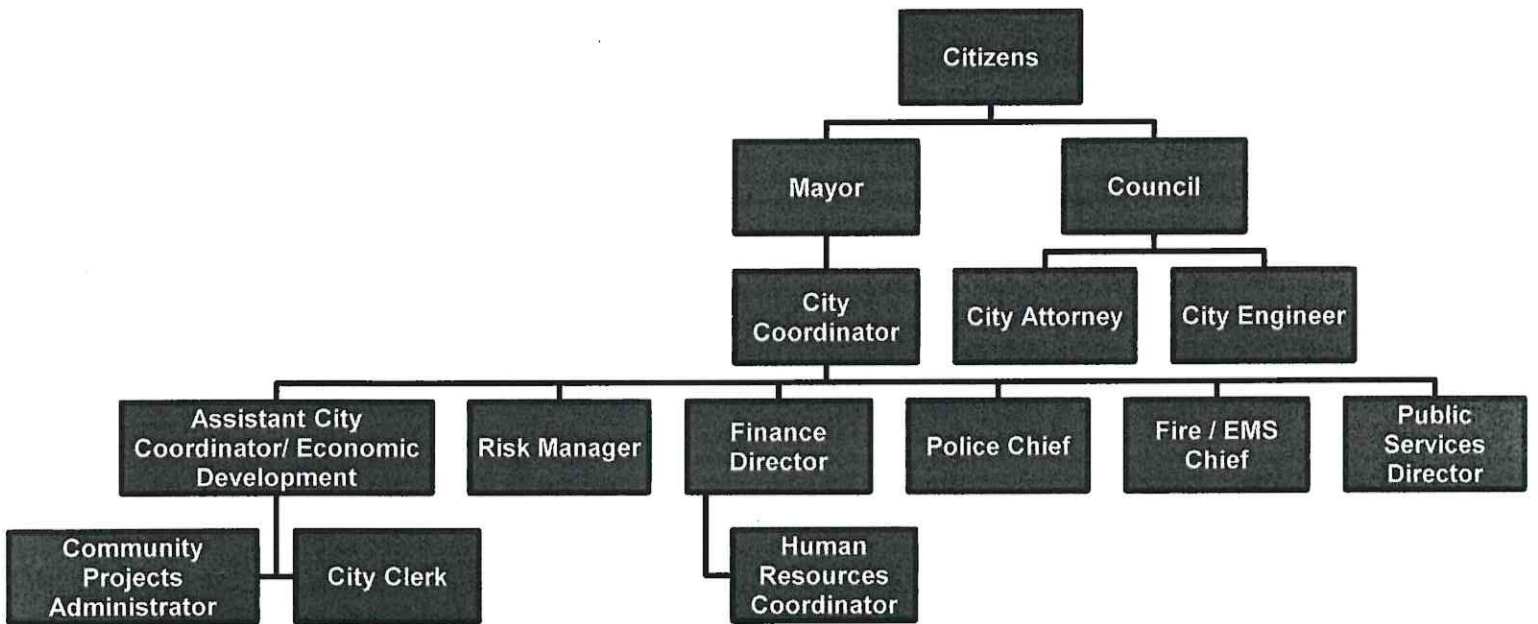
**City of Florence  
Kentucky**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO



# Organizational Chart 2024

Total Employees: 244 Full Time  
 2 Part Time

Revised:  
 1/25/2024

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## INDEPENDENT AUDITOR'S REPORT

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

### **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 Florence, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Florence, 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 Florence, Kentucky as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with accounting standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Florence, Kentucky and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Florence, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Florence, 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 Florence, 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, major fund budgetary comparison schedules, and *Multiple Employer, Cost Sharing, Defined Benefit Pension and OPEB Plan* disclosures be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence, Kentucky's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024 on our consideration of the City of Florence, 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 Florence, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Florence, Kentucky's internal control over financial reporting and compliance.

*Chamberlin Owen & Co., Inc.*

**Chamberlin Owen, & Co., Inc.**  
Erlanger, Kentucky  
September 27, 2024



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## **FINANCIAL SECTION**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Florence, we offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the City of Florence, Kentucky for the year ended June 30, 2024. We encourage readers to consider the information in conjunction with the letter of transmittal, which can be found on pages 1-4 in this report.

### Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of the most recent year by \$217,115,018 (net position). Of this amount \$70,501,349 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$111,705,414. This was a decrease of \$1,260,935 in comparison to the prior year. The decrease was a combination of the City's General fund, Municipal Aid fund, Asset Forfeiture fund and Aquatic Center fund.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$65,990,256, or 113.23% of total general fund expenditures and transfers.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements encompass three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. These two statements report the City's net assets and changes in them.

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

The statement of net position presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference being reported as net position. Over time, the increases and decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Other nonfinancial factors such as changes in the City's property tax base and the condition of the City's infrastructure will also assist in assessing the overall financial health of the City.

The statement of activities presents how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the

underlying event giving rise to the change occurs, regardless of the timing of cash flows. As a result, revenues and expenses are reported in this statement for some items that will only result in cash flows for future fiscal periods (e.g., uncollected revenue and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, license fees and intergovernmental activities which are considered governmental activities, from those functions that are intended to cover all or a significant portion of their costs through user fees and charges which are considered business-type activities. The governmental activities include most of the City's basic services. These include but are not limited to police, fire, street maintenance, parks and recreation, and general administration. The business-type activities include the City's water and sewer service operations and the golf course operations.

The government-wide financial statements include not only the City of Florence itself (known as the primary government), but also the City of Florence Municipal Properties Corporation for which the City is financially accountable.

The government-wide financial statements can be found on pages 25 and 26 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. Some funds are required to be established by State law. However, the City Council establishes many other funds with specific sources of revenue to help it control and manage money for particular purposes (i.e., Infrastructure fund and Aquatic Center fund) or to show that it is meeting legal responsibilities for grant and restricted funds (i.e., Municipal Aid fund and Asset Forfeiture fund). All funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

*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 how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

The City of Florence maintains four individual governmental funds. Information is presented separately in the governmental balance sheet and in the statement of revenues, expenditures and changes in fund balances for the general fund which is considered to be a major fund. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental financial statements can be found on pages 27-29 of this report.

*Proprietary funds.* The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer service operations and the golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its health and dental costs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the water and sewer service and the golf course operations, both of which are considered major funds of the City of Florence. Since there is only one internal service fund, separate information is provided.

The basic proprietary fund financial statements can be found on pages 30-32 of this report.

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

The notes to the financial statements can be found on pages 33-60 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The budgetary comparison schedules and combining statements and schedules can be found on pages 61-63 and 69-73 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Florence, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$217,115,018 at the close of the most recent year.

The largest portion of the City's net position (67.29 percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt to finance those assets that is still outstanding. The City uses these capital assets to

provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

For the years ended June 30, 2024 and 2023 net position changed as follows amounts in thousands):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 131,156	\$ 132,454	\$ 11,173	\$ 10,450	\$ 142,329	\$ 142,904
Capital assets, net	113,209	101,929	35,060	34,769	148,269	136,698
Total assets	<u>244,365</u>	<u>234,383</u>	<u>46,233</u>	<u>45,219</u>	<u>290,598</u>	<u>279,602</u>
Total deferred outflows of resources	16,685	13,984	1,194	894	17,879	14,878
Other liabilities	5,853	5,790	942	1,150	6,795	6,940
Long-term liabilities	58,500	74,656	3,704	4,675	62,204	79,331
Total liabilities	<u>64,353</u>	<u>80,446</u>	<u>4,646</u>	<u>5,825</u>	<u>68,999</u>	<u>86,271</u>
Total deferred inflows of resources	20,655	4,657	1,709	419	22,364	5,076
Net position:						
Net Investment in capital assets	111,553	99,745	35,060	34,528	146,613	134,273
Unrestricted	64,489	63,518	6,013	5,341	70,502	68,859
Total net position	<u>\$ 176,042</u>	<u>\$ 163,263</u>	<u>\$ 41,073</u>	<u>\$ 39,869</u>	<u>\$ 217,115</u>	<u>\$ 203,132</u>

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Net position of the City increased 6.88% or \$13,982,473 during the current fiscal year. The increase was mainly attributed to growth in the revenue line items of the governmental activities outpacing the growth in operating and contractual expenses as well as depreciation expenses. The water and sewer fund was affected somewhat by the year-end adjustments for GASB 68 and 75 but also had an increase in revenues due to rate increases. The golf course had finally completed the renovation project and experienced a growth in revenues in all areas and had eliminated costs being incurred as part of the renovation.

The City was required to adopt GASB Statement 68, "Accounting and Financial reporting for Pensions, an amendment of GASB Statement No. 27" during fiscal year 2015 and GASB Statement 75, "Accounting and Financial reporting for Postemployment Benefits Other Than Pensions" in fiscal year 2018. As a result of those adoptions, the City has experienced a slight increase in deferred outflows and decreases in deferred inflows for the current year. However, there was an overall decrease in the pension liability and a significant decrease in the OPEB liability for both funds in the current year.

Changes in Net Position

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
<b>Revenues:</b>				
<b>Program revenues:</b>				
Charges for services	\$ 9,474,180	\$ 7,935,672	\$ 13,533,389	\$ 12,193,374
Operating grants and contributions	910,718	898,933	10,064	22,660
Capital grants	1,810,764	5,093,046	-	4,349,909
<b>General revenues:</b>				
Taxes	43,891,116	42,475,666	-	-
Other	4,669,165	2,382,138	-	99,615
<b>Total revenues</b>	<b>60,755,943</b>	<b>58,785,455</b>	<b>13,543,453</b>	<b>16,665,558</b>
<b>Expenses:</b>				
Administration	4,630,319	6,985,121	-	-
Police	11,587,475	12,060,015	-	-
Fire	12,413,961	12,673,960	-	-
Public services	18,598,978	21,035,228	-	-
Interest on long-term debt	50,012	60,422	-	-
Water and sewer services	-	-	10,248,831	10,385,162
Golf Course	-	-	2,787,347	1,856,140
<b>Total expenses</b>	<b>47,280,745</b>	<b>52,814,746</b>	<b>13,036,178</b>	<b>12,241,302</b>
Increase in net position before transfers and other expenses	13,475,198	5,970,709	507,275	4,424,256
Transfers	(696,882)	(2,600,000)	696,882	2,600,000
<b>Increase in net position</b>	<b>12,778,316</b>	<b>3,370,709</b>	<b>1,204,157</b>	<b>7,024,256</b>
Net position - July 1	163,263,652	159,892,943	39,868,893	32,844,637
<b>Net position - June 30</b>	<b>\$ 176,041,968</b>	<b>\$ 163,263,652</b>	<b>\$ 41,073,050</b>	<b>\$ 39,868,893</b>

**Governmental activities.** Governmental activities increased the City's net position by \$12.7 million, thereby accounting for basically 91.39% of the total increase in net position for the year of \$13.98 million. Key elements of this increase are as follows:

Taxes actually increased \$1.4 million from fiscal year 2023 due to increases in property taxes, payroll taxes and insurance premium taxes. The payroll tax position increased by \$271,000 during 2024 despite more employees working from home. This preserved the previous increases from improved economic conditions and increased economic development. The City experienced an decrease of \$310,000 in 2023 with occupational license fees due to recovery of fees collected from the COVID 19 years in 2023. The collection of those fees slowed in 2024 as most prior fees have now been collected. The insurance premium tax experienced an increase in 2024 of \$981,000 as a result of changes in premiums and the number of policies in the City. The City's property tax revenues did increase as a result of an improvement in assessed values, an

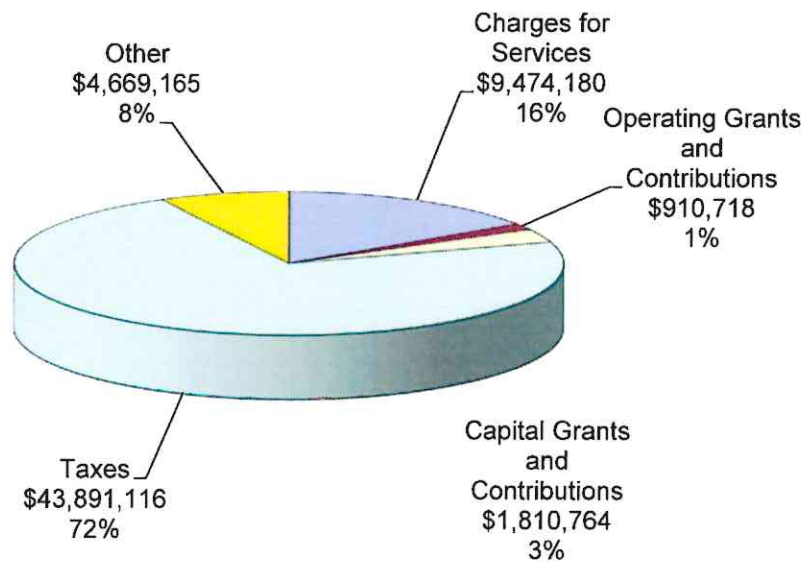


increased amount of tangible property and new developments added to the tax roll. The property tax revenue increased by \$500,000 due to the timing of collections. Economic development in fiscal year 2024 is ongoing with several projects in various stages. Some of those projects will be finished and should be on the tax rolls for the 2024 taxes. The City has not raised the real property tax rate since 2008.

Grant revenue decreased overall by \$3.27 million. The capital grants decreased \$3.2 million under fiscal year 2023. The America Rescue Plan Act funds were received in fiscal year 2023 in the amount of 4.4 million. These funds will provide for increased infrastructure projects occurring in the next three years including various road, water and sewer and sidewalk projects. This was slightly offset by a grant for the Weaver Road sidewalk project. Operating grants increased by \$12,000 due to increases in police incentive pay for officers training.

There was a decrease of \$5.5 million in governmental expenses mainly due to the timing of capital infrastructure long-term projects and capital projects such as Main Street, US 42 widening, Weaver Road firehouse and the baseball clubhouse. These projects have ended or will be ending during the 2025 fiscal year. There were overall increases to personnel costs and benefit costs in both types of activities. Some of the decrease was also the result of entries to record the GASB 68 and GASB 75 liability changes that had an impact due to the decrease in the liabilities this year over the preceding year.

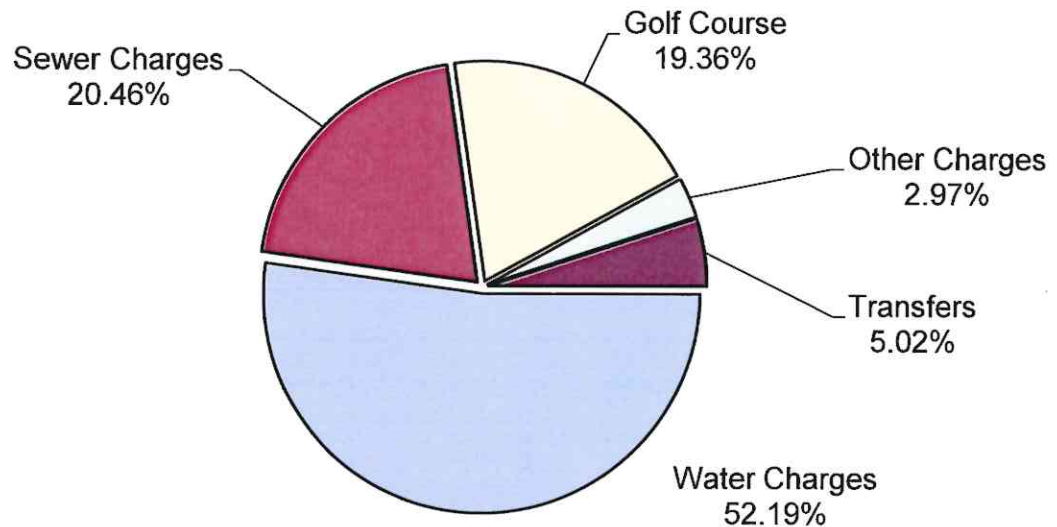
### Revenues by Source - Governmental Type Activities



**Business-type activities.** Business-type activities increased the City's net position by \$1,204,157, accounting for 8.61 percent of the total government's net position. Key elements of this increase are as follows:

- In reviewing the net (expense)/revenue, the water and sewer sales and service function showed net income for the year of \$1,172,508. The net income was primarily the result of operations, interest income and a transfer of \$596,882 from the General fund to reimburse for water and sewer projects being covered under the American Rescue Plan Act. Those expense were capitalized as capital assets in the water and sewer fund. Additional net income amounts were derived from the GASB 68 and 75 entries adjusting deferred outflows, inflows and liabilities. Total operating revenues outpaced expenses in the current year. The revenues increased by \$472,000 due to rate increases for both water and sewer usage and increases in customer accounts due to recent housing developments. The expenses increased by \$716,000. Operating expenses increased by \$427 while depreciation expense increased by \$289,000 due to new projects coming online and being capitalized.
- The Golf Course fund showed net income for the year of \$31,649 as a result of operations and a transfer in from the General fund. The fund had a net loss from operations of \$98,837 which was the mainly the result of depreciation expense. Revenues increased by \$522,000 and operating expenses did decrease by \$73,000 due to a decrease in renovation type costs. Depreciation expense did increase \$176,000 due to the capital additions. In addition, an operating transfer was made during the year because of the ongoing operating commitments.

**Revenues by Source - Business Type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, the City's government funds reported combined ending fund balances of \$111,705,414, a decrease of \$1,260,935 in comparison with the prior year. Approximately 59.07 percent of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is classified as nonspendable, committed to or assigned to indicate that it is not available for new spending because of constraints that have been placed on the use of these resources for specific purposes either internally or externally.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$65,990,256 while total fund balance was \$77,228,245. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 113.23 percent of total general fund expenditures and transfers, while total fund balance represents 132.51 percent of that same amount.

The fund balance of the City's general fund decreased by \$5,717,228 during the current fiscal year. Key factors in this growth are as follows:

- Property taxes, payroll taxes and insurance premium taxes increased and produced results stronger than originally anticipated.
- Occupational license fees experienced a slight decrease due to a decrease in gross receipts reported from business.
- The City enacted payroll and insurance premium tax increases on July 1, 2007 that were part of a long-range plan. This enactment has continued to enable the City to build reserves.
- Several major construction projects were started at the end of fiscal year 2023 and will continued into the current fiscal year that increased the amount of the excess at year-end that was projected.
- Operating expenditures are continuing to increase as a result of higher wages, benefit costs and additional personnel in the fire and police departments.

The Municipal Aid Road/LGEA fund has a total fund balance of \$1,526,275, all of which is assigned for street improvements and snow removal expenditures. The net increase in fund balance during the year was the result of transfers in from ARPA funds to cover the street projects constructed for that purpose during the fiscal year.

The Infrastructure fund had a total fund balance of \$30,167,033. The fund balance increased during fiscal year 2024 by \$4,386,826. In addition, the apportionment of 15% of payroll increased over the prior year. The addition of \$785,000 in interest income and the transfer in of \$1,500,000 also contributed to the excess. There were a couple of

projects planned for fiscal year 2024 that were not able to be completed for several reasons.

The Asset Forfeiture fund had an decrease in fund balance of \$20,444 as a result of expenditures for the purchase of items to make the police department more efficient. Due to COVID 19 there was also a decrease in revenues received from the Federal government for asset seizures. This started with COVID and has not returned to normal status.

The Aquatic Center fund had a fund balance decrease of \$142,763. Management contracted fees along with repairs and maintenance and equipment needs all contributed to this loss. Since the aquatic center is not a money maker, an annual deficit is expected to occur each fiscal year.

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

Unrestricted net position of the Water and Sewer service fund at the end of the year amounted to \$4,796,992 and those for the golf course operations amounted to \$1,215,766. The increase in net position for the Water and Sewer fund was \$1,172,508 due to transfers in, adjustments for GASB 68 and GASB 75 and rate increases. The net income in the golf course fund was \$31,649 as a revenues outpacing costs and depreciation. Other factors concerning these two funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

Over the course of the year, the City Council revised the General fund budget two times. The budget amendments were to adjust the beginning fund balance to actual and to increase/decrease revenues and expenditures to more closely reflect the anticipated actual revenues and expenditures for the year based on prior year results and current year developments.

In particular, during the first amendment adjustments were made to include additional carryover amounts from the 2023 budget for projects that were started but not completed by June 30, 2023. This was done for expenditures in the General, Infrastructure and Municipal Aid funds. The aquatic center revenues and expenditures were adjust to reflect the pool season numbers. Interest income in all funds were updated. The Water and Sewer fund revenues and expenses were adjusted for the CDBG grant carryover funds. All beginning fund balance amounts were adjusted to reflect the ending balances from the June 30, 2023 audit report.

The second amendment adjusted the General fund capital outlay for the increase in city projects for Boone County. The Golf Course fund revenues and expenses had several adjustments. Several revenue line items were increased. Expenses for wages, contractual services, various supplies, utilities and building maintenance were adjusted.

All of the General fund department's actual results came in under the final budgeted amounts. All departments were under budget in the salaries, pension costs and health insurance line items. Travel and training, community relations and supplies exceeded budgeted amounts. Contracted services, special studies and community events had

reductions that also contributed to lower than budgeted amounts. Motor fuel costs also came in over budget in all of the departments due to the decrease in the cost of a barrel of oil. In addition, utility costs came in over budget due to rate increases sustained during the year. The overall philosophy implemented in previous years to only make necessary purchases continues to contribute to lower expenditures throughout the City departments.

The current year budget relied on the expectation of relatively flat property tax revenue and slight increases for payroll tax, occupational license fees and increases in insurance premium tax revenues. The property tax, payroll tax, and insurance premium fees resulted in higher than anticipated amounts. Final actual revenue categories exceeded final budgeted revenue amounts by \$124,333. This was due to the growth in the revenue for the above mentioned categories as well as charges for services. Actual expenditures and transfers came in \$17,834,378 under the budget amounts. The departments continued to monitor expenditures during the year and some major capital projects were not being completed by June 30. As a result of the City's excess revenues, operational expenditure controls coupled with capital improvements not being completed, the City ended the year with a fund balance that was \$17,958,711 greater than what was budgeted.

## DEBT AND CAPITAL ASSET ADMINISTRATION

### Long-term Debt

At year-end, the City had \$1,660,000 in outstanding bonds compared to \$2,430,000 last year. That is a decrease of \$770,000 or 31.7 percent as shown in the following table:

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Bonds payable Obligations (backed by fee revenues) \$	-	-	-	240,000	-	240,000
Bonds payable (backed by city)	1,660,000	2,190,000	-	-	1,660,000	2,190,000
<b>Totals</b>	<b>\$ 1,660,000</b>	<b>\$ 2,190,000</b>	<b>\$ -</b>	<b>\$ 240,000</b>	<b>\$ 1,660,000</b>	<b>\$ 2,430,000</b>

Additional detailed information on the City's long-term debt can be found in Note E on pages 44-45 of this report.

### Capital Assets

At June 30, 2024, the overall capital assets amounted to \$332 million. This amount represents capital assets that include land, water and sewer systems, equipment, vehicles, buildings, park facilities, roads and sidewalks. This represents a net increase of \$22.0 million, or 7.09 percent, over last year due to the investment in street projects, storm water projects, and water and sewer infrastructure improvements. The increase can also be attributed to the replacement of vehicles and equipment during the fiscal year.

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Not being depreciated:				
Land	\$ 13,619,289	\$ 12,974,151	\$ 4,785,542	\$ 4,785,542
Construction in progress	13,488,158	5,128,042	3,476,589	3,877,764
Other capital assets being depreciated:				
Improvements	37,364,129	35,418,272	4,839,796	5,001,567
Water and sewer system	-	-	56,330,799	53,775,652
Infrastructure	140,207,743	132,543,498	-	-
Buildings	26,492,598	26,492,598	4,121,449	4,121,449
Water meters	-	-	1,649,264	1,649,264
Machinery and equipment	7,839,362	7,486,760	2,084,058	1,950,542
Vehicles	13,514,083	12,609,001	2,105,806	2,044,029
Subtotal	<u>252,525,362</u>	<u>232,652,322</u>	<u>79,393,303</u>	<u>77,205,809</u>
Accumulated depreciation	<u>(139,316,452)</u>	<u>(130,723,081)</u>	<u>(44,333,013)</u>	<u>(42,417,037)</u>
TOTALS	\$ <u><u>113,208,910</u></u>	\$ <u><u>101,929,241</u></u>	\$ <u><u>35,060,290</u></u>	\$ <u><u>34,788,772</u></u>

This year's major additions included:

**Business-type activities:**

Water and sewer system improvements paid for with system revenues \$ 1,976,245

**Governmental-type activities:**

The purchase of equipment and vehicles with general fund revenues. 1,485,045

Improvements and street projects paid for with state grant funds  
and general fund revenues. 18,486,564

\$ 21,947,854

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

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

The upcoming budget brings with it a continuing conservative approach for the revenue amounts. The City of Florence has experienced economic growth during the last three years in the areas of property tax, payroll tax, occupational license fees and insurance premium taxes. Payroll and property tax revenue were especially strong for the City in the current fiscal year. The City has been successful in dealing with budget realities in a positive manner to remain financially sound. The City has always taken a conservative approach to the forecasting of revenues and using those revenue expectations to benchmark the amount of expenditures and usage of reserves. Even though revenues beat expectations in the prior and current year, this method will suit the City well

approaching the next fiscal year. The City has taken an extremely conservative approach to our expenditures to be able to continually provide the highest level of service for the residents. The City will once again reinforce the philosophy about only purchasing that which is deemed to be a necessity. The City will experience some growth due to a few development projects in the beginning stages. The rising cost of wages, supplies, capital projects and all types of insurance, including liability, workers compensation, and health and dental continues to be an annual struggle. In addition, health care reform costs, state mandated retirement contributions and rising utility costs are continuing to increase the annual growth of the City's expenditures. The City is constantly looking for ways to operate the departments more efficiently and effectively. In addition, some changes have been made to the employee benefits to assist in curtailing personnel cost increases in the future.

The City continues to implement its annual plan to upgrade the City's infrastructure. Contractors were hired and are replacing certain sidewalks and curbs and are repaving City streets. The City has continuing plans to upgrade the water and sewer system as well as the storm water infrastructure during the upcoming year.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administrative Office or the Department of Finance at 8100 Ewing Boulevard, Florence, Kentucky.



Linda J. Chapman CPA  
CFO/HR

# CITY OF FLORENCE, KENTUCKY

## Statement of Net Position

June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 109,421,745	\$ 8,942,008	\$ 118,363,753
Investments	11,915,145	-	11,915,145
Receivables:			
Property taxes	67,429	-	67,429
Intergovernmental	116,997	-	116,997
Accrued interest	109,565	-	109,565
Accounts	8,467,344	1,728,323	10,195,667
Internal balances	17,529	(17,529)	-
Inventories	186,869	299,583	486,452
Prepays	844,326	84,588	928,914
Restricted cash and cash equivalents	9,691	136,742	146,433
Capital assets(net of accumulated depreciation)			
Land	13,619,290	4,785,542	18,404,832
Construction in progress	13,488,158	3,476,589	16,964,747
Systems	-	20,028,787	20,028,787
Improvements	16,004,753	3,957,409	19,962,162
Infrastructure	54,292,349	-	54,292,349
Buildings	9,496,913	2,113,237	11,610,150
Machinery and equipment	1,473,059	-	1,473,059
Water meters	-	131,814	131,814
Vehicles	4,834,390	566,914	5,401,304
Total assets	<u>244,365,552</u>	<u>46,234,007</u>	<u>290,599,559</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges in refunding	4,468	-	4,468
Deferred outflows from net pension liability	12,821,492	872,523	13,694,015
Deferred outflows from net OPEB liability	3,859,610	321,837	4,181,447
Total deferred outflows of resources	<u>16,685,570</u>	<u>1,194,360</u>	<u>17,879,930</u>
<b>LIABILITIES</b>			
Accounts payable	2,620,245	540,873	3,161,118
Accrued liabilities	533,848	247,525	781,373
Accrued interest payable	3,174	-	3,174
Unearned revenue	1,255,959	-	1,255,959
Customer deposits	-	86,856	86,856
Non-current liabilities:			
Due in one year	1,440,000	66,726	1,506,726
Due in more than one year	1,531,165	-	1,531,165
Net pension liability	54,848,247	3,785,579	58,633,826
Net OPEB liability	2,121,060	(81,453)	2,039,607
Total liabilities	<u>64,353,698</u>	<u>4,646,106</u>	<u>68,999,804</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows from net pension liability	5,104,587	410,717	5,515,304
Deferred inflows from net OPEB liability	15,550,869	1,298,494	16,849,363
Total deferred inflows	<u>20,655,456</u>	<u>1,709,211</u>	<u>22,364,667</u>
<b>NET POSITION</b>			
Net investment in capital assets	111,553,377	35,060,292	146,613,669
Unrestricted	64,488,591	6,012,758	70,501,349
Total net position	<u>\$ 176,041,968</u>	<u>\$ 41,073,050</u>	<u>\$ 217,115,018</u>

The notes to the financial statements are an integral part of this statement.



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

Functions/Programs Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Administration	\$ 4,630,319	\$ 1,039,499	\$ 35,478	\$ -	\$ (3,555,342)	\$ -	\$ (3,555,342)
Police	11,587,475	3,925	448,965	-	(11,134,585)	-	(11,134,585)
Fire	12,413,961	6,243,384	409,579	-	(5,760,998)	-	(5,760,998)
Public services	18,598,978	2,187,372	16,696	1,810,764	(14,584,146)	-	(14,584,146)
Interest on long-term debt	50,012	-	-	-	(50,012)	-	(50,012)
Total governmental activities	47,280,745	9,474,180	910,718	1,810,764	(35,085,083)	-	(35,085,083)
Business-type activities:							
Water and sewer service	10,248,831	10,492,608	10,064	-	-	253,841	253,841
Golf course	2,787,347	2,688,510	-	-	-	(98,837)	(98,837)
Total business-type activities	13,036,178	13,181,118	10,064	-	-	155,004	155,004
Total primary government	\$ 60,316,923	\$ 22,655,298	\$ 920,782	\$ 1,810,764	\$ (35,085,083)	\$ 155,004	\$ (34,930,079)
General revenues:							
Property taxes, levied for general purposes					9,970,842	-	9,970,842
Public service taxes					468,981	-	468,981
Taxes, levied for bank deposits					426,658	-	426,658
Payroll license tax					25,135,096	-	25,135,096
Gross receipts license					3,409,079	-	3,409,079
Insurance premium tax					4,480,460	-	4,480,460
Other					163,704	-	163,704
Uses of property					63,434	-	63,434
Investment income(loss)					4,125,770	345,905	4,471,675
Miscellaneous					316,257	6,366	322,623
Transfers					(696,882)	696,882	-
Total general revenues and special items					47,863,399	1,049,153	48,912,552
Change in net position					12,778,316	1,204,157	13,982,473
Net position-beginning					163,263,652	39,868,893	203,132,545
Net position-ending					\$ 176,041,968	\$ 41,073,050	\$ 217,115,018

The notes to the financial statements are an integral part of this statement.

**CITY OF FLORENCE, KENTUCKY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2024**

	General	Infrastructure	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 59,797,762	\$ 30,157,346	\$ 4,243,518	\$ 94,198,626
Investments	11,915,145	-	-	11,915,145
Inventories	93,663	-	93,206	186,869
Receivables:				
Property taxes	67,429	-	-	67,429
Intergovernmental	45,203	-	71,794	116,997
Accrued interest	109,565	-	-	109,565
Accounts	8,467,112	-	232	8,467,344
Prepays	844,326	-	-	844,326
Due from other funds	-	45,853	-	45,853
Restricted assets:				
Cash	9,691	-	-	9,691
<b>Total assets</b>	<b>\$ 81,349,896</b>	<b>\$ 30,203,199</b>	<b>\$ 4,408,750</b>	<b>\$ 115,961,845</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,273,269	\$ 36,166	\$ 55,550	\$ 2,364,985
Accrued liabilities	490,784	-	43,064	533,848
Due to other funds	28,324	-	-	28,324
Unearned revenue	1,255,959	-	-	1,255,959
<b>Total liabilities</b>	<b>4,048,336</b>	<b>36,166</b>	<b>98,614</b>	<b>4,183,116</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	67,429	-	-	67,429
Unavailable revenue-employee receivable	5,886	-	-	5,886
<b>Total deferred inflows of resources</b>	<b>73,315</b>	<b>-</b>	<b>-</b>	<b>73,315</b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventories	93,663	-	93,206	186,869
Prepays	844,326	-	-	844,326
<b>Committed to:</b>				
Economic stabilization	8,300,000	-	-	8,300,000
Equipment replacement	2,000,000	-	-	2,000,000
<b>Assigned to:</b>				
Infrastructure	-	30,167,033	-	30,167,033
Street resurfacing	-	-	1,433,069	1,433,069
Law enforcement	-	-	319,192	319,192
Aquatic center	-	-	2,464,669	2,464,669
<b>Unassigned:</b>	<b>65,990,256</b>	<b>-</b>	<b>-</b>	<b>65,990,256</b>
<b>Total fund balances</b>	<b>77,228,245</b>	<b>30,167,033</b>	<b>4,310,136</b>	<b>111,705,414</b>
<b>Total liabilities and fund balances</b>	<b>\$ 81,349,896</b>	<b>\$ 30,203,199</b>	<b>\$ 4,408,750</b>	<b>\$ 115,961,845</b>
<b>Total governmental fund balances</b>				<b>\$ 111,705,414</b>
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation \$139,316,452				113,208,912
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.				73,315
An internal service fund is used by management to charge certain costs such as health and dental insurance to certain funds. The assets and liabilities of the internal service fund must be added to the statement of net assets.				14,967,859
Net pension liability outflows carried as deferred charges				12,821,492
Net pension liability inflows carried as deferred charges				(5,104,587)
Net OPEB liability outflows carried as deferred charges				3,859,610
Net OPEB liability inflows carried as deferred charges				(15,550,869)
Accrued interest payable on long-term debt				(3,174)
Costs of issuance of debt, premiums and discounts are currently expensed for governmental funds and are carried as deferred charges in the statement of net assets.				4,468
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds:				
Accrued absences payable				(1,311,165)
Net pension liability				(54,848,247)
Net OPEB liability				(2,121,060)
Bonds and leases payable				(1,660,000)
<b>Net position of governmental activities</b>				<b>\$ 176,041,968</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF FLORENCE, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2024**

	General	Infrastructure	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 10,944,143	\$ -	\$ -	\$ 10,944,143
Licenses and permits	29,392,486	3,795,853	-	33,188,339
Intergovernmental	927,037	1,056,105	738,339	2,721,481
Fines and forfeitures	828,251	-	-	828,251
Charges for services	7,497,061	490,000	658,868	8,645,929
Uses of property	-	-	63,434	63,434
Investment income(loss)	2,655,312	785,003	152,112	3,592,427
Miscellaneous	316,043	-	214	316,257
<b>Total revenues</b>	<u>52,560,333</u>	<u>6,126,961</u>	<u>1,612,967</u>	<u>60,300,261</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Administration	4,621,799	-	-	4,621,799
Police	12,598,738	-	95,295	12,694,033
Fire	12,719,681	-	-	12,719,681
Public services	23,898,834	3,240,135	3,110,482	30,249,451
<b>Debt service:</b>				
Principal	530,000	-	-	530,000
Interest	49,350	-	-	49,350
<b>Total expenditures</b>	<u>54,418,402</u>	<u>3,240,135</u>	<u>3,205,777</u>	<u>60,864,314</u>
<b>Excess(deficiency) of revenues     over(under) expenditures</b>	<u>(1,858,069)</u>	<u>2,886,826</u>	<u>(1,592,810)</u>	<u>(564,053)</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers in	-	1,500,000	1,662,277	3,162,277
Transfers out	(3,859,159)	-	-	(3,859,159)
<b>Total other financing sources and uses</b>	<u>(3,859,159)</u>	<u>1,500,000</u>	<u>1,662,277</u>	<u>(696,882)</u>
<b>Net change in fund balances</b>	<u>(5,717,228)</u>	<u>4,386,826</u>	<u>69,467</u>	<u>(1,260,935)</u>
Fund balances - beginning	82,945,473	25,780,207	4,240,669	112,966,349
Fund balances - ending	<u>\$ 77,228,245</u>	<u>\$ 30,167,033</u>	<u>\$ 4,310,136</u>	<u>\$ 111,705,414</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FLORENCE, KENTUCKY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2024**

Net change in fund balances-total governmental funds	\$ (1,260,935)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital asset purchases capitalized	20,616,747
Depreciation expense	(8,818,720)
Change due to capital asset retirements	(518,358)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in the amount through the year.	(77,661)
Government funds report the effect of issuance cost, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(1,601)
Government-wide financials report the effect of net pension and OPEB liability change based on proportionate share of service cost and calculated pension costs from measurement date to measurement date. Those costs do not require the use of current financial resources.	2,558,251
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	530,000
Accrued interest on long-term debt is reported in the government-wide financial statements and not reported in the governmental funds. This is the change in the amount of interest accrued through the year.	939
An internal service fund is used by management to charge the costs of certain activities, such as health and dental insurance to individual funds. The net revenues(expenses) of the internal service fund is reported with governmental activities.	533,344 (545,720)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences.	(237,970)
Change in net position of governmental activities	<u>\$ 12,778,316</u>

The notes to the financial statements are an integral part of this statement.

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

	Business-type Activities-Enterprise Funds			Governmental
	Water and Sewer Service	Golf Course	Total Current Year	Health and Dental
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 7,703,700	\$ 1,238,308	\$ 8,942,008	\$ 15,223,119
Accounts receivable	1,728,323	-	1,728,323	-
Inventories	125,252	174,331	299,583	-
Prepays	79,801	4,787	84,588	-
Total current assets	<u>9,637,076</u>	<u>1,417,426</u>	<u>11,054,502</u>	<u>15,223,119</u>
Noncurrent assets:				
Restricted cash and cash equivalents	136,742	-	136,742	-
Capital assets (net of accumulated depreciation)				
Construction in progress	3,476,589	-	3,476,589	-
Land	-	4,785,542	4,785,542	-
Improvements	-	3,957,409	3,957,409	-
Systems and equipment	19,912,725	116,062	20,028,787	-
Water meters	131,814	-	131,814	-
Building	-	2,113,237	2,113,237	-
Vehicles	566,914	-	566,914	-
Total noncurrent assets	<u>24,224,784</u>	<u>10,972,250</u>	<u>35,197,034</u>	<u>-</u>
Total assets	<u>33,861,860</u>	<u>12,389,676</u>	<u>46,251,536</u>	<u>15,223,119</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension liability	872,523	-	872,523	-
Deferred outflows related to OPEB liability	321,837	-	321,837	-
Total deferred outflows of resources	<u>1,194,360</u>	<u>-</u>	<u>1,194,360</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	498,413	42,460	540,873	255,260
Accrued liabilities	88,325	159,200	247,525	-
Compensated absences	66,726	-	66,726	-
Due to other funds	17,529	-	17,529	-
Customer deposits	86,856	-	86,856	-
Total current liabilities	<u>757,849</u>	<u>201,660</u>	<u>959,509</u>	<u>255,260</u>
Noncurrent liabilities:				
Net pension liability	3,785,579	-	3,785,579	-
Net OPEB liability	(81,453)	-	(81,453)	-
Total noncurrent liabilities	<u>3,704,126</u>	<u>-</u>	<u>3,704,126</u>	<u>-</u>
Total liabilities	<u>4,461,975</u>	<u>201,660</u>	<u>4,663,635</u>	<u>255,260</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension liability	410,717	-	410,717	-
Deferred inflows related to OPEB liability	1,298,494	-	1,298,494	-
Total deferred inflows	<u>1,709,211</u>	<u>-</u>	<u>1,709,211</u>	<u>-</u>
<b>NET POSITION</b>				
Net investments in capital assets	24,088,042	10,972,250	35,060,292	-
Unrestricted	4,796,992	1,215,766	6,012,758	14,967,859
Total net position	<u>\$ 28,885,034</u>	<u>\$ 12,188,016</u>	<u>\$ 41,073,050</u>	<u>\$ 14,967,859</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FLORENCE, KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2024

	Business-type Activities-Enterprise Funds			Governmental
	Water and Sewer Service	Golf Course	Totals Current Year	Health and Dental
<b>OPERATING REVENUES</b>				
Charges for sales and services:				
Water fees	\$ 7,245,749	\$ -	\$ 7,245,749	\$ -
Sewer charges	2,840,900	-	2,840,900	-
Penalties	128,692	-	128,692	-
Tap in fees	156,250	-	156,250	-
Meter installations	37,324	-	37,324	-
Other service charges	56,109	-	56,109	-
Golf course revenues	-	2,688,510	2,688,510	-
Other services	27,584	-	27,584	3,164,004
Miscellaneous	6,366	-	6,366	-
Total operating revenues	<u>10,498,974</u>	<u>2,688,510</u>	<u>13,187,484</u>	<u>3,164,004</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	8,390,810	2,320,891	10,711,701	3,709,724
Depreciation	1,854,626	466,456	2,321,082	-
Total operating expenses	<u>10,245,436</u>	<u>2,787,347</u>	<u>13,032,783</u>	<u>3,709,724</u>
<b>NET OPERATING INCOME(LOSS)</b>	<u>253,538</u>	<u>(98,837)</u>	<u>154,701</u>	<u>(545,720)</u>
<b>NON-OPERATING REVENUES</b>				
Interest income	315,419	30,486	345,905	533,344
Interest expense	(3,395)	-	(3,395)	-
Total non-operating income	<u>312,024</u>	<u>30,486</u>	<u>342,510</u>	<u>533,344</u>
Income before contributions and transfers	565,562	(68,351)	497,211	(12,376)
Operating grant	10,064	-	10,064	-
Transfers	596,882	100,000	696,882	-
<b>NET INCOME(LOSS)</b>	<u>1,172,508</u>	<u>31,649</u>	<u>1,204,157</u>	<u>(12,376)</u>
<b>NET POSITION-BEGINNING OF YEAR</b>	<u>27,712,526</u>	<u>12,156,367</u>	<u>39,868,893</u>	<u>14,980,235</u>
<b>NET POSITION-END OF YEAR</b>	<u>\$ 28,885,034</u>	<u>\$ 12,188,016</u>	<u>\$ 41,073,050</u>	<u>\$ 14,967,859</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF FLORENCE, KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2024**

	Business-type Activities-Enterprise Funds			Governmental
	Water and	Golf	Totals	Health
	Sewer Service	Course	Current Year	and Dental
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 10,469,714	\$ 2,691,129	\$ 13,160,843	\$ 3,164,004
Collections from other funds	-	-	-	-
Cash paid to suppliers	(5,409,708)	(1,543,983)	(6,953,691)	(3,746,434)
Cash paid to employees	(2,812,379)	(764,760)	(3,577,139)	-
Net cash from(used by) operating activities	<u>2,247,627</u>	<u>382,386</u>	<u>2,630,013</u>	<u>(582,430)</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfer from other funds	596,882	100,000	696,882	-
Net cash from(used by) noncapital financing activities	<u>596,882</u>	<u>100,000</u>	<u>696,882</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(2,055,917)	(40,207)	(2,096,124)	-
Interest paid on capital debt	(3,395)	-	(3,395)	-
Principal paid on debt	(240,000)	-	(240,000)	-
Net cash from(used by) financing activities	<u>(2,299,312)</u>	<u>(40,207)</u>	<u>(2,339,519)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Interest income	315,419	30,486	345,905	533,344
Net cash provided by investing activities	<u>315,419</u>	<u>30,486</u>	<u>345,905</u>	<u>533,344</u>
Net increase(decrease) in cash	860,616	472,665	1,333,281	(49,086)
Cash at beginning of year	6,843,084	765,643	7,608,727	15,272,205
Cash at end of year	<u>\$ 7,703,700</u>	<u>\$ 1,238,308</u>	<u>\$ 8,942,008</u>	<u>\$ 15,223,119</u>
<b>Reconciliation of operating income to net cash used</b>				
<b>by operating activities:</b>				
Operating income(loss)	\$ 253,538	\$ (98,837)	\$ 154,701	\$ (545,720)
<b>Adjustments to reconcile operating income to net cash</b>				
<b>provided(used) by operating activities:</b>				
Depreciation expense	1,854,626	466,456	2,321,082	-
<b>Changes in assets and liabilities:</b>				
Decrease(increase) in accounts receivable	(29,260)	924	(28,336)	-
Decrease(increase) in prepaid expenses	146,850	-	146,850	-
Decrease(increase) in inventory	(127)	(10,778)	(10,905)	-
Decrease(increase) in deferred outflows	(299,958)	-	(299,958)	-
Increase(decrease) in accounts payable	16,767	(1,850)	14,917	(36,710)
Increase(decrease) in accrued liabilities	2,310	26,471	28,781	-
Increase(decrease) in pension liability	113,306	-	113,306	-
Increase(decrease) in OPEB liability	(1,083,859)	-	(1,083,859)	-
Increase(decrease) in deferred inflows	1,289,839	-	1,289,839	-
Increase(decrease) in due to other funds	(4,867)	-	(4,867)	-
Increase(decrease) in customer deposits	(11,538)	-	(11,538)	-
Net cash used by operating activities	<u>\$ 2,247,627</u>	<u>\$ 382,386</u>	<u>\$ 2,630,013</u>	<u>\$ (582,430)</u>
<b>Noncash investing, capital and financing activities:</b>				
Increase in fair value of investments	-	-	-	-
Borrowing under capital lease	-	-	-	-
Contributions of capital assets from government	-	-	-	-

The notes to the financial statements are an integral part of this statement.

**NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Florence, Kentucky, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below.

*Financial Reporting Entity*

The City of Florence is a municipality operating under a Mayor/Council form of government. Legislative authority is vested in the six City Council members. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each blended component unit of the City has a June 30 year end. The component units discussed below are included in the City's reporting entity because of the significance of its operational and/or financial relationship with the City.

Included within the Reporting Entity:

**City of Florence Municipal Properties Corporation**

The City of Florence Municipal Properties Corporation was formed to act as an agent and to be instrumental in the financing of public improvements and projects of a capital nature for the City and for the particular purpose of acquiring real estate located within the City and constructing, acquiring and equipping thereon capital improvements, facilities, buildings, structures and related appurtenances. The Corporation finances these projects by the issuance of debt. These debt issues are secured by (1) first mortgage liens on the projects, and (2) lease and option agreements between the Corporation and the City, the construction agreements and pledged receipts. The lease and option agreements require the City to pay rental from specified revenues, on a yearly basis with the option to renew each year. If the City renews the lease from year-to-year, and pays the rentals for each year as stipulated, and when the Corporation has fully paid and retired all the bonds, the Corporation agrees it will convey the properties to the City free and clear.

*Government-wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational



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

or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

*Measurement focus, basis of accounting and financial statement presentation*

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

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

Property taxes, payroll fees, insurance license fees, occupational license fees and interest are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal year. All other revenue items are considered recorded as revenue when the funds have been received.

The government reports the following funds of the financial reporting entity:

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

The municipal aid road/LGEA fund is used to account for funds received from the state for road improvements and snow removal.

The infrastructure fund is used to account for a designated portion of payroll taxes, storm water fees and grants to be used for the annual repairs to the City road infrastructure and storm water lines.

The asset forfeiture fund accounts for all funds received from seized assets and purchases made with those funds.

The aquatic center fund is used to account for the operations of the City's pool facility.

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

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following proprietary funds:

The water and sewer fund accounts for the activities of the government's water and sewer sales and services to residential and commercial users.

The World of Golf fund is responsible for the operations of the golf course facility.

The City's only internal service fund is the self-insurance fund for the City's health and dental costs.

*Assets, deferred outflows, liabilities, deferred inflows and net position or equity*

*Cash and Cash Equivalents*

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the City.

The City is authorized by state statute to invest in:

1. Obligations of the United States and of its agencies and instrumentalities.
2. Certificates of deposits.
3. Banker's acceptance.
4. Commercial paper.
5. Bonds of other state or local governments.
6. Mutual funds.

*Investments*

In accordance with Government Accounting Standards Board Statement No. 72, investments held at June 30, 2024 are measured using quoted market prices in an active market for identical investments and/or using significant other observable inputs.

*Property Tax Receivable*

Property taxes are levied as of January 1 on property values assessed as of the same date. The taxes are billed on approximately October 1 and are due and payable on December 31. On January 1, the bill becomes delinquent and penalties and interest may be assessed by the City. A lien may be placed on the property on January 1. Total real property tax assessments were \$3,124,543,623 and tangible tax assessments were \$792,594,377.

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

*Short-Term Interfund Receivables/Payables*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from/to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

*Inventories*

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

*Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2024 are recorded as prepaid items. These prepaids are amortized over the contract period.

*Capital Assets*

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets are reported in the governmental activities column of the government-wide statement of net assets. Capital assets used by the proprietary fund are reported in the business type activities column of the government-wide statement of net assets. The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for). Capital assets are defined by the City as assets with an initial, individual minimum cost of \$5,000 with a useful life in excess of two years. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical costs, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class are as follows:

Buildings	30 years
Building Improvements	10-20 years
Public Domain Infrastructure	25-40 years
Vehicles	5-10 years
Office Equipment	3-10 years

*Compensated Absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits based upon a retirement basis. There is a liability for unpaid accumulated sick leave since the government does have a policy to pay specified amounts when employees retire from service with the government. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

*Long-Term Obligations*

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as an other financing source and payment of principle and interest reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period incurred. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report as a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has several items that qualify for reporting in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value if refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows related to the pension and OPEB liability in accordance with GASB 68 and GASB 75, respectively.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government only has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source-property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows related to the pension and OPEB liability in accordance with GASB 68 and GASB 75, respectively.

**CITY OF FLORENCE, KENTUCKY**  
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*Fund Balance Policies*

Net position is the difference between assets and liabilities. Net position invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets.

Fund balance of the governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

In the fund financial statements, government funds report components of fund balance for amounts that are nonspendable, restricted, committed, assigned or unassigned:

Nonspendable fund balances arise when resources cannot be spent because of their form and because resources must be maintained intact.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are those that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the City is the Council. The Council can by adoption of an ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned fund balances are those that are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. Council has authorized the finance director to assign fund balance through the financial policies and procedures established. Unlike commitments, assignments generally only exist temporarily. In other words an additional action of does not normally have to be taken for the removal of an assignment. Conversely, additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the general fund. The classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

*Fund Balance Flow Assumptions*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the government fund financial statements a flow assumption must be made about the order in which resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**CITY OF FLORENCE, KENTUCKY**  
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*Revenues, Expenditures and Expenses*

*Operating Revenues and Expenses*

Operating revenues and expenses for the proprietary fund are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing or investing activities.

*Expenditures/Expenses*

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

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

- Governmental funds – by character
  - Current-further classified by function
    - Debt service
    - Capital outlay

- Proprietary fund – by operating and non-operating

In the fund financial statements governmental funds report expenditures of financial resources. Proprietary funds report expenses related to use of economic resources.

*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's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The General Fund and Water and Sewer Fund resources are used to liquidate these liabilities.

*Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the 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's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The General Fund and Water and Sewer Fund resources are used to liquidate these liabilities.

*Interfund Transactions*

Interfund services provided/used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

*Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

**NOTE B-STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

- A. In accordance with City ordinance, prior to June 30, the Mayor submits to the Council, a proposed operating budget on a basis consistent with generally accepted accounting principles for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- B. By July 1, the budget is legally enacted through passage of an ordinance.
- C. The City Coordinator is required by Kentucky Revised Statutes to present a quarterly report to the Council explaining any variance from the approved budget.
- D. Appropriations continue in effect until a new budget is adopted.
- E. The Council may authorize supplemental appropriations during the year.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds except the capital projects fund, which is not budgeted. Expenditures may not legally exceed budgeted appropriations at the department level. Any revisions to the budget that would alter total revenues of any fund and expenditures of any department must be approved by the Council; however, with proper approval by the City Coordinator, budgetary transfers within departments can be made. The Council adopted two supplementary appropriation ordinances. All appropriations lapse at fiscal year-end.

The City Council has adopted guidelines for maintaining a minimum general fund balance in the amount of 17% of budgeted operating expenditures and recurring transfers. In either case, unusual items such as one-time expenditures shall be excluded from the calculation. In addition, Council has adopted a resolution and established a stabilization fund balance. This fund balance may only be used for operations to pay for expenditures when the unreserved fund balance falls below the minimum fund balance of 17% of expenditures and recurring transfers. Each December 31<sup>st</sup>, Mayor and Council shall determine if any funds are to be transferred to increase the stabilization fund balance.

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**NOTE C-DEPOSITS AND INVESTMENTS**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are fair market value at the end of the year for similar assets; Level 3 inputs are significant unobservable inputs.

As of June 30, 2024, the City had the following recurring fair value measurements:

	June 30, 2024	Quoted Prices in Active Markets for Identical assets Level 1	Quoted Prices Similar Assets Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3
Cash	\$ 118,363,753	\$ 118,363,753	\$ -	\$ -
Mutual Funds	146,433	146,433	-	-
Government obligations	672,350	-	672,350	-
Municipal bonds	11,242,795	-	11,242,795	-
Total fair value	\$ <u>130,425,331</u>	\$ <u>118,510,186</u>	\$ <u>11,915,145</u>	\$ <u>-</u>

*Interest rate risk.* In accordance with the City's investment policy, interest rate risk is controlled thru maturity diversification by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of the capital in its portfolio.

*Credit risk.* State law limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments. The City's investment policy limits its authorized investment instruments in these investments to one of the top three highest rated categories by a nationally rated agency. As of June 30, 2024, the City's investment in mutual funds, government obligations and municipal bonds were rated Aaa by Moody's and AAAM by Standard & Poor's.

*Concentration of credit risk.* The City may not invest, at any one time, funds in any one of the above listed categories exceeding twenty percent of the total amount of funds invested on behalf of the City.

*Custodial credit risk – deposits.* For deposits, this is the risk that in the event of a bank failure, the City's deposits will not be returned. The City maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2024, the City's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the City's behalf and the FDIC insurance.

*Custodial credit risk – investments.* For an investment, this is the risk, that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The policy permits investment in U.S. Treasury obligations and obligations backed by the full faith and credit of the United States and in the securities issued



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by certain associations and corporations established by the government of the United States. The City had custodial credit risk at June 30, 2024 in the amount of \$11,915,145 for its government obligations. The related securities totaling this amount are uninsured, unregistered and held by various Trust departments.

**NOTE D-CAPITAL ASSETS AND DEPRECIATION**

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

	Balance June 30, 2023	Additions	Adjustments/ Transfers	Retirements/ Deletions	Balance June 30, 2024
Governmental activities:					
Not being depreciated:					
Land	\$ 12,974,151	\$ 645,138	\$ -	\$ -	\$ 13,619,289
Construction in progress	5,128,042	12,195,757	(3,319,295)	(516,346)	13,488,158
Subtotal	<u>18,102,193</u>	<u>12,840,895</u>	<u>(3,319,295)</u>	<u>(516,346)</u>	<u>27,107,447</u>
Other capital assets:					
Improvements	35,418,272	1,682,309	263,548	-	37,364,129
Infrastructure	132,543,498	4,608,498	3,055,747	-	140,207,743
Buildings	26,492,598	-	-	-	26,492,598
Machinery and equipment	7,486,760	390,713	-	(38,111)	7,839,362
Vehicles	12,609,001	1,094,332	-	(189,250)	13,514,083
Subtotal	<u>214,550,129</u>	<u>7,775,852</u>	<u>3,319,295</u>	<u>(227,361)</u>	<u>225,417,915</u>
Accumulated depreciation:					
Improvements	19,143,577	2,213,341	2,458	-	21,359,376
Infrastructure	82,263,825	3,651,573	(4)	-	85,915,394
Buildings	16,066,977	928,708	-	-	16,995,685
Machinery and equipment	5,816,326	588,529	(442)	(38,111)	6,366,302
Vehicles	7,432,376	1,436,569	-	(189,250)	8,679,695
Subtotal	<u>130,723,081</u>	<u>8,818,720</u>	<u>2,012</u>	<u>(227,361)</u>	<u>139,316,452</u>
Net other assets	<u>83,827,048</u>	<u>(1,042,868)</u>	<u>3,317,283</u>	<u>-</u>	<u>86,101,463</u>
Net capital assets	<u>\$ 101,929,241</u>	<u>\$ 11,798,027</u>	<u>\$ (2,012)</u>	<u>\$ (516,346)</u>	<u>\$ 113,208,910</u>

\*Depreciation was charged to functions as follows:

Governmental activities:	
Administration	\$ 3,381,880
Police	4,149,379
Fire	431,193
Public services	856,268
Total governmental activities depreciation expense	<u>\$ 8,818,720</u>

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The following is a summary of changes in the capital assets in the proprietary funds:

	Balance June 30, 2023	Additions	Adjustment/ Transfers	Deletions	Balance June 30, 2024
Proprietary activities:					
Not being depreciated:					
Land	\$ 4,785,542	\$ -	\$ -	\$ -	\$ 4,785,542
Construction in progress	3,877,764	-	(401,175)	-	3,476,589
Subtotal	<u>8,663,306</u>	<u>-</u>	<u>(401,175)</u>	<u>-</u>	<u>8,262,131</u>
Other capital assets:					
Water and sewer system	53,775,652	2,153,972	401,175	-	56,330,799
Improvements	4,981,567	-	-	(141,771)	4,839,796
Buildings	4,121,449	-	-	-	4,121,449
Vehicles	2,044,029	238,112	-	(176,335)	2,105,806
Water meters	1,649,264	-	-	-	1,649,264
Machinery and equipment	1,950,542	221,250	-	(87,734)	2,084,058
Subtotal	<u>68,542,503</u>	<u>2,613,334</u>	<u>401,175</u>	<u>(405,840)</u>	<u>71,131,172</u>
Accumulated depreciation:					
Water and sewer system	35,267,454	1,489,877	-	-	36,757,331
Improvements	731,596	292,562	-	(141,771)	882,387
Buildings	1,878,087	130,127	-	-	2,008,214
Vehicles	1,496,701	217,789	735	(176,335)	1,538,890
Water meters	1,461,826	55,623	-	-	1,517,449
Machinery and equipment	1,581,373	135,103	-	(87,734)	1,628,742
Subtotal	<u>42,417,037</u>	<u>2,321,081</u>	<u>735</u>	<u>(405,840)</u>	<u>44,333,013</u>
Net other assets	<u>26,125,466</u>	<u>292,253</u>	<u>400,440</u>	<u>-</u>	<u>26,798,159</u>
Net assets	<u>\$ 34,788,772</u>	<u>\$ 292,253</u>	<u>\$ (735)</u>	<u>\$ -</u>	<u>\$ 35,060,290</u>

\*Depreciation was charged to functions as follows:

Proprietary activities:	
Water and sewer	\$ 1,854,626
Golf Course	<u>466,455</u>
Total proprietary activities depreciation expense	<u>\$ 2,321,081</u>

**CITY OF FLORENCE, KENTUCKY**  
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**NOTE E-LONG-TERM DEBT**

Bonds Payable

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. Bonds outstanding at June 30, 2024, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental Fund Debt		
General obligation refunding bonds(Series 2015)	1.00-2.50%	\$ <u>1,660,000</u>

The following is a schedule of future debt service requirements to maturity at June 30, 2024 for bonds general activities and for business activities.

The City's general long-term debt service requirements to maturity at June 30, 2024, are as follows:

*Conduit Debt*

The City has issued General Obligation Bonds to provide assistance to the Northern Kentucky Area Development District for the construction of a facility deemed to be in the public interest. The bonds are secured by the property financed. Upon repayment of the bonds ownership transfers to the entity served by the bond issuance. Neither the City, State, nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. As of June 30, 2024 the bonds outstanding were \$1,220,000.

As of July 1, 2020, the City issued Maximum Aggregate Principal Amount Taxable Industrial Building Revenue Bonds, Series 2020, with a maximum indebtedness of, exclusive of interest, of \$250,000,000 and with a final maturity of July 1, 2050 for Turfway Park, LLC.

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*Changes in Governmental-Type Long-Term Liabilities*

During the year ended June 30, 2024, the following changes occurred in liabilities reported in the general long-term debt:

	June 30, 2023	Additions	Retirements	June 30, 2024	Amounts Due Within One Year
Compensated absences	\$ 1,073,195	\$ 1,778,213	\$ (1,540,243)	\$ 1,311,165	\$ 900,000
Bonds payable: Series 2015	<u>2,190,000</u>	<u>-</u>	<u>(530,000)</u>	<u>1,660,000</u>	<u>540,000</u>
Totals	<u>\$ 14,300,337</u>	<u>\$ 1,778,213</u>	<u>\$ (2,070,243)</u>	<u>\$ 2,971,165</u>	<u>\$ 1,440,000</u>

Compensated absences are liquidated by the general fund.

The government-wide statement of net position includes \$1,440,000 of long-term liabilities due within one year for governmental activities and \$80,000 for business-type activities.

*Changes in Business-Type Long-Term Liabilities*

Long-term liability activity for business-type activities for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Retired	Balance June 30, 2023	Amounts Due Within One Year
Bonds payable-water/sewer	\$ 240,000	\$ -	\$ (240,000)	\$ -	\$ -
Compensated absences	<u>64,552</u>	<u>143,487</u>	<u>(141,313)</u>	<u>66,726</u>	<u>80,000</u>
	<u>\$ 982,476</u>	<u>\$ 143,487</u>	<u>\$ (381,313)</u>	<u>\$ 66,726</u>	<u>\$ 80,000</u>

**NOTE F-CLAIMS AND JUDGMENTS**

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

**NOTE G-EMPLOYEE RETIREMENT SYSTEM**

*County Employees Retirement System (CERS)*

City employees who work at least 100 hours per month participate in the County Employees Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Public Pensions Authority (KPPA) administers the CERS.

The plan issues separate financial statements, which may be obtained by request from Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601.

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*General Information about the Pension Plan*

*Plan Description* - CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in non-hazardous and hazardous positions of each county, city, and school board, and any additional eligible local agencies electing to participate in CERS. 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. Prior to July 1, 2009, cost-of-living (COLA) adjustments were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5%.

Effective July 1, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

*Non-hazardous Benefits* – For members who began contributing to CERS prior to September 1, 2008, final compensation represents the average fiscal year of earnings with the highest monthly average used when calculating your retirement benefit. Final compensation is based on the 5-high creditable compensation years with a minimum of 48 months and a minimum of five fiscal years. Final compensation is determined by dividing the total salary earned during the 5-high years by the number of months worked, then multiplying by twelve. Non-hazardous members, age 65 or older, or with 27 or more years of service are eligible to retire and receive unreduced benefits. Any non-hazardous member, age 55, with a minimum of five years of service may retire with a reduction in benefits.

For non-hazardous members who began contributing to CERS on or after September 1, 2008, any member age 57 or older, may retire with no reduction in benefits if the member's age and years of service equal 87. In addition, a member, age 65, with at least 60 months of service may retire with no reduction in benefits. A member, age 60 or older, with at least 120 months of service credit may retire at any time with a reduction of benefits.

*Hazardous Benefits* – For members who began contributing to CERS prior to September 1, 2008, final compensation represents the average fiscal year of earnings with the highest monthly average used when calculating your retirement benefit. Final compensation is based on the 3-high creditable compensation years with a minimum of 24 months and a minimum of three fiscal years. Final compensation is determined by dividing the total salary earned during the 3-high years by the number of months worked, then multiplying by twelve. Hazardous members, age 55 or older, or with 20 or more years of service are eligible to retire and receive unreduced benefits. Any non-hazardous member, age 55, with a minimum of five years of service may retire with a reduction in benefits.

For hazardous members who began contributing to CERS on or after September 1, 2008, any member age 60 or older with 60 months or service or a member with 25 years of service, may retire with no reduction in benefits. In addition, a member, age 60, with at least 60 months of

**CITY OF FLORENCE, KENTUCKY**  
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service may retire with no reduction in benefits. A member, age 60 or older, with at least 120 months of service credit may retire at any time with a reduction of benefits.

*Non-hazardous Contributions* - For the year ended June 30, 2024, all plan members who began participating before September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding 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 bases adopted by the Board. For the year ended June 30, 2024, participating employers contributed 23.34% of each employee's creditable compensation. The actuarially determined rate set by the Board for the year ended June 30, 2024 was 23.34% of creditable compensation. Administrative costs of Kentucky Public Pensions Authority are financed through employer contributions and investment earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 6% of their annual creditable compensation. Five percent of the contribution was deposited to the member's account while 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative regulation 105 KAR 1:420E). Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of their annual creditable compensation.

In accordance with Senate Bill 2 signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to participate 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. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Contributions to the non-hazardous pension plan from the City were \$1,446,178 for the year ended June 30, 2024.

*Hazardous Contributions* - For the year ended June 30, 2024, all plan members who began participating before September 1, 2008, were required to contribute 8% of their annual creditable compensation. The state was required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding 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

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amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2024, participating employers contributed 43.69% of each employee's creditable compensation. The actuarially determined rate set by the Board for the year ended June 30, 2024 was 43.69% of creditable compensation. Administrative costs of KPPA are financed through employer contributions and investment earnings.

In accordance with House Bill 1, signed by the Governor on June 27, 2008, plan members who began participating on, or after, September 1, 2008, were required to contribute a total of 9% of their annual creditable compensation. Eight percent of the contribution was deposited to the member's account while 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative regulation 105 KAR 1:420E). Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 8% of their annual creditable compensation.

In accordance with Senate Bill 2 signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to participate 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. Hazardous members contribute 8% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 7.5% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Contributions to the hazardous pension plan from the City were \$5,747,402 for the year ended June 30, 2024.

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

At June 30, 2024, the City reported a liability of \$12,933,307 for its proportionate share of the net pension liability for non-hazardous and \$45,700,519 for hazardous. The City's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the City's proportion was 0.2015 percent for non-hazardous and 1.695 percent for hazardous.

For the year ended June 30, 2024, the City recognized pension benefit of \$107,306 for non-hazardous and \$793,156 for hazardous. At June 30, 2023, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

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	TOTALS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,758,772	\$ 35,144
Change in assumptions	-	4,754,426
Net difference between projected and actual earnings on pension plan investments	-	634,880
Changes in proportion and difference between City contributions and proportionate share of contributions	4,081,061	90,854
City contributions subsequent to the measurement date	6,854,182	-
<b>Total</b>	<b>\$ 13,694,015</b>	<b>\$ 5,515,304</b>

The \$6,854,182 is reported as deferred outflows of resources relating to pensions resulting from the City's contributions made after the measurement date of the net pension liability but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30	Net Deferral
2024	\$ 558,664
2025	(197,203)
2026	1,411,458
2027	(448,390)
2028	-
Totals	<u>\$ 1,324,529</u>

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

Inflation	2.30 percent
Payroll growth rate	2.0 percent
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation



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

The actuarial assumptions used in the June 30, 2023 valuation were based on results of an actuarial experience study for the period July 1, 2013 - June 30, 2018.

*Target Asset Allocation* – The long-term expected rates of return were determined by using a building block method in which the best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocations and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	CERS Non-Hazardous		CERS Hazardous	
	Target Allocation	Long-Term Expected Nominal Return	Target Allocation	Long-Term Expected Nominal Return
<b>Equity</b>				
Public Equity	50.00%	5.90%	50.00%	5.90%
Private Equity	10.00%	11.73%	10.00%	11.73%
<b>Fixed Income</b>				
Core Fixed Income	10.00%	2.45%	10.00%	2.45%
Specialty Credit	10.00%	3.65%	10.00%	3.65%
Cash	0.00%	1.39%	0.00%	1.39%
<b>Inflation Protected</b>				
Real Estate	7.00%	4.99%	7.00%	4.99%
Real Return	13.00%	5.15%	13.00%	5.15%
<b>Total</b>	<b>100.00%</b>		<b>100.00%</b>	

*Discount Rate* – The single discount rates were based on the expected rate of return on pension investments of 6.50% for each plan. Based on the stated assumptions and the projection of cash flows for each fiscal year ending, the Pension Plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of the projected benefit payments to determine the Total Pension Liability for each plan. The projection of cash flows used to determine the single discount rate assumes that each fund receives the employer required contributions each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 Legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed 2018) which limit the increases to the employer contribution rates to 12% over the fiscal year through June 30, 2028.

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*401 (h) Subaccount* – Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered as an Other Post Employment Benefit (OPEB) asset. As a result, the reported pension fiduciary net positions as of June 30, 2017 and later are net of the 401(h) asset balance.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The discount rate used to measure the total pension liability for the system was 6.50% for both, nonhazardous and hazardous. The following presents the net pension liability calculated using the discount rate of percent, as well as what the systems' net position liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate for non-hazardous and (5.50%) or one percentage point higher (7.50%) than the current rate for hazardous (\$ thousands):

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
<b>CERS</b>			
Non-hazardous-Per 2023 ACFR	\$ 8,101,229	\$ 6,416,508	\$ 5,016,441
Florence Proportionate Share	\$ 16,329	\$ 12,933	\$ 10,111
		0.20%	
Hazardous-Per 2023 ACFR	\$ 3,404,287	\$ 2,695,955	\$ 2,117,409
Florence Proportionate Share	\$ 57,707	\$ 45,700	\$ 35,893
		1.69%	

*Pension Plan Fiduciary Net Position* – Detailed information about the plan’s fiduciary net position is available in the separately issued CERS financial report.

**NOTE H-POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

*Insurance Benefits County Employees Retirement System (CERS)*

City employees who work at least 100 hours per month participate in the County Employees Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.701, the Board of Trustees of Kentucky Public Pensions Authority (KPPA) administers the insurance fund for members participating in CERS.

The plan issues separate financial statements, which may be obtained by request from Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601.

*General Information about the Insurance Fund*

*Plan Description* – The Kentucky Retirement Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for members receiving benefits from KERS, CERS and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KPPA submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to eligible retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for the whole or partial payment of required premiums to purchase hospital and medical insurance. The Fund pays the same proportion of

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hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty.

*Insurance Benefits* – For members participating prior to July 1, 2003, the amount of contribution paid for hospital and medical insurance is based on the years of service and respective percentages of the maximum contribution as follows:

<u>Years of Service</u>	<u>% Paid by Insurance Fund</u>
20 or More	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on, or after, July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. Dollar contributions for fiscal year 2023 was \$14.20 for non-hazardous and \$21.30 for hazardous. This benefit is not protected under the inviolable contract provisions of the Kentucky Revised Statute 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

*Insurance Contributions* – Future contributions are projected in accordance with the Board's current funding policy, which includes the requirement that each participating employer in the system contribute the actuarially determined contribution rate, which is determined using a closed funding period (30 years as of June 30, 2019) and the actuarial assumptions and methods adopted by the Board. Current assets, future contributions and investment earnings are projected to be sufficient to pay the projected benefit payment from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions. It is the understanding that cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

At June 30, 2024, the City reported an asset of \$278,282 for its proportionate share of the net OPEB asset for non-hazardous and \$2,317,889 for its proportional share of the net OPEB liability for hazardous. The City's net OPEB asset/liability was measured as of June 30, 2023, and the total OPEB asset/liability used to calculate the net OPEB was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB asset/liability was based on a projection of

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the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the City's proportion was 0.20 percent for non-hazardous and 1.69 percent for hazardous.

For the year ended June 30, 2024, the City recognized OPEB benefit of \$525,443 for non-hazardous and \$1,074,819 for hazardous. At June 30, 2023, the City reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

	TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 403,651	\$ 13,507,287
Change in assumptions	2,130,305	2,797,939
Net difference between projected and actual earnings on OPEB plan investments	-	383,801
Changes in proportion and difference between City contributions and proportionate share of contributions	1,308,093	160,336
City contributions subsequent to the measurement date	339,398	-
<b>Total</b>	<b>\$ 4,181,447</b>	<b>\$ 16,849,363</b>

The \$339,398 is reported as deferred outflows of resources relating to OPEB resulting from the City's contributions made after the measurement date of the net OPEB asset/liability but before the end of the City's reporting period will be recognized as a reduction of the net OPEB asset/liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Years Ended June 30	Net Deferral
2024	\$ (2,758,862)
2025	(3,264,086)
2026	(2,397,957)
2027	(3,099,354)
2028	(1,487,054)
Totals	<b>\$ (13,007,313)</b>

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

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Inflation	2.30 percent
Payroll growth	2.0 percent, average
Investment rate of return	6.25 percent
Health cost trend rates Pre-65	6.3% at January 1, 2023, decreasing to an ultimate rate of 4.05% period of thirteen years
Health cost trend rates Post-65	6.3% at January 1, 2023, decreasing to an ultimate rate of 4.05% period of thirteen years

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

The actuarial assumptions used in the June 30, 2023 valuation were based on results of an actuarial experience study for the period July 1, 2013 - June 30, 2018.

*Target Asset Allocation* – The long-term expected rates of return were determined by using a building block method in which the best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocations and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	CERS Insurance Plans	
	Target Allocation	Long-Term Expected Nominal Return
<b>Equity</b>		
Non-US Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
<b>Fixed Income</b>		
Specialty Credit/High Yield	10.00%	2.45%
Core Bonds	10.00%	3.65%
Cash	0.00%	1.39%
<b>Inflation Protected</b>		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Total	100.00%	

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*Discount Rate* – The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2023. Based on the stated assumptions and the projection of cash flows for each fiscal year ended, the plan’s insurance fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on Insurance Plan investments was applied to all periods of the projected benefit payments paid from the retirement plan. However, the cost associated with the implicit subsidy will not be paid out of the Plan’s trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each year calculated in accordance with the current funding policy.

*401 (h) Subaccount* – Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered as an OPEB asset. As a result, these member contributions and associated investment income are included in the reconciliation of the fiduciary net position.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The discount rates of 5.93% for non-hazardous and 5.97% for hazardous were used to measure the total OPEB liability for the system as of June 30, 2023. The following presents the net OPEB liability calculated using the discount rate of percent, as well as what the systems’ net position liability would be if it were calculated using a discount rate that is one percentage point lower (4.93%) or one percentage point higher (6.93%) than the current rate for non-hazardous and one percentage point lower (4.97%) or one percentage point higher (6.97%) than the current rate for hazardous:

	1% Decrease 4.93% Non-hazardous 4.97% hazardous	Current 5.93% Non-hazardous 5.97% Hazardous	1% Increase 6.93% Non-hazardous 6.97% Hazardous
CERS			
Florence Proportionate Share	\$ 522,228	\$ (278,282) 0.20%	\$ (948,611)
Florence Proportionate Share	\$ 5,861,979	\$ 2,317,889 1.69%	\$ (635,282)

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates* – For both the non-hazardous and hazardous plans the initial trend rate for Pre-65 starts at 6.25% and is expected to gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. For both the non-hazardous and hazardous plans the initial trend rate for Post-65 starts at 4.05% and is expected to gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

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

<u>CERS</u>	<u>1% Decrease</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase</u>
Florence Proportionate Share	\$ (891,941)	\$ (278,282) 0.20%	\$ 475,541
Florence Proportionate Share	\$ 26,409	\$ 2,317,889 1.69%	\$ 5,085,324

*OPEB Plan Fiduciary Net Position* – Detailed information about the plan’s fiduciary net position is available in the separately issued KPPA financial report.

**NOTE I-DEFERRED COMPENSATION PLAN**

Employees of the City of Florence may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). Employees may also participate in a Section 401(k) adopted under the provisions of the Internal Revenue Code.

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable financial emergency.

The deferred compensation plans are administered by Mission Square Retirement and Kentucky Public Employees’ Deferred Compensation Plan.

**NOTE J-CONTINGENT LIABILITIES**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s Attorney, the resolution of these matters will not have a materially adverse effect on the financial condition of the government.

**NOTE K-INTERFUND TRANSACTIONS**

A summary of the interfund account balances is as follows:

<u>Due from/to other Funds</u>	<u>Payable Fund(s)</u>	<u>Amount</u>
<u>Receivable Funds(s)</u>		
General	Water and sewer	\$ 17,529
Infrastructure	General	(45,853)
	Total \$	<u>(28,324)</u>

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

Due from and due to other funds represent short-term accounts receivable and payable. The balances in these accounts are typically the result of time differences between the date that goods and services were provided and when payment occurred.

<u>Transfers in/out</u>		<u>Amount</u>
General	Municipal aid/LGEA	\$ 1,662,277
General	Infrastructure	1,500,000
General	Water and Sewer	596,882
General	Golf Course	100,000
	Total \$	<u>3,859,159</u>

During the year, transfers are used to move general fund resources to provide annual subsidy to the transit fund. For the year ended June 30, 2024, the City made the following annual transfers:

- 1) A transfer of \$1,662,277 was made from the general fund to the special revenue fund for annual funding amounts for snow removal and ARPA projects.
- 2) A transfer of \$1,500,000 was made from the general fund to the infrastructure fund for the annual subsidy to support infrastructure projects.
- 3) A transfer of \$596,882 was made from the general fund to the water and sewer fund for annual funding amounts for ARPA projects.
- 4) A transfer of \$100,000 was made from the general fund to the golf course fund for the annual subsidy to support the recreation operations.

**NOTE L-RISK MANAGEMENT**

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

The City has established a Health and Dental Self-Insurance Fund. Employees participate in this program and certain other medical insurance programs offered by the City. Under this program, the first \$75,000 of a participant's medical claim are payable by the health and dental self-insurance fund. The City purchases insurance for claims in excess of coverage provided by the fund. The general fund participates in the program and makes payments to the health and dental fund based on estimates of the amount needed to pay current year claims. The claims liability of \$255,260 reported in the fund at June 30, 2024, is based upon the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the claims liability amount were:



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

	Balance at Beginning of Fiscal Year	Claims and Changes in Estimates	Claims Payments	June 30,
2021-2022	\$ <u>140,732</u>	\$ <u>3,310,732</u>	\$ <u>3,332,735</u>	\$ <u>118,729</u>
2022-2023	\$ <u>118,729</u>	\$ <u>2,584,290</u>	\$ <u>2,411,049</u>	\$ <u>291,970</u>
2023-2024	\$ <u>291,970</u>	\$ <u>2,552,256</u>	\$ <u>2,588,966</u>	\$ <u>255,260</u>

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

**NOTE M – TAX ABATEMENTS**

The City provides tax abatements under three programs: the Florence Business Growth and Development Program, the Kentucky Business Investment Program and the Kentucky Jobs Development Act and Payments-in-Lieu-of-taxes (PILOT) Program.

The Florence Business Growth and Development Program is a city initiative focused on offering payroll tax reductions for those businesses that are willing to locate in specific outlined areas in the City limits. The City partners with the Kentucky Business Investment Program (KBI) and Kentucky Jobs Development Act (KJDA) state initiatives that incentivize companies to locate and create jobs and investments in the State of Kentucky. Each agreement has specific quantitative targets that must be achieved in the form of new jobs created or payroll wages created. The Applicant for each incentive program must generate a new minimum payroll and achieve that payroll to receive the 50% rebate of payroll tax. The City had no agreements in effect during fiscal year 2024. The City had none of these programs in effect at June 30, 2024.

Payments-in-Lieu-of-Taxes (PILOT) Program abates City property taxes for an agreed upon period of time. Eligible participants must be located within the geographic boundaries of the City. The abatement is in the form of a suspension of payment for a specified period of time, which is tied to Industrial Revenue Bond (IRB) issuance not to exceed the IRB payment period. The abated amount is equal to the annually assessed fair cash value of the project as determined by the Boone County Property Valuation Administrator (PVA). The land is held by the City of Florence as part of the IRB issuance and is thereby removed for the City tax roll, but still assessed for partial payments.

A five year summary of tax abatements is presented below:

Fiscal Year	Florence	KBI	KJDA	PILOT	Total
2020	\$ -	\$ -	\$ -	\$ -	\$ -
2021	-	-	-	-	-
2022	-	-	-	70,171	70,171
2023	-	-	-	70,361	70,361
2024	-	-	-	268,546	268,546
Totals	\$ -	\$ -	\$ -	\$ 409,078	\$ 409,078

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

**NOTE N – COMMITMENTS**

At June 30, 2024, the City had the following commitments with respect to the following projects:

<u>Projects</u>	<u>Commitments</u>
Firehouse	\$ 5,500,000
Stadium Clubhouse	500,000
Traffic Signal Upgrades	3,550,000
Total	<u>\$ 9,550,000</u>

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

Statement No.100 – *Accounting Changes and Error Corrections* – Implementation with the fiscal year ending in June 30, 2024.

Implementation Guide No. 2023-1 –*Implementation Guide Update—2023* – Implementation with the fiscal year ending in June 30, 2024.

**NOTE P – FUTURE ACCOUNTING STANDARDS**

Statement No. 101 – *Compensated Absences* - Implementation for financial statements starting with the fiscal year that ends December 31, 2024.

Statement No.102 – *Certain Risk Disclosures* – Implementation with the fiscal year ending in June 30, 2025.

**NOTE Q – DATE OF MANAGEMENT’S REVIEW**

Management has evaluated events through September 27, 2024, the date on which the financial statements were available for issue. The City did not have any events subsequent to June 30, 2024 through September 27, 2024 disclose.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds except the capital projects fund, which is not budgeted. Expenditures may not legally exceed budgeted appropriations at the department level. Any revisions to the budget that would alter total revenues of any fund and expenditures of any department must be approved by the Council; however, with proper approval by the City Coordinator, budgetary transfers within departments can be made.

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**CITY OF FLORENCE, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET AND ACTUAL-GENERAL FUND**  
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 52,264,334	\$ 82,945,473	\$ 82,945,473	\$ -
<b>Resources (inflows):</b>				
Taxes:				
Property	9,500,000	9,500,000	10,048,504	548,504
Franchise	525,000	525,000	468,981	(56,019)
Bank deposit	450,000	450,000	426,658	(23,342)
Licenses and permits:				
Payroll license fees	20,000,000	21,500,000	21,339,243	(160,757)
Gross receipts license fees	2,750,000	3,250,000	3,409,079	159,079
Insurance	3,650,000	3,650,000	4,480,460	830,460
Other	175,000	175,000	163,704	(11,296)
Intergovernmental	828,000	3,828,000	927,037	(2,900,963)
Fines and forfeitures	285,000	385,000	828,251	443,251
Charges for services	6,138,000	7,173,000	7,497,061	324,061
Investment income(loss)	1,000,000	1,800,000	2,655,312	855,312
Miscellaneous	130,000	200,000	316,043	116,043
Amounts available for appropriation	<u>97,695,334</u>	<u>135,381,473</u>	<u>135,505,806</u>	<u>124,333</u>
<b>Charges to appropriations (outflows):</b>				
Administration:				
Personnel	2,354,100	2,354,100	1,849,424	504,676
Contractual	1,275,500	1,403,500	1,452,000	(48,500)
Operating/Maintenance	738,500	738,500	753,763	(15,263)
Capital outlay	579,480	862,480	566,612	295,868
Total administration	<u>4,947,580</u>	<u>5,358,580</u>	<u>4,621,799</u>	<u>736,781</u>
Police:				
Personnel	11,730,500	11,730,500	11,393,828	336,672
Contractual	67,000	67,000	63,271	3,729
Operating/Maintenance	480,100	480,100	494,125	(14,025)
Capital outlay	720,000	720,000	647,514	72,486
Total police	<u>12,997,600</u>	<u>12,997,600</u>	<u>12,598,738</u>	<u>398,862</u>
Fire:				
Personnel	11,737,500	11,737,500	11,395,067	342,433
Contractual	175,009	175,009	140,855	34,154
Operating/Maintenance	584,700	584,700	589,552	(4,852)
Capital outlay	718,500	718,500	594,207	124,293
Total fire	<u>13,215,709</u>	<u>13,215,709</u>	<u>12,719,681</u>	<u>496,028</u>

(Continued)

**CITY OF FLORENCE, KENTUCKY**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET AND ACTUAL-GENERAL FUND**  
**For the Year Ended June 30, 2024**

(Continued)

Public services:				
Personnel	\$ 5,198,100	\$ 5,198,100	\$ 4,696,999	\$ 501,101
Contractual	441,000	441,000	407,494	33,506
Operating/Maintenance	1,439,500	1,439,500	1,533,029	(93,529)
Capital outlay	7,965,500	30,157,100	17,261,312	12,895,788
Total public services	<u>15,044,100</u>	<u>37,235,700</u>	<u>23,898,834</u>	<u>13,336,866</u>
Debt service:				
Principal	530,000	530,000	530,000	-
Interest	49,350	49,350	49,350	-
Total debt service	<u>579,350</u>	<u>579,350</u>	<u>579,350</u>	<u>-</u>
Other financing uses:				
Special revenue	1,625,000	4,125,000	3,162,277	962,723
Enterprise fund	100,000	2,600,000	696,882	1,903,118
Total other financing uses	<u>1,725,000</u>	<u>6,725,000</u>	<u>3,859,159</u>	<u>2,865,841</u>
Total charges to appropriations	<u>48,509,339</u>	<u>76,111,939</u>	<u>58,277,561</u>	<u>17,834,378</u>
Budgetary fund balance, June 30	<u>\$ 49,185,995</u>	<u>\$ 59,269,534</u>	<u>\$ 77,228,245</u>	<u>\$ 17,958,711</u>

**CITY OF FLORENCE, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE-BUDGET AND ACTUAL-INFRASTRUCTURE FUND**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 25,112,579	\$ 25,780,207	\$ 25,780,207	\$ -
Resources (inflows):				
Licenses and permits	3,200,000	3,200,000	3,795,853	595,853
Intergovernmental	-	1,799,000	1,056,105	(742,895)
Charges for services	490,000	490,000	490,000	-
Interest	-	700,000	785,003	85,003
Transfer In	1,500,000	1,500,000	1,500,000	-
Amounts available for appropriation	<u>30,302,579</u>	<u>33,469,207</u>	<u>33,407,168</u>	<u>(62,039)</u>
Charges to appropriations (outflows):				
Current:				
Public services	<u>2,315,000</u>	<u>4,304,000</u>	<u>3,240,135</u>	<u>1,063,865</u>
Total	<u>2,315,000</u>	<u>4,304,000</u>	<u>3,240,135</u>	<u>1,063,865</u>
Budgetary fund balances, June 30	\$ <u>27,987,579</u>	\$ <u>29,165,207</u>	\$ <u>30,167,033</u>	\$ <u>1,001,826</u>

**CITY OF FLORENCE, KENTUCKY**  
**SCHEDULE OF CITY CONTRIBUTIONS - PENSION**  
For the Year Ended June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Non-hazardous:</b>										
Contractually required contribution	\$ 512,059	\$ 500,021	\$ 570,792	\$ 650,762	\$ 739,941	\$ 888,203	\$ 914,187	\$ 1,075,822	\$ 1,339,702	\$ 1,446,178
Contributions in relation to the contractually required contribution	512,059	500,021	570,792	650,762	739,941	888,203	914,187	1,075,822	1,339,702	1,446,178
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Portion of compensation paid for active employees on which contributions to the plan are based	\$ 4,016,146	\$ 4,025,938	\$ 4,091,702	\$ 4,494,213	\$ 4,561,907	\$ 4,602,091	\$ 4,736,720	\$ 5,081,825	\$ 5,725,223	\$ 6,196,136
Contributions as a percentage of covered payroll	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	21.17%	23.40%	23.34%
<b>Hazardous:</b>										
Contractually required contribution	\$ 1,538,155	\$ 1,573,840	\$ 1,776,181	\$ 1,994,132	\$ 2,255,582	\$ 2,739,881	\$ 2,867,332	\$ 3,578,359	\$ 5,056,672	\$ 5,408,004
Contributions in relation to the contractually required contribution	1,538,155	1,573,840	1,776,181	1,994,132	2,255,582	2,739,881	2,867,332	3,578,359	5,056,672	5,408,004
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Portion of compensation paid for active employees on which contributions to the plan are based	\$ 7,419,947	\$ 7,768,212	\$ 8,181,397	\$ 8,982,577	\$ 9,073,138	\$ 9,114,707	\$ 9,538,696	\$ 10,568,101	\$ 11,811,895	\$ 13,154,960
Contributions as a percentage of covered payroll	20.73%	20.26%	21.71%	22.20%	24.86%	30.06%	30.06%	33.86%	42.81%	41.11%



**CITY OF FLORENCE, KENTUCKY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY-**  
**NON-HAZARDOUS AND HAZARDOUS**

For the Year Ended June 30, 2024

	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
<b>Non-hazardous:</b>										
City's proportion of the net pension liability	0.17%	0.17%	0.17%	0.17%	0.18%	0.18%	0.18%	0.18%	0.18%	0.20%
City's proportionate share of the net pension liability	\$ 5,584,305	\$ 7,395,498	\$ 8,311,160	\$ 9,838,181	\$ 10,937,457	\$ 12,896,142	\$ 13,657,822	\$ 11,689,618	\$ 13,190,636	\$ 12,933,307
City's covered payroll	\$ 3,948,767	\$ 4,016,146	\$ 4,025,938	\$ 4,091,702	\$ 4,494,213	\$ 4,561,907	\$ 4,602,091	\$ 4,736,720	\$ 5,081,825	\$ 5,825,223
City's proportionate share of the net pension liability as a percentage of its covered payroll	141.42%	184.14%	206.44%	240.44%	243.37%	282.69%	296.77%	246.79%	259.56%	222.02%
Plan fiduciary net position as a percentage of the total pension liability	66.8%	57.5%	55.5%	53.3%	53.3%	50.5%	47.8%	57.3%	52.4%	57.5%
<b>Hazardous:</b>										
City's proportion of the net pension liability	1.38%	1.45%	1.45%	1.47%	1.61%	1.59%	1.55%	1.55%	1.55%	1.69%
City's proportionate share of the net pension liability	\$ 16,541,007	\$ 22,231,240	\$ 25,127,410	\$ 32,940,862	\$ 39,018,175	\$ 43,912,486	\$ 46,603,807	\$ 41,280,187	\$ 47,463,251	\$ 45,700,519
City's covered payroll	\$ 6,971,014	\$ 7,419,947	\$ 7,768,212	\$ 8,181,397	\$ 8,982,577	\$ 9,073,138	\$ 9,114,707	\$ 9,538,696	\$ 10,568,101	\$ 11,811,895
City's proportionate share of the net pension liability as a percentage of its covered payroll	237.28%	299.61%	323.46%	402.63%	434.38%	483.98%	511.30%	432.77%	449.12%	386.90%
Plan fiduciary net position as a percentage of the total pension liability	63.4%	60.0%	54.0%	49.8%	49.3%	46.6%	44.1%	52.3%	47.1%	53.0%

Required supplementary information is intended to show ten years of data. Additional years information will be shown once it becomes available.

**CITY OF FLORENCE, KENTUCKY**  
**SCHEDULE OF CITY CONTRIBUTIONS - OPEB**  
For the Year Ended June 30, 2024

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Non-hazardous:</b>								
Contractually required contribution	\$ 193,537	\$ 211,228	\$ 239,956	\$ 219,060	\$ 225,468	\$ 293,729	\$ 194,085	\$ -
Contributions in relation to the contractually required contribution	193,537	211,228	239,956	219,060	225,468	293,729	194,085	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Portion of compensation paid for active employees on which contributions to the plan are based	\$ 4,091,702	\$ 4,494,213	\$ 4,561,907	\$ 4,602,091	\$ 4,736,720	\$ 5,081,825	\$ 5,725,223	\$ 6,196,136
Contributions as a percentage of covered payroll	4.73%	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%	0.00%
<b>Hazardous:</b>								
Contractually required contribution	\$ 764,960	\$ 839,871	\$ 949,958	\$ 867,720	\$ 908,084	\$ 1,106,480	\$ 800,846	\$ 339,398
Contributions in relation to the contractually required contribution	764,960	839,871	949,958	867,720	908,084	1,106,480	800,846	399,398
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (60,000)
Portion of compensation paid for active employees on which contributions to the plan are based	\$ 8,181,397	\$ 8,982,577	\$ 9,073,138	\$ 9,114,707	\$ 9,538,696	\$ 10,568,101	\$ 11,811,895	\$ 13,154,960
Contributions as a percentage of covered payroll	9.35%	9.35%	10.47%	9.52%	9.52%	10.47%	6.78%	2.58%

Required supplementary information is intended to show ten years of data. Additional years information will be shown once it becomes available.

**CITY OF FLORENCE, KENTUCKY**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF NET OPEB LIABILITY-**  
**NON-HAZARDOUS AND HAZARDOUS**  
**For the Year Ended June 30, 2024**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
<b>Non-hazardous:</b>							
City's proportion of the net OPEB liability	0.17%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%
City's proportionate share of the net OPEB liability(asset)	\$ 3,378,963	\$ 3,188,425	\$ 3,084,134	\$ 4,298,907	\$ 3,508,861	\$ 3,600,597	\$ (278,282)
City's covered payroll	\$ 4,091,702	\$ 4,491,213	\$ 4,561,907	\$ 4,602,091	\$ 4,736,720	\$ 5,081,825	\$ 5,725,223
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.58%	70.99%	67.61%	93.41%	74.08%	70.85%	-4.86%
Plan fiduciary net position as a percentage of the total OPEB liability	52.4%	57.6%	60.4%	51.7%	62.9%	60.9%	104.2%
<b>Hazardous:</b>							
City's proportion of the net OPEB liability	1.47%	1.61%	1.59%	1.55%	1.55%	1.55%	1.55%
City's proportionate share of the net OPEB liability	\$ 12,171,573	\$ 11,503,308	\$ 11,759,524	\$ 14,282,495	\$ 12,537,715	\$ 13,242,722	\$ 2,317,889
City's covered payroll	\$ 8,181,397	\$ 8,982,577	\$ 9,073,138	\$ 9,114,707	\$ 9,538,696	\$ 10,568,101	\$ 11,811,895
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	148.77%	128.06%	129.61%	156.70%	131.44%	125.31%	19.62%
Plan fiduciary net position as a percentage of the total OPEB liability	59.0%	64.2%	64.4%	58.8%	66.8%	64.1%	92.3%

Required supplementary information is intended to show ten years of data. Additional years information will be shown once it becomes available.

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

*Pension*

*Valuation dates.* Actuarially determined contribution rates are calculated as of July 1<sup>st</sup> preceding the fiscal year end in which the contributions are reported.

*Changes in benefit terms.* There were no benefit changes reported in the June 30, 2023 actuarial report.

*Changes in assumptions.* Subsequent to the actuarial valuation date, but prior to the measurement date, the Board adopted updated actuarial assumptions which was used in the performance of the actuarial valuations as of June 30, 2023. Specifically, the total Pension liability as of June 30, 2023 was determined using a 2.30% price inflation and an assumed rate of return of 6.25%.

In addition, refer to Note G starting on page 45.

*OPEB*

*Valuation dates.* Actuarially determined contribution rates are calculated as of July 1<sup>st</sup> preceding the fiscal year end in which the contributions are reported.

*Changes in benefit terms.* There were no benefit changes reported in the June 30, 2023 actuarial report.

*Changes in assumptions.* Subsequent to the actuarial valuation date, but prior to the measurement date, the Board adopted updated actuarial assumptions which was used in the performance of the actuarial valuations as of June 30, 2023. Specifically, the total OPEB liability as of June 30, 2023 was determined using a 2.30% price inflation and an assumed rate of return of 6.25%.

In addition, refer to Note H starting on page 51.

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS  
AND SCHEDULES**

**CITY OF FLORENCE, KENTUCKY**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2024**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Municipal Aid	Asset Forfeiture	Aquatic Center	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,377,115	\$ 319,192	\$ 2,547,211	\$ 4,243,518
Accounts receivable	-	-	232	232
Intergovernmental receivable	71,794	-	-	71,794
Inventory	93,206	-	-	93,206
<b>Total assets</b>	<b>\$ 1,542,115</b>	<b>\$ 319,192</b>	<b>\$ 2,547,443</b>	<b>\$ 4,408,750</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,840	\$ -	\$ 39,710	\$ 55,550
Accrued liabilities	-	-	43,064	43,064
<b>Total liabilities</b>	<b>15,840</b>	<b>-</b>	<b>82,774</b>	<b>98,614</b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventories	93,206	-	-	93,206
<b>Assigned to:</b>				
Special revenue fund	1,433,069	319,192	2,464,669	4,216,930
<b>Total fund balances</b>	<b>1,526,275</b>	<b>319,192</b>	<b>2,464,669</b>	<b>4,310,136</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,542,115</b>	<b>\$ 319,192</b>	<b>\$ 2,547,443</b>	<b>\$ 4,408,750</b>

**CITY OF FLORENCE, KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2024**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Municipal Aid	Asset Forfeiture	Aquatic Center	
<b>REVENUES</b>				
Intergovernmental	\$ 738,339	\$ -	\$ -	\$ 738,339
Charges for services	-	-	658,868	658,868
Uses of property	-	63,434	-	63,434
Interest	48,601	11,417	92,094	152,112
Miscellaneous	-	-	214	214
Total revenues	<u>786,940</u>	<u>74,851</u>	<u>751,176</u>	<u>1,612,967</u>
<b>EXPENDITURES</b>				
Current:				
Police	-	95,295	-	95,295
Public Services	2,216,543	-	893,939	3,110,482
Total expenditures	<u>2,216,543</u>	<u>95,295</u>	<u>893,939</u>	<u>3,205,777</u>
Excess(deficiency) of revenues over(under) expenditures	<u>(1,429,603)</u>	<u>(20,444)</u>	<u>(142,763)</u>	<u>(1,592,810)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,662,277	-	-	1,662,277
Total other financing sources	<u>1,662,277</u>	<u>-</u>	<u>-</u>	<u>1,662,277</u>
Net change in fund balances	232,674	(20,444)	(142,763)	69,467
Fund balances - beginning	<u>1,293,601</u>	<u>339,636</u>	<u>2,607,432</u>	<u>4,240,669</u>
Fund balances - ending	<u>\$ 1,526,275</u>	<u>\$ 319,192</u>	<u>\$ 2,464,669</u>	<u>\$ 4,310,136</u>

**CITY OF FLORENCE, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE-BUDGET AND ACTUAL-MUNICIPAL AID FUND**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 1,433,398	\$ 1,293,601	\$ 1,293,601	\$ -
Resources (inflows):				
Intergovernmental	640,000	640,000	738,339	98,339
Interest	-	40,000	48,601	8,601
Other financing sources:				
Transfer in	125,000	2,625,000	1,662,277	(962,723)
Amounts available for appropriation	<u>2,198,398</u>	<u>4,598,601</u>	<u>3,742,818</u>	<u>(855,783)</u>
Charges to appropriations (outflows):				
Current:				
Public services	685,000	3,185,000	2,216,543	968,457
Total	<u>685,000</u>	<u>3,185,000</u>	<u>2,216,543</u>	<u>968,457</u>
Budgetary fund balances, June 30	\$ <u>1,513,398</u>	\$ <u>1,413,601</u>	\$ <u>1,526,275</u>	\$ <u>112,674</u>



**CITY OF FLORENCE, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE-BUDGET AND ACTUAL-ASSET FORFEITURE FUND**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 322,961	\$ 339,636	\$ 339,636	\$ -
Resources (inflows):				
Uses of property	125,000	125,000	63,434	(61,566)
Interest	2,500	9,500	11,417	1,917
Amounts available for appropriation	<u>450,461</u>	<u>474,136</u>	<u>414,487</u>	<u>(59,649)</u>
Charges to appropriations (outflows):				
Current:				
Police	200,000	200,000	95,295	104,705
Total	<u>200,000</u>	<u>200,000</u>	<u>95,295</u>	<u>104,705</u>
Budgetary fund balances, June 30	<u>\$ 250,461</u>	<u>\$ 274,136</u>	<u>\$ 319,192</u>	<u>\$ 45,056</u>

**CITY OF FLORENCE, KENTUCKY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE-BUDGET AND ACTUAL-AQUATIC CENTER FUND**

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 2,484,290	\$ 2,607,432	\$ 2,607,432	\$ -
Resources (inflows):				
Memberships	300,000	300,000	451,277	151,277
Daily Admissions	150,000	150,000	152,000	2,000
Concessions	20,000	28,500	28,493	(7)
Programs	12,000	20,000	24,184	4,184
Locker Rental	1,000	2,000	2,914	914
Interest	-	65,000	92,094	27,094
Miscellaneous	-	-	214	214
Amounts available for appropriation	<u>2,967,290</u>	<u>3,172,932</u>	<u>3,358,608</u>	<u>185,676</u>
Charges to appropriations (outflows):				
Public services				
Management contract	475,000	500,000	510,591	(10,591)
Utilities	112,700	130,700	119,005	11,695
Repairs and maintenance	60,000	60,000	59,891	109
Supplies	4,000	4,000	2,122	1,878
Bank service charges	14,000	14,000	15,797	(1,797)
Miscellaneous	5,000	5,000	6,052	(1,052)
Capital	360,000	360,000	180,481	179,519
Total	<u>1,030,700</u>	<u>1,073,700</u>	<u>893,939</u>	<u>179,761</u>
Budgetary fund balances, June 30	<u>\$ 1,936,590</u>	<u>\$ 2,099,232</u>	<u>\$ 2,464,669</u>	<u>\$ 365,437</u>

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## STATISTICAL SECTION

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

<b>CONTENTS</b>	<b>PAGE</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	75
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	82
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	87
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	92
Operating Information These schedules contain certain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	94

**CITY OF FLORENCE, KENTUCKY**

**Net Position by Component**

**Last Ten Fiscal Years**

(accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>GOVERNMENTAL ACTIVITIES</b>										
Invested in capital assets	\$ 63,468	\$ 66,566	\$ 67,635	\$ 71,532	\$ 75,075	\$ 77,627	\$ 85,722	\$ 92,767	\$ 99,745	\$ 111,553
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	62,295	66,999	80,834	73,850	71,319	70,038	63,176	67,126	63,518	64,489
Total governmental activities net assets	\$ 125,763	\$ 133,565	\$ 148,469	\$ 145,382	\$ 146,394	\$ 147,665	\$ 148,898	\$ 159,893	\$ 163,263	\$ 176,042
<b>BUSINESS-TYPE ACTIVITIES</b>										
Invested in capital assets	27,496	27,328	27,522	28,798	28,036	27,419	27,109	28,632	34,529	35,060
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,949	7,210	7,535	5,377	5,728	5,731	5,725	4,212	5,340	6,013
Total business-type activities net assets	\$ 34,445	\$ 34,538	\$ 35,057	\$ 34,175	\$ 33,764	\$ 33,150	\$ 32,834	\$ 32,844	\$ 39,869	\$ 41,073
<b>PRIMARY GOVERNMENT</b>										
Invested in capital assets	90,964	93,894	95,157	100,330	103,111	105,046	112,831	121,399	134,274	146,613
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	69,244	74,209	88,369	79,227	77,047	75,769	68,901	71,338	68,858	70,502
Total primary government net assets	\$ 160,208	\$ 168,103	\$ 183,526	\$ 179,557	\$ 180,158	\$ 180,815	\$ 181,732	\$ 192,737	\$ 203,132	\$ 217,115

**CITY OF FLORENCE, KENTUCKY**

**Changes in Net Position**

**Last Ten Fiscal Years**

(accrual basis of accounting)  
(amounts expressed in thousands)

Expenses	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Governmental activities:</b>										
Administration	\$ 3,698	\$ 3,346	\$ 4,042	\$ 4,520	\$ 5,119	\$ 5,872	\$ 5,178	\$ 6,556	\$ 6,985	\$ 4,630
Police	8,462	11,431	8,582	10,708	12,517	13,167	13,140	11,303	12,060	11,587
Fire	5,940	8,728	8,736	9,738	12,145	13,080	13,357	10,427	12,674	12,414
Public services	6,657	8,158	6,503	11,828	12,703	12,610	12,709	13,107	21,035	18,599
Interest on long-term debt	768	1,110	503	484	472	440	366	258	60	50
Total governmental activities	<u>25,525</u>	<u>32,773</u>	<u>28,366</u>	<u>37,278</u>	<u>42,956</u>	<u>45,169</u>	<u>44,750</u>	<u>41,651</u>	<u>52,814</u>	<u>47,280</u>
<b>Business-type activities:</b>										
Water and sewer service	7,847	8,336	8,094	8,951	8,876	9,381	9,428	9,081	9,557	10,249
Golf course	1,335	1,274	1,255	1,217	1,201	1,114	1,346	1,703	2,684	2,787
Total business-type activities	<u>9,182</u>	<u>9,610</u>	<u>9,349</u>	<u>10,168</u>	<u>10,077</u>	<u>10,495</u>	<u>10,774</u>	<u>10,784</u>	<u>12,241</u>	<u>13,036</u>
Total primary government expense	<u>\$ 34,707</u>	<u>\$ 42,383</u>	<u>\$ 37,715</u>	<u>\$ 47,446</u>	<u>\$ 53,033</u>	<u>\$ 55,664</u>	<u>\$ 55,524</u>	<u>\$ 52,435</u>	<u>\$ 65,055</u>	<u>\$ 60,316</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
Administration	\$ 817	\$ 738	\$ 842	\$ 871	\$ 873	\$ 837	\$ 806	\$ 1,007	\$ 992	\$ 1,039
Fire	2,887	3,167	3,346	3,542	3,669	4,166	4,348	4,827	5,024	6,243
Public services	1,021	1,151	1,112	1,204	1,341	1,442	1,175	1,642	1,914	2,187
Other activities	9	7	10	31	14	10	3	7	6	4
Operating grants and contributions	1,037	1,032	911	708	389	3,124	1,592	1,139	899	911
Capital grants and contributions	2,558	2,238	2,523	984	1,015	600	600	4,983	5,093	1,811
Total governmental activities program revenues	<u>8,329</u>	<u>8,333</u>	<u>8,744</u>	<u>7,340</u>	<u>7,301</u>	<u>10,179</u>	<u>8,524</u>	<u>13,605</u>	<u>13,928</u>	<u>12,195</u>
<b>Business-type activities:</b>										
Charges for services:										
Water and sewer service	8,548	8,456	8,666	8,384	8,390	8,766	8,863	9,326	10,026	10,493
Golf course	1,155	1,112	1,034	997	1,023	898	1,470	1,359	2,167	2,688
Capital grants and contributions	-	-	-	468	8	-	-	-	-	-
Total business-type activities program revenues	<u>9,703</u>	<u>9,568</u>	<u>9,700</u>	<u>9,849</u>	<u>9,421</u>	<u>9,664</u>	<u>10,333</u>	<u>10,685</u>	<u>12,193</u>	<u>13,181</u>
Total primary government program revenues	<u>\$ 18,032</u>	<u>\$ 17,901</u>	<u>\$ 18,444</u>	<u>\$ 17,189</u>	<u>\$ 16,722</u>	<u>\$ 19,843</u>	<u>\$ 18,857</u>	<u>\$ 24,290</u>	<u>\$ 26,121</u>	<u>\$ 25,376</u>
Net (expense)/revenue	\$ (17,196)	\$ (24,440)	\$ (19,622)	\$ (29,938)	\$ (35,655)	\$ (34,990)	\$ (36,226)	\$ (28,046)	\$ (38,886)	\$ (35,085)
Governmental activities:	521	(42)	351	(319)	(656)	(831)	(441)	(99)	(48)	155
Business-type activities:	<u>(16,675)</u>	<u>(24,482)</u>	<u>(19,271)</u>	<u>(30,257)</u>	<u>(36,311)</u>	<u>(35,821)</u>	<u>(36,667)</u>	<u>(28,145)</u>	<u>(38,934)</u>	<u>(34,930)</u>

(continued)

**CITY OF FLORENCE, KENTUCKY**

**Changes in Net Position**

**Last Ten Fiscal Years**

(accrual basis of accounting)  
(amounts expressed in thousands)

(continued)

**General Revenues and Other Changes  
in Net Asset**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Governmental activities:</b>										
Taxes:										
Property taxes, levied for										
general purposes	\$ 7,328	\$ 7,446	\$ 7,476	\$ 7,878	\$ 7,741	\$ 8,343	\$ 8,708	\$ 9,134	\$ 9,471	\$ 9,970
Public service taxes	525	526	510	607	578	511	551	494	444	469
Taxes, levied for bank deposits	185	206	220	263	309	306	372	444	478	427
Payroll license	15,831	16,413	17,940	18,731	19,729	19,674	21,000	21,948	24,864	25,136
Gross receipts license	2,250	2,380	2,399	2,554	2,766	2,590	2,574	2,897	3,720	3,409
Insurance premium	4,467	4,266	4,583	4,615	3,184	2,988	3,377	3,637	3,499	4,480
Other	113	124	148	134	138	150	129	160	180	164
Uses of property	95	101	163	127	280	180	27	193	111	63
Interest	292	770	505	1,011	1,644	1,341	614	(600)	1,668	4,126
Miscellaneous	122	110	681	185	398	277	207	833	422	316
Transfers	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(2,600)	(697)
<b>Total governmental activities</b>	<b>31,108</b>	<b>32,242</b>	<b>34,525</b>	<b>36,005</b>	<b>36,667</b>	<b>36,260</b>	<b>37,459</b>	<b>39,040</b>	<b>42,257</b>	<b>47,863</b>
<b>Business-type activities</b>										
Investment earnings	24	35	68	106	144	118	25	-	100	346
Capital contributions	-	-	-	-	-	-	-	10	4,372	6
Transfers	100	100	100	100	100	100	100	100	2,600	697
<b>Total business-type activities</b>	<b>124</b>	<b>135</b>	<b>168</b>	<b>206</b>	<b>244</b>	<b>218</b>	<b>125</b>	<b>110</b>	<b>7,072</b>	<b>1,049</b>
<b>Total primary government</b>	<b>31,232</b>	<b>32,377</b>	<b>34,693</b>	<b>36,211</b>	<b>36,911</b>	<b>36,478</b>	<b>37,584</b>	<b>39,150</b>	<b>49,329</b>	<b>48,912</b>
<b>Change in net assets</b>										
Governmental activities	\$ 31,108	\$ 7,802	\$ 14,903	\$ 6,067	\$ 1,012	\$ 1,270	\$ 1,233	\$ 10,994	\$ 3,371	\$ 12,778
Business-type activities	124	93	519	(113)	(412)	(613)	(316)	11	7,024	1,204
<b>Total primary government</b>	<b>31,232</b>	<b>7,895</b>	<b>15,422</b>	<b>5,954</b>	<b>600</b>	<b>657</b>	<b>917</b>	<b>11,005</b>	<b>10,395</b>	<b>13,982</b>

**CITY OF FLORENCE, KENTUCKY**  
**Governmental Activities Tax Revenues By Source**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Franchise Tax	Bank Deposit Tax	Payroll License Tax	Gross Receipts Tax	Insurance Premium Tax
2015	\$ 7,248,021	\$ 525,169	\$ 185,114	\$ 15,119,231	\$ 2,250,520	\$ 4,467,479
2016	\$ 7,356,483	\$ 526,387	\$ 206,365	\$ 16,412,440	\$ 2,380,422	\$ 4,265,760
2017	\$ 7,422,594	\$ 509,760	\$ 220,124	\$ 17,940,093	\$ 2,399,296	\$ 4,582,660
2018	\$ 7,820,248	\$ 606,610	\$ 263,130	\$ 18,730,631	\$ 2,554,307	\$ 4,615,303
2019	\$ 7,732,182	\$ 577,902	\$ 308,792	\$ 19,726,618	\$ 2,765,864	\$ 3,184,526
2020	\$ 8,328,611	\$ 510,914	\$ 306,525	\$ 19,674,388	\$ 2,589,960	\$ 2,987,739
2021	\$ 8,650,941	\$ 550,553	\$ 371,757	\$ 21,000,471	\$ 2,573,592	\$ 3,377,358
2022	\$ 9,232,640	\$ 494,370	\$ 443,704	\$ 18,626,406	\$ 2,896,896	\$ 3,637,375
2023	\$ 9,368,540	\$ 444,002	\$ 478,553	\$ 24,863,770	\$ 3,719,796	\$ 3,498,625
2024	\$ 10,048,504	\$ 468,981	\$ 426,658	\$ 25,135,096	\$ 3,409,079	\$ 4,480,460



**CITY OF FLORENCE, KENTUCKY**

**Fund balances of Governmental Funds**

**Last Ten Fiscal Years**

(modified accrual basis of accounting)  
(amounts expressed in thousands)

Fiscal Year

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>GENERAL FUND</b>										
Nonspendable	\$ 548	\$ 605	\$ 647	\$ 734	\$ 726	\$ 787	\$ 749	\$ 914	\$ 1,373	\$ 938
Committed to	7,000	7,000	7,000	7,000	7,000	7,000	8,300	9,200	10,300	10,300
Assigned to	-	-	-	-	-	-	-	-	-	-
Unassigned	49,065	55,741	64,471	65,618	68,120	72,285	70,915	75,298	71,272	65,990
Total general fund	\$ 56,613	\$ 63,346	\$ 72,118	\$ 73,352	\$ 75,846	\$ 80,072	\$ 79,964	\$ 85,412	\$ 82,945	\$ 77,228
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Nonspendable	\$ 87	\$ 74	\$ 66	\$ 60	\$ 100	\$ 117	\$ 104	\$ 134	\$ 156	\$ 93
Restricted	1,136	1,030	1,264	1,560	1,750	1,971	2,302	2,162	1,137	-
Assigned to	8,863	10,970	14,722	19,830	23,218	26,692	28,218	28,573	28,727	34,384
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 10,086	\$ 12,074	\$ 16,052	\$ 21,450	\$ 25,068	\$ 28,780	\$ 30,624	\$ 30,869	\$ 30,020	\$ 34,477

GASB 54 was applied in FY 2010 shifting the focus of fund balance availability to the extent the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.

**CITY OF FLORENCE, KENTUCKY**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

(modified accrual basis of accounting)  
(amounts expressed in thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>REVENUES</b>										
Taxes	\$ 7,958	\$ 8,089	\$ 8,152	\$ 8,690	\$ 8,619	\$ 9,146	\$ 9,573	\$ 10,171	\$ 10,291	\$ 10,944
Licenses and permits	22,662	23,183	25,070	26,034	25,817	25,402	27,080	28,642	32,263	33,189
Intergovernmental	3,595	3,270	3,434	1,692	1,404	3,723	2,192	6,122	5,992	2,722
Fines and forfeitures	253	227	217	361	294	288	259	515	737	828
Charges for services	4,480	4,837	5,093	5,288	5,603	6,168	6,074	6,968	7,198	8,646
Uses of property	96	101	163	127	279	180	28	193	111	63
Interest	406	769	505	843	1,644	1,341	573	(600)	1,539	3,592
Miscellaneous	111	110	681	185	200	96	207	834	423	316
Total revenues	39,561	40,586	43,315	43,220	43,860	46,344	45,986	52,845	58,554	60,300
<b>EXPENDITURES</b>										
Current:										
Administration	2,502	2,356	2,548	2,787	3,012	3,671	3,007	3,430	3,676	4,622
Police	7,636	7,340	7,683	8,551	8,902	9,112	9,361	10,658	11,900	12,694
Fire	7,327	6,992	7,283	8,121	9,276	8,770	10,827	10,116	14,137	12,720
Public services	11,103	13,530	11,406	15,497	14,916	15,210	14,352	18,237	28,980	30,249
Debt service:										
Principal	1,060	1,045	1,060	1,065	1,095	1,120	6,315	4,435	515	530
Interest	553	502	485	467	447	423	290	177	60	49
Cost of issuance	74	-	-	-	-	-	-	-	-	-
Total expenditures	30,255	31,765	30,465	36,488	37,648	38,306	44,152	47,053	59,268	60,864
Excess(deficiency) of revenues over(under) expenditures	9,306	8,821	12,850	6,732	6,212	8,038	1,834	5,792	(714)	(564)

(continued)

**CITY OF FLORENCE, KENTUCKY**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

(modified accrual basis of accounting)  
(amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>OTHER FINANCING SOURCES(USES)</b>										
Refunding bonds issued	6,250	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(6,171)	-	-	-	-	-	-	-	-	-
Transfers in	1,825	3,825	1,825	3,325	1,825	1,825	325	125	125	3,162
Transfers out	(1,925)	(3,925)	(1,925)	(3,425)	(1,925)	(1,925)	(425)	(225)	(2,725)	(3,859)
Total other financing sources and uses	(21)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(2,600)	(697)
Net change in fund balances	\$ 9,285	\$ 8,721	\$ 12,750	\$ 6,632	\$ 6,112	\$ 7,938	\$ 1,734	\$ 5,692	\$ (3,314)	\$ (1,261)
Debt service as a percentage of noncapital expenditures	7.76%	6.67%	5.79%	5.71%	5.59%	5.07%	18.73%	12.64%	1.37%	1.46%

(continued)

**CITY OF FLORENCE, KENTUCKY**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

<u>Fiscal Year</u>		<u>Property Tax</u>	<u>Franchise Tax</u>	<u>Bank Deposit Tax</u>	<u>Total</u>
2015	\$	7,248	\$ 525	\$ 185	\$ 7,958
2016	\$	7,357	\$ 526	\$ 206	\$ 8,089
2017	\$	7,423	\$ 510	\$ 220	\$ 8,153
2018	\$	7,820	\$ 607	\$ 263	\$ 8,690
2019	\$	7,732	\$ 578	\$ 309	\$ 8,619
2020	\$	8,328	\$ 511	\$ 306	\$ 9,145
2021	\$	8,651	\$ 551	\$ 372	\$ 9,574
2022	\$	9,233	\$ 494	\$ 444	\$ 10,171
2023	\$	9,368	\$ 444	\$ 480	\$ 10,292
2024	\$	10,048	\$ 469	\$ 427	\$ 10,944

**CITY OF FLORENCE, KENTUCKY**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property			Less: Tax-Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Personal Property			
2015	\$ 1,167,812,275	\$ 1,321,557,354	\$ 358,457,842	\$ 74,880,000	\$ 2,772,947,471	2.46
2016	\$ 1,130,225,380	\$ 1,416,310,940	\$ 372,591,995	\$ 82,040,150	\$ 2,837,088,165	2.46
2017	\$ 1,116,788,389	\$ 1,478,581,450	\$ 413,566,187	\$ 79,187,400	\$ 2,929,748,626	2.46
2018	\$ 1,050,419,962	\$ 1,544,170,780	\$ 390,044,245	\$ 81,396,400	\$ 2,903,238,587	2.46
2019	\$ 1,074,055,327	\$ 1,580,543,391	\$ 416,072,481	\$ 83,584,800	\$ 2,987,086,399	2.46
2020	\$ 1,215,538,158	\$ 1,632,965,781	\$ 375,622,801	\$ 88,542,900	\$ 3,135,583,840	2.46
2021	\$ 1,262,270,775	\$ 1,698,015,751	\$ 479,138,787	\$ 88,778,700	\$ 3,350,646,613	2.46
2022	\$ 1,286,015,137	\$ 1,712,488,431	\$ 543,167,681	\$ 91,570,500	\$ 3,450,100,749	2.46
2023	\$ 1,447,406,797	\$ 1,743,152,031	\$ 488,475,112	\$ 93,883,000	\$ 3,585,150,940	2.46
2024	\$ 1,457,454,482	\$ 1,778,425,841	\$ 792,594,377	\$ 111,336,700	\$ 3,917,138,000	2.46

SOURCE: Boone County PVA

NOTE: Property in the city is reassessed every four years. The county assesses property at 100% of fair market value for all types of real and personal property. Tax rates are per \$1,000 assessed value.

**CITY OF FLORENCE, KENTUCKY**

**Property Tax Rates (1)**

**Direct and Overlapping (2) Governments**

**Last Ten Fiscal Years**

Fiscal Year	Direct Rates City of Florence			Overlapping Rates County				Total Direct and Overlapping Rates
	Florence	Hazardous	Boone County	Extension Services		Health	Library	
2015	\$ 1.820	\$ 0.640	\$ 1.050	\$ 0.180	\$ 0.190	\$ 0.520	\$ 4.400	
2016	\$ 1.820	\$ 0.640	\$ 1.050	\$ 0.180	\$ 0.190	\$ 0.520	\$ 4.400	
2017	\$ 1.820	\$ 0.640	\$ 1.050	\$ 0.180	\$ 0.190	\$ 0.520	\$ 4.400	
2018	\$ 1.820	\$ 0.640	\$ 1.050	\$ 0.180	\$ 0.190	\$ 0.520	\$ 4.400	
2019	\$ 1.820	\$ 0.640	\$ 1.040	\$ 0.180	\$ 0.190	\$ 0.520	\$ 4.390	
2020	\$ 1.820	\$ 0.640	\$ 1.020	\$ 0.180	\$ 0.213	\$ 0.510	\$ 4.383	
2021	\$ 1.820	\$ 0.640	\$ 1.010	\$ 0.175	\$ 0.213	\$ 0.490	\$ 4.348	
2022	\$ 1.810	\$ 0.650	\$ 0.980	\$ 0.170	\$ 0.210	\$ 0.460	\$ 4.280	
2023	\$ 1.810	\$ 0.650	\$ 0.980	\$ 0.167	\$ 0.200	\$ 0.450	\$ 4.257	
2024	\$ 1.810	\$ 0.650	\$ 0.960	\$ 0.160	\$ 0.200	\$ 0.440	\$ 4.220	

(1) Per \$1000 assessed valuation

(2) Overlapping rates are those of the county government that apply to property owners living in the City of Florence.

# CITY OF FLORENCE, KENTUCKY

## Principal Property Taxpayers

June 30, 2024

Taxpayer	2024			2015		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Amazon Data Services, Inc	\$ 64,523,645	1	1.80%	\$		
Ingrasys Technology USA	50,927,610	2	1.42%			
Florence Mall, LLC	38,100,000	3	1.06%	99,100,000	1	3.57%
New Plan Property Holding	35,353,735	4	0.98%	37,650,135	2	1.35%
Robert Bosch Automotive Steering	30,674,600	5	0.85%			
Ted Bushelman Blvd LLC	30,000,000	6	0.84%			
Paddock Club Apartments, LLC	28,150,000	7	0.78%			
Vinings Trace LLC	27,385,630	8	0.76%			
Gregal-Gam Florence, LLC	24,825,000	9	0.69%			
Star Wetherington, LLC	23,894,000	10	0.67%			
Turfway Park				21,900,000	3	0.79%
Cabet Turfway Ridge				21,500,000	4	0.77%
ZF Steering				17,033,279	10	0.61%
IBM Credit				20,302,320	5	0.73%
Trellises Apartments II LLC				19,410,000	6	0.70%
Bluegrass RHF Housing				18,000,000	7	0.65%
Walmart Real Estate				18,000,000	8	0.65%
GPT Properties Trust				18,000,000	9	0.65%
<b>TOTAL</b>	<b>\$ 353,834,220</b>		<b>9.85%</b>	<b>\$ 290,895,734</b>		<b>10.47%</b>

**CITY OF FLORENCE, KENTUCKY**  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

Fiscal Year	Total Tax		Current Tax		Discounts	Percent of Current Taxes Collected	Collections in Subsequent Years	Total Collections to Date	
	Levy	Collections	Collections	Amount				Amount	Percentage of Collection
2015	\$ 7,274,130	\$ 7,102,792	\$ (128,458)	99%	\$ 42,880	\$ 7,145,672	98%		
2016	\$ 7,433,766	\$ 7,303,672	\$ (130,094)	99%	3,386	\$ 7,307,058	98%		
2017	\$ 7,823,820	\$ 7,554,189	\$ (131,595)	97%	138,036	\$ 7,692,225	98%		
2018	\$ 7,864,044	\$ 7,726,011	\$ (138,033)	99%	14,776	\$ 7,740,787	98%		
2019	\$ 8,090,585	\$ 7,843,669	\$ (126,263)	98%	70,679	\$ 7,914,348	98%		
2020	\$ 8,397,170	\$ 8,247,408	\$ (149,762)	99%	7,562	\$ 8,254,970	98%		
2021	\$ 8,798,392	\$ 8,644,270	\$ (154,122)	99%	3,254	\$ 8,647,524	98%		
2022	\$ 9,252,179	\$ 9,096,383	\$ (155,796)	99%	4,658	\$ 9,101,041	98%		
2023	\$ 9,508,511	\$ 9,193,062	\$ (169,982)	98%	50,352	\$ 9,243,414	97%		
2024	\$ 10,014,482	\$ 10,169,561	\$ (179,323)	99%	-	\$ 10,169,561	102%		



**CITY OF FLORENCE, KENTUCKY**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Type Activities				Business-Type Activities				Total			
	General Obligations Bonds	Public Properties Bonds			Water Bonds	Sewer Bonds	Capital Leases	Public Properties/GO Bonds		Capital Leases	Primary Government	Debt per Population
		Properties Bonds	Bonds	GO Bonds				Properties/GO Bonds				
2015	\$ 18,790,000	\$ -	\$ -	\$ -	\$ 2,020,000	\$ -	\$ -	\$ 730,000	\$ -	\$ -	\$ 21,540,000	\$ 675
2016	\$ 17,795,000	\$ -	\$ -	\$ -	\$ 1,810,000	\$ -	\$ -	\$ 380,000	\$ -	\$ -	\$ 19,985,000	\$ 627
2017	\$ 16,735,000	\$ -	\$ -	\$ -	\$ 1,595,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,330,000	\$ 565
2018	\$ 15,670,000	\$ -	\$ -	\$ -	\$ 1,375,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,045,000	\$ 525
2019	\$ 14,575,000	\$ -	\$ -	\$ -	\$ 1,155,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,730,000	\$ 485
2020	\$ 13,455,000	\$ -	\$ -	\$ -	\$ 930,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,385,000	\$ 443
2021	\$ 7,140,000	\$ -	\$ -	\$ -	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,840,000	\$ 235
2022	\$ 2,705,000	\$ -	\$ -	\$ -	\$ 475,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,180,000	\$ 98
2023	\$ 2,190,000	\$ -	\$ -	\$ -	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,430,000	\$ 74
2024	\$ 1,660,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,660,000	\$ 51

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

(1) See the Schedule of Demographic and Economic Statistics on page 94 for personal income and population data.

(2) Public Properties Bonds

**CITY OF FLORENCE, KENTUCKY**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligations Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value(1) of Property</u>	<u>Per Capita (2)</u>
2015	\$ 19,520,000	\$ -	\$ 19,520,000	0.70%	\$ 612
2016	\$ 18,175,000	\$ -	\$ 18,175,000	0.64%	\$ 570
2017	\$ 16,735,000	\$ -	\$ 16,735,000	0.64%	\$ 516
2018	\$ 15,670,000	\$ -	\$ 15,670,000	0.54%	\$ 483
2019	\$ 14,575,000	\$ -	\$ 14,575,000	0.49%	\$ 449
2020	\$ 13,455,000	\$ -	\$ 13,455,000	0.43%	\$ 414
2021	\$ 7,140,000	\$ -	\$ 7,140,000	0.21%	\$ 214
2022	\$ 2,705,000	\$ -	\$ 2,705,000	0.08%	\$ 83
2023	\$ 2,190,000	\$ -	\$ 2,190,000	0.08%	\$ 67
2024	\$ 1,660,000	\$ -	\$ 1,660,000	0.04%	\$ 51

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

(1) See the Schedule of Assessed Value of Taxable Property on page 83 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on Page 92.

**CITY OF FLORENCE, KENTUCKY**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2024**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County	\$ 139,372,556	24.00%	\$ 33,449,413
Subtotal, overlapping debt			<u>33,449,413</u>
City of Florence direct debt			<u>1,660,000</u>
Total direct and overlapping			<u>\$ 35,109,413</u>

Source: Kentucky Local Debt Report

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Florence. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

**CITY OF FLORENCE, KENTUCKY**

**Legal Debt Margin Information**

Last Ten Fiscal Years

(amounts expressed in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 277,295	\$ 283,709	\$ 292,975	\$ 290,324	\$ 298,708	\$ 313,558	\$ 335,065	\$ 345,010	\$ 358,515	\$ 391,714
Total net debt applicable to limit	19,520	18,175	16,735	15,670	14,575	14,575	7,140	2,705	2,190	1,660
Legal debt margin	257,775	265,534	276,240	274,654	284,133	298,983	327,925	342,305	356,325	390,054
Total net debt applicable to the limit as a percentage of debt limit	7.04%	6.41%	5.71%	5.40%	4.88%	4.65%	2.13%	0.78%	0.61%	0.42%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Taxable assessed value	\$ 3,917,138
Debt limit(10% for total taxable assessed value)	391,714
Debt applicable to limit:	
General obligation bonds	1,660
Less: amount set aside for repayment general obligation debt	-
Total net debt applicable to limit	1,660
Legal debt margin	\$ 390,054

Note: Under state finance law, the City of Florence's outstanding debt should not exceed 10 percent of assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

**CITY OF FLORENCE, KENTUCKY**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Sewer and Water Revenue Bonds							Coverage
	Sewer/Water		Less:		Net		Debt Service	
	Charges and Other	Operating Expenses	Operating Expenses	Available Revenue	Principal	Interest		
2015	\$ 8,548,161	\$ 7,733,558	\$ 814,603	\$ 210,000	\$ 34,928	333%		
2016	\$ 8,455,603	\$ 8,363,162	\$ 92,441	\$ 210,000	\$ 33,405	38%		
2017	\$ 8,666,172	\$ 8,038,066	\$ 628,106	\$ 215,000	\$ 30,323	256%		
2018	\$ 8,384,213	\$ 8,898,793	\$ (514,580)	\$ 220,000	\$ 27,170	-208%		
2019	\$ 8,389,947	\$ 8,825,063	\$ (435,116)	\$ 220,000	\$ 24,918	-178%		
2020	\$ 8,766,276	\$ 9,333,418	\$ (567,142)	\$ 225,000	\$ 20,754	-231%		
2021	\$ 8,862,856	\$ 9,385,090	\$ (522,234)	\$ 230,000	\$ 17,455	-211%		
2022	\$ 9,325,504	\$ 9,043,694	\$ 281,810	\$ 225,000	\$ 13,645	118%		
2023	\$ 10,026,420	\$ 9,529,349	\$ 497,071	\$ 235,000	\$ 8,644	204%		
2024	\$ 10,498,974	\$ 10,245,436	\$ 253,538	\$ 240,000	\$ 3,000	104%		

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

**CITY OF FLORENCE, KENTUCKY****Demographic and Economic Statistics****Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Median Income (2)</u>	<u>Median Age (2)</u>	<u>Unemployment Rate (3)</u>
2015	31,888	\$ 1,659,866,064	\$ 52,053	36.8	5.5%
2016	31,888	\$ 2,168,320,224	\$ 67,998	37.0	5.5%
2017	32,460	\$ 1,967,140,920	\$ 60,602	37.3	5.5%
2018	32,460	\$ 2,111,295,780	\$ 65,043	37.1	5.0%
2019	32,460	\$ 2,542,494,420	\$ 78,327	37.5	3.9%
2020	32,346	\$ 2,475,859,878	\$ 76,543	37.6	4.2%
2021	32,346	\$ 2,093,368,428	\$ 64,718	38.9	4.4%
2022	32,346	\$ 2,178,567,792	\$ 67,352	39.3	4.4%
2023	32,618	N/A	N/A	N/A	3.2%
2024	32,618	N/A	N/A	N/A	4.2%

(1) Census Bureau and Kentucky State Data Center

(2) Data USA

(3) Bureau of Labor Statistics Data and Kentucky State Data Center

**CITY OF FLORENCE, KENTUCKY**

**Principal Employers**

Current Year and Nine Years Ago

<u>Taxpayer</u>	2024			2015		
	Occupational Fees	Rank	Percentage of Occupational City Fees	Occupational Fees	Rank	Percentage of Total City Employment
St. Elizabeth Healthcare	\$ 1,404,452	1	5.56%	\$ 903,221	1	5.00%
Boone County Board of Ed	986,731	2	3.92%	832,012	2	4.60%
Robert Bosch Automotive	896,624	3	3.45%	732,637	3	4.05%
M-I, LLC				507,848	4	2.81%
St. Elizabeth Physicians	569,650	4	2.02%	323,978	8	1.79%
Jabil	559,923	5	1.99%			
Meritor Heavy Vehicle	485,730	7	1.77%	375,934	6	2.08%
Eagle Manufacturing				346,109	7	1.91%
Department of Treasury	481,198	6	1.72%	453,162	5	2.50%
Automotive Steering	477,730	8	1.67%			
Sweco	417,106	9	1.50%			
Walmart				289,029	9	1.60%
City of Florence				241,834	10	1.34%
Charter Communications	388,503	10	1.37%			
<b>TOTAL</b>	<b>\$ 6,667,647</b>		<b>24.97%</b>	<b>\$ 5,005,764</b>		<b>27.68%</b>

Source: Tri-County Economic Development Corporation

**CITY OF FLORENCE, KENTUCKY**  
**Full-time Equivalent Government Employees by Function**  
 Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Administration:										
Mayor's office	4	5	5	5	8	8	8	8	10	13
Finance	10	8	8	8	8	8	8	7	7	7
Human resources	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Information technology	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Public services:										
Professional	19	19	20	20	19	22	22	22	22	22
Maintenance	21	21	21	22	22	22	24	29	29	29
Police:										
Sworn	64	64	64	64	64	64	64	67	70	73
Civilian	4	4	4	4	4	4	4	4	4	4
Fire:										
Sworn	57	60	63	63	63	63	63	72	72	73
Civilian	1	1	1	1	1	2	2	2	2	2
Parks and recreation:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water and sewer administration	1	1	1	1	1	1	1	1	1	1
Water	9	9	9	9	9	9	9	9	9	9
Sewer	10	10	10	10	10	10	10	10	10	10

Source: Finance department.



**CITY OF FLORENCE, KENTUCKY**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Police:</b>										
Physical arrests	2,736	2,501	2,017	2,364	2,127	1,732	1,283	1,283	1,669	1,763
Traffic violations	5,188	5,768	5,854	6,478	5,274	2,288	2,189	2,882	2,006	3,618
Parking violations	93	114	143	90	121	116	62	62	80	82
<b>Fire:</b>										
Number of calls answered:										
Fire	2,492	2,496	3,461	3,658	3,869	3,767	3,801	3,801	3,944	1,840
Ambulance	6,819	6,982	7,796	8,267	8,531	8,212	8,343	8,343	7,886	8,857
Inspections	2,575	2,527	2,097	1,426	1,442	1,054	1,106	1,106	1,525	1,900
<b>Highways and streets:</b>										
Street resurfacing(lane miles)	8.48	8.48	10.36	10.36	10.36	9.60	9.60	9.60	9.60	9.60
<b>Water:</b>										
New connections	46	35	26	25	32	41	35	35	17	90
Water main breaks	34	30	32	54	52	56	47	47	30	34
Average daily consumption (thousands of gallons)	2,995	2,945	2,996	3,185	3,007	3,010	2,987	2,987	3,043	3,049

Source: Various city departments

**CITY OF FLORENCE, KENTUCKY**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	34	34	34	34	34	34	34	34	34	47
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Highways and streets:										
Streets(miles)	169	169	169	169	173	173	193	193	181	181
Streetlights	2,103	2,103	2,111	2,115	2,115	2,115	3,246	3,246	3,265	3,296
Culture and recreation:										
Parks	9	9	9	9	9	12	12	12	12	13
Parks acreage	163.5	163.5	163.5	163.5	163.5	172.0	172.0	172.0	172.0	172.5
Swimming pools	1	1	1	1	1	1	1	1	1	1
Ball fields	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	4	4	5
Water:										
Water mains	150	146	146	147	151	147	147	147	148	154
Fire hydrants	1,598	1,605	1,605	1,621	1,632	1,632	1,631	1,631	1,669	1,664
Maximum daily capacity (thousands of gallons)	4,183	4,120	3,840	3,773	3,310	3,373	3,463	3,463	4,126	3,976
Sewer:										
Contained sanitary/storm sewers (miles)	274	274	274	200	201	196	197	197	203	203

Source: Various city departments

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Florence, Kentucky as of June 30, 2024 and the related notes to the financial statements which collectively comprise the City of Florence, Kentucky's financial statements, and have issued our report thereon dated September 27, 2024.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Chamberlin Owen & Co., Inc.*

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

Erlanger, Kentucky  
September 27, 2024