

This Preliminary Official Statement and information contained herein are subject to change, completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 11, 2025

**Book-Entry Only
New Issue
Not Bank Qualified**

**Rating: S&P “AA”
See “Rating” herein**

In the opinion of Bond Counsel, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the City, and subject to the conditions and limitations set forth herein under the caption “LEGAL MATTERS - Tax Treatment,” (i) interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, (ii) interest on the Bonds is exempt from Kentucky income tax, and (iii) the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

\$15,590,000*
CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A

Dated: Date of Delivery

Due: April 1st, as shown below

Interest on the City of Nicholasville, Kentucky General Obligation Bonds, Series 2025A (the “Bonds”) will be payable from their dated date, payable on each April 1 and October 1, commencing April 1, 2026, and will mature on each April 1 in the years and in the amounts, bear interest at the rates per annum, and have the yields, prices, and CUSIP numbers as depicted below:

Year	Amount*	Interest Rate	Price	Yield	CUSIP†	Year	Amount*	Interest Rate	Price	Yield	CUSIP†
2026	\$300,000	___%	___%	___%		2036	\$775,000	___%	___%	___%	
2027	595,000					2037	800,000				
2028	610,000					2038	835,000				
2029	625,000					2039	870,000				
2030	640,000					2040	905,000				
2031	660,000					2041	940,000				
2032	680,000					2042	980,000				
2033	700,000					2043	1,025,000				
2034	720,000					2044	1,070,000				
2035	745,000					2045	1,115,000				

The Bonds are being issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds will be issued under a book-entry system and registered in the name of The Depository Trust Company or its nominee. There will be no distribution of the Bonds to the ultimate purchasers. See “DESCRIPTION OF THE BONDS – Book-Entry-Only System” herein. The principal of the Bonds will be payable when due at the designated corporate trust office of U.S. Bank Trust Company, National Association, Louisville, Kentucky, as Paying Agent and Bond Registrar. Interest payments will be mailed by the Paying Agent and Bond Registrar to each holder of record as of the fifteenth day of the month preceding the date for such interest payment. See “DESCRIPTION OF THE BONDS.”

The Bonds are subject to redemption before maturity as described herein.

The City deems this Preliminary Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, except for certain information on the cover page and inside cover hereof and certain pages herein that has been omitted in accordance with Rule 15c2-12 and will be provided with the final Official Statement.

The Bonds are offered when, as and if issued, subject to the approval of legality and tax exemption by Dinsmore & Shohl LLP, Bond Counsel, Louisville, Kentucky. Certain legal matters have been passed upon for the City by Darren Sammons, City Attorney. The Bonds are expected to be available for delivery on or about December 11, 2025.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY AND IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.



* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

† Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services managed by Standard & Poor’s Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP Numbers are provided for convenience of reference only. Neither the City, the Municipal Advisor, the Underwriter, nor Bond Counsel takes any responsibility for the accuracy of such numbers.

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds. No dealer, broker, salesman, or other person has been authorized by the City to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Upon issuance, the Bonds will not be registered by the City under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal, or other governmental entity or agency except the City will have, at the request of the City, passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the City preliminary to sale of the Bonds should be regarded as part of the City's contract with the holders of the Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to the provisions of the Kentucky Constitution or the City's ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; "City" means the City of Nicholasville, Kentucky; and "Kentucky" or "Commonwealth" means the Commonwealth of Kentucky.

CITY OF NICHOLASVILLE, KENTUCKY

Mayor

Alex Carter

City Commission

Bethany Davis Brown

Dexter Knight

Patty Teater

Pete Sutherland

City Attorney

Darren Sammons

Director of Public Utilities and Finance

Bob Amato

Finance Officer

Laurie Young

City Clerk

Kathy Walker

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Louisville, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC

Lexington, Kentucky

BOND REGISTRAR AND PAYING AGENT

U.S. Bank Trust Company, National Association

Louisville, Kentucky

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INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$15,590,000* aggregate principal amount of General Obligation Bonds, Series 2025A (the “Bonds”) of the City of Nicholasville, Kentucky (the “City”) as specified on the cover page hereof.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The City

The Bonds are being issued by the City of Nicholasville, Kentucky, a municipal corporation and political subdivision of the Commonwealth of Kentucky. The City is in Jessamine County in Central Kentucky.

Sources of Payment for the Bonds

The Bonds are general obligation debt of the City. The basic security for the Bonds is the City’s ability to levy an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. (See “DESCRIPTION OF THE BONDS - Security and Source of Payment for the Bonds,” herein.)

Purpose of the Bonds

The Bonds are being issued for the purposes of (a) financing or reimbursing the payment of all or a portion of the costs of the acquisition, construction, equipping, and installation of a community recreation center for the well-being and benefit of the citizens of the City (the “Project”); (b) paying capitalized interest on the Bonds, if desirable; (c) paying the costs of credit enhancement for the Bonds, if any; and (d) paying all or a portion of the costs of issuance of the Bonds.

Description of the Bonds

The Bonds will mature as set forth on the cover page hereof. The Bonds are being offered in denominations of \$5,000 or any integral multiple thereof.

Interest

The Bonds will bear interest at the rates set forth on the cover page hereof, payable semi-annually on April 1st and October 1st, beginning April 1, 2026.

The record dates for all interest payment dates for the Bonds will be the fifteenth day of the month immediately preceding any interest payment date.

Redemption

The Bonds maturing on or after April 1, 2034 are subject to redemption prior to stated maturity on any date falling on or after October 1, 2033 (less than all of a single maturity to be selected by lot), in whole or in part, at a redemption price equal to the principal amount redeemed, plus accrued interest to the date of redemption. See “DESCRIPTION OF THE BONDS - Redemption Provisions - Optional Redemption” herein).

[The Bonds maturing on April 1, 20[] are subject to mandatory sinking fund redemption commencing April 1, 20[]. See “DESCRIPTION OF THE BONDS - Redemption Provisions- Mandatory Sinking Fund Redemption,” herein.]

If any Bonds are called for redemption, notice shall be given by mailing a copy of the redemption notice at least thirty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed (see “DESCRIPTION OF THE BONDS - Redemption Provisions - Notice of Redemption,” herein).

* Preliminary, subject to change as set out in the Official Terms and Conditions of Bond Sale.

Book Entry

The Bonds are issuable only as fully registered Bonds, without coupons. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest due on the Bonds will be made directly to DTC. Principal of, redemption premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, Louisville, Kentucky, as Bond Registrar and Paying Agent (the “Registrar and Paying Agent”). See “APPENDIX G - Book Entry Only System.”

Tax Treatment

Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest, including original issue discount, if any, on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, Bond Counsel has assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. Bond Counsel expresses no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds. Interest on the Bonds is also exempt from Kentucky income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The City has not designated the Bonds as “qualified tax-exempt obligations” with respect to certain financial institutions under Section 265 of the Code.

See “APPENDIX F - Form of Legal Approving Opinion of Bond Counsel” hereto for the form of the opinion of Bond Counsel to be delivered in connection with the Bonds.

Parties to the Issuance of the Bonds

The Registrar and Paying Agent is U.S. Bank Trust Company, National Association, Louisville, Kentucky. Legal matters incident to the issuance of the Bonds and with regard to the tax treatment status of the interest on the Bonds are subject to the approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel. The Underwriter is identified under the heading “UNDERWRITER.” The Municipal Advisor to the City is RSA Advisors, LLC.

Authority for Issuance

Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and an ordinance for the Bonds adopted by the City Commission of the City on November 10, 2025 (the “Bond Ordinance”).

Further, under Kentucky law, the City may not issue bonds which, together with all other net indebtedness of the City plus the principal amount of any outstanding self-supporting obligations, is in excess of ten percent (10.0%) of the value of the taxable property therein, as determined by the next preceding certified assessment. As described in “APPENDIX E - Statement of Indebtedness”, the issuance of the Bonds and the City’s other outstanding obligations is in compliance with this requirement. See “CITY GOVERNMENT - Debt Limitation” herein for additional information.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued by the City. The Bonds will be delivered on or about December 11, 2025 in New York, New York through DTC.

Disclosure Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the City and the County of Jessamine, Kentucky (the “County”) are intended to be made available through to the Electronic Municipal Market Access (“EMMA”) system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission. Copies of the basic documentation relating to the Bonds, including the authorizing ordinance, are available from the City.

Additional Information

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Bonds, is available from RSA Advisors, LLC, 325 West Main Street, Suite 300, Lexington, Kentucky 40507, telephone: (859) 977-6600.

DESCRIPTION OF THE BONDS

General

The Bonds are dated their date of initial issuance and delivery and bear interest from their dated date at the rates set forth on the cover page of this Official Statement, calculated on the basis of a 360 day year with 30 day months. The Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

The Bonds will bear interest at the rates set forth on the cover page hereof, payable semi-annually on April 1st and October 1st, beginning April 1, 2026.

Book Entry Only System

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, each as hereinafter defined, Beneficial Owners will not be or be considered to be, and will not have any rights as, holders of the Bonds. For additional information about DTC and the book-entry-only system see “APPENDIX G - Book Entry Only System.”

Redemption Provisions

Optional Redemption

The Bonds maturing on or after April 1, 2034 are subject to redemption prior to stated maturity on any date falling on or after October 1, 2033 (less than all of a single maturity to be selected by lot), in whole or in part, at a redemption price equal to the principal amount redeemed, plus accrued interest to the date of redemption.

[Mandatory Sinking Fund Redemption

The Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates, in the years and in the principal amounts as follows:

Maturing April 1, 20[__]

Date	Amount
April 1, 20[__]	\$_[____]
April 1, 20[__]*	\$_[____]
* Maturity]	

Notice of Redemption

If less than all Bonds that are payable by their terms on the same date are to be called, the particular Bonds or portions of Bonds payable on such same date and to be redeemed shall be selected by lot by the Registrar and Paying Agent, in such manner as the Registrar and Paying Agent in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof, and that, in selecting Bonds for redemption, the Registrar and Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

At least thirty days before the redemption date of any Bonds the Registrar and Paying Agent shall cause a notice of such redemption either in whole or in part, signed by the Registrar and Paying Agent, to be mailed, postage prepaid, to all

registered owners of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Registrar and Paying Agent, but failure so to mail any such notice to any owner shall not affect the validity of the proceedings for such redemption with respect to any other owner. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date upon surrender of such Bonds, a new Bond in principal amount equal to the unredeemed portion of such Bonds will be issued.

On the date so designated for redemption, notice having been sent in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Registrar and Paying Agent for the holders of the Bonds or portions thereof to be redeemed, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, and the holders of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and to receive Bonds for any unredeemed portions of Bonds.

If at the time of mailing of notice of any optional redemption there shall not have been deposited with the Paying Agent and Registrar moneys in an amount sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional in that it is subject to the deposit of such moneys with the Paying Agent and Registrar not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Registrar and Paying Agent for payment of the principal amount hereof so called for redemption, and the City shall execute and the Registrar and Paying Agent shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond of the same maturity and bearing interest at the same rate.

Security and Source of Payment for Bonds

The Bonds are general obligations of the City and the full faith, credit, and taxing power of the City is irrevocably pledged to the payment of principal of and interest on the Bonds when due. Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and the Bond Ordinance.

The basic security for the general obligation debt of the City, including the Bonds, is the City's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Bonds as well as the principal of and interest on all outstanding general obligation bonds of the City. The Constitution of the Commonwealth mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Bond Ordinance levies such annual tax which shall be collected to the extent other lawfully available monies of the City are not provided. The Bond Ordinance also creates or requires the maintenance of a sinking fund into which the proceeds of such tax or other lawfully available monies of the City are to be deposited for payment of the interest on and principal of the Bonds authorized by the Bond Ordinance and shall not be used for any other purpose.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a state's political subdivisions, public agencies and instrumentalities ("eligible entity"), such as the City. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Section 66.400 of the Kentucky Revised Statutes permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code

as they relate to such subdivision. In addition, the City does not need the approval or permission of the State Local Debt Officer or any other governmental authority before availing itself of the bankruptcy process.

Interlocal Agreement with the County of Jessamine, Kentucky

The City has entered into an interlocal cooperation agreement (the “Interlocal Agreement”) with the County of Jessamine, Kentucky (the “County”), with respect to the Project. The Interlocal Agreement provides for the County to pay the City one half of each debt service payment associated with any bonds issued by the City to finance the costs of the Project. The obligations of the County under the Interlocal Agreement are not secured by a pledge of the good faith, credit, or taxing power of the County, and neither the City nor the registered holders or beneficial owners of the Bonds have any right to require the County to levy or collect any tax in order to permit or enable the County to make any payment due or owing under the Interlocal Agreement. If the County fails to make any required payment to the City under the Interlocal Agreement, the City is obligated to ensure any resulting deficiency is deposited with the Paying Agent to pay debt service for the Bonds.

Statutory Lien

KRS Section 66.400 (the “Municipal Bankruptcy Law”) permits a political subdivision, such as the City, for the purpose of enabling such political subdivision to take advantage of the provisions of the federal Bankruptcy Code, and for that purpose only, (i) to file a petition stating (a) that the political subdivision is insolvent or unable to meet its debts as they mature and (b) that the political subdivision desires to effect a plan for the composition or readjustment of its debts, and (ii) to take any further proceedings as are set forth in the Bankruptcy Code, as they relate to such political subdivision. Under the Municipal Bankruptcy Law, the City does not need the approval or permission of the Kentucky Department for Local Government State Local Debt Officer or any other governmental authority before availing itself of the bankruptcy process.

The Municipal Bankruptcy Law provides that (a) a statutory lien exists on tax revenues pledged for the benefit of general obligation debt; (b) such tax revenues are pledged for the repayment of the principal of and premium, if any, and interest on all outstanding general obligation indebtedness, whether or not the pledge is stated in the documents or proceedings authorizing such obligations; and (c) such pledge constitutes a first lien on such tax revenues. In addition, the Municipal Bankruptcy Law also creates a statutory lien on annual appropriations for the payment of obligations subject to annual renewal, including, without limitation, leases entered into under KRS Chapter 58 and Chapter 65.

The validity and priority of the statutory lien have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

PLAN OF FINANCE

The Bonds are being issued for the purposes of (a) financing or reimbursing the payment of all or a portion of the costs of the acquisition, construction, equipping, and installation of the Project; (b) paying capitalized interest on the Bonds, if desirable; (c) paying the costs of credit enhancement for the Bonds, if any; and (d) paying all or a portion of the costs of issuance of the Bonds.

SOURCES AND USES OF FUNDS

Sources:

Par amount of Bonds	\$[_____]
[Plus][Less] original issue [premium][discount]	[_____]
Total Sources	\$[_____]

Uses:

Underwriter’s Discount	\$[_____]
Deposit to Construction Fund	[_____]
Credit enhancement costs	[_____]
Costs of issuance	[_____]
Total Uses	\$[_____]

INVESTMENT CONSIDERATIONS

The following is a discussion of certain investment considerations for investors to consider of risks that could affect payments to be made with respect to the Bonds. Such discussion is not exhaustive and should be read in conjunction with all other parts of this Official Statement, and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

Limitation on Enforcement of Remedies

Enforcement of the remedies applicable to the Bonds under their authorizing Bond Ordinance may be limited or restricted by laws relating to bankruptcy and insolvency, and rights of creditors under application of general principles of equity, and may be substantially delayed in the event of litigation or statutory remedy procedures. All legal opinions delivered in connection with the Bonds relating to enforceability contain an exception relating to the limitations that may be imposed by bankruptcy and insolvency laws, and the rights of creditors under general principals of equity.

Risk of Bankruptcy

The obligations of the City under the Bonds and the Bond Ordinance are general obligations of the City and are secured only by the pledge to the bondholders of the City's full faith, credit, and taxing power, any monies held in the City's Debt Sinking Fund (on a parity with other general obligation debt), the Bond Payment Fund established under the authorizing Bond Ordinance (the "Bond Payment Fund"), and the statutory lien provided by KRS 66.400. A bondholder's enforcement of any remedies provided under an applicable Bond Ordinance may be limited or delayed in the event of application of federal bankruptcy laws or other laws affecting creditors' rights and may be substantially delayed and subject to judicial discretion in the event of litigation or the required use of statutory remedial procedures. The validity and priority of the statutory lien provided under KRS 66.400 have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

KRS 66.400 permits the City to file a petition for relief under Chapter 9 of Title 11 of the United States Code (the "Bankruptcy Code") without the prior approval of any official or department of state government. If the City were to file such a petition, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the City and any interest in monies contained in the sinking fund, applicable Payment Fund, the City's general fund revenues or the City's taxing power. However, the petition does not stay the application of pledged special revenues as defined by the Bankruptcy Code.

During its bankruptcy, the City could use its property, including its tax receipts and proceeds thereof, but excluding pledged special revenues, for the benefit of the City's bankruptcy estate despite the claims of its creditors. Notwithstanding the foregoing, it is possible that pledged special revenues could also be used by the City post-petition to pay certain operating expenses.

In a Chapter 9 proceeding under the Bankruptcy Code, only the City, and not any other creditor or party in interest, could file a proposed plan of adjustment. The plan is the vehicle for satisfying, and provides for the comprehensive treatment of, all claims against the City, and could result in the modification of rights of any class of creditors, secured or unsecured, and which modification of rights could be contrary to state law. To confirm a plan of adjustment, with one exception discussed below, it must be approved by the vote of each class of impaired creditors. A class approves a plan if, of those who vote, those holding more than one-half in number and at least two-thirds in amount vote in favor of a plan. If fewer than all of the impaired classes accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and all claims and interests would be bound thereby regardless of whether or how they voted. For this "cramdown" to occur, at least one of the impaired classes must vote to accept the plan and the bankruptcy court must determine that the plan does not "discriminate unfairly" and is "fair and equitable" with respect to the non-consenting class or classes. To be confirmed, the bankruptcy court must also determine that the plan, among other requirements, is proposed in good faith and is in the best interest of creditors such that the plan represents a reasonable effort by the City to satisfy its debts that is a better alternative than dismissal of the bankruptcy case. Unlike in Chapter 11, in Chapter 9 this standard does not include use of a liquidation analysis.

Generally speaking, the City would likely receive a discharge after (1) the plan is confirmed; (2) the City deposits any consideration to be distributed under the plan with a disbursing agent appointed by the bankruptcy court; and (3) the

bankruptcy court determines that the securities deposited with the disbursing agent will constitute valid and legal obligations of the City and that any provision made to pay or secure payment of such obligations is valid.

Prospective bondholders should consult their legal counsel regarding the impact of a bankruptcy filing by the City on the payment and security of the Bonds.

Suitability of Investment

An investment in the Bonds involves a certain degree of risk. The interest rates borne by the Bonds is intended to compensate the investor for assuming this element of risk. Prospective investors should carefully examine this Official Statement, including the Appendices hereto, and assess their ability to bear the economic risk of such an investment and determine whether or not the Bonds are an appropriate investment for them.

Additional Debt

The City may from time to time issue additional general obligation bonds or notes. Such issuances of general obligation bonds or notes would increase debt service requirements and could adversely affect debt service coverage on the Bonds. See “DESCRIPTION OF THE BONDS - Security and Source of Payment for Bonds”.

General Economic Conditions

Adverse general economic conditions may result in, among other adverse circumstances, reduction in occupational license fee and general tax revenues or declines in investment portfolio values, resulting in increased funding requirements; negatively impacting the results of operations and the overall financial condition of the City.

Market for the Bonds

There is presently no secondary market for the Bonds and no assurance that a secondary market will develop. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

Bond Rating

There can be no assurance that the rating assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Bonds. See the information under the heading “RATING” herein for more information.

Tax Implications

Prospective purchasers of the Bonds may need to consult their own tax advisors before any purchase of the Bonds as to the impact of the Internal Revenue Code of 1986, as amended (the “Code”), upon their acquisition, holding, or disposition of the Bonds.

PROFILE OF THE CITY AND SURROUNDING AREA

Demographic, economic, and financial information with respect to the City and the surrounding area are set forth in “APPENDIX A - Demographic, Economic, and Financial Data of the City of Nicholasville, Kentucky” attached hereto.

CITY GOVERNMENT

Organization and Major Offices

The City operates pursuant to the general statutes of the Commonwealth of Kentucky governing municipalities. The City is organized under the commission plan of municipal government prescribed by Kentucky statutes. All legislative, executive and administrative authority of the City is vested in its City Commission. The City Commission enforces all ordinances and other official actions of the City and supervises all departments of City government. The Mayor presides at all meetings of the City Commission and may vote in all proceedings. All administrative and service functions of the City are classified under departments, and each year the City Commission designates a Commissioner to supervise each department, except the City Commission may delegate responsibility for overall supervision of any or all departments to a City administrative officer. The City Commission establishes all appointive offices and the duties and responsibilities of those offices and codes, rules, and regulations for the public health, safety, and welfare. The City Commission by ordinance provides for sufficient revenue to operate City government and appropriates such funds and a budget which will provide for the orderly management of the City's resources. The City Commission promulgates procedures to insure orderly administration of the functions of City government and compliance with statutes, ordinances, and orders.

Elected and Other Officials

The City is governed by a City Commission, comprised of a Mayor, elected to a four year term, and four commissioners who are elected to two year terms. The Mayor and members of the City Commission are as follows:

Alex Carter, Mayor
Dexter Knight, Commissioner
Pete Sutherland, Commissioner

Bethany Davis Brown, Commissioner
Patty Teater, Commissioner

The current City officials who serve at the pleasure of the City Commission are:

Director of Public Utilities and Finance	Bob Amato
Finance Officer	Laurie Young
City Clerk	Kathy Walker
City Attorney	Darren Sammons

Financial Matters

The City's fiscal year commences July 1st and ends the following June 30th.

The administrative functions of the City are performed by or under the supervision of the following:

1. Establishment of overall financial policy, the City Commission.
2. Planning and development, the City Commission.
3. Assessment of real and personal property, the Jessamine County Property Valuation Administrator.
4. Financial control functions, the City Commission.
5. Inspection and supervision of the accounts and reports of the City as required by law, by independent certified public accountants.

Financial Management

The City Commission is responsible for appropriating the funds used to support the various City activities. The City Commission exercises its legislative powers by budgeting, appropriating, levying taxes, issuing bonds and notes, and letting contracts for public works and services to provide this financial management.

Financial Reports and Examinations of Accounts

Each city in the Commonwealth is required to keep its accounting records and render financial reports in such a way as to: (a) determine compliance with statutory provisions; (b) determine fairly and with full disclosure the financial operations

of consistent funds and account groups of the city in conformity with generally accepted governmental accounting principles; and (c) readily provide such financial data as may be required by the federal revenue sharing program.

Municipal accounting systems are required to be organized and operated on a fund basis. The City maintains its accounts and other fiscal records on an appropriation and modified accrual basis in accordance with the procedures established and prescribed by the Kentucky Department for Local Government.

As required by law, financial reports are prepared annually by the City and filed with the Kentucky Department of Local Government. Audits are required to be completed by the April 1st immediately following the fiscal year being audited.

The accounting procedures prescribed by the Kentucky Department of Local Government are generally applicable to all cities in Kentucky and may be different from generally accepted government accounting principles as presented and recommended in the National Council on Governmental Accounting publication "Governmental Accounting Auditing and Financial Reporting," and the Industry Audit Guide of the American Institute of Certified Public Accountants, entitled "Audits of State and Local Governmental Units." Those publications, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service fund, and for a full accrual basis of accounting for all other funds, and further provide for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

Budgeting and Appropriations Procedures

Detailed provisions for City budgeting, tax levies and appropriations are made in the Kentucky Revised Statutes. Cities are required to operate under an annual budget ordinance and no City may expend any moneys from a governmental or proprietary fund except in accordance with such budget. A budget proposal must be submitted to the City's legislative body no later than thirty days prior to the beginning of the fiscal year covered by the budget. No budget ordinance may be adopted which provides for appropriations to exceed revenues in a fiscal year. The full amount estimated to be required for debt service during the budget year must be appropriated.

Investment Policies

Section 66.480 of the Kentucky Revised Statutes sets forth the requirements and limitations for investments of the state's political subdivisions, including the City. Under that Section, the City must adopt an investment policy and may invest its funds only in the classifications of obligations which are eligible for investment, which are as follows:

- (a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including without limitation national or state banks chartered in Kentucky;
- (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including without limitation:
 - 1. United States Treasury;
 - 2. Export-Import Bank of the United States;
 - 3. Farmers Home Administration;
 - 4. Governmental National Mortgage corporation; and
 - 5. Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including without limitation:
 - 1. Federal Home Loan Mortgage Corporation;
 - 2. Federal Farm Credit Banks;
 - 3. Bank for Cooperatives;
 - 4. Federal Intermediate Credit Banks;
 - 5. Federal Land Banks;
 - 6. Federal Home Loan Banks;
 - 7. Federal National Mortgage Association; and
 - 8. Tennessee Valley Authority;

- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by KRS 41.240(d);
- (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institutions rated in one of the three highest categories by a nationally recognized rating agency;
- (f) Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency;
- (g) Commercial paper rated in the highest category by a nationally recognized rating agency;
- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and
- (j) Shares of mutual funds, each of which shall have the following characteristics;
 - 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - 2. The management company of the investment company shall have been in operation for at least five years; and
 - 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

The City's current investment policy permits all investments permitted by the laws of the Commonwealth.

Debt Limitation

Kentucky Constitution Section 158 provides that cities having a population of fifteen thousand or more shall not incur indebtedness to an amount exceeding ten percent of the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness.

The foregoing limitation does not apply to the issue of renewal bonds, bonds to fund the floating indebtedness of the City, or bonds issued in the case of an emergency, when the public health or safety should so require. Subject to the limits and conditions set forth in that section and elsewhere in the Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by the City.

KRS 66.041 provides the same limitations as are set forth in the Constitution, describing that the limitations apply to "net indebtedness." In calculating "net indebtedness," KRS 66.031 provides that certain obligations are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Statement of Indebtedness attached in "APPENDIX E - Statement of Indebtedness of the City of Nicholasville, Kentucky.")

"APPENDIX E - Statement of Indebtedness of the City of Nicholasville, Kentucky" of this Official Statement is a Statement of Indebtedness for the City, calculating the amount of the outstanding obligations of the City (including the Bonds) that are subject to the total direct debt limit. The total principal amount of general obligation debt that could be issued by the City, subject to the ten percent total direct debt limitation is \$372,030,987 and the City's net debt subject to such limitation presently outstanding (including the Bonds) is \$52,820,000* leaving a balance of \$319,210,987* borrowing capacity issuable within such limitation.

However, as described below, the City's ability to incur debt in these amounts may be restricted by tax limitations. In the case of general obligation debt, both the debt limitations and tax limitations must be met.

* Preliminary, subject to change.

Tax Limitation

The Kentucky Constitution Section 157 indirectly imposes a debt limitation on general obligation indebtedness of cities having a population of fifteen thousand or more by limiting the tax rates such cities may impose upon the value of taxable property to one dollar and fifty cents (\$1.50) on each hundred dollars of assessed valuation.

Section 159 of the Kentucky Constitution requires the adoption, at the time indebtedness is authorized, of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years. If the maximum tax rate will not result in the collection of sufficient taxes to pay indebtedness at the time the indebtedness is authorized, the two constitutional provisions operate as a limit on general obligation debt. Because this indirect debt limit results from tax limitations and the requirement to levy taxes to pay indebtedness, it has application only to debts which are payable from taxes either initially or in the event other pledged non-tax revenues prove to be insufficient. It does not have any application where the type of debt being issued does not pledge the credit of the City or when the debt is payable solely out of the revenues of non-tax sources, such as utility income. The tax rate limit also does not apply if the indebtedness was legally incurred (within both the direct and indirect limits) but a tax rate above the one dollar and fifty cent (\$1.50) limit becomes necessary to pay the indebtedness.

General Obligation Revenue Sources

Section 159 of the Kentucky Constitution and Section 66.081 of the Kentucky Revised Statutes (“KRS”) require the City, when contracting an indebtedness, to provide for the collection of an annual tax sufficient to pay interest and to create a sinking fund for the payment of principal borrowed. KRS 66.111(2)(a) authorizes the City to use ad valorem property taxes, occupational license fees, insurance premium taxes, excises, utility, and service revenues and other receipts from taxes, excises, permits, licenses, fines, or other sources of revenue for the repayment of general obligation debt, including the Bonds.

LEGAL MATTERS

General Information

Legal matters incident to the issuance of the Bonds and with regard to the tax treatment of the same are subject to the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel. Upon delivery of the Bonds the Bonds will be accompanied by an approving opinion dated the date of such delivery, rendered by Dinsmore & Shohl LLP. A draft of the legal opinion is attached in “APPENDIX F - Form of Legal Approving Opinion of Bond Counsel”.

Bond Counsel has performed certain functions to assist the City in the preparation by the City of this Official Statement. However, Bond Counsel assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the City or the Bonds that may be made available by the City or others.

The engagement of Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings related to the Bonds, and an examination of such transcript of proceedings incident to rendering its legal opinion. Bond Counsel has reviewed the information in this Official Statement under Sections entitled “INTRODUCTION,” “DESCRIPTION OF THE BONDS,” “PLAN OF FINANCE,” “CITY GOVERNMENT - Debt Limitation,” “LEGAL MATTERS - General Information,” and “LEGAL MATTERS - Tax Treatment,” which review did not include any independent verification of financial statements and statistical data included therein, if any.

Transcript and Closing Certificates

A complete transcript of proceedings, a no-litigation certificate, and other appropriate closing documents will be delivered by the City when the Bonds are delivered to their respective original purchasers. The City will also provide to the original purchaser of the Bonds, at the time of such delivery, a certificate executed by the Mayor, the City Clerk, or the Finance Officer relating to the accuracy and completeness of this Official Statement.

Litigation

To the knowledge of the City, no litigation or administrative action or proceeding is currently pending or threatened directly affecting the Bonds, the security for the Bonds, or the improvements being refinanced from the proceeds of the Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser at the time of the delivery of the Bonds.

Tax Treatment

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Bonds will be excludible from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal alternative minimum tax. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from Kentucky income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The City has not designated the Bonds as "qualified tax-exempt obligations" with respect to certain financial institutions under Section 265 of the Code.

A copy of the opinion of Bond Counsel for the Bonds is set forth in "APPENDIX F - Form of Legal Approving Opinion of Bond Counsel," attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the qualification of the Bonds as so-called "tax-exempt" bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be includable in income for federal income tax purposes. Failure to comply with these covenants could result in the Bonds not qualifying as "tax-exempt bonds," and thus interest on the Bonds being includable in the gross income of the holders thereof for federal income tax purposes. Such failure to qualify and the resulting inclusion of interest could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect either the federal or Kentucky tax status of the Bonds.

Certain requirements and procedures contained or referred to in the Bond Ordinance and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion with respect to any of the Bonds or the interest thereon if any such change occurs, or if any such action is taken or omitted, upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Bonds is excludable from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's Federal, state, or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the Bonds may result in other collateral federal, state, or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability

of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

Original Issue Premium

“Acquisition Premium” is the excess of the cost of any bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next call date. The Bonds that bear an interest rate that is higher than the yield (as shown on the cover page hereof), are initially being offered and sold to the public at an Acquisition Premium (collectively, the “Premium Bonds”). For federal income tax purposes, the amount of the Acquisition Premium on each bond, the interest on which is excludable from gross income of the holder thereof for federal income tax purposes (the “tax-exempt bonds”), must be amortized and will reduce the bondholder’s adjusted basis in that bond. However, no amount of amortized Acquisition Premium on any tax-exempt bonds may be deducted in determining a bondholder’s taxable income for federal income tax purposes. The amount of Acquisition Premium paid on the Premium Bonds, or any other Bonds, that must be amortized during any period will be based on the “constant yield” method, using the original bondholder’s basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Original Issue Discount

The Bonds having a yield that is higher than the interest rate (as shown on the cover page hereof) are being offered and sold to the public at an original issue discount (“OID”) from the amounts payable at maturity thereon (the “Discount Bonds”). OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the “issue price” of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond. The amount accrued will be based on a single rate of interest, compounded semiannually (the “yield to maturity”) and, during each semi-annual period, the amount will accrue ratably on a daily basis. The OID accrued during the period that an initial purchaser of a Discount Bond at its issue price owns it is added to the purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond. In practical effect, accrued OID is treated as stated interest is treated, that is, as excludable from gross income for federal income tax purposes.

In addition, original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

Corporate Alternative Minimum Tax

The Inflation Reduction Act of 2022 imposes a corporate alternative minimum tax equal to 15% of the “adjusted financial statement income” of “applicable corporations,” both as defined in Section 59(k) of the Code. Generally, an applicable corporation includes any corporation (as defined for federal income tax purposes, other than S corporations, regulated investment companies, and real estate investment trusts) with an “average annual adjusted financial statement income” of more than \$1,000,000,000 over any preceding period of three tax years (ending with a tax year ending after December 31, 2021). The corporate alternative minimum tax applies for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on tax-exempt bonds, including the interest on the Bonds, is included (i) in computing “average annual adjusted financial statement income” for the purpose of determining whether a corporation qualifies as an “applicable corporation,” and (ii) in determining an applicable corporation’s “adjusted financial statement income” for the

purpose of calculating the alternative minimum tax to be imposed on such applicable corporation under Section 55 of the Code, regardless of the issue date of such tax-exempt bonds.

RATING

The Bonds have been rated “AA” by S&P Global Ratings (“S&P”). The rating reflects only the view of the rating agency and any explanation of the significance of the rating may be obtained only from the rating agency. Generally, a rating agency bases its rating on information and materials furnished to it and on investigations, studies and assumptions made by the rating agency. There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely if, in the judgment of the applicable rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

In accordance with the requirements of Securities and Exchange Commission Rule 15c2-12 (the “Rule”) and so long as the Bonds remain outstanding, the City and the County (each an “Obligated Person”) will each agree, under separate continuing disclosure undertakings to be dated as of the date of the issuance and delivery of the Bonds (each a “Disclosure Undertaking” and collectively, the “Disclosure Undertakings”), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board (“MSRB”), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained under the headings “General” and “Taxation – Tax Base Information – Assessed Valuation, Property Tax Rates, Other Tax Rates, and Other Corporate Taxpayers” in “APPENDIX A” and “APPENDIX B” of this Official Statement (with respect to the City) and APPENDIX C and APPENDIX D of this Official Statement (with respect to the County) (collectively, the “Financial Data”). The Financial Data shall be provided on or before March 1st after the end of the fiscal year ending June 30th, commencing with the fiscal year ending June 30, 2025; provided that the audited financial statements are not available by such date, they will be made available by the City or the County, as the case may be, immediately upon delivery thereof by the auditors for such Obligated Person;
- (ii) to the MSRB through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults, if material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders, if material;
 - (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the securities, if material;
 - (k) Rating changes;
 - (l) Bankruptcy, insolvency, receivership or similar event of the Obligated Person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing

governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person);

- (m) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) Incurrence of a Financial Obligation of either Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of either Obligated Person, any of which affect security holders, if material; and
 - (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of either Obligated Person, any of which reflect financial difficulties.
- (iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which an Obligated Person have knowledge) of such Obligated Person to provide the required Annual Financial Information on or before the date specified in such Obligated Person's Disclosure Undertaking.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Each Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the related Obligated Person to comply with the terms thereof; however, a default under such Disclosure Undertaking does not constitute an event of default under the Bond Ordinance for the Bonds. Each Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule, accompanied with an opinion of nationally recognized bond counsel, as more fully described therein.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the repayment of the Bonds.

The City has materially complied with the requirements of the Rule during the past five years.

The County has previously entered into a continuing disclosure undertaking under the Rule (the “Prior Disclosure Undertaking”). To the best of the County's knowledge, the following instances of late filings exist related to the County's filing history under the Prior Disclosure Undertaking for the preceding five-year period:

- (a) Annual Financial Information required to be filed by January 26, 2022, as described in a notice of late filing dated January 26, 2022, was filed late on March 24, 2022;
- (b) Annual Financial Information required to be filed by January 26, 2023, as described in a notice of late filing dated January 26, 2023, was filed late on August 17, 2023;
- (c) Annual Financial Information required to be filed by January 26, 2024, as described in a notice of late filing dated January 26, 2024, was filed late on August 29, 2024; and
- (d) Annual Financial Information required to be filed by January 26, 2025, as described in a notice of late filing dated January 26, 2025, was filed late on September 22, 2025.

The County intends to file all future event notices within the time requirements specified in the Prior Disclosure Undertaking and in the Disclosure Undertaking relating to the Bonds, and the County has adopted policies and procedures re the timely filing thereof, which policies and procedures of the County are available to the public upon request therefor.

UNDERWRITING

The Bonds are being purchased for reoffering by [____] (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$[____] (reflecting the par amount of the Bonds, [plus/less] [net] original issue [premium/discount] of \$[____], less underwriter’s discount of \$[____]). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page hereof.

MUNICIPAL ADVISOR

RSA Advisors, LLC (“RSA”), Lexington, Kentucky, has been employed by the City to serve as independent registered municipal advisor (the “Municipal Advisor”) to the City in connection with the issuance of the Bonds. Certain information relative to the location, economy and finances of the City is found in the Preliminary Official Statement, in final form, and the Official Statement, in final form. All such data, as is the case for other information herein contained, was prepared for and with the assistance of the City under the direction of RSA. While not guaranteed as to completeness or accuracy, the Preliminary Official Statement, in final form, and the Official Statement, in final form, are believed to be correct as of their respective dates. As the Municipal Advisor for this transaction, RSA has reviewed the information in the Preliminary Official Statement and the Official Statement, in final form, in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction; but RSA does not guarantee the accuracy or completeness of such information.

RSA will receive a fee, payable from bond proceeds, for their services as Municipal Advisor, contingent upon the issuance and sale of the Bonds. In this capacity, RSA has compiled certain data relating to the Bonds that is contained in this Official Statement. RSA is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. RSA is an independent municipal advisory firm and is not engaged in the business of underwriting, trading, or distributing securities.

MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from the official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

[Signature page to follow]

SIGNATURE PAGE TO OFFICIAL STATEMENT

This Official Statement has been duly executed and delivered for and on behalf of the City of Nicholasville, Kentucky, by its Mayor.

Dated _____, 2025

CITY OF NICHOLASVILLE, KENTUCKY

By: _____
Mayor

APPENDIX A

**CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A**

**DEMOGRAPHIC, ECONOMIC, AND FINANCIAL DATA
OF THE CITY OF NICHOLASVILLE, KENTUCKY**

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GENERAL

The City is the county seat of Jessamine County, is situated approximately fifteen miles south of Lexington, and has an estimated population (according to the U.S. Census Bureau’s 2019-2023 American Community Survey) of 31,625. The City is governed by a Commission composed of four elected Commissioners and an elected Mayor, and its executive and administrative offices are located in the Municipal Building, 517 North Main Street, in Nicholasville.

TAXATION

Tax Base Information

The following is selected tax information regarding the City’s tax base to include assessed valuations, property tax rates, tax levies and collections:

Assessed Valuation

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Tangible Property</u>	<u>Motor Vehicles & Watercraft</u>	<u>Total Assessed Value</u>
2025	\$3,001,463,366	\$247,416,188	\$321,103,832	\$3,569,983,386
2024	2,733,469,233	224,761,501	328,868,348	3,287,099,082
2023	2,388,847,057	205,569,190	250,305,876	2,844,722,123
2022	2,233,107,562	180,936,721	200,076,075	2,614,120,358
2021	2,128,205,976	198,760,462	211,668,397	2,538,634,835

Source: City of Nicholasville

Property Tax Rates (per \$100.00 assessed valuation)

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Tangible Property</u>	<u>Motor Vehicles & Watercraft</u>
2025	.186	.186	.197
2024	.186	.186	.197
2023	.186	.186	.197
2022	.186	.186	.197
2021	.186	.186	.197

Source: City of Nicholasville

Other Tax Rates (expressed as a percentage)

<u>Fiscal Year</u>	<u>Bank Shares (per \$100)</u>	<u>Payroll Tax (Occupational License Fee)</u>	<u>Insurance Premium Tax</u>	<u>Franchise Tax</u>				
				<u>Electric</u>	<u>Gas</u>	<u>Telephone</u>	<u>Cable</u>	<u>Garbage</u>
2025	2.0%	**	10.0%	3.0%	3.0%	*	*	10.0%
2024	2.0%	**	10.0%	3.0%	3.0%	*	*	10.0%
2023	2.0%	**	10.0%	3.0%	3.0%	*	*	10.0%
2022	2.0%	**	10.0%	3.0%	3.0%	*	*	10.0%
2021	2.0%	**	10.0%	3.0%	3.0%	*	*	10.0%

*- Effective January 1, 2006, the State of Kentucky began levying a telecommunication tax in lieu of a local franchise tax. The City of Nicholasville receives a share of this tax.

**-Effective 1/1/09, 1% of net profits and 1.5% of wages and compensation

Source: City of Nicholasville

Largest Corporate Taxpayers (As of January 1, 2024)

<u>Name</u>	<u>Assessed Valuation</u>
Alltech Inc	\$30,300,000
Greyson on 27 LLC	22,350,500
McLane Company Inc	18,000,000
Shoreline Enterprises LLC	15,650,000
Taan Investors LLC	15,000,000
Map Real Estate LLC	13,800,000
Farmer Nicholasville Road	13,700,000
Realty Income Properties 30 LLC	13,492,000
West Acres LLC	9,800,000
Wal-Mart Stores Inc #1210	9,712,300

Source: City of Nicholasville

Ad Valorem Taxes

The City's ad valorem property tax rate for its January 1, 2024 assessment date was \$0.1860 per \$100 of assessed value on real estate and on personal property, including business furniture, fixtures and inventory.

Taxpayers who pay their tax bills on or after December 1st are assessed a penalty equal to 10.0% of the total amount of unpaid property tax. On February 1st of the year following the taxable period, all past due ad valorem tax bills including the 10% penalty accrue interest at the rate of 1% per month. On April 1st of each year, delinquent ad valorem taxes for the previous calendar year shall be assessed a penalty of \$75.00 or 25% of the then outstanding bill including the 10% penalty and any accrued interest, whichever is greater, plus collection costs.

Ad valorem tax receipts are deposited by the City in its General Fund and are available to pay debt service for the Bonds.

The City's receives ad valorem tax on motor vehicles from the state and county clerks pursuant to state statute. Such taxes are due and payable on or before the last day of the month in which a vehicle's registration is renewed.

Kentucky law requires the City to levy the same rate of taxation for properties within the same classification, but permits the City to set different rates for properties within different classes. The City's classification scheme, however, must be reasonable and not arbitrary. Section 172 of the Kentucky Constitution requires all property not exempted from ad valorem taxation to be assessed for taxation at its fair cash value, estimated at the price it would bring at a fair voluntary sale. Kentucky courts have interpreted the constitutional requirement of "fair cash value" to mean the price which would be agreed upon between a party who desired, but was not compelled, to buy the property and an owner who desired, but was not compelled, to sell it.

Section 170 of the Kentucky Constitution enumerates certain classes of property exempt from taxation by all taxing entities within the Commonwealth, including without limitation public property used for public purposes, real property owned and occupied by, and personal property both tangible and intangible owned by, institutions of religion, institutions of purely public charity, and household goods of a person used in his home. Section 170 of the Kentucky Constitution also provides a "homestead exemption" from ad valorem taxation for real property maintained as the permanent residence of its owner who is at least sixty-five years old or is totally disabled. During 2025, the homestead exemption exempted tax on the first \$49,100 of assessed value of qualifying property within the City.

Wage Tax

The City imposes an occupational license fee on the wages of employees working within the City. The City imposes the occupational license fee in an amount equal to 1.5% of all salaries, wages, commissions, deferred compensation and other compensation earned by employees within City limits in exchange for work or services performed. Kentucky law imposes no maximum rate on the City's occupational license fee nor prescribes its applicable tax base.

Employers must withhold and remit fees due on employee compensation to the City quarterly. Quarterly remittances are due on April 30th, July 31st, October 31st, and January 31st. Employers who fail to withhold or withhold but fail to remit occupational license fees on employee compensation remain liable to the City for the unpaid amounts. An employer who fails to remit the payment required by the applicable due date accrues interest on the unpaid amount at a rate of 12.0% per annum and a penalty of 5.0% per month, not to exceed 25% of the license fee due; however, the penalty cannot be less than \$25.00.

Occupational license fees are deposited by the City in its General Fund and are available to pay debt service for the Bonds.

Net Profit License Fee

The City levies an annual net profit license fee on all persons, fiduciaries, corporations, and associations engaged in the occupation, trade, profession, or other business earned for work performed within the City. The rate is equal to 1.0% of the net profit earned. The Net Profit License Fee is assessed equally on both residents and non-residents performing work within the City. Kentucky law imposes no maximum rate on the City's net profit license fee. The tax base is prescribed in KRS 67.750(8) which defines "Net Profits" as gross income as defined in Section 61 of the Internal Revenue Code minus all the deductions from gross income allowed by Chapter 1 of the Internal Revenue Code, and adjusted as follows:

- (a) Include any amount claimed as a deduction for state tax or local tax which is computed, in whole or in part, by reference to gross or net income and which is paid or accrued to any state of the United States, local taxing authority in a state, the District of Columbia, the Commonwealth of Puerto Rico,

any territory or possession of the United States, or any foreign country or political subdivision thereof;

- (b) Include any amount claimed as a deduction that directly or indirectly is allocable to income which is either exempt from taxation or otherwise not taxed;
- (c) Include any amount claimed as a net operating loss carryback or carryforward allowed under Code Section 172;
- (d) Include any amount of income and expenses passed through separately as required by the Internal Revenue Code to an owner of a business entity that is a pass-through entity for federal tax purposes; and
- (e) Exclude any amount of income that is exempt from state taxation by the Kentucky Constitution or the Constitution and statutory laws of the United States.

Every business entity subject to the City's net profit license fee must pay all amounts owed for a tax year by the due date of the return (April 15th for calendar year taxpayers and the fifteenth day following the fourth month after year end for fiscal year taxpayers). Any business entity that fails to remit the payment required by the applicable due date accrues interest at a rate of 12.0% per annum simple interest and a penalty of 5.0% per month not to exceed 25.0% of the license fee due; however, this penalty cannot be less than \$25.00.

Certain occupations and activities are exempt from the occupational license fee/tax.

Transient Room License Tax

The City imposes a transient room tax equal to 3.0% of the gross rent for every occupancy of a suite, room, or rooms charged and collected by taxpayers. The receipts generated by the tax support the operation of the Nicholasville/Wilmore/Jessamine County Joint Tourism Commission.

The tax is imposed on every person, company, corporation or other like or similar persons, groups or organizations doing business as motor courts, motel courts, motels, hotels, inns, or like or similar accommodations businesses in the City, but does not apply rental or leasing of an apartment supplied by an individual or business that regularly holds itself out as exclusively providing apartments. An apartment means a room or set of rooms in an apartment building, fitted especially with a kitchen and usually leased as a dwelling for a minimum period of thirty days or more.

The City's transient room tax receipts are restricted by ordinance to the uses described above and are not available for use by the City's General Fund or the payment of the Bonds.

Financial Institution Franchise Tax

The City imposes a franchise tax on all financial institutions located within the corporate limits of the city equal to 0.020% of all deposits maintained by such financial institutions located within the corporate limits of the city. "Financial institution" means:

- (a) A national bank organized as a body corporate and existing or in the process of organizing as a national bank association pursuant to the provisions of the National Bank Act, 12 U.S.C. secs. 21 et seq., in effect on December 31, 1997, exclusive of any amendments made subsequent to that date;
- (b) Any bank or trust company incorporated or organized under the laws of any state, except a banker's bank organized under KRS 286.3-135;
- (c) Any corporation organized under the provisions of 12 U.S.C. secs. 611 to 631, in effect on December 31, 1997, exclusive of any amendments made subsequent to that date, or any corporation organized

after December 31, 1997, that meets the requirements of 12 U.S.C. secs. 611 to 631, in effect on December 31, 1997; or

- (d) Any agency or branch of a foreign depository as defined in 12 U.S.C. sec. 3101, in effect on December 31, 1997, exclusive of any amendments made subsequent to that date, or any agency or branch of a foreign depository established after December 31, 1997, that meets the requirements of 12 U.S.C. sec. 3101 in effect on December 31, 1997.

“Deposits” means all demand and time deposits, excluding deposits of the United States government, state and political subdivisions, other financial institutions, public libraries, educational institutions, religious institutions, charitable institutions, and certified and officers' checks.

Franchise taxes are deposited by the City in its General Fund and are available to pay debt service for the Bonds.

Insurance Company Premium Tax

The City imposes on insurance companies a license fee for the privilege of engaging in the business of providing insurance coverage to customers within the City. The license fee is imposed upon each insurance company which issues any insurance policy which is not a life insurance policy or health insurance policy equal to 10.0% of the premiums actually collected within each calendar quarter, less all premiums returned to policyholders, by reason of the issuance of such policies on risks located within the corporate limits of the City. A license fee is imposed upon each insurance company which issues life insurance policies on the lives of person residing within the corporate limits of the city equal to 10.0% of the first year's premiums actually collected within each calendar quarter by reason of the issuance of such policies. The license fee is not imposed, however, on premiums collected to insure (i) employers against liability for personal injuries to their employees; (ii) death covered under the provisions of Kentucky's workers compensation laws; (iii) group health insurance provided for state employees under KRS 18A.225(2), and (iv) all other health insurance premiums.

The fees are due and payable quarterly. Deficient or late payments are subject to the tax interest rate provided by KRS 131.010(6).

Alcohol License and Regulatory License Fees

Alcohol License Fees

The City imposes a variety of alcohol license fees pursuant to the authority of KRS 243.070 for the privilege of causing, permitting, and engaging in the actions, business, and transactions authorized thereby in regard to traffic of alcoholic beverages in the City. The fees range from as little as \$100.00 to as much as \$3,000.00 per annum depending on the type of license requested. Alcohol license fees are deposited by the City in its General Fund and are available to pay debt service for the Bonds.

Alcohol Regulatory License Fees

The City imposes a 5.0% regulatory license fee on the gross receipts of sale of alcoholic beverages of each license issued by the City. A credit against a regulatory license fee is allowed in an amount equal to any license fee imposed by KRS 243.070. The regulatory license fees are remitted quarterly, and any fees not remitted by the applicable due date accrue interest at a rate of 6.0% per annum simple interest and a penalty of 5.0% for each ninety days or fraction thereof, not to exceed 25.0% of the fee due; however, the penalty shall not be less than \$10.00. Regulatory license fees are restricted to covering the costs of additional policing, regulatory, and administrative expenses related to the sale of alcoholic beverages in the city and are not available for the payment of the Bonds.

Bond Anticipation Notes

Under Kentucky law, notes, including renewal notes, issued in anticipation of and payable from the proceeds of general obligation bonds (or renewal notes) may be issued from time to time upon the same terms and conditions

as bonds. The ability of the City to retire bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing when the bonds are issued or the notes are renewed.

Future Borrowings of the City

The City reserves the right to issue additional general obligation bonds in the future. The City anticipates issuing additional general obligation indebtedness within the next twenty-four months to finance the costs of a new city hall and two fire trucks, the costs of which are still being determined.

Employee Retirement and Health Obligations

See the footnotes to the City's audited financial statements for the fiscal year ended June 30, 2024 attached hereto as APPENDIX B for information regarding the City's employee retirement and health obligations.

APPENDIX B

**CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A**

**AUDITED FINANCIAL STATEMENTS OF THE CITY OF NICHOLASVILLE, KENTUCKY FOR THE
FISCAL YEAR ENDING JUNE 30, 2024**

Note: The entire audited financial statements and accompanying supplemental information for the City's fiscal year ending June 30, 2024 is included in this APPENDIX B. Potential purchasers of the Bonds are reminded that the Bonds are secured solely by, and payable solely from, the tax revenues of the City as described in the forepart of this Official Statement and that revenues described in the enclosed audited financial statements for funds other than the City's general fund have not been pledged and are not legally required to be available to pay debt service on the Bonds.

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City of Nicholasville, Kentucky

Independent Auditors' Report

And Financial Statements

For the Year Ended

June 30, 2024

City of Nicholasville, Kentucky
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INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Commissioners
City of Nicholasville, Kentucky

Report on the Audit of Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 conditions 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 on pages 4 through 12, the budgetary comparison information on pages 71 through 73, schedule of proportionate share of net pension liability in County Employees Retirement System (CERS) and the schedule of pension contributions to CERS on pages 74 through 87, schedule of proportionate share of net other postemployment benefits (OPEB) liability in CERS and the schedule of OPEB contributions to CERS on pages 78 through 81, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information presented on pages 82 through 85 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 86 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditure of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, 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.

Baldwin CPA's, PLLC

Baldwin CPA's, PLLC
Richmond, Kentucky
February 26, 2025

City of Nicholasville, Kentucky
Management's Discussion and Analysis
June 30, 2024

Management of the City of Nicholasville (the City) offers this narrative overview and analysis of the financial performance of the City for the fiscal year ended June 30, 2024 . Readers are encouraged to read this management discussion and analysis in conjunction with the City's financial statements and the accompanying notes.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (government-wide statement of net position) at the close of the fiscal year by approximately \$136,170,000.
- Government-wide net position increased by approximately \$9,542,000 between fiscal years.
- Expenses of governmental activities net of program revenues for the fiscal year totaled approximately (\$25,622,000), while general revenues and transfers totaled approximately \$32,080,000. Net position of governmental activities thus increased approximately \$6,458,000.
- Program revenues of business-type activities net of program expenses for the fiscal year totaled approximately \$1,440,000 while general revenues and transfers totaled approximately \$1,644,000. Net position of business-type activities thus increased approximately \$3,084,000.
- The fund balance of the General Fund increased approximately \$5,363,000 between fiscal years. At year-end, General Fund assets exceeded fund liabilities by approximately \$40,009,000.
- The American Rescue Plan Act (ARPA) Fund reported intergovernmental revenues and expenditures/transfers of approximately \$1,286,000 related primarily to improvements made at City parks.
- The fund balance of the Planning Commission Fund increased approximately \$24,000 between fiscal years resulting in a deficit fund balance at year-end totaling approximately (\$140,000).
- The net position of the Utilities Fund increased approximately \$2,945,000 between fiscal years. At year-end, Utilities Fund assets and deferred outflows exceeded its liabilities and deferred inflows by approximately \$70,027,000.
- The net position of the Cemetery Operations Fund increased approximately \$139,000 between fiscal years. At year-end, the Cemetery Operations Fund's assets and deferred outflows exceeded its liabilities and deferred inflows by approximately \$1,432,000.

City of Nicholasville, Kentucky
Management's Discussion and Analysis
June 30, 2024

Overview Of the Financial Statements

The audit report consists of four parts: management's discussion and analysis (this section), the government-wide financial statements, the fund financial statements, and the accompanying notes to the financial statements. The audit report also includes supplementary information (both required supplementary information and additional supplementary information) to provide additional information to be considered in conjunction with the City's financial statements.

The perspectives of the government-wide financial statements and the fund financial statements are discussed below.

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 government-wide financial statements report information about the City as a whole using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

The government-wide financial statements distinguish between governmental activities and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees from external parties for goods or services.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, and liabilities, deferred inflows of resources with the residual difference between the two 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's net position changes 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 in this statement for some items that will only result in cash flows in other fiscal periods.

As indicated above, the government-wide financial statements divide the City's activities between governmental activities and business-type activities as follows:

- Governmental activities - Most of the City's basic services are reported here, including general administration; the police, fire, and streets departments; and the City's planning and zoning operations. Property taxes, insurance premium taxes, and occupational licenses finance most of these activities.
- Business-type activities - Activities primarily paid for from charges and fees to cover the costs of services are reported here. This includes the City's public utilities services (electric, water, and sewer) and the operations of Maple Grove Cemetery.

The government-wide financial statements can be found on pages 13 and 14.

City of Nicholasville, Kentucky
Management's Discussion and Analysis
June 30, 2024

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities, programs, or objectives. The City, like other state and local governments, uses fund accounting to demonstrate compliance with laws, regulations, and contractual agreements that establish the authority for the City's programs and services. The City reports on two fund types, governmental and proprietary, as follows:

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information help determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- Proprietary funds - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities (under the accrual basis of accounting). In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City maintains twelve individual governmental funds, of which the General Fund and the American Rescue Plan Fund are the City's only major governmental funds. The other ten funds are presented in combining statements for non-major funds (additional supplementary information) on pages 84 and 85. The governmental fund financial statements can be found on pages 15 and 17.

The City's proprietary funds include two enterprise funds. The enterprise funds include operations for the City's electric, water, and sewer (Utilities fund) systems, as well as the Maple Grove Cemetery (Cemetery Operations Fund). Both the Utilities Fund and the Cemetery Operations Fund are presented on the proprietary fund financial statements. The proprietary fund financial statements, including the statement of cash flows, can be found on pages 19 through 21.

The City adopts budgets for all funds in accordance with section 91-A-030 of the Kentucky Revised Statutes. The budgetary comparison schedules for the General Fund and the American Rescue Plan Fund are presented as required supplementary information on pages 71 through 73. The City has elected to present budget and actual information for the Utilities Fund as additional supplementary information on pages 82 through 83.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental fund financial statements with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the fund balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison. These two reconciliations can be found on pages 16 and 18.

City of Nicholasville, Kentucky
Management's Discussion and Analysis
June 30, 2024

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found beginning on page 22.

Financial Analysis of The City

Government-wide Financial Analysis:

The City's *combined* net position increased from \$126.6 million to \$136.2 million, a 7.5 percent increase over the prior year's *combined* net position.

The analysis that follows focuses on the net position and changes in net position of the City's governmental and business-type activities.

Condensed Financial Information (in thousands)
Statement of Net Position
As of June 30

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 49,280	\$ 44,273	\$ 21,559	\$ 24,080	\$ 70,839	\$ 68,353
Capital assets - net	76,563	78,152	100,696	98,116	177,259	176,268
Total assets	125,843	122,425	122,255	122,196	248,098	244,621
Deferred outflows of resources	9,244	12,294	2,986	3,789	12,230	16,083
Long-term obligations	47,868	63,402	41,949	48,411	89,817	111,813
Other liabilities	8,775	10,163	7,028	7,382	15,803	17,545
Total liabilities	56,643	73,565	48,977	55,793	105,620	129,358
Deferred inflows of resources	13,732	2,901	4,806	1,817	18,538	4,718
Invested in capital assets, net of related debt	64,521	65,375	67,882	66,105	132,403	131,480
Restricted	2,048	1,810	3,119	3,213	5,167	5,023
Unrestricted	(1,857)	(8,932)	457	(943)	(1,400)	(9,875)
Total net position	\$ 64,712	\$ 58,253	\$ 71,458	\$ 68,375	\$ 136,170	\$ 126,628

The net position for the City's governmental activities increased 11.1 percent (\$64.7 million compared to \$58.3 million). Unrestricted net position, the part of assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, was a deficit of \$1.9 million as of June 30, 2024.

The net position of the City's business-type activities increased 4.5 percent (\$71.5 million compared to \$68.3 million). This increase, however, cannot be used to make up for any decreases, if any, reported in governmental activities. The City generally can only use these assets to finance the continuing operations of the business-type activities (public utilities services and cemetery operations). The unrestricted net position (business-type activities) was approximately \$457,000 as of June 30, 2024.

City of Nicholasville, Kentucky
Management's Discussion and Analysis
June 30, 2024

Condensed Financial Information (in thousands)
Statement of Activities
For the Years Ended June 30

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue						
Program revenues:						
Charges for services	\$ 1,092	\$ 739	\$ 31,157	\$ 32,709	\$ 32,249	\$ 33,448
Operating grants/contributions	1,628	1,498	-	2	1,628	1,500
Capital grants/contributions	575	5,234	2	5,162	577	10,396
Taxes	13,638	12,128	-	-	13,638	12,128
Licenses, permits, and fees	15,659	14,801	-	-	15,659	14,801
Other	3,368	3,900	1,058	971	4,426	4,871
Total revenue	35,960	38,300	32,217	38,844	68,177	77,144
Program expenses:						
General government	8,021	8,843	-	-	8,021	8,843
Public safety-police	8,593	9,356	-	-	8,593	9,356
Public-safety - fire	7,481	8,134	-	-	7,481	8,134
Public works-streets	4,499	4,561	-	-	4,499	4,561
Interest on long-term debt	323	351	-	-	323	351
Electric	-	-	16,137	17,277	16,137	17,277
Water	-	-	6,639	6,451	6,639	6,451
Sewer	-	-	6,316	6,161	6,316	6,161
Cemetery operations	-	-	627	619	627	619
Total program expenses	28,917	31,245	29,719	30,508	58,636	61,753
Transfers	(586)	(467)	586	467	-	-
Changes in net position	\$ 6,457	\$ 6,588	\$ 3,084	\$ 8,803	\$ 9,541	\$ 15,391

The City's total revenues decreased by 11.6 percent (\$9 million). The total cost of all programs and services decreased 5.0 percent (\$3.1 million). Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Revenues for the City's governmental activities decreased 6.1 percent (\$2.3 million). Total program expenses for governmental activities decreased 7.5 percent (\$2.3 million). Of the \$28.9 million of program expenses for governmental activities, approximately \$30.4 million were financed with charges for services and taxes (primarily property taxes, insurance premium tax revenues, and occupational license fee revenues).

Business-Type Activities

Overall revenues for the business-type activities decreased by approximately \$6.7 million of this \$5.2 million is due to a reduction of contributed utility infrastructure for water and sewer from newly constructed subdivisions in the prior year.

Utility charges for service decreased from the previous year by approximately \$1.5 million (4.6%) in part due to decreased energy sales; this was partially offset by a reduction in expenses of approximately \$0.8 million (2.9%).

City of Nicholasville, Kentucky
Management's Discussion and Analysis
June 30, 2024

The Maple Grove Cemetery (Cemetery Operations Fund) had revenues of approximately \$180,000 prior to transfers of approximately \$586,000 from the General Fund. The Cemetery Operations Fund expenses were approximately \$627,000.

Fund Financial Analysis

Governmental funds

As the City completed the year, its governmental funds reported a *combined* fund balance of \$41.4 million, an 15.9 percent increase over the prior year's *combined* fund balance.

Revenues increased over the prior year by 7.1 percent and expenditures decreased by 1.5 percent over the prior year.

General Fund revenues increased by approximately \$3,370,000 over the prior fiscal year. Compared to the last fiscal year, tax revenues increased by approximately \$1,489,000, licenses/permits/fees increased by approximately \$856,000.

General Fund expenditures increased by approximately \$349,000 over the prior fiscal year. Compared to the last fiscal year, capital outlays decreased by approximately \$1,025,000. There was a decrease in transfers in of approximately \$873,000 and a increase in transfers out of approximately \$440,000.

Proprietary Funds

The fund statements for the proprietary funds mirror the business-type activities in the government-wide financial statements. See the above government-wide discussion for information regarding these funds.

General Fund Budgetary Highlights

Over the course of the fiscal year, the City Commission revised the General Fund's budget in order to adjust revenue projections, add or remove projects/expenditures, and to prevent budget overruns. After all budget revisions, the General Fund's actual net change in Fund Balance was approximately \$2,077,050 more than budgeted (actual net increase of approximately \$5,363,000 with a budgeted net increase of approximately \$3,286,000).

Actual total revenues were approximately \$814,000 more than budgeted, and expenditures were approximately \$1,263,000 less than budgeted. The most significant differences in revenues resulted from occupational license fees and insurance premium tax. The most significant differences in expenditures resulted from medical claims and interfund transfers out.

City of Nicholasville, Kentucky
Management's Discussion and Analysis
June 30, 2024

Capital Assets Administration

As of June 30, 2024, the City had approximately \$177,259,000 invested in capital assets (net of accumulated depreciation). The following table summarizes the changes in capital assets (in thousands) between fiscal years 2024 and 2023.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Non-depreciable capital assets:						
Land and improvements	\$ 4,660	\$ 4,660	\$ 1,496	\$ 1,496	\$ 6,156	\$ 6,156
Construction in progress	2,624	3,355	926	18,234	3,550	21,589
Depreciable capital assets:						
Buildings and improvements	15,440	15,233	268	268	15,708	15,501
Equipments & Vehicles	12,657	12,186	14,224	12,966	26,881	25,152
Infrastructure	112,106	110,325	-	-	112,106	110,325
Electric system	-	-	14,139	13,755	14,139	13,755
Water System	-	-	50,021	49,281	50,021	49,281
Sewer System	-	-	78,135	57,440	78,135	57,440
Accumulated depreciation	<u>(70,924)</u>	<u>(67,607)</u>	<u>(58,513)</u>	<u>(55,324)</u>	<u>(129,437)</u>	<u>(122,931)</u>
Totals	<u>\$ 76,563</u>	<u>\$ 78,152</u>	<u>\$ 100,696</u>	<u>\$ 98,116</u>	<u>\$ 177,259</u>	<u>\$ 176,268</u>

As of June 30, 2024, construction in progress for governmental activities consisted of the construction of an integrated bicycle/pedestrian system; a study to determine necessary repairs and improvements to a dam; the constructing and equipping of an aerial ladder truck for the fire department; the purchase and fit-up of a truck for the street department; and the designing, construction, and equipping of a new municipal government building that will function as Nicholasville's city hall and public utilities administrative office. Construction in progress for business-type activities as of June 30, 2024, consisted of capital expenditures for water distribution system improvements; sanitary sewer improvements; and the designing, construction, and equipping of a new municipal government building that will function as Nicholasville's city hall and public utilities administrative office. The current fiscal year's depreciation expense totaled approximately \$7.0 million.

Additional information on the City's capital assets can be found in Note 7 to the financial statements.

City of Nicholasville, Kentucky
Management's Discussion and Analysis
June 30, 2024

Debt Administration

The following table summarizes the principal outstanding on the City's long-term obligations (in thousands) as of June 30, 2024 and 2023:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 11,315	\$ 12,005	\$ 28,270	\$ 30,060	\$ 39,585	\$ 42,065
Loans	-	-	3,284	3,784	3,284	3,784
Totals	<u>\$ 11,315</u>	<u>\$ 12,005</u>	<u>\$ 31,554</u>	<u>\$ 33,844</u>	<u>\$ 42,869</u>	<u>\$ 45,849</u>

The fluctuations between years are attributed to the continued payments of principal. Additional information on the City's long-term obligations can be found in Note 9 to the financial statements.

Net Pension Liability and Deferred Outflows & Inflows Related To Pensions

The following table summarizes (in thousands) the changes in net pension liability along with the changes in deferred outflows and deferred inflows of resources related to pensions:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Net Pension Liability	\$ (34,799)	\$ (39,997)	\$ (9,841)	\$ (11,191)	\$ (44,640)	\$ (51,188)
Deferred Outflows	\$ 7,037	\$ 8,173	\$ 2,123	\$ 2,311	\$ 9,160	\$ 10,484
Deferred Inflows	\$ (3,682)	\$ (63)	\$ (1,158)	\$ (97)	\$ (4,840)	\$ (160)

Net OPEB Liability and Deferred Outflows & Inflows Related To OPEB

The following table summarizes (in thousands) the changes in net other post-employment benefits (OPEB) liability along with the changes in deferred outflows and deferred inflows of resources related to OPEB.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Net OPEB (Liability) Asset	\$ (1,227)	\$ (11,111)	\$ 51	\$ (3,066)	\$ (1,176)	\$ (14,177)
Deferred Outflows	\$ 2,207	\$ 4,122	\$ 863	\$ 1,473	\$ 3,070	\$ 5,595
Deferred Inflows	\$ (10,050)	\$ (2,838)	\$ (3,253)	\$ (1,081)	\$ (13,303)	\$ (3,919)

City of Nicholasville, Kentucky
Management's Discussion and Analysis
June 30, 2024

Currently Known Facts, Decisions, Or Conditions

Effective July 1, 2023, the City increased its asset capitalization threshold from \$1,000 to \$3,000.

During fiscal year 2024, the City received approximately \$76,000 as part of the National Opioid Settlement. This money must be used for responses to the opioid epidemic.

In fiscal year 2024, the Nicholasville Wastewater Treatment Plant Expansion and Upgrade project was completed. The project increased the capacity of the plant from 4.1 MGD to 7.1 MGD and added an oxidation ditch; an oxidation ditch splitter box; a 100' diameter clarifier; a clarifier splitter box; an aerobic digester; and a new chemical feed system and building. Additionally, the grit removal equipment; ultraviolet disinfection equipment; drain pumping station; sludge processing conveyor system; and clarifiers No.1 & 2 equipment were removed and replaced. The Supervisory Control and Data Acquisition (SCADA) System; the existing emergency generator; and the automatic transfer switch at influent pump station No.1 were also upgraded. The project cost approximately \$21,000,000.

As of June 30, 2024, the City had entered into several non-cancellable vehicle leases with Enterprise Fleet Management, Inc. that were signed but not active as of June 30, 2024. Future lease payments under these leases, based on each vehicle's expected lease term, total approximately \$257,100 of which approximately \$235,300 is for governmental funds and approximately \$21,800 is for enterprise funds.

In August 2024, the City adopted step pay scales for the police and fire departments.

In September 2024, the City received a \$1,931,353 Kentucky Cleaner Water Program grant from the Kentucky Infrastructure Authority which will be used to construct a 4-mile long, 24-inch diameter water transmission main.

In October 2024, the City was awarded a \$35,000 grant from the Kentucky Fire Commission to assist with the construction of a burn building for the City's fire department.

Contacting The City's Financial Management

This financial report is designed to provide a general overview of the City's finances. If you have any questions concerning the information provided in this report or need additional financial information, contact Laurie Young, CMA, Finance Officer, 601 North Main Street, Nicholasville, Kentucky, 40356.

City of Nicholasville, Kentucky
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Cash and cash equivalents	\$ 18,652,433	\$ 7,763,813	\$ 26,416,246
Investments	17,485,829	963,133	18,448,962
Accounts receivable, net	5,222,406	4,798,828	10,021,234
Other receivables	1,020,811	479,999	1,500,810
Inventory	-	1,552,362	1,552,362
Prepays	48,635	2,670	51,305
Restricted cash and cash equivalents	4,902,050	2,666,335	7,568,385
Restricted investments	1,020,227	1,306,140	2,326,367
Leases receivable	-	411,729	411,729
Capital assets, net	76,562,878	100,696,302	177,259,180
Intangible right-of-use assets, net	885,581	912,536	1,798,117
Other long term assets	-	692,565	692,565
Internal balances	42,470	(42,470)	-
Net OPEB asset	-	51,422	51,422
Total assets	<u>125,843,320</u>	<u>122,255,364</u>	<u>248,098,684</u>
Deferred Outflows of Resources			
Related to OPEB	2,206,763	863,470	3,070,233
Related to pension	7,037,468	2,122,990	9,160,458
Total deferred outflows of resources	<u>9,244,231</u>	<u>2,986,460</u>	<u>12,230,691</u>
Total assets and deferred outflows	<u>\$ 135,087,551</u>	<u>\$ 125,241,824</u>	<u>\$ 260,329,375</u>
Liabilities			
Accounts payable	\$ 708,364	\$ 2,965,054	\$ 3,673,418
Accrued payroll expenses	1,142,735	233,302	1,376,037
Grant advances	4,149,745	-	4,149,745
Accrued interest payable	113,686	430,020	543,706
Meter deposits and other liabilities	1,050,879	923,525	1,974,404
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	669,956	339,605	1,009,561
Long-term debt	715,000	2,006,310	2,721,310
Lease liabilities	224,721	129,943	354,664
Portion due or payable after one year:			
Compensated absences	88,724	77,239	165,963
Long-term debt	11,326,499	31,661,344	42,987,843
Lease liabilities	427,058	369,572	796,630
Net OPEB liability	1,226,974	-	1,226,974
Net pension liability	34,799,390	9,841,069	44,640,459
Total liabilities	<u>56,643,731</u>	<u>48,976,983</u>	<u>105,620,714</u>
Deferred Inflows of Resources			
Related to leases receivable	-	395,119	395,119
Related to OPEB	10,049,606	3,253,094	13,302,700
Related to pension	3,682,202	1,158,150	4,840,352
Total deferred inflows of resources	<u>13,731,808</u>	<u>4,806,363</u>	<u>18,538,171</u>
Total liabilities and deferred inflows of resources	70,375,539	53,783,346	124,158,885
Net Position (Deficit)			
Net investment in capital assets, net of related debt	64,521,379	67,882,282	132,403,661
Restricted for			
Debt service	362,783	960,345	1,323,128
Capital projects	-	2,158,498	2,158,498
Community development	369,193	-	369,193
Parks and recreation	13,848	-	13,848
Public services - streets	197,285	-	197,285
Public safety	1,094,143	-	1,094,143
Permanent fund - cemetery	11,088	-	11,088
Unrestricted (deficit)	(1,857,707)	457,353	(1,400,354)
Total net position (deficit)	<u>64,712,012</u>	<u>71,458,478</u>	<u>136,170,490</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 135,087,551</u>	<u>\$ 125,241,824</u>	<u>\$ 260,329,375</u>

See accompanying notes to financial statements.

City of Nicholasville, Kentucky
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 8,020,864	\$ 556,157	\$ 24,268	\$ 202,833	\$ (7,237,606)	\$ -	\$ (7,237,606)
Public safety - police	8,592,876	527,530	584,405	12,000	(7,468,941)	-	(7,468,941)
Public safety - fire	7,481,136	7,047	347,169	-	(7,126,920)	-	(7,126,920)
Public works - streets	4,499,409	1,530	672,286	360,238	(3,465,355)	-	(3,465,355)
Interest on long-term debt	322,840	-	-	-	(322,840)	-	(322,840)
Total governmental activities	28,917,125	1,092,264	1,628,128	575,071	(25,621,662)	-	(25,621,662)
Business-Type Activities							
Electric	16,137,174	16,443,362	-	-	-	306,188	306,188
Water	6,639,420	8,082,218	220	1,830	-	1,444,848	1,444,848
Sewer	6,315,879	6,486,114	-	-	-	170,235	170,235
Cemetery operations	626,976	145,700	-	-	-	(481,276)	(481,276)
Total business-type activities	29,719,449	31,157,394	220	1,830	-	1,439,995	1,439,995
Total	\$ 58,636,574	\$ 32,249,658	\$ 1,628,348	\$ 576,901	(25,621,662)	1,439,995	(24,181,667)
General Revenues							
Taxes:							
Property taxes, levied for general purposes							
					6,261,760	-	6,261,760
Insurance premium taxes							
					7,084,231	-	7,084,231
Motel taxes							
					161,788	-	161,788
Bank deposit taxes							
					130,766	-	130,766
Licenses, permits, and fees:							
Occupational fee - net profit taxes							
					13,035,349	-	13,035,349
Franchise taxes							
					1,700,095	-	1,700,095
Alcohol regulatory fees							
					924,145	-	924,145
Investment earnings							
					1,332,002	435,075	1,767,077
Gain from lease termination							
					66,715	106,411	173,126
Gain on disposal of capital assets							
					52,277	81,487	133,764
Grants not restricted to specific programs							
					1,285,940	81,146	1,367,086
Miscellaneous							
					631,181	353,620	984,801
Transfers							
					(586,226)	586,226	-
Total general revenues and transfers							
					32,080,023	1,643,965	33,723,988
Change in net position							
					6,458,361	3,083,960	9,542,321
Net position, beginning							
					58,253,651	68,374,518	126,628,169
Net position, ending							
					\$ 64,712,012	\$ 71,458,478	\$ 136,170,490

See accompanying notes to financial statements.

City of Nicholasville, Kentucky
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	American Rescue Plan Act Fund (ARPA)	Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	\$ 18,619,038	\$ -	\$ 33,395	\$ 18,652,433
Investments	17,485,829	-	-	17,485,829
Accounts receivable, net	4,999,656	-	222,751	5,222,407
Other receivables	791,753	-	132,854	924,607
Restricted cash and cash equivalents	607,644	3,250,388	1,044,018	4,902,050
Restricted investments	-	1,007,508	12,719	1,020,227
Due from other funds	56,224	-	-	56,224
Total assets	<u>\$ 42,560,144</u>	<u>\$ 4,257,896</u>	<u>\$ 1,445,737</u>	<u>\$ 48,263,777</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities				
Accounts payable	\$ 632,838	\$ 38,658	\$ 18,975	\$ 690,471
Accrued payroll expenses	1,113,177	-	29,558	1,142,735
Grant advances	-	4,149,745	-	4,149,745
Other liabilities	317,623	-	94,322	411,945
Due to other funds	-	-	13,754	13,754
Total liabilities	<u>2,063,638</u>	<u>4,188,403</u>	<u>156,609</u>	<u>6,408,650</u>
Deferred inflows of resources				
Interest	171,805	-	-	171,805
Unavailable grant revenue	315,941	-	-	315,941
Total liabilities and deferred inflows of resources	<u>2,551,384</u>	<u>4,188,403</u>	<u>156,609</u>	<u>6,896,396</u>
Fund Balances				
Nonspendable:				
Permanent fund - cemetery	-	-	11,088	11,088
Restricted for:				
Community development	369,193	-	-	369,193
Parks and recreation	-	-	13,848	13,848
Public safety	238,451	-	811,593	1,050,044
Debt service	-	-	362,783	362,783
Public services - streets	-	-	197,285	197,285
Assigned				
Special revenue fund	-	-	32,663	32,663
Unassigned				
General fund	39,401,116	-	-	39,401,116
Special revenue fund	-	69,493	(140,132)	(70,639)
Total fund balance	<u>40,008,760</u>	<u>69,493</u>	<u>1,289,128</u>	<u>41,367,381</u>
Total liabilities and fund balances	<u>\$ 42,560,144</u>	<u>\$ 4,257,896</u>	<u>\$ 1,445,737</u>	<u>\$ 48,263,777</u>

City of Nicholasville, Kentucky
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2024

Fund balances - total governmental funds		\$ 41,367,381
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-of-use assets used in governmental activities are not financial resources, and are not reported in the funds.		
	Capital assets, net	76,562,878
	Right-of-use assets, net	<u>885,581</u>
		77,448,459
Deferred inflows of resources related to certain grants are not available to pay for current period expenditures, and are unavailable in the funds		487,746
Certain long-term assets are not available to pay for current year expenditures and, therefore, are not reported in the governmental funds. These include deferred receivables, accrued interest receivable, prepaids, and deferred outflows of resources related to debt.		144,839
Long-term obligations, including accrued payables and contingencies, are not due and payable in the current year, and are not reported in the governmental funds.		(656,828)
Long-term obligations including compensated absences are not due and payable in the current year, and are not reported in the governmental funds		(758,680)
Long-term obligations, including lease liabilities, are not due and payable in the current year, and are not reported in the governmental funds.		(651,779)
Long-term obligations, including accrued interest payables on bonds, are not due payable in the current year and, therefore, are not reported in the governmental funds.		
	Accrued interest payable	(113,686)
	General obligation bonds and notes	<u>(12,041,499)</u>
		(12,155,185)
Some liabilities, including net pension and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(36,026,364)
Deferred outflows and inflows of resources related to pension and OPEB are applicable to future periods, and therefore, are not reported in the governmental funds.		
	Deferred outflows of resources related to pensions	7,037,468
	Deferred outflows of resources related to OPEB	2,206,763
	Deferred inflows of resources related to pensions	(3,682,202)
	Deferred inflows of resources related to OPEB	<u>(10,049,606)</u>
		<u>(4,487,577)</u>
Net position of governmental activities		<u>\$ 64,712,012</u>

See accompanying notes to financial statements.

City of Nicholasville, Kentucky
Statement Of Revenues, Expenditures and Changes
In Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	American Rescue Plan Act Fund (ARPA)	Nonmajor Governmental Funds	Totals
Revenues				
Taxes	\$ 13,639,027	\$ -	\$ -	\$ 13,639,027
Licenses, permits, and fees	14,837,317	-	1,338,440	16,175,757
Fines and forfeitures	300,766	-	-	300,766
Intergovernmental	1,212,489	1,285,940	863,032	3,361,461
Other revenues	1,730,903	55,829	200,824	1,987,556
Total revenue	31,720,502	1,341,769	2,402,296	35,464,567
Expenditures				
General government	6,214,978	644,844	1,210,482	8,070,304
Public safety - police	8,239,428	-	37,850	8,277,278
Public safety - fire	7,539,576	-	-	7,539,576
Public works - streets	1,356,597	-	543,393	1,899,990
Debt service				
Principal	246,788	-	723,146	969,934
Interest	39,458	-	384,508	423,966
Capital outlay	1,848,930	-	235,326	2,084,256
Capital grant expenditures	335,547	-	-	335,547
Total expenditures	25,821,302	644,844	3,134,705	29,600,851
Excess of revenues over (under) expenditures	5,899,200	696,925	(732,409)	5,863,716
Other Financing Sources (Uses):				
Proceeds from leases	406,696	-	-	406,696
Interfund transfers in	1,568,929	-	1,925,399	3,494,328
Interfund transfers out	(2,511,625)	(641,096)	(927,833)	(4,080,554)
Total other financing uses	(536,000)	(641,096)	997,566	(179,530)
Net change in fund balance	5,363,200	55,829	265,157	5,684,186
Fund balances, beginning	34,645,560	13,664	1,023,971	35,683,195
Fund balances, ending	\$ 40,008,760	\$ 69,493	\$ 1,289,128	\$ 41,367,381

City of Nicholasville, Kentucky
 Reconciliation of the Governmental Funds Statement of Revenues,
 Expenditures, And Changes in Fund Balances to The Statement of Activities
 Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ 5,684,186

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

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation and amortization
expense. As a result, fund balance decreases by the amount of financial
resources expended, whereas net assets decrease by the amount of
depreciation and amortization expense charged for the year.

Capital outlay	2,419,803	
Contributed assets	360,238	
Gain on sale of assets and lease terminations	118,992	
Proceeds from disposal of assets	(137,308)	
Depreciation expense	(3,643,957)	
Amortization expense	(279,458)	
		(1,161,690)

Certain receivables and prepaid expenses that do not provide current financial
resources are not reported as revenue and expenses in the funds. 97,559

Long-term debt proceeds provide current financial resources to governmental
funds, but issuing debt increases long-term liabilities in the statement of net
assets. Principal payments is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the statement of net assets.

Debt issued or incurred:		
Amortization of deferred outflows related to debt		
Amortization of bond premium	44,898	
Changes in accrued interest on long-term debt	10,179	
Principal repayments:		
Bond principal retirement	690,000	
		745,077

Lease proceeds are revenue in governmental funds, but increase long-term
liabilities in the statement of net position. (387,598)

Lease principal payments are expenditures in governmental funds, but are
recorded as payments of liabilities in the statement of net position. 252,343

The net pension and OPEB benefit (expense) is an actuarial calculation and does not
require the use of current financial resources and it is excluded as an
expenditure in governmental funds. Additionally, since the current year
contributions to the pension plan will be included in the subsequent year's
pension expense calculation. Those contributions should not be considered
in the government-wide statements. 1,200,780

Long-term obligations and compensated absences are not payable from current
year resources and are not reported as expenditures of the current year. In the
statement of activities, these costs represent expenses of the current year. (105,939)

Certain liabilities in the statement of activities do not require the use of current
resources and, therefore, are not reported as expenditures of the governmental
funds. 133,643

Change in Net Position of Governmental Activities \$ 6,458,361

See accompanying notes to financial statements.

City of Nicholasville, Kentucky
Statement of Net Position –
Proprietary Funds (Business-Type Activities)
June 30, 2024

	Business-Type Activities		
	Utilities Fund	Cemetery Operations Fund	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 7,593,746	\$ 170,067	\$ 7,763,813
Investments	963,133	-	963,133
Accounts receivable, net	4,798,828	-	4,798,828
Leases receivable	55,798	-	55,798
Other receivables	476,205	3,794	479,999
Inventory	1,552,362	-	1,552,362
Other current assets	2,670	-	2,670
Total current assets	<u>15,442,742</u>	<u>173,861</u>	<u>15,616,603</u>
Noncurrent assets			
Restricted cash and cash equivalents	2,666,335	-	2,666,335
Restricted investments	1,306,140	-	1,306,140
Leases receivable	355,931	-	355,931
Capital assets, net	98,775,757	1,920,545	100,696,302
Intangible right-of-use assets, net	864,497	48,039	912,536
Other long term receivables, net	692,565	-	692,565
Net OPEB Asset	1,421	50,001	51,422
Total noncurrent assets	<u>104,662,646</u>	<u>2,018,585</u>	<u>106,681,231</u>
Total assets	120,105,388	2,192,446	122,297,834
Deferred Outflows of Resources			
Deferred outflows of resources related to OPEB	824,444	39,026	863,470
Deferred outflows of resources related to pension	2,014,304	108,686	2,122,990
Total deferred outflows of resources	<u>2,838,748</u>	<u>147,712</u>	<u>2,986,460</u>
Total assets and deferred outflows of resources	<u>\$ 122,944,136</u>	<u>\$ 2,340,158</u>	<u>\$ 125,284,294</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 2,945,197	\$ 19,857	\$ 2,965,054
Accrued payroll expenses	216,199	17,103	233,302
Accrued interest payable	430,020	-	430,020
Meter deposits and other liabilities	923,309	216	923,525
Current portion of accrued compensated absences	317,069	22,536	339,605
Current portion of long-term debt	2,006,310	-	2,006,310
Current portion of lease liabilities	120,418	9,525	129,943
Due to other funds	39,772	2,698	42,470
Total current liabilities	<u>6,998,294</u>	<u>71,935</u>	<u>7,070,229</u>
Noncurrent liabilities			
Accrued compensated absences	70,838	6,401	77,239
Long-term debt	31,661,344	-	31,661,344
Lease liability	346,398	23,174	369,572
Net pension liability	9,314,893	526,176	9,841,069
Total noncurrent liabilities	<u>41,393,473</u>	<u>555,751</u>	<u>41,949,224</u>
Total liabilities	48,391,767	627,686	49,019,453
Deferred Inflows of Resources			
Deferred inflows of resources related to leases receivable	395,119	-	395,119
Deferred inflows of resources related to OPEB	3,042,513	210,581	3,253,094
Deferred inflows of resources related to pension	1,087,816	70,334	1,158,150
Total deferred inflows of resources	<u>4,525,448</u>	<u>280,915</u>	<u>4,806,363</u>
Total liabilities and deferred inflows	52,917,215	908,601	53,825,816
Net Position			
Invested in capital assets, net of related debt	65,961,737	1,920,545	67,882,282
Restricted			
Debt service	960,345	-	960,345
Capital projects	2,158,498	-	2,158,498
Unrestricted (deficit)	946,341	(488,988)	457,353
Total net position	<u>70,026,921</u>	<u>1,431,557</u>	<u>71,458,478</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 122,944,136</u>	<u>\$ 2,340,158</u>	<u>\$ 125,284,294</u>

City of Nicholasville, Kentucky
Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds (Business-Type Activities)
Year Ended June 30, 2024

	Business-Type Activities		
	Cemetery		
	Utilities Fund	Operations Fund	Totals
Operating Revenues			
Charges for services	\$ 30,010,624	\$ -	\$ 30,010,624
Grave sales, openings, and closings	-	145,700	145,700
Penalties and service charges	478,566	-	478,566
Others	323,139	13,834	336,973
Total Operating Revenues	30,812,329	159,534	30,971,863
Operating Expenses			
Utility administration	3,706,401	-	3,706,401
Electric department	14,246,732	-	14,246,732
Meter operations	814,356	-	814,356
Water distribution	1,569,360	-	1,569,360
Water treatment	1,997,609	-	1,997,609
Sewer collection	725,920	-	725,920
Sewer treatment	1,572,111	-	1,572,111
Cemetery operations	-	593,735	593,735
Depreciation expense	3,354,936	19,870	3,374,806
Amortization expense	219,605	11,806	231,411
Total operating expenses	28,207,030	625,411	28,832,441
Operating income (loss)	2,605,299	(465,877)	2,139,422
Nonoperating Revenues (Expenses)			
Water and sewer tap fees	253,800	-	253,800
Pole attachment fees	268,703	-	268,703
Grant revenue	84,383	-	84,383
Miscellaneous income	16,648	-	16,648
Income from investments	445,897	865	446,762
Unrealized gains(losses) from investments	(11,687)	-	(11,687)
Interest expense	(886,630)	(1,565)	(888,195)
Gain from lease termination	92,241	14,170	106,411
Gain on disposal of capital assets	75,934	5,553	81,487
Total Nonoperating Revenues (Expenses)	339,289	19,023	358,312
Income (loss) before transfers	2,944,588	(446,854)	2,497,734
Transfers In	-	586,226	586,226
Change in Net Position	2,944,588	139,372	3,083,960
Net Position, beginning	67,082,333	1,292,185	68,374,518
Net Position, ending	\$ 70,026,921	\$ 1,431,557	\$ 71,458,478

City of Nicholasville, Kentucky
Statement of Cash Flows –
Proprietary Funds (Business-Type Activities)
Year Ended June 30, 2024

	Business-Type Activities		
	Cemetery		Totals
	Utilities Fund	Operations Fund	
Cash flows from operating activities			
Cash received from customers	\$ 30,188,317	\$ 145,700	\$ 30,334,017
Other operating receipts	79,487	11,713	91,200
Cash payments to suppliers for goods and services	(17,811,440)	(114,117)	(17,925,557)
Cash payments to employees for services	(7,312,086)	(467,892)	(7,779,978)
Net cash provided by (used in) operating activities	5,144,278	(424,596)	4,719,682
Cash flows from non-capital financing activities:			
Operating transfers - (out) in from other funds	14,282	585,366	599,648
Cash flows from capital and related financing activities			
Water and sewer tap fees	253,800	-	253,800
Pole attachment fees	268,703	-	268,703
Capital grants received	101,031	-	101,031
Proceeds from sales of capital and leased assets	75,934	-	75,934
Purchases of capital assets	(5,891,277)	(134,645)	(6,025,922)
Principal paid on long-term debt	(2,286,944)	-	(2,286,944)
Principal paid on lease liabilities	(191,964)	(11,806)	(203,770)
Principal received on leases receivable	318,526	-	318,526
Interest paid	(1,065,299)	(1,439)	(1,066,738)
Net cash used by capital and related financing activities	(8,417,490)	(147,890)	(8,565,380)
Cash flows from investing activities			
Proceeds from sales of investments	603,507	-	603,507
Purchases of investments	(93,937)	-	(93,937)
Income from investments	393,654	865	394,519
Net cash provided by investing activities	903,224	865	904,089
Net increase (decrease) in cash equivalents	(2,355,706)	13,745	(2,341,961)
Cash and cash equivalents at beginning of year	12,615,787	156,322	12,772,109
Cash and cash equivalents at end of year	\$ 10,260,081	\$ 170,067	\$ 10,430,148
Shown in the financial statements as:			
Cash and cash equivalents	7,593,746	170,067	7,763,813
Restricted cash and cash equivalents	2,666,335	-	2,666,335
	\$ 10,260,081	\$ 170,067	\$ 10,430,148
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 2,605,299	\$ (465,877)	\$ 2,139,422
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	3,354,936	19,870	3,374,806
Amortization	219,605	11,806	231,411
Change in assets/liabilities:			
Accounts receivable	(471,345)	-	(471,345)
Other receivables and current assets	170,472	1,629	172,101
Inventory	(61,216)	-	(61,216)
Accounts payable	(130,801)	(1,400)	(132,201)
Accrued payroll expenses	6,323	5,089	11,412
Meter deposits and other liabilities	18,479	(6)	18,473
Accrued compensated absences	63,003	3,699	66,702
Net OPEB liability	(2,900,636)	(165,781)	(3,066,417)
Net pension liability	(1,256,648)	(93,438)	(1,350,086)
Deferred inflows - leases receivable	(243,652)	-	(243,652)
Deferred inflows - pension and OPEB	3,033,481	199,442	3,232,923
Deferred outflows - pension and OPEB	736,978	60,371	797,349
Net cash provided by (used by) operating activities	\$ 5,144,278	\$ (424,596)	\$ 4,719,682

See accompanying notes to financial statements.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 1 – Summary Of Significant Accounting Policies

This summary of significant accounting policies of the City of Nicholasville, Kentucky (the City) is presented to assist in understanding the City's financial statements. The financial statements and the related notes are representations of the City's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

A. Financial Reporting Entity

The City operates under the City Commission form of government and provides the following services as authorized by its charter: public safety, public works, recreation, and community development.

The financial statements of the City include the funds, account groups, and entities over which the Mayor and the City Commission are financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB Statement No. 14, 39, and 61, was determined on the basis of the City's ability to significantly influence operations, select the governing authority, and participate in fiscal management and the scope of the public service. The Nicholasville Planning Commission has been included in the financial statements because of these criteria.

The reporting entity may also include organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the City is financially accountable, or the organization's exclusion would cause the City's financial statements to be misleading or incomplete. The City has evaluated various organizations with which it is related. Currently, the accompanying financial statements do not reflect any component units.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility, is a joint venture. Based upon these criteria, the Jessamine County Joint Economic Development Authority (the Development Authority) and the Nicholasville-Jessamine County Joint Board of Parks and Recreation (Parks and Recreation) are considered joint ventures of the City. The City has no equity interest in either organization as evidenced by an explicit and measurable right to the organization's net resources. A mere residual interest in the organization's assets upon dissolution is not reflective of an equity interest.

As joint ventures in which the City has no equity interest, the Development Authority and Parks and Recreation have been excluded from the City's financial statements. Also see Note 16.

A related organization is an entity for which the primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. The City's officials are responsible for appointing the members of the boards of several other organizations, but the City's accountability for these organizations does not extend beyond making these appointments. The City's Mayor, with the consent of the City Commissioners, appoints board members of the Housing Authority of Nicholasville, the Jessamine County Chamber of Commerce, the Nicholasville Historic Preservations Commission, the Nicholasville/Wilmore/Jessamine County Joint Tourism Commission, and the local Jessamine County Board of Assessment Appeals. See also Note 16.

Note 1 – Summary Of Significant Accounting Policies (Continued)

B. Basis Of Presentation

The financial statements include a Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations. The City also presents two sets of financial statements: government-wide financial statements and fund financial statements. Reconciliations between the two sets of financial statements are provided within the financial statements. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The City applies all GASB pronouncements.

The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. These statements distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Business-type activities are financed in whole or in part by fees from external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds reported by the City are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the City or if the total assets, liabilities, revenues, or expenses/expenditures of the individual fund are at least ten percent of the corresponding total and whose total assets, liabilities, revenues, or expenses/expenditures are at least five percent of the corresponding total for all governmental and proprietary funds combined.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 1 – Summary Of Significant Accounting Policies (Continued)

Governmental funds are those through which most of the City's functions 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 must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the City's governmental funds:

General Fund – This fund represents the general operations of the City and accounts for all financial resources except those required to be accounted for in another fund. Most of the essential governmental services such as police and fire protection and the general administration of the government are reported in this fund. The General Fund is major governmental fund.

American Rescue Plan Fund – This fund is a major fund that accounts for the funds received under the American Rescue Plan Act. The American Rescue Plan Fund is used to account for the City's portion of the American Rescue Plan (ARP) funding. In March 2021, the United States government passed a \$1.88 trillion ARP, providing relief for previous and future expenditures related to the COVID-19 pandemic. The City was awarded a total of \$8,132,564 with approximately half being received in August 2021 and the other half received in June 2022. These grant receipts and related interest receipts that were not spent as of June 30, 2024, were recorded as a liability in the statement of net position due to unfulfilled eligibility requirements. These funds can only be spent for eligible uses including, (1) to respond to the public health emergency or its negative economic impacts; (2) provide premium pay to eligible employees for essential work up to \$13 per hour; (3) to address revenue reductions; and (4) infrastructure investments in water, sewer, or broadband.

Special revenue and other non-major funds are governmental funds used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or capital projects) that are restricted by law to be expended for specific purposes. The City maintains the following *non-major* (not meeting the criteria of a major fund) *funds*.

Planning Commission Fund – This fund was established as a special revenue fund to account for the planning and zoning operations of the Nicholasville Planning Commission. The Nicholasville Planning Commission is funded in part by the City's General Fund.

Municipal Aid Program Fund – This is a special revenue fund to account for the funds received from the Kentucky Transportation Cabinet's Department of Rural and Municipal Aid. The grant funds are to be expended exclusively on road repairs, maintenance, and improvements.

Drug Enforcement Forfeiture Fund – This fund is used to account for the activity associated with property which is seized in drug related arrests (both federal and state criminal cases).

DARE Fund – This fund is used to account for the activity associated with the City's Drug Abuse Resistance Education program.

Fire Prevention Fund – This fund is used to account for activity associated with the City's Fire Prevention program.

LGEA Fund – This special revenue fund is used to account for grants received by the City from the State's Local Government Economic Assistant Fund (mineral taxes).

Note 1 – Summary Of Significant Accounting Policies (Continued)

Capital Projects Fund – The capital projects fund is used to account for the financial resources to be used for the acquisition or construction of major capital projects. It is not required that all capitalized assets are accounted for in this fund.

Debt Service Fund – The debt service fund is used to account for the accumulation of resources used to pay the principal and interest on the City’s general obligation bonds and notes. (See Note 9).

Alcoholic Beverage Control Regulatory Fund – This fund is used to account for the regulatory license fee imposed upon gross receipts from the sale of alcoholic beverages.

Permanent funds are governmental funds used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for the purpose of supporting the reporting government’s programs. The City maintains the following non-major (not meeting the criteria of a major fund) permanent fund:

Permanent Cemetery Fund – This fund accounts for the Anne Scott Trust which is designated to maintain the Scott Family lot in the Maple Grove Cemetery.

The City’s proprietary funds are used to account for the activities of the City which are similar to those found in private business enterprises. The City’s proprietary fund types, both enterprise funds, were established to account for the acquisition, operation, and maintenance of the City’s facilities and services which are predominately self-supported by user charges or where the City has decided that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City’s enterprise operations are included in the following funds:

Utilities Fund – The Utilities Fund is used to account for the electric, water, and sewer services provided to residents of the City and surrounding areas, the operations of which are financed by user charges. The Utilities Fund is the City’s only major proprietary fund.

Cemetery Operations Fund – This fund is used to account for the provision of cemetery lots, burial, and cemetery maintenance services to the residents of the City and the surrounding areas.

C. Measurement Focus and Basis Of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide financial statements report information on all of the activities of the City. In the government-wide statement of net position and statement of activities both governmental and business-type activities are presented using the economic resources measurement focus as defined in item B below.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 1 – Summary Of Significant Accounting Policies (Continued)

In the fund financial statements, the current financial resources measurement focus, or the economic resources measurement focus, is used as indicated.

- A. All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- B. The proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are susceptible to accrual and are recognized in the financial statements when they are measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. “Measurable” means knowledge of being able to reasonably estimate the amount. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of year-end. Expenditures (including capital outlay) are generally recorded when the related fund liability is incurred, as under accrual accounting, however, certain expenditures, such as those related to accrued leave and debt service, are recorded only when payment is due.

The proprietary funds utilize the accrual basis of accounting as defined above.

Revenues such as charges for service, property taxes, franchise taxes, licenses, investment earnings, and intergovernmental revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Permits, fines, and forfeitures, and certain other revenues are recorded as revenues when received because they are generally not measurable until actually received.

D. Use Of Estimates

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

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 1 – Summary Of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, And Equity

Cash and Cash Equivalents

The City considers all cash, both restricted and unrestricted, as cash and cash equivalents for purposes of the proprietary funds' statement of cash flows. The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are reported at fair value as determined by quoted market prices. The City's investments consist principally of certificates of deposits and obligations of the United States Government and other fixed income issues. Unrealized gains and losses (included within income from investments) are included in the accompanying financial statements. These funds are invested for periods that comply with cash flow requirements of bond ordinances and the City's general government services.

Accounts Receivable

Accounts receivable from customers and taxpayers are less an allowance for uncollectible balances. Additions to the allowance are charged to operations in the period in which the receivable becomes impaired. The City provides an allowance based on historical collection experience and a review of the current status of existing receivables. At June 30, 2024, accounts receivables of governmental and proprietary funds are net of an allowance of approximately \$83,000 and \$269,200 respectively.

Lease Receivable

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term.

Inventories

The cost of consumable materials and supplies on hand are immaterial to the financial statements, and the City has therefore chosen to report these items as expenses/expenditures at the time of purchase.

Inventory in the proprietary fund types, determined by a physical count, is recorded at cost (using the specific identification method for transformers; switches; capacitors; regulators; and breakers, and using a first-in, first-out basis for everything else) and is charged to expense as used or capitalized when put in service.

Capital Assets

The accounting treatment of fixed assets depends on whether the fixed assets are used in governmental or proprietary operations. In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 1 – Summary Of Significant Accounting Policies (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the government-wide statement of net position. The City currently capitalizes assets costing \$3,000 or more that have useful lives of more than one year. Depreciation is taken over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of capital asset is as follows:

Infrastructure	20 – 50 years
Plants, buildings, and improvements	40 – 50 years
Equipment and vehicles	5 – 15 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for in the same manner as in the government-wide financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Future major repairs and replacements are not being accumulated; rather the City has set aside funds for future needs. Should repairs be made, they will be expensed at that time.

Right-of-Use Assets

As lessee, the City recognizes a lease liability and an intangible right-to-use-asset in the government-wide financial statements and proprietary fund types in the fund financial statements for leased assets and subscription-based information technology arrangements. At the commencement of a lease, the City measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain other capitalizable costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Bond Discount/Premiums

In the government-wide financial statements and proprietary fund types in the fund financial statements, bond discount/premiums costs are capitalized in the year of issue and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond discounts/premiums (other financing uses/sources) during the current period. In the government-wide financial statements, bond discounts/premiums are presented as a direct deduction/addition to long-term debt.

Amortization of Deferred Gain or Loss on Early Retirement of Debt

Deferred gain or loss on early retirement of debt is amortized on the straight-line method over the original remaining life of the old debt or the life of the new debt, whichever is less. The results of this method do not materially differ from those that would be obtained by applying the effective interest method. In the government-wide financial statements, deferred amounts on refunding are presented as part of deferred outflows of resources.

Note 1 – Summary Of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources related to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the funds. Governmental funds report the City's pension contributions as pension expenditures; however, in the Statement of Activities, the pension and OPEB expense largely represents the change in net pension liability and net OPEB liability from the prior year, with provisions for deferring certain items.

For governmental funds, the City reports deferred inflows of resources related to unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants and investments maturing 61 days or more after fiscal year end. These amounts are recognized as an inflow of resources in the period that the amounts become available.

For statements of net position, the City reports deferred inflows of resources related to leases receivable. Deferred inflows of resources are recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflows are amortized on a straight-line basis over the term of each lease.

Compensated Absences (Accrued Leave)

All vacation leave is accrued when incurred in the government-wide financial statements. Only the accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the government fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Lease Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements lease liabilities are initially measured at the present value of lease payments expected to be paid during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as an other financing source.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS), and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS.

Note 1 – Summary Of Significant Accounting Policies (Continued)

Postemployment Benefit Other Than Pensions

For the purpose of measuring the liability and asset, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of the CERS and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they were reported by CERS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The CERS Insurance Funds are reported as OPEB trust funds and are accounted for on the accrual basis of accounting.

Interfund Transactions

During the course of operations, transactions may occur between funds that may result in amounts owed between funds (see Note 15). Outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide statement of net position as internal balances.

Equity Classifications

Government-Wide financial statements:

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets, adjusted for deferred inflows and outflows related to debt.

Restricted net position – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation.

Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified into the following components:

Non-spendable fund balances are either not in spendable form such as inventories and long-term receivables, or they are legally or contractually required to be maintained intact such as the corpus of a permanent fund.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 1 – Summary Of Significant Accounting Policies (Continued)

Restricted fund balances include amounts constrained to being used for specific purposes by external parties, constitutional provisions, and enabling legislation.

Committed fund balances include amounts whose use is constrained by limitations that the government imposes upon itself.

Assigned fund balances are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balances consist of balances with no constraint on how they are spent.

Proprietary fund equity is classified as net position.

F. Revenues And Expenses/Expenditures

Program Revenues

In the government-wide statement of activities, the primary sources of the City's program revenues are revenues from business-type charges for services associated with the electric, water, and sewer services provided to residents of the City and surrounding areas.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary (enterprise) funds are those that result from providing services. They also include all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

Expenses/Expenditures:

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

Governmental funds report expenditures of financial resources. Governmental fund expenditures are classified by function in the governmental funds' statement of revenues, expenditures, and changes in fund balances, with detail by natural or object classification provided as supplemental information.

The proprietary funds report expenses relating to the use of economic resources. Proprietary fund expenses are classified by function in the proprietary fund statement of revenues, expenses, and changes in net position, with detail by natural or object classification provided as supplemental information.

G. Total Column on the Fund Financial Statements

The total columns on the fund financial statements are presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with accounting principles generally accepted in the United States of America, nor is such data comparable to a consolidation.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 2 – Budgetary Control and Encumbrances

The City follows the procedures established pursuant to section 91A.030 of the Kentucky Revised Statutes (KRS) in establishing the budgetary data reflected in the financial statements. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as adopted by ordinance of the City and have been revised for amendments authorized during the year.

Encumbrance accounting, under which the commitment to expend funds (purchase orders, contracts, and other commitments) is recorded to reserve that portion of the applicable appropriation, is not employed by the City. These financial statements have not been prepared using the encumbrance system.

Deficit Fund Balance

The Planning Commission Fund had a negative fund balance on June 30, 2024, in the amount of \$140,132. The negative fund balance is due to expenditures in excess of revenues and transfers. Additional revenues and transfers received in fiscal year 2025 are expected to reduce the deficit.

Note 3 – Property Tax Calendar

Property taxes for fiscal year 2024 were levied on October 31, 2023, on the assessed property located in the City as of the preceding January 1. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date collection periods for all property taxes exclusive of vehicle taxes are as follows:

<u>Description</u>	<u>Date</u>
1. due date for payment of taxes	upon receipt
2. face value amount payment period	to November 30
3. past due date, 10% penalty	December 1
4. interest charge, 1% per month	February 1
5. additional penalty, greater of \$75 or 25%	April 1

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

Note 4 – Deposits and Investments

As of June 30, 2024, the City's cash and cash equivalent funds are substantially covered by federal depository insurance or by collateral held by the custodial banks in the City's name.

Deposits (cash and certificates of deposits) are carried at cost, which approximates fair value. On June 30, 2024, the carrying amounts of the City's deposits were \$54,759,962 and the bank balances and cash on hand were \$53,564,710 and \$8,175, respectively. The City's cash deposits are classified as follows:

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 4 – Deposits and Investments (Continued)

Category 1. Insured or invested in instruments of the United States government
\$28,507,341

Category 2. Collateralized with securities held by the pledging financial institution
\$25,057,369

Category 3. Uncollateralized consists of cash on hand in the amount of \$8,175

As of June 30, 2024, the investments are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
<u>Governmental Funds</u>		
Certificates of deposit	\$ 10,902,096	July 2024 - September 2025
US Treasury Notes	7,591,239	April 2025
Trust	1,632	
 <u>Cemetery's Permanent Fund</u>		
Certificates of deposit	11,088	April 2025
 <u>Utility Fund</u>		
Certificates of deposit	2,265,137	September 2024 - May 2025
Trust	4,137	
Total investments	<u>\$ 20,775,329</u>	

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no formal policy on custodial credit risk.

Credit Risk: Under KRS 66.480 and in accordance with the City's formal investment policy, the City is permitted to invest in the following:

- Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian;
- Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States Government agency;
- Obligations of any corporation of the United States Government;
- Certificates of deposit issued by, or other interest-bearing accounts of, any bank or savings and loan institution insured by the Federal Deposit Insurance Corporation or similar entity, or which are collateralized, to the extent uninsured, by any obligations permitted by KRS 41.240(4);
- Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency;
- Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency;
- Commercial paper rated in the highest category by a nationally recognized rating agency; Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 4 – Deposits and Investments (Continued)

- Securities issued by a state or local government, or any instrumentality of an agency thereof in the United States, and rated in one of the three highest categories by a nationally recognized rating agency;
- Shares of mutual funds (the mutual fund shall be an open and diversified investment company registered under the Federal Investment Company Act of 1940, as amended; the management company of the investment company shall have been in operation for at least five years; and all securities in the mutual funds shall be eligible investments pursuant to the above).

Concentration of Credit Risk: The amount invested at any time by the City in uncollateralized certificates of deposit issued by any bank or savings and loan institution, bankers' acceptances, commercial paper, or securities issued by a state or local government, or any instrumentality of an agency thereof in the United States (as described above), shall not exceed 20% of the total amount invested by the City. With the exception of fully insured or fully collateralized investments and demand deposit accounts, no more than 20% of the City's total investment portfolio shall be invested in a single security type or with a single financial institution.

Interest Rate Risk: The City's formal investment policy does not address policies relative to investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The following schedule details the composition of the governmental-type activities' account balances within the various funds as of June 30, 2024. Sweep accounts have been netted to the source accounts. There are no other accounts with negative balances.

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Restricted Investments	Total
Operating Cash	\$ 18,431,438	\$ 607,644	\$ 17,050,657	\$ -	\$ 36,089,739
Debt Service	-	361,152	-	1,631	362,783
Construction	136,927	-	435,172	-	572,099
Incentive Accounts	50,673	-	-	-	50,673
Forfeiture Funds	-	594,655	-	-	594,655
Cemetery Permanent Fund	-	-	-	11,088	11,088
American Rescue Plan	-	3,250,388	-	1,007,508	4,257,896
Other Non-Major	33,395	88,211	-	-	121,606
Totals	<u>\$ 18,652,433</u>	<u>\$ 4,902,050</u>	<u>\$ 17,485,829</u>	<u>\$ 1,020,227</u>	<u>\$ 42,060,539</u>

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 4 – Deposits and Investments (Continued)

The following schedule details the composition of the business-type activities' account balances within the various funds as of June 30, 2024. (See also Note 9):

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Investments	Restricted Investments	Total
KIA Sinking Fund	\$ 374,185	\$ -	\$ 963,133	\$ -	\$ 1,337,318
Debt Service	-	956,208	-	4,137	960,345
Construction	-	853,633	-	-	853,633
Operation and Maintenance	7,219,561	-	-	-	7,219,561
Water and Sewer RR&E Funds	-	856,494	-	1,302,003	2,158,497
Cemetery Operations	170,067	-	-	-	170,067
Totals	\$ 7,763,813	\$ 2,666,335	\$ 963,133	\$ 1,306,140	\$ 12,699,421

Note 5 – Other Receivables and Non-Operating Revenues/Expenses

Business-type Activities

The City constructed gravity and force main collection lines to connect the “Dragstrip” area to the existing wastewater collection system (the “Dragstrip Project”). A portion of the cost of these improvements was assessed to the properties benefited by the improvements. Assessment liens were placed on the improved properties in 2009, the principal sum of which was due within thirty days from the date of the lien without interest or, if the property owner elected, was payable at a one and two tenths’ percent (1.2%) rate of interest for a period of twenty years. Upon completion of the Dragstrip Project in fiscal year ended June 30, 2011, unpaid assessments were recorded on the Utilities Fund’s books as both assets and revenues. As of June 30, 2024, unpaid assessments total approximately \$803,400, the current portion of which is approximately \$110,800. Also see Note 9.

Note 6 – Leases Receivable

The City follows the guidance of Governmental Accounting Standards Board Statement No. 87-*Leases*. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Details of the City’s leases receivable as of June 30, 2024 are as follows:

A company that offers internet, voice, and data connectivity services leases space on two of the City’s water tanks for the purpose of attaching communication antennae. In February 2024, the lease was amended resulting in a reduced lease term. The remaining lease term as of June 30, 2024 is six months. The City receives interest revenue and lease revenue from the lessee. Interest revenue is based on the City’s incremental borrowing rate. The City recognized lease revenue of approximately \$52,000 during the fiscal year. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were approximately \$27,400 and \$25,300, respectively.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 6 – Leases Receivable (Continued)

A company that offers internet, voice, and data connectivity services leases space on a smokestack owned by the City. The remaining lease term as of June 30, 2024, assuming both available lease extensions are exercised, is 140 months. The City receives interest revenue and lease revenue from the lessee. Interest revenue is based on the City's incremental borrowing rate. The City recognized lease revenue of approximately \$31,700 during the fiscal year. As of June 30, 2024, the value of the lease receivable and deferred inflow of resources were approximately \$384,300 and \$369,800, respectively.

Note 7 –Capital Assets

Capital asset activity during the year ended June 30, 2024, is as follows:

Governmental Activities:

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>
Non-depreciable capital assets:				
Land and improvements	\$ 4,659,700	\$ -	\$ -	\$ 4,659,700
Construction in progress	<u>3,355,122</u>	<u>558,331</u>	<u>1,289,494</u>	<u>2,623,959</u>
Total non-depreciable capital assets	<u>8,014,822</u>	<u>558,331</u>	<u>1,289,494</u>	<u>7,283,659</u>
Depreciable capital assets:				
Buildings and improvements	15,233,308	207,250	-	15,440,558
Equipment	5,665,738	308,197	6,653	5,967,282
Vehicles	6,519,268	510,368	339,828	6,689,808
Infrastructure	<u>110,325,247</u>	<u>1,780,543</u>	<u>-</u>	<u>112,105,790</u>
Total depreciable capital assets	<u>137,743,561</u>	<u>2,806,358</u>	<u>346,481</u>	<u>140,203,438</u>
Total capital assets	145,758,383	3,364,689	1,635,975	147,487,097
Less accumulated depreciation	<u>67,606,570</u>	<u>3,644,351</u>	<u>326,702</u>	<u>70,924,219</u>
Totals	<u>\$ 78,151,813</u>	<u>\$ (279,662)</u>	<u>\$ 1,309,273</u>	<u>\$ 76,562,878</u>

Depreciation expense attributable to governmental activities was charged to the governmental functions/programs per the statement of activities as follows:

General government	\$ 149,833
Public safety - police	544,252
Public safety - fire	356,086
Public works - streets	<u>2,594,180</u>
Total	<u>\$ 3,644,351</u>

During the fiscal year, the City received donated infrastructure valued at approximately \$360,200.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 7 –Capital Assets (Continued)

As of June 30, 2024, construction in progress (governmental activities) consists of capital expenditures related to the following projects:

- In June 2014, the City entered into an agreement with the Commonwealth of Kentucky Transportation Cabinet (KYTC) under which the City was awarded a grant to conduct a study to provide a safe and integrated bicycle/pedestrian system that will enable students to walk and bike to school from neighborhoods in Jessamine County. Supplemental agreements were subsequently entered into to construct shared use trails for East Jessamine High School (EJHS) and West Jessamine High School (WJHS). Construction is expected to begin in 2026 for EJHS, and construction is expected to be advertised for WJHS in April 2025. As of June 30, 2024, construction in progress totals approximately \$910,100.
- A study is being conducted to determine the scope and costs of repairs and improvements needed to Lake Mingo Dam. As of June 30, 2024, the construction in progress totals approximately \$39,000.
- An aerial ladder truck, with a spring 2025 expected delivery date, is being built for the fire department. As of June 30, 2024, the construction in progress totals approximately \$1,462,600.
- The purchase and fit-up of a truck for the street department which is expected to be completed early next fiscal year. As of June 30, 2024, the construction in progress totals approximately \$61,800.
- The City is designing, construction, and equipping a new municipal government building which will function as Nicholasville's city hall and public utilities administrative office. The General Fund and Utilities Fund each carry half of the construction in progress costs on their books. The General Fund's share of construction in progress as of June 30, 2024, totals approximately \$150,500.

Business-type Activities:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Utility plant, land, and buildings	\$ 13,754,993	\$ 384,543	\$ -	\$ 14,139,536
Water treatment plant, land, and water system improvements	49,280,674	752,718	12,872	50,020,520
Sewer treatment plant, land, and improvements	57,440,372	20,694,810	-	78,135,182
Equipment and vehicles	12,591,378	1,374,154	184,386	13,781,146
Cemetery land and improvements	1,496,140	-	-	1,496,140
Cemetery building & grounds	268,022	-	-	268,022
Cemetery vehicles & equipment	374,745	106,499	33,834	447,410
Construction in progress	18,234,236	3,512,260	20,819,551	926,945
Total Capital Assets	153,440,560	26,824,984	21,050,643	159,214,901
Less accumulated Depreciation	55,324,563	3,374,806	180,770	58,518,599
Totals	\$ 98,115,997	\$ 23,450,178	\$ 20,869,873	\$ 100,696,302

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 7 –Capital Assets (Continued)

Depreciation expense attributable to business-type activities was charged to the functions/programs per the statement of activities as follows:

Electric	\$	334,504
Water		1,218,770
Sewer		1,801,662
Cemetery		<u>19,870</u>
 Total	 \$	 <u><u>3,374,806</u></u>

As of June 30, 2024, construction in progress (business-type activities) consists of capital expenditures relative to the following projects:

- 24-Inch Water Transmission Main project consists of the construction of 19,800 LF of 24" ductile iron transmission main from the water treatment plant to the city. The project will allow increased pumping capacity from the water treatment plant (WTP) to increase from the current 7 million gallons per day (MGD) capacity to an ultimate future 15 MGD capacity. The project is part of a 1990 master plan of improvements for the distribution system. Pumping costs, related to energy, will decrease due to the reduction of head loss in the transmission system. Nicholasville currently has three small diameter transmission mains, between the WTP and the distribution system, one of which was installed in the 1950s. The provision of a 24" parallel water main will result in significantly less head loss in the transmission system and result in higher velocity and volume of water delivered. The Nicholasville 24" parallel transmission main project will assist in the turnover of existing water storage tanks. Currently, the water supply is restricted to about 7.5 MGD due to head loss in the existing transmission mains. The project will allow the City of Nicholasville to better comply with the safe drinking water act (Stage II Disinfectants and Disinfection Byproducts rule) by allowing the stored water to "turn over" better by filling their three distribution storage tanks faster and draining them lower on a routine basis, effectively reducing the stored water time. The estimated construction cost is \$5,500,000. The project will be funded by a KIA grant of \$1,931,353 and the remainder by a KIA loan. Construction is expected to begin in the second quarter of 2025. As of June 30, 2024, construction in progress totals approximately \$366,200.
- The Lone Oak Sewer Rehabilitation Project involves conducting a Sanitary Sewer Evaluation Survey, rehabilitating approximately 15 manholes, replacing approximately 5 manholes and 1,200 linear feet of sewer main. The estimated cost of this project is \$250,000. As of June 30, 2024, construction in progress is \$152,100.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 7 –Capital Assets (Continued)

- The Brookview Sewer Phase II project is intended to relieve an existing overloaded sewer main. This project is compliant with the City's Agreed Order with the Kentucky Energy and Environment Cabinet and will consist of capacity enhancements to an existing 12-inch sanitary sewer through "dig and replace" pipe upsizing or a combination of new parallel sewer and, rehabilitation of the existing trunk sewer. The project corridor extends along Town Fork from an existing manhole just west of the railroad through the rear of the Brookview Subdivision to an existing manhole in the eastern portion of Riney B Park (a distance of approximately 1,750 linear feet). The project will connect to an existing 18-inch trunk sewer installed years ago in the original Brookview Sanitary Sewer Project. The estimated cost of this project is \$711,000. Completion is expected in February 2025. This project is fully funded by a KIA Cleaner Water Grant. As of June 30, 2024, construction in progress is \$79,900.
- The North 3rd Street Utility Relocation Project is necessary because the Kentucky Transportation Cabinet (KYTC) is constructing a pedestrian bridge along 3rd Street over the CSX Railroad. The project consists of replacing approximately 650 linear feet of 4" water line with 8" water line as well as related appurtenances and the relocation of an electric line railroad crossing. The total project is estimated to cost \$240,000, and of this, the KYTC will reimburse \$140,000 to Nicholasville. As of June 30, 2024, construction in progress is \$80,000.
- The SSES Rebel Road project will evaluate the Rebel Road Sewer Shed for inflow and infiltration into the sanitary sewer system as well as correct problems found in the evaluation. This is necessary to reduce the amount of stormwater and groundwater entering the system. It will reduce the cost of transporting and treating the water in the sanitary sewer system and reduce the probability of sanitary sewer overflows. The estimated cost of this project is \$125,000. As of June 30, 2024, construction in progress is \$29,000.
- The Eastern Bypass Water Line Relocation project is necessitated by the construction of the Eastern Bypass by the Kentucky Department of Transportation (KYDOT). The project consists of designing and managing the relocating existing water pipelines. (The actual relocation of the water lines will be performed under and paid for by the KYDOT.) The estimated cost of this project is \$110,000 which will be reimbursed by the KYDOT. As of June 30, 2024, construction in progress is \$ 69,300.
- The City is designing, construction, and equipping a new municipal government building which will function as Nicholasville's city hall and public utilities administrative office. The General Fund and Utilities Fund each carry half of the construction in progress costs on their books. The Utility Fund's share of construction in progress as of June 30,2024, totals approximately \$150,500.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 8 – Intangible Right-To-Use Assets and Liabilities

Intangible right-to-use asset activity for the year ended June 30, 2024, is presented below:

Governmental Activities

	Beginning Balance	Additions & Modifications	Retirements & Modifications	Ending Balance
Intangible right-to-use assets:				
Leased Vehicles	\$ 737,074	\$ 763,657	\$ 255,535	\$ 1,245,196
Leased Equipment	8,608	-	8,608	-
Total intangible right-to-use assets:	<u>745,682</u>	<u>763,657</u>	<u>264,143</u>	<u>1,245,196</u>
Less accumulated amortization:				
Leased Vehicles	416,807	274,840	250,239	441,408
Leased Equipment	4,663	3,945	8,608	-
Total accumulated amortization	<u>421,470</u>	<u>278,785</u>	<u>258,847</u>	<u>441,408</u>
Intangible right-to-use assets, net	<u>\$ 324,212</u>	<u>\$ 484,872</u>	<u>\$ 5,296</u>	<u>\$ 803,788</u>

Business-type Activities

	Beginning Balance	Additions & Modifications	Retirements & Modifications	Ending Balance
Intangible right-to-use assets:				
Leased Vehicles	\$ 966,814	\$ 474,637	\$ 152,563	\$ 1,288,888
Less accumulated amortization:				
Leased Vehicles	224,542	231,411	79,601	376,352
Intangible right-to-use assets, net	<u>\$ 742,272</u>	<u>\$ 243,226</u>	<u>\$ 72,962</u>	<u>\$ 912,536</u>

On July 1, 2021, the City implemented the guidance of Governmental Accounting Standards Board Statement No. 87-*Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Details of the City's leases payable as of June 30, 2024 are as follows:

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 8 – Intangible Right-To-Use Assets and Liabilities (Continued)

Vehicle Leases

The City leases vehicles with non-cancelable minimum lease terms of 12 months. Thereafter, the lease term may be renewed monthly for the lesser of the Maximum Lease Term (passenger cars - 50 months; light trucks - 60 months; and medium-duty trucks - 60 months) or the amortization term set in the respective Vehicle Schedule. Each vehicle's lease liability is amortized over the expected lease terms for that particular vehicle and the future payments are discounted using the implicit interest rate in the respective Vehicle Schedule.

The City is required to pay the lessor within thirty days after the end of the term of each lease additional rent equal to the difference, if any, of the book value of each vehicle over the wholesale value of such vehicle as determined by lessor in good faith. However, if the net proceeds are less than the guaranteed residual, this rental charge is limited to the amount of the difference between the guaranteed residual and the book value. The guaranteed residual is 20% of the delivered price at the end of the minimum lease term and thereafter, 20% of the book value as of the end of the prior month. The guaranteed residual does not apply to vehicles that have been subject to damage or any abnormal or excessive wear and tear as determined by the lessor in good faith. This additional rent has not been included in the measurement of the lease liabilities because historically, based on the above calculations, no material additional rent has been due by the City after the end of the term.

As of June 30, 2024, the City had entered into several non-cancellable vehicle leases with Enterprise Fleet Management, Inc. that were signed but not active as of June 30, 2024. Future lease payments under these leases, based on each vehicle's expected lease term, total approximately \$257,100 of which approximately \$235,300 is for governmental funds and approximately \$21,800 is for enterprise funds.

After fiscal year ended June 30, 2024, the City entered had not entered into any additional non-cancellable leases with Enterprise Fleet Management, Inc.

The remaining payments under these leases are as follows:

Lease Payments to Maturity

Governmental Activities

	Vehicles		
	Principal	Interest	Total
FY25	\$ 207,383	\$ 43,686	\$ 251,069
FY26	94,935	30,994	125,929
FY27	93,249	22,413	115,662
FY28	91,990	13,698	105,688
FY29	91,623	4,013	95,636
	<u>\$ 579,180</u>	<u>\$ 114,804</u>	<u>\$ 693,984</u>

Business-type Activities

	Vehicles		
	Principal	Interest	Total
FY25	\$ 129,923	\$ 41,519	\$ 171,442
FY26	125,507	29,911	155,418
FY27	119,242	17,768	137,010
FY28	85,726	8,254	93,980
FY29	39,117	1,482	40,599
	<u>\$ 499,515</u>	<u>\$ 98,934</u>	<u>\$ 598,449</u>

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 8 – Intangible Right-To-Use Assets and Liabilities (Continued)

Subscription-Based Information Technology Arrangements

In fiscal year 2023, the City implemented the guidance of Governmental Accounting Standards Board Statement No. 96 – *Subscription-Based Information Technology Arrangements* (SBITAs) as amended by GASB Statement No. 99 *Omnibus 2022*. The standard requires the recognition of certain SBITA assets and liabilities that were previously recognized as outflows of resources based on the payment provisions of the contracts.

In December 2023, The City has entered into a 5-year subscription-based information technology arrangement involving software that allows license plate readings.

Subscription Payments

Governmental Activities

	Principal	Interest	Total
FY25	\$ 17,338	\$ 2,557	\$ 19,895
FY26	17,732	1,856	19,588
FY27	18,440	1,132	19,572
FY28	19,088	318	19,406
	<u>\$ 72,598</u>	<u>\$ 5,863</u>	<u>\$ 78,461</u>

Note 9 – Long-Term Obligations

Governmental Activities

General Obligation Bonds

- In February 2012, the City issued City of Nicholasville, Kentucky, General Obligation Bonds, Series 2012A (the "2012A Bonds") in the amount of \$2,415,000. See Business-type Activities, General Obligation Bonds.
- In October 2019, the City issued General Obligation Bonds, Series 2019 (the "2019 Bonds"), in the amount of \$9,545,000. Of these proceeds, \$5,675,000 was for financing the acquisition and furnishing of a new fire truck; the construction and equipping of a new fire station; the partial construction and equipping of a municipal government building which functions as a police station and facility for other civic purposes; and related debt issuance costs. The remaining proceeds of \$3,870,000 were used to refund, pay, and redeem the outstanding General Obligation Bonds, Series 2009, and for related debt issuance costs. Principal on the outstanding 2019 Bonds is due annually each May 1 through May 1, 2039, in amounts ranging from \$280,000 to \$755,000. The outstanding 2019 Bonds bear interest, from the current period to completion, at rates ranging from 2.00% to 3.50% with interest due semiannually each May 1 and November 1. The bonds maturing on May 1 of years 2030, 2032, 2034, 2037, and 2039 are term bonds subject to mandatory sinking fund redemption. The bonds maturing on or after May 1, 2028, are subject to optional redemption on or after May 1, 2027. The principal outstanding as of June 30, 2024, is \$7,035,000.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 9 – Long-Term Obligations (Continued)

The General Fund and the Utilities Fund each carry a portion of the outstanding 2019 Bonds on their books. The debt carried on the General Fund's books is serviced with General Fund tax revenues. The debt carried on the Utilities Fund's books is serviced with excess revenues from the City's combined utility system. In the event that these excess revenues do not meet the debt service requirements, the debt will be serviced with General Fund tax revenues. The General Fund's share of principal outstanding as of June 30, 2024, is \$4,585,000.

- In November 2020, the City issued General Obligation Bonds, Series 2020A (the "2020A Bonds"), in the amount of \$38,420,000. Of these proceeds, \$7,835,000 was for financing a portion of the acquisition, construction, equipping, and installation of a new municipal government building which functions as a police station and facility for other civic purposes; financing a portion of the costs of a new fire truck; refinancing a portion of General Obligation Bonds, Series 2011A; and related debt issuance costs. The remaining proceeds of \$30,585,000 were for financing a portion of the costs of the acquisition, construction, equipping, and installation of an upgrade and expansion of the City's municipal sewage treatment plant; refinancing Kentucky Infrastructure Authority (KIA) Loans A06-07, F07-08, F15-090, and A20-045; and for related debt issuance costs. Principal on the outstanding 2020A Bonds is due annually each February 1 through February 1, 2041, in amounts ranging from \$1,700,000 to \$2,125,000. The outstanding 2020A Bonds bear interest, from the current period to completion, at rates ranging from 2.00% to 5.00% with interest due semiannually each February 1 and August 1.

The bonds maturing on February 1, 2034, are term bonds subject to mandatory sinking fund redemption. The bonds maturing on or after February 1, 2029, are subject to optional redemption on or after August 1, 2028. The principal outstanding as of June 30, 2024, is \$32,550,000.

The General Fund and the Utilities Fund each carry a portion of the outstanding 2020A Bonds on their books. The debt carried on the General Fund's books is serviced with General Fund tax revenues. The debt carried on the Utilities Fund's books is serviced with excess revenues from the City's combined utility system. In the event that these excess revenues do not meet the debt service requirements, the debt will be serviced with General Fund tax revenues. The General Fund's share of principal outstanding as of June 30, 2024, is \$6,730,000.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 9 – Long-Term Obligations (Continued)

On June 30, 2024, the future debt service requirements for general obligation bonds are as follows assuming the Utilities Fund has excess revenues sufficient for its portion of debt service related to General Obligation Bonds, Series 2019, and Series 2020A:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 715,000	\$ 348,716	\$ 1,063,716
2026	740,000	318,466	1,058,466
2027	770,000	286,966	1,056,966
2028	670,000	254,166	924,166
2029	705,000	229,516	934,516
2030-2034	3,550,000	762,172	4,312,172
2035-2039	3,355,000	354,244	3,709,244
2040-2041	810,000	28,975	838,975
	<u>\$ 11,315,000</u>	<u>\$ 2,583,221</u>	<u>\$ 13,898,221</u>

As of June 30, 2024, the amount of long-term obligations (relative to the City’s governmental activities) that is due within one year, totals \$715,000.

The outstanding general obligation bonds contain provisions that in the event of default, any holder of the bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by the City and its officers and agents of all duties imposed or required by law or the bond ordinances, including the levying and collection of sufficient taxes and the application thereof in accordance with the ordinances.

Activity in the long-term obligations of governmental activities during the year ended June 30, 2024, is summarized as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>	<u>One Year</u>
General Obligation Bonds:					
Bonds Payable	\$ 12,005,000	\$ -	\$ 690,000	\$ 11,315,000	\$ 715,000
Bonds Premium	771,397	-	44,898	726,499	-
Total Bonds	<u>12,776,397</u>	<u>-</u>	<u>734,898</u>	<u>12,041,499</u>	<u>715,000</u>

Business-type Activities

Loans

- In 2003, the City received a loan from the Kentucky Infrastructure Authority, Fund C02-02. The proceeds were used to retire anticipation notes issued to acquire Spears Water Company in 2003. The loan’s interest rate was 3.00%, and there was a .20% service fee. Principal and interest were paid semi-annually for a term of 20 years through December 2023. The final payment was made in December 2023, leaving a zero balance outstanding as of June 30, 2024.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 9 – Long-Term Obligations (Continued)

- In 2009, the City received a loan not to exceed \$7,494,225 from the Kentucky Infrastructure Authority Fund A08-06. Approximately \$5,404,280 of the proceeds were used to partially finance the construction of gravity and force main collection lines to connect the “Dragstrip” area to the existing wastewater collection system. Approximately \$585,770 of the loan was for the Brookview Sanitary Sewer Replacement Project and approximately \$53,850 was for the Mary Rose Lift Station Elimination Project. The loan’s interest rate is 1.00%, and there is a .20% service fee. Principal and interest are paid semi-annually for a term of 20 years through June 2031. The loan’s outstanding principal balance as of June 30, 2024, totals \$2,301,974. Also see Note 5.
- In 2013, the City received a loan from the Kentucky Infrastructure Authority Fund F13-022. The not-to-exceed amount was increased in July 2014 and increased again in September 2015 to a final not-to-exceed amount of \$488,400. The proceeds were used to partially finance the replacement of the undersized and obsolete water distribution system in the Armory Place area of Nicholasville. The loan’s interest rate is 1.75%, and there is a .25% service fee. Principal and interest are paid semi-annually for a term of 20 years through December 2035. The loan’s outstanding principal balance as of June 30, 2024, totals \$301,394.
- In September 2015, the City entered into an assistance agreement with the Kentucky Infrastructure Authority for a \$416,120 loan Fund F1 15-066 to provide financing for the planning and design of a 24" parallel transmission main from the City’s water treatment plant to the City’s distribution system which will allow an increase in pumping capacity of 15 MGD from 7 MGD. The loan’s interest rate is 2.75%, and there is a .25% service fee. Semi-annual interest payments commenced with the first draw. Principal is to be repaid semi-annually once the project is completed, and the loan shall be repaid over a period not to exceed five years from the project completion date. The loan’s outstanding principal balance as of June 30, 2024, totals \$254,167.
- In September 2018, the City entered into an assistance agreement with the Kentucky Infrastructure Authority for a \$553,000 loan (Fund F17-001). The proceeds of the loan will be used to construct a twelve-inch water main and a bidirectional booster pump station between the Nicholasville and Jessamine-South Elkhorn Water District systems. This will permit either utility to supply the other in the event of an emergency need. The loan’s interest rate is 1.75%, and there is a .25% service fee. Principal and interest are paid semi-annually for a term of 20 years thorough June 2040. The loan’s outstanding principal balance as of June 30, 2024, totals \$426,917.
- In February 2022, the City entered into an assistance agreement with the Kentucky Infrastructure Authority for a \$817,000 loan (Fund A21-032). The City is taking steps to address inflow and infiltration as well as overflows within the sanitary sewer collection system. To begin this process, the proceeds of the loan will be used to complete a Sanitary Sewer Evaluation Survey focused on the oldest areas of the City’s collection system. The loan’s interest rate is 2.50%, and there is a 0.20% service fee. Principal and interest are paid semi-annually with interest payments commencing upon the first draw and principal payments beginning upon project completion but no later than 24 months from the Assistance Agreement date. The loan shall be repaid over a period not to exceed 5 years from the project completion date. No draws have been made as of June 30, 2024.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 9 – Long-Term Obligations (Continued)

On June 30, 2024, the future debt service requirements of the business-type activities' Kentucky Infrastructure Authority loans are as follows:

Year Ending June 30	Principal	Interest	Service Fee	Total
2025	\$ 366,310	\$ 41,753	\$ 6,872	\$ 414,935
2026	418,435	37,396	6,083	461,914
2027	423,842	31,989	5,196	461,027
2028	429,333	26,498	4,296	460,127
2029	434,910	20,921	3,384	459,215
2030-2034	994,620	41,552	6,361	1,042,533
2035-2039	186,693	10,418	1,488	198,599
2040-2041	30,309	398	57	30,764
	<u>\$ 3,284,452</u>	<u>\$ 210,925</u>	<u>\$ 33,737</u>	<u>\$ 3,529,114</u>

The KIA loan conditions require that the utility rates generate enough revenue "at least adequate to provide for the payments to the Authority required" for KIA debt service and "to provide for the operation of the System." This can be interpreted as requiring a debt service coverage ratio of 100%. For the fiscal year ended June 30, 2024, the actual debt coverage ratio is 1,754% which excludes debt subordinate to KIA debt.

General Obligation Bonds:

- In February 2012, the City issued City of Nicholasville, Kentucky, General Obligation Bonds, Series 2012A (the "2012A Bonds") in the amount of \$2,415,000. The proceeds were used to advance refund and defease the outstanding Utilities Revenue Bonds, Series 2003A and to pay related costs of issuance. The advance refunding resulted in a difference between the funds required for refunding and the net carrying amount of the old debt. This difference, \$251,761, was reported as a deferred outflow of resources and amortized as a component of interest expense over the remaining life of the old debt.

Principal on outstanding 2012A Bonds was due annually each October 1 through October 1, 2023. Interest was due semiannually each October 1 and April 2. The bonds were not subject to optional or mandatory redemption. The final payment was made in October 2023, leaving a zero balance outstanding as of June 30, 2024.

The debt was carried on the Utilities Fund's books, and the debt was serviced with excess revenues from the City's combined utility system. In the event that these excess revenues did not meet the debt service requirements, the debt would have been serviced with General Fund tax revenues.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 9 – Long-Term Obligations (Continued)

- In October 2019, the City issued General Obligation Bonds, Series 2019 (the "2019 Bonds"), in the amount of \$9,545,000. Of these proceeds, \$5,675,000 was for financing the acquisition and furnishing of a new fire truck; the construction and equipping of a new fire station; the partial construction and equipping of a municipal government building which functions as a police station and facility for other civic purposes; and related debt issuance costs. The remaining proceeds of \$3,870,000 were used to refund, pay, and redeem the outstanding General Obligation Bonds, Series 2009, and for related debt issuance costs. Principal on the outstanding 2019 Bonds is due annually each May 1 through May 1, 2039, in amounts ranging from \$280,000 to \$755,000. The outstanding 2019 Bonds bear interest, from the current period to completion, at rates ranging from 2.00% to 3.50% with interest due semiannually each May 1 and November 1. The bonds maturing on May 1 of years 2030, 2032, 2034, 2037, and 2039 are term bonds subject to mandatory sinking fund redemption. The bonds maturing on or after May 1, 2028, are subject to optional redemption on or after May 1, 2027. The principal outstanding as of June 30, 2024, is \$7,035,000.

The General Fund and the Utilities Fund each carry a portion of the outstanding 2019 Bonds on their books. The debt carried on the General Fund's books is serviced with General Fund tax revenues. The debt carried on the Utilities Fund's books is serviced with excess revenues from the City's combined utility system. In the event that these excess revenues do not meet the debt service requirements, the debt will be serviced with General Fund tax revenues. The Utilities Fund's share of principal outstanding as of June 30, 2024, is \$2,450,000.

- In November 2020, the City issued General Obligation Bonds, Series 2020A (the "2020A Bonds"), in the amount of \$38,420,000. Of these proceeds, \$7,835,000 was for financing a portion of the acquisition, construction, equipping, and installation of a new municipal government building which will function as a police station and facility for other civic purposes; financing a portion of the costs of a new fire truck; refinancing a portion of General Obligation Bonds, Series 2011A; and related debt issuance costs. The remaining proceeds of \$30,585,000 was for financing all or a portion of the costs of the acquisition, construction, equipping, and installation of an upgrade and expansion of the City's municipal sewage treatment plant; refinancing KIA Loans A06-07, F07-08, F15-090, and A20-045; and related debt issuance costs. Principal on the outstanding 2020A Bonds is due annually each February 1 through February 1, 2041, in amounts ranging from \$1,700,000 to \$2,125,000. The outstanding 2020A Bonds bear interest, from the current period to completion, at rates ranging from 2.00% to 5.00% with interest due semiannually each February 1 and August 1.

The bonds maturing on February 1, 2034, are term bonds subject to mandatory sinking fund redemption. The bonds maturing on or after February 1, 2029, are subject to optional redemption on or after August 1, 2028. The principal outstanding as of June 30, 2024 is \$32,550,000.

The General Fund and the Utilities Fund each carry a portion of the outstanding 2020A Bonds on their books. The debt carried on the General Fund's books is serviced with General Fund tax revenues. The debt carried on the Utilities Fund's books is serviced with excess revenues from the City's combined utility system. In the event that these excess revenues do not meet the debt service requirements, the debt will be serviced with General Fund tax revenues. The Utilities Fund's share of principal outstanding as of June 30, 2024 is \$25,820,000.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 9 – Long-Term Obligations (Continued)

As of June 30, 2024, the future debt service requirements for general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,640,000	\$ 889,100	\$ 2,529,100
2026	1,715,000	814,700	2,529,700
2027	1,795,000	736,750	2,531,750
2028	1,875,000	655,100	2,530,100
2029	1,955,000	573,800	2,528,800
2030-2034	8,075,000	1,790,550	9,865,550
2035-2039	7,835,000	930,350	8,765,350
2040-2041	3,380,000	120,888	3,500,888
	<u>\$ 28,270,000</u>	<u>\$ 6,511,238</u>	<u>\$ 34,781,238</u>

On June 30, 2024, all future debt service requirements of the business-type activities are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>			
	<u>Bonds</u>		<u>Notes from Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,640,000	\$ 889,100	\$ 366,310	\$ 48,625
2026	1,715,000	814,700	418,435	43,479
2027	1,795,000	736,750	423,842	37,185
2028	1,875,000	655,100	429,333	30,794
2029	1,955,000	573,800	434,910	24,305
2030-2034	8,075,000	1,790,550	994,620	47,913
2035-2039	7,835,000	930,350	186,693	11,906
2040-2041	3,380,000	120,888	30,309	455
	<u>\$ 28,270,000</u>	<u>\$ 6,511,238</u>	<u>\$ 3,284,452</u>	<u>\$ 244,662</u>

As of June 30, 2024, the amount of long-term obligations (relative to the City's business-type activities) that is due within one year, totals \$2,006,310.

The outstanding general obligation bonds contain the following provision applicable to the General Fund: In the event of default, any holder of the bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by the City and its officers and agents of all duties imposed or required by law or the bond ordinances, including the levying and collection of sufficient taxes and the application thereof in accordance with the ordinances.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 9 – Long-Term Obligations (Continued)

The outstanding KIA loans from direct borrowings contain a provision that whenever an event of default occurs and is continuing, KIA may, without any further demand or notice, take one or any combination of the following remedial steps:

- A) Declare all payments due to be immediately due and payable
- B) Exercise all the rights and remedies of KIA set forth in Chapter 224A of the Kentucky Revised Statutes
- C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under the Assistance Agreement
- D) Submit a formal referral to the appropriate federal agency, as required by the Federal Agreement.

Activity in the long-term obligations of business-type activities during the year ended June 30, 2024, is summarized as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024	Due Within One Year
General Obligation Bonds:					
Bonds Payable	\$ 30,060,000	\$ -	\$ 1,790,000	\$ 28,270,000	\$ 1,640,000
Bond Premium	2,256,521	-	143,319	2,113,202	-
Total Bonds	<u>32,316,521</u>	<u>-</u>	<u>1,933,319</u>	<u>30,383,202</u>	<u>1,640,000</u>
Direct Borrowings and Direct Placements:					
KIA Loans	3,783,781	-	499,329	3,284,452	366,310
Total Direct	<u>3,783,781</u>	<u>-</u>	<u>499,329</u>	<u>3,284,452</u>	<u>366,310</u>
Totals	<u>\$ 36,100,302</u>	<u>\$ -</u>	<u>\$ 2,432,648</u>	<u>\$ 33,667,654</u>	<u>\$ 2,006,310</u>

Note 10 – Accrued Leave

It is the City's policy to permit employees to accumulate earned but unused vacation leave and sick pay benefits. The policy of the City is to record only the costs of vacation leave.

Vacation Leave:

Vacation leave is accumulated at amounts ranging from approximately 6 hours per month to 20 hours per month, determined by length of service and position, with a maximum accumulation up to 30 days. The calendar year is the period used for determining accumulated vacation leave.

Activity in the liability for accrued leave during the year ended June 30, 2024 is summarized as follows:

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 10 – Accrued Leave (Continued)

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2024</u>
Governmental activities	\$ <u>652,741</u>	\$ <u>692,871</u>	\$ <u>586,932</u>	\$ <u>758,680</u>
Business-type activities	\$ <u>350,142</u>	\$ <u>334,617</u>	\$ <u>267,915</u>	\$ <u>416,844</u>

As of June 30, 2024, the amounts estimated to be due within one year total approximately \$1,009,600 of which the governmental activities total approximately \$670,000 and business-type activities total approximately \$339,600.

Sick Leave Benefits:

It is the policy of the City to record the cost of sick leave when paid. Generally, sick leave (earned one day per month with unlimited accumulation) is paid when an employee is absent due to illness, injury, or related family death and illness. There is no liability recorded for sick leave on June 30, 2024. The estimated accumulated amount of unused sick leave on June 30, 2024 totals approximately \$2,048,300.

Sick Leave Bank:

City employees who receive sick leave benefits may contribute and draw from a Sick Leave Bank. Days contributed to the Sick Leave Bank may be used by any eligible plan participant. In any twelve-month period, an individual may draw no more than thirty-five percent of the total days accumulated in the Sick Bank and no more than fifty days total. During the fiscal year ended June 30, 2024, approximately \$78,200 was paid out of the Sick Leave Bank.

Note 11 – Self-Insurance Program

The City has a self-funded employee benefit plan to provide health care, dental, and vision insurance for its employees and their dependents. The City has contracted with Anthem Blue Cross and Blue Shield (BCBS) to act as the claims processor. The City reserves the right to amend or terminate at any time the plan and the benefits provided.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 11 – Self-Insurance Program (Continued)

An accrued liability is recorded at year-end which estimates the incurred but not paid claims. This liability is reported for the Governmental Funds and the Proprietary Funds with meter deposits and other liabilities. Changes in the balances of the estimated claims liabilities during the year ended June 30, 2024 are summarized as follows:

	Balance <u>July 1, 2023</u>	Increases (Incurred Claims)	Decreases (Claim Payments)	Balance <u>June 30, 2024</u>
Governmental activities	\$ <u>51,659</u>	\$ <u>1,999,467</u>	\$ <u>2,006,072</u>	\$ <u>45,054</u>
Business-type activities	\$ <u>10,952</u>	\$ <u>1,062,728</u>	\$ <u>1,059,908</u>	\$ <u>13,772</u>

The City limits its losses through the use of a stop-loss policy from a reinsurer. During fiscal year 2024, the City paid the claims processor approximately \$201,200 consisting of both administrative fees (for the claims processor services provided by Anthem BCBS) and the costs associated with the reinsurance coverage. For the plan year ending December 31, 2024, the specific individual loss limit is \$150,000. The City's minimum aggregate stop loss limit as of October 2024 totaled approximately \$3,971,000 for plan year ending December 31, 2024.

Note 12 – Post-Employment Health Care Benefits

Covered employees are all regular, full-time employees who work in non-hazardous and hazardous duty positions of each participating county, city, school board, and any additional eligible local agencies electing to participate in Other Post-employment Benefit (OPEB) plan administered by the County Employees Retirement System (CERS), a cost-sharing multi-employer public employee retirement system. The plan provides health insurance benefits to plan members and also to certain beneficiaries of plan members under prescribed circumstances.

The Kentucky Retirement Systems' Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS and other state pension systems. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 12 – Post-Employment Health Care Benefits (Continued)

For non-hazardous and hazardous members participating prior to July 1, 2003, Kentucky Retirement System pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	Paid by Insurance Fund
20+ years	100%
15-19 years	75%
10-14 year	50%
4-9 years	25%
Less than 4 years	0%

Benefit and contributions rates are established by state statute. Per Kentucky Revised Statute 61.565 contributions requirements of the active employees and the participating organizations are established and may be amended by the Kentucky Retirement System board. Employees with a participation date after September 1, 2008, are required to contribute an additional 1 percent of their salary for retiree healthcare benefits. The plan is contractually required to contribute 0.00% and 2.58% of covered payroll to the nonhazardous and hazardous insurance plans respectively, actuarially determined as an amount that, when combined with employees during the year, with an additional amount to finance any unfunded accrued liability. The plan had no contribution requirement and a contribution requirement of approximately \$208,700 to the CERS nonhazardous and hazardous insurance plans respectively, for the year ended June 30, 2024.

The City had a gross OPEB asset of approximately \$324,000 and gross OPEB liability of approximately \$1,500,000. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the OPEB pension liability was determined by an actuarial valuation as of June 30, 2022. The City's proportion of the net OPEB liability was determined using the City's actual contributions for fiscal year 2023. On June 30, 2024, the City's proportion was 0.234841% for the non-hazardous employees and 1.096152% for hazardous employees.

Summary of Net OPEB asset and liability and reconciliation to the financial statements:

	Non-Hazardous	Hazardous	Total
Net OPEB Asset	\$ 324,237	\$ -	\$ 324,237
Net OPEB (Liability)	-	(1,499,788)	(1,499,788)
Net	\$ 324,237	\$ (1,499,788)	\$ (1,175,551)

As Reported on Statement of Net Position

Net OPEB Asset	\$ -	\$ 51,422	\$ 51,422
Net OPEB (Liability)	(1,226,974)	-	(1,226,974)
Net	\$ (1,226,974)	\$ 51,422	\$ (1,175,551)

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 12 – Post-Employment Health Care Benefits (Continued)

For the year ended June 30, 2024, the City recognized OPEB benefit of approximately \$976,000 government wide. On June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Non-Hazardous	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 226,042	\$ 4,603,844
Net difference between projected and actual earnings on OPEB plan investments		75,250
Changes of assumptions	638,076	444,675
Change in proportion and differences between City contributions and proportionate share of contributions	363,740	89,777
City contributions and implicit subsidy subsequent to the measurement date	<u>105,904</u>	<u>-</u>
Total	<u>\$ 1,333,762</u>	<u>\$ 5,213,546</u>

Hazardous	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 135,652	\$ 6,183,177
Net difference between projected and actual earnings on pension plan investments	-	206,549
Changes of assumptions	1,024,062	1,563,458
Change in proportion and differences between City contributions and proportionate share of contributions	381,995	135,968
City contributions and implicit subsidy subsequent to the measurement date	<u>194,763</u>	<u>-</u>
Total	<u>\$ 1,736,472</u>	<u>\$ 8,089,152</u>

The deferred outflows of resources of \$300,667 related to City contributions subsequent to the measurement date will be recognized as a component of OPEB expense in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred Amounts to be Recognized in Fiscal Years
Following the Reporting Date

Year ended <u>June 30</u>	
2025	\$ (2,207,734)
2026	(2,654,972)
2027	(2,036,228)
2028	(2,541,699)
2029	<u>(1,092,499)</u>
Total	<u>\$ (10,533,132)</u>

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 12 – Post-Employment Health Care Benefits (Continued)

Actuarial Methods and Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023, were based on actuarial valuation of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date of June 30, 2022 to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles. The total OPEB liability as of June 30, 2023, is determined using these updated assumptions. The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2023:

Item	CERS Non-Hazardous and Hazardous
Actuarial Valuation Date:	June 30, 2022
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:	29 Years, Closed
Inflation:	2.50%
Payroll Growth Rate:	2.0% for CERS non-hazardous and hazardous
Salary Increases:	3.30% to 10.30%, varies by service for CERS non-hazardous; and 3.55% to 19.05%, varies by services for CERS hazardous.
Investment Rates of Return:	6.50%
Mortality: Pre-retirement:	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rate from the MP 2020 mortality improvement scale using a base year 2010.
Healthcare Trend Rates (Pre-65):	Initial trend starting at 6.80% at 1/1/2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Healthcare Trend Rates (post-65)	Initial trend starting at 8.50% at 1/1/2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 12 – Post-Employment Health Care Benefits (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity:		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income:		
Core Fixed Income	10.00%	2.45%
Specialty Credit/High Yield	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected:		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Total	<u>100.00%</u>	

Discount Rate

Single discount rates of 5.93% for non-hazardous and 5.97% for hazardous insurance plans were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows 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 is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any costs associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the City's proportionate share of the collective net OPEB liability to changes in the discount rates. The following presents the City's proportionate share of the CERS net OPEB liability calculated using the discount rate of 5.93% for non-hazardous and 5.97% for hazardous employees, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 12 – Post-Employment Health Care Benefits (Continued)

Non-Hazardous			
	1%	Current	1%
City's proportionate share of the Net OPEB Liability (Asset)	Decrease (4.93%)	Discount Rate (5.93%)	Increase (6.93%)
	\$ 608,469	\$ (324,237)	\$ (1,105,265)

Hazardous			
	1%	Current	1%
City's proportionate share of the Net OPEB Liability (Asset)	Decrease (4.97%)	Discount Rate (5.97%)	Increase (6.97%)
	\$ 3,792,987	\$ 1,499,788	\$ (411,059)

Sensitivity of the City's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The following presents the City's proportionate share of the net OPEB liability, as well as what the City's proportionate share of net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

Non-Hazardous			
	1%	Current	1%
City's proportionate share of the Net OPEB Liability (Asset)	Decrease	Healthcare Rate	Increase
	\$ (1,039,237)	\$ (324,237)	\$ 554,072

Hazardous			
	1%	Current	1%
City's proportionate share of the Net OPEB Liability (Asset)	Decrease	Healthcare Rate	Increase
	\$ 17,088	\$ 1,499,788	\$ 3,290,453

Detailed information about the CER's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the Kentucky Retirement Systems (which is a matter of public record.)

The Commonwealth of Kentucky's Comprehensive Annual Financial Report should be referred to for additional disclosures related to the CERS.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 13 – Retirement Plan

Plan Description

The City has elected to participate in the County Employees Retirement System (CERS) pursuant to Kentucky Revised Statute 78.530. The plan is administered by the Board of Trustees of the Kentucky Retirement Systems. The plan is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in non-hazardous and hazardous positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. There are three different pension benefit tiers within the defined benefit plan. The tier under which an employee falls is determined by the employee's participation date. The benefits an employee receives under a specific tier depend upon various factors such as the employee's age, length of service, classification, total compensation, etc.

In addition to the CERS, employees are also eligible to participate in a Section 457 plan, a Section 401(k) plan (both traditional and Roth), and a Roth individual retirement account plan sponsored by the Commonwealth of Kentucky. Monies under these plans are not available to employees (without penalty) unless certain criteria established by the Internal Revenue Code have been satisfied. The Commonwealth of Kentucky's Annual Comprehensive Financial Report should be referred to for additional disclosures related to these plans.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 13 – Retirement Plan (Continued)

Benefits Provided Nonhazardous

	<u>Tier 1</u> Participation Prior to 9/1/2008	<u>Tier 2</u> Participation 9/1/2008 through 12/31/2013	<u>Tier 3</u> Participation on or after 1/1/2014
<u>Covered Employees:</u>	Substantially all regular members working more than 100 hours a month employed in non-hazardous duty positions of the City.		
<u>Benefit Formula:</u>	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan Accumulated Account Balance / Actuarial Factor based on age at retirement
<u>Final Compensation:</u>	Average of the highest 5 fiscal years (must contain at least 48 months) Includes option of lump sum compensation payments in addition to monthly payments (at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months.	No final compensation.
<u>Benefit Factor:</u>	2.00% - If member began participating after 8/1/2004 and before 9/1/2008. 2.20% - If member began participating prior to 8/1/2004	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years)	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and a method adopted by the Kentucky Retirement System Board based on member's accumulated account balance.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 13 – Retirement Plan (Continued)

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
	Participation Prior to 9/1/2008	Participation 9/1/2008 through 12/31/2013	Participation on or after 1/1/2014
<u>Cost of Living Adjustment (COLA):</u>	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
<u>Unreduced Retirement Benefit:</u>	Any age with 27 years of service. Age 65 with 48 months of service	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service	
<u>Reduced Retirement Benefit:</u>	Any age with 25 years of service but less than 27 years of service . Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military)	No reduced retirement benefits.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 13 – Retirement Plan (Continued)

Benefits Provided Hazardous

	<u>Tier 1</u> Participation Prior to 9/1/2008	<u>Tier 2</u> Participation 9/1/2008 through 12/31/2013	<u>Tier 3</u> Participation on or after 1/1/2014
<u>Covered Employees:</u>	Substantially all regular members working more than 100 hours a month employed in hazardous duty positions of the City.		
<u>Benefit Formula:</u>	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan Accumulated Account Balance / Actuarial Factor based on age at retirement
<u>Final Compensation:</u>	Average of the highest 3 fiscal years (must contain at least 24 months and a minimum of 3 fiscal years) Includes option of lump sum compensation payment in addition to monthly payments (at retirement).	Average of the highest 3 fiscal years; Each year must contain 12 months.	No final compensation.
<u>Benefit Factor:</u>	2.50%	10 years or less = 1.30%. Greater than 10 years, but no more than 20 years = 1.50%. Greater than 20 years, but no more than 25 years = 2.25%. Additional years above 25 = 2.50% (2.50% benefit factor only applies to service earned in excess of 25 years)	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and a method adopted by the Kentucky Retirement System Board based on member's accumulated account balance.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 13 – Retirement Plan (Continued)

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
	Participation Prior to 9/1/2008	Participation 9/1/2008 through 12/31/2013	Participation on or after 1/1/2014
<u>Cost of Living Adjustment (COLA):</u>	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
<u>Unreduced Retirement Benefit:</u>	Any age with 20 years of service. Age 55 with 60 months of service	Any age with 25 years of service. Age 60 with 5 years of service	
<u>Reduced Retirement Benefit:</u>	Age 50 with 15 years of service but less than 20 years of service	Age 50 with 15 years of service. Excludes purchased service (exception: refunds, omitted, free military)	No reduced retirement benefits.

Contributions

Benefits and contributions rates are established by state statute. Per Kentucky Revised Statute 61.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the Kentucky Retirement System's Board. For the fiscal year ended June 30, 2024, covered non-hazardous and hazardous employees were required to contribute 5.00% and 8.00%, respectively, of their annual covered salaries for retirement benefits. Covered non-hazardous and hazardous employees are required by Kentucky State Statutes to contribute an additional 1% of their salaries to the plan if their participation date is on or after September 1, 2008. The City was contractually required to contribute 23.34% and 41.11% of covered payroll to the nonhazardous and hazardous CERS pension plan, respectively. The City's total required contribution to CERS nonhazardous and hazardous pension plans for the year ended June 30, 2024, was approximately \$1,849,000 and \$3,325,000, respectively.

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

On June 30, 2024, the City reported a liability of approximately \$15,069,000 for its proportionate share of the net pension liability for non-hazardous employees and approximately \$29,571,000 for hazardous employees. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities. On June 30, 2024, the City's proportion was 0.234850% for the non-hazardous employees and 1.096876% for hazardous employees.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 13 – Retirement Plan (Continued)

Actuarial Methods and Assumptions

For financial reporting, the actuarial valuation as of June 30, 2023, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity as of June 30, 2023, were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled forward from the valuation date June 30, 2022, to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023, and include a change in the investment return assumption from 6.25% to 6.50%. The Total Pension Liability as of June 30, 2023, is determined using these updated assumptions. House Bill 506 adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. GRS believes this provision will have an insignificant impact on, and have reflected no fiscal impact to, the total pension liability of the hazardous plan. GRS assumed a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement plan. The total pension liability as of June 30, 2023, for the nonhazardous plans was determined using these updated benefits provisions.

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the plan's fiscal year ending June 20, 2023:

Actuarial Valuation Date:	June 30, 2021
Experience Study:	July 1, 2018 – June 30, 2022
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level percent of pay
Remaining Amortization Period:	30 years closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate:	2.0% for non-hazardous and hazardous
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation:	2.30%
Salary Increase:	3.30% to 10.30% varies by service for non- hazardous 3.55% to 19.05% varies for service for hazardous
Investment Rate of Return:	6.25% for non-hazardous and hazardous

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 13 – Retirement Plan (Continued)

The mortality table used for active members was Pub-2010 General Mortality table, for the non-hazardous system, and the Pub-2010 Public Safety Mortality table for the hazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

For the year ended June 30, 2024, the City recognized pension expense of approximately \$4,584,000 government wide. On June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Non-Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 780,102	\$ 40,947
Net difference between projected and actual earnings on pension plan investments	-	205,553
Changes of assumptions	-	1,381,100
Change in proportion and differences between City contributions and proportionate share of contributions	640,679	200,802
City contributions subsequent to the measurement date	1,848,503	-
Total	\$ 3,269,284	\$ 1,828,402

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 13 – Retirement Plan (Continued)

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,351,880	\$ -
Net difference between projected and actual earnings on pension plan investments	-	296,656
Changes of assumptions	-	2,309,433
Change in proportion and differences between City contributions and proportionate share of contributions	1,213,836	405,861
City contributions subsequent to the measurement date	3,325,458	-
	\$ 5,891,174	\$ 3,011,950

The deferred outflows of resources of \$5,173,961 related to City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows, or resources related to pensions will be recognized in pension expense as follows:

Deferred Amounts to be Recognized in Fiscal Years
Following the Reporting Date

Year ended June 30	
2025	\$ 215,961
2026	(1,004,637)
2027	449,924
2028	(514,604)
Total	\$ (853,356)

Actuarial Methods and Assumptions

The long-term expected real rate of return was determined by using a building block method in which best estimate ranges of expected future real rates 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.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 13 – Retirement Plan (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity:		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income:		
Core Bonds	10.00%	2.45%
Special Credit/High Yield	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected:		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Total	<u>100.00%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate of 6.50% for CERS Non-hazardous and CERS Hazardous assumed that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

The following presents the City's proportionate share of the CERS net pension liability calculated using the discount rate of 6.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.50 percent) or 1% higher (7.50 percent) than the current rate:

Non-Hazardous		
1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
\$ 19,025,738	\$ 15,069,170	\$ 11,781,114
Hazardous		
1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
\$ 37,340,812	\$ 29,571,290	\$ 23,225,354

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the Kentucky Retirement Systems.

The Commonwealth of Kentucky's Comprehensive Annual Financial Report should be referred to for additional disclosures related to the CERS.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 14 – Deferred Outflows/Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 9, 12, and 13 for deferred outflows of resources related to the City's debt, net other postemployment benefit (OPEB) liability, and net pension liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as in an inflow of resources (revenue) until that time. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue is related to grants and interest receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. See Notes 6, 12, and 13, for deferred inflows of resources related to the City's leases, net other postemployment benefit (OPEB) liability and net pension liability, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Note 15 – Interfund Transactions

A summary of interfund transfers during the year ended June 30, 2024, is as follows:

	General Fund	ARPA Fund	ABC Regulatory Fund	Total
General Fund	\$ -	\$ 641,096	\$ 927,833	\$ 1,568,929
Planning Commission Fund	855,049	-	-	855,049
Debt Service Fund	1,070,350	-	-	1,070,350
Cemetery Operations Fund	586,226	-	-	586,226
	<u>\$ 2,511,625</u>	<u>\$ 641,096</u>	<u>\$ 927,833</u>	<u>\$ 4,080,554</u>

Transfers are used to move revenues collected in the General or other funds to finance various programs accounted for in other funds in accordance with budgetary authorizations or other requirements.

Note 16 – Joint Ventures And Related Organizations

As indicated in Note 1 (Financial Reporting Entity), the Jessamine County Joint Economic Development Authority (the Development Authority) and the Nicholasville-Jessamine County Joint Board of Parks and Recreation (Parks and Recreation) are considered joint ventures of the City.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 16 – Joint Ventures And Related Organizations (Continued)

The Development Authority is a nonprofit industrial authority created to acquire, retain, develop, and promote land for industrial and commercial purposes in Jessamine County, Kentucky. The City has no equity interest in the Development Authority; however, it does make an annual operating contribution. The City and Jessamine County (the County) each appoint three members to the Development Authority's governing board.

On June 30, 2023, the Development Authority's audited financial statements reflect a net position of approximately \$1,594,000. Complete financial statements for the Development Authority can be obtained from its offices at 201 S Main St, PO Box 1042, Nicholasville, Kentucky.

In August 2017, the City and Jessamine County (the "County") entered into an inter-local cooperation agreement under which both the City and County have agreed to make annual appropriations from their budgets to the Development Authority to fund the acquisition, development, and promotion of an industrial park located off Shun Pike (the "Project".) Both the City and County have agreed to share equally in the costs of the Project, including the repayment of any indebtedness incurred by the Development Authority. In August 2017, the Development Authority executed, with a local bank, a draw down loan secured by a mortgage on the Shun Pike property. The loan had a maturity date of September 2018 and was renewed and extended a number of times with different local banks. The loan currently matures on June 30, 2025, has a fixed interest rate of 5.625%, requires quarterly interest payments, and the principal is due upon maturity. The amount of principal outstanding as of June 30, 2024, totals \$2,578,120.

Parks and Recreation is a joint board of the City, the County, and the City of Wilmore (the parties). Parks and Recreation's joint board is comprised of two Nicholasville City Commissioners, two Jessamine County Fiscal Court Magistrates, and one City of Wilmore Council Member. The City and the County share jointly in the funding of the operational and capital costs of Parks and Recreation through annual operating contributions; however, the City has no equity interest in Parks and Recreation. While the parties are not involved in the daily operations of the organization, the City and the County are ultimately responsible for Parks and Recreation, its operations, and its policies. On June 30, 2021 Parks and Recreation's audited financial statements reflect a net position of approximately \$719,000. Complete financial statements for Parks and Recreation can be obtained from its offices at 499 East Maple Street in Nicholasville, Kentucky.

Intergovernmental expenses for the year ended June 30, 2024, include contributions to the Jessamine County Joint Economic Development Authority and the City of Nicholasville-Jessamine County Joint Board of Parks and Recreation in the approximate amounts of \$107,500 and \$519,400, respectively.

Joint Tourism Commission is a joint board of the City, the County, and the City of Wilmore (the parties). The Joint Tourism Commission joint board is comprised of seven members, one appointed by the Mayor of the City of Nicholasville; one by the Jessamine County Fiscal Court Magistrates; one by local restaurants; one by the Jessamine County Chamber of Commerce; and three by the City of Wilmore. The Cities and the County will impose a 3% transient room tax. In fiscal year ended June 30, 2024, the City paid the Joint Tourism Commission \$30,000 in contributions and approximately \$161,700 in transient room tax.

As indicated in Note 1 (Financial Reporting Entity) the Housing Authority of Nicholasville, the Jessamine County Chamber of Commerce, the Nicholasville Historic Preservation Commission, and the local Jessamine County Board of Assessment Appeals are related organizations. Intergovernmental expenses for the year ended June 30, 2024, include payments to the Jessamine County Chamber of Commerce of \$8,500. The City did not appropriate any other funds to related organizations during 2024.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 17 – Conduit Debt

During the fiscal year ending June 30, 2007, the City Commission authorized the issuance of Educational, Cultural, and Recreational revenue bonds, Series 2006, in the amount of \$6,625,000, the terms of which were amended in 2010. The proceeds were used by Bethel Harvest Church, Inc. (a Kentucky non-profit organization) for the purposes of financing new facilities and refinancing existing outstanding debt. The outstanding debt as of June 30, 2024, is \$3,349,274.

During the fiscal year ending June 30, 2007, the City Commission authorized the issuance of Industrial Building revenue bonds in the amount of \$7,000,000 for Rock-Tenn Packaging and Paperboard, LLC, a Georgia limited liability company. The aggregate principal amount payable could not be determined as of June 30, 2024.

Such bonds as issued for Bethel Harvest and Rock-Tenn Packaging shall never be a general obligation of the City. Neither the City, the City Commission, the Commonwealth, nor any political subdivision of the Commonwealth, shall be obligated to pay the principal of or interest on such bonds or any other costs incident thereto. Neither the full faith and credit nor the taxing power of the City, the Commonwealth, or any political subdivision of the Commonwealth, is pledged towards the payment of the principal of or interest on such bonds or any other costs incident thereto. Accordingly, the financial statements of the City will not include any assets or liabilities related to the issuance of such bonds.

Note 18 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and workers' compensation claims. The City participates in three pooled self-insurance programs sponsored by the Kentucky League of Cities (KLC). These three programs provide general liability and property insurance, workers' compensation coverage, and unemployment compensation benefits as described below.

The KLC Insurance Services Associations (KLCISA) General Insurance Trust was established in 1987 under the statutory authority of the Kentucky Inter-local Cooperation Act for the purpose of creating and operating various self-insurance, insurance, and investment trusts for the benefit of its members. The KLCISA is an unincorporated, non-profit association voluntarily established by the participating cities, urban-county governments, and related public agencies and political subdivisions within the Commonwealth of Kentucky. The KLCISA received its Certificate of Authority from the Kentucky Office of Insurance (Office). Accordingly, the KLCISA General Insurance Trust is subject to the Office's regulatory oversight.

Through the KLCISA General Insurance Trust, members are offered general, public official, law enforcement, and auto liability coverage (liability program), as well as auto physical damage, property, crime, and boiler/machinery coverage (property program). In order to reduce its ultimate loss exposure arising from significant losses, the KLCISA General Insurance Trust obtains reinsurance coverage. Reinsurance coverage for the liability program is obtained through NLC Mutual Insurance Company and Safety National Insurance Company. These companies cover losses in excess of \$2,000,000 up to \$9,000,000. Reinsurance coverage for the property program is obtained from London, Domestic, and Bermuda insurance carriers. These companies cover losses in excess of \$3,000,000 up to \$250,000,000.

Note 18 – Risk Management (Continued)

The KLC-Workers Compensation Trust (KLC-WCT) was established in 1993 pursuant to the statutory authority of the Kentucky Inter-local Cooperation Act for the purpose of providing workers' compensation coverage for KLC members. The KLC-WCT is an unincorporated, non-profit association voluntarily established by the participating cities, urban-county governments, and related public agencies and political subdivisions within the Commonwealth of Kentucky. The Certificate of Authority for the KLC-WCT was granted by the Kentucky Office of Insurance. Accordingly, the KLC-WCT is subject to the Office's regulatory oversight.

The KLC-WCT also obtains reinsurance coverage in order to reduce its ultimate loss exposure arising from significant losses relative to workers' compensation claims. Reinsurance coverage for the KLC-WCT is purchased from Safety National Casualty Corporation. Safety National covers losses in excess of \$1,500,000 up to \$4,000,000. In addition, employer's liability of \$4,000,000 is provided (KLC-WCT's retention at \$1,500,000 plus \$4,000,000 of reinsurance).

The KLCISA General Insurance Trust and the KLC-WCT are pools in which risk is transferred among the participants of the individual pools. The pooling agreements permit the pools to make an additional assessment to their members. KLC management has determined that there will not be an assessment for the 2023-2024 policy period. KLC utilizes an independent actuary to perform annual rate adequacy and rate reserve studies for the pools. Additionally, the actuary annually certifies the adequacy of the rates to regulators.

The KLC-Unemployment Compensation Reimbursement Trust (KLC-UCRT) was established in 1979 as a service to those KLC members and related agencies that are required to provide unemployment compensation benefits pursuant to the Kentucky Unemployment Insurance Law as provided by Public Law 94-566, the Unemployment Compensation Amendments of 1976, and section 341.277 of the Kentucky Revised Statutes. In lieu of making contributions to the Kentucky Unemployment Compensation Fund, participants can elect to reimburse the Commonwealth of Kentucky for all benefits paid to workers for compensable weeks of unemployment.

Benefits paid by the Commonwealth of Kentucky to former eligible employees of each participant are reimbursed by the KLC-UCRT quarterly and charged to the participant's account. The agreement of participation provides that each participant is responsible for all of the benefits paid and each participant is required to make additional contributions to the KLC-UCRT within 30 days of notification of a deficit, if its contributions plus allocated investment income are less than the benefits and allocated expenses charged to its account. Thus, the KLC-UCRT assumes no liability for participant deficit balances, as it operates as a pool of self-insured members rather than as a group self-insurer.

Participants make quarterly contributions to the KLC-UCRT based on rates approved by KLC management, who periodically utilize independent actuarial studies. Annually, each participant is individually rated with a contribution rate determined by that participant's experience in the first fifteen of the last eighteen quarters prior to the effective date of the rates.

The City is exposed to various risks associated with land development within the City limits. The City utilizes lines of credit and bonds to mitigate these risks.

City of Nicholasville, Kentucky
Notes to Financial Statements
June 30, 2024

Note 19 – Tax Abatements

The City has resolved to allow entities to retain or to receive refunds for a portion of the Nicholasville occupational license fees withheld from certain employees in accordance with criteria established under the Kentucky Business Investment Program (the "KBI") which is authorized by Section 154.24 of the Kentucky Revised Statutes. The City participates in this program to encourage creation of jobs and investments in the City. During the fiscal year ended June 30, 2024, entities retained or received refunds of approximately \$13,400 under this program. There are no provisions for recapturing any abated taxes.

During the fiscal year ended June 30, 2024, the City did not abate any city property taxes.

Note 20 – Subsequent Events

In August 2024, the City adopted step pay scales for the police and fire departments.

In September 2024, the City received a \$1,931,353 Kentucky Cleaner Water Program grant from the Kentucky Infrastructure Authority which will be used to construct a 4-mile long, 24-inch diameter water transmission main.

In October 2024, the City was awarded a \$35,000 grant from the Kentucky Fire Commission to assist with the construction of a burn building for the City's fire department.

Note 21 – Upcoming GASB Pronouncements

GASB Statement No 101, *Compensated Absences*, which better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The City continues to evaluate the impact of this statement on the City's financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The City continues to evaluate the impact of this statement on the City's financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The City continues to evaluate the impact of this statement on the City's financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The City continues to evaluate the impact of this statement on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Nicholasville, Kentucky
Schedule Of Revenues, Expenditures, and Changes in Fund Balances –
General Fund – Budget and Actual
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Taxes				
Property taxes	\$ 5,340,000	\$ 5,555,000	\$ 5,590,614	\$ 35,614
Motor vehicle and boat tax	600,000	655,000	671,146	16,146
Bank deposit tax	130,000	130,000	130,766	766
Motel tax	120,000	165,000	161,788	(3,212)
Insurance premium tax	6,635,000	6,700,000	7,084,713	384,713
Total taxes	<u>12,825,000</u>	<u>13,205,000</u>	<u>13,639,027</u>	<u>434,027</u>
License, permits, and fees				
Occupational licenses	11,900,000	12,900,000	13,137,222	237,222
Franchise fees	1,748,000	1,743,000	1,700,095	(42,905)
Total licenses, permits, and fees	<u>13,648,000</u>	<u>14,643,000</u>	<u>14,837,317</u>	<u>194,317</u>
Fines and forfeitures				
Penalties and interest	200,000	280,000	291,180	11,180
Parking violations	100	100	25	(75)
Fire fines/fees	-	100	75	(25)
Police arrest fees	10,000	9,000	9,486	486
Total fines and forfeitures	<u>210,100</u>	<u>289,200</u>	<u>300,766</u>	<u>11,566</u>
Intergovernmental revenues				
Police training incentives	438,300	355,000	356,268	1,268
Firefighters training incentives	363,700	345,000	347,169	2,169
Base court revenue	30,000	30,000	31,664	1,664
Grants	5,000	193,000	85,656	(107,344)
School resource officer and other	343,000	401,000	391,732	(9,268)
Total intergovernmental revenue	<u>1,180,000</u>	<u>1,324,000</u>	<u>1,212,489</u>	<u>(111,511)</u>
Other revenue				
Income from investments	300,000	1,002,000	1,225,108	223,108
Incentive fee	100,000	150,000	182,743	32,743
Sales of assets	-	53,000	72,035	19,035
Other	45,000	240,000	251,017	11,017
Total other revenue	<u>445,000</u>	<u>1,445,000</u>	<u>1,730,903</u>	<u>285,903</u>
Total Revenues	<u>28,308,100</u>	<u>30,906,200</u>	<u>31,720,502</u>	<u>814,302</u>

City of Nicholasville, Kentucky
Schedule Of Revenues, Expenditures, and Changes in Fund Balances –
General Fund – Budget and Actual
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Expenditures				
General government				
Personnel services	1,914,000	1,930,000	1,879,402	(50,598)
Medical claims paid	2,450,000	2,125,000	1,862,219	(262,781)
Outside services	516,000	630,000	517,364	(112,636)
Utilities, rent, insurance	412,000	426,000	451,296	25,296
Materials and supplies	104,400	125,500	94,766	(30,734)
Repairs and maintenance	70,000	76,000	71,603	(4,397)
Other expenses	287,300	394,200	480,061	85,861
Intergovernmental expenditures	882,000	1,113,000	858,267	(254,733)
Total general government	6,635,700	6,819,700	6,214,978	(604,722)
Public safety - police				
Personnel services	8,055,200	7,388,000	7,360,347	(27,653)
Outside services	114,500	118,700	111,526	(7,174)
Utilities, rent, insurance	116,000	108,000	88,667	(19,333)
Materials and supplies	380,000	408,000	387,481	(20,519)
Repairs and maintenance	203,000	188,000	186,249	(1,751)
Other expenses	204,500	157,000	105,158	(51,842)
Total public safety - police	9,073,200	8,367,700	8,239,428	(128,272)
Public safety fire				
Personnel services	6,491,000	6,780,200	6,715,479	(64,721)
Outside services	87,250	92,750	82,642	(10,108)
Utilities, rent, insurance	121,000	118,500	95,073	(23,427)
Materials and supplies	458,550	443,600	320,207	(123,393)
Repairs and maintenance	190,000	209,000	228,339	19,339
Other expenses	78,850	85,150	97,836	12,686
Total public safety - fire	7,426,650	7,729,200	7,539,576	(189,624)
Public works - streets				
Personnel services	524,700	516,500	509,888	(6,612)
Outside services	45,500	159,500	160,875	1,375
Stormwater, refuse, paving	366,000	323,000	226,403	(96,597)
Utilities, rent, insurance	310,500	310,500	338,903	28,403
Materials and supplies	106,300	87,500	79,895	(7,605)
Repairs and maintenance	41,500	50,500	39,684	(10,816)
Other expenses	5,000	5,450	949	(4,501)
Total public works - streets	1,399,500	1,452,950	1,356,597	(96,353)
Other (income) expenditures				
Capital outlay	1,865,300	1,658,900	1,848,930	190,030
Capital grant expenditures	-	204,700	335,547	130,847
Proceeds from leases	-	(179,000)	(406,696)	(227,696)
Payments on leases	243,000	377,800	286,246	(91,554)
Interfund transfers in	(2,445,000)	(1,552,600)	(1,568,929)	(16,329)
Interfund transfers out	3,226,700	2,740,700	2,511,625	(229,075)
Total other (income) expenditures	2,890,000	3,250,500	3,006,723	(243,777)
Total Expenditures	27,425,050	27,620,050	26,357,302	(1,262,748)
Net Change In Fund Balances	883,050	3,286,150	5,363,200	2,077,050
Beginning fund balance	34,645,560	34,645,560	34,645,560	-
Ending fund balance	\$ 35,528,610	\$ 37,931,710	\$ 40,008,760	\$ 2,077,050

City of Nicholasville, Kentucky
Schedule Of Revenues, Expenditures, and Changes in Fund Balances –
American Rescue Plan Act Fund – Budget and Actual
Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Intergovernmental				
Intergovernmental revenue	\$ 3,395,000	\$ 1,262,300	\$ 1,285,940	\$ 23,640
Other revenue				
Interest income	30,000	135,000	55,829	(79,171)
Total revenue	3,425,000	1,397,300	1,341,769	(55,531)
Program Expenses				
General administration	3,000,000	627,700	644,844	17,144
Total expenditures	3,000,000	627,700	644,844	17,144
Transfers out	(395,000)	(634,600)	(641,096)	(6,496)
Net change in fund balance	<u>\$ 30,000</u>	<u>\$ 135,000</u>	<u>\$ 55,829</u>	<u>\$ (44,883)</u>

City of Nicholasville, Kentucky
 Schedule of Proportionate Share of the Net Pension Liability
 County Employees Retirement System Nonhazardous
 June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.234850%	0.238597%	0.210843%	0.205474%	0.208515%	0.201955%	0.201901%	0.199350%	0.201370%	0.192262%
Proportionate share of the net pension liability	\$ 15,069,170	\$ 17,248,209	\$ 13,442,896	\$ 15,759,686	\$ 14,664,953	\$ 12,299,675	\$ 11,817,886	\$ 9,815,276	\$ 8,658,015	\$ 6,238,000
Covered payroll	\$ 7,007,328	\$ 6,732,420	\$ 5,509,279	\$ 5,380,440	\$ 5,376,140	\$ 5,136,729	\$ 5,065,730	\$ 4,879,858	\$ 4,820,898	\$ 4,420,762
Proportionate share of the net pension liability as a percentage of its covered payroll	215.05%	256.20%	244.00%	292.91%	272.78%	239.45%	233.29%	201.14%	179.59%	141.11%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

**City of Nicholasville, Kentucky
Schedule of Pension Contributions
County Employees Retirement System Nonhazardous
June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,848,503	\$ 1,639,716	\$ 1,533,645	\$ 1,063,291	\$ 1,038,372	\$ 872,010	\$ 743,798	\$ 706,670	\$ 606,066	\$ 614,665
Contribution in relation to the statutorily required contribution	(1,848,503)	(1,639,716)	(1,533,645)	(1,063,291)	(1,038,372)	(872,010)	(743,798)	(706,670)	(606,066)	(614,665)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,919,893	\$ 7,007,328	\$ 6,732,420	\$ 5,509,279	\$ 5,380,440	\$ 5,376,140	\$ 5,136,729	\$ 5,065,730	\$ 4,879,858	\$ 4,820,898
Contribution as a percentage of covered payroll	23.34%	23.40%	22.78%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

Notes to Schedule

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2014
Experience study	July 1, 2013 - June 30, 2022	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2008 - June 30, 2013					

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal							
Amortization method	Level percentage of pay	Level percentage of pay	Level percentage of pay							
Asset valuation method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	Five-year smoothed market	Five-year smoothed market
Remaining amortization period	30 years, closed	30 years, closed, at 6/30/19; 20-year amortization for gains/losses thereafter	30 years, closed	25 years, closed	26 years, closed	27 years, closed	28 year, closed	28 year, closed	29 year, closed	29 year, closed
Investment return	6.50%	6.25%	6.25%	6.25%	6.25%	7.50%	7.50%	6.75%	7.50%	7.75%
Payroll growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Inflation	2.50%	2.30%	2.30%	2.30%	2.30%	3.25%	3.25%	3.25%	3.25%	3.50%
Salary increase	3.30% to 10.30% varies by services	3.30% to 10.30% varies by services	3.30% to 10.30% varies by services	3.30% to 11.55% varies by services	3.30% to 11.55% varies by services	4.0%, average,	4.0%, average, including inflation	4.0%, average, including inflation	4.0%, average, including inflation	4.50% per annum

Mortality

The rate of mortality for active members is based on the RP-2000 Combined Mortality Table projected to with scale BB to 2013 (multiplied by 50% for males and 30% for females). For health retired members and beneficiaries, the mortality table is the RP-2000 Combined Mortality Table projected with scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. Beginning in 2022, the retiree mortality is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

City of Nicholasville, Kentucky
 Schedule of Proportionate Share of the Net Pension Liability
 County Employees Retirement System Hazardous
 June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	1.096876%	1.112770%	1.044950%	1.035508%	1.022593%	0.996929%	1.012635%	0.978280%	0.966760%	0.944184%
Proportionate share of the net pension liability	\$ 29,571,290	\$ 33,940,444	\$ 27,818,233	\$ 31,220,860	\$ 28,247,039	\$ 24,110,299	\$ 22,655,465	\$ 16,786,629	\$ 14,840,831	\$ 11,347,000
Covered payroll	\$ 7,695,333	\$ 7,243,653	\$ 6,248,339	\$ 6,049,865	\$ 5,823,818	\$ 5,553,471	\$ 5,559,143	\$ 5,085,815	\$ 4,947,688	\$ 4,784,021
Proportionate share of the net pension liability as a percentage of its covered payroll	384.28%	468.55%	445.21%	516.06%	485.03%	434.15%	407.54%	330.07%	299.95%	237.19%
Plan fiduciary net position as a percentage of the total pension liability	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.80%	53.95%	57.52%	63.50%

City of Nicholasville, Kentucky
Schedule of Pension Contributions
County Employees Retirement System Hazardous
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,325,458	\$ 3,294,346	\$ 2,578,740	\$ 1,878,251	\$ 1,818,590	\$ 1,448,211	\$ 1,232,871	\$ 1,206,890	\$ 1,030,386	\$ 1,025,655
Contribution in relation to the statutorily required contribution	(3,325,458)	(3,294,346)	(2,578,740)	(1,878,251)	(1,818,590)	(1,448,211)	(1,232,871)	(1,206,890)	(1,030,386)	(1,025,655)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,089,171	\$ 7,695,333	\$ 7,243,653	\$ 6,248,339	\$ 6,049,865	\$ 5,823,818	\$ 5,553,471	\$ 5,559,143	\$ 5,085,815	\$ 4,947,688
Contribution as a percentage of covered payroll	41.11%	42.81%	35.60%	30.06%	30.06%	24.87%	22.20%	21.71%	20.26%	20.73%

Notes to Schedule

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2015	June 30, 2015	June 30, 2014
Experience study	July 1, 2013 - June 30, 2022	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2008 - June 30, 2013					

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal							
Amortization method	Level percentage of pay	Level percentage of pay	Level percentage of pay							
Asset valuation method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	Five-year smoothed market	Five-year smoothed market
Remaining amortization period	30 years, closed	30 years, closed, at 6/30/19; 20-year amortization for gains/losses thereafter	30 years, closed	25 years, closed	26 years, closed	27 year, closed	28 year, closed	28 year, closed	29 year, closed	29 year, closed
Investment return	6.50%	6.25%	6.25%	6.25%	6.25%	7.50%	7.50%	6.75%	7.50%	7.75%
Payroll growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Inflation	2.50%	2.30%	2.30%	2.30%	2.30%	3.25%	3.25%	3.25%	3.25%	3.50%
Projected salary increase	3.55% to 19.05% varies by services	3.55% to 19.05% varies by services	3.05% to 19.05% varies by services	3.05% to 18.55% varies by services	3.05% to 18.55% varies by services	4.0% average	4.0% average, including inflation	4.0% average, including inflation	4.0% average, including inflation	4.50% per annum

Mortality

The rate of mortality for active members is based on the RP-2000 Combined Mortality Table projected to with scale BB to 2013 (multiplied by 50% for males and 30% for females). For health retired members and beneficiaries, the mortality table is the RP-2000 Combined Mortality Table projected with scale BB to 2013 (set back 1 year for females) For disabled members, the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. Beginning in 2022, the retiree mortality is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

City of Nicholasville, Kentucky
 Schedule of Proportionate Share of the Net OPEB Liability
 County Employees Retirement System Nonhazardous
 June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability (asset)	0.234841%	0.238557%	0.210793%	0.205427%	0.208462%	0.201948%	0.201901%
Proportionate share of the net OPEB liability (asset) \$	(324,237) \$	4,707,955 \$	4,035,528 \$	4,960,437 \$	3,506,237 \$	3,585,547 \$	4,058,901 \$
Covered payroll \$	7,007,328 \$	6,732,420 \$	5,509,279 \$	5,380,440 \$	5,376,140 \$	5,136,729 \$	5,065,730 \$
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.63%	69.93%	73.25%	92.19%	65.22%	69.80%	80.12%
Plan fiduciary net position as a percentage of the total OPEB liability	100.04%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

Note: This schedule is intended to present 10 years of contributions and related ratios. Currently, only those years with information available are presented. The amounts presented above for the fiscal year were determined as of the fiscal year ended above.

**City of Nicholasville, Kentucky
Schedule of OPEB Contributions
County Employees Retirement System Nonhazardous
June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ -	\$ 237,548	\$ 280,742	\$ 262,188	\$ 256,096	\$ 282,785	\$ 241,426	\$ 239,609	\$ 226,425
Contribution in relation to the statutorily required contribution	-	(237,548)	(280,742)	(262,188)	(256,096)	(282,785)	(241,426)	(239,609)	(226,425)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,919,893	\$ 7,007,328	\$ 6,732,420	\$ 5,509,279	\$ 5,380,440	\$ 5,376,140	\$ 5,136,729	\$ 5,065,730	\$ 4,879,858
Contribution as a percentage of covered payroll	0.00%	3.39%	4.17%	4.76%	4.76%	5.26%	4.70%	4.73%	4.64%

Notes to Schedule

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2015	Not available
Experience study	July 1, 2018 - June 30, 2022	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2008 - June 30, 2013	Not available			

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Not available				
Amortization method	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Not available				
Asset valuation method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	Not available
Amortization period	30 year, closed	30 years, closed, at 6/30/19; 20-year amortization for gains/losses thereafter	30 year, closed	25 year, closed	26 year, closed	27 year, closed	28 year, closed	28 year, closed	Not available
Investment return	6.25%	6.25%	6.25%	6.25%	6.25%	7.50%	7.50%	7.50%	Not available
Payroll growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	4.00%	4.00%	4.00%	
Inflation	2.30%	2.30%	2.30%	2.30%	2.30%	3.25%	3.25%	3.25%	Not available
Projected salary increase	3.30% to 10.30%, varies by service	3.30% to 10.30%, varies by service	3.30% to 10.30%, varies by service	3.30% to 11.55%, varies by service	3.30% to 11.55%, varies by service	4.0%, average	4.0%, average, including inflation	4.0%, average, including inflation	Not available
Healthcare trend rates (Pre 65)	Initial trend starting at 6.30% at 1/1/2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 6.40% at 1/1/2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years	Initial trend starting at 6.25% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 7.00% at 1/1/2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years	Initial trend starting at 7.25% at 1/1/2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years	Not available
Healthcare trend rates (Post - 65)	Initial trend starting at 6.30% at 1/1/2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 6.30% at 1/1/2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 5.50% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years	Initial trend starting at 5.00% at 1/1/2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years	Initial trend starting at 5.10% at 1/1/2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years	Not available

Mortality

RP-2000 Combined Mortality, project to 2013 with Scale BB (set back 1 year for females). Beginning in 2022, the retiree mortality is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

Phased-in Provision

Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

Note: This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

City of Nicholasville, Kentucky
 Schedule of Proportionate Share of The Net OPEB Liability
 County Employees Retirement System Hazardous
 June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	1.096152%	1.111712%	1.044975%	1.035180%	1.022391%	0.996994%	1.012635%
Proportionate share of the net OPEB liability	\$ 1,499,788	\$ 9,469,405	\$ 8,449,016	\$ 9,566,156	\$ 7,564,260	\$ 7,108,163	\$ 8,371,166
Covered payroll	\$ 7,695,333	\$ 7,243,653	\$ 6,248,339	\$ 6,049,865	\$ 5,823,818	\$ 5,553,471	\$ 5,559,143
Proportionate share of the net OPEB liability as a percentage of its covered payroll	19.49%	130.73%	135.22%	158.12%	129.88%	127.99%	150.58%
Plan fiduciary net position as a percentage of the total OPEB liability	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	59.00%

Note: This schedule is intended to present 10 years of contributions and related ratios. Currently, only those years with information available are presented. The amounts presented above for the fiscal year were determined as of the fiscal year ended above.

**City of Nicholasville, Kentucky
Schedule of OPEB Contributions
County Employees Retirement System Hazardous
June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 204,333	\$ 521,739	\$ 632,371	\$ 594,842	\$ 575,947	\$ 609,926	\$ 519,250	\$ 519,778	\$ 645,390
Contribution in relation to the statutorily required contribution	(204,333)	(521,739)	(632,371)	(594,842)	(575,947)	(609,926)	(519,250)	(519,778)	(645,390)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,919,893	\$ 7,695,333	\$ 7,243,653	\$ 6,248,339	\$ 6,049,865	\$ 5,823,818	\$ 5,553,471	\$ 5,559,143	\$ 5,085,815
Contribution as a percentage of covered payroll	2.58%	6.78%	8.73%	9.52%	9.52%	10.47%	9.35%	9.35%	12.69%

Notes to Schedule

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2015	Not available
Experience study	July 1, 2018 - June 30, 2022	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2013 - June 30, 2018	July 1, 2008 - June 30, 2013	Not available			

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Not available				
Amortization method	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Not available				
Asset valuation method	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	20% of the difference between market value of assets and the expected actuarial value of assets is recognized	Not available
Amortization period	30 year, Closed	30 year, Closed	30 year, Closed	25 year, Closed	26 year, Closed	27 year, Closed	28 year, Closed	28 year, Closed	
Investment return	6.25%	6.25%	6.25%	6.25%	6.25%	7.50%	7.50%	7.50%	Not available
Payroll growth rate	2.00%	2.00%	2.00%	2.00%	2.00%	4.00%	4.00%	4.00%	Not available
Inflation	2.30%	2.30%	2.30%	2.30%	2.30%	3.25%	3.25%	3.25%	Not available
Projected salary increase	3.55% to 19.05%, varies by service	3.55% to 19.05%, varies by service	3.55% to 19.05%, varies by service	3.05% to 18.55%, varies by service	3.05% to 18.55%, varies by service	4.0%, average	4.0%, average, including inflation	4.0%, average, including inflation	Not available
Healthcare trend rates (Pre 65)	Initial trend starting at 6.30% at 1/1/2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 6.40% at 1/1/2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years	Initial trend starting at 6.25% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 7.00% at 1/1/2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years	Initial trend starting at 7.25% at 1/1/2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years	Not available
Healthcare trend rates (Post - 65)	Initial trend starting at 6.30% at 1/1/2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 6.30% at 1/1/2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years	Initial trend starting at 5.50% at 1/1/2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years	Initial trend starting at 5.00% at 1/1/2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years	Initial trend starting at 5.10% at 1/1/2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years	Not available

Mortality

RP-2000 Combined Mortality, project to 2013 with Scale BB (set back 1 year for females). Beginning in 2022, the retiree mortality is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

Phased-in Provision

Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

Note: This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SUPPLEMENTARY INFORMATION

City of Nicholasville, Kentucky
 Budgetary Comparison Schedule –
 Utilities Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Operating revenue				
Electric, water, and sewer service charges				
Electric	\$ 18,491,000	\$ 15,700,000	\$ 15,897,091	\$ 197,091
Water	7,665,000	7,870,000	7,849,148	(20,852)
Sewer	6,183,000	6,068,500	6,264,385	195,885
Total service charges	<u>32,339,000</u>	<u>29,638,500</u>	<u>30,010,624</u>	<u>372,124</u>
Penalties and services charges	508,000	500,000	478,566	(21,434)
Other revenues	222,000	247,500	324,956	77,456
Total operating revenue	<u>33,069,000</u>	<u>30,386,000</u>	<u>30,814,146</u>	<u>428,146</u>
Operating Expenses:				
Utility administration				
Personnel services	1,828,787	1,736,047	1,775,208	39,161
GASB 68 Pension and GASB 75 OPEB expense (benefit)	-	-	(78,186)	(78,186)
Medical claims paid	950,000	950,000	983,973	33,973
Contractual services	284,000	324,000	279,145	(44,855)
Materials and supplies	133,000	145,100	180,738	35,638
Repairs and maintenance	53,450	54,450	52,870	(1,580)
Other expenses	627,171	639,500	512,653	(126,847)
Total utility administration	<u>3,876,408</u>	<u>3,849,097</u>	<u>3,706,401</u>	<u>(142,696)</u>
Electric department				
Personnel services	1,057,929	1,206,557	1,211,838	5,281
GASB 68 Pension and GASB 75 OPEB expense (benefit)	-	-	(97,263)	(97,263)
Electric purchases	14,750,000	12,300,000	12,285,403	(14,597)
Contractual services	361,000	386,000	374,466	(11,534)
Materials and supplies	87,500	114,500	120,747	6,247
Repairs and maintenance	25,500	28,000	24,443	(3,557)
Other expenses	336,500	391,100	327,098	(64,002)
Total electric department	<u>16,618,429</u>	<u>14,426,157</u>	<u>14,246,732</u>	<u>(179,425)</u>
Meter operations				
Personnel services	628,811	645,576	663,033	17,457
GASB 68 Pension and GASB 75 OPEB expense (benefit)	-	-	(30,755)	(30,755)
Contractual services	10,100	87,100	82,834	(4,266)
Materials and supplies	67,350	78,850	69,114	(9,736)
Repairs and maintenance	21,200	24,500	16,958	(7,542)
Other expenses	26,579	27,179	13,172	(14,007)
Total meter operations	<u>754,040</u>	<u>863,205</u>	<u>814,356</u>	<u>(48,849)</u>
Water distribution				
Personnel services	645,204	660,235	665,840	5,605
GASB 68 Pension and GASB 75 OPEB expense (benefit)	-	-	(48,834)	(48,834)
Water purchases	600,000	650,000	708,371	58,371
Contractual services	89,500	89,500	31,517	(57,983)
Materials and supplies	187,200	196,200	163,661	(32,539)
Repairs and maintenance	18,000	20,000	14,901	(5,099)
Other expenses	37,300	69,400	33,904	(35,496)
Total water distributions	<u>1,577,204</u>	<u>1,685,335</u>	<u>1,569,360</u>	<u>(115,975)</u>
Water treatment				
Personnel services	755,985	746,564	778,720	32,156
GASB 68 Pension and GASB 75 OPEB expense (benefit)	-	-	(48,980)	(48,980)
Water withdrawal fees	425,000	425,000	449,134	24,134
Contractual services	85,700	100,700	64,464	(36,236)
Materials and supplies	491,125	684,500	610,408	(74,092)
Repairs and maintenance	194,500	194,500	131,826	(62,674)
Other expenses	16,000	18,000	12,037	(5,963)
Total water treatment	<u>1,968,310</u>	<u>2,169,264</u>	<u>1,997,609</u>	<u>(171,655)</u>

City of Nicholasville, Kentucky
 Budgetary Comparison Schedule –
 Utilities Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Sewer collections				
Personnel services	443,331	569,082	627,489	58,407
GASB 68 Pension and GASB 75 OPEB expense (benefit)	-	-	(40,159)	(40,159)
Contractual services	67,000	67,000	25,669	(41,331)
Materials and supplies	62,300	68,300	52,739	(15,561)
Repairs and maintenance	45,000	45,000	16,553	(28,447)
Other expenses	48,800	74,300	43,629	(30,671)
Total sewer collections	<u>666,431</u>	<u>823,682</u>	<u>725,920</u>	<u>(97,762)</u>
Sewer treatment				
Personnel services	653,394	666,431	676,732	10,301
GASB 68 Pension and GASB 75 OPEB expense (benefit)	-	-	(44,069)	(44,069)
Contractual services	250,500	307,500	336,795	29,295
Materials and supplies	134,500	154,500	112,173	(42,327)
Repairs and maintenance	110,000	115,000	110,061	(4,939)
Other expenses	288,700	385,500	380,419	(5,081)
Total sewer collections	<u>1,437,094</u>	<u>1,628,931</u>	<u>1,572,111</u>	<u>(56,820)</u>
Depreciation expense	2,990,000	2,990,000	3,354,936	364,936
Amortization expense	-	171,490	219,605	48,115
Total Operating Expenses	<u>29,887,916</u>	<u>28,607,161</u>	<u>28,207,030</u>	<u>(400,131)</u>
Excess of revenues over (under) expenditures	3,181,084	1,778,839	2,607,116	828,277
Other Financing Sources (Uses):				
Water and sewer tap fees	260,000	250,000	253,800	3,800
Pole attachment fees	-	260,000	268,703	8,703
Grant revenue	-	-	84,383	84,383
Miscellaneous revenue	-	-	14,831	14,831
Interest income	250,000	400,000	445,897	45,897
Unrealized gains (losses) from investments	-	-	(11,687)	(11,687)
Contributed assets	-	-	-	-
Interest expense	(1,039,084)	(1,044,839)	(886,630)	158,209
Gain from lease termination	-	-	112,998	112,998
Gain on sales and disposals of capital assets	-	80,000	55,177	(24,823)
Total other financing sources (uses)	<u>(529,084)</u>	<u>(54,839)</u>	<u>337,472</u>	<u>392,311</u>
Net Change In Fund Balances	2,652,000	1,724,000	2,944,588	1,220,588
Beginning Fund Balance	<u>67,082,333</u>	<u>67,082,333</u>	<u>67,082,333</u>	<u>-</u>
Ending Fund Balance	<u>\$ 69,734,333</u>	<u>\$ 68,806,333</u>	<u>\$ 70,026,921</u>	<u>\$ 1,220,588</u>

City of Nicholasville, Kentucky
Combining Balance Sheet –
Nonmajor Governmental Funds
June 30, 2024

	Planning Commission Fund	ABC Regulatory Fund	Municipal Aid Program Fund	Drug Enforcement Forfeiture Fund	DARE Fund	Fire Prevention Fund	LGEA Fund	Capital Projects Fund	Debt Service Fund	Permanent Cemetery Fund	Totals
ASSETS											
Cash and cash equivalents	\$ 100	\$ -	\$ -	\$ -	\$ 33,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,395
Accounts receivable, net	-	222,751	-	-	-	-	-	-	-	-	222,751
Other receivables	-	-	126,164	-	-	-	6,690	-	-	-	132,854
Restricted cash and cash equivalents	-	9,932	71,121	594,655	-	-	7,158	-	361,152	-	1,044,018
Restricted investments	-	-	-	-	-	-	-	-	1,631	11,088	12,719
Total assets	\$ 100	\$ 232,683	\$ 197,285	\$ 594,655	\$ 33,295	\$ -	\$ 13,848	\$ -	\$ 362,783	\$ 11,088	\$ 1,445,737
LIABILITIES AND FUND BALANCE											
Accounts payable	\$ 2,598	\$ -	\$ -	\$ 15,745	632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,975
Accrued payroll expenses	29,558	-	-	-	-	-	-	-	-	-	29,558
Other liabilities	94,322	-	-	-	-	-	-	-	-	-	94,322
Due to other fund	13,754	-	-	-	-	-	-	-	-	-	13,754
Total liabilities	140,232	-	-	15,745	632	-	-	-	-	-	156,609
Fund Balance											
Nonspendable											
Cemetery perpetual care	-	-	-	-	-	-	-	-	-	11,088	11,088
Restricted for											
Parks and recreation	-	-	-	-	-	-	13,848	-	-	-	13,848
Public safety	-	232,683	-	578,910	-	-	-	-	-	-	811,593
Debt service	-	-	-	-	-	-	-	-	362,783	-	362,783
Streets	-	-	197,285	-	-	-	-	-	-	-	197,285
Assigned for											
Special revenue fund	-	-	-	-	32,663	-	-	-	-	-	32,663
Unassigned for											
Special revenue fund	(140,132)	-	-	-	-	-	-	-	-	-	(140,132)
Total fund balance	(140,132)	232,683	197,285	578,910	32,663	-	13,848	-	362,783	11,088	1,289,128
Total liabilities and fund balance	\$ 100	\$ 232,683	\$ 197,285	\$ 594,655	\$ 33,295	\$ -	\$ 13,848	\$ -	\$ 362,783	\$ 11,088	\$ 1,445,737

City of Nicholasville, Kentucky
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
Year Ended June 30, 2024

	<u>Planning Commission Fund</u>	<u>ABC Regulatory Fund</u>	<u>Municipal Aid Program Fund</u>	<u>Drug Enforcement Forfeiture Fund</u>	<u>DARE Fund</u>	<u>Fire Prevention Fund</u>	<u>LGEA Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Permanent Cemetery Funds</u>	<u>Totals</u>
Revenues											
Licenses, permits, and fees	\$ 414,295	\$ 924,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,338,440
Intergovernmental	-	-	656,758	182,006	-	-	24,268	-	-	-	863,032
Other revenues	144,588	4,220	3,190	30,971	12,967	-	-	-	4,592	296	200,824
Total revenues	558,883	928,365	659,948	212,977	12,967	-	24,268	-	4,592	296	2,402,296
Expenditures											
General government	1,187,464	18	-	-	-	-	23,000	-	-	-	1,210,482
Public safety - police	-	-	-	30,544	7,306	-	-	-	-	-	37,850
Public works - streets	-	-	543,393	-	-	-	-	-	-	-	543,393
Debt Service											
Principal	16,164	-	-	16,982	-	-	-	-	690,000	-	723,146
Interest	4,400	-	-	2,191	-	-	-	-	377,917	-	384,508
Capital outlay	182,158	-	-	53,168	-	-	-	-	-	-	235,326
Total expenditures	1,390,186	18	543,393	102,885	7,306	-	23,000	-	1,067,917	-	3,134,705
Excess revenues over (under) expenditures before other sources (uses)	(831,303)	928,347	116,555	110,092	5,661	-	1,268	-	(1,063,325)	296	(732,409)
Other financing sources											
Operating transfers in	855,049	-	-	-	-	-	-	-	1,070,350	-	1,925,399
Operating transfers out	-	(927,833)	-	-	-	-	-	-	-	-	(927,833)
Total other financing sources (uses)	855,049	(927,833)	-	-	-	-	-	-	1,070,350	-	997,566
Excess revenues and other sources over (under) expenditures	23,746	514	116,555	110,092	5,661	-	1,268	-	7,025	296	265,157
Fund balances July 1, 2023	(163,878)	232,169	80,730	468,818	27,002	-	12,580	-	355,758	10,792	1,023,971
Fund balances June 30, 2024	\$ (140,132)	\$ 232,683	\$ 197,285	\$ 578,910	\$ 32,663	\$ -	\$ 13,848	\$ -	\$ 362,783	\$ 11,088	\$ 1,289,128

City of Nicholasville, Kentucky
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass Through Contract Number	Federal Expenditures
United States Department of Transportation			
Kentucky Transportation Cabinet Office of Highway Safety			
Highway Planning and Construction - West Shared Use Trail	20.205	SC-628-2000000603	\$ 206,500
Highway Planning and Construction - East Shared Use Trail	20.205	SC-628-2000000602	<u>51,776</u>
Total United States Department of Transportation			258,276
Federal Emergency Management Agency			
Assistance to Firefighters Grant - 2021 Fire Prevention & Safety Grant	97.044	EMW-2021-FP-00111	2,159
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2018-FH-00108	<u>-</u>
Total Federal Emergency Management Agency			2,159
United States Department of Justice			
Equitable Sharing Program	16.922		55,121
United States Department of Treasury			
Kentucky Department of Local Government			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027		81,146
Kentucky Department of Local Government			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	KY0216	<u>1,285,940</u>
Total United States Dept of Treasury			1,367,086
Total expenditures of federal awards			<u><u>\$ 1,682,642</u></u>

Note 1: Basis of Presentation

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

Note 2: Indirect Cost Rates

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

Note 3: Subrecipients

The City did not pass through any funds to subrecipients.

Note 4: Contingencies

The award revenues received and expended are subject to audit and adjustment. If any expenditures are disallowed by the grantor as a result of such an audit, any claim for reimbursement to the grantor would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

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

To the Mayor and Board of Commissioners
City of Nicholasville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nicholasville (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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 City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baldwin CPAs, PLLC

Baldwin CPAs, PLLC

Richmond, Kentucky

February 26, 2025

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

To the Mayor and Board of Commissioners
City of Nicholasville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Nicholasville's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Baldwin CPAs, PLLC

Baldwin CPAs, PLLC

Richmond, Kentucky

February 26, 2025

City of Nicholasville, Kentucky
Schedule of Findings and Questioned Costs
June 30, 2024

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. The auditors' report expresses an unmodified opinion on whether the City of Nicholasville's financial statements were prepared in accordance with generally accepted accounting principles.
2. No deficiencies in internal controls over financial reporting were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Nicholasville, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards:

4. No deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditors' report on compliance for the major federal awards programs for the City of Nicholasville expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR 2005.16(a) are reported in this schedule.
7. The programs tested as major programs included: Assistance Listing Number

COVID-19: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027
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8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. The City of Nicholasville did not qualify to be a low risk auditee.

B. FINANCIAL STATEMENT FINDINGS

No matters were reported.

C. MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

D. SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Significant Deficiency

2023-1 Unbilled Receivables

Condition: The journal entry support lacked sufficient detail to accurately calculate unbilled receivables.

City of Nicholasville, Kentucky
Schedule of Findings and Questioned Costs
June 30, 2024

Criteria: Unbilled receivables should accurately reflect the number of days of service occurring during the current fiscal year out of the total number of days invoiced in the first billing period of the following fiscal year.

Cause: Insufficient detail within the supporting documentation of the journal entry to accurately calculate the percentage.

Effect: A misstatement of unbilled receivables at fiscal year-end.

Recommendation: Expanded documentation at the invoice level to accurately calculate the year-end unbilled receivables using excel formulas that do not change after importing invoice data.

*Views of Responsible Officials
and Planned Corrective*

Actions:

The methodology used for our current year's estimate was one carried forward from our old software system which had limited capabilities. The new software system is capable of providing detail that enables a more precise estimate. Future estimates will utilize this detailed data to produce a more exact estimate.

Status: The significant deficiency was addressed and resolved in fiscal year 2024

2023-2 Reporting

Condition: The annual compliance report excluded certain current period expenditures.

Criteria: The program requires an annual compliance report including a total of all current period expenditures.

Cause: Accounting's records were not used as the data source for the report.

Effect: The current expenditures in the annual compliance report were understated.

Context: Only an annual report is required under the program for the City. The auditor selected the annual report for testing.

Recommendation: The annual compliance report should be reconciled to the general ledger and include all current period expenditures based on the date when goods and services were provided. Changes and revisions to the previously filed annual report will need to be reflected in the next annual report due April 30, 2024.

*Views of Responsible
Officials and Planned
Corrective Actions:*

The records maintained by the accounting department, including the general ledger, will be used to prepare future reports.

City of Nicholasville, Kentucky
Schedule of Findings and Questioned Costs
June 30, 2024

Status: The significant deficiency was addressed and resolved in fiscal year 2024

2023-3 Missing Approval of Annual Report

Condition: The annual compliance report was not reviewed and approved by someone with sufficient knowledge to correct any errors.

Criteria: The annual report should be reviewed by someone prior to submission to correct any errors.

Cause: The control was not in place during the fiscal year ended June 30, 2023.

Effect: Errors in the annual report submitted during the year ended June 30, 2023, were undetected prior to submission.

Context: Only an annual report is required under the program for the City. The auditor selected the annual report for testing.

Recommendation: The annual report should be reviewed and approved by someone who can ensure that the report has been accurately prepared. Evidence of review and approval should be documented.

*Views of Responsible
Officials and Planned
Corrective Actions:*

Future reports will be reviewed and approved by the City's grant administrator.

Status: The significant deficiency was addressed and resolved in fiscal year 2024

APPENDIX C

**CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A**

**DEMOGRAPHIC, ECONOMIC, AND FINANCIAL DATA
OF THE COUNTY OF JESSAMINE, KENTUCKY**

COUNTY OF JESSAMINE, KENTUCKY

The County of Jessamine, Kentucky, named for Jessamine Douglass, the daughter of a pioneer settler, was formed in 1798 from the southern portion of Fayette County, making it the 36th county in the Commonwealth. The County is located along the Kentucky River in the Bluegrass region of Kentucky.



The County seat is Nicholasville, which was founded in 1798 by Reverend John Metcalf and named in honor of Colonel George Nicholas, a framer of the Kentucky Constitution. Nicholasville is located 15 miles southwest of Lexington, Kentucky, 87 miles southeast of Louisville, Kentucky, and 99 miles south of Cincinnati, Ohio. The County covers a total area of approximately 175 square miles, including 172 square miles of land and 2.4 square miles of water. The Kentucky River forms the southern boundary of the County.

Form of Government

The Kentucky Constitution of 1891 gave the name “Fiscal Court” to the governing body in each county. The Jessamine County Fiscal Court is composed of a Judge/Executive and six Magistrates. Each member of the Fiscal Court serves for a four-year term. The title “Judge/Executive” is a blending of the past and the present, going back to the time when the person elected to this position also presided over judicial proceedings. Although those responsibilities were transferred to Kentucky’s court system in 1978, the title remained. As the chief executive officer for the County, the Judge/Executive presides over both the legislative and executive branches of the County government. The Magistrates of the Fiscal Court each represent one of six districts in the County.

In addition to the members of the Fiscal Court, a number of other officials are elected and have very important roles in the functioning of the County’s government, including the County Attorney, the Sheriff, the Jailer, the County Clerk, and the Property Valuation Administrator.

The current members of the Fiscal Court are:

David K. West	Judge/Executive
Fred Meyer	Magistrate – District 1
Tim Vaughan	Magistrate – District 2
Terry Meckstroth	Magistrate – District 3
Kent Slusher	Magistrate – District 4
Adam Teater	Magistrate – District 5
Gary Morgan	Magistrate – District 6

The County’s fiscal year commences July 1 and ends the following June 30.

Assessed Property Values

The table below lists the assessed valuation of taxable property in the County, as reported by the Kentucky Department of Revenue:

Year	Real	Motor Vehicles	Boats	Tangible	Totals
2020	\$4,202,351,870	\$410,822,955	\$14,503,690	\$275,722,355	\$4,903,400,870
2021	\$4,512,849,007	\$386,944,368	\$16,943,223	\$265,700,599	\$5,182,437,197
2022	\$4,842,764,640	\$462,132,501	\$18,514,521	\$303,422,527	\$5,626,834,189
2023	\$5,311,384,492	\$614,885,517	\$19,276,506	\$335,817,345	\$6,281,363,860
2024	\$5,722,955,010	\$612,464,470	\$20,586,410	\$368,010,130	\$6,724,016,020

Ten Largest Taxpayers

Taxpayer Name	Real Property Assessment
ALLTECH, Inc.	\$38,873,400
Greyson on 27 LLC	\$22,350,500
MAP Real Estate, LLC	\$19,300,000
Realty Income Properties 30, LLC	\$19,019,360
R.J. Corman Real Estate, LLC	\$18,224,848
McLane Company Inc.	\$18,177,500
Ball Homes LLC	\$15,797,793
Shoreline Enterprises LLC	\$15,650,000
Taan Investors LLC	\$15,000,000
C2 Holdings LLC	\$14,250,000

Source: Jessamine County PVA, 2024

Property Tax Rates

The following table lists historical tax rates of the County (per \$100.00 of Assessed Value), as reported by the Kentucky Department of Revenue:

Year	Real Estate	Tangible Personal	Motor Vehicle	Documented Watercraft
2020	8.800	24.000	11.4000	24.000
2021	9.400	29.000	11.4000	29.000
2022	10.000	29.000	11.4000	29.000
2023	10.400	31.000	11.4000	31.000
2024	11.000	31.000	11.4000	31.000

Local Occupational Tax

Taxing Jurisdiction	Tax Rate on Salaries/Wages	Tax Rate on Net Profits/Receipts
Jessamine County	1.00%	1.00%
City of Nicholasville	1.50%	1.00%
City of Wilmore	2.00%	2.00%

Source: Kentucky Society of Certified Public Accountants

Occupational Tax Collection History

Description	2021	2022	2023	2024	2025*
Occupational License Fee	\$7,171,269.07	\$8,137,959.56	\$8,993,655.20	\$9,834,832.13	\$10,414,372.32
Net Profits Tax	\$2,492,212.62	\$3,965,805.98	\$3,059,322.35	\$2,866,230.83	\$3,077,003.57

Source: Jessamine County Financial Statements

* Unaudited Financial Statements

LABOR MARKET STATISTICS

Population

Description	2020	2021	2022	2023	2024
Jessamine County	53,019	53,583	54,333	55,511	56,495
Nicholasville	30,888	31,490	32,036	32,753	33,458

Source: U.S. Census Bureau

Material Moving			626		3.77%
Office and Administrative Support			1,950		11.74%
Personal Care and Service			275		1.66%
Production Workers			1,127		6.79%
Protective Services			320		1.93%
Sales			1,597		9.62%
Transportation Workers			725		4.37%

Source: Kentucky Cabinet for Economic Development, 2024

APPENDIX D

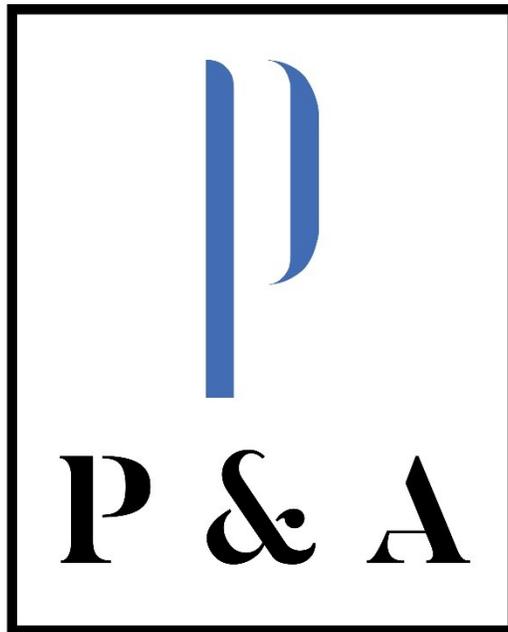
**CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A**

**AUDITED FINANCIAL STATEMENTS OF THE COUNTY OF JESSAMINE, KENTUCKY FOR THE
FISCAL YEAR ENDING JUNE 30, 2024**

Note: The entire audited financial statements and accompanying supplemental information for the County's fiscal year ending June 30, 2024 is included in this APPENDIX D. Potential purchasers of the Bonds are reminded that the Bonds are secured solely by, and payable solely from, the tax revenues of the County as described in the forepart of this Official Statement and that revenues described in the enclosed audited financial statements for funds other than the County's general fund have not been pledged and are not legally required to be available to pay debt service on the Bonds.

**REPORT OF THE AUDIT OF THE
JESSAMINE COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2024**



PATRICK & ASSOCIATES, LLC

**124 Candlewood Drive
Winchester, KY 40391**

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Independent Auditor's Report

To the People of Kentucky

The Honorable Andy Beshear, Governor

Holly M. Johnson, Secretary

Finance and Administration Cabinet

The Honorable David K. West, Jessamine County Judge/Executive

Members of the Jessamine County Fiscal Court

Opinions

We have audited the accompanying financial statement of the Jessamine County Fiscal Court, which comprise the Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis, for the year ended June 30, 2024, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Jessamine County Fiscal Court, for the year ended June 30, 2024, in accordance with the financial reporting provisions of the Kentucky Department for Local Government as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Jessamine County Fiscal Court as of June 30, 2024, or changes in net position or cash flow thereof for the year ended June 30, 2024, or the changes in net position or cash flows thereof for the year then ended.

Basis for Opinions

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by the Jessamine County Fiscal Court on the basis of the financial reporting provisions of the Kentucky Department for Local Government, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirement of the Kentucky Department for Local Government. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Kentucky Department for Local Government. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 Jessamine County Fiscal Court'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 statement.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jessamine County Fiscal Court'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.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Jessamine County Fiscal Court. The accompanying Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with the financial reporting provisions of the by the Kentucky Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statement as a whole.

Other Information

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 10, 2025, on our consideration of the Jessamine County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and Jessamine 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 Jessamine County Fiscal Court'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 Jessamine County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

Patrick & Associates, LLC
Patrick & Associates, LLC

July 10, 2025

JESSAMINE COUNTY OFFICIALS

For The Year Ended June 30, 2024

Fiscal Court Members:

David K. West	County Judge/Executive
Terry Meckstroth	Magistrate
Gary Morgan	Magistrate
Kent Slusher	Magistrate
Fred Meyer	Magistrate
Tim Vaughan	Magistrate
Adam Teater	Magistrate

Other Elected Officials:

Brian Goettl	County Attorney
Jon Sallee	Jailer
Johnny Collier	County Clerk
Doug Fain	Circuit Court Clerk
Kevin Grimes	Sheriff
Brad Freeman	Property Valuation Administrator
Michael Hughes	Coroner

Appointed Personnel:

Ann Cissell	County Treasurer
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**JESSAMINE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2024

JESSAMINE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2024

	Budgeted Funds			Local Government Economic Assistance Fund
	General Fund	Road Fund	Jail Fund	
RECEIPTS				
Taxes	\$ 23,942,998	\$	\$	\$
Excess Fees	1,973,316			
Licenses and Permits	336,570			
Intergovernmental	1,937,004	1,135,790	829,148	232,811
Charges for Services	931,028		200,871	
Miscellaneous	2,098,269	88,000	119,556	7,200
Interest	1,545,100	73,946	5,444	20,713
Total Receipts	<u>32,764,285</u>	<u>1,297,736</u>	<u>1,155,019</u>	<u>260,724</u>
DISBURSEMENTS				
General Government	7,723,708			107,500
Protection to Persons and Property	836,992		3,482,045	
General Health and Sanitation	2,190,779			
Social Services	284,321			
Recreation and Culture	1,278,069			20,100
Roads		1,551,471		
Other Transportation Facilities and Services	232,900			
Debt Service	685,482	309,298		
Capital Projects	833,646			
Administration	7,845,294	138,793	637,451	
Total Disbursements	<u>21,911,191</u>	<u>1,999,562</u>	<u>4,119,496</u>	<u>127,600</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>10,853,094</u>	<u>(701,826)</u>	<u>(2,964,477)</u>	<u>133,124</u>
Other Adjustments to Cash (Uses)				
Bond Anticipation Note Proceeds				
Cost of Issuance				
Capitalized Interest				
Transfers From Other Funds		53,850	2,954,764	
Transfers To Other Funds	(6,655,601)			
Total Other Adjustments to Cash (Uses)	<u>(6,655,601)</u>	<u>53,850</u>	<u>2,954,764</u>	
Net Change in Fund Balance	4,197,493	(647,976)	(9,713)	133,124
Fund Balance - Beginning (restated)	27,886,661	1,324,294	60,612	344,635
Fund Balance - Ending	<u>\$ 32,084,154</u>	<u>\$ 676,318</u>	<u>\$ 50,899</u>	<u>\$ 477,759</u>
Composition of Fund Balance				
Bank Balance	\$ 32,173,050	\$ 699,814	\$ 52,159	\$ 477,759
Less: Outstanding Checks	(88,896)	(23,496)	(1,260)	
Other Investments				
Fund Balance - Ending	<u>\$ 32,084,154</u>	<u>\$ 676,318</u>	<u>\$ 50,899</u>	<u>\$ 477,759</u>

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

JESSAMINE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

Budgeted Funds						
Ambulance Fund	County Bond Sinking Fund	Emergency Services Fund	County Clerk Storage Fund	Opioid Settlement Fund	HUD Grant Fund	American Rescue Plan Act Fund
\$	\$	\$ 1,362,642	\$	\$	\$	\$
10,000		321,436			296	275,765
2,898,111		177,802				
2,100		94	80,670	301,669		
10,970	2,902	43,765	5,104	19,210		492,596
<u>2,921,181</u>	<u>2,902</u>	<u>1,905,739</u>	<u>85,774</u>	<u>320,879</u>	<u>296</u>	<u>768,361</u>
4,616,054		2,017,009	55,998			
	419,244					1,462,054
1,558,269	25	359,653			326	9,285
<u>6,174,323</u>	<u>419,269</u>	<u>2,376,662</u>	<u>55,998</u>		<u>326</u>	<u>1,471,339</u>
<u>(3,253,142)</u>	<u>(416,367)</u>	<u>(470,923)</u>	<u>29,776</u>	<u>320,879</u>	<u>(30)</u>	<u>(702,978)</u>
3,221,887	425,000				100	
<u>3,221,887</u>	<u>425,000</u>				<u>100</u>	
(31,255)	8,633	(470,923)	29,776	320,879	70	(702,978)
185,678	442,916	924,776	78,500	287,234		9,627,153
<u>\$ 154,423</u>	<u>\$ 451,549</u>	<u>\$ 453,853</u>	<u>\$ 108,276</u>	<u>\$ 608,113</u>	<u>\$ 70</u>	<u>\$ 8,924,175</u>
\$ 156,549	\$ 451,549	\$ 454,153	\$ 108,276	\$ 608,113	\$ 70	\$ 8,921,596
(2,126)		(300)				(1,074)
						3,653
<u>\$ 154,423</u>	<u>\$ 451,549</u>	<u>\$ 453,853</u>	<u>\$ 108,276</u>	<u>\$ 608,113</u>	<u>\$ 70</u>	<u>\$ 8,924,175</u>

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

JESSAMINE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

	Budgeted Funds		Unbudgeted Funds	
	Equitable Sharing Fund	Public Properties Corporation Fund	Jail Commissary Fund	Total Funds
RECEIPTS				
Taxes	\$	\$	\$	\$ 25,305,640
Excess Fees				1,973,316
Licenses and Permits				336,570
Intergovernmental				4,742,250
Charges for Services				4,207,812
Miscellaneous	15,070		189,088	2,901,716
Interest		69,162		2,288,912
Total Receipts	<u>15,070</u>	<u>69,162</u>	<u>189,088</u>	<u>41,756,216</u>
DISBURSEMENTS				
General Government				7,887,206
Protection to Persons and Property	12,599			10,964,699
General Health and Sanitation				2,190,779
Social Services				284,321
Recreation and Culture			187,518	1,485,687
Roads				1,551,471
Other Transportation Facilities and Services				232,900
Debt Service		3,515,575		4,929,599
Capital Projects		367,889		2,663,589
Administration	30	36,666		10,585,792
Total Disbursements	<u>12,629</u>	<u>3,920,130</u>	<u>187,518</u>	<u>42,776,043</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,441</u>	<u>(3,850,968)</u>	<u>1,570</u>	<u>(1,019,827)</u>
Other Adjustments to Cash (Uses)				
Bond Anticipation Note Proceeds		4,000,000		4,000,000
Cost of Issuance		(21,750)		(21,750)
Capitalized Interest		(116,644)		(116,644)
Transfers From Other Funds				6,655,601
Transfers To Other Funds				(6,655,601)
Total Other Adjustments to Cash (Uses)		<u>3,861,606</u>		<u>3,861,606</u>
Net Change in Fund Balance	2,441	10,638	1,570	2,841,779
Fund Balance - Beginning (restated)	57,319	1,204,344	39,890	42,464,012
Fund Balance - Ending	<u>\$ 59,760</u>	<u>\$ 1,214,982</u>	<u>\$ 41,460</u>	<u>\$ 45,305,791</u>
Composition of Fund Balance				
Bank Balance	\$ 59,760	\$ 1,214,982	\$ 41,460	\$ 45,419,290
Less: Outstanding Checks				(117,152)
Other Investments				3,653
Fund Balance - Ending	<u>\$ 59,760</u>	<u>\$ 1,214,982</u>	<u>\$ 41,460</u>	<u>\$ 45,305,791</u>

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

JESSAMINE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

	<u>Internal Service Fund</u>
	<u>Health Insurance Fund</u>
RECEIPTS	
Taxes	\$
Excess Fees	
Licenses and Permits	
Intergovernmental	
Charges for Services	
Miscellaneous	3,966,739
Interest	
Total Receipts	<u>3,966,739</u>
DISBURSEMENTS	
General Government	3,405,499
Protection to Persons and Property	
General Health and Sanitation	
Social Services	
Recreation and Culture	
Roads	
Other Transportation Facilities and Services	
Debt Service	
Capital Projects	
Administration	573,219
Total Disbursements	<u>3,978,718</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(11,979)</u>
Other Adjustments to Cash (Uses)	
Bond Anticipation Note Proceeds	
Cost of Issuance	
Capitalized Interest	
Transfers From Other Funds	
Transfers To Other Funds	
Total Other Adjustments to Cash (Uses)	<u> </u>
Net Change in Fund Balance	(11,979)
Fund Balance - Beginning (restated)	12,186
Fund Balance - Ending	<u>\$ 207</u>
Composition of Fund Balance	
Bank Balance	\$ 812,474
Less: Outstanding Checks	23,515
Other Investments	<u>(835,782)</u>
Fund Balance - Ending	<u>\$ 207</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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**JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Jessamine County includes all budgeted and unbudgeted funds under the control of the Jessamine County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Ambulance Fund - The primary purpose of this fund is to account for receipts and disbursements related to providing ambulance services to the county

County Bond Sinking Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the debt the county has acquired as a result of various projects in the county.

Emergency Services Fund - The primary purpose of this fund is to account for disaster and emergency expenses of the county. The primary sources of receipts for this fund are federal and state grants.

County Clerk Storage Fund – The primary purpose of this fund is to account for receipts and disbursements related to the County Clerk’s permanent storage of county records. The funds are used for the maintenance of records and for the facilities used to store those records.

Opioid Settlement Fund – The primary purpose of this fund is to account for revenues received as a result of the opioid settlement related to oxycontin. Funds received under this settlement are to be used in efforts to reduce the illicit use of opioids.

HUD Grant Fund - The primary purpose of this fund is to account for HUD grants and related disbursements. The primary source of receipts for this fund are federal grants received from the Housing and Urban Development Program.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund are federal grants received under the American Recovery Plan Act.

Equitable Sharing Fund - The primary purpose of this fund is to account for receipts and disbursements associated with assets forfeited to the county.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Internal Service Fund

The fiscal court reports the following internal service fund:

Health Insurance Fund - The fund is used to account for the self-funded health insurance activity of the Jessamine County Fiscal Court.

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

The state local finance officer does not require the public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Jessamine County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Jessamine County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Jessamine County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether withheld from the actual debt proceeds received or not, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

H. Joint Venture

The Jessamine County Fiscal Court entered into a joint venture with the City of Nicholasville Parks and Recreation department to establish a board with members appointed by the city and the county to oversee the operations of parks within the city and county.

Note 2. Deposits and Investments

A. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

B. Investments

As of June 30, 2024, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Issue	\$ 3,653	\$ 3,653	\$ 0	\$ 0	\$ 0

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 2. Deposits and Investments (Continued)

C. Investments

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has no certificates of deposit and \$3,653 of investments in securities held by the counterparties' trust departments in the fiscal court's name. In addition, the SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings, at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - a. United States Treasury;
 - b. Export-Import Bank of the United States;
 - c. Farmers Home Administration;
 - d. Government National Mortgage Corporation; and
 - e. Merchant Marine bonds.
- 3) Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority.
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Credit Risk (Continued)

- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
- The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - The management company of the investment company shall have been in operation for at least five years; and
 - All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and
- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
- Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - Have a standard maturity of no more than ten years; and are rated in the three highest rating categories by at least two competent credit rating agencies.

According to KRS 66.480, the fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2024, the fiscal court's investments of \$3,653 do not fall in these categories.

The fiscal court's rated investments, as of June 30, 2024, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

	Standard & Poor's/Moody's Credit Ratings					Unrated/NA	Cost Basis
	AAA/Aaa	AA/Aa	A	WR			
U.S. Government Issue	\$ 3,653	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,653	

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The fiscal court does not have 5 percent or more of the fiscal court's investments invested in any single security. All of the investments reported in the fiscal court's General Fund are cash equivalents or U.S. Government Securities.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The fiscal court's policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. See table above for investments listed by type and duration.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The fiscal court's policy historically has been to invest only in securities in U.S. denominations.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year .

	General Fund	Total Transfers In
Road Fund	\$ 53,850	\$ 53,850
Jail Fund	2,954,764	2,954,764
Ambulance Fund	3,221,887	3,221,887
County Bond Sinking Fund	425,000	425,000
HUD Grant Fund	100	100
Total Transfers Out	<u>\$ 6,655,601</u>	<u>\$ 6,655,601</u>

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them.

Note 4. Custodial Fund

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2024 was \$45,797.

Note 5. Leases

A. Fiscal Court as Lessor:

1. Central Kentucky Hauling, LLC

On December 1, 2017, the Jessamine County Fiscal Court began leasing a portion of the building and premises located at 123 Hendren Way, Nicholasville, Kentucky to Central Kentucky Hauling, LLC. The lease requires monthly payments of \$1,000. The Jessamine County Fiscal Court will receive monthly payments of \$1,000. The Jessamine County Fiscal Court recognized \$12,000 in lease revenue during the current fiscal year related to this lease and has no payments outstanding as of June 30, 2024.

2. Jessamine County Extension Office

On September 4, 2008, the Jessamine County Fiscal Court entered into a Lease Agreement with the Jessamine County Extension Office for office space at 95 Park Drive, Nicholasville, Ky. The lease is for a term of 360 months and will terminate on September 3, 2038. The Jessamine County Fiscal Court recognized \$130,200 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the terms of the agreement were up to date and has a total of \$1,822,800 payments outstanding.

3. Central Kentucky Hauling, LLC

The Jessamine County Fiscal Court began on August 2, 2022, leasing premises at 117 Hendren Way, Nicholasville, Kentucky to the Central Kentucky Hauling, LLC. The lease requires monthly payments of \$500. The Jessamine County Fiscal Court recognized \$6,000 in lease revenue during the current fiscal year related to this lease and has no payments outstanding as of June 30, 2024.

**JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)**

Note 5. Leases (Continued)

A. Fiscal Court as Lessor: (Continued)

4. Choice Radio NJK

The Jessamine County Fiscal Court entered into Lease Agreement dated December 20, 2014 leased to Choice Radio NJK, office space located at 116 North Main Street, Suite 3, in Nicholasville, KY. The Jessamine County Fiscal Court will receive monthly payments of \$800. The term of this lease is for five years, renewable. The Jessamine County Fiscal Court recognized \$8,800 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, the terms of the agreement were up to date and has a total of \$34,400 payments outstanding.

5. Christian Creech, Attorney at Law, PLLC

The Jessamine County Fiscal Court entered into Lease Agreement, dated January 1, 2024 leased to Christian Creech, Attorney at Law, PLLC, office space located in the upstairs, at 116 North Main Street in Nicholasville, KY. The Jessamine County Fiscal Court will receive monthly payments of \$750. The Lease is for a term of one year, lessee can renew for one year by request thirty days prior to renewal, sixty days' notice is required for termination. The Jessamine County Fiscal Court recognized \$8,250 in lease revenue during the current fiscal year related to this lease and has a total of \$5,250 payments outstanding.

6. Deeken Restaurants Incorporated (Nicholasville Cafe)

On August 3, 2017, the Jessamine County Fiscal Court began leasing certain real property at 111 North Main Street, Nicholasville, Kentucky to Deeken Restaurants Incorporated (Nicholasville Cafe). The lease is for a period of 12 months, for \$400 per month. The lessor or lessee may terminate the lease at any time with thirty days' notice, lease is renewable with thirty days' notification prior to end of lease. The lease has been negotiated to amend payments to \$200 per month. The Jessamine County Fiscal Court recognized \$2,200 during the current fiscal year and has a total of \$1,200 payments outstanding.

7. Fred Fick

The Jessamine County Fiscal Court began leasing the Farmhouse on February 1, 2024 located at the Aline Ludwig Center at Hickman Creek within the Camp Nelson Heritage Park in Jessamine County Kentucky to Fred Frick, at the rate of \$200 per month. The lease is for 12 months at a time, with option to renew the Lease for an additional year at a time. The Jessamine County Fiscal Court recognized \$2,200 in lease revenue during the current fiscal year and has a total of \$1,600 payments outstanding.

8. Lorin Waller

The Jessamine County Fiscal Court began leasing the mobile home located within the High Bridge Park in Jessamine County Kentucky to Lorin Waller, in exchange for services rendered to the fiscal court as enumerated in lease agreement. The Jessamine County Fiscal Court did not recognize any lease revenue during the current fiscal year.

9. Jessamine County Attorney

The Jessamine County Fiscal Court entered into a lease Agreement with the Jessamine County Attorney, for office space located at 117 South Main Street, Suite 100, in Nicholasville, KY. The Jessamine County Fiscal Court will receive monthly payments of \$7,425, with said payments to be paid partially through "in-kind" contributions. The Jessamine County Fiscal Court recognized \$30,000 in lease revenue during the current fiscal year related to this lease.

**JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)**

Note 5. Leases (Continued)

B. Fiscal Court as Lessee:

1. Quadient Leasing – Postage Meter

On April 29, 2022, Jessamine County Fiscal Court entered into a lease agreement with Quadient Leasing for a postage meter for the County Accounts Payable Office. Jessamine County Fiscal Court will pay \$163 per month for a term of sixty months and a total of \$9,766.

2. Quadient Leasing – Postage Meter

On April 29, 2022, the Jessamine County Fiscal Court entered into a lease agreement with Quadient Leasing for a postage meter for County Attorney Office. The Jessamine County Fiscal Court will pay \$488 per quarter for a term of sixty-three months and total of \$10,255.

3. Metronet - Telephones

On September 13, 2021, the Jessamine County Fiscal Court entered into a lease agreement with Metronet for telephones. The Jessamine County Fiscal Court will pay \$3,497 per month for a term of 36 months and total of \$125,894.

4. Toshiba Business Solutions – Copier

On October 3, 2019, the Jessamine County Fiscal Court entered into a lease agreement with Toshiba Business Solutions for a Toshiba copier and service contract for Animal Shelter. The Jessamine County Fiscal Court will pay \$290 per month for a term of sixty-three months and total of \$18,255.

5. Cannon Solutions America – Copier

On July 12, 2022, the Jessamine County Fiscal Court entered into a lease agreement with Cannon Solutions America, Inc. for a copier machine for County Detention Center. The Jessamine County Fiscal Court will pay \$384 per month for a term of sixty months and a total of \$23,040.

6. Quadient Leasing – Postage Meter

On April 29, 2022, the Jessamine County Fiscal Court entered into a lease agreement with Quadient Leasing for a postage meter for County Tax Office. The Jessamine County Fiscal Court will pay \$281 per quarter for a term of sixty months and total of \$16,844.

7. Quadient Leasing – Postage Meter

On January 1, 2024, the Jessamine County Fiscal Court entered into a lease agreement with Quadient Leasing for a postage meter for the Planning and Zoning Office. The Jessamine County Fiscal Court will pay \$929 per quarter for a term of sixty months and total of \$18,577.

8. Parking Lot Space

On May 16, 2023, the Jessamine County Fiscal Court entered into a lease agreement for parking lot space. The Jessamine County Fiscal Court will pay \$2,000 per month for a month-to-month term and total of \$24,000.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 5. Leases (Continued)

B. Fiscal Court as Lessee: (Continued)

7. Boat Ramp

On January 1, 2024, the Jessamine County Fiscal Court entered into a lease agreement for a boat ramp. The Jessamine County Fiscal Court will pay \$10,000 per year for a term of 12 months and total of \$10,000.

8. Stryker Medical Equipment

On January 1, 2024, the Jessamine County Fiscal Court entered into a lease agreement for Stryker medical equipment. The Jessamine County Fiscal Court will pay \$228,720 per year for a term of one hundred twenty months and total of \$2,287,102

Note 6. Short-term Debt

Revenue Bond Anticipation Notes – Judicial Center Project - Series 2021 & Series 2023

The Jessamine County Public Properties Corporation issued a First Mortgage Revenue Bond Anticipation Note Series 2021. As of June 30, 2022 the Principal amount due on this was \$3,500,000 and interest capitalized was \$31,150, all interest will be capitalized and added to the principal amount of the loan. This loan was paid off with funds from the issuance of a First Mortgage Revenue Bond Anticipation Note – Series 2023.

The Jessamine County Public Properties Corporation issued a First Mortgage Revenue Bond Anticipation Note - Series 2023 on October 31, 2023. Principal amount due on the Note is \$4,000,000, which consists of \$3,515,575 to pay off First Mortgage Revenue Bond Anticipation Note - Series 2021, \$346,031 to the Project Fund, and \$21,750 for cost of issuance. Capitalized interest was \$116,644. The loan will be paid off from funds when the bonds are sold for construction of the building.

Note 7. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Cassity Governmental Building #1

On November 27, 2007, Jessamine County Fiscal Court entered into a 20-year lease with the Kentucky Association of Counties Leasing Trust Program in the amount of \$500,000 at an assumed interest rate of 4.63 percent for the construction and renovation of a county administrative building. Payments of interest and fees are due monthly with an annual principal payment due on July 20. In the event of default, the lessor may terminate the lease and give notice to surrender the property within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the property for the account of the lessee, yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds or the sale/lease of the property do not provide. The outstanding principal balance as of June 30, 2024, was \$140,000. Future principal and interest payments are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 35,000	\$ 5,235
2026	35,000	3,651
2027	35,000	2,067
2028	35,000	161
Totals	<u>\$ 140,000</u>	<u>\$ 11,114</u>

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Cassity Governmental Building #2

On May 5, 2008, Jessamine County Fiscal Court entered into a 20-year lease agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$1,000,000 at an assumed interest rate of 4.53 percent to cover additional costs of the construction and renovation of the county administrative building. Payments of interest and fees are due monthly with an annual principal payment due on September 20. In the event of default, the lessor may terminate the lease and give notice to surrender the property within 60 days, recover the lease payments which would have otherwise been payable during the lease period, or sell/sublease the property for the account of the lessee yet holding the lessee liable for all lease payments that would be due under the lease for which any proceeds of the sale/lease of the property do not provide. The outstanding principal balance as of June 30, 2024, was \$270,000. Future principal and interest payments are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 65,000	\$ 10,186
2026	65,000	7,333
2027	70,000	4,315
2028	70,000	887
Totals	<u>\$ 270,000</u>	<u>\$ 22,721</u>

3. Sheriff's Cruisers – Bank Loan

On September 28, 2020, the Jessamine County Fiscal Court borrowed \$250,000 at an interest rate of 2.350% per annum from a bank to purchase sheriff's cruisers. The loan will be paid in ten payments of \$26,667, to be paid on March 28 and September 28, annually. In the event of default, all commitments and obligations of the lender will terminate, including any obligation to make further loan advances or disbursements, and at the lender's option, all indebtedness immediately will become due and payable, without notice of any kind to the borrower, except that in the case of an event of default of the type described as insolvency, such acceleration shall be automatic and not optional. The outstanding principal balance as of June 30, 2024, was \$78,126. Future principal and interest payments are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 51,776	\$ 1,557
2026	26,350	316
Totals	<u>\$ 78,126</u>	<u>\$ 1,873</u>

B. Other Debt

1. General Obligation Bonds – Series 2018

On October 23, 2018, the Jessamine County Fiscal Court issued \$2,699,380 of general obligation bonds, series 2018. Proceeds from the bonds were used for the purpose of renovations to the detention center and courthouse. Interest on the outstanding principal amount shall be payable June 1 and December 1, commencing June 1, 2020. Interest only shall be paid for the first two years from the date of the original issue. Thereafter, the bonds shall mature as to principal on December 1, 2021, and each December 1 thereafter through and including December 1, 2028. In the event of default, the bank may seek all remedies available to it under the law in the state of Kentucky, including foreclosure of the mortgage. The outstanding principal balance as of June 30, 2024, was \$1,763,184. Future principal and interest requirements are:

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Long-term Debt (Continued)

Other Debt (Continued)

1. General Obligation Bonds – Series 2018 (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 331,527	\$ 48,562
2026	341,761	38,328
2027	352,311	27,778
2028	363,187	16,902
2029	374,398	5,691
Totals	<u>\$ 1,763,184</u>	<u>\$ 137,261</u>

2. General Obligation Bonds - Series 2020

On November 20, 2020, the Jessamine County Fiscal Court issued \$1,490,000 of general obligation bonds, series 2020. Proceeds from the bonds were used for the purpose of renovations to the detention center. Interest on the outstanding principal amount shall be payable June 1 and December 1, commencing June 1, 2021. In the event of default, the bank may seek all remedies available to it under the law in the state of Kentucky, including foreclosure of the mortgage. The outstanding principal balance as of June 30, 2021, was \$1,445,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 5,000	\$ 28,900
2026	10,000	28,800
2027	10,000	28,600
2028	15,000	28,400
2029	125,000	28,100
2030-2034	545,000	106,700
2035-2039	605,000	49,800
2040	130,000	2,600
Totals	<u>\$ 1,445,000</u>	<u>\$ 301,900</u>

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 628,683	\$	\$ 140,557	\$ 488,126	\$ 151,776
Other Debt	3,539,784		331,600	3,208,184	336,527
Total Long-term Debt	<u>\$ 4,168,467</u>	<u>\$ 0</u>	<u>\$ 472,157</u>	<u>\$ 3,696,310</u>	<u>\$ 488,303</u>

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Long-term Debt (Continued)

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2024, were as follows:

Fiscal Year Ending June 30	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Scheduled Interest	Principal	Scheduled Interest
2025	\$ 151,776	\$ 16,978	\$ 336,527	\$ 77,462
2026	126,350	11,300	351,761	67,128
2027	105,000	6,382	362,311	56,378
2028	105,000	1,048	378,187	45,302
2029			499,398	33,791
2030-2034			545,000	106,700
2035-2039			605,000	49,800
2040			130,000	2,600
Totals	<u>\$ 488,126</u>	<u>\$ 35,708</u>	<u>\$ 3,208,184</u>	<u>\$ 439,161</u>

Note 8. Contingencies

Based on inquiry of management and the fiscal court's legal counsel, the county is involved in a lawsuit. While it may not be significant, it could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 9. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2022 was \$3,480,954, FY 2023 was \$4,364,762, and FY 2024 was \$4,149,542.

Nonhazardous

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent will go to the Ky. Ret. Sys. insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 9. Employee Retirement System (Continued)

Nonhazardous (Continued)

Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Ky. Ret. Sys. Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 23.34 percent.

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the Ky. Ret. Sys. insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 43.69 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, they earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

C. Health Insurance Coverage - Tier 2 and Tier 3 – Hazardous (Continued)

The monthly insurance benefit has been increased annually as a 1.5 percent COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

E. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KPPA will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys. issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KPPA also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

Note 10. Deferred Compensation

Jessamine County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax-sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 10. Deferred Compensation (Continued)

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

Note 11. Health Reimbursement Account/Flexible Spending Account

The Jessamine County Fiscal Court established a health reimbursement account to provide employees an additional health benefit. The county contracted with a third-party administrator to administer the plan. The plan provides \$2,400 per employee. Employees may also contribute additional pre-tax funds through payroll deduction. The balance in the Health Reimbursement Account/Flexible Spending Account as of June 30, 2024 was \$207.

Note 12. Health Insurance Fund

Jessamine County Fiscal Court participates in a self-funded insurance plan. The county has contracted with a third-party administrator to administer the plan. The county maintains one insurance plan with various levels of coverage (i.e., single, family, etc.). The plan covers all county employees. The fiscal court elected to purchase a stop-loss policy to cover losses from individual and aggregate claims once the county reaches the individual and aggregate attachment points. Employees are required to assume liability claims in excess of maximum lifetime reimbursements established by the insurance company.

Note 13. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Jessamine County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2024, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 14. Tax Abatements

A. SMC LLC

The occupational tax license fee was abated under the authority of the Kentucky Business Investment (KBI) Program. SMC, LLC (the company) is eligible to receive this tax abatement as a result of its commitment to create certain jobs and investments in Nicholasville, Kentucky. The taxes are abated by allowing the company to retain or have rebated to them 0.40 percent of subject wages and compensation earned in Jessamine County, Kentucky in accordance with the Jessamine County Occupational License Fee ordinance for ten years from approval of the project by KBI. Abatement of taxes can be suspended if the company does not maintain the required baseline of 100 employees and at least 94 employees associated with the new Kentucky Business Investment Program Project. For fiscal year ended June 30, 2024, Jessamine County Fiscal Court abated occupational taxes totaling \$0-.

JESSAMINE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 14. Tax Abatements (Continued)

B. Astecnos America, Inc

The occupational tax license fee was abated under the authority of the Kentucky Business Investment (KBI) Program. SMC, LLC (the company) is eligible to receive this tax abatement as a result of its commitment to create certain jobs and investments in Nicholasville, Kentucky. The taxes are abated by allowing the company to retain or have rebated to them 0.40 percent of subject wages and compensation earned in Jessamine County, Kentucky in accordance with the Jessamine County Occupational License Fee ordinance for ten years from approval of the project by KBI. Abatement of taxes applies only to new jobs created and is limited to a maximum of 41 new jobs as outlined in the KBI applications. For fiscal year ended June 30, 2024, Jessamine County Fiscal Court abated occupational taxes totaling \$-0-.

C. Taylor Made Compounding, Inc.

The occupational tax license fee was abated under the authority of the Kentucky Business Investment (KBI) Program. SMC, LLC (the company) is eligible to receive this tax abatement as a result of its commitment to create certain jobs and investments in Nicholasville, Kentucky. The taxes are abated by allowing the company to retain or have rebated to them 0.50 percent of subject wages and compensation earned in Jessamine County, Kentucky in accordance with the Jessamine County Occupational License Fee ordinance for ten years from approval of the project by KBI. Abatement of taxes will apply to the wages and salaries or new employees hired as a result of the expansion project approved for KBI and can be suspended if the company does not meet all terms and conditions of its eligibility under the KBI Act. For fiscal year ended June 30, 2024, Jessamine County Fiscal Court abated occupational taxes totaling \$-0-.

Note 15. Related Party Transactions

The county judge/executive is a part owner of Betts & West Funeral Home. Betts & West Funeral Home is one of two funeral homes in the county that receive funding for indigent burials on a rotating basis. During the fiscal year ended June 30, 2024, Betts & West Funeral Home was paid \$2,680 by the county for indigent burials.

Note 16. Prior Period Adjustments

The prior year ending balances of the General Fund, Road Fund, Jail Fund, Ambulance Fund, and Emergency Services Fund have been increased based on voided outstanding prior year checks. The prior year ending balance of the Jail Commissary Fund has been decreased due to prior year deposit errors. The schedule below indicates the restated beginning balance of the funds mentioned:

Fund	Prior Year Ending Balance	Restatement	Restated Beginning Balance
General	\$ 27,883,275	\$ 3,386	\$ 27,886,661
Road	1,324,208	86	1,324,294
Jail	60,395	217	60,612
Ambulance	173,801	11,877	185,678
Emergency Services	924,716	60	924,776
American Rescue Plan Act	9,542,879	84,274	9,627,153
Public Properties Corporation	1,204,244	100	1,204,344
Jail Commissary	65,864	(25,974)	39,890

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JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 17,098,200	\$ 17,098,200	\$ 23,942,998	\$ 6,844,798
Excess Fees	1,120,828	1,120,828	1,973,316	852,488
Licenses and Permits	251,000	251,000	336,570	85,570
Intergovernmental	669,192	669,192	1,937,004	1,267,812
Charges for Services	653,000	653,000	931,028	278,028
Miscellaneous	1,122,486	1,122,486	2,098,269	975,783
Interest	12,000	12,000	1,545,100	1,533,100
Total Receipts	<u>20,926,706</u>	<u>20,926,706</u>	<u>32,764,285</u>	<u>11,837,579</u>
DISBURSEMENTS				
General Government	7,964,037	8,844,312	7,723,708	1,120,604
Protection to Persons and Property	827,942	984,942	836,992	147,950
General Health and Sanitation	2,539,660	2,610,510	2,190,779	419,731
Social Services	282,090	302,090	284,321	17,769
Recreation and Culture	1,516,180	1,568,280	1,278,069	290,211
Other Transportation Facilities and Services	271,642	271,642	232,900	38,742
Debt Service	163,136	685,552	685,482	70
Capital Projects	455,000	978,750	833,646	145,104
Administration	27,399,594	25,133,603	7,845,294	17,288,309
Total Disbursements	<u>41,419,281</u>	<u>41,379,681</u>	<u>21,911,191</u>	<u>19,468,490</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(20,492,575)</u>	<u>(20,452,975)</u>	<u>10,853,094</u>	<u>31,306,069</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(6,627,238)</u>	<u>(6,627,238)</u>	<u>(6,655,601)</u>	<u>(28,363)</u>
Total Other Adjustments to Cash (Uses)	<u>(6,627,238)</u>	<u>(6,627,238)</u>	<u>(6,655,601)</u>	<u>(28,363)</u>
Net Change in Fund Balance	(27,119,813)	(27,080,213)	4,197,493	31,277,706
Fund Balance - Beginning (restated)	<u>27,119,813</u>	<u>27,119,813</u>	<u>27,886,661</u>	<u>766,848</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 39,600</u>	<u>\$ 32,084,154</u>	<u>\$ 32,044,554</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,150,321	\$ 1,150,321	\$ 1,135,790	\$ (14,531)
Miscellaneous	1,000	1,000	88,000	87,000
Interest	1,500	1,500	73,946	72,446
Total Receipts	<u>1,152,821</u>	<u>1,152,821</u>	<u>1,297,736</u>	<u>144,915</u>
DISBURSEMENTS				
Roads	1,644,784	1,778,784	1,551,471	227,313
Debt Service	400,000	400,000	309,298	90,702
Administration	283,037	149,037	138,793	10,244
Total Disbursements	<u>2,327,821</u>	<u>2,327,821</u>	<u>1,999,562</u>	<u>328,259</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,175,000)</u>	<u>(1,175,000)</u>	<u>(701,826)</u>	<u>473,174</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			53,850	53,850
Total Other Adjustments to Cash (Uses)			<u>53,850</u>	<u>53,850</u>
Net Change in Fund Balance	(1,175,000)	(1,175,000)	(647,976)	527,024
Fund Balance - Beginning (restated)	1,175,000	1,175,000	1,324,294	149,294
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 676,318</u>	<u>\$ 676,318</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 942,957	\$ 977,957	\$ 829,148	\$ (148,809)
Charges for Services	135,000	184,000	200,871	16,871
Miscellaneous	83,000	106,000	119,556	13,556
Interest	1,000	1,000	5,444	4,444
Total Receipts	<u>1,161,957</u>	<u>1,268,957</u>	<u>1,155,019</u>	<u>(113,938)</u>
DISBURSEMENTS				
Protection to Persons and Property	3,363,874	3,534,054	3,482,045	52,009
Administration	684,824	671,644	637,451	34,193
Total Disbursements	<u>4,048,698</u>	<u>4,205,698</u>	<u>4,119,496</u>	<u>86,202</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,886,741)</u>	<u>(2,936,741)</u>	<u>(2,964,477)</u>	<u>(27,736)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,836,436	2,836,436	2,954,764	118,328
Total Other Adjustments to Cash (Uses)	<u>2,836,436</u>	<u>2,836,436</u>	<u>2,954,764</u>	<u>118,328</u>
Net Change in Fund Balance	(50,305)	(100,305)	(9,713)	90,592
Fund Balance - Beginning (restated)	<u>50,305</u>	<u>60,305</u>	<u>60,612</u>	<u>307</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (40,000)</u>	<u>\$ 50,899</u>	<u>\$ 90,899</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 173,779	\$ 173,779	\$ 232,811	\$ 59,032
Miscellaneous	8,475	8,475	7,200	(1,275)
Interest	200	200	20,713	20,513
Total Receipts	<u>182,454</u>	<u>182,454</u>	<u>260,724</u>	<u>78,270</u>
DISBURSEMENTS				
General Government	107,500	107,500	107,500	
Recreation and Culture	22,650	22,650	20,100	2,550
Administration	303,856	303,856		303,856
Total Disbursements	<u>434,006</u>	<u>434,006</u>	<u>127,600</u>	<u>306,406</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(251,552)</u>	<u>(251,552)</u>	<u>133,124</u>	<u>384,676</u>
Net Change in Fund Balance	(251,552)	(251,552)	133,124	384,676
Fund Balance - Beginning	<u>251,552</u>	<u>251,552</u>	<u>344,635</u>	<u>93,083</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 477,759</u>	<u>\$ 477,759</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$
Charges for Services	2,411,000	2,636,000	2,898,111	262,111
Miscellaneous	126,500	126,500	2,100	(124,400)
Interest	3,600	3,600	10,970	7,370
Total Receipts	<u>2,551,100</u>	<u>2,776,100</u>	<u>2,921,181</u>	<u>145,081</u>
DISBURSEMENTS				
Protection to Persons and Property	4,692,816	4,864,141	4,616,054	248,087
Administration	1,699,086	1,875,361	1,558,269	317,092
Total Disbursements	<u>6,391,902</u>	<u>6,739,502</u>	<u>6,174,323</u>	<u>565,179</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(3,840,802)</u>	<u>(3,963,402)</u>	<u>(3,253,142)</u>	<u>710,260</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>3,790,802</u>	<u>3,790,802</u>	<u>3,221,887</u>	<u>(568,915)</u>
Total Other Adjustments to Cash (Uses)	<u>3,790,802</u>	<u>3,790,802</u>	<u>3,221,887</u>	<u>(568,915)</u>
Net Change in Fund Balance	(50,000)	(172,600)	(31,255)	141,345
Fund Balance - Beginning (restated)	<u>50,000</u>	<u>173,000</u>	<u>185,678</u>	<u>12,678</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 400</u>	<u>\$ 154,423</u>	<u>\$ 154,023</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	COUNTY BOND SINKING FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Interest	\$ 120	\$ 120	\$ 2,902	\$ 2,782
Total Receipts	120	120	2,902	2,782
DISBURSEMENTS				
Debt Service	419,200	419,250	419,244	6
Administration	23,017	22,967	25	22,942
Total Disbursements	442,217	442,217	419,269	22,948
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(442,097)	(442,097)	(416,367)	25,730
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			425,000	425,000
Total Other Adjustments to Cash (Uses)			425,000	425,000
Net Change in Fund Balance	(442,097)	(442,097)	8,633	450,730
Fund Balance - Beginning	442,097	442,097	442,916	819
Fund Balance - Ending	\$ 0	\$ 0	\$ 451,549	\$ 451,549

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	EMERGENCY SERVICES FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,285,000	\$ 1,285,000	\$ 1,362,642	\$ 77,642
Intergovernmental	275,000	275,000	321,436	46,436
Charges for Services	170,000	170,000	177,802	7,802
Miscellaneous	100	100	94	(6)
Interest	500	500	43,765	43,265
Total Receipts	<u>1,730,600</u>	<u>1,730,600</u>	<u>1,905,739</u>	<u>175,139</u>
DISBURSEMENTS				
Protection to Persons and Property	2,235,838	2,235,838	2,017,009	218,829
Administration	433,599	433,599	359,653	73,946
Total Disbursements	<u>2,669,437</u>	<u>2,669,437</u>	<u>2,376,662</u>	<u>292,775</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(938,837)</u>	<u>(938,837)</u>	<u>(470,923)</u>	<u>467,914</u>
Net Change in Fund Balance	(938,837)	(938,837)	(470,923)	467,914
Fund Balance - Beginning (restated)	<u>938,837</u>	<u>938,837</u>	<u>924,776</u>	<u>(14,061)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 453,853</u>	<u>\$ 453,853</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	COUNTY CLERK STORAGE FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$ 85,000	\$ 85,000	\$ 80,670	\$ (4,330)
Interest	100	100	5,104	5,004
Total Receipts	<u>85,100</u>	<u>85,100</u>	<u>85,774</u>	<u>674</u>
DISBURSEMENTS				
General Government	85,000	85,000	55,998	29,002
Administration	87,500	87,500		87,500
Total Disbursements	<u>172,500</u>	<u>172,500</u>	<u>55,998</u>	<u>116,502</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(87,400)</u>	<u>(87,400)</u>	<u>29,776</u>	<u>117,176</u>
Net Change in Fund Balance	(87,400)	(87,400)	29,776	117,176
Fund Balance - Beginning	<u>87,400</u>	<u>87,400</u>	<u>78,500</u>	<u>(8,900)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 108,276</u>	<u>\$ 108,276</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	OPIOID SETTLEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 46,023	\$ 46,023	\$ 301,669	\$ 255,646
Interest	120	120	19,210	19,090
Total Receipts	<u>46,143</u>	<u>46,143</u>	<u>320,879</u>	<u>274,736</u>
DISBURSEMENTS				
Administration	332,183	332,183		332,183
Total Disbursements	<u>332,183</u>	<u>332,183</u>		<u>332,183</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(286,040)</u>	<u>(286,040)</u>	<u>320,879</u>	<u>606,919</u>
Net Change in Fund Balance	(286,040)	(286,040)	320,879	606,919
Fund Balance - Beginning	286,040	286,040	287,234	1,194
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 608,113</u>	<u>\$ 608,113</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	HUD GRANT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,000,000	\$ 2,000,000	\$ 296	\$ (1,999,704)
Total Receipts	<u>2,000,000</u>	<u>2,000,000</u>	<u>296</u>	<u>(1,999,704)</u>
DISBURSEMENTS				
General Government	2,000,000	1,999,650		1,999,650
Administration		350	326	24
Total Disbursements	<u>2,000,000</u>	<u>2,000,000</u>	<u>326</u>	<u>1,999,674</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>(30)</u>	<u>(30)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			100	100
Total Other Adjustments to Cash (Uses)			<u>100</u>	<u>100</u>
Net Change in Fund Balance			70	70
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 70</u>	<u>\$ 70</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	AMERICAN RESCUE PLAN ACT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$	\$ 275,765	\$ 275,765
Miscellaneous	9,000,000	9,000,000		(9,000,000)
Interest	2,500	2,500	492,596	490,096
Total Receipts	<u>9,002,500</u>	<u>9,002,500</u>	<u>768,361</u>	<u>(8,234,139)</u>
DISBURSEMENTS				
Capital Projects	9,435,737	9,435,737	1,462,054	7,973,683
Administration	102,472	102,472	9,285	93,187
Total Disbursements	<u>9,538,209</u>	<u>9,538,209</u>	<u>1,471,339</u>	<u>8,066,870</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(535,709)</u>	<u>(535,709)</u>	<u>(702,978)</u>	<u>(167,269)</u>
Net Change in Fund Balance	(535,709)	(535,709)	(702,978)	(167,269)
Fund Balance - Beginning (restated)	<u>535,709</u>	<u>535,709</u>	<u>9,627,153</u>	<u>9,091,444</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,924,175</u>	<u>\$ 8,924,175</u>

JESSAMINE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	EQUITABLE SHARING FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 10,000	\$ 10,000	\$ 15,070	\$ 5,070
Total Receipts	<u>10,000</u>	<u>10,000</u>	<u>15,070</u>	<u>5,070</u>
DISBURSEMENTS				
Protection to Persons and Property	10,000	12,600	12,599	1
Administration	51,400	48,800	30	48,770
Total Disbursements	<u>61,400</u>	<u>61,400</u>	<u>12,629</u>	<u>48,771</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(51,400)</u>	<u>(51,400)</u>	<u>2,441</u>	<u>53,841</u>
Net Change in Fund Balance	(51,400)	(51,400)	2,441	53,841
Fund Balance - Beginning	<u>51,400</u>	<u>51,400</u>	<u>57,319</u>	<u>5,919</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 59,760</u>	<u>\$ 59,760</u>

**JESSAMINE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES**

June 30, 2024

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

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**JESSAMINE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2024

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**JESSAMINE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Treasury</u>				
<i>Direct Program</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ _____	\$ 1,471,339
Total U.S. Department of Treasury			_____	1,471,339
<u>U.S. Department of Justice</u>				
<i>Direct Program</i>				
Equitable Sharing Program	16.922	N/A	_____	12,629
Total U.S. Department of Justice			_____	12,629
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Military Affairs</i>				
Chemical Stockpile Emergency Preparedness Program	97.040	SC0952100001500	_____	222,976
Emergency Management Performance Grants	97.042	Unknown	_____	24,903
Total U.S. Department of Homeland Security			_____	247,879
Total Expenditures of Federal Awards			\$ 0	\$ 1,731,847

The accompanying notes are an integral part of this schedule

JESSAMINE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Jessamine County, Kentucky under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jessamine County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jessamine County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Jessamine County has not adopted an indirect cost rate.

Note 4. Subrecipients

Jessamine County Fiscal Court had no federal grant subrecipients during the fiscal year.

**JESSAMINE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis**

For The Year Ended June 30, 2024

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JESSAMINE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	(Restated) Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 3,120,936	\$	\$	\$ 3,120,936
Construction In Progress	312,715	52,500		365,215
Buildings and Building Improvements	25,983,783	2,626,020		28,609,803
Vehicles and Equipment	9,814,021	2,273,197	486,935	11,600,283
Infrastructure	57,564,579	857,507		58,422,086
Total Capital Assets	<u>\$ 96,796,034</u>	<u>\$ 5,809,224</u>	<u>\$ 486,935</u>	<u>\$102,118,323</u>

JESSAMINE COUNTY
NOTES TO OTHER INFORMATION - REGULATORY BASIS
SCHEDULE OF CAPITAL ASSETS

June 30, 2024

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

Note 2. Prior Period Adjustment

The beginning balance of capital assets has been restated to correct a prior year misstatement in vehicles and equipment. The prior year ending balance of vehicles and equipment was overstated by \$301,733 and the amount reflected in the schedule has been adjusted to correct the overstatement.

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

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive
Winchester, KY 40391

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

We have audited, 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, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Jessamine County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Jessamine County Fiscal Court's financial statement and have issued our report thereon dated July 10, 2025.

Report On Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report On Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Jessamine County Fiscal Court's financial statement is 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 financial statement. 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*.

Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

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.

Respectfully submitted,

Patrick & Associates, LLC

Patrick & Associates, LLC

July 10, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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PATRICK & ASSOCIATES, LLC
124 Candlewood Drive
Winchester, KY 40391

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance

Independent Auditor's Report

The Honorable David K. West, Jessamine County Judge/Executive
Members of the Jessamine County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jessamine County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Jessamine County Fiscal Court's major federal programs for the year ended June 30, 2024. Jessamine County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Jessamine County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance
(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Jessamine County Fiscal Court's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Jessamine County Fiscal Court's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Report On Compliance For Each Major Federal Program
And Report on Internal Control Over Compliance
In Accordance With The Uniform Guidance
(Continued)

Report on Internal Control over Compliance (Continued)

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

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

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

Respectfully submitted,

Patrick & Associates, LLC
Patrick & Associates, LLC

July 10, 2025

**JESSAMINE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2024

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**JESSAMINE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2024

Section I: Summary of Auditor’s Results

Financial Statement

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor’s report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 - State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Section II: Financial Statement Findings

None.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

None.

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

JESSAMINE COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
JESSAMINE COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Jessamine County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer

APPENDIX E
CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A

STATEMENT OF INDEBTEDNESS

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5. The total of Bonds and Bond Anticipation Notes, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (line 3 minus line 4) is \$ 52,820,000
6. The total of Bonds and Bond Anticipation Notes, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in line 5 above, does not exceed 10.0% of the assessed valuation of all the taxable property in the City.
7. The current ad valorem tax rate of the City upon the value of the taxable real property therein is \$18.600 per \$100.00 of assessed value, which does not exceed the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.
8. The issuance of the Bonds and Bond Anticipation Notes, notes or other obligations set forth in line 3 hereof will not cause the tax rate set forth in line 7 hereof to increase in an amount which would exceed the maximum permissible tax rate for the City as set forth in Section 157 of the Kentucky Constitution.

IN WITNESS WHEREOF, I have hereunto set my hand this December 11, 2025.

/s/ _____
Laurie Young
Finance Officer

APPENDIX F

**CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A**

FORM OF APPROVING OPINION OF BOND COUNSEL

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The form of the legal approving opinion of Dinsmore & Shohl LLP, bond counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of its delivery. Recirculation of the Final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in the opinion after the date of the opinion.

[Date of Delivery]

Ladies and Gentlemen:

We have examined the transcript submitted relating to the issue of \$15,590,000* General Obligation Bonds, Series 2025A (the “Bonds”) of the City of Nicholasville, Kentucky (the “City”), dated the date of their initial delivery, numbered R-1 upward and of the denomination of \$5,000 and any integral multiple thereof. The Bonds mature, bear interest, and are subject to [mandatory and] optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

Based on this examination, we are of the opinion, based on laws, regulations, rulings, and decisions in effect on the date hereof, that:

1. The Bonds constitute legal, valid, and binding obligations of the City in accordance with their terms, which, unless paid from other sources, are payable from taxes to be levied by the City, without limitation as to rate.

2. Under the laws, regulations, rulings, and judicial decisions in effect on the date hereof, interest on the Bonds is excludible from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Further, the interest on the Bonds will not be treated as a specific item of tax preference in computing the federal alternative minimum tax imposed on individuals. In rendering the opinions contained in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion with respect to the federal or state tax consequences of purchasing, holding, or disposing of the Bonds.

3. The interest on the Bonds is not subject to income taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

The City has not designated the Bonds as “qualified tax-exempt obligations” with respect to investments by certain financial institutions under Section 265 of the Code.

In rendering this opinion, we have relied upon the covenants and certifications of facts, estimates, and expectations made by officials of the City and others contained in the transcript of proceedings for the Bonds, which we have not independently verified. It is to be understood that the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws in effect from time to time affecting creditors’ rights generally, and to the exercise of judicial discretion.

Very truly yours,

* Preliminary, subject to change as set out in the Official Terms and Condition of Bond Sale.

APPENDIX G

**CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A**

BOOK-ENTRY ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The Bonds initially will be issued solely in book entry form to be held in the book-entry only system maintained by DTC, New York, NY. So long as such book entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to Beneficial Owners (as defined below) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the applicable Bond Ordinance.

The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. Neither the City nor the Registrar and Paying Agent make any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond for each maturity will be issued and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except if use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial

Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Registrar and Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by the Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Registrar and Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar and Paying Agent and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Registrar and Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar and Paying Agent's DTC account.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable but neither the City nor the Registrar and Paying Agent take any responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE REGISTRAR AND PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE REGISTRAR AND PAYING AGENT AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESPECTIVE BOND ORDINANCE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The City and the Registrar and Paying Agent cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

DTC may determine to discontinue providing its service as securities depository with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, the applicable Bond Ordinance provides for issuance of fully registered Bonds (“Replacement Bonds”) directly to the Beneficial Owners of Bonds, other than DTC or its nominee, only if DTC resigns or is removed as the securities depository for the Bonds. Upon the occurrence of this event, the City and the Registrar and Paying Agent may appoint another qualified depository. If the City and the Registrar and Paying Agent fail to appoint a successor depository, the Bonds shall be withdrawn from DTC and issued in fully registered form, whereupon the City shall execute and the Registrar and Paying Agent, as authenticating agent, shall authenticate and deliver Replacement Bonds in the denomination of \$5,000 or integral multiples thereof. The City will pay for all costs and expenses of printing, executing and authenticating the Replacement Bonds. Transfer and exchange of such Replacement Bonds will be made as provided in the applicable Bond Ordinance.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC’S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

APPENDIX H

**CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A**

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

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OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$15,590,000*

**CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A**

Notice is hereby given that electronic bids will be received by the City of Nicholasville, Kentucky (the “City”), until 11:00 a.m. E.T. on November 18, 2025, (or at such later time and date announced at least forty-eight hours in advance via the BiDCOMP/PARITY® system) for the purchase of approximately \$15,590,000* of the City’s General Obligation Bonds, Series 2025A (the “Bonds”). Bids must be submitted through BiDCOMP/PARITY® as described herein and no other provider of bidding services will be accepted. Bids will be opened and acted upon later that same day.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to Sections 66.011 to 66.181, inclusive, of the Kentucky Revised Statutes and are being issued in accordance with a Bond Ordinance (the “Bond Ordinance”) adopted by the City on November 10, 2025. The Bonds are general obligation bonds and constitute a direct indebtedness of the City.

The Bonds are secured by the City’s ability to levy and its pledge to levy an ad valorem tax on all property within the City in a sufficient amount to pay the principal of and interest on the Bonds when due.

The City has entered into an interlocal cooperation agreement (the “Interlocal Agreement”) with the County of Jessamine, Kentucky (the “County”), with respect to the Project (as defined below). The Interlocal Agreement provides for the County to pay the City one half of each debt service payment associated with any bonds issued by the City to finance the costs of the Project. The obligations of the County under the Interlocal Agreement are not secured by a pledge of the good faith, credit, or taxing power of the County, and neither the City nor the registered holders or beneficial owners of the Bonds have any right to require the County to levy or collect any tax in order to permit or enable the County to make any payment due or owing under the Interlocal Agreement. If the County fails to make any required payment to the City under the Interlocal Agreement, the City is obligated to ensure any resulting deficiency is deposited with the Paying Agent to pay debt service on the Bonds.

The Bonds are being issued for the purposes of (a) financing or reimbursing the payment of all or a portion of the costs of the acquisition, construction, equipping, and installation of a community recreation center for the well-being and benefit of the citizens of the City (the “Project”); (b) paying capitalized interest on the Bonds, if desirable; (c) paying the costs of credit enhancement for the Bonds, if any; and (d) paying all or a portion of the costs of issuance of the Bonds.

BOND MATURITIES AND PAYING AGENT

The Bonds will be dated their date of initial delivery, bearing interest from such date, payable on each on April 1st and October 1st, commencing with April 1, 2026.

The Bonds are scheduled to mature on April 1st, in each of the years as follows:

MATURITY

Maturity	Amount*	Maturity	Amount*
2026	\$300,000	2036	\$775,000
2027	595,000	2037	800,000
2028	610,000	2038	835,000
2029	625,000	2039	870,000
2030	640,000	2040	905,000
2031	660,000	2041	940,000
2032	680,000	2042	980,000
2033	700,000	2043	1,025,000
2034	720,000	2044	1,070,000
2035	745,000	2045	1,115,000

The Bonds maturing on and after April 1, 2034 shall be subject to optional redemption prior to their maturity on any date on or after October 1, 2033, in whole or in part, in such order of maturity as may be selected by the City, and by lot within a maturity, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date of redemption.

At least thirty days before the redemption date of any Bonds, the Paying Agent and Registrar shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Bonds to be redeemed.

U.S. Bank Trust Company, National Association, Louisville, Kentucky, has been appointed Paying Agent and Registrar for the Bonds.

BIDDING CONDITIONS AND RESTRICTIONS

The terms and conditions of the sale of the Bonds are as follows:

(A) Electronic bids for the Bonds must be submitted through the BiDCOMP/PARITY[®] system, and no other provider of electronic bidding services will be accepted. A subscription to the BiDCOMP/PARITY[®] Competitive Bidding System is required to submit an electronic bid for the Bonds. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process for the Bonds, the time maintained by BiDCOMP/PARITY[®] shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in BiDCOMP/PARITY[®] conflict with any of the terms of these Official Terms and Conditions of Bond Sale, these Official Terms and Conditions of Bond Sale shall prevail. All electronic bids for the Bonds made through the BiDCOMP/PARITY[®] facilities shall be deemed an offer to purchase the Bonds in response to the Notice of Bond Sale, and shall be binding upon the bidders as if such bids were made by signed, sealed, and written bids delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP/PARITY[®]. The use of BiDCOMP/PARITY[®] facilities are at the sole risk of the prospective bidders.

(B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$15,278,200 (98% of par) (excluding original issue discount, if applicable), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

(C) Bidders must stipulate interest rates in multiples of 1/8, 1/10, or 1/20 of 1%. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear interest at the same rate. The interest rates must be on an ascending scale, so that the interest rate stipulated in any year may not be less than the interest rate stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(D) The determination of the best bid will be made on the basis of the lowest true interest cost ("TIC") of all bids submitted for exactly \$15,590,000 of Bonds as offered for sale under the terms and conditions herein specified. The City will accept or reject such best bid, provided, however, the City reserves the right to increase or decrease the total amount of Bonds sold to such best bidder (in \$5,000 denominations). In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required. If two or more bidders offer bids at the same lowest true interest cost and the City wishes to award the Bonds, the City shall determine by lot which bidder will be awarded such Bonds.

The Bonds are subject to a permitted adjustment increasing the principal amount of the Bonds awarded to the purchaser thereof by up to \$1,560,000 or decreasing the principal amount of the Bonds awarded to the Purchaser thereof by any amount. The City also has the right to adjust individual principal maturity amounts of the par amounts designated herein, even if the total amount of the Bonds does not change, in order to promote desired annual debt service levels. If the principal amount of any maturity of the Bonds is revised after the award, the interest rate and reoffering price for each maturity and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. "Underwriter's Discount" shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid.

(E) In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid on the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

Unless bids for the Bonds are rejected, the Bonds will be awarded on an all or none basis on the sale date to the bidder whose bid result in the lowest true interest costs for the Bonds, to be calculated by computing the total interest payable on the Bonds from the expected date of delivery, through the final maturity date, plus discount or less premium. For purposes of calculating the true interest cost, the principal amount of any Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year for the Bonds. If two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor, the Director of Public Utilities and Finance, the Finance Officer, or the City Clerk, upon the advice of the City's Municipal Advisor (as identified herein) shall determine (in his or her sole discretion) which of the bidders shall be awarded the Bonds.

The successful bidder for the Bonds will be notified by no later than 5:00 p.m. (Eastern Time), on the sale date of the exact revisions and/or adjustment required, if any.

(F) Bidders have the option of specifying that Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise one or more maturities of Bonds scheduled to mature in the latest of such year and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts of such term Bonds scheduled in the year of maturity of the term Bonds, which principal amount shall mature in that year.

(G) The CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the successful bidder or bidders. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.

(H) The City will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.

(I) Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder will be required to wire transfer to the order of the City an amount equal to 2.0% of the amount of the principal amount of Bonds awarded by the close of business on the day following the award. The good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take delivery and pay for the Bonds unless delivery is made within forty-five days from the date the bid is accepted.

(J) Unless the successful bidder elects to notify the Municipal Advisor within twenty-four hours of the award that standard bond certificates be issued, the Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except if use of the book-entry system for the Bonds is discontinued. The successful bidder may also elect to notify the Municipal Advisor within twenty-four hours of the award that standard bond certificates be issued.

If certificated Bonds are to be issued at the election of a successful bidder, the costs of printing such Bond Certificates shall be borne by such bidder.

(K) The City reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest on the Bonds not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, all in accordance with the final approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX EXEMPTION.

(L) Bidders are advised that RSA Advisors, LLC has been employed as Municipal Advisor in connection with the issuance of the Bonds. Their fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. They may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

(M) The winning bidder for the Bonds shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under these Official Terms and Conditions of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City’s Municipal Advisor identified herein and any notice or report to be provided to the City shall be provided to the City’s Municipal Advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Series Bonds) will apply to the initial sale of each of the Bonds (the “competitive sale requirements”) because:

- (1) the City shall disseminate these Official Terms and Conditions of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

Any bid submitted pursuant to this these Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(N) If the competitive sale requirements are not satisfied, the City shall so advise the applicable winning bidder. The City will treat the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation if the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, the winning bidder for the Bonds shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) substantially in the form attached hereto as Exhibit A-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel.

(O) The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-

offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(P) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(Q) Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale and the Official Bid Form, may be obtained from the City's Municipal Advisor, RSA Advisors, LLC, 325 West Main Street, Suite 300, Lexington, Kentucky 40507, telephone: (859) 977-6600 (the "Municipal Advisor"). Further information regarding BiDCOMP/PARITY® may be obtained from BiDCOMP/PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422.

(R) At the election and cost of the purchaser of the Bonds, one or more maturities of the Bonds may be insured under a municipal bond insurance policy. In such event, the City agrees to cooperate with the purchaser to qualify the Bonds for bond insurance; however the City will not assume any of the expenses incident to the issuance of such a bond insurance policy, other than the costs for securing a rating of the Bonds.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the City and the County (each, an "Obligated Person") will each agree pursuant to a Continuing Disclosure Undertaking dated as of the date of issuance and delivery of the Bonds (each, a "Disclosure Undertaking" and, collectively, the "Disclosure Undertakings"), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board ("MSRB"), for each fiscal year of each Obligated Person, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained in "APPENDIX A" and "APPENDIX B" (with respect to the City) and APPENDIX C and APPENDIX D (with respect to the County) (collectively, the "Financial Data") of the Official Statement. The Financial Data shall be provided on or before March 1st following the end of the fiscal year ending June 30th, commencing with the fiscal year ending June 30, 2025; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for each Obligated Person; and
- (ii) to the MSRB, notice of the occurrence of the following events, if material, with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions or events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders;

- (h) Bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the securities;
 - (k) Rating changes;
 - (l) Bankruptcy, insolvency, receivership or similar event of the Obligated Person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person);
 - (m) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of each Obligated Person, any of which reflect financial difficulties; and
 - (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of each Obligated Person, any of which reflect financial difficulties
- (iii) in a timely manner, to the MSRB, notice of a failure (of which the Obligated Persons have knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in its respective Disclosure Undertaking.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Each Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by an Obligated Person to comply with the terms thereof; however, a default under such Disclosure Undertaking does not constitute an event of default under the Bond Ordinance. Each Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

For purposes of this transaction with respect to material events as defined under the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the Bonds.

TAX EXEMPTION

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds will be excludible from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the “Code”) for purposes of the Federal minimum tax. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from Kentucky income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Bonds is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral federal, state or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

The City has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

/s/ Hon. Alex Carter
Mayor, City of Nicholasville, Kentucky

EXHIBIT A-1

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of at least three qualified bids for the Bonds]

* * * * *

ISSUE PRICE CERTIFICATE

\$15,590,000* City of Nicholasville, Kentucky General Obligation Bonds, Series 2025A

The undersigned, on behalf of [Name of Underwriter] (“[Short Name of Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [Short Name of Underwriter] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [Short Name of Underwriter] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the Bonds.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the Bonds.

2. CUSIP Number. The CUSIP number assigned to the final maturity of the Bonds is [CUSIP Number].

3. Yield on the Bonds. It computed the yield on the Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Bonds is the Expected Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

4. Weighted Average Maturity. The “weighted average maturity” of the Bonds has been calculated to be _____ years. The weighted average maturity is the sum of the products of the respective Expected Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Expected Offering Prices of the Bonds as of the date hereof.

5. Defined Terms.

(a) “City” means the City of Nicholasville, Kentucky.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 18, 2025.

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and

* Preliminary, subject to change as set forth herein.

(ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

[NAME OF UNDERWRITER]

By: _____

Name: _____

Dated: December 11, 2025

**SCHEDULE A
TO
ISSUE PRICE CERTIFICATE
EXPECTED OFFERING PRICES**

(Attached)

**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE**

COPY OF BID

(Attached)

EXHIBIT A-2

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of less than three qualified bids for the Bonds]

* * * * *

ISSUE PRICE CERTIFICATE

\$15,590,000* City of Nicholasville, Kentucky General Obligation Bonds, Series 2025A

The undersigned, on behalf of [Name of Underwriter] ([“[Short Name of Underwriter]”]), on behalf of itself and [Names of other Underwriters] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

(a) [Short Name of Underwriter][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Official Terms and Conditions of Bond Sale, [Short Name of Underwriter] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. CUSIP Number. The CUSIP number assigned to the final maturity of the Bonds is [CUSIP Number].

4. Yield on the Bonds. It computed the yield on the Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Bonds is the Initial Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

5. Weighted Average Maturity. The “weighted average maturity” of the Bonds has been calculated to be [] years. The weighted average maturity is the sum of the products of the respective Initial Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Initial Offering Prices of the Bonds as of the date hereof.

6. Defined Terms.

(a) “General Rule Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) “Hold-the-Offering-Price” Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

* Preliminary, subject to change as set forth herein.

(c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (November 25, 2025), or (ii) the date on which [Short Name of Underwriter][the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “Issuer” means the City of Nicholasville, Kentucky.

(e) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 18, 2025.

(h) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[NAME OF UNDERWRITER][as Representative of the Underwriter Group]

By: _____

Name: _____

Dated: December 11, 2025

**SCHEDULE A
TO
ISSUE PRICE CERTIFICATE**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

(Attached)

**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE**

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

APPENDIX I

**CITY OF NICHOLASVILLE, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025A**

OFFICIAL BID FORM

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OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Ordinance adopted by the City of Nicholasville, Kentucky (the “City”) on November 10, 2025, providing for the sale of \$15,590,000* of its General Obligation Bonds, Series 2025A (the “Bonds”), and in accordance with the Official Terms and Conditions of Bond Sale, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the \$15,590,000* principal amount of the Bonds maturing on April 1, 2026, and each April 1st thereafter of the years and in the amounts set forth below, the total sum of \$_____ (not less than \$15,278,200 plus accrued interest from December 11, 2025, at the following annual rate(s), payable semiannually, commencing April 1, 2026 (number of interest rates unlimited):

Maturity	Amount*	Interest Rate	Maturity	Amount*	Interest Rate
April 1, 2026	\$300,000	_____%	April 1, 2036	\$775,000	_____%
April 1, 2027	595,000	_____%	April 1, 2037	800,000	_____%
April 1, 2028	610,000	_____%	April 1, 2038	835,000	_____%
April 1, 2029	625,000	_____%	April 1, 2039	870,000	_____%
April 1, 2030	640,000	_____%	April 1, 2040	905,000	_____%
April 1, 2031	660,000	_____%	April 1, 2041	940,000	_____%
April 1, 2032	680,000	_____%	April 1, 2042	980,000	_____%
April 1, 2033	700,000	_____%	April 1, 2043	1,025,000	_____%
April 1, 2034	720,000	_____%	April 1, 2044	1,070,000	_____%
April 1, 2035	745,000	_____%	April 1, 2045	1,115,000	_____%

PURCHASER’S OPTION - The Purchaser of the Bonds may specify to the City that any Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as such may be adjusted as provided herein) comprising mandatory sinking fund redemption amounts for such Term Bond(s).

The amounts indicated above maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

The amounts indicated above maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

Neither the City nor the Municipal Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all telephonic transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received. Bids must be submitted electronically via PARITY® pursuant to this Notice until the appointed date and time, but no bid will be received after such time.

It is understood that the City will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel to the City. We understand that no certified or bank cashier’s check will be required to accompany the bid, but that if we are the successful bidder, we shall be required to wire transfer an amount equal to two percent (2.0%) of the amount of Bonds awarded by the close of business on the day following the award. The amount will be applied (without interest) to the purchase price when the Bonds are tendered to us for delivery.

* Preliminary, subject to change as set forth in the Official Terms and Conditions of Bond Sale.

If we are the successful bidder, we agree to accept and make payment for the Bonds in immediately available funds within forty-five days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

Bidder

Address

By: _____
Signature

Total interest cost from December 11, 2025, to final maturity \$ _____
 Plus discount or less premium, if any \$ _____
 True interest cost (i.e. TIC) \$ _____
 True interest rate (%) _____ %

The above computation of true interest cost and of true interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted this November 18, 2025 by the City of Nicholasville, Kentucky, as follows:

Maturity	Amount	Interest Rate	Maturity	Amount	Interest Rate
April 1, 2026	\$ _____	_____ %	April 1, 2036	\$ _____	_____ %
April 1, 2027	\$ _____	_____ %	April 1, 2037	\$ _____	_____ %
April 1, 2028	\$ _____	_____ %	April 1, 2038	\$ _____	_____ %
April 1, 2029	\$ _____	_____ %	April 1, 2039	\$ _____	_____ %
April 1, 2030	\$ _____	_____ %	April 1, 2040	\$ _____	_____ %
April 1, 2031	\$ _____	_____ %	April 1, 2041	\$ _____	_____ %
April 1, 2032	\$ _____	_____ %	April 1, 2042	\$ _____	_____ %
April 1, 2033	\$ _____	_____ %	April 1, 2043	\$ _____	_____ %
April 1, 2034	\$ _____	_____ %	April 1, 2044	\$ _____	_____ %
April 1, 2035	\$ _____	_____ %	April 1, 2045	\$ _____	_____ %

Mayor
City of Nicholasville, Kentucky