

CITY OF WILDER, KENTUCKY
FINANCIAL STATEMENTS
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Member of City Council
City of Wilder, Kentucky
Wilder, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Wilder, Kentucky (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis of 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 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 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'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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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'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 judgement, there are condition or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, on our consideration of the City'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky
January 30, 2024

As management of the City of Wilder, Kentucky (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the City were more than its liabilities and deferred outflows at the close of the most recent fiscal year by \$2,920,049 (net position). The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors, was a deficit of \$5,094,153. The City is committed to provide postemployment benefits to its employees. As a result, the City has recognized substantial liabilities in the financial statements for these benefits. As of year-end, the City has liabilities of for postemployment benefits of \$9,655,744 which caused the deficit balance in the unrestricted net position.

The City's total net position increased by \$942,934.

At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$5,787,883 an increase of \$1,572,147 from the prior year. Of this amount, \$4,884,844 is available for spending at the City's discretion (unassigned fund balance).

At the close of the current fiscal year, the unassigned fund balance for the general fund \$1,592,060 or, approximately 33% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

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

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financial requirements.

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

The City maintains five governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road aid fund, capital fund, building fund, and ARPA fund, which are considered to be major funds.

The City adopts an annual budget for its major funds. A budgetary comparison schedule has been provided for each major fund to demonstrate compliance with the budget.

The fund financial statements can be found on pages 12-15 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-39 of this report.

OTHER INFORMATION

In addition to the basic financial statements and notes to the financial statements, this report also presents required supplementary information concerning the City's budgets. Required supplementary information can be found on pages 41-50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Net Position

	2023	2022	Change
Assets			
Current and other assets	\$ 5,840,902	\$ 4,387,645	\$ 1,453,257
Capital assets	12,867,703	13,087,891	(220,188)
Total assets	18,708,605	17,475,536	1,233,069
Deferred outflows	1,961,971	2,013,273	2,013,273
Liabilities			
Current liabilities	74,174	184,684	(110,510)
Long-term liabilities	16,680,740	14,254,857	2,425,883
Total liabilities	16,754,914	14,439,541	2,315,373
Deferred inflows	995,613	2,325,068	2,325,068
Net position			
Net investment in capital assets	7,111,163	7,182,830	(71,667)
Restricted	903,039	811,893	91,146
Unrestricted	(5,094,153)	(5,270,523)	176,370
Total net position	\$ 2,920,049	\$ 2,724,200	\$ 195,849

Current and other assets increased by \$1,453,257 primarily due to the results of current year operations.

Capital assets decreased \$220,188 due to depreciation of \$488,190 exceeding capital asset acquisitions of \$268,002.

Current liabilities decreased \$110,510 primarily due to the results of current year operations.

Long-term liabilities increased \$2,425,358 due to increases in the pension and OPEB liabilities of \$573,453 and \$104,071 respectively, and the new lease of \$1,200,000.

Net position increased \$195,849 primarily due to the results of current year operations.

Change in Net Position

	2023	2022	Change
Revenues			
Taxes	\$ 2,782,397	\$ 2,631,962	\$ 150,435
Licenses and permits	2,171,392	2,132,264	39,128
Intergovernmental	135,922	158,187	(22,265)
Charges for services	104,886	106,788	(1,902)
Interest income	123,533	6,020	117,513
Grants	9,854	842,946	(833,092)
Other revenue	181,451	784,530	(603,079)
Total revenues	5,509,435	6,662,697	(1,153,262)
Expenses			
General government	\$ 1,345,347	1,217,137	128,210
Police	1,139,189	1,370,226	(231,037)
Fire	1,351,730	1,685,423	(333,693)
Public works	394,628	359,605	35,023
Recreation	158,198	145,698	12,500
Interest	177,409	174,630	2,779
Total liabilities	4,566,501	4,952,719	(386,218)
Change in net position	942,934	1,709,978	(767,044)
Net position - beginning	2,424,200	1,014,222	1,409,978
Net position - ending	\$ 3,367,134	\$ 2,724,200	\$ 642,934

Governmental activities increased the City's net position by \$2,724,200. Key changes during the year are as follows:

Tax revenue increased by \$150,435 primarily due to increased assessments.

Interest income increased \$117,513 primarily due to increased interest rates.

Grant revenue decreased \$833,092 primarily due to having received \$842,946 in ARPA money in the prior year.

Other revenue decreased \$603,079 due primarily to having recognized a gain on the sale of property in the prior year.

General government expenses increased \$128,210 primarily due to the results of current year operations.

Police and fire expenses decreased by \$231,037 and \$333,693 respectively due to lower pension and OPEB expense in the current year.

GOVERNMENTAL FUND FINANCIAL ANALYSIS

Governmental Funds

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

At the end of the current fiscal year, the City's government funds reported combined fund balances of \$5,787,883, an increase of \$1,572,147 in comparison with the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,592,060. The total general fund balance increased \$103,995.

The fund balance of the road aid fund increased \$69,334.

The fund balance of the capital fund increased \$1,373,563.

The fund balance of the building fund increased \$3,345.

The fund balance of the ARPA fund increased \$21,910.

General Fund Budgetary Highlights

Actual revenues were less than budgeted revenues by \$380,210 primarily due to higher than budgeted tax revenue.

Actual expenditures were less than budgeted expenditures by \$128,169 primarily due to lower than budgeted fire department expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the City had \$12,867,703 net investment in capital assets. The decrease in capital assets was \$220,188.

	2023	2022	Change
Land	\$ 1,686,247	\$ 1,678,397	\$ 7,850
Investment in joint venture	227,195	227,195	-
Buildings	6,210,046	6,234,319	(24,273)
Infrastructure	4,223,460	4,406,705	(183,245)
Vehicles	351,943	400,540	(48,597)
Equipment	168,809	140,732	28,077
Net capital assets	\$ 12,867,700	\$ 13,087,888	\$ (220,188)

Major capital assets events during the current fiscal year included:

A new roof and HVAC units for the city building and a new police cruiser.

Long-Term Obligations

At the end of the fiscal year, the City had \$16,702,243 in long-term liabilities. The increase in long-term liabilities was \$2,432,861.

	2023	2022	Change
Series 2019 Bonds	\$ 5,665,000	\$ 5,810,000	\$ (145,000)
Bond premiums	91,540	95,061	(3,521)
2023 Lease	1,200,000		1,200,000
Interest payable	21,503	14,525	6,978
Compensated absences	68,456	55,915	12,541
Net pension liability	7,552,581	6,363,177	1,189,404
Net OPEB liability	2,103,163	1,930,704	172,459
Total long-term liabilities	\$ 16,702,243	\$ 14,269,382	\$ 2,432,861

The City entered into a new lease for the purchase of a ladder truck for the fire department for \$1,200,000. The City made principal payments of \$145,000 on the bond issue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budgeted income for the city decreased for the upcoming fiscal year primarily due to lower expected tangible property assessments. Budgeted general fund expenditures increased for the upcoming fiscal year primarily due to higher costs associated with police and fire protection.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator at 520 Licking Pike, Wilder, KY 40213.

City of Wilder, Kentucky
Statement of Net Position - Continued
June 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,474,190
Restricted cash	903,039
Investments	1,635,665
Receivables	828,008
Capital assets, net of depreciation	12,867,703
Total assets	18,708,605
Deferred outflows of resources	
Pension related	1,300,362
OPEB related	661,609
Total deferred outflows of resources	1,961,971
Liabilities	
Accounts payable	6,453
Payroll related liabilities	46,566
Accrued interest payable	21,155
Noncurrent liabilities:	
Due within one year:	
Bonds payable	145,000
Lease payable	102,000
Due in more than one year:	
Bonds payable	5,520,000
Bond premium, net of amortization	91,540
Lease payable	1,098,000
Compensated absences	68,456
Net pension liability	7,552,581
Net OPEB liability	2,103,163
Total liabilities	16,754,914
Deferred inflows of resources	
Related to pensions	343,118
Related to OPEB	652,495
Total deferred inflows of resources	995,613
Net position	
Net investment in capital assets	7,111,163
Restricted	903,039
Unrestricted	(5,094,153)
Total net position	\$ 2,920,049

The accompanying notes are an integral part of this statement.

City of Wilder, Kentucky
Statement of Activities
Year Ended June 30, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
General government	\$ 1,345,347	\$ 104,886	\$ 9,854	\$ (1,230,607)
Police	1,452,965	-	45,953	(1,407,012)
Fire	1,785,039	-	26,568	(1,758,471)
Public works	394,628	-	63,401	(331,227)
Recreation	158,198	-	-	(158,198)
Interest	177,409	-	-	(177,409)
Total governmental activities	5,313,586	104,886	145,776	(5,062,924)
Total primary government	\$ 5,313,586	\$ 104,886	\$ 145,776	(5,062,924)
General revenues				
				2,782,397
Taxes				2,171,392
Licenses and permits				123,533
Interest income				181,451
Other revenue				5,258,773
Total general revenues				195,849
Change in net position				2,724,200
Net position - beginning				\$ 2,920,049
Net position - ending				

The accompanying notes are an integral part of this statement.

City of Wilder, Kentucky
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Municipal Road Aid Fund	Capital Fund	Building Fund	ARPA Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 817,071	\$	\$ 1,657,119	\$	\$	\$ 2,474,190
Restricted cash		216,707			686,332	903,039
Investments			1,189,637	446,028		1,635,665
Receivables:						
Taxes	259,760					259,760
Notes						-
Licenses	563,532					563,532
Intergovernmental	4,716					4,716
Total assets	\$ 1,645,079	\$ 216,707	\$ 2,846,756	\$ 446,028	\$ 686,332	\$ 5,840,902
Liabilities						
Accounts payable	\$ 6,453	\$	\$	\$	\$	\$ 6,453
Payroll liabilities	46,566					46,566
Total liabilities	53,019	0	0	0	0	53,019
Fund balances						
Restricted		216,707			686,332	903,039
Unassigned	1,592,060		2,846,756	446,028		4,884,844
Total fund balances	1,592,060	216,707	2,846,756	446,028	686,332	5,787,883
Total liabilities and fund balances	\$ 1,645,079	\$ 216,707	\$ 2,846,756	\$ 446,028	\$ 686,332	\$ 5,840,902

The accompanying notes are an integral part of this statement.

City of Wilder, Kentucky
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
June 30, 2023

Total governmental fund balances	\$ 5,787,883
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,867,703
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Deferred outflows and inflows of resources are applicable to future
periods and, therefore, not reported in the funds.

Deferred outflows - pension	1,300,362
Deferred outflows - OPEB	661,609
Deferred inflows - pension	(343,118)
Deferred inflows - OPEB	(652,495)

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the funds

Accrued interest payable	(21,155)
Bonds payable	(5,665,000)
Lease payable	(1,200,000)
Compensated absences	(68,456)
Net pension liability	(7,552,581)
Net OPEB liability	(2,103,163)

Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(91,540)
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<u>Net position of governmental activities</u>	<u>\$ 2,920,049</u>
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The accompanying notes are an integral part of this statement.

City of Wilder, Kentucky
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
June 30, 2023

	General Fund	Road Aid Fund	Capital Fund	Building Fund	ARPA Fund	Total Governmental Funds
Revenues						
Taxes	\$ 2,782,397	\$ -	\$ -	\$ -	\$ -	\$ 2,782,397
Licenses and permits	2,171,392	-	-	-	-	2,171,392
Intergovernmental	72,521	63,401	-	-	-	135,922
Charges for services	104,886	-	-	-	-	104,886
Grants	9,854	-	-	-	-	9,854
Interest income	39,228	6,115	54,685	3,345	21,910	125,283
Other revenue	181,451	-	-	-	-	181,451
Total revenues	5,361,729	69,516	54,685	3,345	21,910	5,511,185
Expenditures						
Current						
General government	1,149,862	-	18,015	-	-	1,167,877
Public safety - police	1,354,410	-	-	-	-	1,354,410
Public safety - fire	1,591,867	-	-	-	-	1,591,867
Public works	276,552	182	-	-	-	276,734
Recreation	81,624	-	-	-	-	81,624
Debt service						
Principal	145,000	-	-	-	-	145,000
Interest	174,300	-	-	-	-	174,300
Capital outlay	84,119	-	263,107	-	-	347,226
Total expenditures	4,857,734	182	281,122	-	-	5,139,038
Excess of revenues over (under) expenditures	503,995	69,334	(226,437)	3,345	21,910	372,147
Other financing sources (uses)						
Transfers in	-	-	400,000	-	-	400,000
Transfers out	(400,000)	-	-	-	-	(400,000)
Lease proceeds	-	-	1,200,000	-	-	1,200,000
Total other financing sources (uses)	(400,000)	-	1,600,000	-	-	1,200,000
Net change in fund balance:	103,995	69,334	1,373,563	3,345	21,910	1,572,147
Fund balances - beginning	1,488,065	147,373	1,473,193	442,683	664,422	4,215,736
Fund balances - ending	\$ 1,592,060	\$ 216,707	\$ 2,846,756	\$ 446,028	\$ 686,332	\$ 5,787,883

The accompanying notes are an integral part of this statement.

City of Wilder, Kentucky
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
June 30, 2023

Net change in fund balances - total governmental funds	\$ 1,572,147
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Amounts reported for governmental activities in the statement of

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 and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.	(220,188)
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Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Interest	(1,750)

Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effects of bond issuance premiums with debt is first issued, whereas these amounts are deferred and amortized in statement of activities.	
Lease issued	(1,200,000)
Principal paid on bonds	145,000
Bond premium	3,521
	(1,051,479)

Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the funds.	
Change in accrued interest payable	(6,630)
Compensated absences	(12,541)
Change in pension liabilities and deferred amounts	810,376
Change in OPEB liabilities and deferred amounts	(147,001)

	644,204
Change in net position of governmental activities	\$ 942,934

The accompanying notes are an integral part of this statement.

NOTE 1: ACCOUNTING POLICIES

Kentucky Revised Statutes and Ordinances of the City Council of the City of Wilder, Kentucky (City) designate the purpose, function, and restrictions of the various funds.

Reporting Entity

The City operates under a City Council government comprised of the Mayor and six council members. The financial statements of the City include all of the funds for which the Mayor and City Council are financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards was determined on the basis of the City's ability to significantly influence operations, select the governing authority, participate in fiscal management, and the scope of public services. The City has no component units or entities for which the government is considered to be financially accountable.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to determine legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are presented in a single column.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows, liabilities, and deferred inflows is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Kentucky. This is a major fund of the city.

Road Aid Fund – The road aid fund is a special revenue fund that accounts for the allocation of funds from the Commonwealth of Kentucky as provided in KRS 174 for design, right-of-way acquisitions, utilities, construction, and other municipal road aid expenditures. The city has elected to treat this as a major fund.

Capital Fund – The capital fund is a city designated fund used for capital projects and purchases. This is a major fund of the city.

Building Fund – The building fund is a city designated fund used for savings purposes. The city has elected to treat this as a major fund.

ARPA Fund – The ARPA fund is used to account for the expenditure of ARPA funds and demonstrate compliance with ARPA requirements. This is a major fund of the city.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within sixty days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. **NOTE**

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

However, debt service expenditures as well as expenditures related to long-term compensated absences and postemployment benefits are recorded only when payment is due.

Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date of ninety days or less.

The City is authorized by state statute to invest in the following subject to additional requirements of KRS 66.480:

- Obligations of the United States and of its Agencies and instrumentalities
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Bonds and Securities of other State and Local Governments
- Mutual Funds, Exchange Traded Funds, Individual Equity Securities and High-quality Corporate bonds managed by a professional investment manager

Investments

Investments with a maturity of less than one year are stated at cost. Investments with a maturity greater than one year are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Receivables

Property taxes are levied as of January 1 on property values assessed as of the same date. The taxes are billed on approximately October 1 and are due on November 1. On December 1, the bill becomes delinquent and penalties and interest may be assessed by the City. A lien may be placed on the property on December 1.

Accounts receivables are presented, when necessary, net of an allowance for doubtful accounts. No allowance has been recorded for the current fiscal year.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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

Description	Estimated Lives
Buildings	50 Years
Improvements	20 Years
Infrastructure	40 Years
Vehicles	7 Years
General equipment	7 Years

Deferred Outflows

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

Payables and Accrued Liabilities

All payables and accrued liabilities are reported on the government-wide financial statements and fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, contractually required pension and OPEB contributions that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations are recognized as a liability on the governmental fund financial statements when due.

Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation. Vested or accumulated vacation leave that has matured and is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Accumulated sick leave lapses when employees leave employment of the City and, upon separation from service; no monetary obligation exists.

Long-Term Obligations

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt consists of bonds, notes, and lease liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as an other financing source and payment of principal and interest are reported as expenditures.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Other Post Employment Benefits (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 Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred Inflows

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

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted net assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use by external parties or by law through enabling legislation.

Unrestricted net position is the amount of net amount of assets, deferred outflows, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable. Amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted. Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed. Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance.

Assigned. Amounts that are designated for a specific purpose but are not spendable until a budget ordinance is passed or a there is majority passed vote by City Council.

Unassigned. All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the City’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City’s policy is to first apply the expenditure toward restricted fund balance, and then to committed, assigned, and unassigned fund balances in that order.

Revenues and Expenditures/Expenses

Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Expenses/Expenditures

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Interfund Balances

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

Budgetary Process

An annual budget is adopted for each governmental fund by ordinance prior to July 1. The budget can be amended by a subsequent ordinance. Expenditures may not legally exceed budgeted appropriations at the function level.

Subsequent Events

The City evaluated subsequent events for potential recognition and disclosure through January 30, 2024, the date the financial statements were available to be issued.

NOTE 2: CASH AND INVESTMENTS

Deposits

Custodial credit risk. This is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. At year end, the City's bank balance was \$3,532,064 and the carrying amount was \$3,377,129. The bank balance was fully covered by FDIC insurance and collateralized securities held by the financial institution, but not in the name of the City.

Investments

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 or collateral securities that are in the possession of an outside party. The City maintains an investment account with a brokerage institution which holds investment's in the City's name.

Interest rate risk. This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate risk.

Credit risk. This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. At year end, the City held US Treasury notes and certificates of deposit at insured banks.

At year end, the City had the following investments:

	Fair Value	Investment Maturities		Fair Value Measurements	
		Less Than 1 Year	1 - 5 Years	Level 1 Inputs	Level 2 - 3 Inputs
Certificates of deposit	\$ 1,195,965	\$ 1,195,965	\$ -	\$ 1,195,965	\$ -
US Treasury obligations	439,700	439,700	-	439,700	-
	<u>\$ 1,635,665</u>	<u>\$ 1,635,665</u>	<u>\$ -</u>	<u>\$ 1,635,665</u>	<u>\$ -</u>

NOTE 3: RECEIVABLES

Receivables at year end consist of the following:

Property tax	\$ 4,341
Motor vehicle tax	3,816
Utility franchise tax	16,162
Insurance premium tax	235,441
Occupational license payroll	563,532
KLEFPF	4,716
<u>Total receivables</u>	<u>\$ 828,008</u>

The City believes all receivables are fully collectible and, therefore, no allowance for doubtful accounts has been recorded.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year is summarized below:

	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023
Governmental activities				
Land	\$ 1,678,397	\$ 7,850	\$ -	\$ 1,686,247
Investment in joint venture	227,195	-	-	227,195
Buildings	7,826,984	134,966	-	7,961,950
Infrastructure and improvements	5,907,278	-	-	5,907,278
Vehicles	1,686,988	46,983	-	1,733,971
Equipment	1,409,749	78,203	-	1,487,952
Total capital assets	18,736,591	268,002	-	19,004,593
Accumulated depreciation				
Buildings	1,592,665	159,239	-	1,751,904
Infrastructure and improvements	1,500,569	183,244	-	1,683,813
Vehicles	1,286,449	95,581	-	1,382,030
Equipment	1,269,017	50,126	-	1,319,143
Total accumulated depreciation	5,648,700	488,190	-	6,136,890
Net governmental capital assets	\$ 13,087,891	\$ (220,188)	\$ -	\$ 12,867,703

Depreciation was charged to following government functions:

Administration	\$ 126,364
Police	69,064
Fire	148,905
Public works	68,137
Parks and recreation	75,720
	<u>\$ 488,190</u>

NOTE 5: LONG-TERM LIABILITIES

Long-term liability activity for the year is summarized below:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
General obligation bonds	\$ 5,810,000	\$ -	\$ (145,000)	\$ 5,665,000	\$ 145,000
Bond premiums	95,061	-	(3,521)	91,540	3,521
Lease liability	-	1,200,000	-	1,200,000	102,000
Compensated absences	55,915	12,541	-	68,456	-
Net pension liability	6,363,177	1,189,404	-	7,552,581	-
Net OPEB liability	1,930,704	172,459	-	2,103,163	-
	<u>\$ 14,254,857</u>	<u>\$ 2,574,404</u>	<u>\$ (148,521)</u>	<u>\$ 16,680,740</u>	<u>\$ 250,521</u>

General obligation bonds

The City issues general obligations bonds to provide funds for the acquisition of equipment and the construction of facilities. The bonds are direct obligations and pledge the full faith and credit of the City. General obligations outstanding at year end are as follows:

	Issue Amount	Issue Date	Coupon Rate	Maturity Date	Outstanding Principal
Series 2019 Bonds	\$ 6,210,000	7/23/2019	3.00%	6/1/1949	\$ 5,665,000

Debt service requirements for the City's general obligation bonds are as follows:

Year ended June 30:	Series 2019 Bonds	
	Principal	Interest
2024	\$ 145,000	\$ 169,950
2025	150,000	165,600
2026	155,000	161,100
2027	160,000	156,450
2028	165,000	151,650
2029 - 2033	900,000	681,000
2034 - 2038	1,050,000	537,000
2039 - 2043	1,220,000	370,050
2044 - 2048	1,410,000	175,950
2049	310,000	9,300
	<u>\$ 5,665,000</u>	<u>\$ 2,578,050</u>

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

Lease Liability

In March 2023, the City entered into a lease agreement for the acquisition of a fire ladder truck. An initial lease liability was recorded in the amount of \$1,200,000. The lease is accounted for as a financing lease – Type A. The truck has been ordered but is not in service at year end, therefore, the right of use asset has not been recorded.

	Lease Amount	Lease Date	Interest Rate	Maturity Date	Outstanding Principal
2023 Lease	\$ 1,200,000	4/27/2023	3.42%	5/1/2033	\$ 1,200,000

Future lease payments are as follows:

Year ended June 30:	Lease 2023	
	Principal	Interest
2024	102,000	\$ 41,496
2025	106,000	37,552
2026	110,000	33,926
2027	114,000	30,164
2028	117,000	26,266
2029 - 2033	651,000	68,228
Total	\$ 1,200,000	\$ 237,632

Compensated absences

City employees earn vacation time based on length of service. Employees cannot opt for cash in lieu of time off. Employees also earn sick days based on length of service. Sick days are not paid out at retirement or termination and, therefore, are not accrued. Accrued compensated absences for vacation time at year end are \$68,456.

Pension

The net pension liability associated with the County Employees Retirement System (CERS) at year end is \$7,552,581. See Note 6.

OPEB

The net OPEB liability associated with the County Employees Retirement System (CERS) at year end is \$2,103,163. See Note 7.

NOTE 6: PENSION PLAN

General Information about the Pension Plan

CERS is a cost-sharing multi-employer public employee retirement system which covers substantially all regular full-time employees of each county, city, and school board and any additional eligible local agencies electing to participate in the Plan. The Plan is administered by the CERS Board of Trustees and is divided into a divided into non-hazardous duty and hazardous duty classifications.

Benefits Provided

CERS provides retirement, death, and disability benefits to plan members. Retirement benefits maybe extended to beneficiaries under certain circumstances. Employees are vested in the plan after five years of service.

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old, or 25 years service and any age
Tier 2	Participation date	September 1, 2008 to 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
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years service and 65 years old, or age 57+ with sum of service years plus age equal
	Reduced retirement	Not available

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	At least one month service and 55 years old, or at least 20 years service at any age
	Reduced retirement	At least 15 years service and 50 years old
Tier 2	Participation date	September 1, 2008 to December 31, 2013
	Unreduced retirement	At least 5 years service and 60 years old, or at least 25 years service at any age
	Reduced retirement	At least 15 years service and 50 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced retirement	At least 5 years service and 60 years old, or at least 25 years service at any age
	Reduced retirement	Not available

NOTE 6: PENSION PLAN (CONTINUED)

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 2, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

Contributions

Employees – Tier 1 plan members are required to contribute 5% (non-hazardous) and 8% (hazardous) of their creditable compensation. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute an additional 1%.

Employers – The contribution rate for the current year was 23.40% (non-hazardous) and 42.81% (hazardous). The City made all required contributions for fiscal year in the amount of \$97,757 for non-hazardous and \$615,900 for hazardous.

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

At June 30, 2023, the City reported a liability for its proportionate share of the net pension liability as follows:

			Total Net
	Non-hazardous	Hazardous	Pension Liability
	\$ 660,804	\$ 6,891,777	\$ 7,552,581

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of 2022 contributions to the pension plan relative to the 2022 contributions of all participating employers, actuarially determined. The City's proportionate share at June 30, 2022 was:

Non-hazardous	Hazardous
0.0091%	0.2259%

NOTE 6: PENSION PLAN (CONTINUED)

For the year ended June 30, 2023, the City recognized pension expense of \$650,366. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Nonhazardous

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 706	\$ 5,885	
Change of assumptions	-	-	
Change in investment experience	16,941	-	
Change in proportionate share of contributions	32,086	-	
	49,733	\$ 5,885	\$ 43,848
Subsequent contributions	97,757		
Total	\$ 147,490		

Hazardous

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 197,599	\$ -	
Change of assumptions	-	\$ -	
Change in investment experience	159,181	-	
Change in proportionate share of contributions	180,192	337,233	
	536,972	\$ 337,233	\$ 199,739
Subsequent contributions	615,900		
Total	\$ 1,152,872		

Total nonhazardous and hazardous

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 198,305	\$ 5,885	
Change of assumptions	-	-	
Change in investment experience	176,122	-	
Change in proportionate share of contributions	212,278	337,233	
	586,705	\$ 343,118	\$ 243,587
Subsequent contributions	713,657		
Total	\$ 1,300,362		

NOTE 6: PENSION PLAN (CONTINUED)

The contributions subsequent to the measurement date of \$586,705 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The net deferral of \$243,587 will be recognized as pension expense as follows:

Year ending June 30	Net Deferral
2024	\$ 26,042
2025	16,696
2026	(703)
2027	201,552
	<u>\$ 243,587</u>

Actuarial assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles

There have been no actuarial assumption or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2021.

The actuarial assumptions are:

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from P-2014 mortality improvement scale using a base year of 2019
Healthcare trend rates:	

NOTE 6: PENSION PLAN (CONTINUED)

Long-term expected rate of return

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous plan.

Asset Class	Target Allocation	Long-term Expected Nominal Return
Public equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit/high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
<u>Expected real return</u>	<u>100.00%</u>	<u>4.28%</u>
<u>Long-term inflation assumption</u>		<u>2.30%</u>

Discount rate

A single discount rate of 6.25% was used to measure the total pension liability for the non-hazardous plan and the hazardous plan for the fiscal year ending June 30, 2022. The single discount rate is based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans' fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

NOTE 6: PENSION PLAN (CONTINUED)

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 5.25%	Current Rate 6.25%	1% Increase 7.25%
Non-hazardous	\$ 825,923	\$ 660,804	\$ 524,237
Hazardous	8,584,837	6,891,777	5,512,885
Total	<u>\$ 9,410,760</u>	<u>\$ 7,552,581</u>	<u>\$ 6,037,122</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

NOTE 7: OPEB PLAN

General Information about the Pension Plan

Plan Description. The CERS Insurance fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are 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. OPEB benefits may be extended to beneficiaries of plan members under certain circumstances. The Plan is administered by the CERS Board of Trustees and is divided into a divided into non-hazardous duty and hazardous duty classifications.

Benefits Provided. The CERS Insurance hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees. The CERS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

NOTE 7: OPEB PLAN (CONTINUED)

For health insurance 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 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

Employee Contributions. Tier 1 plan members are not required to contribute. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute 1.0% of creditable compensation to an account created for payment of health insurance benefits.

Employer Contributions – The contribution rate for the current year was 3.39% (non-hazardous) and 6.78% (hazardous). The City made all required contributions for fiscal year in the amount of \$14,162 for non-hazardous and \$97,543 for hazardous.

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

At June 30, 2023, the City reported a liability for its proportionate share of the net OPEB liability as follows:

Non-hazardous	Hazardous	Total Net OPEB Liability
\$ 180,359	\$ 1,922,804	\$ 2,103,163

NOTE 7: OPEB PLAN (CONTINUED)

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on the City's share of 2022 contributions to the OPEB plan relative to the 2022 contributions of all participating employers, actuarially determined. The City's proportionate share at June 30, 2022 was:

Non-hazardous	Hazardous
0.0091%	0.2257%

For the year ended June 30, 2023, the City recognized OPEB expense of \$258,706. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Nonhazardous

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 18,155	\$ 41,361	
Change of assumptions	28,525	23,505	
Change in investment experience	7,321	-	
Change in proportionate share of contributions	11,323	5,068	
	65,324	\$ 69,934	\$ (4,610)
Subsequent contributions	14,162		
Total	\$ 79,486		

Hazardous

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 42,486	\$ 113,879	
Change of assumptions	320,972	330,846	
Change in investment experience	70,181	-	
Change in proportionate share of contributions	50,941	137,836	
	484,580	\$ 582,561	\$ (97,981)
Subsequent contributions	97,543		
Total	\$ 582,123		

NOTE 7: OPEB PLAN (CONTINUED)

Total nonhazardous and hazardous

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 60,641	\$ 155,240	
Change of assumptions	349,497	354,351	
Change in investment experience	77,502	-	
Change in proportionate share of contributions	62,264	142,904	
	549,904	\$ 652,495	\$ (102,591)
Subsequent contributions	111,705		
Total	\$ 661,609		

The contributions subsequent to the measurement date of \$111,705 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The net deferral of \$(102,591) will be recognized as pension expense as follows:

Year ending June 30	Net Deferral
2024	\$ (4,587)
2025	(17,430)
2026	(65,006)
2027	35,621
2028	(51,189)
	<u>\$ (102,591)</u>

Implicit Subsidy

The fully-insured premiums paid for the Kentucky Employees' Health plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

Actuarial assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles

The discount rate used to calculate the total OPEB liability increased 5.20% to 5.70% for nonhazardous and 5.05% to 5.61% for hazardous. There no other material assumption changes.

NOTE 7: OPEB PLAN (CONTINUED)

The actuarial assumptions are:

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates form P-2014 mortality improvement scale using a base year of 2019
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.40% at January 1, 2022, gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided "Not to Exceed" 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.

NOTE 7: OPEB PLAN (CONTINUED)

Long-term expected rate of return

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous plan.

Asset Class	Target Allocation	Long-term Expected Nominal Return
Public equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit/high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
Expected real return	100.00%	4.28%
Long-term inflation assumption		2.30%

Discount rate

Single discount rates of 5.70% for CERS Nonhazardous and 5.61% for CERS Hazardous were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

NOTE 7: OPEB PLAN (CONTINUED)

Sensitivity of City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 5.70% nonhazardous and 5.61% hazardous 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 or 1-percentage-point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
Non hazardous	\$ 241,112	\$ 180,359	\$ 130,137
Hazardous	2,671,679	1,922,804	1,314,578
Total	<u>\$ 2,912,791</u>	<u>\$ 2,103,163</u>	<u>\$ 1,444,715</u>

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 Trend Rate	1% Increase
Non hazardous	\$ 134,093	\$ 180,359	\$ 235,916
Hazardous	1,342,640	1,922,804	2,629,957
Total	<u>\$ 1,476,733</u>	<u>\$ 2,103,163</u>	<u>\$ 2,865,873</u>

OPEB plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

NOTE 8: OPERATING LEASES

The City has no operating leases requiring disclosure as right of use assets as de

NOTE 9: TRANSFER OF FUNDS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Capital	Capital acquisition	\$ 400,000

NOTE 10: CONTINGENCIES

Grants. The City receives funding from federal and state agencies in the form of grants. These funds are to be used for designated purposes only. If the federal or state grantor finds that funds have not been used for the intended purposes, the grantor may request a refund of monies advanced or refuse to reimburse the City for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the City's grant programs is contingent upon the grantors satisfaction that the funds provided are being spent as intended and the grantors intent to continue their programs.

Litigation. The City is party to various legal proceedings which normally occur in governmental operations. It is neither possible to determine the outcome of these proceedings nor possible to estimate the effects adverse decisions may have on the future expenditures or revenue sources of the City. In the opinion of City management and its legal counsel these legal proceedings are not likely to have a material adverse impact on the accompanying financial statements. Therefore, no provision for any liability that may result upon adjudication of anyr cases has been made in the accompanying financial statements

NOTE 11: RISK MANAGEMENT

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

Management estimates that the amount of actual or potential claims against the City as of June 30, 2023, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal year.

NOTE 12: COMMITMENTS

The City has committed to the purchase of a fire ladder truck for approximately \$1,200,000. The City is expected take delivery of the asset and expend the funds in fiscal year 2025-2026.

REQUIRED SUPPLEMENTARY INFORMATION

City of Wilder, Kentucky
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Budgetary fund balance, July 1, 2022	\$ 0	\$ 0	\$ 1,563,446	\$ 1,563,446
Revenues				
Taxes	2,273,000	2,273,000	2,778,151	505,151
Licenses and permits	2,430,000	2,430,000	2,171,392	(258,608)
Intergovernmental	101,000	101,000	72,039	(28,961)
Charges for services	4,800	4,800	104,886	100,086
Grants			9,854	9,854
Interest income	110,791	110,791	39,228	(71,563)
Other revenue	57,200	57,200	181,451	124,251
Total resources available for appropriation	4,976,791	4,976,791	6,920,447	380,210
Appropriations				
General government	1,099,063	1,099,063	1,148,352	(49,289)
Public safety - police	1,416,876	1,416,876	1,365,442	51,434
Public safety - fire	1,926,718	1,926,718	1,615,768	310,950
Public works	325,527	325,527	317,050	8,477
Parks and recreation	208,607	208,607	82,710	125,897
Debt service - principal			145,000	(145,000)
Debt service - interest			174,300	(174,300)
Capital outlay			0	0
Interfund transfers			400,000	(400,000)
Total appropriations	4,976,791	4,976,791	5,248,622	(271,831)
Budgetary fund balance, June 30, 2023	\$ 0	\$ 0	\$ 1,671,825	\$ 1,671,825

Notes to Supplementary Information

Reconciling budgetary fund balance to balance sheet fund balance

GAAP basis	\$ 1,592,060
Net adjustment for revenue accruals	(4,728)
Net adjustment for expenditure accruals	9,112
Budgetary basis	\$ 1,596,444

City of Wilder, Kentucky
 Budgetary Comparison Schedule – Road Aid Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Budgetary fund balance, July 1, 2022	\$ 146,000	\$ 146,000	\$ 147,373	\$ 1,373
Resources				
Intergovernmental	60,000	60,000	63,401	3,401
Interest income			6,115	6,115
Other revenue	70	70		(70)
Total resources available for appropriation	206,070	206,070	216,889	10,819
Appropriations				
Public works			182	(182)
Total appropriations	-	-	182	(182)
Budgetary fund balance, June 30, 2023	\$ 206,070	\$ 206,070	\$ 216,707	\$ 10,637

Notes to Supplementary Information

Reconciling budgetary fund balance to balance sheet fund balance

GAAP basis \$ 216,707

Net adjustment for revenue accruals -

Net adjustment for expenditure accruals -

Budgetary basis \$ 216,707

City of Wilder, Kentucky
 Budgetary Comparison Schedule – Capital Fund
 June 30, 2023

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Budgetary fund balance, July 1, 2022	\$ 1,042,341	\$ 1,042,341	\$ 1,473,193	\$ 430,852
Resources				
Intergovernmental	850,000	850,001		(850,001)
Other	1,041,220	1,041,220	54,685	(986,535)
Lease proceeds			1,182,000	1,182,000
Transfer in	400,000	400,000	400,000	0
Total resources available for appropriation	3,333,561	3,333,562	3,109,878	(223,684)
Appropriations				
General government	478,076	478,076	166,209	311,867
Public safety - police	48,000	48,000	57,660	(9,660)
Public safety - fire	33,550	33,550	26,500	7,050
Public works	310,000	310,000		310,000
Parks and recreation	1,291,000	1,291,001	12,753	1,278,248
Total appropriations	2,160,626	2,160,627	263,122	1,897,505
Budgetary fund balance, June 30, 2023	\$ 1,172,935	\$ 1,172,935	\$ 2,846,756	\$ 1,673,821

The accompanying notes are an integral part of this statement.

Notes to Supplementary Information

Reconciling budgetary fund balance to balance sheet fund balance

GAAP basis	\$ 2,846,756
Net adjustment for revenue accruals	-
Net adjustment for expenditure accruals	-
Budgetary basis	<u>\$ 2,846,756</u>

City of Wilder, Kentucky
 Budgetary Comparison Schedule – Building Fund
 June 30, 2023

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Budgetary fund balance, July 1, 2022	\$ 0	\$ 0	\$ 442,683	\$ 442,683
Resources				
Interest income			3,345	3,345
Total resources available for appropriation	-	-	446,028	446,028
Budgetary fund balance, June 30, 2023	\$ 0	\$ 0	\$ 446,028	\$ 446,028

The accompanying notes are an integral part of this statement.

Notes to Supplementary Information

Reconciling budgetary fund balance to balance sheet fund balance	
GAAP basis	\$ 446,028
Net adjustment for revenue accruals	-
Net adjustment for expenditure accruals	-
Budgetary basis	<u>\$ 446,028</u>

City of Wilder, Kentucky
 Budgetary Comparison Schedule – ARPA Fund
 June 30, 2023

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Budgetary fund balance, July 1, 2022	\$ 631,924	\$ 631,924	\$ 664,422	\$ 0
Resources				
Interest income			21,910	21,910
Total resources available for appropriation	631,924	631,924	686,332	21,910
Budgetary fund balance, June 30, 2023	\$ 631,924	\$ 631,924	\$ 686,332	\$ 21,910

The accompanying notes are an integral part of this statement.

Notes to Supplementary Information

Reconciling budgetary fund balance to balance sheet fund balance	
GAAP basis	\$ 686,332
Net adjustment for revenue accruals	-
Net adjustment for expenditure accruals	-
Budgetary basis	<u>\$ 686,332</u>

NOTE 1: BUDGETS AND BUDGETARY PROCESS

The City follows the procedures established pursuant to KRS 91A.030 in establishing the budgetary data included in the required supplementary information. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

NOTE 2: EXPENDITURES IN EXCESS OF BUDGET

Expenditures exceeded budgeted amounts in the following funds and functions:

General fund

General government	49,289
Debt service - principal	145,000
Debt service - interest	174,300
Interfund transfers	40,000

Road fund

Public works	182
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Capital fund

Public safety - police	9,660
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City of Wilder, Kentucky
Schedule of City's Share of Net Pension Liability and Contributions - Nonhazardous
June 30, 2023

Schedule of City's Proportionate Share of the Net Pension Liability - CERS

As of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement period as of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.0914%	0.0863%	0.0081%	0.0081%	0.0087%	0.0089%	0.0093%	0.0101%	0.0104%
City's proportionate share of the net pension liability	\$ 660,804	\$ 550,485	\$ 644,887	\$ 570,661	\$ 531,927	\$ 523,871	\$ 459,900	\$ 434,023	\$ 336,222
City's covered payroll	\$ 424,544	\$ 381,363	\$ 376,309	\$ 264,458	\$ 317,192	\$ 304,098	\$ 290,260	\$ 150,181	\$ 159,550
City's proportionate share of the net pension liability as a percentage of its covered payroll	155.65%	144.35%	171.37%	215.79%	167.70%	172.27%	158.44%	289.00%	210.73%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	55.95%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

Schedule of City's Contributions - CERS

As of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 97,757	\$ 89,876	\$ 73,603	\$ 72,627	\$ 42,895	\$ 45,929	\$ 42,421	\$ 36,050	\$ 19,148	\$ 21,922
Actual contribution	97,757	89,876	73,603	72,627	42,895	45,929	42,421	36,050	19,148	21,922
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 417,764	\$ 424,544	\$ 381,363	\$ 376,309	\$ 264,458	\$ 317,192	\$ 304,098	\$ 290,260	\$ 150,181	\$ 159,550
Contributions as a percentage of covered payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%

City of Wilder, Kentucky
Schedule of City's Share of Net Pension Liability and Contributions - Hazardous
June 30, 2023

Schedule of City's Proportionate Share of the Net Pension Liability - CERS

As of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement period as of June 30	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.2259%	0.2183%	0.2376%	0.2460%	0.2370%	0.2555%	0.2465%	0.2322%	0.2169%
City's proportionate share of the net pension liability	\$ 6,891,777	\$ 5,812,692	\$ 7,164,733	\$ 6,795,053	\$ 5,731,283	\$ 5,716,068	\$ 4,229,536	\$ 3,564,744	\$ 2,606,987
City's covered payroll	\$ 1,561,571	\$ 1,386,728	\$ 1,470,102	\$ 1,200,551	\$ 1,357,981	\$ 1,365,984	\$ 1,266,497	\$ 1,351,177	\$ 702,957
City's proportionate share of the net pension liability as a percentage of its covered payroll	441.34%	419.17%	487.36%	565.99%	422.04%	418.46%	333.96%	263.83%	370.86%
Plan fiduciary net position as a percentage of the total pension liability	47.11%	55.95%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%

Schedule of City's Contributions - CERS

As of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 615,900	\$ 528,748	\$ 416,850	\$ 441,912	\$ 298,456	\$ 301,471	\$ 296,555	\$ 256,592	\$ 310,095	\$ 153,034
Actual contribution	615,900	528,748	416,850	441,912	298,456	301,471	296,555	256,592	310,095	153,034
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,438,683	\$ 1,561,571	\$ 1,386,728	\$ 1,470,102	\$ 1,200,551	\$ 1,357,981	\$ 1,365,984	\$ 1,266,496	\$ 1,351,177	\$ 702,957
Contributions as a percentage of covered payroll	42.81%	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%	22.95%	21.77%

City of Wilder, Kentucky
Schedule of City's Share of Net OPEB Liability and Contributions – Nonhazardous
June 30, 2023

Schedule of City's Proportionate Share of the Net OPEB Liability

As of June 30,	2023	2022	2021	2020	2019	2018
Measurement period as of June 30,	2022	2021	2020	2019	2018	2017
City's proportion of the net OPEB liability	0.0091%	0.0081%	0.0084%	0.0081%	0.0087%	0.0090%
City's proportionate share of the net OPEB liability	\$ 180,359	\$ 165,255	\$ 202,995	\$ 136,440	\$ 155,070	\$ 179,926
City's covered payroll	\$ 424,550	\$ 381,367	\$ 376,309	\$ 264,458	\$ 317,192	\$ 304,098
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.48%	43.33%	53.94%	51.59%	48.89%	59.17%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	58.41%	51.67%	60.44%	57.62%	52.39%

Schedule of City's Contributions

As of June 30,	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 14,162	\$ 24,539	\$ 18,153	\$ 17,912	\$ 13,910	\$ 14,908	\$ 14,384
Actual contribution	14,162	24,539	18,153	17,912	13,910	14,908	14,384
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 417,758	\$ 424,550	\$ 381,367	\$ 376,309	\$ 264,458	\$ 317,192	\$ 304,098
Contributions as a percentage of covered payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%

City of Wilder, Kentucky
Schedule of City's Share of Net OPEB Liability and Contributions – Hazardous
June 30, 2023

Schedule of City's Proportionate Share of the Net OPEB Liability

As of June 30,	2023	2022	2021	2020	2019	2018
Measurement period as of June 30,	2022	2021	2020	2019	2018	2017
City's proportion of the net OPEB liability	0.2257%	0.2463%	0.2376%	0.2463%	0.2370%	0.2555%
City's proportionate share of the net OPEB liability	\$ 1,922,804	\$ 1,765,449	\$ 2,195,296	\$ 1,822,578	\$ 1,689,671	\$ 2,112,080
City's covered payroll	\$ 1,561,566	\$ 1,386,728	\$ 1,470,102	\$ 1,200,551	\$ 1,357,981	\$ 1,365,984
City's proportionate share of the net OPEB liability as a percentage of its	123.13%	127.31%	149.33%	151.81%	124.43%	154.62%
Plan fiduciary net position as a percentage of the total OPEB liability	64.13%	58.41%	58.84%	64.44%	64.24%	58.99%

Schedule of City's Contributions

As of June 30,	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 97,543	\$ 163,496	\$ 132,017	\$ 139,953	\$ 125,697	\$ 126,971	\$ 127,719
Actual contribution	97,543	163,496	132,017	139,953	125,697	126,971	127,719
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,438,687	\$ 1,561,566	\$ 1,386,728	\$ 1,470,102	\$ 1,200,551	\$ 1,357,981	\$ 1,365,984
Contributions as a percentage of covered payroll	6.78%	10.47%	9.52%	9.52%	10.47%	9.35%	9.35%



Honorable Mayor
and Members of City Council
City of Wilder, Kentucky

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's District'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated January 30, 2024.

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

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

January 30, 2024