

CITY OF MURRAY, KENTUCKY
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2024

CITY OF MURRAY, KENTUCKY
TABLE
OF CONTENTS

Introductory Section

City Council and Administration Staff

Financial Section

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Statement of Net Position – Proprietary Funds	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	17
Statement of Cash Flows- Proprietary Funds	18
Statement of Fiduciary Funds Net Position	20
Statement of Changes in Fiduciary Net Position	21
Notes to the Basic Financial Statements	22
Required Supplementary Information	
Schedules of Proportionate Share of the Net Pension Liability – County Employees Retirement System of Kentucky Retirement Systems	47
Schedules of Contributions – County Employees Retirement System of Kentucky Retirement Systems	49
Schedules of Proportionate Share of the Net OPEB Liability – County Employees Retirement System of Kentucky Retirement Systems	51
Schedules of OPEB Contributions – County Employees Retirement System of Kentucky Retirement Systems	53
Notes to Schedules – County Employees Retirement System	55
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	57
Supplementary and Other Information Section	
Combining Balance Sheets – Nonmajor Governmental Funds	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	60
Combining Statement of Net Position – Internal Service Funds	61
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	62
Combining Statement of Cash Flows – Internal Service Funds	63
Internal Control and Compliance Section	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	65

INTRODUCTORY SECTION

CITY OF MURRAY, KENTUCKY

June 30, 2024

CITY COUNCIL

Jeremy Bell
Alice Rouse
Linda Cherry
Danny Hudspeth
Rose Ross Elder
Johnny Bohannon
Monty McCuiston
John Mark Roberts
Joe Darnell
Wesley Bolin
Bonnie Higginson
Terry Strieter

ADMINISTRATIVE STAFF

Bob Rogers, Mayor

Tammy Roberts, Director of Finance

FINANCIAL SECTION



Honorable Mayor Bob Rogers and
Members of the City Council
City of Murray, Kentucky

Independent Auditor's Report

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 City of Murray, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Murray, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 13, 2025 on our consideration of the City of Murray, 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 Murray, 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 Murray, Kentucky's internal control over financial reporting and compliance.

Romaine & Associates, PLLC

Paducah, Kentucky
Murray, Kentucky
Certified Public Accountants

March 13, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Murray's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the City's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The net position of all City activities is \$86,088,185. This represents an overall increase of \$8,523,296 over the prior year. A breakout shows an increase of \$5,987,787 in business-type activities and an increase of \$2,535,509 in governmental activities.
- In the General Fund, revenues and other financing sources fell below expenditures and other uses by \$781,054 decreasing the fund balance to \$17,832,348 as shown in the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds.
- All four business-type activities (Water and Sewer, Natural Gas, Sanitation, and Stormwater Utility) have a combined, positive net income totaling \$5,993,265 as shown in the Statement of Revenues, Expenditures, and Changes in Fund Balances Proprietary Funds.

USING THIS ANNUAL AUDIT

This annual financial report consists of a series of financial statements. The Statement of Net Position (page 9) and the Statement of Activities (pages 10-11) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements begin on page 12. For governmental activities, these statements provide an overview of how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts as a trustee or agent for the benefit of those outside of the government.

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 4. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse as a result of the year's activities?" The Statement of Net Position, page 9 and the Statement of Activities, page 10 report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. The City's net assets (what the citizens own) and liabilities (what the citizens owe) may serve as a way to measure the City's financial position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating. Other non-financial factors should be considered, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, water and sewer lines) to assess the overall health of the City. In the Statement of Net Position and the Statement of Activities, the City is separated into two kinds of activities.

- Governmental activities - Most of the City's basic services are reported here, including the Police, Fire, Street, Planning and Administration departments. Property taxes, insurance premium taxes, occupational taxes, franchise fees, business licenses, and state and federal grants finance most of these activities.
- Business-type activities - The City charges fees to customers to help cover all or most of the cost of certain services it provides. The City's Water and Sewer, Natural Gas, Sanitation, and Stormwater Utility departments are reported here.

THE CITY AS A WHOLE

Governmental Activities

- A year-over-year comparison shows General Fund revenue decreased \$1,034,847 while total Governmental Funds revenue decreased \$1,446,459. This is due to reduced grant funds received in FY24.
- General Fund expenditures decreased \$62,731 while total Governmental Fund expenditures decreased \$54,189.
- Occupational tax (payroll tax), the largest single revenue category for the General Fund, increased 6% in 2024 to \$4,859,149.
- The second largest single revenue category, property taxes, increased 9.8% to \$4,065,921.
- Insurance premium tax revenue is the third largest stream of income, increased 12.3% to \$2,313,203.

Business-type Activities

Murray Water and Sewer System

- The Water and Sewer System's total operating revenues are \$11,277,796. When compared to the total operating expenses of \$9,442,808, results in an operating income of \$1,834,988, a decrease of 7% from FY23 \$1,974,922.

Murray Natural Gas System

- The Gas System's total operating revenues are \$8,697,027. When compared to the total operating expenses of \$7,418,089, results in an operating income of \$1,278,938, an increase of 224.8% from FY23 operating loss of \$1,024,457. The improvement is due to lower gas cost and a mild winter in 2024.

Sanitation Department

- The City entered into an agreement with Republic Services of Kentucky, LLC on October 1, 2016 to provide refuse collection services within the City limits. The City still owns, maintains control of, and operates the Transfer Station.
- The Sanitation Department's total operating revenues are \$4,213,220. When compared to the total operating expenses of \$4,162,156, results in an operating income of \$51,064.

Stormwater Utility

- The Stormwater Utility's total operating revenues are \$583,040. When compared to the total operating expenses of \$251,743 results in an operating income of \$331,297.

City Pension Costs

The City of Murray participates in the State's CERS retirement program. Under the County Employee Retirement System (CERS) plan, employee contributions are deposited into two plans- nonhazardous and hazardous. In FY15 the City implemented Government Accounting Standards Board (GASB) Statement No. 68, which requires that the City report and fully disclose its share of net pension liability. CERS has assigned to the City its proportional share of the net pension's liability. "The net pension liability is 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." As of June 30, 2024, the City's proportional share of net pension liability and net OPEB liability is \$24,111,872, and \$478,505, respectively, a decrease of \$10,721,256 from last year. While the City reports positive balances of total net position for Governmental and Business-type Activities, disclosing the City's net liability in the County Employee Retirement System has been a driving factor of a negative unrestricted fund balance of \$7,387,615 for governmental funds, as can be seen in the Statement of Net Position page 9.

The following tables provide a summary of the City's year-over-year comparison of retirement costs:

	FYE	FYE	FYE	FYE	FYE	FYE	FYE
Net Pension Liabilities							
Non Hazardous	\$ 10,105,616	\$ 11,304,587	\$ 10,335,210	\$ 12,829,317	\$11,932,756	\$ 8,927,778	\$ 8,855,527
Hazardous	\$ 13,755,390	\$ 16,108,551	\$ 15,355,042	\$ 17,727,010	\$ 17,784,182	\$ 14,394,390	\$ 13,427,519
Pension Expenses							
Non Hazardous	\$ 367,602	\$ 1,113,490	\$ 1,198,424	\$ 2,133,868	\$ 2,104,053	\$ 1,039,744	\$ 1,218,302
Hazardous	\$ 352,704	\$ 1,566,631	\$ 1,502,328	\$ 2,774,228	\$ 3,897,102	\$ 2,614,341	\$ 2,206,897

Currently the City of Murray contributes to the two CERS plans based on employee retirement wages. As can be seen below, historically the City experienced significant increases in the amount of employee retirement costs each year until FY23-24 when both employer rates were reduced for the first time since FY15-16. The CERS Board of Trustees again approved contribution rate reductions for Fiscal Year 2026. Nonhazardous and hazardous rates will decrease by 3.63 and 5.08 percentage points, respectively

Retirement Contribution Rates

	Nonhazardous	Hazardous
FY15-16	17.06%	32.95%
FY16-17	18.68%	31.06%
FY17-18	19.18%	31.55%
FY18-19	21.48%	35.34%
FY19-20	24.06%	39.58%
FY20-21	24.06%	39.58%
FY21-22	26.95%	44.33%
FY22-23	26.79%	49.59%
FY23-24	23.34%	43.69%
FY24-25	19.71%	38.61%
**FY25-26	18.62%	35.73%

"The CERS Board of Trustees met on December 1, 2021 and adopted CERS employer contribution rates for Fiscal Year 2023. These rates are effective July 2023 and were set in accordance with KRS 61.565(5) which caps CERS employer rate increases up to 12% over the prior fiscal year for the period of July1, 2018 to June 30, 2028." *kyret.ky.gov*

**The new rates do not include the 12% year-over-year increase included in the 2018 phase-in bill.

Other Post-Employment Benefits (OPEB)

During fiscal year 2018, the City of Murray adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB). OPEB requires the City to report its proportional share of the liability for retirement benefits other than pension benefits, namely healthcare benefits. At June 30, 2024 the City's proportionate share of the net OPEB liability (asset) of the nonhazardous plan is (\$217,396) and \$700,868 for the hazardous plan.

A full description of the retirement plans and the associated pension assumptions and liabilities are discussed in greater detail at Note 3-Detail Notes, part G. Retirement Plan. A full description of Other Post-Employment Benefits (OPEB) and the associated assumptions and liabilities are discussed in greater detail at Note 3-Detail Notes, part H. Retirement Plan.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

- In Governmental Activities, property, plant, and equipment increased by a total cost of \$1,276,150. a net increase of \$563,881 in Machinery and Equipment, building improvements of \$14,249 and an increase of \$698,020 in Infrastructure. Net of depreciation, the total Net Capital Assets – Governmental increased by \$330,572.
- In the Business-type Activities, property, plant, and equipment increased by a total cost of \$8,281,820. This consists mostly of improvements to the utility systems

Debt

- There was no new debt issued in Fiscal Year 2024 for General Governmental Activities. As of June 30, 2024, the total capital debt outstanding for General Governmental Activities is \$4,061,623 which is a decrease of \$406,679 over the prior year.
- No new debt was issued for Business-type Activities. A reduction in debt of \$3,014,459 occurred because of principal payments during FY24. As of June 30, 2024, the total debt outstanding for Business-Type Activities is \$53,359,757.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Preliminary data for the City in fiscal year 2025 mirrors the economic uncertainty presently experienced at the State and Federal levels. Rising personnel costs – most notably in the form of wages and healthcare – continue to compete with spending in operational areas and on capital projects. Supply chain issues and rising costs due to inflation continued in fiscal year 2024, which resulted in significant increases in costs of materials, supplies, and personnel. The inflationary effect has carried into 2025 and likely will linger for years. As always, the City is constantly monitoring many factors present in today's economy and adjusting funding and expenditure measures accordingly. The City's current revenue sources appear to be adequate to provide the quality of service expected for our customers while maintaining a stable tax environment. We will continue to optimize internal and external efficiencies wherever possible in our effort to provide the greatest benefit to our stakeholders at the lowest possible cost.

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 of the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director's office at 500 Main Street, Murray, Kentucky, 42071.

Respectfully submitted,

Tammy Roberts
Director of Finance

BASIC FINANCIAL STATEMENTS

CITY OF MURRAY, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash in banks and on hand	\$ 17,203,927	\$ 22,284,035	\$ 39,487,962
Receivables (net of allowance for uncollectible)			
Taxes	200,458		200,458
Customer		1,319,276	1,319,276
Other	1,585,149	5,378	1,590,527
Internal balances	-	434,821	434,821
Prepaid		7,942	7,942
Materials and supplies, at average cost	66,606	1,110,461	1,177,067
Noncurrent assets			
Right to use assets, net of amortization	42,143	78,966	121,109
Net capital assets	19,897,131	103,801,597	123,698,728
Restricted assets	2,816,813	9,434,795	12,251,608
Total assets	<u>41,812,227</u>	<u>138,477,271</u>	<u>180,289,498</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	4,213,592	2,200,271	6,413,863
Deferred outflows related to OPEB	1,544,592	900,483	2,445,075
Total deferred outflows	<u>5,758,184</u>	<u>3,100,754</u>	<u>8,858,938</u>
Liabilities			
Accounts payable	884,366	1,711,106	2,595,472
Accrued salaries and wages	180,651	128,387	309,038
Internal Balances	434,821	-	434,821
Other accrued liabilities	265,080	123,846	388,926
Customer deposits		765,645	765,645
Accrued interest payable		311,909	311,909
Noncurrent liabilities			
Net pension liability	16,167,848	7,944,024	24,111,872
Net OPEB liability (asset)	649,400	(170,895)	478,505
Due within one year	744,072	3,122,930	3,867,002
Due in more than one year:			
Accrued compensated absences	261,143	459,056	720,199
Notes payable	3,648,706	50,315,793	53,964,499
Lease liability	5,671	-	5,671
Total non-current liabilities	<u>21,476,840</u>	<u>61,670,908</u>	<u>54,690,369</u>
Total liabilities	<u>23,241,758</u>	<u>64,711,801</u>	<u>87,953,559</u>
Deferred inflows of Resources			
Deferred inflows related to pensions	4,297,769	1,812,785	6,110,554
Deferred inflows related to OPEB	5,871,257	3,124,176	8,995,433
Total deferred inflows	<u>10,169,026</u>	<u>4,936,961</u>	<u>15,105,987</u>
Net Position			
Net investment in capital assets	18,606,108	50,441,840	69,047,948
Restricted for			
CDBG funds, park and pool project	304,444		304,444
Special revenue purposes	1,754,905		1,754,905
Employee benefits	881,080		881,080
Debt service		8,490,682	8,490,682
Meter deposits		1,015,597	1,015,597
Landfill post closure reserve		369,914	369,914
Unrestricted	(7,386,910)	11,611,230	4,224,320
Total net position	<u><u>\$ 14,159,627</u></u>	<u><u>\$ 71,929,263</u></u>	<u><u>\$ 86,088,890</u></u>

**CITY OF MURRAY, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR END JUNE 30, 2024**

Function/Program	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense)</u>
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
Governmental activities					
General government	\$ 1,933,794	72,605	\$ 122,894		\$ (1,738,295)
Planning and zoning	300,523				(300,523)
Police department	2,794,190	161,406	195,153	80,000	(2,357,631)
Fire department	4,355,608		220,542		(4,135,066)
Street department	840,505			375,158	(465,347)
Tourism	415,400	413,607			(1,793)
Municipal aid	225,697				(225,697)
E-911	466,576				(466,576)
Alcohol beverage control	515,123	373,560			(141,563)
Drug court awards	6,136				(6,136)
Unallocated interest expense	36,814				(36,814)
Total governmental activities	<u>11,890,366</u>	<u>\$ 1,021,178</u>	<u>\$ 538,589</u>	<u>\$ 455,158</u>	<u>\$ (9,875,441)</u>
Business-Type activities					
Water and sewer	10,149,478	11,146,786		21,841	1,019,149
Natural gas	7,430,819	8,606,333			1,175,514
Sanitation	4,162,156	4,177,353			15,197
Stormwater	251,743	582,660		195,698	526,615
Total business-type activities	<u>21,994,196</u>	<u>24,513,132</u>	<u>-</u>	<u>217,539</u>	<u>2,736,475</u>
Total primary government	<u>\$ 33,884,562</u>	<u>\$ 25,534,310</u>	<u>\$ 538,589</u>	<u>\$ 672,697</u>	<u>\$ (7,138,966)</u>

**CITY OF MURRAY, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR END JUNE 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in Net Position			
Net revenue (expense)	\$ (9,875,441)	\$ 2,736,475	\$ (7,138,966)
General Revenues			
Taxes			
Property taxes	4,065,921		4,065,921
Occupational taxes	5,232,922		5,232,922
Franchise taxes	179,425		179,425
Payments in lieu of taxes	58,816		58,816
Bank shares	233,917		233,917
Insurance tax	2,313,203		2,313,203
Telephone line charges	199,247		199,247
Intergovernmental	398,882		398,882
Interest	846,592	1,598,839	2,445,431
Donations	109,918		
Miscellaneous	172,107	257,951	430,058
Transfers	(1,400,000)	1,400,000	-
Total general revenues and transfers	<u>12,410,950</u>	<u>3,256,790</u>	<u>15,667,740</u>
Change in net position	2,535,509	5,993,265	8,528,774
Net position-beginning of period, restated	<u>11,623,413</u>	<u>65,935,998</u>	<u>77,559,411</u>
Net position-end of period	<u>\$ 14,158,922</u>	<u>\$ 71,929,263</u>	<u>\$ 86,088,185</u>

CITY OF MURRAY, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 17,018,583	\$ 185,344	\$ 17,203,927
Receivables			
Taxes (net of allowance of \$204,937)	200,458		200,458
Other	1,362,782	161,599	1,524,381
Restricted assets	304,444	1,631,289	1,935,733
Total assets	\$ 18,886,267	\$ 1,978,232	\$ 20,864,499
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 653,533	\$ 24,361	\$ 677,894
Accrued expenditures		18,144	18,144
Due to other funds	199,836	-	199,836
Accrued salaries and wages	200,550	-	200,550
Total liabilities	1,053,919	42,505	1,096,424
Fund Balances			
Restricted	304,444	1,754,905	2,059,349
Assigned-Reserve for future use			
Unassigned	17,527,904	180,822	17,708,726
Total fund balances	17,832,348	1,935,727	19,768,075
Total liabilities and fund balances	\$ 18,886,267	\$ 1,978,232	\$ 20,864,499

Reconciliation of total governmental fund balances to
net position of governmental activities

Total governmental fund balances	\$	19,768,075
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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.		19,897,131
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.		42,143
Internal service funds used to allocate costs among the funds are included in the Statement of Net Position.		(48,417)
Some liabilities are not payable in the current period and are, therefore, not reported in the funds.		(4,628,080)
Pension deferred outflow/inflows and liability		(15,971,333)
OPEB deferred outflow/inflows and liability		(4,900,597)
Net position of governmental activities	\$	14,158,922

City of Murray, Kentucky
Statement of Revenues, Expenditures, and
Changes in Fund Balances Governmental Funds
For the Fiscal Year Ended June 30, 2024

	<u>General Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 4,065,921		\$ 4,065,921
Insurance tax	2,313,203		2,313,203
Occupational tax	4,859,149		4,859,149
Transient room tax		413,607	413,607
Franchise taxes	179,425		179,425
Occupational business licenses	373,773		373,773
Payments in lieu of taxes	58,816		58,816
Bank shares	233,917		233,917
License and permits	72,605		72,605
Fines and fees	161,496		161,496
Telephone line charges		199,247	199,247
Intergovernmental revenue	14,244	384,638	398,882
Interest	729,775	71,266	801,041
Alcoholic beverage fees		373,560	373,560
Miscellaneous income	154,368	17,739	172,107
Donations	109,916		109,916
Grant funds received	768,924		768,924
Total revenues	<u>14,095,532</u>	<u>1,460,057</u>	<u>15,555,589</u>
Expenditures			
Current			
General government	2,740,868		2,740,868
Police department	3,912,854		3,912,854
Fire department	4,966,375		4,966,375
Street department	912,073	225,697	1,137,770
Planning and zoning	300,523		300,523
Tourism commission		435,877	435,877
E-911		466,576	466,576
Freedom fest		1,038	1,038
Drug court awards		6,136	6,136
Alcoholic beverage control		515,123	515,123
Debt service			
Principal	401,752	4,927	406,679
Interest	32,141	4,673	36,814
Total expenditures	<u>13,266,586</u>	<u>1,660,047</u>	<u>14,926,633</u>
Revenues over (under) expenditures	<u>828,946</u>	<u>(199,990)</u>	<u>628,956</u>
Other Financing Sources (Uses)			
Transfers from other funds	650,000		650,000
Transfers to other funds	(2,260,000)	210,000	(2,050,000)
Total other financing sources (uses)	<u>(1,610,000)</u>	<u>210,000</u>	<u>(1,400,000)</u>
Net change in fund balance	(781,054)	10,010	(771,044)
Fund balance, beginning	18,613,402	1,925,717	20,539,119
Fund balance, end of year	<u>\$ 17,832,348</u>	<u>\$ 1,935,727</u>	<u>\$ 19,768,075</u>

See Independent Auditor's Report and Notes to the Financials.

City of Murray, Kentucky
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024

Net change in fund balance-total governmental funds	\$	(771,044)
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. This is the amount by which capital assets exceed depreciation in the current period.		
		289,363
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes financial resources of the governmental funds. Neither transaction however, has any effect on net position.		
Principal payments on debt		406,679
Accrued compensated absences reported as long term liabilities in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		(54,334)
Pension contributions are reported as expenditures in the governmental funds. However, pension expense in the statement of activities is primarily the result of changes in the components of the net pension liability over the current and future periods.		
Pension contributions		
Pension expense		1,794,629
OPEB expense		645,481
Internal service funds are used by management to charge the costs of certain activities, such as central garage services and employee health insurance, to individual funds. These net revenue (expense) of these internal service funds is reported with governmental activities.		
		224,735
Change in net position of governmental activities	\$	2,535,509

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

	Business-Type Activities					Governmental
	Water and Sewer	Gas	Sanitation	Stormwater	Totals	Internal Service
Assets						
Cash and cash equivalents	\$ 12,519,967	6,372,688	\$ 2,898,461	\$ 492,919	\$ 22,284,035	\$ -
Receivables (net of allowances)						
Customers	613,340	318,097	350,040	37,799	1,319,276	
Miscellaneous	3,149	1,611	258	360	5,378	30,768
Prepaid	5,749	1,650	367	176	7,942	328
Due from other funds	21,841	234,985		177,995	434,821	
Materials and supplies, at average cost	622,934	487,527			1,110,461	66,606
Total current assets	<u>13,786,980</u>	<u>7,416,558</u>	<u>3,249,126</u>	<u>709,249</u>	<u>25,161,913</u>	<u>97,702</u>
Noncurrent assets						
Right to use lease assets, net of amortization	29,026	47,902	2,038	-	78,966	5,465
Capital Assets:						
Construction in progress	-		136,438		136,438	
Utility plant in service	133,910,101	11,768,004			145,678,105	
Land	443,997	924,980	54,524		1,423,501	
Buildings	940,140	2,565,920	517,814		4,023,874	225,000
Machinery and equipment	3,832,987	2,772,814	1,418,706	92,384	8,116,891	277,578
Drainage improvement				3,843,417	3,843,417	
Accumulated depreciation	(48,080,512)	(8,835,956)	(1,621,369)	(882,792)	(59,420,629)	(450,385)
Restricted assets	8,490,682	574,199	369,914		9,434,795	881,080
Total noncurrent assets	<u>99,566,421</u>	<u>9,817,863</u>	<u>878,065</u>	<u>3,053,009</u>	<u>113,315,358</u>	<u>938,738</u>
Total assets	<u>113,353,401</u>	<u>17,234,421</u>	<u>4,127,191</u>	<u>3,762,258</u>	<u>138,477,271</u>	<u>1,036,440</u>
Deferred Outflows of Resources						
Deferred outflows related to pensions	1,156,814	881,957	123,714	37,786	2,200,271	81,730
Deferred outflows related to OPEB	473,437	360,948	50,633	15,465	900,483	33,447
Total deferred outflows	<u>1,630,251</u>	<u>1,242,905</u>	<u>174,347</u>	<u>53,251</u>	<u>3,100,754</u>	<u>115,177</u>

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

Liabilities

Current Liabilities

Accounts payable	1,275,777	145,961	288,636	732	1,711,106	206,472
Accrued salaries and wages	69,294	49,858	7,204	2,031	128,387	4,642
Accrued compensated absences	272,624	92,960	60,492	32,980	459,056	30,197
Accrued liabilities	28,463	22,879	72,504		123,846	246,936
Due to other funds	-	-	-	-	-	234,985
Current portion of lease liability	29,026	47,902	2,038	-	78,966	1,315
Current portion of bonds/notes payable	3,043,964				3,043,964	
Customer deposits	343,075	422,570			765,645	
Accrued interest:						
Bonds	61,957				61,957	
Customer deposits	98,323	151,629			249,952	
Total current liabilities	<u>5,222,503</u>	<u>933,759</u>	<u>430,874</u>	<u>35,743</u>	<u>6,622,879</u>	<u>724,547</u>

Noncurrent liabilities

Net pension liability	4,176,650	3,184,280	446,668	136,426	7,944,024	295,084
Net OPEB liability (asset)	(89,850)	(68,501)	(9,609)	(2,935)	(170,895)	(6,348)
Bond/notes payable	50,315,793				50,315,793	
Lease liability	-	-	-	-	-	4,150
Total noncurrent liabilities	<u>54,402,593</u>	<u>3,115,779</u>	<u>437,059</u>	<u>133,491</u>	<u>58,088,922</u>	<u>292,886</u>
Total liabilities	<u>59,625,096</u>	<u>4,049,538</u>	<u>867,933</u>	<u>169,234</u>	<u>64,711,801</u>	<u>1,017,433</u>

Deferred Inflows of Resources

Deferred inflows related to pensions	953,089	726,635	101,928	31,133	1,812,785	67,338
Deferred inflows related to OPEB	1,642,567	1,252,293	175,663	53,653	3,124,176	115,263
Total deferred inflows	<u>2,595,656</u>	<u>1,978,928</u>	<u>277,591</u>	<u>84,786</u>	<u>4,936,961</u>	<u>182,601</u>

Net Position

Net investment in capital assets	37,686,956	9,195,762	506,113	3,053,009	50,441,840	52,193
Restricted for						
Meter Deposits	441,398	574,199			1,015,597	881,080
Debt service	8,490,682				8,490,682	
Landfill post closure reserve			369,914		369,914	
Unrestricted	6,143,864	2,678,899	2,279,987	508,480	11,611,230	(981,690)
Total net position	<u>\$ 52,762,900</u>	<u>\$ 12,448,860</u>	<u>\$ 3,156,014</u>	<u>\$ 3,561,489</u>	<u>\$ 71,929,263</u>	<u>\$ (48,417)</u>

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

	Business-Type Activities				Totals	Governmental Activities
	Water and Sewer	Gas	Sanitation	Stormwater		Internal Service
Operating Revenues						
Charges for services	\$10,974,291	\$ 8,510,379	\$4,177,353	\$ 582,660	\$ 24,244,683	\$ -
Interfund service provided					-	670,668
Tap-on fees	172,495	95,954			268,449	
Miscellaneous revenues	131,010	90,694	35,867	380	257,951	
Contributions to medical: insurance fund					-	2,253,629
Total operating revenues	<u>11,277,796</u>	<u>8,697,027</u>	<u>4,213,220</u>	<u>583,040</u>	<u>24,771,083</u>	<u>2,924,297</u>
Operating Expenses						
Water plant expenses	1,093,298				1,093,298	
Sewer plant expenses	2,172,848				2,172,848	
Water and sewer field operations	1,909,081				1,909,081	
Gas purchased		4,502,774			4,502,774	
Engineering operations	108,953				108,953	
General office operations	412,842				412,842	
Administration expenses	414,196				414,196	594,382
Other operating expenses					-	639,102
Depreciation and amortization	3,331,590	462,322	63,497	116,881	3,974,290	17,406
Gas plant expenses		2,452,993			2,452,993	
Transfer station and landfill expenses			4,098,659		4,098,659	
Stormwater expenses				134,862	134,862	
Medical claims paid					-	1,494,223
Total operating expenses	<u>9,442,808</u>	<u>7,418,089</u>	<u>4,162,156</u>	<u>251,743</u>	<u>21,274,796</u>	<u>2,745,113</u>
Operating income (loss)	<u>1,834,988</u>	<u>1,278,938</u>	<u>51,064</u>	<u>331,297</u>	<u>3,496,287</u>	<u>179,184</u>
Non-operating Revenues (Expenses)						
Interest and dividend income	1,156,162	279,152	142,703	20,822	1,598,839	45,551
Interest expense	(706,670)	(12,730)		-	(719,400)	
Contributed capital	21,841	-	-	195,698	217,539	
Total non-operating revenues (expenses)	<u>471,333</u>	<u>266,422</u>	<u>142,703</u>	<u>216,520</u>	<u>1,096,978</u>	<u>45,551</u>
Income before transfers	2,306,321	1,545,360	193,767	547,817	4,593,265	224,735
Operating Transfers						
From (to) other funds	1,800,000	(200,000)	(200,000)		1,400,000	
Change in net position	<u>4,106,321</u>	<u>1,345,360</u>	<u>(6,233)</u>	<u>547,817</u>	<u>5,993,265</u>	<u>224,735</u>
Net position-beginning of period	48,656,579	11,103,500	3,162,247	3,013,672	65,935,998	(273,152)
Net position-end of period	<u>\$ 52,762,900</u>	<u>\$ 12,448,860</u>	<u>\$ 3,156,014</u>	<u>\$ 3,561,489</u>	<u>\$ 71,929,263</u>	<u>\$ (48,417)</u>

CITY OF MURRAY, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For The Year Ended June 30, 2024

	Business-Type Activities					Governmental Activities
	Water and Sewer	Gas	Sanitation	Stormwater	Totals	Internal Service
Cash Flows From Operating Activities						
Cash received from customers	\$ 11,308,092	\$ 8,678,004	\$ 4,197,076	\$ 577,663	\$ 24,760,835	\$ -
Cash paid to suppliers	(2,885,609)	(5,793,968)	(3,618,607)	(110,647)	(12,408,831)	(478,721)
Cash paid for employees and benefits	(3,038,503)	(1,903,323)	(352,997)	(54,823)	(5,349,646)	(229,448)
Cash received from interfund services provided					-	850,424
Customer deposits received (refunded)	9,790	18,420			28,210	
Net cash provided by operating activities	<u>5,393,770</u>	<u>999,133</u>	<u>225,472</u>	<u>412,193</u>	<u>7,030,568</u>	<u>142,255</u>
Cash Flow From Noncapital Financing Activities						
Transfer to other funds	(200,000)	(200,000)	(200,000)		(600,000)	
Transfer from other funds	2,000,000			-	2,000,000	
Advances from/(to) other funds	(12,136)	(36,737)	(7)	(177,995)	(226,875)	
Net cash provided (used) by noncapital financing activities	<u>1,787,864</u>	<u>(236,737)</u>	<u>(200,007)</u>	<u>(177,995)</u>	<u>1,173,125</u>	<u>-</u>
Cash Flows From Capital And Related Financing Activities						
Capital contributions	21,841	-	-	195,698	217,539	
Acquisition and construction of capital assets	(7,005,018)	(789,607)	(64,932)	(545,336)	(8,404,893)	(3,900)
Proceeds from debt	-				-	
Principal paid on capital debt	(3,014,457)				(3,014,457)	
Interest paid on capital debt	(696,312)				(696,312)	
Principal paid on capital lease	(35,630)	(39,391)	(2,038)	(1,268)	(78,327)	-
Interest paid on customer deposits	(10,358)	(12,730)			(23,088)	
Net cash provided (used) by capital and related financing activities	<u>(10,739,934)</u>	<u>(841,728)</u>	<u>(66,970)</u>	<u>(350,906)</u>	<u>(11,999,538)</u>	<u>(3,900)</u>
Cash Flows From Investing Activities						
Interest and dividends	1,156,162	279,152	142,703	20,822	1,598,839	45,551
Net cash provided by investing activities	<u>1,156,162</u>	<u>279,152</u>	<u>142,703</u>	<u>20,822</u>	<u>1,598,839</u>	<u>45,551</u>
Net increase (decrease) in cash and cash equivalents	(2,402,138)	199,820	101,198	(95,886)	(2,197,006)	183,906
Cash and cash equivalents at beginning of year	23,412,787	6,747,067	2,797,263	588,805	33,545,922	697,174
Cash and cash equivalents at end of year	<u>\$ 21,010,649</u>	<u>\$ 6,946,887</u>	<u>\$ 2,898,461</u>	<u>\$ 492,919</u>	<u>\$ 31,348,916</u>	<u>\$ 881,080</u>
Cash and cash equivalents are included on the Statement of Net Position as:						
Cash and cash equivalents	\$ 12,519,967	\$ 6,372,688	\$ 2,528,547	\$ 492,919	\$ 21,914,121	
Restricted assets	8,490,682	574,199	369,914		9,434,795	881,080
Total	<u>\$ 21,010,649</u>	<u>\$ 6,946,887</u>	<u>\$ 2,898,461</u>	<u>\$ 492,919</u>	<u>\$ 31,348,916</u>	<u>\$ 881,080</u>

See Independent Auditor's Report and Notes to the Financials.

CITY OF MURRAY, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2024

	Business-Type Activities					Governmental
	Water and Sewer	Gas	Sanitation	Stormwater	Totals	Activities Internal Service
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities						
Operating income	\$ 1,834,988	\$ 1,278,938	\$ 51,064	\$ 331,297	\$ 3,496,287	\$ 179,184
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization expense	3,331,590	462,322	63,497	116,881	3,974,290	17,406
Pension/OPEB expense	(384,190)	(275,131)	141,831	(2,840)	(520,330)	(83,118)
(Increase) Decrease in operating assets:						
Receivables-customers	32,834	(17,995)	(16,011)	(5,020)	(6,192)	5,643
Receivables-others	(2,538)	(1,028)	(133)	(357)	(4,056)	(328)
Prepays	(5,749)	(1,650)	(367)	(176)	(7,942)	
Inventory	(243,024)	34,289			(208,735)	(4,315)
Increase (Decrease) in operating liabilities:						
Accounts payable	800,857	(476,242)	(48,689)	(29,450)	246,476	21,080
Accrued expenses	19,212	(22,790)	34,280	1,682	32,384	(29,055)
Customer deposits	9,790	18,420			28,210	
Due to other funds					-	35,758
Net cash provided by operating activities	<u>\$ 5,393,770</u>	<u>\$ 999,133</u>	<u>\$ 225,472</u>	<u>\$ 412,017</u>	<u>\$ 7,030,392</u>	<u>\$ 142,255</u>

CITY OF MURRAY, KENTUCKY
STATEMENT OF FIDUCIARY FUNDS
NET POSITION
June 30, 2024

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Fund</u>	
	<u>Employee Retirement</u>	<u>Cemetery</u>	<u>Totals</u>
Assets			
Restricted assets			
Cash	\$ 7,201	\$ 218,473	\$ 225,674
Investments, at fair value	<u>2,011,200</u>		<u>2,011,200</u>
Total assets	<u>2,018,401</u>	<u>218,473</u>	<u>2,236,874</u>
Liabilities			
Accounts payable		<u>314,875</u>	<u>314,875</u>
Total liabilities	<u>-</u>	<u>314,875</u>	<u>314,875</u>
Net Position			
Assets held (owed) in trust for pension benefits and other purposes	<u>\$ 2,018,401</u>	<u>\$ (96,402)</u>	<u>\$ 1,921,999</u>

CITY OF MURRAY, KENTUCKY
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For The Year Ended June 30, 2024

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Fund</u>	
	<u>Employee Retirement</u>	<u>Cemetery</u>	<u>Totals</u>
Additions			
Contributions	\$ 287,039	\$ 60,000	\$ 347,039
Cemetery sales		65,425	65,425
Investment income:			
Interest and dividends	-	7,295	7,295
Net change in fair value investments	197,101		197,101
Gain on sale of assets	41,842		41,842
Total additions	<u>525,982</u>	<u>132,720</u>	<u>658,702</u>
Deductions			
Benefits	155,333		155,333
Administrative expenses	12,499	59,506	72,005
Repairs and maintenance		161,202	161,202
Total deductions	<u>167,832</u>	<u>220,708</u>	<u>388,540</u>
Change in net position	358,150	(87,988)	270,162
Net position, beginning of year, restated	<u>1,660,251</u>	<u>(8,414)</u>	<u>1,651,837</u>
Net position (deficient), end of year	<u>\$ 2,018,401</u>	<u>\$ (96,402)</u>	<u>\$ 1,921,999</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF MURRAY, KENTUCKY
NOTES TO FINANCIAL
STATEMENTS June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Murray, Kentucky was incorporated in 1844, and operates under an elected Mayor-Council form of government, and provides the following services as authorized: public safety (police and fire), streets, planning and zoning, general administrative services, cemetery, and utilities (water and sewer system, natural gas system, sanitation department, and stormwater system).

Blended Component Units Reported with the Primary Government

Blended component units provide services exclusively or almost exclusively for the City, or their board of directors are substantially the same as the City Council. The following blended component units are reported:

Murray Convention and Visitors Bureau

The Murray Convention and Visitors Bureau was formed by Ordinance Number 808 of the City Council of the City of Murray on January 24, 1985, and amended on October 26, 1989, and again on May 13, 2010 and operates under the continuing authority of KRS 91A.350 through 91A.390 and other related Kentucky statutes. The purpose of the Murray Convention and Visitors Bureau is to promote the economic growth of Murray through expenditure of the transient room tax to attract conventions, tournaments, meetings, and visitors to the area by acting as an aggressive sales, marketing, and service organization. The MCVB fund is included in the City's non-major governmental funds.

Complete financial statements for the Murray Convention and Visitors Bureau may be obtained at 206 South 4th Street, Murray, Kentucky 42071.

B. Basis of Presentation – Fund Accounting

The accounts of the City of Murray are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. The City has various types of funds as defined below.

Governmental funds

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund – This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established. The General Fund is considered a major fund.

Special Revenue Funds – These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes. The City has no major special revenue funds for the current year.

Proprietary funds

These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are:

Enterprise Funds – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Major enterprise funds are the natural gas, water and sewer, and sanitation department.

Internal Service Funds – These funds are established to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

CITY OF MURRAY, KENTUCKY
NOTES TO FINANCIAL
STATEMENTS June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fiduciary funds

These funds account for assets held by the City as a trustee or agent for individuals, private organizations, and other units of governments. These funds consist of the following fund types:

Pension Trust Fund – This fund was established to provide pension benefits for employees of the police and fire departments who were not transferred to the hazardous service coverage of CERS.

Nonexpendable Trust Fund – This fund is used to account for the maintenance of the cemetery.

C. Basis of Accounting and Measurement Focus

The basis of accounting determines when transactions and economic events are reflected in financial statements, and measurement focus identifies which transactions and events should be recorded.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all funds of the primary government except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements. The government-wide Statement of Activities presents a comparison between expenses and program revenues. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants received that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which governmental functions are self-financing or draw from the general revenues of the City. Direct expenses are those that are clearly identifiable within a specific function or activity.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of the governmental and enterprise fund financial statements is on major funds, rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are aggregated and presented in a single column on the face of the proprietary funds statements. Governmental fund types use the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recorded when they are both measurable and available (often referred to as susceptible to accrual).

Revenues are measurable when they are subject to reasonable estimation, while the collection will occur either (1) during the current period or (2) after the end of the period but in time to pay fund liabilities. The City considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Generally, tax revenues (including taxpayer-assessed taxes), fees, and nontax revenues are recognized when received. Grants, entitlements, and shared revenues are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when the conditions of the grants are satisfied. Property tax revenues are recognized when they are levied, with proper allowances made for estimated uncollectible accounts and delinquent accounts. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt which is recorded when due. Fiduciary funds account for assets held by the City in a trustee capacity. These funds use the accrual basis of accounting and the economic resources measurement focus.

CITY OF MURRAY, KENTUCKY
NOTES TO FINANCIAL
STATEMENTS June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Cash and cash equivalents

For purposes of the proprietary statement of cash flows, the City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and readily convertible to cash.

E. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Interfund receivables and payables arise from activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are identified as due to/due from other funds.

F. Investments

The City's investment policy requires that funds held by the City be invested in obligations of the U.S. government or U.S. government agencies, or certificates of deposit or similar instruments of banks or savings and loan institutions. Investments are stated at cost, which approximates market, in all funds except the Police and Firemen's Pension Fund. Investments for this fund are stated at fair value.

G. Capital Assets

The accounting treatment for capital assets 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 government-wide and proprietary fund financial statements, capital assets are recorded at historical cost or estimated historical cost if actual is unavailable. It is the City's policy to capitalize expenditures greater than or equal to \$1,000 with an estimated useful life greater than one year. Donated capital assets are recorded at estimated fair market value at the date of donation. Estimated historical cost was used to value infrastructure assets acquired prior to July 1, 2002, in the governmental activities. Depreciation expense is recorded in the statement of activities, and accumulated depreciation is reflected in the statement of net position. In the governmental fund statements, capital assets are accounted for as capital expenditures of the funds upon acquisition. Capital assets acquired for proprietary funds are capitalized within the respective funds. Depreciation has been provided over the estimated useful lives of the capital assets using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable assets are as follows:

	Useful Life (Years)
Infrastructure	25 - 50
Utility Plant	33 - 50
Machinery and equipment	5 - 20
Buildings	25 - 33
Vehicles	4 - 5

H. Restricted Assets

Because of certain requirements, the City established and maintains prescribed amounts of resources (consisting of cash and temporary investments) that can be used only for specified purposes.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applied to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has both deferred outflows and deferred inflows related to its pension plan and other post-employment benefits.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Compensated Absences

Under terms of employment, the City provides full-time employees with paid vacation and sick leave in varying amounts based on years of service. Employees who have accrued 36 days unused sick leave at the end of the fiscal year are paid for 75% of the sick leave accrued. Employees who have met the minimum accruals and have one or more days of sick leave are paid 50% of the sick leave accrued at the end of the fiscal year. All unused sick leave may be carried forward to apply toward the maximum accrual of 180 days. Employees who have successfully met retirement requirements and have received approval for retirement from the Kentucky Retirement System may elect to either be compensated for 50% of accrued sick leave or apply toward early retirement. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. For governmental fund financial statements, a liability is recorded only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

K. 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 Kentucky Retirement Systems (KRS) County Employees Retirement System (CERS) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by KRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Plan. Investments are reported at fair value.

L. Long-Term Debt

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. All long-term debt to be repaid from governmental and business-type resources is reported in the government-wide statements. The long-term debt consists primarily of notes payable and bonds payable. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources and repayments as expenditures. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

M. Equity Classification

Equity in the government-wide statements is classified as net position and displayed in three components:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances on any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of assets subject to external constraints on their use imposed by creditors, laws or regulations of other governments. This component would also include constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of assets that do not meet the definition of “restricted” or “net investment in capital assets”. Generally, these net assets represent those financial resources that are available to the Board to meet any future obligations that might arise.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund classification includes amounts that cannot be spent because they are either (1) not in spendable form – prepaid items or inventories; or (2) legally or contractually required to be maintained intact. At June 30, 2024, none of the City's fund balances were classified as nonspendable.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance – This classification reflects the constraints imposed on resources, either (1) externally by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.

CITY OF MURRAY, KENTUCKY
NOTES TO FINANCIAL
STATEMENTS June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. Equity Classification- Continued

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by ordinances of the city council – the City’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the city council removes the specified use by taking the same kind of action imposing the commitment.

Assigned fund balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The city council and the mayor have the authority to assign amounts to be used for specific purposes through executive or municipal orders.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories.

When restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then committed and assigned, and then unassigned resources as they are needed.

O. Property Tax Revenue

Property taxes are levied on September 30 based on the assessed value of property as listed on the previous January 1, and are due on the following October 31. Assessed values are an approximation of market value. Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated uncollectible accounts and delinquent accounts.

P. Postemployment Healthcare Benefits

The City does not provide postemployment healthcare benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA) and those provided by CERS. The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City.

Q. Postemployment Employment Benefits Other Than Pensions-(OPEB)

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

R. Right to Use Assets

The City has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and the Budgetary Process

The City Council adopts an annual operating budget, which can be amended by the council throughout the year. Formal budgetary accounting is employed as a management control for all funds of the City; however, legal budgets are adopted only for the General Fund and Special Revenue Funds. All budgets adopted are prepared in accordance with generally accepted accounting principles.

At the fund level, actual expenditures cannot exceed budgeted appropriations. However, with proper approval by the City Council, budgetary transfers between departments can be made. All budget amendments were approved by the City Council and are included in the “final budget” column of the General Fund budgetary statement presented as required supplementary information.

CITY OF MURRAY, KENTUCKY
 NOTES TO FINANCIAL
 STATEMENTS June 30, 2024

NOTE 3 – DETAIL NOTES

A deficit of \$513,261 exists in the Central Garage Fund as of June 30, 2024, resulting from excess expenditures incurred and the during the current and prior years. The general fund is liable for any deficit in this fund and provides transfers when cash is required.

A. Deposits with Financial Institutions

Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as cash and cash equivalents and restricted assets. The City’s investment policy requires that funds held directly by the City be invested in obligations of the United States government or United States government agencies, or certificates of deposit or similar instruments of banks or savings and loan institutions. Custodial credit risk of deposits is the risk that in the event of a bank failure the government’s deposits may not be returned to it. Interest- bearing and non-interest-bearing deposits are each covered by federal depository insurance up to \$250,000. Deposits over the insured amounts are covered by collateral held by the City’s agent in the City’s name. At June 30, 2024, all bank balances were covered by insurance or adequately collateralized. All funds are classified as public funds.

B. Investments

The City’s investments are held in trust and asset management accounts for the Police and Fireman’s Pension Fund. Investments at June 30, 2024, are summarized below:

Investment Type	Fair Value	Percent of Total
Corporate Bonds	-	
Equity	\$ 1,442,361	71.7%
Fixed Income	568,839	28.3%
	\$ 2,011,200	100%

Custodial credit risk – This is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments. The investments listed above are exposed to custodial credit risk in that they are uninsured and held by the counterparty’s trust department in the City’s name.

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024, the City’s investments were rated as shown in the above table.

Concentrations of credit risk – This is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s investment policy as required by KRS 66.480 does not place a fixed percentage limit for any one issuer.

NOTE 3 – DETAIL NOTES – (Continued)

C. Property Taxes

The City is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. The property assessment date is January 1, with taxes levied on September 30 and due on October 31. Property taxes receivable as of June 30, 2024, are composed of the following:

Year of Levy	Amount
2023	\$ 108,545
2022	175,340
2021	56,387
2020	55,216
2019	46,947
Total Property Taxes Receivable	442,435
Less Allowance For Uncollectible	(241,977)
Net Property Taxes Receivable	<u>\$ 200,458</u>

D. Interfund Transactions

Interfund receivables and payables at June 30, 2024, for operating expenses were as follows:

	Due From	Due To
General Fund	\$ 434,821	\$ -
Business Type		434,821
Total Due To	<u>\$ 434,821</u>	<u>\$ 434,821</u>

The following interfund transfers were made during the year:

	General Fund	Municipal Road Aid Fund	Water & Sewer	Gas	Sanitation	Total Transfers In
General Fund	\$ -	\$ 50,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 650,000
Water & Sewer Fund	2,000,000					2,000,000
E-911 Fund	260,000					260,000
Total Transfers Out	<u>\$ 2,260,000</u>	<u>\$ 50,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$2,910,000</u>

NOTE 3 – DETAIL NOTES – (Continued)

E. Property Plant & Equipment

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 728,939	\$ -	\$ -	\$ 728,939
Construction in Progress	3,821,410			3,821,410
Total Capital Assets Not Being Depreciated	<u>\$ 4,550,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,550,349</u>
Capital Assets, Being Depreciated:				
Buildings	4,587,864	14,249		4,602,113
Machinery and equipment	5,470,977	563,881	(25,250)	6,009,608
Infrastructure	16,292,312	698,020		16,990,332
Total Capital Assets Being Depreciated	<u>\$ 26,351,153</u>	<u>\$ 1,276,150</u>	<u>\$ (25,250)</u>	<u>\$ 27,602,053</u>
Less Accumulated Depreciation For:				
Buildings	(1,821,957)	(251,168)	25,250	(2,047,875)
Machinery and equipment	(3,521,877)	(346,522)		(3,868,399)
Infrastructure	(5,991,109)	(347,888)		(6,338,997)
Total Accumulated Depreciation	<u>\$ (11,334,943)</u>	<u>\$ (945,578)</u>	<u>\$ 25,250</u>	<u>\$ (12,255,271)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 15,016,210</u>	<u>\$ 330,572</u>	<u>\$ -</u>	<u>\$ 15,346,782</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,566,559</u>	<u>\$ 330,572</u>	<u>\$ -</u>	<u>\$ 19,897,131</u>

NOTE 3 – DETAIL NOTES – (Continued)

E. Property Plant & Equipment

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities:</u>				
Capital assets not being depreciated				
Land	\$ 1,423,501	\$ -		\$ 1,423,501
Construction in progress	136,438			136,438
Total capital assets not being depreciated	<u>1,559,939</u>			<u>1,559,939</u>
Capital assets being depreciated				
Buildings	3,982,977	40,897		4,023,874
Machinery and equipment	7,512,593	604,298		8,116,891
Drainage improvement	3,298,081	545,336		3,843,417
Utility plant	138,586,816	7,091,289		145,678,105
Total capital assets being depreciated	<u>\$ 153,380,467</u>	<u>\$ 8,281,820</u>	<u>\$ -</u>	<u>\$ 161,662,287</u>
Total Accumulated Depreciation	<u>\$ (55,604,258)</u>	<u>\$ (3,816,371)</u>		<u>\$ (59,420,629)</u>
Total capital assets being depreciated (net)				
Business-type activities capital assets, net	<u>\$ 99,336,148</u>	<u>\$ 4,465,449</u>	<u>\$ 0</u>	<u>\$ 103,801,597</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 30,709
Police department	240,884
Fire department	238,629
Street department	400,755
Tourism	18,206
Central garage	16,395
	<u>\$ 945,578</u>

NOTE 3 – DETAIL NOTES – (Continued)

F. Right to Use Assets

	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
<u>Right to use assets-Governmental Activities</u>				
Leased fleet vehicles	\$ 96,644			\$ 96,644
Total right to use assets	<u>\$ 96,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,644</u>
Less Accumulated amortization For:				
Leased fleet vehicles	(24,971)	(29,530)		(54,501)
Total Accumulated Amortization	<u>\$ (24,971)</u>	<u>\$ (29,530)</u>	<u>\$ -</u>	<u>\$ (54,501)</u>
Governmental Activities Right to use, Net	<u>\$ 71,673</u>	<u>\$ (29,530)</u>	<u>\$ -</u>	<u>\$ 42,143</u>

	Beginning Balance	Increases & Reclassifications	Decreases & Reclassifications	Ending Balance
<u>Right to use assets-Buisness-Type Activities</u>				
Leased fleet vehicles	\$ 552,166	\$ -	\$ -	\$ 552,166
Total right to use assets	<u>552,166</u>			<u>552,166</u>
Less Accumulated amortization For:				
Leased fleet vehicles	(385,880)	(87,320)		(473,200)
Total Accumulated Amortization	<u>(385,880)</u>	<u>(87,320)</u>		<u>(473,200)</u>
Business-Type Activities Right to use, Net	<u>\$ 166,286</u>	<u>\$ (87,320)</u>	<u>\$ 0</u>	<u>\$ 78,966</u>

G. Retirement Plan

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

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

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

The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2024, participating employers contributed 23.34% of each employee's wages for non-hazardous job classifications and 41.11% of each employee's wages for hazardous job classifications.

The contributions are allocated to both the pension and insurance trusts. Plan members contributed 23.34% to the pension trust for non-hazardous job classifications and 41.11% for pension and 2.58% for insurance to the trust for hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

NOTE 3 – DETAIL NOTES – (Continued)

G. Retirement Plan

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

For the year ended June 30, 2024, the City contributed \$ 1,152,212 or 100% of the required contribution for non-hazardous job classifications, and \$1,586,721, for the year ended June 30, 2024, or 100% of the required contribution for hazardous job classifications.

Benefits – CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers based on hire date: Tier 1 Tier 2 Tier 3 Participation date Before September 1, 2008 Unreduced retirement 27 years' service or 65 years old and 4 years' service Reduced retirement At least 5 years' service and 55 years old or 25 years' service and any age Participation date September 1, 2008 - December 31, 2013 Unreduced retirement At least 5 years' service and 65 years old or age 57+ with sum of service years plus age equal to 87+ Reduced retirement At least 10 years' service and 60 years old Participation date After December 31, 2013 Unreduced retirement At least 5 years' service and 65 years old or age 57+ with sum of service years plus age equal to 87+ Reduced retirement Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service

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

Pension Liabilities- At June 30, 2024, the City reported a liability of \$ 10,105,616 for its proportionate share of the net pension liability of the nonhazardous plan and \$13,775,390 for the hazardous plan. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the City's proportion was 0.1574 percent for the nonhazardous plan and 0.5109 percent for the hazardous plan.

Pension Expense- For the year ended June 30, 2024, the city recognized pension expense of \$367,602 for the nonhazardous plan and \$352,704 for the hazardous plan.

NOTE 3 – DETAIL NOTES – (Continued)

G. Retirement Plan

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions- At June 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		
CERS Nonhazardous	\$ 523,148	\$ 27,460
CERS Hazardous	629,754	-
Difference between projected and actual investment earnings on Plan investments		
CERS Nonhazardous	1,091,693	1,229,539
CERS Hazardous	1,226,751	1,364,944
Change of assumptions		
CERS Nonhazardous	-	926,187
CERS Hazardous	-	1,075,819
Change in proportion and differences between employer contributions and proportionate share of contributions		
CERS Nonhazardous	32,589	122,862
CERS Hazardous	-	1,313,271
Employer contributions subsequent to the measurement date		
CERS Nonhazardous	\$ 1,151,539	
CERS Hazardous	1,687,463	
Total	<u>\$ 6,342,937</u>	<u>\$ 6,060,082</u>

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

<u>Year Ending June 30</u>	
2025	\$ (1,179,128)
2026	(1,164,912)
2027	72,212
2028	(284,319)
	<u>\$ (2,556,147)</u>

NOTE 3 – DETAIL NOTES – (Continued)

G. Retirement Plan

Actuarial Assumptions- The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.3 percent
Salary Increases	3.30-10.30%, varies by service non hazardous, 3.55 to 19.05, hazardous
Investment Rate of Return	6.25 percent., net of pension plan investment expense including inflation
Payroll Growth Rate	2.00 percent

Mortality rates were based on the Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 Mortality Improvement Scale using a base year of 2010. The Mortality Table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 Mortality Improvement Scale using a base year of 2020. The Mortality Table used for disabled members was PUB-2010 Disabled Mortality Table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP2014 Mortality Improvement Scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2019; actuarial valuation was based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2019) to the plan's fiscal year ending June 30, 2022. The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Non-US Equity	10.00%	11.73%
Fixed Income		
Core fixed Income	10.00%	2.45%
Cash	10.00%	3.65%
Specialty Credit	10.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13%	5.15%
Expected Real Return	100%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

NOTE 3 – DETAIL NOTES – (Continued)

G. Retirement Plan

Discount Rate – The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1- percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
CERS:			
Nonhazardous-Net Pension Liability	\$ 12,758,950	\$ 10,105,616	\$ 7,900,595
Hazardous-Net Pension Liability	\$ 17,394,717	\$ 13,775,390	\$ 10,819,220

Murray Convention and Visitors Bureau

Employees of the Murray Convention and Visitors Bureau, which is reported as a special revenue fund of the City, have an individual employer account with CERS. The basic information about the pension plan has been reported above. Therefore, only those items specific to the Murray Convention and Visitors Bureau are included here.

Contributions - The Murray Convention and Visitors Bureau's contributions to the plan for the year ended June 30, 2024, were \$25,821.

Pension Liabilities - At June 30, 2024, the Murray Convention and Visitors Bureau reported a liability of \$230,866 for its proportionate share of the net pension liability of the plan.

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

	1% Decrease	Current Discount Rate	1% Increase
CERS:			
Nonhazardous-Net Pension Liability	\$ 291,482	\$ 230,866	\$ 180,492

Pension Expense - For the year ended June 30, 2023, the Murray Convention and Visitors Bureau recognized pension expense of \$17,923.

NOTE 3 – DETAIL NOTES – (Continued)

G. Retirement Plan

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended June 30, 2024, the Murray Convention and Visitors Bureau reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,463	\$ 70,536
Difference between projected and actual investment earnings on Plan investments	9,776	6,813
Change of assumptions	9,297	10,450
Change in proportion and differences between employer contributions and proportionate share of contributions	4,145	808
Employer contributions subsequent to the measurement date	-	
Total	<u><u>\$ 26,681</u></u>	<u><u>\$ 88,607</u></u>

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

<u>Year Ending June 30</u>	
2025	\$ (14,858)
2026	(19,252)
2027	(14,683)
2028	(13,133)
	<u><u>\$ (61,926)</u></u>

Police and Firemen's Pension Fund

On August 1, 1988, the city adopted an ordinance to participate in the CERS plan (described above) for all current employees of the police and fire departments, as well as those hired after August 1, 1988. Former employees of the police and fire departments who were receiving benefits on August 1, 1988, were not transferred to CERS. These benefits are continuing to be paid from the Police and Firemen's Pension Fund, a fiduciary fund of the City, which has assets with a fair value of \$2,018,401 June 30, 2024. An actuarial valuation was performed as of June 30, 2020, and submitted by the actuary in January 2021. However, there was no indication that the plan had adopted the provisions of GASB 67, Financial Reporting for Pension Plans – an amendment of GASB Statement 25, effective for fiscal years beginning after June 15, 2013. This standard revised existing standards of financial reporting by state and local government pension plans. Management is currently evaluating the effects of adopting GASB 68 on this fiduciary plan. None of the previous pension disclosures include any activity in this plan for the current or prior year.

NOTE 3 – DETAIL NOTES – (Continued)

H. Postemployment Benefits Other Than Pensions (OPEB)

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

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

For the year ended June 30, 2024, the City contributed \$0, or 100% of the required contribution for non-hazardous job classifications, and \$99,580, or 100% of the required contribution for hazardous job classifications. Benefits – CERS provides health insurance benefits to Plan employees and beneficiaries. For retirement purposes, employees are grouped into three tiers based on hire date: Tier 1 Participation date Before July 1, 2003 Insurance eligibility 10 years of service credit required Benefit Set percentage of single coverage health insurance based on service credit accrued at retirement Tier 1 Participation date Before September 1, 2008 but after July 1, 2003 Insurance eligibility 10 years of service credit required Benefit Set dollar amount based on service credit accrued, increased annually Tier 2 Participation date After September 1, 2008 and before December 31, 2013 Insurance eligibility 15 years of service credit required Benefit Set dollar amount based on service credit accrued, increased annually Tier 3 Participation date After December 31, 2013 Insurance eligibility 15 years of service credit required Benefit Set dollar amount based on service credit accrued, increased annually.

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2024, the City reported a liability (asset) for its proportionate share of the net OPEB liability (asset) of the nonhazardous plan as \$(217,396) and \$700,868 for the hazardous plan. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. the City's proportion was 0.15746 percent for the nonhazardous plan and 0.51224 percent for the hazardous plan.

NOTE 3 – DETAIL NOTES – (Continued)

H. Postemployment Benefits Other Than Pensions (OPEB)

For the year ended June 30, 2024, the city recognized OPEB expense of (\$428,022). At June 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		
CERS Nonhazardous	\$ 151,558	\$ 3,086,801
CERS Hazardous	63,392	2,889,467
Difference between projected and actual investment earnings on Plan investments		
CERS Nonhazardous	406,847	457,301
CERS Hazardous	637,872	734,395
Change of assumptions		
CERS Nonhazardous	427,820	298,147
CERS Hazardous	478,556	730,621
Change in proportion and differences between employer contributions and proportionate share of contributions		
CERS Nonhazardous	88,272	132,022
CERS Hazardous	-	578,071
Employer contributions subsequent to the measurement date		
CERS Nonhazardous	71,007	
CERS Hazardous	93,067	
Total	<u>\$ 2,418,391</u>	<u>\$ 8,906,825</u>

The \$164,074 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. This includes adjustments for the s implicit subsidy, which are required to be recognized as deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2025	\$ (1,515,347.00)
2026	(1,800,280)
2027	(1,353,362)
2028	(1,462,978)
Thereafter	(520,541)
	<u>\$ (6,652,508)</u>

NOTE 3 – DETAIL NOTES – (Continued)
H. Postemployment Benefits Other Than Pensions (OPEB)

Mortality rates used for active members is PUB-2010 General (non-hazardous) and Public Safety (hazardous) Mortality Tables projected with ultimate rates from the MP-2014 mortality scale using a base year of 2010. For healthy retired members and beneficiaries, System- specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table projected with a 4-year set-forward for both males and females with ultimate rates from the MP-2014 mortality scale using a base year of 2010 is used for the period after disability retirement.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Non-US Equity	10.00%	11.73%
Fixed Income		
Core fixed Income	10.00%	2.45%
Cash	10.00%	3.65%
Specialty Credit	10.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13%	5.15%
Expected Real Return	100%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount rate - The discount rate used to measure the total OPEB liability was 5.93% for non-hazardous and 5.97% for hazardous.

However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the system's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy

NOTE 3 – DETAIL NOTES – (Continued)

H. Postemployment Benefits Other Than Pensions (OPEB)

Sensitivity of the City's proportionate share of the collective net OPEB liabilities to changes in the discount rate: The following presents the City's proportionate share of the collective net OPEB liabilities calculated using discount rates of 5.93% (non- hazardous) and 5.97% (hazardous), as well as what the City's proportionate share of the collective net OPEB liabilities would be if they were calculated using discount rates that are one percentage point lower (4.93% and 4.97%, respectively) or one percentage point higher (6.93% and 6.97%, respectively) than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
Nonhazardous-Net OPEB Liability	\$ 407,968	\$ (217,396)	\$ (741,062)

	1% Decrease	Current Discount Rate	1% Increase
Hazardous-Net OPEB Liability	\$ 1,772,505	\$ 700,868	\$ (192,092)

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

	1% Decrease	Current Cost Trend	1% Increase
Nonhazardous-Net OPEB Liability	\$ (696,791)	\$ (217,396)	\$ 371,496

	1% Decrease	Current Cost Trend	1% Increase
Hazardous-Net OPEB Liability	\$ 7,985	\$ 700,868	\$ 1,537,685

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

Employees of the Murray Convention and Visitors Bureau, which is reported as a special revenue fund of the City, have an individual employer account with CERS. The basic information about the OPEB plan has been reported above. Therefore, only those items specific to the Murray Convention and Visitors Bureau are included here.

OPEB Liability- At June 30, 2024, the Bureau reported a liability (asset) of (\$4,968) for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the Bureau. The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the Bureau's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined.

	1% Decrease	Current Discount Rate	1% Increase
CERS:			
Nonhazardous-Net OPEB Liability	<u>\$ 9,322</u>	<u>\$ (4,968)</u>	<u>\$ (16,934)</u>

NOTE 3 – DETAIL NOTES – (Continued)

H. Postemployment Benefits Other Than Pensions (OPEB)- (Continued)

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

	Decrease (1%)	Current Cost Trend Rate	Increase 1%
CERS:			
Nonhazardous-Net OPEB Liability	<u>\$ (15,922)</u>	<u>\$ (4,968)</u>	<u>\$ 8,489</u>

OPEB expense- For the year ended June 30, 2024, the Bureau recognized OPEB expense of (\$8,589). At June 30, 2024, the Bureau reported deferred outflows of resources and deferred inflows of resources related to the medical expense OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,463	\$ 70,536
Difference between projected and actual investment earnings on Plan investments	9,776	6,813
Change of assumptions	9,297	10,450
Change in proportion and differences between employer contributions and proportionate share of contributions	4,145	808
Employer contributions subsequent to the measurement date	-	
Total	<u>\$ 26,681</u>	<u>\$ 88,607</u>

Of the total amount reported as deferred outflows of resources related to OPEB, resulting from Bureau contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Bureau's OPEB expense as follows:

<u>Year Ending June 30</u>	
2025	\$ (14,858)
2026	(19,252)
2027	(14,683)
2028	(13,133)
	<u>\$ (61,926)</u>

NOTE 3 – DETAIL NOTES – (Continued)

I. Long-Term Liabilities

Long-term liabilities include compensated absences, pension liabilities, and long-term debt of the City. The liability for compensated absences is liquidated 90% by the General Fund, with the remaining amount attributable to internal service funds. Pension liabilities and OPEB, due to their unique nature, are discussed separately in Note 3 and, therefore, are not included in this discussion.

Notes and bonds payable at June 30, 2024, are summarized, as follows:

Governmental Activities

Direct Borrowings

CFSB notes payable - construction line of credit monthly interest only at 1.5%, due November 30,2022 borrowed for construction of Fire Department refinanced into a ten (10) year note in December 2022	\$ 2,434,940
TMB note payable - monthly payments of \$13,688 through July 23, 2035, including interest at 2.78%	1,552,819
Murray Bank- Murray Convention Center debt monthly installments for 60 months at 4.18% after 60 months, rate changes to 5.55 for 180 months	73,864
	<u>\$ 4,061,623</u>

Water and Sewer Fund

Direct Borrowings

Kentucky Infrastructure Authority Revolving Loan Fund - Fund B Loan due in schedule maturities for twenty years at .5%	\$ 1,211,863
Kentucky Infrastructure Authority Revolving Loan Fund - due in scheduled maturities through June 1, 2029, at 1%	330,265
Kentucky Infrastructure Authority Revolving Loan Fund - Fund A Loan due in schedule maturities for twenty years at .5%	1,206,590
Kentucky Infrastructure Authority Revolving Loan Fund - Fund A Loan due in schedule maturities for twenty years at 1%	50,611,039
	<u>\$ 53,359,757</u>

NOTE 3 – DETAIL NOTES – (Continued)

I. Long-Term Liabilities- Continued

The annual debt service requirements to maturity for the above long-term debt as of June 30, 2024, are presented below:

Direct Borrowings:

Fiscal Year Ended June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 412,947	\$ 79,966	\$ 3,043,964	\$ 619,294
2026	421,113	72,084	3,073,761	583,394
2027	429,475	64,032	3,103,852	547,141
2028	437,947	55,894	3,134,242	510,527
2029	446,798	47,408	3,164,932	474,072
2030-2034	1,741,523	134,020	15,948,621	1,809,508
2035-2039	171,820	2,877	16,745,054	850,038
2040-2042		-	5,145,331	60,744
Totals	\$ 4,061,623	\$ 456,281	\$ 53,359,757	\$ 5,454,718

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

	Beginning Balance	Additions/ Reclassification	Reductions	Ending Balance	Due Within One Year
Governmental activities					
The Murray Bank-North Fire Station	1,670,064		117,245	1,552,819	120,818
CFSB- 16th Street Fire Station	2,719,447		284,507	2,434,940	288,745
Murray Conven Cent-MB	78,791		4,927	73,864	3,354
Lease liabilities	66,208		24,065	42,143	36,472
Compensated absences	448,488	75,826		524,314	263,171
Totals	\$ 4,982,998	\$ 75,826	\$ 430,744	\$ 4,628,080	\$ 712,560
Business-type activities					
KIA 19-003	\$ 1,284,438		72,575	1,211,863	\$ 72,938
KIA 19-31	1,276,570		69,980	1,206,590	70,331
KIA-Fund A	394,364		64,099	330,265	64,741
KIA 12/12	53,418,844		2,807,805	50,611,039	2,835,953
Lease liabilities	166,286		87,320	78,966	7,896
Compensated absences	453,222	5,834		459,056	193,882
Totals	\$ 56,993,724	\$ 5,834	\$ 3,101,779	\$ 53,897,779	\$ 3,245,741

NOTE 3 – DETAIL NOTES – (Continued)

J. Long-Term Liabilities- Continued

The city entered a fleet management lease with Enterprise Rental the following are future lease payments:

Lease Liabilites

Fiscal Year Ended June 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 36,472	\$ 5,595	\$ 78,966	\$ 8,042
2026	5,458	446		
2027	213	5		
Totals	<u>\$ 42,143</u>	<u>\$ 6,046</u>	<u>\$ 78,966</u>	<u>\$ 8,042</u>

K. Conduit Debt Obligations

The City is the issuer of certain industrial revenue bonds issued in order to promote the local construction of production facilities. The facilities, which are constructed from the bond proceeds, are leased to the industrial companies for an amount required to annually service the debt. The lessee assumes ownership of the facilities at the completion of all lease payments required to fully service the debt. The lease payments are remitted directly to the trustee (bank) with whom the facilities are mortgaged. These bonds constitute a limited obligation of the city, payable solely from the revenues and receipts derived from the lease agreement. Accordingly, the assets and liabilities relating to these bonds are not recorded on the books of the City. As of June 30, 2024, the City of Murray had the following bond issues outstanding related to the acquisition and construction of facilities:

Murray State University	\$ 4,790,000
Murray Calloway County Hospital	45,993,088
Total principal amounts payable	<u>\$ 50,783,088</u>

NOTE 3 – DETAIL NOTES – (Continued)

L. Risk Management

The city is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. To obtain insurance of these risks, the City participates in the Kentucky League of Cities Insurance Services (KLCIS). These public entity risk pools operate as common risk managements and insurance programs for participating cities and other governmental entities in Kentucky. The City pays an annual premium to each fund for coverage. City employees are provided traditional health care insurance that covers hospitalization and major medical expenses within specified limits. The plan is self-funded by the city and administered by a third-party administrator. The city pays the administrator a fee for various claim administration services. The City pays all claims after the third-party administrator who in turn issues individual claim checks. The City carries stop-loss insurance against catastrophic losses. The premiums for these policies are billed by the third-party administrator to the City. The claims liability reported in the Medical Insurance Fund at June 30, 2024 was estimated using information provided by the third-party administrators.

M. Commitments and Contingencies

The City has possible contingent liabilities resulting from litigation and claims incident to the ordinary course of business. Management and counsel believe that the probable solution of such contingencies will not materially affect the financial position or results of operations of the City.

N. Claims and Judgments

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

NOTE 4- SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated transactions and events for potential recognition or disclosure through March 13, 2025, the date financial statements were available to be issued. The City had no events, subsequent to June 30, 2024 through March 14, 2024, to disclose.

NOTE 5- IMPLEMENTATION OF GASB PRONOUNCEMENTS

In addition to the pronouncements discussed above, GASB has issued additional guidance for state and local governments that are not yet effective. The City is currently reviewing the provisions of the following pronouncements to determine the impact of implementation in future periods.

- Statement No. 101: Compensated Absences (effective fiscal year ending 2025)
- Statement No. 102: Certain Risk Disclosures (effective fiscal year ending 2025)
- Statement No. 103: Financial Reporting Model Improvements (effective fiscal year ending 2026)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MURRAY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City of Murray's Proportionate Share of the Net Pension Liability
County Employees Retirement System of Kentucky Retirement Systems-
For The Year Ended June 30,

CERS:	2016	2017	2018	2019	2020	2021	2022	2023	2024
Nonhazardous									
Employer's Proportion (Percentage) of Net Pension Liability	0.182299%	0.17017%	0.15129%	0.14659%	0.169667%	0.167268%	0.162101%	0.156378%	0.157494%
Employers Proportion (Amount) of Net Pension Liability	\$ 7,837,990	\$ 8,378,483	\$ 8,855,527	\$ 8,927,778	\$ 11,932,756	\$ 12,829,317	\$ 10,335,210	\$ 11,304,587	\$ 10,105,616
Employer's Covered-Employer payroll	\$ 4,218,402	\$ 3,742,209	\$ 3,750,644	\$ 4,429,366	\$ 4,404,445	\$ 4,310,286	\$ 4,501,107	\$ 4,758,502	\$ 4,936,641
Employer's Proportionate Share (Amount) of Net Pension Liability As a Percentage of Employer's Covered-Employer Payroll	185.80%	223.89%	236.11%	201.56%	270.93%	297.64%	229.61%	237.57%	204.71%
Total Pension Plan's Fiduciary Net Position as a Percentage to Total Pension Liability	59.97%	55.50%	53.32%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%
Hazardous									
Employer's Proportion (Percentage) of Net Pension Liability	0.64550%	0.64198%	0.60017%	0.59519%	0.64382%	0.58795%	0.57679%	0.52790%	0.51097%
Employers Proportion (Amount) of Net Pension Liability	\$ 9,909,090	\$ 11,016,022	\$ 13,427,519	\$ 14,394,390	\$ 17,784,182	\$ 17,727,010	\$ 15,355,042	\$ 16,108,551	\$ 13,775,390
Employer's Covered-Employer payroll	\$ 3,419,071	\$ 3,398,434	\$ 3,397,080	\$ 3,760,552	\$ 3,518,209	\$ 3,542,186	\$ 3,495,910	\$ 3,659,498	\$ 3,859,695
Employer's Proportionate Share (Amount) of Net Pension Liability As a Percentage of Employer's Covered-Employer Payroll	289.82%	324.15%	395.27%	382.77%	505.49%	500.45%	439.23%	440.18%	356.90%
Total Pension Plan's Fiduciary Net Position as a Percentage to Total Pension Liability	57.52%	53.95%	49.78%	49.26%	46.63%	44.11%	52.26%	47.11%	52.96%

CITY OF MURRAY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City of Murray's Proportionate Share of the Net Pension Liability
County Employees Retirement System of Kentucky Retirement Systems-
For The Year Ended June 30,

Murray Convention Center		2016		2017		2018		2019		2020		2021		2022		2023		2024
CERS:																		
Nonhazardous																		
Employer's Proportion (Percentage) of Net Pension Liability		0.003142%		0.00268%		0.00324%		0.00310%		0.00344%		0.00344%		0.00337%		0.00346%		0.00360%
Employers Proportion (Amount) of Net Pension Liability	\$	135,095	\$	132,132	\$	189,647	\$	188,982	\$	241,937	\$	263,538	\$	214,673	\$	250,196	\$	230,866
Employer's Covered-Employer payroll	\$	73,309	\$	72,185	\$	79,230	\$	75,595	\$	88,423	\$	88,000	\$	87,000	\$	95,693	\$	106,448
Employer's Proportionate Share (Amount) of Net Pension Liability As a Percentage of Employer's Covered-Employer Payroll		184.28%		183.05%		239.36%		249.99%		273.61%		299.48%		246.75%		261.46%		216.88%
Total Pension Plan's Fiduciary Net Position as a Percentage to Total Pension Liability		59.97%		55.50%		53.32%		53.54%		50.45%		47.81%		57.33%		52.42%		57.48%

All schedules are to be 10-year schedules; however, the information in the schedules is not required to be presented retroactively. Years will be added to the schedules in future fiscal years until 10 years of information is available.

CITY OF MURRAY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City of Murray's Contributions
County Employees Retirement System of Kentucky Retirement Systems-
For The Year Ended June 30,

CERS:

Nonhazardous	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution for pension	\$ 761,704	\$ 732,091	\$ 699,046	\$ 543,083	\$ 718,443	\$ 850,058	\$ 831,885	\$ 952,884	\$ 1,113,490	\$ 1,152,212
System's contributions in relation to the statutorily required contribution	(761,704)	(732,091)	(699,046)	(543,083)	(718,443)	(850,058)	(831,885)	(952,884)	(1,113,490)	(1,152,212)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
System's contributions as a percentage of statutorily required contribution for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
System's Covered-Employee payroll	\$ 4,032,313	\$ 4,143,147	\$ 3,742,209	\$ 3,750,644	\$ 4,429,366	\$ 4,404,445	\$ 4,310,286	\$ 4,501,107	\$ 4,758,502	\$ 4,936,641
Contributions as a percentage of its covered employee payroll	18.89%	17.67%	18.68%	14.48%	16.22%	19.30%	19.30%	21.17%	23.40%	23.34%
Hazardous										
Statutorily required contribution for pension	\$ 1,002,863	\$ 1,152,159	\$ 1,055,553	\$ 753,837	\$ 935,249	\$ 1,057,574	\$ 1,064,781	\$ 1,183,715	\$ 1,566,631	\$ 1,586,721
System's contributions in relation to the statutorily required contribution	(1,002,863)	(1,152,159)	(1,055,553)	(753,837)	(935,249)	(1,057,574)	(1,064,781)	(1,183,715)	(1,566,631)	(1,586,721)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
System's contributions as a percentage of statutorily required contribution for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
System's Covered-Employee payroll	\$ 2,809,140	\$ 3,358,076	\$ 3,398,434	\$ 3,397,080	\$ 3,760,552	\$ 3,518,209	\$ 3,542,186	\$ 3,495,910	\$ 3,659,498	\$ 3,859,695
Contributions as a percentage of its covered employee payroll	35.70%	34.31%	31.06%	22.19%	24.87%	30.06%	30.06%	33.86%	42.81%	41.11%

CITY OF MURRAY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City of Murray's Contributions
County Employees Retirement System of Kentucky Retirement Systems-
For The Year Ended June 30,

Murray Convention Center

CERS:

Nonhazardous

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution for pension	\$ 13,318	\$ 9,381	\$ 7,624	\$ 10,005	\$ 11,136	\$ 14,074	\$ 16,984	\$ 20,258	\$ 24,909	\$ 25,821
System's contributions in relation to the statutorily required contribution	(13,318)	(9,381)	(7,624)	(10,005)	(11,136)	(14,074)	(16,984)	(20,258)	(24,909)	(25,821)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
System's contributions as a percentage of statutorily required contribution for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
System's Covered-Employee payroll	\$ 70,506	\$ 73,309	\$ 72,185	\$ 79,230	\$ 75,595	\$ 88,423	\$ 88,000	\$ 95,693	\$ 106,448	\$ 110,346
Contributions as a percentage of its covered employee payroll	18.89%	12.80%	10.56%	12.63%	14.73%	15.92%	19.30%	21.17%	23.40%	23.40%

All schedules are to be 10-year schedules; however, the information in the schedules is not required to be presented retroactively. Years will be added to the schedules in future fiscal years until 10 years of information is available.

See Independent Auditor's Report

CITY OF MURRAY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City of Murray's Proportionate Share of the Net OPEB Liability
County Employees Retirement System of Kentucky Retirement Systems-
For The Year Ended June 30,

CERS:	2018	2019	2020	2021	2022	2023	2024
Nonhazardous							
Employer's Proportion (Percentage) of Net OPEB Liability	0.15129%	0.14658%	0.16962%	0.16722%	0.16206%	0.15635%	0.15746%
Employers Proportion (Amount) of Net OPEB Liability (asset)	\$ 3,041,467	\$ 2,602,570	\$ 2,852,999	\$ 4,037,854	\$ 3,102,615	\$ 3,085,648	\$ (217,396)
Employer's Covered-Employer payroll	\$ 3,750,644	\$ 4,429,366	\$ 4,404,445	\$ 4,310,286	\$ 4,501,107	\$ 4,758,502	\$ 4,936,641
Employer's Proportionate Share (Amount) of Net OPEB Liability As a Percentage of Employer's Covered-Employer Payroll	81.09%	58.76%	64.78%	93.68%	68.93%	64.84%	-4.40%
Total Fiduciary Net Position as a Percentage to Total OPEB Liability	52.4%	57.6%	60.4%	51.67%	62.91%	60.95%	104.23%
Hazardous							
Employer's Proportion (Percentage) of Net OPEB Liability	0.60017%	0.59522%	0.64369%	0.58777%	0.57679%	0.52764%	0.51224%
Employers Proportion (Amount) of Net OPEB Liability	\$ 4,961,451	\$ 4,243,699	\$ 4,762,418	\$ 5,431,606	\$ 4,663,673	\$ 4,494,320	\$ 700,868
Employer's Covered-Employer payroll	\$ 3,397,080	\$ 3,760,552	\$ 3,518,209	\$ 3,542,186	\$ 3,495,910	\$ 3,659,498	\$ 3,859,695
Employer's Proportionate Share (Amount) of Net OPEB Liability As a Percentage of Employer's Covered-Employer Payroll	146.05%	112.85%	135.36%	153.34%	133.40%	122.81%	18.16%
Total Fiduciary Net Position as a Percentage to Total OPEB Liability	59.0%	64.2%	64.4%	58.84%	66.81%	64.13%	92.27%

CITY OF MURRAY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City of Murray's Proportionate Share of the Net OPEB Liability
County Employees Retirement System of Kentucky Retirement Systems-
For The Year Ended June 30,

Murray Convention Center							
CERS:							
Nonhazardous							
	2018	2019	2020	2021	2022	2023	2024
Employer's Proportion (Percentage) of Net OPEB Liability	0.00324%	0.00310%	0.00344%	0.00344%	0.00337%	0.00346%	0.00360%
Employers Proportion (Amount) of Net OPEB Liability (asset)	\$ 65,135	\$ 55,093	\$ 57,842	\$ 82,945	\$ 64,440	\$ 68,284	\$ (4,968)
Employer's Covered-Employer payroll	\$ 79,230	\$ 75,595	\$ 88,423	\$ 88,000	\$ 87,000	\$ 95,693	\$ 106,448
Employer's Proportionate Share (Amount) of Net OPEB Liability As a Percentage of Employer's Covered-Employer Payroll	82.21%	72.88%	65.42%	94.26%	74.07%	71.36%	-4.67%
Total Fiduciary Net Position as a Percentage to Total OPEB Liability	52.4%	57.6%	60.4%	51.67%	62.91%	60.95%	104.23%

All schedules are to be 10-year schedules; however, the information in the schedules is not required to be presented retroactively. Years will be added to the schedules in future fiscal years until 10 years of information is available.

CITY OF MURRAY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City of Murray's OPEB Contributions
County Employees Retirement System of Kentucky Retirement Systems-
For The Year Ended June 30,

CERS:							
Nonhazardous	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution for employer	\$ 176,280	\$ 232,985	\$ 209,652	\$ 205,170	\$ 260,164	\$ 161,313	\$ -
System's contributions in relation to the statutorily required contribution	<u>(176,280)</u>	<u>(232,985)</u>	<u>(209,652)</u>	<u>(205,170)</u>	<u>(260,164)</u>	<u>(161,313)</u>	<u>-</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
System's contributions as a percentage of statutorily required contribution	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
System's Covered-Employee payroll	\$ 3,750,644	\$ 4,429,366	\$ 4,404,445	\$ 4,310,286	\$ 4,501,107	\$ 4,758,502	\$ 4,936,641
Contributions as a percentage of its covered employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%	0.00%
Hazardous							
Statutorily required contribution for employer	\$ 317,627	\$ 393,730	\$ 334,933	\$ 337,216	\$ 366,022	\$ 248,114	\$ 99,580
System's contributions in relation to the statutorily required contribution	<u>(317,627)</u>	<u>(393,730)</u>	<u>(334,933)</u>	<u>(337,216)</u>	<u>(366,022)</u>	<u>(248,114)</u>	<u>(99,580)</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
System's contributions as a percentage of statutorily required contribution	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
System's Covered-Employee payroll	\$ 3,397,080	\$ 3,760,552	\$ 3,518,209	\$ 3,542,186	\$ 3,495,910	\$ 3,659,498	\$ 3,859,695
Contributions as a percentage of its covered employee payroll	9.35%	10.47%	9.52%	9.52%	10.47%	6.78%	2.58%

CITY OF MURRAY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City of Murray's OPEB Contributions
County Employees Retirement System of Kentucky Retirement Systems-
For The Year Ended June 30,

Murray Convention Center
CERS:

Nonhazardous	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution for employer	\$ 4,272	\$ 4,564	\$ 4,189	\$ 5,999	\$ 6,199	\$ 3,541	
System's contributions in relation to the statutorily required contribution	(4,272)	(4,564)	(4,189)	(5,999)	(6,199)	(3,541)	
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
System's contributions as a percentage of statutorily required contribution	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
System's Covered-Employee payroll	\$ 75,595	\$ 88,423	\$ 88,000	\$ 87,000	\$ 95,693	\$ 106,448	\$ 110,346
Contributions as a percentage of its covered employee payroll	5.65%	5.16%	4.76%	6.90%	6.48%	3.33%	0.00%

All schedules are to be 10-year schedules; however, the information in the schedules is not required to be presented retroactively. Years will be added to the schedules in future fiscal years until 10 years of information is available.

See Independent Auditor's Report

CITY OF MURRAY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2024

Notes to Schedules

The following change was made by the Kentucky Legislature and reflected in the valuation performed as of June 30:

2023- Valuation date June 30, 2022, actuarial cost method -Entry age, Asset valuation method -Market Value
Withdrawal- None
2020-

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for OPEB: The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increases to 6.30% in 2023 and then gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for pension.

2019-

The assumptions were updated as of result of an experience study for the five-year period ending June 30, 2018. The investment rate of return remained unchanged from at 6.25% from the prior measurement date. The discount rate remained unchanged at 6.25% from the prior measurement date. The inflation rate remained unchanged at 2.30% from the prior measurement date. Projected salary increases 3.30% to 11.50% - non-hazardous and 3.05% to 18.55% - hazardous. Exhibit A-6 -106- Notes to Required Supplementary Information for the Year Ended June 30, 2020. The amortization period of the unfunded accrued liability was reset to a closed 30-year period for the year ended June 30, 2013.

2018-

- House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018, is determined using these updated benefit provisions.
- House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

2017-

- The assumed investment rate decreased from 7.5 % to 6.25%
- The assumed rate of inflation was reduced from 3.50% to 2.3%
- Payroll growth assumption was reduced from 4.00% to 2.00%

2015 –

- The assumed investment rate decreased from 7.75% to 7.50%
- The assumed rate of inflation was reduced from 3.50% to 3.25%
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%
- Payroll growth assumption was reduced from 4.50% to 4.00%
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

See Independent Auditor's Report

CITY OF MURRAY, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2024

- The assumed rates of Retirement, Withdrawal and Disability were updated too moreaccurately reflect experience.

2014 –

- A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

Changes of assumptions-

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

2013 –

- The amortization period of the unfunded accrued liability was reset to a closed 30-year period.

Method and assumptions used in calculations of actuarially determined contributions-

The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal years ended 2014 and 2015, determined as of July 1, 2013. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

- | | |
|---------------------------------|---|
| • Actuarial cost method | Entry age |
| • Amortization method | Level percentage of payroll, closed |
| • Remaining amortization period | 30 years |
| • Asset valuation method | 5-year smoothed market |
| • Inflation | 3.5 percent |
| • Salary increases | 4.5 percent, average, including inflation |

Investment rate of return 7.75 percent, net of pension plan investment

CITY OF MURRAY, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -GENERAL FUND
For The Year Ended June 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues				
Property taxes	\$ 3,423,300	\$ 3,423,300	\$ 4,065,921	\$ 642,621
Insurance tax	1,600,000	1,600,000	2,313,203	713,203
Occupational tax	3,800,000	3,800,000	4,859,149	1,059,149
Franchise taxes	175,000	175,000	179,425	4,425
Occupational business licenses	325,000	325,000	373,773	48,773
Payments in lieu of taxes	64,000	64,000	58,816	(5,184)
Bank shares	245,000	245,000	233,917	(11,083)
License and permits	125,000	125,000	72,605	(52,395)
Fines and fees	15,500	15,500	161,496	145,996
Intergovernmental revenue	20,000	20,000	14,244	(5,756)
Interest	250,000	250,000	729,775	479,775
Miscellaneous income	113,200	113,200	154,368	41,168
Contributions	50,000	50,000	109,916	59,916
Grant funds received	9,466,952	1,900,491	768,924	(1,131,567)
Total revenues	19,672,952	12,106,491	14,095,532	1,989,041
Expenditures				
General government	16,411,971	8,420,798	2,740,868	5,679,930
Police department	4,451,841	4,014,665	3,912,854	101,811
Fire department	4,921,891	5,255,493	4,966,375	289,118
Street department	1,022,434	1,022,434	912,073	110,361
Planning and zoning	360,621	360,621	300,523	60,098
Debt service				
Principal	487,510	487,510	401,752	85,758
Interest			32,141	(32,141)
Total expenditures	27,656,268	19,561,521	13,266,586	6,294,935
Revenues over (under) expenditures	(7,983,316)	(7,455,030)	828,946	8,283,976
Other Financing Sources (Uses)				
Transfer from other funds	600,000	600,000	650,000	50,000
Transfers to other funds		-	(2,260,000)	(2,260,000)
Total other financing sources (uses)	600,000	600,000	(1,610,000)	(2,210,000)
Net change in fund balance	(7,383,316)	(6,855,030)	(781,054)	6,073,976
Fund balance, beginning of year	11,745,176	18,613,402	18,613,402	-
Fund balance, end of year	\$ 4,361,860	\$ 11,758,372	\$ 17,832,348	\$ 6,073,976

See Independent Auditor's Report

SUPPLEMENTARY AND OTHER INFORMATION SECTION

**COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2024

	Special Revenue Funds						Totals
	Municipal Aid	E-911	Murray Convention and Visitors Bureau	Drug Court Awards Fund	LGEA	Alcoholic Beverage Control	
Assets							
Cash	\$ -	\$ -	\$ 185,344	\$ -	\$ -		\$ 185,344
Accounts receivable		2,940	1,163	-		157,496	161,599
Restricted assets	497,175	256,032	286,755	36,539	14,482	540,306	1,631,289
Total assets	<u>\$ 497,175</u>	<u>\$ 258,972</u>	<u>\$ 473,262</u>	<u>\$ 36,539</u>	<u>\$ 14,482</u>	<u>\$ 697,802</u>	<u>\$ 1,978,232</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 6,497	\$ 10,674	\$ 1,808	\$ 1	\$ -	\$ 5,381	\$24,361
Accrued expenditures		10,454	3,877			3,813	18,144
Total liabilities	<u>6,497</u>	<u>21,128</u>	<u>5,685</u>	<u>1</u>	<u>-</u>	<u>9,194</u>	<u>42,505</u>
Fund Balances							
Unassigned			180,822				180,822
Restricted	490,678	237,844	286,755	36,538	14,482	688,608	1,754,905
Total fund balances	<u>490,678</u>	<u>237,844</u>	<u>467,577</u>	<u>36,538</u>	<u>14,482</u>	<u>688,608</u>	<u>1,935,727</u>
Total liabilities and fund balances	<u>\$ 497,175</u>	<u>\$ 258,972</u>	<u>\$ 473,262</u>	<u>\$ 36,539</u>	<u>\$ 14,482</u>	<u>\$ 697,802</u>	<u>\$ 1,978,232</u>

See Independent Auditor's Report

CITY OF MURRAY, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2024

	Special Revenue Funds						Totals
	Municipal Aid	E-911	Murray Convention and Visitors Bureau	Drug Court Awards Fund	LGEA	Alcoholic Beverage Control	
Revenues							
Intergovernmental revenues	\$ 375,158	\$ -	\$ 9,480	\$ -	\$ -	\$ -	\$ 384,638
Interest earned	32,304	4,350	1,789	4	761	32,058	71,266
Telephone line charges		199,247					199,247
Transient room tax			413,607				413,607
Alcoholic beverage license fees						373,560	373,560
Other			17,314	-	425	-	17,739
Total revenues	<u>407,462</u>	<u>203,597</u>	<u>442,190</u>	<u>4</u>	<u>1,186</u>	<u>405,618</u>	<u>1,460,057</u>
Expenditures							
Street department	225,697						225,697
E-911		466,576					466,576
Tourism commission			435,877				435,877
Freedom fest			1,038				1,038
Drug programs				6,136			6,136
Alcoholic beverage control						515,123	515,123
Debt Service							
Principal			4,927				4,927
Interest			4,673				4,673
Total expenditures	<u>225,697</u>	<u>466,576</u>	<u>446,515</u>	<u>6,136</u>	<u>-</u>	<u>515,123</u>	<u>1,660,047</u>
Revenues over (under) expenditures	181,765	(262,979)	(4,325)	(6,132)	1,186	(109,505)	(199,990)
Other Financing Sources (Uses)							
Transfer (to) from other funds	(50,000)	260,000				-	210,000
Total other financing sources (uses)	<u>(50,000)</u>	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,000</u>
Net change in fund balance	131,765	(2,979)	(4,325)	(6,132)	1,186	(109,505)	10,010
Fund balance, beginning of year	358,913	240,823	471,902	42,670	13,296	798,113	1,925,717
Fund balance, end of year	<u>\$ 490,678</u>	<u>\$ 237,844</u>	<u>\$ 467,577</u>	<u>\$ 36,538</u>	<u>\$ 14,482</u>	<u>\$ 688,608</u>	<u>\$ 1,935,727</u>

See Independent Auditor's Report

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

June 30, 2024

	Central Garage	Medical Insurance Fund	Totals
Assets			
Current Assets			
Accounts receivable	\$ 30,768	\$ -	\$ 30,768
Prepays	328	-	328
Materials and supplies, at average cost	66,606	-	66,606
Total current assets	<u>97,702</u>	<u>-</u>	<u>97,702</u>
Noncurrent Assets			
Right to use lease assets, net of amortization	5,465	-	5,465
Capital Assets:			
Buildings	225,000	-	225,000
Machinery and equipment	277,578	-	277,578
Accumulated depreciation	(450,385)	-	(450,385)
Restricted assets	-	881,080	881,080
Total noncurrent assets	<u>57,658</u>	<u>881,080</u>	<u>938,738</u>
Total assets	<u>155,360</u>	<u>881,080</u>	<u>1,036,440</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	81,730	-	81,730
Deferred outflows related to OPEB	33,447	-	33,447
Total deferred outflows	<u>115,177</u>	<u>-</u>	<u>115,177</u>
Liabilities			
Current Liabilities			
Accounts payable	37,172	169,300	206,472
Accrued salaries	4,642	-	4,642
Accrued compensated absences	30,197	-	30,197
Due to other funds	234,985	-	234,985
Current maturities of lease liability	1,315	-	1,315
Accrued claims incurred but not reported	-	246,936	246,936
Total current liabilities	<u>308,311</u>	<u>416,236</u>	<u>724,547</u>
Long-term Liabilities			
Lease liability	4,150	-	4,150
Net pension liability	295,084	-	295,084
Net OPEB liability (asset)	(6,348)	-	(6,348)
Total noncurrent liabilities	<u>292,886</u>	<u>-</u>	<u>292,886</u>
Total liabilities	<u>601,197</u>	<u>416,236</u>	<u>1,017,433</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	67,338	-	67,338
Deferred inflows related to OPEB	115,263	-	115,263
Total deferred inflows	<u>182,601</u>	<u>-</u>	<u>182,601</u>
Net Position			
Investment in capital assets	52,193	-	52,193
Restricted	-	881,080	881,080
Unrestricted	(565,454)	(416,236)	(981,690)
Total net position	<u>\$ (513,261)</u>	<u>\$ 464,844</u>	<u>\$ (48,417)</u>

See Independent Auditor's Report

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2024**

	Central Garage	Medical Insurance Fund	Totals
Operating Revenues			
Charges for interfund services	\$ 670,668		\$ 670,668
Contributions to fund		2,253,629	2,253,629
Total operating revenues	<u>670,668</u>	<u>2,253,629</u>	<u>2,924,297</u>
Operating Expenses			
Depreciation and amortization	17,406		17,406
Parts rebilled	219,187		219,187
Petroleum products	237,139		237,139
Other garage expenses	182,776		182,776
Claims paid		\$1,494,223	1,494,223
Administrative costs		594,382	594,382
Total operating expenses	<u>656,508</u>	<u>2,088,605</u>	<u>2,745,113</u>
Operating income (loss)	14,160	165,024	179,184
Non-Operating Revenues (Expenses)			
Interest and dividend income		45,551	45,551
Change in net position	<u>14,160</u>	<u>210,575</u>	<u>224,735</u>
Net position-beginning of year	(527,421)	254,269	(273,152)
Net position-end of year	<u>\$ (513,261)</u>	<u>\$ 464,844</u>	<u>\$ (48,417)</u>

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COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2024

	Central Garage	Medical Insurance Fund	Totals
Cash Flows From Operating Activities			
Cash paid to suppliers	\$ (478,721)	-	\$ (478,721)
Cash paid for employees	(229,448)	-	(229,448)
Cash received for premiums		2,253,629	2,253,629
Cash paid for claims		(1,520,892)	(1,520,892)
Cash paid for administrative expenses		(594,382)	(594,382)
Cash received from interfund services provided	712,069		712,069
Net cash provided (used) by operating activities	<u>3,900</u>	<u>138,355</u>	<u>142,255</u>
Cash Flow From Capital and Related Financing Activities			
Purchase of capital assets	(3,900)		(3,900)
Net cash (used) by capital and related financing activities	<u>(3,900)</u>	<u>-</u>	<u>(3,900)</u>
Cash Flow From Investing Activities			
Interest and dividends		45,551	45,551
Net cash provided by investing activities	<u>-</u>	<u>45,551</u>	<u>45,551</u>
Net increase (decrease) in cash and cash equivalents	-	183,906	183,906
Cash and cash equivalents-beginning		697,174	697,174
Cash and cash equivalents-ending	<u>\$ -</u>	<u>\$ 881,080</u>	<u>\$ 881,080</u>
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 14,160	\$ 165,024	\$ 179,184
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	17,406		17,406
Pension/OPEB expense	(83,118)		(83,118)
(Increase) Decrease in operating assets:			
Accounts receivable	5,643		5,643
Prepays	(328)		(328)
Material and supplies	(4,315)		(4,315)
Increase (Decrease) in operating liabilities:			
Accounts payable	21,080		21,080
Accrued expenses	(2,386)	(26,669)	(29,055)
Due to other funds	35,758		35,758
Net cash provided by operating activities	<u>\$ 3,900</u>	<u>\$ 138,355</u>	<u>\$ 142,255</u>

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INTERNAL CONTROL AND COMPLIANCE SECTION



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Honorable Mayor Bob
Rogers and Members of
the City Council
City of Murray, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murray, 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 Murray, Kentucky's basic financial statements, and have issued our report thereon dated March 13, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Murray, 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 Murray, Kentucky's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Murray, Kentucky's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been 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 City of Murray, 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 is 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.

Romaine & Associates, PLLC

Paducah, Kentucky
Certified Public Accountants
March 13, 2025

