

PRELIMINARY OFFICIAL STATEMENT

Dated May 26, 2025

(Bonds to be sold June 3, 2025, 1:00 P.M. E.D.S.T.)

**BOOK-ENTRY-ONLY-SYSTEM
NOT BANK QUALIFIED**

**RATING
MOODY'S: "Aa2"**

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal income taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, all subject to the qualifications described herein under the heading "TAX EXEMPTION." Interest on the Bonds is also exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and its political subdivisions.

ELECTRONIC BIDDING VIA PARITY

\$47,000,000*

CITY OF ELIZABETHTOWN, KENTUCKY GENERAL OBLIGATION BONDS, SERIES 2025

Dated: Date of Delivery

Due: as shown below

The Bonds will be issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal, interest and premium, if any, on the Bonds will be paid by WesBanco Bank, Inc., Wheeling, West Virginia, as Paying Agent and Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal, interest or premium to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof, and will bear interest payable on December 1, 2025 and thereafter semiannually on each June 1 and December 1.

The Bonds maturing on and after June 1, 2034 are subject to optional redemption prior to their stated maturities in whole or in part on any date on or after June 1, 2033 as set forth herein.

SCHEDULE OF MATURITIES

<u>Due</u>	<u>Cusip #</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>Due</u>	<u>Cusip #</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>
6/01/26		\$475,000			6/01/41		\$1,740,000		
6/01/27		400,000			6/01/42		1,815,000		
6/01/28		415,000			6/01/43		1,895,000		
6/01/29		425,000			6/01/44		1,975,000		
6/01/30		440,000			6/01/45		2,065,000		
6/01/31		455,000			6/01/46		2,155,000		
6/01/32		465,000			6/01/47		2,260,000		
6/01/33		485,000			6/01/48		2,360,000		
6/01/34		500,000			6/01/49		2,465,000		
6/01/35		520,000			6/01/50		2,580,000		
6/01/36		540,000			6/01/51		2,695,000		
6/01/37		1,000,000			6/01/52		2,815,000		
6/01/38		1,540,000			6/01/53		2,945,000		
6/01/39		1,600,000			6/01/54		3,085,000		
6/01/40		1,670,000			6/01/55		3,220,000		

Purchaser's Option - The Purchaser of the Bonds may specify to the Municipal Advisor 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 may be adjusted as provided herein); said Term Bond(s) being subject to mandatory redemption on June 1 in each year in the principal amounts as set forth above.

The City deems this Preliminary Official Statement to be final for purposes of Security and Exchange Commission Rule 15c2-12, except for certain information which has been omitted in accordance with such rule 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 Steptoe & Johnson PLLC, Louisville, Kentucky, Bond Counsel. Certain legal matters have been passed upon for the City by Ken Howard, Esq., City Attorney. The Bonds are expected to be available for delivery on or about June 17, 2025.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT 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 Permitted Adjustment

**CITY OF ELIZABETHTOWN, KENTUCKY
CITY COUNCIL**

Mayor

Jeff Gregory

City Council

Anthony Bishop

Marty Fulkerson

Julia Springsteen

Tim Isaacs

Lamar Jones

Mika Tyler

City Clerk

Jessica Graham

Director of Finance

Jeff Hawkins

City Attorney

Ken Howard, Esquire

BOND COUNSEL

Steptoe & Johnson PLLC

Louisville, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC

Lexington, Kentucky

PAYING AGENT/BOND REGISTRAR

WesBanco Bank, Inc.

Wheeling, West Virginia

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the City. 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 successful bidder or the holders from time to time 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 Elizabethtown; and "State" or "Kentucky" means the Commonwealth of Kentucky.

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PRELIMINARY OFFICIAL STATEMENT
\$47,000,000*
CITY OF ELIZABETHTOWN, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2025

Dated Date: Date of Delivery

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 \$47,000,000* aggregate principal amount of General Obligation Bonds, Series 2025 (the "Bonds") of the City of Elizabethtown, Kentucky (the "City") as specified on the cover 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 Bonds to potential investors is made only by means of the entire Official Statement.

The Issuer

The Bonds are being issued by the City of Elizabethtown, Kentucky, a political subdivision of the Commonwealth of Kentucky (the "State" or "Commonwealth").

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 "Authority, Purpose and Security" herein).

Purpose of the Bonds

The Bonds are being issued for the purpose of (i) financing the acquisition, construction and equipping of a new music venue for use by the public (see "THE PLAN OF FINANCE" for more detail), and (ii) paying the associated costs of issuing the Bonds.

Description of the Bonds

The Bonds mature as indicated on the cover page hereof. The Bonds are being offered in fully registered form in denominations of \$5,000 or any integral multiple thereof (within the same maturity).

Redemption

The Bonds maturing on or after June 1, 2034 are subject to redemption at the option of the City prior to their stated maturities on any date falling on or after June 1, 2033, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Book Entry

Unless the successful purchaser notifies the City in writing within twenty-four hours of the award of the Bonds that it has elected (at such purchaser's expense) to take physical delivery of the Bonds, The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds and 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

*Preliminary, Subject to Permitted Adjustment

such book-entry system 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 Resolution. The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. Neither the City nor the Paying Agent and Registrar 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 will be issued for in the aggregate principal amount of the Bonds and will be deposited with DTC.

DTC, the world's largest 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 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 in the event that 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 effect 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 Paying Agent and Registrar and request that copies of notices be provided directly to them.

Redemption notices shall 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent and Registrar 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 Bonds 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 Paying Agent and Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Paying Agent and Registrar 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 Paying Agent and Registrar, 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 Remarketing 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 Remarketing 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 Remarketing 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 Paying Agent and Registrar take any responsibility for the accuracy thereof.

NEITHER THE CITY NOR THE PAYING AGENT AND REGISTRAR 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 PAYING AGENT AND REGISTRAR 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 RESOLUTION 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 Paying Agent and Registrar 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 Resolution provides for issuance of fully registered Bonds ("Replacement Bonds") directly to the Beneficial Owners of Bonds, other than DTC or its nominee, only in the event that DTC resigns or is removed as the securities depository for the Bonds. Upon the occurrence of this event, the City and the Paying Agent and Registrar may appoint another qualified depository. If the City and the Paying Agent and Registrar 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 Paying Agent and Registrar, 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 shall be made as provided in the Resolution.

Tax Exemption; Not Bank Qualified

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 excludable 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 for individuals (for a discussion of the corporate alternative minimum tax, see "TAX EXEMPTION" herein). 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 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 Internal Revenue Code of 1986, as amended.

Parties to the Issuance of the Bonds

The Registrar and Paying Agent is WesBanco Bank, Inc., Wheeling West Virginia. Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the approving legal opinion of Steptoe & Johnson PLLC, Louisville, Kentucky, Bond Counsel. The Financial Advisor to the City is RSA Advisors, LLC, Lexington, Kentucky.

Authority for Issuance

Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes ("KRS"), Sections 158 and 159 of the Constitution of the Commonwealth and an ordinance (the "Bond Ordinance") adopted by the City Council on April 7, 2025.

Disclosure Information

As a result of the City offering for public sale municipal securities in excess of \$1,000,000, the City will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said City will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board. A form of Continuing Disclosure Certificate is attached hereto as Appendix G.

In the past five years the City has filed all of its financial reports in a timely manner as required by its Continuing Disclosure Agreements. The City has adopted written procedures to ensure timely filings going forward.

Financial information regarding the City may be obtained from the City's Director of Finance, City Hall, 200 W. Dixie Avenue, Elizabethtown, Kentucky 42702 (PHONE: 270-765-6121).

The City deems this Preliminary Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof, and certain pages herein which have been omitted in accordance with the Rule and will be provided with the final Official Statement.

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, Municipal Advisor to the City of Elizabethtown, 147 East Third Street, Lexington, Kentucky 40508, telephone (859) 977-6600, Attn: Joe Lakofka.

DESCRIPTION OF THE BONDS

The Bonds are to be dated June 17, 2025 and bear interest from such date at the rates set forth on the cover page of this Official Statement. The Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Bonds is payable semi-annually on June 1 and December 1, commencing December 1, 2025.

Optional Redemption

The Bonds maturing on or after June 1, 2034 are subject to redemption at the option of the Corporation prior to their stated maturities on any date falling on or after June 1, 2033, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Authority, Purpose and Security

The Bonds have been authorized by an ordinance passed and adopted by the City Council (Bond Ordinance) pursuant to the authority of Sections 158 and 159 of the Constitution of the Commonwealth of Kentucky and Sections 66.011 through 66.171 of the Kentucky Revised Statutes.

The proceeds of the Bonds (together with other funds available for such purpose) will be applied to (i) financing the acquisition, construction and equipping of a new music venue for use by the general public (see "THE PLAN OF FINANCE" for more detail), and (ii) paying the associated costs of issuing the Bonds.

Under the Bond Ordinance and Section 159 of the Kentucky Constitution the City is required to levy and collect an annual tax on all property subject to City taxation sufficient to provide for the maturing principal and accruing interest requirements of the Bonds (the "Bond Tax") if other taxes and revenues of the City are not sufficient to meet the debt service obligations on the Bonds.

The Bonds are general obligations of the City, and the full faith, credit, and taxing power of the City are irrevocably pledged to the payment of the principal of and interest on the Bonds as and when due and payable. The basic security for general obligation indebtedness of the City, including the Bonds, is the City's ability to levy, and its pledge to levy, an annual tax to pay the principal of and interest on all general obligation indebtedness of the City, including the Bonds, as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as and when the same become due and payable, the principal of and interest on all outstanding general obligation bonds, including the Bonds, and other outstanding general obligation indebtedness of the City. Under Section 159 of the Kentucky Constitution, the City is required to collect an annual tax sufficient to pay the interest on all authorized indebtedness and to establish and maintain a sinking fund for the payment of the principal amount thereof. The Bond Resolution provides for the levy of such annual tax, which tax shall be collected to the extent other lawfully available moneys of the City are not provided or otherwise available. The Bond Ordinance also creates and provides for the maintenance of a Sinking Fund, into which the proceeds of such annual tax or other lawfully available moneys of the City are to be deposited for the payment of the principal of and interest on the Bonds and all other general obligation indebtedness of the City, and the amounts on deposit in the Sinking Fund shall not be used for any other purpose.

Statutory Lien

Section 66.400 of the Kentucky Revised Statutes, as amended (the “Municipal Bankruptcy Law”), permits any political subdivision, public agency, or instrumentality of the Commonwealth, such as the City, for the purpose of enabling such political subdivision, public agency, or instrumentality to take advantage of the provisions of Chapter 9 of the United States Bankruptcy Code and, for that purpose only, (i) to file a petition stating that such political subdivision, public agency, or instrumentality (a) is insolvent or unable to meet its debts as they mature, and (b) desires to effectuate a plan for the composition or readjustment of its debts, and (ii) to take any further proceedings as are set forth in the United States Bankruptcy Code, as they relate to such political subdivision, public agency, or instrumentality. Under the Municipal Bankruptcy Law, the City does not need the approval or permission of the Kentucky Department for Local Government’s State Local Debt Officer or any other governmental authority before availing itself of the bankruptcy process. In addition, under the Municipal Bankruptcy Law, the City may be authorized to initiate Chapter 9 bankruptcy proceedings without any prior notice to or consent of its creditors, which bankruptcy proceedings may result in a material and adverse modification or alteration of the rights of the City’s secured and unsecured creditors, including the holders of its bonds and notes.

The Municipal Bankruptcy Law provides that (a) a statutory lien exists on any 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, regardless of whether such pledge is contained in the documents or proceedings authorizing such indebtedness; 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 any obligations subject to annual renewal, including, without limitation, any leases entered into under Chapter 58 and Chapter 65 of the Kentucky Revised Statutes.

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

Defeasance

The City reserves the right at all times to make provision for discharge of all Bonds by depositing into the Sinking Fund moneys sufficient to pay all principal and interest requirements on the Bonds to and on the first or next date of redemption, or to the date of maturity, together with sufficient additional moneys to redeem and discharge all outstanding Bonds on such redemption date, or to deposit into the Sinking Fund such principal amount of Permitted Investments as shall, with earnings thereon, produce an identical result.

THE PLAN OF FINANCE

The proceeds of the Bonds will be applied to (i) financing the acquisition, construction and equipping of a new music venue for use by the general public and (ii) paying the associated costs of issuing the Bonds. Upon delivery of the Bonds sufficient proceeds shall be deposited in a Construction Fund and used to acquire, construct and equip the Projects. The Project is further described as follows:

Music Venue

The Project is an outdoor music venue for the City of Elizabethtown and Elizabethtown Convention and Tourism Bureau on a 45 acre site along Commerce Drive, to include a stage, administration building, restrooms and concessions, and parking lots to serve performances for up to 10,000 people.

Estimated Sources and Uses of Funds

Sources of Funds

Par Amount of Bonds	\$
---------------------	----

Total	\$
-------	----

Uses of Funds

Deposit Construction Fund

Underwriter's Discount

Costs of Issuance

Total

INVESTMENT CONSIDERATIONS

The following is a discussion of certain risks that could affect payments to be made with respect to the Bonds. Such discussion is not, and is not intended to be, 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 Ordinance summarized herein, a copy of which is available as described herein.

General

The Bonds, like all obligations of state and local government, are subject to changes in value due to changes in the condition of the tax-exempt bond market and/or changes in the financial condition of the City.

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

Limitation on Enforcement of Remedies

Enforcement of the remedies under the 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.

Suitability of Investment

An investment in the Bonds involves a certain degree of risk. The interest rate 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 and/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, *Authority, Purpose and Security*".

Construction Risk

Construction and development activities are subject to the usual risks associated with such projects, including, but not limited to, delays in the issuance of required permits or other necessary approvals, strikes, shortages of materials, adverse subsurface conditions and adverse weather conditions.

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.

Tax-Exempt Status of the Bonds

The tax-exempt status of the Bonds is based on the continued compliance by the City and users of property financed or refinanced with proceeds of the Bonds with certain covenants relating generally to the use of the facilities financed or refinanced with the proceeds of the Bonds, arbitrage limitations and rebate of certain excess investment earnings to the federal government. Failure to comply with such covenants with respect to the Bonds could cause interest on the Bonds to become subject to federal income taxation retroactive to the original date of issue of the Bonds.

Bond Ratings

There is no assurance that the ratings 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 “BOND RATING” herein.

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.

Opinions of Legal Counsel

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the Commonwealth of Kentucky and the United States of America and other governmental authorities, including police powers exercised for the benefit of the public health and welfare, and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

PROFILE OF THE CITY AND SURROUNDING AREA

Demographic, economic and financial information with respect to the City and the surrounding area is set forth in Appendix A hereto.

CITY GOVERNMENT

Organization and Major Offices

The City operates pursuant to the general statutes of the Commonwealth of Kentucky governing municipalities.

Elected and Appointed Officials

The City Council (the “Council”) is made up of a Mayor and six Members of Council elected at large by the citizens on a non-partisan ballot. The Mayor is elected for a four-year term and Members of Council for a two-year term. The Mayor and Members Council have equal voting power. The Council sets the policies that govern the City. It appoints advisory citizen groups that help in the decision-making process.

Financial Matters

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

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

1. Establishment of overall financial policy: the Council.
2. Planning and development: the Council.
3. Assessment of real and personal property: the Hardin County Property Valuation Administrator.
4. Financial control functions: the City Treasurer.
5. Inspection and supervision of the accounts and reports of the City as required by law: the Auditor of Public Accounts and by independent certified public accountants.
6. Supervision and control of the operation of the Elizabethtown Utilities System: the Council.

Financial Management

The Council is responsible for appropriating the funds used to support the various City activities. The Council 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 record, keep and maintain its accounting records and render financial reports in such a way as to: (a) determine compliance with statutory provisions; and (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.

As required by law, financial reports are prepared annually by the City and filed with the Kentucky Department of Local Government.

Budgeting and Appropriations Procedures

Detailed provisions for City budgeting, tax levies and appropriations are set forth and mandated by 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 30 days prior to the beginning of the fiscal year covered by the budget. Upon approval of the proposed budget, cities are required to submit the proposed budget to the State Local Debt Officer of the Commonwealth of Kentucky for approval. A proposed budget that has been approved by the State Local Debt Officer is required to be adopted by the Council no later than July 1 of each year or within ten days after receipt of the certified assessment from the Commonwealth of Kentucky, whichever is later. 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. The State Local Debt Officer is authorized to initiate proceedings to compel compliance by the City officials with the requirements imposed by Kentucky law on counties for the administration of their financial affairs.

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, but not limited to, 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 but not limited to:
 - 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 but not limited to:
 - 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 (1) of the three (3) highest categories by a nationally recognized rating agency;
- (f) Bankers' acceptances for banks rated in one (1) of the three (3) 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 (1) 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 (5) years; and
 - 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) 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 (5) years; and
 - (3) All of the securities in the mutual fund shall be eligible investments pursuant to this section.

Future Borrowings of the City

The City does anticipate future borrowings for various City projects in the future however there are currently no specific projects or planned borrowings.

DEBT LIMITATION

Kentucky Constitution Section 158 provides that Cities with a population in excess of fifteen thousand shall not incur indebtedness in an amount exceeding 10% of the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness. KRS 66.041 provides the same limitations as are set forth in Section 158 of the Constitution except that the limitations apply to “net indebtedness.” In calculating “net indebtedness,” KRS 66.031 provides that certain obligations of a City are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. The City will certify prior to the Closing on the Bonds that the amount of the outstanding obligations of the City (including the Bonds) that are subject to the total direct debt limit (10% limit) do not exceed such limitation. The total principal amount of General Obligation debt that could be issued by the City, subject to the 10% total direct debt limitation is \$381,762,969 and the City’s net debt subject to such limitation presently outstanding (including the Bonds) is \$77,269,329* leaving a balance of approximately \$304,493,640* borrowing capacity issuable within such limitation. A Certificate of Indebtedness is attached hereto as Appendix D.

LEGAL MATTERS

General Information Regarding Bond Counsel

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status thereof are subject to the approving legal opinion of Steptoe & Johnson PLLC, Louisville, Kentucky, Bond Counsel. Upon delivery of the Bonds of the City to the successful bidder therefore the Bonds will be accompanied by an approving opinion dated the date of such delivery, rendered by Bond Counsel. A draft of such legal opinion for the Bonds is attached as Appendix E.

Bond Counsel has performed certain functions to assist the City in the preparation by the City of its 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 to the bidders or holders of the Bonds or others.

Bond Counsel has reviewed the information contained in this Official Statement describing the Bonds and the provisions of the Bond Ordinance and related proceedings authorizing the Bonds, but Bond Counsel has not reviewed any of the financial data, computations, tabulations, balance sheets, financial projections, and general information concerning Elizabethtown City, and expresses no opinion thereon, assumes no responsibility for same and has not undertaken independently to verify any information contained herein.

Litigation

To the knowledge of the City, no litigation or administrative action or proceeding is pending or threatened directly affecting the Bonds, the security for the Bonds or the Projects being financed 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.

*Preliminary, subject to change.

TAX COVENANTS

The Ordinance provides that the City shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the City on the Bonds shall be excludable from the gross income of the recipients thereof for Federal income tax purposes under any valid provision of the Code.

The City shall not permit at any time or times any of the proceeds of the Bonds to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause such Bonds to be “arbitrage Bonds” as defined in Section 148 of the Code, as then in effect.

The City further covenants that prior to the issuance of said Bonds and as a condition precedent to such issuance, the City shall certify by issuance of a certificate of the Mayor, supplemental to the Ordinance, that on the basis of the facts, estimates and circumstances in existence on the date of issue of said Bonds, it is not expected that the proceeds of said Bonds will be used in a manner which would cause such obligations to be “arbitrage Bonds” under the Code.

TAX EXEMPTION

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings, and court decisions in effect as of the date hereof, interest on the Bonds will be excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals (for a discussion of the corporate alternative minimum tax, see “TAX EXEMPTION – Corporate Alternative Minimum Tax” herein). In addition, Bond Counsel is also of the opinion that interest on the Bonds will be exempt from Kentucky income taxation and that the Bonds will be exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

A copy of the opinion of Bond Counsel to be delivered concurrently with the issuance of the Bonds is set forth in “Appendix E – Form of Approving Legal Opinion of Bond Counsel” hereto.

The Code imposes various restrictions, conditions, and requirements with respect to the exclusion of interest on certain obligations, including the Bonds, from gross income for federal income tax purposes. The City has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will be excludable

from gross income for federal income tax purposes. Any failure to comply with these covenants could result in the interest on the Bonds being includable in gross income for federal income tax purposes, and such inclusion could be required retroactively to the date of issuance of the Bonds. The approving legal 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 any events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bonds and any other documents related thereto may be changed, and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in the Bonds or such other documents. Bond Counsel expresses no opinion as to any Bonds or the tax status of the interest thereon if any such change occurs or any such action is taken or omitted upon the advice or approval of bond counsel other than Steptoe & Johnson PLLC.

Although Bond Counsel is of the opinion that the interest on the Bonds will be excludable from gross income for federal income tax purposes and that interest on the Bonds will be 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 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 its tax counsel with respect to the effects of the purchasing, holding, or disposing of 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 Section 1362 and Section 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 the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain taxpayers under Section 265 of the Code. Finally, the residence of a bondholder in a state other than Kentucky or a bondholder being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed on such bondholder 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.

Corporate Alternative Minimum Tax

The Inflation Reduction Act of 2022 imposes a new corporate alternative minimum tax equal to 15% of the “adjusted financial statement income” of an “applicable corporation,” 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 all tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on tax-exempt bonds, such as the interest on the Bonds, is included (i) in computing “average annual adjusted financial statement income” for the purposes of determining whether a corporation qualifies as an “applicable corporation,” and (ii) in determining an applicable corporation’s “adjusted financial statement income” for the 20 purposes of calculating the alternative minimum tax imposed on applicable corporations under Section 55 of the Code, regardless of the issue date of such tax-exempt bonds.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds or obligations which present similar tax issues, will not affect the market price for the Bonds.

CONTINUING DISCLOSURE

The City will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said City will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board. A form of Continuing Disclosure Certificate is attached hereto as Appendix F.

In the past five years the City has filed all of its financial reports in a timely manner as required by its Continuing Disclosure Agreements. The City has also adopted written procedures to ensure timely filings going forward.

Financial information regarding the City may be obtained from the Director of Finance, City Hall, PO Box 550, 200 W. Dixie Avenue, Elizabethtown, Kentucky 42702 Phone: 270-765-6121.

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, Financial Advisor to the City of Elizabethtown, 147 East Third Street, Lexington, Kentucky 40508, telephone (859) 977-6600, Attn: Joe Lakofka.

The City deems this Preliminary Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof, and certain pages herein which have been omitted in accordance with the Rule and will be provided with the final Official Statement.

RATING

As noted on the cover page of this Official Statement, Moody's, a division of McGraw-Hill Companies has given the Bonds the indicated rating. Such rating reflects only the respective views of such organization. Explanations of the significance of the rating may be obtained from the rating agency. There can be no assurance that such rating will be maintained for any given period of time or will not be revised or withdrawn entirely by the rating agency, if in their judgement circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds were purchased at a competitive sale held on June 3, 2025, for underwriting to the public by at a purchase price of _____. The initial public offering prices 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 set forth on the cover page.

MUNICIPAL ADVISOR

The Bonds will be sold by the solicitation and receipt of competitive bids. RSA Advisors, LLC, Municipal Advisor to the City, will receive a fee, subject to sale and delivery of the Bonds, for its advisory services.

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 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.

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

CITY OF ELIZABETHTOWN, KENTUCKY

JEFF GREGORY, MAYOR

APPENDIX A

CITY OF ELIZABETHTOWN, KENTUCKY GENERAL OBLIGATION BONDS SERIES 2025

Demographic and Economic Data

CITY OF ELIZABETHTOWN, KENTUCKY

Elizabethtown is located in Central Kentucky and is located 45 miles south of Louisville, approximately 85 miles southwest of Lexington; and 130 miles north of Nashville, TN. Elizabethtown had a population of 32,215 in 2024.

Hardin County covers a total land area of 630 square miles and the City of Elizabethtown covers a total area of 25 square miles; and is located just south of the Ohio River. Hardi County had a population of 112,594 people in 2024.

The Economic Framework

In 2024, Elizabethtown had a labor force of 15,924 people and Hardin County had an unemployment rate of 4.70%. The top five jobs by occupation in Elizabethtown were as follows: Office and Admin Support – 3,480 (13.77%); Sales – 2,851 (11.28%); Executive, Managers, and Admin – 2,570 (10.17%); Production Workers – 1,993 (7.88%); Food Prep/Serving – 1,408 (5.57%).

LABOR MARKET STATISTICS

Population Growth (in thousands)

Description	-----Estimate Year-----			
	2020	2021	2022	2023
Hardin County	110,829	111,878	111,743	112,273
Elizabethtown	26,261	31,120	31,773	31,121

Source: Kentucky Department for Economic Development.

Population Projections

Description	Estimate Year		
	2030	2035	2040
Hardin County	118,974	122,367	125,394

Source: Kentucky Center for Statistics – University of Louisville

Unemployment Statistics

Description	-----Year Ending December 31-----				
	2019	2020	2021	2022	2023
County of Hardin					
Civilian Labor Force	49,901	47,386	46,527	46,808	47,422
Employment	47,164	44,082	44,413	44,821	45,471
Unemployment	1,937	3,304	2,114	1,987	1,951
Unemployment Rate	3.9%	7.0%	4.5%	4.2%	4.1%
State of Kentucky:					
Civilian Labor Force	2,064,637	2,005,210	2,010,884	2,030,274	2,026,263
Employment	1,979,803	1,874,863	1,921,355	1,948,312	1,941,994
Unemployment	84,834	130,347	89,529	81,962	84,269
Unemployment Rate	4.1%	6.5%	4.5%	4.0%	4.2%
US Comparable Rate:					
Unemployment Rate	3.7%	8.1%	5.3%	3.6%	3.6%

Source: The Kentucky Department for Employment Services, Not Seasonally Adjusted

LOCAL GOVERNMENT

Structure

Elizabethtown's Government structure consists of a Mayor and six Council Members. The Mayor serves a four-year term while the Council Members serve two-year terms. Hardin County is served by a Judge/Executive and three Magistrates. The Judge Executive and Magistrates are elected to serve a four-year term.

Planning and Zoning

Mandatory state codes enforced—Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code).

Sales and Use Tax

A state sales and use tax is levied at the rate of 6.0% on the purchase or lease price of taxable goods and on utility services. Local sales taxes are not levied in Kentucky.

State and Local Property Taxes

The Kentucky Constitution requires the state to tax all classes of taxable property, and state statutes allow local jurisdictions to tax only a few classes. All locally taxed property is subject to county taxes and school district taxes (either a county school district or an independent school district). Property located inside the city limits may also be subject to city property taxes. Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value. Special local taxing jurisdictions (fire protection districts, watershed districts and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county).

The table below lists the assessed property valuation as reported by the City of Elizabethtown:

	<u>2022</u>	<u>2024</u>
Residential	\$1,501,754,000	\$1,788,054,070
Commercial	\$1,375,531,000	\$1,687,186,050
Agricultural	\$10,121,000	\$14,271,820
Personal	\$492,162,000	\$510,347,354
Homestead Exemption	(\$106,399,000)	(\$118,475,950)
Agricultural Exemption	(\$47,049,000)	(\$63,753,669)
Total Assessed Value	\$3,226,120,000	\$3,817,629,675

Ten Largest Taxpayers

The following tables list the ten largest real property taxpayers and ten largest tangible property taxpayers of the City in 2024 as reported by the Hardin County Property Valuation Administrator.

Rank	Taxpayer	Total Assessed Value	Percentage of Total
1	KRUGER PACKAGING (USA) LLC	\$ 51,451,000	1.475%
2	RESERVE AT COOL SPRINGS LLC	\$ 29,361,000	0.841%
3	TWO WINDING SPRINGS LLC	\$ 21,665,000	0.700%
4	LEXINGTON ELIZABETHTOWN 750 CORP	\$ 23,880,000	0.684%
5	INLAND AMERICA/ELIZABETHTOWN BLACK BRANC	\$ 20,595,000	0.590%
6	TDA PROPERTIES INC	\$ 20,016,200	0.582%
7	PARKMALL LLC	\$ 20,124,000	0.577%
8	BFA202 LLC	\$ 18,526,800	0.531%
9	AGC FLAT GLASS NORTH AMERICA INC	\$ 18,399,500	0.527%
10	MENARD INC	\$ 16,954,400	0.486%

EDUCATION

Public Schools

	<u>Hardin County Schools</u>	<u>Elizabethtown Ind. Schools</u>
Total ADA (2023-24)	13,856	2,406
Pupil-Teacher Ratio (2023-24)	15 - 1	15 - 1

Source: Kentucky Department of Education

Vocational Training

Vocational training is available at both the state vocational-technical schools and the area vocational education centers. The state vocational-technical schools are post-secondary institutions. The area vocational education centers are designed to supplement the curriculum of high school students. Both the state vocational-technical schools and the area vocational education centers offer evening courses to enable working adults to upgrade current job skills.

Arrangements can be made to provide training in the specific production skills required by an industrial plant. Instruction may be conducted either in the vocational school or in the industrial plant, depending upon the desired arrangement and the availability of special equipment.

Bluegrass State Skills Corporation

The Bluegrass State Skills Corporation, an independent public corporation created and funded by the Kentucky General Assembly, provides programs of skills training to meet the needs of business and industry from entry level to advanced training, and from upgrading present employees to retraining experienced workers. The Bluegrass State Skills Corporation is the primary source for skills training assistance for a new or existing company. The Corporation works in partnership with other employment and job training resources and programs, as well as Kentucky's economic development activities, to package a program customized to meet the specific needs of a company.

Technology Centers

<u>Institution</u>	<u>Location</u>	Cumulative Enrollment <u>2023-24</u>
Boone County ATC	Hebron	207
Campbell County ATC	Alexandria	385
Carroll County ATC	Carrollton	302
Harrison County ATC	Cynthiana	468
Mason County ATC	Maysville	194

Source: Kentucky Department of Education

Colleges and Universities

<u>Institution</u>	<u>Location</u>	Undergraduate Enrollment <u>Fall 2023</u>
Art Academy of Cincinnati	Cincinnati	259
Miami University	Oxford	16,478
Mount Saint Joseph University	Cincinnati	1,460
Northern Kentucky University	Highland Heights	9,927
Thomas More College	Crestview Hills	1,829
University of Cincinnati	Cincinnati	31,803
Wilmington College	Wilmington	924
Xavier University	Cincinnati	4,758

Source: US News & World Report

PROPERTY TAX RATES

	-----Tax Year 2020-----			-----Tax Year 2021-----			-----Tax Year 2022-----			-----Tax Year 2023-----			-----Tax Year 2024-----		
	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle
Hardin County-															
Extension Services	\$0.0174	\$0.0258	\$0.0146	\$0.0180	\$0.0267	\$0.0146	\$0.0180	\$0.0260	\$0.0146	\$0.0180	\$0.0248	\$0.0146	\$0.0180	\$0.0245	\$0.0146
General	\$0.1240	\$0.1310	\$0.1150	\$0.1200	\$0.1260	\$0.1150	\$0.1160	\$0.1180	\$0.1150	\$0.1130	\$0.1130	\$0.1150	\$0.1110	\$0.1110	\$0.1150
Health	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220	\$0.0220
Soil Conservation	\$0.0015	\$0.0000	\$0.0000	\$0.0015	\$0.0000	\$0.0000	\$0.0015	\$0.0000	\$0.0000	\$0.0015	\$0.0000	\$0.0000	\$0.0015	\$0.0000	\$0.0000
Totals:	\$0.1649	\$0.1788	\$0.1516	\$0.1615	\$0.1747	\$0.1516	\$0.1575	\$0.1660	\$0.1516	\$0.1545	\$0.1598	\$0.1516	\$0.1525	\$0.1575	\$0.1516
Schools-															
Elizabethtown	\$0.8650	\$0.8650	\$0.5380	\$0.8830	\$0.8830	\$0.5380	\$0.8860	\$0.8860	\$0.5380	\$0.8870	\$0.8870	\$0.5380	\$0.8450	\$0.8450	\$0.5380
Independent Schools															
Hardin Co. Schools	\$0.6520	\$0.6520	\$0.5400	\$0.6520	\$0.6520	\$0.5400	\$0.6520	\$0.6520	\$0.5400	\$0.6520	\$0.6520	\$0.5400	\$0.6520	\$0.6520	\$0.5400
City-															
Elizabethtown	\$0.1160	\$0.1160	\$0.1160	\$0.1160	\$0.1160	\$0.1160	\$0.1160	\$0.1160	\$0.1160	\$0.1100	\$0.1100	\$0.1160	\$0.1100	\$0.1100	\$0.1160

APPENDIX B

CITY OF ELIZABETHTOWN, KENTUCKY GENERAL OBLIGATION BONDS SERIES 2025

Estimated Debt Service Requirements

City of Elizabethtown, Kentucky

Estimated Annual Debt Service Requirements for the Series of 2025 Bonds

Fiscal Year Ended June 30	Principal	Interest	Total
6/30/2026	\$475,000	\$1,952,441	\$2,427,441
6/30/2027	\$400,000	\$2,028,290	\$2,428,290
6/30/2028	\$415,000	\$2,015,570	\$2,430,570
6/30/2029	\$425,000	\$2,002,290	\$2,427,290
6/30/2030	\$440,000	\$1,988,435	\$2,428,435
6/30/2031	\$455,000	\$1,973,827	\$2,428,827
6/30/2032	\$465,000	\$1,958,448	\$2,423,448
6/30/2033	\$485,000	\$1,942,405	\$2,427,405
6/30/2034	\$500,000	\$1,925,430	\$2,425,430
6/30/2035	\$520,000	\$1,907,330	\$2,427,330
6/30/2036	\$540,000	\$1,888,090	\$2,428,090
6/30/2037	\$1,000,000	\$1,867,570	\$2,867,570
6/30/2038	\$1,540,000	\$1,828,570	\$3,368,570
6/30/2039	\$1,600,000	\$1,766,970	\$3,366,970
6/30/2040	\$1,670,000	\$1,701,370	\$3,371,370
6/30/2041	\$1,740,000	\$1,631,230	\$3,371,230
6/30/2042	\$1,815,000	\$1,556,410	\$3,371,410
6/30/2043	\$1,895,000	\$1,476,550	\$3,371,550
6/30/2044	\$1,975,000	\$1,392,223	\$3,367,223
6/30/2045	\$2,065,000	\$1,303,348	\$3,368,348
6/30/2046	\$2,155,000	\$1,209,390	\$3,364,390
6/30/2047	\$2,260,000	\$1,111,338	\$3,371,338
6/30/2048	\$2,360,000	\$1,008,508	\$3,368,508
6/30/2049	\$2,465,000	\$901,128	\$3,366,128
6/30/2050	\$2,580,000	\$788,970	\$3,368,970
6/30/2051	\$2,695,000	\$671,580	\$3,366,580
6/30/2052	\$2,815,000	\$548,958	\$3,363,958
6/30/2053	\$2,945,000	\$420,875	\$3,365,875
6/30/2054	\$3,085,000	\$286,878	\$3,371,878
6/30/2055	\$3,220,000	\$146,510	\$3,366,510
Totals:	\$47,000,000	\$43,200,925	\$90,200,925

APPENDIX C

CITY OF ELIZABETHTOWN, KENTUCKY GENERAL OBLIGATION BONDS SERIES 2025

Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2024

CITY OF ELIZABETHTOWN
Elizabethtown, Kentucky

FINANCIAL STATEMENTS
June 30, 2024

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INDEPENDENT AUDITORS' REPORT

Honorable Jeff Gregory, Mayor
And the City Council
City of Elizabethtown, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elizabethtown, Kentucky as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Elizabethtown, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elizabethtown, Kentucky, 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.

We did not audit the financial statements of the Elizabethtown Tourism and Convention Bureau which represent 53 percent, 52 percent, and 96 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2024, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Elizabethtown Tourism and Convention Bureau, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Elizabethtown, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Elizabethtown, Kentucky's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other postemployment benefit schedules on pages 4–11 and 53–65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024, on our consideration of the City of Elizabethtown, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Elizabethtown, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Elizabethtown, Kentucky's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
December 12, 2024

**CITY OF ELIZABETHTOWN, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024**

The discussion and analysis of City of Elizabethtown, Kentucky's financial performance provides an overall review of the City's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to review the City's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The ending cash and investment balance for the City was \$54.6 million.
- Governmental activities had \$67.6 million and business-type activities had \$16.5 million in revenue for the year.
- Governmental activities had \$53.4 million and business-type activities had \$15.5 million in expenses for the year.
- End-of-year capital assets listed at estimated cost less depreciation totaled \$221.3 million. The City added \$10.1 million in capital assets.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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.

Component units, which are other governmental units over which the City can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column of the government-wide financial statements. The focus of the statements is clearly on the primary government and the presentation allows the user to address the relative relationship with the component units. The City's discretely presented component units issue separate audited financial statements which are available from the City finance department.

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

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

The government-wide financial statements outline functions of the City that are principally supported by property taxes, sales taxes, license fees and permits, insurance premiums taxes, user charges and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, public works and recreation/tourism. The business-type activities of the City include water & sewer and gas operations. Capital assets and related debt are also supported by the revenue sources mentioned above. The government-wide financial statements can be found on pages 12 - 13 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary funds. The proprietary funds are our water and sewer and gas operations and an internal service fund. All other activities of the City are included in the governmental funds. The basic governmental fund financial statements can be found on pages 14 - 20 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 – 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$194.7 million as of June 30, 2024.

The largest portion of the City's net position reflects its investment in infrastructure and capital assets (e.g., land, buildings, vehicles, office equipment, technical equipment, construction and maintenance equipment, other equipment and construction in progress), less any related debt used to acquire those assets that is outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition, disposal and depreciation of capital assets. The City's combined net position increased from \$178.1 million to \$194.7 million. Looking at the net position and net expenses of governmental and business-type activities separately, the change can be further explained due to the decreases in capital spending costs and revenue growth. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2).

(Table 1)
Net Position
June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and Other Assets	\$ 51,814,194	\$ 46,649,781	\$15,354,519	\$ 17,975,826	\$ 67,168,713	\$ 64,625,607
Noncurrent Assets	<u>147,004,112</u>	<u>139,634,927</u>	<u>81,601,610</u>	<u>78,855,020</u>	<u>228,605,722</u>	<u>218,489,947</u>
Total Assets	<u>198,818,306</u>	<u>186,284,708</u>	<u>96,956,129</u>	<u>96,830,846</u>	<u>295,774,435</u>	<u>283,115,554</u>
Deferred Outflows of Resources	<u>16,189,016</u>	<u>12,104,322</u>	<u>1,969,793</u>	<u>1,410,658</u>	<u>18,158,809</u>	<u>13,514,980</u>
Noncurrent Liabilities	68,507,721	81,504,475	20,632,899	24,087,927	89,140,620	105,592,402
Other Liabilities	<u>4,974,244</u>	<u>5,373,654</u>	<u>3,454,957</u>	<u>2,133,696</u>	<u>8,429,201</u>	<u>7,507,350</u>
Total Liabilities	<u>73,481,965</u>	<u>86,878,129</u>	<u>24,087,856</u>	<u>26,221,623</u>	<u>97,569,821</u>	<u>113,099,752</u>
Deferred Inflows of Resources	<u>19,170,285</u>	<u>4,741,453</u>	<u>2,524,830</u>	<u>704,137</u>	<u>21,695,115</u>	<u>5,445,590</u>
Net Position						
Net investment in capital assets	125,733,145	116,914,768	58,168,495	54,287,156	183,901,640	171,201,924
Restricted	3,557,381	3,289,569	3,665,417	3,512,082	7,222,798	6,801,651
Unrestricted	<u>(6,935,454)</u>	<u>(13,434,889)</u>	<u>10,479,324</u>	<u>13,516,506</u>	<u>3,543,870</u>	<u>81,617</u>
Total Net Position	<u>\$122,355,072</u>	<u>\$ 106,769,448</u>	<u>\$72,313,236</u>	<u>\$ 71,315,744</u>	<u>\$ 194,668,308</u>	<u>\$ 178,085,192</u>

Governmental activity unrestricted net position, the portion of net position that can be used to finance day-to-day governmental operations (without constraints established by debt covenants, enabling legislation or other legal requirements), increased 51.6% from (\$13.4) million to (\$6.9) million at June 30, 2024. This was primarily due to revenue growth, payroll increases and recording pension and OPEB expenses. Restricted net position, those restricted mainly for capital projects and debt service increased \$.27 million (8.1%). This was due to more debt funds. Net investment in governmental capital assets increased by \$8.8 million (7.5%). This was due to assets put in service, less depreciation.

Business-type activities unrestricted net position decreased by \$3 million or 22.5% at June 30, 2024. This was due primarily to operating losses in the gas fund. Restricted net position, those restricted mainly for capital projects and debt service was stable. Investment in business-type capital assets increased by \$3.9 million (7.1%). The net increase was due to capital asset purchases and decreases in debt.

(Table 2)
Change in Net Position
Years Ended June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
REVENUES:						
Program revenues:						
Charges for services	\$ 8,638,442	\$ 9,244,035	\$15,521,847	\$20,053,625	\$ 24,160,289	\$ 29,297,660
Operating grants and contributions	2,682,841	5,059,344	-	-	2,682,841	5,059,344
Capital grants and contributions	2,868,517	2,238,090	-	-	2,868,517	2,238,090
General revenues:						
Property taxes	4,885,362	4,610,386	-	-	4,885,362	4,610,386
Franchise taxes	1,340,362	1,348,788	-	-	1,340,362	1,348,788
Insurance premiums tax	6,352,046	5,118,309	-	-	6,352,046	5,118,309
Transient room tax	1,305,345	1,154,673	-	-	1,305,345	1,154,673
Restaurant tax	4,960,901	4,579,235	-	-	4,960,901	4,579,235
Withholding tax	26,895,485	20,632,370	-	-	26,895,485	20,632,370
Net profits tax	5,207,649	5,853,733	-	-	5,207,649	5,853,733
Investment earnings	1,827,327	1,045,188	930,102	658,678	2,757,429	1,703,866
Miscellaneous	665,703	563,837	-	-	665,703	563,837
Total revenues	67,629,980	61,447,988	16,451,949	20,712,303	84,081,929	82,160,291
EXPENSES						
Program Activities						
Primary Government:						
General government	11,689,647	12,582,596	-	-	11,689,647	12,582,596
Public safety	20,839,096	20,028,276	-	-	20,839,096	20,028,276
Public works	9,749,844	7,915,425	-	-	9,749,844	7,915,425
Recreation/tourism	10,627,472	10,323,407	-	-	10,627,472	10,323,407
Interest costs	526,489	563,466	-	-	526,489	563,466
Business-type Activities:						
Gas	-	-	7,889,671	18,176,927	7,889,671	18,176,927
Sewer	-	-	7,564,786	7,470,581	7,564,786	7,470,581
Total expenses	53,432,548	51,413,170	15,454,457	25,647,508	68,887,005	77,060,678
Gain (loss) on disposal of capital assets	(20,688)	-	-	-	(20,688)	-
Change in net position	14,176,744	3,198,619	997,492	(4,935,205)	15,174,236	(1,736,586)
Net position, beginning of year	106,769,448	103,570,829	71,315,744	76,250,949	178,085,192	179,821,778
Prior period adjustment	1,408,880	-	-	-	1,408,880	-
Net position, beginning of year, As restated	108,178,328	103,570,829	71,315,744	76,250,949	179,494,072	179,821,778
Net position, end of year	\$122,355,072	\$106,769,448	\$72,313,236	\$71,315,744	\$194,668,308	\$178,085,192

The City's total revenues increased by \$1.9 million or 2.3%. The total cost of all programs and services decreased by \$8.2 million or 10.6%. The increase in revenues in the governmental activities was primarily from an increase in tax revenue and the decrease in expenditures in the business-type activities was a result of decreased cost of sales.

Governmental Activities

Revenues for the City's governmental activities increased \$6.2 million 10.1% while total expenses increased \$2.0 million 3.9%. The increase in revenues was primarily from an increase in tax revenue. Expenses decreased due to changes in the net pension and OPEB liabilities and payroll increases.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. The net cost shows the financial burden/benefit that was placed/received on/by the City's taxpayers by each of these functions.

(Table 3)				
Governmental Activities Total				
	Cost of Services		Net Cost of Services	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
General government	\$ 11,689,647	\$ 12,582,596	\$ 6,427,990	\$ 3,696,522
Public safety	20,839,096	20,028,276	17,078,510	16,463,134
Public works	9,749,844	7,915,425	7,468,255	7,021,834
Recreation/tourism	10,627,472	10,323,407	9,278,899	9,045,035
Interest costs	<u>526,489</u>	<u>563,466</u>	<u>(1,010,906)</u>	<u>(1,354,824)</u>
Total expenses	<u>\$ 53,482,548</u>	<u>\$ 51,413,170</u>	<u>\$ 39,242,748</u>	<u>\$ 34,871,701</u>

Business-Type Activities

The business-type activities include the gas and water and sewer operations. These activities had total revenues of \$16.5 million and expenses of \$15.5 million, for fiscal year 2024. Of the revenues, \$15.5 million was charges for services and the remaining was for investment income. Business-type activities receive no support from tax revenues. The City will continue to monitor the charges and costs of these activities. If it becomes necessary, the City will increase the charges for these activities.

The gas operation had an increase in net position of \$0.28 million. Metered sales revenue decreased by \$4.4 million, distribution expenses decreased by \$9.1 million and administrative and general expenses decreased by \$1.2 million.

The water and sewer operation had an increase in net position of \$716 thousand. Operating revenue decreased \$.15 million, investment income increased \$.27 million and operating expenses increased \$0.1 million.

The City's Funds

Information about the City's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$64.5 million and expenditures and other financing uses of \$60.3 million. The General Fund experienced a \$3.96 million increase in fund balance. This decrease was due to increased payroll costs. There were no tax or fee increases.

General Fund-Budget Highlights

The City's budget is prepared according to Kentucky law. The most significant budgeted fund is the General Fund.

For the General Fund, revenues were budgeted at \$45.0 million with actual amounts exceeding budget by \$7.1 million. The excess of actual over budgeted revenues is primarily a result of increases in tax revenue. Budgeted expenditures of \$58.6 million compared with actual expenditures of \$47.3 million. The excess of budgeted over actual expenditures is primarily due to less than planned capital outlay.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024 the City had \$221.3 million invested in a variety of capital assets, as reflected in the following table, and \$146.9 million in governmental activities. See Note 6 to the basic financial statements for additional information concerning capital assets.

(Table 4)
Capital Assets at June 30, 2024 and 2023
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 25,654,058	\$ 24,645,427	\$ 1,697,775	\$ 1,547,366	\$ 27,351,833	\$ 26,192,793
Buildings and improvements	50,245,283	42,719,843	30,492,679	31,335,318	80,737,962	74,055,161
Distribution and collection	-	-	40,245,049	37,310,037	40,245,049	37,310,037
Infrastructure	55,180,524	52,209,959	-	-	55,180,524	52,209,959
Vehicles	3,923,576	3,841,791	752,935	689,045	4,676,511	4,530,836
Office equipment	378,872	258,301	7,067	10,601	385,939	268,902
Technical equipment	2,117,827	2,173,360	548,307	301,072	2,666,134	2,474,432
Construction and maintenance equipment	2,076,519	1,313,533	330,656	395,626	2,407,175	1,709,159
Other equipment	917,697	874,716	-	-	917,697	874,716
Total	140,494,356	128,036,930	74,074,468	71,589,065	214,568,824	199,625,995
Construction in progress	6,403,380	11,456,163	284,632	-	6,688,012	11,456,163
Total	\$146,897,736	\$139,493,093	\$74,359,100	\$71,589,065	\$221,256,836	\$211,082,158

The following reconciliation summarizes the change in Capital Assets for the years ended June 30, 2024 and 2023:

(Table 5)
Change in Capital Assets
Years Ended June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Beginning balance	\$139,493,093	\$135,431,957	\$71,589,065	\$71,626,719	\$211,082,158	\$207,058,676
Additions	24,646,193	21,722,293	5,090,602	2,187,841	29,736,795	23,910,134
Retirements	(12,875,548)	(13,148,546)	-	(24,189)	(12,875,548)	(13,172,735)
Depreciation	(4,366,002)	(4,512,611)	(2,320,567)	(2,201,306)	(6,686,569)	(6,713,917)
Ending balance	<u>\$146,897,736</u>	<u>\$139,493,093</u>	<u>\$74,359,100</u>	<u>\$71,589,065</u>	<u>\$221,256,836</u>	<u>\$211,082,158</u>

The City invested in additional land, buildings, infrastructure, distribution lines, vehicles and equipment during the fiscal year. The City also added police vehicles and several other vehicles and construction equipment. The City transferred the Justice Center to the Commonwealth of Kentucky Administrative Office of the Courts.

Debt

At June 30, 2024, the City had \$37.1 million in bonds and notes outstanding. A total of \$2.7 million is due within one year. See Note 8 to the basic financial statements for additional information concerning outstanding debt.

(Table 6)
Outstanding Debt
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Governmental:		
Bonds	\$ 19,790,000	\$21,175,000
Notes	<u>1,078,129</u>	<u>1,240,717</u>
Sub-total	<u>20,868,129</u>	<u>22,415,717</u>
Business-type:		
Water & Sewer System Loans	<u>16,190,605</u>	<u>17,301,909</u>
Total	<u><u>\$ 37,058,734</u></u>	<u><u>\$39,717,626</u></u>

Principal payments for governmental activities were \$1.6 million and business-type activities were \$1.1 million.

City Challenges for the Future

The City continues to be financially sound. However, the current state and national financial climate requires the City to remain prudent.

The City of Elizabethtown will continue to use careful planning and monitoring of finances to provide quality services to its citizens.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact Jeff Hawkins, Finance Director, P.O. Box 550, City Hall, Elizabethtown, Kentucky 42702-0550, (270) 765-6121.

CITY OF ELIZABETHTOWN, KENTUCKY
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-type Activities	Total	Component Airport Board	Units Tourism & Convention
ASSETS					
Current assets					
Non-pooled cash and cash equivalents	\$ 25,578,128	\$ 11,115,193	\$ 36,693,321	\$ 362,379	\$ 8,915,476
Investments	14,209,593	-	14,209,593	-	-
Prepaid expenses	-	-	-	-	92,303
Receivables:					
Taxes and licenses-current	10,609,979	-	10,609,979	-	-
Taxes and licenses-delinquent	20,106	-	20,106	-	-
Accounts receivable	-	862,098	862,098	-	-
Unbilled accounts	-	366,396	366,396	-	-
Sale of water system	-	296,956	296,956	-	-
Intergovernmental-state of KY	24,011	-	24,011	64,662	-
Intergovernmental-federal	55,087	-	55,087	-	-
Other receivables	895,207	-	895,207	-	226,020
Current portion of lease receivable	-	-	-	49,101	-
Due from primary government	-	-	-	-	617,209
Inventory	247,746	2,888,213	3,135,959	-	58,836
Internal balances	174,337	(174,337)	-	-	-
Total current assets	<u>51,814,194</u>	<u>15,354,519</u>	<u>67,168,713</u>	<u>476,142</u>	<u>9,909,844</u>
Noncurrent assets					
Restricted cash and cash equivalents	-	3,665,417	3,665,417	-	-
Receivable - sale of water system	-	3,456,917	3,456,917	-	-
Noncurrent portion of lease receivable	-	-	-	118,734	-
Net OPEB asset	-	120,176	120,176	-	10,864
Non-depreciable capital assets	32,057,438	1,982,407	34,039,845	1,322,135	295,914
Depreciable capital assets, net of accumulated depreciation	114,840,298	72,376,693	187,216,991	7,861,688	917,394
Right to use - subscription asset, net of accumulated amortization	106,376	-	106,376	-	-
Total noncurrent assets	<u>147,004,112</u>	<u>81,601,610</u>	<u>228,605,722</u>	<u>9,302,557</u>	<u>1,224,172</u>
Total assets	<u>198,818,306</u>	<u>96,956,129</u>	<u>295,774,435</u>	<u>9,778,699</u>	<u>11,134,016</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on debt refundings	55,939	-	55,939	-	-
Deferred outflows - pension	12,104,895	1,421,217	13,526,112	-	153,587
Deferred outflows - OPEB	4,028,182	548,576	4,576,758	-	53,520
Total deferred outflows of resources	<u>16,189,016</u>	<u>1,969,793</u>	<u>18,158,809</u>	<u>-</u>	<u>207,107</u>
Total assets and deferred outflows of resources	<u>\$ 215,007,322</u>	<u>\$ 98,925,922</u>	<u>\$ 313,933,244</u>	<u>\$ 9,778,699</u>	<u>\$ 11,341,123</u>
LIABILITIES					
Current liabilities					
Accounts payable	\$ 1,646,609	\$ 1,591,235	\$ 3,237,844	\$ 64,662	\$ 304,841
Accrued liabilities	549,973	73,306	623,279	-	67,248
Other liabilities	40,362	35,178	75,540	-	-
Interest payable	219,315	38,921	258,236	-	-
Due to component units	617,209	-	617,209	-	-
Deferred revenue	-	-	-	-	152,027
Current portion of customer deposits	-	482,862	482,862	-	-
Current portion of unearned lease income	-	-	-	1,221	-
Current portion of bond obligations	1,425,000	-	1,425,000	-	-
Current portion of KIA loan	-	1,143,843	1,143,843	-	-
Current portion of loans payable	-	-	-	25,561	-
Current portion of compensated absences	273,017	89,612	362,629	-	-
Current portion of subscription liability	34,358	-	34,358	-	-
Current portion of notes payable	167,385	-	167,385	-	-
Total current liabilities	<u>4,973,228</u>	<u>3,454,957</u>	<u>8,428,185</u>	<u>91,444</u>	<u>524,116</u>
Noncurrent liabilities					
Noncurrent portion of unearned lease income	-	-	-	87,207	-
Noncurrent portion of bond obligations	18,715,339	-	18,715,339	-	-
Noncurrent portion of loans payable	-	-	-	135,235	-
Noncurrent portion of KIA loan	-	15,046,762	15,046,762	-	-
Noncurrent portion of notes payable	910,744	-	910,744	-	-
Noncurrent portion of net pension liability	47,606,958	5,586,137	53,193,095	-	505,300
Noncurrent portion of net OPEB liability	1,201,616	-	1,201,616	-	-
Noncurrent portion of subscription liability	74,080	-	74,080	-	-
Total noncurrent liabilities	<u>68,508,737</u>	<u>20,632,899</u>	<u>89,141,636</u>	<u>222,442</u>	<u>505,300</u>
Total liabilities	<u>73,481,965</u>	<u>24,087,856</u>	<u>97,569,821</u>	<u>313,886</u>	<u>1,029,416</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - leases	-	-	-	167,835	-
Deferred inflows - pension	4,919,529	606,415	5,525,944	-	109,749
Deferred inflows - OPEB	14,250,756	1,918,415	16,169,171	-	207,295
Total deferred inflows of resources	<u>19,170,285</u>	<u>2,524,830</u>	<u>21,695,115</u>	<u>167,835</u>	<u>317,044</u>
NET POSITION					
Net investment in capital assets	125,733,145	58,168,495	183,901,640	8,958,365	1,213,308
Restricted for:					
Fire Protection	23	-	23	-	-
Cemetery	2,395,280	-	2,395,280	-	-
Grants	24,011	-	24,011	-	-
Public safety	287,811	-	287,811	-	-
Capital projects	-	2,053,059	2,053,059	-	-
Debt service	850,256	1,612,358	2,462,614	-	-
Unrestricted	(6,935,454)	10,479,324	3,543,870	338,613	8,781,355
Total net position	<u>122,355,072</u>	<u>72,313,236</u>	<u>194,668,308</u>	<u>9,296,978</u>	<u>9,994,663</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 215,007,322</u>	<u>\$ 98,925,922</u>	<u>\$ 313,933,244</u>	<u>\$ 9,778,699</u>	<u>\$ 11,341,123</u>

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

CITY OF ELIZABETOWN, KENTUCKY
STATEMENT OF ACTIVITIES
for the year ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	Airport Board	Tourism & Convention
Primary government									
Governmental activities									
General government	\$ 11,689,647	\$ 4,666,141	\$ 495,516	\$ 100,000	\$ (6,427,990)	\$ -	\$ (6,427,990)	\$ -	\$ -
Public safety	20,839,096	2,298,905	1,461,681	-	(17,078,510)	-	(17,078,510)	-	-
Public works	9,749,844	324,823	725,644	1,231,122	(7,468,255)	-	(7,468,255)	-	-
Recreation/tourism	10,627,472	1,348,573	-	-	(9,278,899)	-	(9,278,899)	-	-
Interest on long-term debt	526,489	-	-	1,537,395	1,010,906	-	1,010,906	-	-
Total governmental activities	53,432,548	8,638,442	2,682,841	2,868,517	(39,242,748)	-	(39,242,748)	-	-
Business-type activities:									
Gas	7,889,671	8,042,386	-	-	-	152,715	152,715	-	-
Sewer	7,564,786	7,479,461	-	-	-	(85,325)	(85,325)	-	-
Total business-type activities	15,454,457	15,521,847	-	-	-	67,390	67,390	-	-
	68,887,005	24,160,289	2,682,841	2,868,517	(39,242,748)	67,390	(39,175,358)	-	-
Component units									
Airport Board	987,944	114,159	100,000	160,591	-	-	-	(613,194)	-
Tourism and Convention	7,263,314	1,225,636	42,027	-	-	-	-	-	(5,995,651)
Total primary government	<u>\$ 77,138,263</u>	<u>\$ 25,500,084</u>	<u>\$ 2,824,868</u>	<u>\$ 3,029,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (613,194)</u>	<u>\$ (5,995,651)</u>
General revenues									
Taxes and licenses									
Property taxes, levied for general purposes					\$ 4,885,362	\$ -	\$ 4,885,362	\$ -	\$ -
Franchise taxes					1,340,362	-	1,340,362	-	-
Insurance premiums tax					6,352,046	-	6,352,046	-	-
Transient room tax					1,305,345	-	1,305,345	-	-
Restaurant tax					4,960,901	-	4,960,901	-	-
Withholding tax					26,895,485	-	26,895,485	-	-
Net profits tax					5,207,649	-	5,207,649	-	-
Intergovernmental					-	-	-	-	6,266,190
Interest and investment earnings					1,827,327	930,102	2,757,429	2,867	486,364
Miscellaneous					665,703	-	665,703	-	-
Total general revenues					53,440,180	930,102	54,370,282	2,867	6,752,554
Gain (loss) on disposal of capital assets					(20,688)	-	(20,688)	-	-
Change in net position					14,176,744	997,492	15,174,236	(610,327)	756,903
Net position - beginning, as originally stated					106,769,448	71,315,744	178,085,192	9,907,305	9,237,760
Prior period adjustment					1,408,880	-	1,408,880	-	-
Net position - beginning, as restated					108,178,328	71,315,744	179,494,072	9,907,305	9,237,760
NET POSITION - ENDING	<u>\$ 122,355,072</u>	<u>\$ 72,313,236</u>	<u>\$ 194,668,308</u>	<u>\$ 9,296,978</u>	<u>\$ 9,994,663</u>				

The accompanying notes are an integral
part of the financial statements

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

	General Fund	Fire Protection Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Non-pooled cash and cash equivalents	\$ 24,533,705	\$ 23	\$ 1,004,585	\$ 25,538,313
Investments	11,968,642	-	2,240,951	14,209,593
Receivables, (net where applicable of allowance for doubtful accounts):				
Taxes and licenses-current	9,034,445	1,575,534	-	10,609,979
Taxes and licenses-delinquent	20,106	-	-	20,106
Intergovernmental-state of KY	-	-	24,011	24,011
Intergovernmental-federal	55,087	-	-	55,087
Other receivables	607,396	-	287,811	895,207
Due from other funds	1,753,609	-	-	1,753,609
Inventories, at cost	247,746	-	-	247,746
	<u>48,220,736</u>	<u>1,575,557</u>	<u>3,557,358</u>	<u>53,353,651</u>
Total assets	<u>\$ 48,220,736</u>	<u>\$ 1,575,557</u>	<u>\$ 3,557,358</u>	<u>\$ 53,353,651</u>
LIABILITIES				
Accounts payable	\$ 1,472,754	\$ -	\$ -	\$ 1,472,754
Accrued liabilities	549,973	-	-	549,973
Other liabilities	40,362	-	-	40,362
Due to component units	617,209	-	-	617,209
Due to other funds	153,738	1,575,534	-	1,729,272
	<u>2,834,036</u>	<u>1,575,534</u>	<u>-</u>	<u>4,409,570</u>
Total liabilities	<u>2,834,036</u>	<u>1,575,534</u>	<u>-</u>	<u>4,409,570</u>
DEFERRED INFLOWS				
Deferred inflows - unavailable revenue	83,365	-	-	83,365
	<u>83,365</u>	<u>-</u>	<u>-</u>	<u>83,365</u>
FUND BALANCES				
Nonspendable	247,746	-	-	247,746
Restricted	-	23	3,557,358	3,557,381
Unassigned	45,055,589	-	-	45,055,589
	<u>45,303,335</u>	<u>23</u>	<u>3,557,358</u>	<u>48,860,716</u>
Total fund balances	<u>45,303,335</u>	<u>23</u>	<u>3,557,358</u>	<u>48,860,716</u>
Total of liabilities, deferred inflows and fund balance	<u>\$ 48,220,736</u>	<u>\$ 1,575,557</u>	<u>\$ 3,557,358</u>	<u>\$ 53,353,651</u>

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

CITY OF ELIZABETHTOWN, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
for the year ended June 30, 2024

Total fund balance per fund financial statements	\$ 48,860,716
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	146,897,736
Long-term receivables related to the opioid settlement are reported as unavailable revenue in the fund financial statements because they are not current financial resources	83,365
Right to use subscription assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	106,376
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	55,939
Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred outflows of resources.	16,133,077
Governmental funds do not record deferred inflows of resources for pensions and OPEB but those are reported on the statement of net position as deferred inflows of resources.	(19,170,285)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of premiums and discounts)	(20,140,339)
Subscription liability	(108,438)
CERS net pension liability	(47,606,958)
CERS net OPEB liability	(1,201,616)
Interest payable	(219,315)
Compensated absences payable	(273,017)
Notes payable	(1,078,129)
Internal service funds are used by management to charge the costs of certain activities such as insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Assets were \$189,815 and liabilities were \$173,855.	15,960
Net position for governmental activities	<u>\$ 122,355,072</u>

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

CITY OF ELIZABETHTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
for the year ended June 30, 2024

	General Fund	Fire Protection Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 4,885,362	\$ -	\$ -	\$ 4,885,362
Restaurant and transient room tax	6,266,246	-	-	6,266,246
Licenses and permits	34,955,409	-	1,894,359	36,849,768
Fines, forfeitures and penalties	129,376	-	10,000	139,376
Revenue from use of money and property	1,653,246	83,393	310,644	2,047,283
Other charges for current services	546,255	-	-	546,255
Recreation fees	1,343,993	-	-	1,343,993
Miscellaneous revenue	1,205,216	-	-	1,205,216
Insurance premiums tax	-	6,352,046	-	6,352,046
Local government	338,329	-	1,537,395	1,875,724
State grant revenue	547,330	-	1,259,707	1,807,037
Federal grant revenue	306,122	-	179,883	486,005
Total revenues	<u>52,176,884</u>	<u>6,435,439</u>	<u>5,191,988</u>	<u>63,804,311</u>
EXPENDITURES				
Current				
General government	7,107,424	-	43,775	7,151,199
Public safety	11,458,853	6,435,437	2,631,342	20,525,632
Public works	7,799,789	-	725,644	8,525,433
Recreation/tourism	9,849,697	-	-	9,849,697
Capital outlay	10,835,228	-	-	10,835,228
Debt service				
Principal	192,442	-	1,385,000	1,577,442
Interest	45,747	-	512,311	558,058
Total expenditures	<u>47,289,180</u>	<u>6,435,437</u>	<u>5,298,072</u>	<u>59,022,689</u>
Excess (deficiency) of revenue over (under) expenditures	<u>4,887,704</u>	<u>2</u>	<u>(106,084)</u>	<u>4,781,622</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	373,894	373,894
Insurance proceeds	66,902	-	-	66,902
Proceeds from disposal of capital assets	275,025	-	-	275,025
Transfers out	(1,273,894)	-	-	(1,273,894)
Total other financing sources (uses)	<u>(931,967)</u>	<u>-</u>	<u>373,894</u>	<u>(558,073)</u>
Net change in fund balances	<u>3,955,737</u>	<u>2</u>	<u>267,810</u>	<u>4,223,549</u>
Fund Balances, July 1, 2023, restated	<u>41,347,598</u>	<u>21</u>	<u>3,289,548</u>	<u>44,637,167</u>
Fund Balances, June 30, 2024	<u>\$ 45,303,335</u>	<u>\$ 23</u>	<u>\$ 3,557,358</u>	<u>\$ 48,860,716</u>

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

CITY OF ELIZABETHTOWN, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
for the year ended June 30, 2024

Net change in total fund balances per fund financial statements	\$ 4,223,549
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives.	
Capital outlay	10,835,228
Depreciation expense	(4,366,002)
Contributed capital	1,231,122
Gain (loss) on sale of assets	(20,688)
Proceeds from disposal of assets	(275,025)
Amortization of subscription assets is not reported in this fund financial statement, but is presented as an expense in the statement of activities	(35,458)
Bond and other debt payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	
Bond payments	1,385,000
Note payments	162,588
Subscription payments	29,854
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	
Bond discount amortization	(544)
Bond premium amortization	28,995
Deferred amount on debt refundings amortization	(5,594)
Interest payable change	8,722
Compensated absences change	75,073
Opioid settlement revenue earned and recorded on the statement of activities but considered unavailable for fund purposes	
Opioid current period receipts	(10,412)
The net pension and OPEB expense are long-term liabilities and do not require the use of current financial resources and are excluded as an expenditure in governmental funds. Additionally, since the current year contributions to the pension and OPEB plans will be included in subsequent year's pension expense calculations, those contributions should not be considered in the government-wide statements.	914,428
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	(4,092)
Change in net position of governmental activities	<u>\$ 14,176,744</u>

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

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

	Business-type Activities Enterprise Funds			Governmental Activities
	Gas	Sewer	Totals	Internal Service Fund
ASSETS				
Current Assets				
Non-pooled cash and cash equivalents	\$ 2,880,748	\$ 8,234,445	\$ 11,115,193	\$ 39,815
Inventory	2,888,213	-	2,888,213	-
Receivables (net of allowance for uncollectible):				
Accounts	132,778	729,320	862,098	-
Unbilled accounts	233,517	132,879	366,396	-
Sale of water system	-	296,956	296,956	-
Due from other funds	3,555	2,021	5,576	150,000
Total current assets	6,138,811	9,395,621	15,534,432	189,815
Noncurrent Assets				
Restricted cash and cash equivalents				
Construction/improvements	-	2,053,059	2,053,059	-
KIA debt service	-	1,612,358	1,612,358	-
Receivable - sale of water system	-	3,456,917	3,456,917	-
Net OPEB asset	54,840	65,336	120,176	-
Capital assets				
Non-depreciable	1,228,000	754,407	1,982,407	-
Depreciable, net of accumulated depreciation	8,046,864	64,329,829	72,376,693	-
Total noncurrent assets	9,329,704	72,271,906	81,601,610	-
Total assets	15,468,515	81,667,527	97,136,042	189,815
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	648,498	772,719	1,421,217	-
Deferred outflows - OPEB	250,364	298,212	548,576	-
Total deferred outflows of resources	898,862	1,070,931	1,969,793	-
Total assets and deferred outflows of resources	\$ 16,367,377	\$ 82,738,458	\$ 99,105,835	\$ 189,815
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 508,333	\$ 1,082,902	\$ 1,591,235	\$ 173,855
Accrued liabilities	34,785	38,521	73,306	-
Other liabilities	-	35,178	35,178	-
Accrued interest payable	-	38,921	38,921	-
Customer deposits	432,092	50,770	482,862	-
KIA loan	-	1,143,843	1,143,843	-
Compensated absences	45,203	44,409	89,612	-
Due to other funds	42,543	137,370	179,913	-
Total current liabilities	1,062,956	2,571,914	3,634,870	173,855
Noncurrent Liabilities				
KIA loan	-	15,046,762	15,046,762	-
Net pension liability	2,548,996	3,037,141	5,586,137	-
Total noncurrent liabilities	2,548,996	18,083,903	20,632,899	-
Total liabilities	3,611,952	20,655,817	24,267,769	173,855
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	276,698	329,717	606,415	-
Deferred inflows - OPEB	876,271	1,042,144	1,918,415	-
Total deferred inflows of resources	1,152,969	1,371,861	2,524,830	-
NET POSITION				
Net investment in capital assets	9,274,864	48,893,631	58,168,495	-
Restricted for:				
Debt service	-	1,612,358	1,612,358	-
Capital projects	-	2,053,059	2,053,059	-
Unrestricted	2,327,592	8,151,732	10,479,324	15,960
Total net position	11,602,456	60,710,780	72,313,236	15,960
Total liabilities, deferred inflows of resources and net position	\$ 16,367,377	\$ 82,738,458	\$ 99,105,835	\$ 189,815

The accompanying notes are an integral
part of the financial statements

CITY OF ELIZABETHTOWN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
for the year ended June 30, 2024

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Gas	Sewer	Totals	
Operating revenues				
Charges for metered sales	\$ 7,847,987	\$ 6,115,653	\$ 13,963,640	\$ -
Charges for services	-	-	-	2,529,195
Sewer surcharge fees	-	135,301	135,301	-
Other services and tap fees	194,399	1,228,507	1,422,906	-
Total operating revenues	8,042,386	7,479,461	15,521,847	2,529,195
Operating expenses				
Distribution	4,858,565	-	4,858,565	-
Administrative and general	2,703,159	1,236,686	3,939,845	-
Operating expenses Plant #2	-	2,123,912	2,123,912	-
Maintenance	-	579,180	579,180	-
Services	-	593,091	593,091	-
Construction	-	396,129	396,129	-
Operating expense - water tower	-	3,293	3,293	-
Operating expense - lift stations	-	109,616	109,616	-
Insurance claims and expenses	-	-	-	3,442,147
Depreciation	327,947	1,992,620	2,320,567	-
Total operating expenses	7,889,671	7,034,527	14,924,198	3,442,147
Operating income (loss)	152,715	444,934	597,649	(912,952)
Non-operating revenues (expenses)				
Investment income	129,014	801,088	930,102	8,860
Interest paid on KIA loan	-	(530,259)	(530,259)	-
Total non-operating revenues (expenses)	129,014	270,829	399,843	8,860
Net income (loss) before transfers	281,729	715,763	997,492	(904,092)
Transfers in	-	-	-	900,000
Change in net position	281,729	715,763	997,492	(4,092)
Net position, July 1, 2023	11,320,727	59,995,017	71,315,744	20,052
Net position, June 30, 2024	<u>\$ 11,602,456</u>	<u>\$ 60,710,780</u>	<u>\$ 72,313,236</u>	<u>\$ 15,960</u>

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

CITY OF ELIZABETHTOWN, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
for the year ended June 30, 2024

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Gas	Sewer	Totals	
Cash flows from operating activities				
Cash received from customers and users	\$ 8,106,037	\$ 7,343,340	\$ 15,449,377	\$ 2,529,195
Cash payments to employees	(1,728,395)	(2,103,178)	(3,831,573)	-
Cash payments for insurance claims	-	-	-	(3,681,982)
Cash payments for operating expenses	(6,709,613)	(3,281,006)	(9,990,619)	-
Net cash provided (used) by operating activities	(331,971)	1,959,156	1,627,185	(1,152,787)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	-	900,000
Due (to) from other funds	(3,605)	(85,596)	(89,201)	(75,000)
Net cash provided by noncapital financing activities	(3,605)	(85,596)	(89,201)	825,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,079,008)	(3,013,109)	(4,092,117)	-
Principal paid on KIA loans	-	(1,111,304)	(1,111,304)	-
Interest paid on KIA loans	-	(491,338)	(491,338)	-
Principal received on water system sale	-	289,022	289,022	-
Net cash (used) by capital and related financing activities	(1,079,008)	(4,326,729)	(5,405,737)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	129,014	801,088	930,102	8,860
Net cash provided by investing activities	129,014	801,088	930,102	8,860
Net increase (decrease) in cash and restricted cash	(1,285,570)	(1,652,081)	(2,937,651)	(318,927)
Cash and restricted cash, July 1, 2023	4,166,318	13,551,943	17,718,261	358,742
Cash and restricted cash, June 30, 2024	\$ 2,880,748	\$ 11,899,862	\$ 14,780,610	\$ 39,815
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities				
Operating income (loss)	\$ 152,715	\$ 444,934	\$ 597,649	\$ (912,952)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	327,947	1,992,620	2,320,567	-
Net pension liability activity	(257,981)	(57,842)	(315,823)	-
Net OPEB liability/asset activity	(196,633)	(155,566)	(352,199)	-
Change in assets and liabilities:				
(Increase) decrease in:				
Receivables	63,651	(136,121)	(72,470)	-
Inventory	(300,074)	-	(300,074)	-
Increase (decrease) in:				
Accounts payable	(93,420)	(96,907)	(190,327)	(239,835)
Accrued liabilities	(23,507)	(57,355)	(80,862)	-
Compensated absences	(16,280)	(7,000)	(23,280)	-
Other liabilities	(126)	35,178	35,052	-
Customer deposits	11,737	(2,785)	8,952	-
Net cash provided (used) by operating activities	\$ (331,971)	\$ 1,959,156	\$ 1,627,185	\$ (1,152,787)
Supplemental disclosure of cash flow information:				
Noncash capital and related financing activities:				
Payables for capital items, net	\$ -	\$ 998,485	\$ 998,485	\$ -

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

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Elizabethtown, Kentucky (the "City") have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The City of Elizabethtown is a chartered City in which citizens elect the mayor at large and six council members at large. The accompanying financial statements present the various governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and illustrate the respective changes in financial position and cash flows, where applicable.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the City is financially accountable. The City is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the City or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the City or the nature and significance of the relationship between the City and the organization is such that exclusion would cause the City's financial statements to be incomplete. Applying this definition, City management has determined that the following component units are reportable within the accompanying financial statements.

Elizabethtown Tourism and Convention Bureau - (ETCB) The ETCB promotes convention and tourist activities which are financed by restaurant and transient room tax revenues collected by the City and expenditures are authorized as part of the City's annual budget. ETCB was established by ordinance of the City of Elizabethtown on March 17, 1976. All Board Members are appointed by the Mayor. ETCB is presented discretely in the basic financial statements. The ETCB is separately audited and a copy of the independent auditor's report can be obtained from ETCB, 1030 North Mulberry Street, Elizabethtown, Kentucky 42701. The audit is performed by Clauson, Mouser & Co., PSC.

Elizabethtown Airport Board – (EAB) The Elizabethtown Airport Board is a municipal corporation established under Chapter No. 76.77 of the 1928 Public Acts of the State of Kentucky and expanded by Kentucky Revised Statutes Chapter 183. The EAB operates and manages the Elizabethtown Airport. The EAB promotes the use of the airport and obtains revenues through the sale of fuel and airplane supplies through a management company. All Board members are appointed by the Mayor and the Board is financially dependent on the City. EAB is presented discretely in the basic financial statements. The EAB is separately audited and a copy of the independent auditor's report can be obtained from EAB, 1828 Kitty Hawk Drive, Elizabethtown, Kentucky 42701. The audit is performed by the City's auditor.

B. Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation – Fund Accounting, continued

The City's funds are ordered into two major categories: governmental and proprietary. Governmental funds include the general, special revenue, and debt service funds. Proprietary funds include enterprise funds and an internal service fund.

C. Basis of Accounting

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 activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide Statement of Net Position presents the financial condition of the governmental and business-type activities of the City at year-end. The government-wide Statement of Activities presents a comparison between expenses and program revenues for each segment of the business-type activities of the City and for each governmental program. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

The government-wide Statement of Net Position presents net position as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting, continued

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The following are the City's Governmental Fund types:

General Fund - The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund. This is a major fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. These funds include: Fire and Police Incentive, Municipal Aid, Narcotics Task Force Grant, Fire Protection Sinking Fund, Cemetery Fund and Alcohol Regulatory Commission Fund. The Fire Protection Sinking Fund is a major fund which receives revenue from an insurance premiums tax of 8% on fire and allied perils, casualty/liability, automobile, inland marine and other risks.

Debt Service Fund - Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures. The Debt Service Fund includes the 2012C, 2013, 2015 and 2021 bond issuances.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within two months of year-end and available to pay obligations of the current period). The revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, charges for services, interest income and intergovernmental revenues. All other governmental revenues are recognized when received. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Property taxes levied to finance fiscal year 2024 are recorded when there is an enforceable legal claim and when the revenue is measurable and available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting, continued

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting and the economic resources measurement focus. These funds account for operations that are primarily financed by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in these funds. Unbilled utility receivables are recorded at June 30th.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the City's enterprise funds and internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The City's enterprise operations include the following:

Enterprise Funds - Natural Gas - To account for the provision of natural gas distribution to the residential and commercial users of the City. This is a major fund.

Sewer – To account for the provision of sewer treatment to the residential and commercial users of the City. This is a major fund. This fund included a water system until October 31, 2014, when the system was sold to Hardin County Water District No. 2 (see note 7).

Internal Service Funds - The City's Internal Service Fund is the Employee Benefit Trust. This fund accounts for the costs of providing a self-insured health insurance plan for the City's employees. Revenues include premiums and expenses include claims and administrative items.

D. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Capital Assets, continued

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. The City maintains a minimum capitalization threshold of \$20,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

Buildings and improvements	10-50 years
Equipment	3-25 years
Vehicles	5-15 years
Infrastructure	7-50 years

E. Interfund Balances

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

F. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has two items that qualify for reporting in this category: deferred amounts from refunding debt and amounts related to the CERS pension and OPEB.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City has one item that qualifies for reporting in this category: amounts related to the CERS pension and OPEB. These amounts are recognized as an inflow of resources in the period that the amounts become available.

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 contributions. These amounts are recognized as an inflow of resources in the period that the amounts become available.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting

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

1. Prior to June 1, the Director of Finance submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance. Budgets are amended by ordinances approved by the Council to authorize expenditures of various grants received and to adjust budgets as required.
4. The Director of Finance is authorized to transfer budgeted amounts between departments within any function of a fund; however, revisions that alter the total expenditures of any fund or function must have City Council approval.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and the following Special Revenue Funds: Municipal Aid, Fire and Police Incentive, Fire Protection Sinking Fund, Cemetery Fund, Narcotics Task Force Fund and Alcohol Regulatory Commission Fund.
6. Budgets are adopted on the basis consistent with Generally Accepted Accounting Principles (GAAP). Annual appropriated budgets are adopted for general and special revenue funds. All annual appropriations lapse at fiscal year-end.
7. The City Council has budgeted as transfers out funds for principal and interest payments made in the Debt Service Fund.
8. Kentucky Revised Statute 91A.030 prohibits adoption of a budget that provides for appropriations to exceed revenues in any one fiscal year in violation of Section 157 of the Kentucky Constitution.

H. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments are separately held and reflected in their respective fund on the balance sheet. Cash and cash equivalents include demand deposits and cash management accounts. Investments are valued at fair value.

For the purpose of the Statement of Cash Flows, the City considers all highly liquid debt instruments (including restricted assets) purchased with a maturity of three months or less to be cash equivalents.

The City has restricted cash and investments restricted for use in the Special Revenue, Debt Service, and Enterprise Funds and to satisfy bond issue requirements, including cash and investments restricted for bond payments.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Inventory

On government-wide financial statements inventories are stated at the lower of cost or fair market value and are recorded as inventory when purchased and are recognized as an expense when used. On fund financial statements inventories are stated at the lower of cost or fair market value. The cost of inventory items is recorded as an expenditure in the governmental fund types when used. All funds use the first-in, first-out method.

J. Prepaid Assets

Payments made that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. The Elizabethtown Tourism and Convention Bureau had \$92,303 in prepaid expenses at June 30, 2024.

K. Receivables

The City recognizes revenues as receivable when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from customers and federal and state governments is limited due to the historical collection rates from customers and the stability of governmental institutions. An allowance of \$95,617 is used for gas and \$59,868 is used for water & sewer.

L. Accrued Liabilities and Long-Term Obligations

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. Bond premiums/discounts are amortized over the life of the bonds while deferred amounts on advance refunding's are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds both in a systematic and rational method, which approximates the effective-interest method.

M. Pensions

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

N. Postemployment Benefits Other Than Pensions (OPEB)

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

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Contributions of Capital

Contributions of capital in proprietary fund financial statements and the government-wide financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

P. Compensated Absences

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. The City calculates compensated absences based on the likelihood that employees will utilize or be paid for accrued time. The compensated absence liability is reported on the government-wide and business-type financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Q. Receivables and Payables within the Reporting Entity

Fund Financial Statements:

Fund	Due from	Due to
General Fund	\$ 1,753,609	\$ 153,738
Fire Protection Sinking Fund	-	1,575,534
Employee Benefits Trust Fund	150,000	-
Sewer Fund	2,021	137,370
Gas Fund	<u>3,555</u>	<u>42,543</u>
Total	<u>\$ 1,909,185</u>	<u>\$ 1,909,185</u>

Government-Wide Financial Statements:

	Interfund Receivables	Interfund Payables
Governmental Activities	\$ 174,337	\$ -
Business-type Activities:		
Sewer Fund	-	135,349
Gas Fund	<u>-</u>	<u>38,988</u>
Total	<u>\$ 174,337</u>	<u>\$ 174,337</u>

The above table presents the internal balances for the fund financial statements. For the government-wide financial statements, only those balances between the General Fund, Sewer Fund and Gas Funds are included. All balances are between the General Fund and the respective paying/receiving fund. The purpose of the balances is for expenses paid by the General Fund.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Estimates

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

S. Upcoming Authoritative Accounting Guidance

Statement No. 101 - In June 2022, the GASB issued Statement No. 101 Compensated Absences. The objective of this Statement is to better meet 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 guidance 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. Earlier application is encouraged. The City continues to evaluate the impact of this statement on the City's financial statements.

T. Management's Review of Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through December 12, 2024, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2024, have not been evaluated by the City.

2. FUND BALANCES

Fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be spent only for specific purposes pursuant to constraints imposed by a formal action of the Government's highest level of decision-making authority, which, for the City is the City Council. The City Council must approve by majority vote the establishment (and modification of rescinding) of fund balance commitment.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council allows program supervisors to encumber funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose.

Unassigned — all other spendable amounts.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

2. FUND BALANCES (CONTINUED)

As of June 30, 2024, fund balances are composed of the following:

	General Fund	Fire Protection Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	\$ 247,746	\$ -	\$ -	\$ 247,746
Restricted:				
Fire protection	-	23	-	23
Cemetery	-	-	2,395,280	2,395,280
Grants	-	-	24,011	24,011
Public safety	-	-	287,811	287,811
Debt service	-	-	850,256	850,256
Unassigned	<u>45,055,589</u>	<u>-</u>	<u>-</u>	<u>45,055,589</u>
Total fund balances	<u>\$ 45,303,335</u>	<u>\$ 23</u>	<u>\$ 3,557,358</u>	<u>\$ 48,860,716</u>

The City considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the City has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. No minimum fund balance policy has been adopted.

3. PROPERTY TAX

Property taxes are levied by the City of Elizabethtown as of October 1 and payable to the City by December 31 of each year. The taxes become a lien on the first day of January of the succeeding year. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of any additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide statements. Taxes levied for fiscal year 2024 were \$.110 per \$100 valuation for real property, \$.110 per \$100 valuation for business personal property and \$.116 per \$100 valuation for motor vehicles.

4. RESTAURANT AND TRANSIENT ROOM TAX

The City levies a 2 percent restaurant tax whose proceeds are remitted to the Elizabethtown Tourism and Convention Bureau. The City also levies a 3 percent transient room tax whose proceeds are remitted to the Elizabethtown Tourism and Convention Bureau.

5. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned or that the City will not be able to recover collateral securities in the possession of an outside party. It is the City's policy for deposits to be 105% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. As of June 30, 2024, the City's deposits were covered by FDIC and SIPC insurance and the remaining balance was collateralized with securities held by the financial institutions on the City's behalf.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

5. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

As of June 30, 2024, the City had the following investments and maturities:

	Fair Value/Carrying Amount	Average Credit Quality Ratings (1)	Less Than 1 Year	1-5 Years
Federal farm credit bonds	\$ 727,485	Aaa	\$ -	\$ 727,485
Mortgage backed securities	285	Aaa	-	285
U.S. Treasury bonds	10,202,310	Aaa	7,468,190	2,734,120
KY local government bonds	201,479	A1	-	201,479
Corporate bonds	47,444	A1	-	47,444
Certificates of deposit	700,000	Not rated	250,000	450,000
Money market funds	<u>24,428,088</u>	Not rated	<u>24,428,088</u>	-
Total investments with maturities	36,307,091		<u>\$ 32,146,278</u>	<u>\$ 4,160,813</u>
Exchange traded funds	741,863	N/A		
Mutual funds	1,066,165	N/A		
Domestic equities	<u>522,562</u>	N/A		
Total investments and cash equivalents	<u>\$ 38,637,681</u>			
Less cash equivalents	<u>(24,428,088)</u>			
Total investments	<u>\$ 14,209,593</u>			

(1) Ratings are provided where applicable to indicate associated *Credit Risk*. N/A indicates not applicable. Ratings are from Moody's Investors Service.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

5. DEPOSITS AND INVESTMENTS (CONTINUED)

For those investments measured at fair value, the investments' fair value measurements are as follows at June 30, 2024:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Federal farm credit bonds	\$ 727,485	\$ -	\$ 727,485	\$ -
Mortgage-backed securities	285	285	-	-
US Treasury bonds	10,202,310	-	10,202,310	-
KY local government bonds	201,479	-	201,479	-
Corporate bonds	47,444	-	47,444	-
Exchange traded funds	741,863	741,863	-	-
Mutual funds	1,066,165	1,066,165	-	-
Domestic Equities	<u>522,562</u>	<u>522,562</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 13,509,593</u>	<u>\$ 2,330,875</u>	<u>\$ 11,178,718</u>	<u>\$ -</u>
Certificates of deposits	<u>700,000</u>			
Total investments	<u>\$ 14,209,593</u>			

Certificates of deposits are recorded at cost.

City Investment Policies

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are under the custody of the City Finance Director. Investing policies comply with the State Statutes and the City Charter. Kentucky Revised Statute 66.480 defines the following items as permissible investments:

- Obligations of the United States and of its agencies and instrumentalities;
- Obligations of any corporation of the United States Government;
- 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;
- Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one (1) of the three (3) highest categories by a nationally recognized rating agency. 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, including surety bonds, permitted by KRS 41.240(4)
- Bankers' acceptances for banks rated in one (1) of the three (3) 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 this state and of its agencies and instrumentalities;
- Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

5. DEPOSITS AND INVESTMENTS (CONTINUED)

City Investment Policies, continued

- 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 (5) years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- Investments of the Cemetery Fund have no restrictions.

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City 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.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The City does not have more than 5% or more of investments subject to the concentration of credit risk disclosure in any one issuer.

Custodial Credit Risk

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's \$14.2 million in securities is held by the counterparty's trust department but not in the City's name. The City's policy is to have the securities held by the counterparty's trust department according to the trust department's policy.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for governmental activities for the fiscal year ended June 30, 2024, was as follows:

	June 30, 2023	Additions/ Transfers	Disposals/ Transfers	June 30, 2024
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 24,645,427	\$ 1,033,366	\$ (24,735)	\$ 25,654,058
Construction in progress	<u>11,456,163</u>	<u>7,586,460</u>	<u>(12,639,243)</u>	<u>6,403,380</u>
Totals	<u>36,101,590</u>	<u>8,619,826</u>	<u>(12,663,978)</u>	<u>32,057,438</u>
Capital assets that are depreciated & amortized:				
Building & improvements	57,391,051	9,107,737	(211,624)	66,287,164
Infrastructure	100,708,453	4,501,941	-	105,210,394
Vehicles	10,414,306	668,438	(54,033)	11,028,711
Office equipment	588,763	172,502	-	761,265
Technical equipment	9,685,343	289,423	-	9,974,766
Construction & maintenance equipment	4,406,567	1,101,011	-	5,507,578
Other equipment	1,966,768	185,315	-	2,152,083
Right to use software	<u>177,292</u>	<u>-</u>	<u>-</u>	<u>177,292</u>
Totals	<u>185,338,543</u>	<u>16,026,367</u>	<u>(265,657)</u>	<u>201,099,253</u>
Total capital assets	<u>221,440,133</u>	<u>24,646,193</u>	<u>(12,929,635)</u>	<u>233,156,691</u>
Accumulated depreciation:				
Buildings & improvements	14,671,208	1,397,656	(26,983)	16,041,881
Infrastructure	48,498,494	1,531,376	-	50,029,870
Vehicles	6,572,515	559,724	(27,104)	7,105,135
Office equipment	330,462	51,931	-	382,393
Technical equipment	7,511,983	344,956	-	7,856,939
Construction & maintenance equipment	3,093,034	338,025	-	3,431,059
Other Equipment	<u>1,092,052</u>	<u>142,334</u>	<u>-</u>	<u>1,234,386</u>
Totals	<u>81,769,748</u>	<u>4,366,002</u>	<u>(54,087)</u>	<u>86,081,663</u>
Accumulated amortization:				
Leased software	<u>35,458</u>	<u>35,458</u>	<u>-</u>	<u>70,916</u>
Totals	<u>35,458</u>	<u>35,458</u>	<u>-</u>	<u>70,916</u>
Total accumulated depreciation and amortization	<u>81,805,206</u>	<u>4,401,460</u>	<u>(54,087)</u>	<u>86,152,579</u>
Depreciable capital assets, net	<u>103,533,337</u>	<u>11,624,907</u>	<u>(211,570)</u>	<u>114,946,674</u>
Capital Assets, Net	<u>\$ 139,634,927</u>	<u>\$ 20,244,733</u>	<u>\$ (12,875,548)</u>	<u>\$ 147,004,112</u>

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

6. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

	June 30, 2023	Additions/ Transfers	Disposals/ Transfers	June 30, 2024
Business-type Activities				
Capital assets not depreciated:				
Land	\$ 1,547,366	\$ 150,409	\$ -	\$ 1,697,775
Construction in progress	-	<u>284,632</u>	-	<u>284,632</u>
Totals	<u>1,547,366</u>	<u>435,041</u>	-	<u>1,982,407</u>
Capital assets that are depreciated:				
Building and equipment	55,011,402	477,977	-	55,489,379
Distribution & collection system	<u>61,920,213</u>	<u>4,177,584</u>	-	<u>66,097,797</u>
Totals	<u>116,931,615</u>	<u>4,655,561</u>	-	<u>121,587,176</u>
Total capital assets	<u>118,478,981</u>	<u>5,090,602</u>	-	<u>123,569,583</u>
Accumulated depreciation:				
Building and equipment	22,279,740	1,077,995	-	23,357,735
Distribution & collection system	<u>24,610,176</u>	<u>1,242,572</u>	-	<u>25,852,748</u>
Totals	<u>46,889,916</u>	<u>2,320,567</u>	-	<u>49,210,483</u>
Depreciable capital assets, net	<u>70,041,699</u>	<u>2,344,994</u>	-	<u>72,376,693</u>
Capital Assets, Net	<u>\$ 71,589,065</u>	<u>\$ 2,770,035</u>	<u>\$ -</u>	<u>\$ 74,359,100</u>

Depreciation expense was allocated to functions/programs of the primary government as follows:

Primary Government

Governmental Activities

General	\$ 1,239,936
Public Safety	864,917
Public Works	1,407,218
Recreation/Tourism	<u>853,931</u>

\$ 4,366,002

Business-Type Activities

Sewer	\$ 1,992,620
Gas	<u>327,947</u>

\$ 2,320,567

Amortization expense was allocated to functions/programs of the primary government as follows:

Primary Government

Governmental Activities

General	<u>\$ 35,458</u>
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CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

7. SALE OF WATER SYSTEM ASSETS

On October 23, 2014, the Kentucky Public Service Commission approved an asset purchase agreement between the Hardin County Water District No. 2 and the City for the Hardin County Water District No. 2's purchase of certain water system assets of the City. The transaction closed on October 31, 2014. The agreement requires the Hardin County Water District No. 2 to pay a note to the City of \$8,000,000 in twenty annual installments of \$400,000 beginning in 2015. The note carries no specified interest rate, but interest was imputed at a rate of 2.745 percent resulting in a net principal amount of \$6,093,748 and a resulting interest amount of \$1,906,252 over the life of the note. The following is a schedule of future amounts to be received:

Year ended	Principal	Interest	Total
2025	\$ 296,956	\$ 103,044	\$ 400,000
2026	305,108	94,892	400,000
2027	313,483	86,517	400,000
2028	322,088	77,912	400,000
2029	330,929	69,071	400,000
2030-2034	1,795,997	204,003	2,000,000
2030-2034	<u>389,312</u>	<u>10,688</u>	<u>400,000</u>
	<u>\$ 3,753,873</u>	<u>\$ 646,127</u>	<u>\$ 4,400,000</u>

8. LONG TERM LIABILITIES

Outstanding Debt - At June 30, 2024, bonds and notes payable for governmental activities consisted of the following individual issues:

	<u>Original Issue Amount</u>	<u>Balance June 30, 2024</u>
2012c General Obligation Bonds, dated April 1, 2012, issued through the City. Payments are due in annual installments through 2037, bearing interest rates of 1.0% to 3.75%	\$ 8,500,000	\$ 4,980,000
2013 General Obligation Refunding Bonds, dated April 16, 2013, issued through the City. Payments are due in annual installments through 2034 bearing interest rates of 1.0% to 3.0%	5,780,000	3,270,000
2015 General Obligation Refunding Bonds, dated December 7, 2015, issued through the City. Payments are due in annual installments through 2036 bearing interest rates of 1.0% to 3.0%	7,405,000	5,630,000
2021 General Obligation Refunding Bonds, dated August 17, 2021, issued through the City. Payments are due in annual installments through 2036 bearing interest rates of 1.0% to 3.0%	6,655,000	5,910,000
Note Payable, dated April 14, 2022. Payments are due in annual installments through 2030 bearing interest of 2.95%.	<u>1,398,646</u>	<u>1,078,129</u>
Total bonds and notes payable	<u>\$ 29,738,646</u>	<u>\$ 20,868,129</u>

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

8. LONG TERM LIABILITIES (CONTINUED)

Outstanding Debt - At June 30, 2024, bonds and notes payable for business-type activities consisted of the following individual issues:

	Original Issue Amount	Balance June 30, 2024
2015 Kentucky Infrastructure Authority loan, payments are due in semi-annual installments through 2034, bearing interest of 3.00%	\$ 14,580,483	\$ 8,724,227
2019 Kentucky Infrastructure Authority loan, payments are due in semi-annual installments through 2038, bearing interest of 2.75%.	<u>9,609,570</u>	<u>7,466,378</u>
Total bonds and notes payable	<u>\$ 24,190,053</u>	<u>\$ 16,190,605</u>

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

	Balance June 30, 2023	Issued/ Transfers	Retired	June 30, 2024	Due within One year
<u>Governmental Activities</u>					
Bonds and notes payable:					
General obligation bonds	\$ 21,175,000	\$ -	\$ 1,385,000	\$ 19,790,000	\$1,425,000
Bond discount (GOB)	(54,221)	47,692	-	(6,529)	-
Bond premium (GOB)	281,904	74,964	-	356,868	-
Notes payable	<u>1,240,717</u>	<u>-</u>	<u>162,588</u>	<u>1,078,129</u>	<u>167,385</u>
Total bonds and notes payable	22,643,400	122,656	1,547,588	21,218,468	1,592,385
Other liabilities:					
Net pension liability	47,035,925	571,033	-	47,606,958	-
Net OPEB liability	13,025,621	-	11,824,005	1,201,616	-
Subscription liability	138,292	-	29,854	108,438	34,358
Compensated absences	<u>348,090</u>	<u>-</u>	<u>75,073</u>	<u>273,017</u>	<u>273,017</u>
Governmental activities, long-term liabilities	<u>\$ 83,191,328</u>	<u>\$ 693,689</u>	<u>\$13,476,520</u>	<u>\$ 70,408,497</u>	<u>\$ 1,900,776</u>
<u>Business-type Activities</u>					
Loans payable:					
KIA loans	<u>\$ 17,301,909</u>	<u>\$ -</u>	<u>\$ 1,111,304</u>	<u>\$ 16,190,605</u>	<u>\$ 1,143,843</u>
Other Liabilities:					
Net pension liability	5,809,677	-	223,540	5,586,137	-
Net OPEB liability (asset)	1,585,864	-	1,706,040	(120,176)	-
Compensated absences	<u>112,892</u>	<u>-</u>	<u>23,280</u>	<u>89,612</u>	<u>89,612</u>
Business-type activities, long-term liabilities	<u>\$ 24,810,342</u>	<u>-</u>	<u>\$ 3,064,164</u>	<u>\$ 21,746,178</u>	<u>\$ 1,233,455</u>

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

8. LONG TERM LIABILITIES (CONTINUED)

	<u>Balance</u> <u>June 30, 2023</u>	<u>Issued/</u> <u>Transfers</u>	<u>Retired</u>	<u>June 30, 2024</u>	<u>Due within</u> <u>One year</u>
<u>Component units</u>					
Tourism & Convention Bureau	\$ -	\$ -	\$ -	\$ -	\$ -
Airport Board	188,122	-	(27,326)	160,796	25,561
Total Component Units	<u>\$ 188,122</u>	<u>\$ -</u>	<u>\$ (27,326)</u>	<u>\$ 160,796</u>	<u>\$ 25,561</u>

Compensated absences are generally paid through the General, Sewer, and Gas funds. The General Fund, the Sewer Fund, and the Gas Fund were the funds with reductions in compensated absences during the fiscal year.

The net pension and OPEB liabilities are generally paid through the General Fund, Sewer Fund, and Gas Fund. In the current year, business-type activities reported a net OPEB asset.

Principal and interest requirements to retire the City's long-term obligations are as follows:

Governmental Activities

<u>Year ended</u>	<u>General Obligation Bonds</u>		<u>Notes Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,425,000	\$ 478,859	\$ 167,385	\$ 31,805	\$ 2,103,049
2026	1,460,000	443,169	172,322	26,867	2,102,358
2027	1,490,000	406,063	177,406	21,783	2,095,252
2028	1,520,000	367,722	182,639	16,550	2,086,911
2029	1,570,000	327,000	188,027	11,162	2,096,189
2030-2034	8,460,000	1,028,684	190,350	8,840	9,687,874
2035-2037	3,865,000	139,009	-	-	4,004,009
	<u>\$ 19,790,000</u>	<u>\$ 3,190,506</u>	<u>\$ 1,078,129</u>	<u>\$ 117,007</u>	<u>\$ 24,175,642</u>

Business-type Activities

<u>Year ended</u>	<u>KIA Loans Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,143,843	\$ 490,613	\$ 1,634,456
2026	1,177,337	454,815	1,632,152
2027	1,211,813	417,967	1,629,780
2028	1,247,301	380,038	1,627,339
2029	1,283,829	340,997	1,624,826
2030-2034	7,005,705	1,078,081	8,083,786
2035-2039	3,120,777	205,972	3,326,749
	<u>\$ 16,190,605</u>	<u>\$ 3,368,483</u>	<u>\$ 19,559,088</u>

Total interest costs incurred during 2024 were \$1,056,747 (\$526,488 in governmental activities and \$530,259 in business-type activities).

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

9. RETIREMENT PLAN

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

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

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

The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2024, participating employers contributed 23.34% respectively of each employee's wages, for non-hazardous job classifications and 43.69% of each employee's wages for hazardous job classifications. The contributions are allocated to both the pension and insurance trust. The insurance trust is more fully described in Note 10. Plan members contributed 23.34% to the pension trust for non-hazardous job classifications and 41.11% to the pension trust for hazardous job classifications. The contributions rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Public Pensions Authority are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5.00% of wages to their own account for non-hazardous job classifications and 8% of wages to their own account for hazardous job classifications. Plan members also contribute 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. Each member's account is credited with a 4% employer pay credit for non-hazardous members, and a 7.5% pay credit for hazardous members. The employer pay credit represents a portion of the employer contribution.

For the year ended June 30, 2024, the City contributed \$2,542,983 or 100% of the required contribution for non-hazardous job classifications, and \$3,559,514, for the year ended June 30, 2024, or 100% of the required contribution for hazardous job classifications, to the same pension trust.

Benefits – CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

9. RETIREMENT PLAN (CONTINUED)

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old and 4 years service
	Reduced retirement	At least 5 years service and 55 years old or at least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal to 87+
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old or age 57+ and sum of service years plus age equal to 87+
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2024, the City reported a liability for its proportionate share of the net pension liability as follows:

Total Net		
Pension Liability	Non-hazardous	Hazardous
<u>\$ 53,193,095</u>	<u>\$ 22,376,867</u>	<u>\$30,816,228</u>

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, and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2023, was as follows:

Non-hazardous	Hazardous
0.348739%	1.143054%

The proportionate share at June 30, 2023 relative to June 30, 2022 increased for non-hazardous by .044912% and increased for hazardous by .131016%.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

9. RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2024, the City recognized pension expense of \$5,793,421. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 2,567,199	\$ 60,804
Changes of assumptions	-	4,457,514
Net difference between projected and actual earnings on Plan investments	-	614,378
Changes in proportion and differences between City contributions and proportionate share of contributions	5,019,073	393,248
City contributions subsequent to the measurement date	<u>5,939,840</u>	<u>-</u>
Total	<u>\$ 13,526,112</u>	<u>\$ 5,525,944</u>

The \$5,939,840 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Contributions subsequent to the measurement date are reduced by retired re-employed employer contributions of \$162,658. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2025	\$ 918,565
2026	\$ 67,637
2027	\$ 1,453,166
2028	\$ (379,040)

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

Non-hazardous

Inflation	2.50%
Salary increases	3.30% to 10.30%, varies by service, including inflation
Investment rate of return	6.50%, net of Plan investment expense, including inflation

Hazardous

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

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

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

9. RETIREMENT PLAN (CONTINUED)

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income	20.00%	
Core Bonds	10.00%	2.45%
Specialty Credit/High Yield	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected	20.00%	
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Total	100.00%	5.75%
Long term inflation assumption		2.50%
Expected nominal return for portfolio		8.25%

Discount Rate – The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the closed 30-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate at June 30, 2024:

	Non-hazardous		Hazardous	
	Discount rate	City's proportionate share of net pension liability	Discount rate	City's proportionate share of net pension liability
1% decrease	5.50%	\$ 28,252,147	5.50%	\$ 38,912,844
Current discount rate	6.50%	\$ 22,376,867	6.50%	\$ 30,816,228
1% increase	7.50%	\$ 17,494,289	7.50%	\$ 24,203,131

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

9. RETIREMENT PLAN (CONTINUED)

Payable to the Pension Plan – At June 30, 2024, the City reported a payable of \$619,655 for the outstanding amount of contributions to the pension plan required for the year then ended. The payable includes both the pension and insurance contribution allocation.

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

Contributions – As more fully described in Note 4, plan members contribute to CERS for non-hazardous and hazardous job classifications. For the year ended June 30, 2024, the employer's contribution was 0.00% to the insurance trust for non-hazardous job classifications and 2.58% to the insurance trust for hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Public Pension Authority are financed through employer contributions and investment earnings.

For the year ended June 30, 2024, the City contributed \$0, or 100% of the required contribution for non-hazardous job classifications, and \$223,390, or 100% of the required contribution for hazardous job classifications.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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

Benefits – CERS provides health insurance benefits to Plan employees and beneficiaries.

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

Tier 1	Participation date Insurance eligibility Benefit	Before July 1, 2003 10 years of service credit required Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 1	Participation date Insurance eligibility Benefit	Before September 1, 2008 but after July 1, 2003 10 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 2	Participation date Insurance eligibility Benefit	After September 1, 2008 and before December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually
Tier 3	Participation date Insurance eligibility Benefit	After December 31, 2013 15 years of service credit required Set dollar amount based on service credit accrued, increased annually

OPEB Liabilities (Asset), Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2024, the City reported a liability (asset) for its proportionate share of the net OPEB liability (asset) as follows:

Total Net OPEB Liability (Asset)	Non-hazardous	Hazardous
<u>\$ 1,081,440</u>	<u>\$ (481,474)</u>	<u>\$ 1,562,914</u>

The net OPEB liability (asset) was measured as of June 30, 2023 and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022 and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB liability (asset) was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The City's proportionate share at June 30, 2023 was as follows:

Non-hazardous	Hazardous
0.348726%	1.142289%

The proportionate share at June 30, 2023 relative to June 30, 2022 for non-hazardous increased by .044932% and hazardous increased by .130759%.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$(1,134,646). At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 477,024	\$ 13,279,881
Changes of assumptions	2,014,673	2,289,582
Net difference between projected and actual earnings on Plan investments	-	326,984
Changes in proportion and differences between City contributions and proportionate share of contributions	1,725,583	272,724
City contributions subsequent to the measurement date	<u>359,478</u>	<u>-</u>
Total	<u>\$ 4,576,758</u>	<u>\$ 16,169,171</u>

The \$359,478 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2025. This includes adjustments of \$157,261 for the non-hazardous implicit subsidy and \$(14,525) for the hazardous implicit subsidy, which is required to be recognized as a deferred outflow of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2025	\$ (2,619,614)
2026	\$ (3,226,952)
2027	\$ (2,386,037)
2028	\$ (2,761,916)
2029	\$ (957,372)

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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

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

Non-hazardous

Inflation	2.50%
Salary increases	3.30 to 10.30%, varies by service, including inflation
Investment rate of return	6.50%, net of Plan investment expense, including inflation
Healthcare trend	

Pre – 65: Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Post – 65: Initial trend starting at 8.50% in January 1, 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Hazardous

Inflation	2.50%
Salary increases	3.55 to 19.05%, varies by service, including inflation
Investment rate of return	6.50%, net of Plan investment expense, including inflation
Healthcare trend	

Pre – 65: Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Post – 65: Initial trend starting at 8.50% at January 1, 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

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

The actuarial assumption used in the June 30, 2023, valuation was based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2022. The total OPEB liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023.

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.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income	20.00%	
Core Bonds	10.00%	2.45%
Specialty Credit/High Yield	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected	20.00%	
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Total	100.00%	5.75%
Long term inflation assumption		2.50%
Expected nominal return for portfolio		8.25%

Discount Rate – The discount rate used to measure the total OPEB liability was 5.93% and 5.97% for non-hazardous and hazardous classifications, respectively. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 22-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index”. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The following presents the City’s proportionate share of the net OPEB liability (asset) calculated using the discount rate as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate at June 30, 2024:

	Non-hazardous			Hazardous		
	Discount rate	City’s proportionate share of net OPEB liability (asset)		Discount rate	City’s proportionate share of net OPEB liability (asset)	
1% decrease	4.93%	\$ 903,543		4.97%	\$ 3,952,634	
Current discount rate	5.93%	\$ (481,474)		5.97%	\$ 1,562,914	
1% increase	6.93%	\$ (1,641,258)		6.97%	\$ (428,360)	

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

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

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate – The following presents the City's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates at June 30, 2024:

	Non-hazardous	Hazardous
	City's proportionate share of net OPEB liability (asset)	City's proportionate share of net OPEB liability (asset)
1% decrease	\$ (1,543,210)	\$ 17,807
Current trend rate	\$ (481,474)	\$ 1,562,914
1% increase	\$ 822,767	\$ 3,428,949

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

11. Contingent Liabilities

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

12. Self-Insurance

As disclosed in Note 1, the Internal Service Fund (Employee Benefits Trust Fund) was established effective April 6, 1990, to account for the City's employee health care coverage program, which is self-insured by the City. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage. Liabilities for unpaid claims are estimated based on a review of claims incurred during the fiscal year but not paid until the following fiscal year. Changes in the self-insurance fund cash balance during fiscal years ended June 30, 2024, and 2023, were as follows:

Year ended <u>June 30,</u>	Balance at beginning of <u>fiscal year</u>	Current year claims and changes in estimates <u>and transfers</u>	Claim payments <u>and transfers</u>	Balance at end of <u>fiscal year</u>
2024	\$ 358,742	\$ 3,363,055	\$ 3,681,982	\$ 39,815
2023	\$ 133,827	\$ 3,429,114	\$ 3,204,199	\$ 358,742

There were \$173,856 in claims due within one year at June 30, 2024. The health care coverage program maintains a policy with a commercial insurance company that covers any claims greater than \$135,000 per year per employee and also covers any aggregate claims greater than \$3,017,156 per year. For the fiscal year ending June 30, 2024, no settlements exceeded insurance coverage.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

13. INTERFUND TRANSFERS

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,273,894
Employee Benefits Trust Fund	900,000	-
Debt Service Fund	<u>373,894</u>	<u>-</u>
Total	<u>\$ 1,273,894</u>	<u>\$ 1,273,894</u>

These transfers were eliminated in the preparation of the government-wide financial statements except for those between governmental and proprietary funds. The transfers were made to make debt payments through the Debt Service Fund and to fund self-insurance.

14. INSURANCE AND RELATED ACTIVITIES AND RISK MANAGEMENT

The City is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City has purchased certain policies, which are retrospectively rated which include workers' compensation insurance. To obtain insurance for workers' compensation, the City participates in the Kentucky League of Cities Workers' Compensation Trust. This public entity risk pool operates as a common risk management and insurance program for all participating cities of Kentucky who are members of the Kentucky League of Cities. The City pays an annual premium to the fund for coverage. Contributions to the Workers' Compensation Trust are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term.

The City purchased unemployment insurance through the Kentucky League of Cities Unemployment Compensation Reimbursement Trust; however, risk has not been transferred to such fund.

15. COMMITMENTS AND CONTINGENCIES

The City is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have material adverse effect on the financial position of the City. The City has no cases that are expected to result in a payment in future years. Also, the City has entered into various construction commitments related to the construction projects.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

16. TAX ABATEMENTS

The GASB issued Statement 77, *Tax Abatement Disclosures* in August 2015. GASB 77 establishes reporting requirements for disclosure of tax abatement incentives granted by a governmental entity. This statement was effective for periods beginning after December 15, 2015.

The Commonwealth of Kentucky Cabinet for Economic Development offers incentives to businesses that promote new business development, expansion of existing facilities, or relocation of facilities. There are currently 11 different programs through which a business can obtain economic incentives. Currently, the City of Elizabethtown is mainly impacted by the Kentucky Business Investment Program (KBI). Through this program, the state offers a rebate of up to 3% of state withholding remitted to the state. The City of Elizabethtown offers a rebate equivalent to 1% of local withholding for a specified number of jobs created. The length of term of the program is usually 10 years with a maximum amount of incentive that is authorized to be rebated.

For the fiscal year ended June 30, 2024, the City of Elizabethtown had ten entities that had received final approval from the Commonwealth of Kentucky and were eligible to receive rebates. Rebates in the amount of \$149,896 were issued during the fiscal year ended June 30, 2024. This results from new jobs created by these businesses as required by state program criteria. These new jobs provided wages of \$14,989,607 to local employees. The economic benefit to the City, its citizens, and the local communities more than offsets this reduction of occupational license fee revenue. The rebates represent 0.55% of the total occupational license fee revenue collected by the City during this fiscal year.

17. CONDUIT DEBT OBLIGATIONS

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

18. SUBSCRIPTION ARRANGEMENTS

On August 19, 2022, the City entered into a subscription-based information technology arrangement (SBITA) with a vendor for its primary virtual memory host server. The arrangement requires sixty monthly payments of \$3,250. The system went live September 1, 2022 and is discounted at a rate of 5.00% with an asset value of \$177,292. For the year ended June 30, 2024, the City reported a corresponding SBITA liability in the amount of \$108,438. For the year ended June 30, 2024, there was a principal reduction of \$29,854. As of June 30, 2024, the net SBITA right-to-use intangible asset was reported in the amount of \$106,376. Annual amortization is \$35,458. Future payments are as follows.

Year ended	Principal	Interest	Total
2025	\$ 34,358	\$ 4,642	\$ 39,000
2026	36,116	2,884	39,000
2027	<u>37,964</u>	<u>1,036</u>	<u>39,000</u>
	<u>\$ 108,438</u>	<u>\$ 8,562</u>	<u>\$ 117,000</u>

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

19. SUBSEQUENT EVENT

In September 2024, the City issued \$10,825,000 of General Obligation Bonds, Series 2024A. The bonds are being used for a police station expansion project and for the construction of fire station #4. The bonds bear fixed interest at a rate of 4.00%. Payments are due semiannually, beginning six months after the bond issuance. The bond is set to mature in 20 years.

20. RESTATEMENT OF FUND BALANCE/NET POSITION

Fund balance and net position of the governmental funds have been restated at June 30, 2023 to reflect receivables for insurance premium tax of \$1,466,202, restaurant tax of \$480,216, and hotel tax of \$136,993 that were not stated at appropriate amounts at June 30, 2023. Fund balance and net position were also restated at June 30, 2023 to reflect offsetting payables for the restaurant and hotel tax receivables that are due to the Elizabethtown Tourism and Convention Bureau.

Net position at June 30, 2023 has been restated for bond issuance costs that were recorded in discounts and premiums and being amortized at June 30, 2023. The restatement resulted in a \$151,099 increase in bond obligations.

In addition, for the year ended June 30, 2023, the City did not evaluate and record future expected revenue from the national opioid settlement. At June 30, 2023 the City was scheduled to receive \$93,777 in opioid settlement funds that was considered earned for government wide purposes but was considered to be outside the period of availability for governmental fund purposes. The prior period adjustment corrects the accounting treatment of the future opioid settlement revenue by recognizing revenue and a receivable on the government-wide statement of net position and government-wide statement of activities.

Governmental Funds

General Fund

Fund Balance, at beginning of year	\$ 39,881,396
Restatement for restaurant tax receivable	480,216
Restatement for transient room tax receivable	136,993
Restatement for restaurant tax payable	(480,216)
Restatement for transient room tax payable	(136,993)
Restatement for insurance premium tax receivable	<u>1,466,202</u>
 Fund Balance, at beginning of year, as restated	 <u>\$ 41,347,598</u>

Total Governmental Funds

Fund Balance, at beginning of year	\$ 43,170,965
Restatement for restaurant tax receivable	480,216
Restatement for transient room tax receivable	136,993
Restatement for restaurant tax payable	(480,216)
Restatement for transient room tax payable	(136,993)
Restatement for insurance premium tax receivable	<u>1,466,202</u>
 Fund Balance, at beginning of year, as restated	 <u>\$ 44,637,167</u>

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

20. RESTATEMENT OF FUND BALANCE/NET POSITION (CONTINUED)

Governmental activities

Net position, at beginning of year	\$ 106,769,448
Adjustment for restaurant tax receivable	480,216
Adjustment for transient room tax receivable	136,993
Adjustment for restaurant tax payable	(480,216)
Adjustment for transient room tax payable	(136,993)
Adjustment for insurance premium tax receivable	1,466,202
Adjustment for bond obligations	(151,099)
Adjustment for opioid receivable	<u>93,777</u>
Net position, at beginning of year, as restated	<u>\$ 108,178,328</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ELIZABETHTOWN, KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
for the year ended June 30, 2024

	Original & Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 4,350,000	\$ 4,885,362	\$ 535,362
Restaurant and transient room tax	7,000,000	6,266,246	(733,754)
Licenses and permits	30,175,844	34,955,409	4,779,565
Fines, forfeitures and penalties	167,500	129,376	(38,124)
Revenue from use of money and property	573,001	1,653,246	1,080,245
Other charges for current services	502,920	546,255	43,335
Recreation fees	961,600	1,343,993	382,393
Miscellaneous revenue	481,500	1,205,216	723,716
Local government	-	338,329	338,329
State grant revenue	545,000	547,330	2,330
Federal grant revenue	275,000	306,122	31,122
	<u>45,032,365</u>	<u>52,176,884</u>	<u>7,144,519</u>
Total revenues			
EXPENDITURES			
Current			
General government	7,085,361	7,107,424	(22,063)
Public safety	14,538,020	11,458,853	3,079,167
Public works	6,393,943	7,799,789	(1,405,846)
Recreation/tourism	10,570,776	9,849,697	721,079
Capital outlay	19,829,912	10,835,228	8,994,684
Debt service			
Principal	200,000	192,442	7,558
Interest	-	45,747	(45,747)
	<u>58,618,012</u>	<u>47,289,180</u>	<u>11,328,832</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(13,585,647)</u>	<u>4,887,704</u>	<u>18,473,351</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	-	(200,000)
Insurance proceeds	-	66,902	66,902
Proceeds from disposal of capital assets	50,000	275,025	225,025
Transfers out	(200,000)	(1,273,894)	(1,073,894)
	<u>50,000</u>	<u>(931,967)</u>	<u>(981,967)</u>
Total other financing sources (uses)			
Net changes in fund balances	<u>(13,535,647)</u>	<u>3,955,737</u>	<u>17,491,384</u>
Fund balances, July 1, 2023, restated	<u>41,347,598</u>	<u>41,347,598</u>	<u>-</u>
Fund balances, June 30, 2024	<u>\$ 27,811,951</u>	<u>\$ 45,303,335</u>	<u>\$ 17,491,384</u>

CITY OF ELIZABETHTOWN, KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND - FIRE PROTECTION SINKING FUND
for the year ended June 30, 2024

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Revenue from use of money and property	\$ -	\$ 83,393	\$ 83,393
Insurance premiums tax	<u>4,700,000</u>	<u>6,352,046</u>	<u>1,652,046</u>
Total revenues	<u>4,700,000</u>	<u>6,435,439</u>	<u>1,735,439</u>
EXPENDITURES			
Current			
Public safety	<u>4,700,000</u>	<u>6,435,437</u>	<u>(1,735,437)</u>
Total expenditures	<u>4,700,000</u>	<u>6,435,437</u>	<u>(1,735,437)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2</u>	<u>2</u>
Net change in fund balances	<u>-</u>	<u>2</u>	<u>2</u>
Fund balances, July 1, 2023	<u>-</u>	<u>21</u>	<u>21</u>
Fund balances, June 30, 2024	<u><u>\$ -</u></u>	<u><u>\$ 23</u></u>	<u><u>\$ 23</u></u>

CITY OF ELIZABETHTOWN, KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE CERS NET PENSION
LIABILITY - NONHAZARDOUS
Last Ten Fiscal Years

Reporting Fiscal Year (Measurement Date)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)	2024 (2023)
Proportion of the net pension liability	0.317516%	0.308610%	0.296117%	0.297731%	0.303181%	0.302278%	0.312209%	0.303917%	0.303827%	0.348739%
Proportionate share of the net pension liability	\$ 10,301,000	\$ 13,268,757	\$ 14,579,684	\$ 17,427,111	\$ 18,464,648	\$ 21,259,347	\$ 23,952,154	\$ 19,377,094	\$ 21,963,695	\$ 22,376,867
Covered payroll	\$ 7,787,255	\$ 7,319,457	\$ 8,235,546	\$ 7,545,897	\$ 8,092,391	\$ 7,891,239	\$ 8,282,869	\$ 8,020,009	\$ 8,561,249	\$ 10,469,767
Proportionate share of the net pension liability as a percentage of covered payroll	132.3%	181.3%	177.0%	230.9%	228.2%	269.4%	289.2%	241.6%	256.5%	213.7%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	59.97%	55.50%	53.30%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%

CITY OF ELIZABETHTOWN, KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE CERS NET PENSION
LIABILITY-HAZARDOUS
Last Ten Fiscal Years

Reporting Fiscal Year (Measurement Date)	2015 (2014)	2016 (2015)	2017 (2016)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)	2024 (2023)
Proportion of the net pension liability	0.950538%	0.969756%	0.929592%	0.961871%	0.980788%	1.006775%	1.034303%	1.040834%	1.012038%	1.143054%
Proportionate share of the net pension liability	\$ 11,424,000	\$ 14,886,788	\$ 15,951,251	\$ 21,519,734	\$ 23,719,935	\$ 27,810,099	\$ 31,184,529	\$ 27,708,659	\$ 30,881,907	\$ 30,816,228
Covered payroll	\$ 5,009,475	\$ 4,814,429	\$ 4,911,716	\$ 5,361,935	\$ 5,547,427	\$ 5,820,089	\$ 6,132,549	\$ 6,314,753	\$ 6,750,342	\$ 8,245,857
Proportionate share of the net pension liability as a percentage of covered payroll	228.0%	309.2%	324.8%	401.3%	427.6%	477.8%	508.5%	438.8%	457.5%	373.7%
Plan fiduciary net position as a percentage of the total pension liability	63.46%	57.52%	53.95%	49.78%	49.26%	46.63%	44.11%	52.26%	47.11%	52.96%

CITY OF ELIZABETHTOWN, KENTUCKY
SCHEDULE OF CONTRIBUTIONS TO CERS PENSION - NONHAZARDOUS
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (actuarially determined)	\$ 933,231	\$ 1,022,855	\$ 1,052,653	\$ 1,171,778	\$ 1,279,959	\$ 1,598,594	\$ 1,547,862	\$ 1,812,416	\$ 2,449,926	\$ 2,542,983
Contribution in relation to the actuarially determined contributions	<u>933,231</u>	<u>1,022,855</u>	<u>1,052,653</u>	<u>1,171,778</u>	<u>1,279,959</u>	<u>1,598,594</u>	<u>1,547,862</u>	<u>1,812,416</u>	<u>2,449,926</u>	<u>2,542,983</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,319,457	\$ 8,235,546	\$ 7,545,897	\$ 8,092,391	\$ 7,891,239	\$ 8,282,869	\$ 8,020,009	\$ 8,561,249	\$ 10,469,767	\$ 10,652,294
Contributions as a percentage of covered payroll	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	21.17%	23.40%	23.87%

CITY OF ELIZABETHTOWN, KENTUCKY
SCHEDULE OF CONTRIBUTIONS TO CERS PENSION - HAZARDOUS
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (actuarially determined)	\$ 998,031	\$ 995,114	\$ 1,164,076	\$ 1,231,529	\$ 1,446,874	\$ 1,843,444	\$ 1,898,215	\$ 2,285,665	\$ 3,530,052	\$ 3,559,514
Contribution in relation to the actuarially determined contributions	<u>998,031</u>	<u>995,114</u>	<u>1,164,076</u>	<u>1,231,529</u>	<u>1,446,874</u>	<u>1,843,444</u>	<u>1,898,215</u>	<u>2,285,665</u>	<u>3,530,052</u>	<u>3,559,514</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,814,429	\$ 4,911,716	\$ 5,361,935	\$ 5,547,427	\$ 5,820,089	\$ 6,132,549	\$ 6,314,753	\$ 6,750,342	\$ 8,245,857	\$ 8,400,859
Contributions as a percentage of covered payroll	20.73%	20.26%	21.71%	22.20%	24.86%	30.06%	30.06%	33.86%	42.81%	42.37%

CITY OF ELIZABETHTOWN, KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE CERS NET OPEB
LIABILITY (ASSET) - NONHAZARDOUS
Last Seven Fiscal Years

Reporting Fiscal Year (Measurement Date)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2021)	2023 (2022)	2024 (2023)
Proportion of the net OPEB liability (asset)	0.297731%	0.303169%	0.302214%	0.312212%	0.303846%	0.303794%	0.348726%
Proportionate share of the net OPEB liability (asset)	\$ 5,985,412	\$ 5,382,704	\$ 5,083,102	\$ 7,538,970	\$ 5,816,979	\$ 5,995,416	\$ (481,474)
Covered payroll	\$ 7,545,897	\$ 8,092,391	\$ 7,891,239	\$ 8,282,869	\$ 8,020,009	\$ 8,561,249	\$ 10,469,767
Proportionate share of the net OPEB liability as a percentage of covered payroll	79.32%	66.52%	64.41%	91.02%	72.53%	70.03%	-4.60%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	52.39%	57.62%	60.44%	51.67%	62.91%	60.95%	104.23%

The above schedule will present 10 years of historical data, once available.

CITY OF ELIZABHTOWN, KENTUCKY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE CERS NET OPEB
LIABILITY - HAZARDOUS
Last Seven Fiscal Years

Reporting Fiscal Year (Measurement Date)	2018 (2017)	2019 (2018)	2020 (2019)	2021 (2020)	2022 (2023)	2023 (2022)	2024 (2023)
Proportion of the net OPEB liability	0.961871%	0.980843%	1.006647%	1.034114%	1.040831%	1.011530%	1.142289%
Proportionate share of the net OPEB liability	\$ 7,951,513	\$ 6,993,013	\$ 7,447,776	\$ 9,556,305	\$ 8,415,736	\$ 8,616,069	\$ 1,562,914
Covered payroll	\$ 5,361,935	\$ 5,547,427	\$ 5,820,089	\$ 6,132,549	\$ 6,314,738	\$ 6,750,342	\$ 8,245,857
Proportionate share of the net OPEB liability as a percentage of covered payroll	148.30%	126.06%	127.97%	155.83%	133.27%	127.64%	18.95%
Plan fiduciary net position as a percentage of the total OPEB liability	58.99%	64.24%	64.44%	58.84%	66.81%	64.13%	92.27%

The above schedule will present 10 years of historical data, once available.

CITY OF ELIZABETHTOWN, KENTUCKY
SCHEDULE OF CONTRIBUTIONS TO CERS OPEB - NON-HAZARDOUS
Last Seven Fiscal Years

	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (actuarially determined)	\$ 380,342	\$ 415,079	\$ 389,215	\$ 381,752	\$ 494,840	\$ 354,925	\$ -
Contribution in relation to the actuarially determined contributions	<u>380,342</u>	<u>415,079</u>	<u>389,215</u>	<u>381,752</u>	<u>494,840</u>	<u>354,925</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,092,391	\$ 7,891,239	\$ 8,282,869	\$ 8,020,009	\$ 8,561,249	\$ 10,469,767	\$ 10,652,294
Contributions as a percentage of covered payroll	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%	0.00%

The above schedule will present 10 years of historical data, once available.

CITY OF ELIZABETHTOWN, KENTUCKY
SCHEDULE OF CONTRIBUTIONS TO CERS OPEB - HAZARDOUS
Last Seven Fiscal Years

	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution (actuarially determined)	\$ 518,684	\$ 609,945	\$ 583,819	\$ 601,163	\$ 706,731	\$ 559,069	\$ 223,390
Contribution in relation to the actuarially determined contributions	<u>518,684</u>	<u>609,945</u>	<u>583,819</u>	<u>601,163</u>	<u>706,731</u>	<u>559,069</u>	<u>223,390</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,547,427	\$ 5,820,089	\$ 6,132,549	\$ 6,314,738	\$ 6,750,342	\$ 8,245,857	\$ 8,400,859
Contributions as a percentage of covered employee payroll	9.35%	10.48%	9.52%	9.52%	10.47%	6.78%	2.66%

The above schedule will present 10 years of historical data, once available.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
for the year ended June 30, 2024

1. GENERAL INFORMATION

Contributions

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

Payroll

The City's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the City's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

2. CHANGES OF ASSUMPTIONS

June 30, 2023 – Pension and OPEB Hazardous and Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for pension:

- The rate of inflation was increased from 2.30% to 2.50%.
- The salary productivity assumption was reduced by .20%, resulting in no change in the salary increase assumption for long-service employees of 3.30% in the non-hazardous funds.
- The individual rates of salary increases were increased during the select period for the CERS funds.
- The investment return assumption was increased from 6.25% to 6.50%.
- The Tier 3 cash balance interest crediting rate assumption was increased to 6.75% for the CERS pension funds.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for OPEB:

- The rate of inflation was increased from 2.30% to 2.50%.
- The salary productivity assumption was reduced by .20%, resulting in no change in the salary increase assumption for long-service employees of 3.30% in the non-hazardous funds.
- The individual rates of salary increases were increased during the select period for the CERS funds.
- The investment return assumption was increased from 6.25% to 6.50%.
- The initial healthcare trend rate for pre-65 was changed from 6.20% to 6.8%. The initial healthcare trend rate for post-65 was changed from 9.00% to 8.50%.

June 30, 2022 – Pension and OPEB Hazardous and Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.30% to 6.40%. The initial healthcare trend rate for post-65 was changed from 6.30% to 9.00%

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for pension.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
for the year ended June 30, 2024

2. CHANGES OF ASSUMPTIONS (CONTINUED)

June 30, 2021 – Pension and OPEB Hazardous and Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.40% to 6.30%. The initial healthcare trend rate for post-65 was changed from 2.90% to 6.30%.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for pension.

June 30, 2020 – Pension and OPEB Hazardous and Nonhazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increases to 6.30% in 2023 and then gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for pension.

June 30, 2019 – Pension and OPEB Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average for non-hazardous and 3.05% to 3.55% to 19.05% on average for hazardous.

June 30, 2018 – Pension and OPEB – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018 for either pension or OPEB.

June 30, 2017 – Pension and OPEB – Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017, for both pension and OPEB:

- The assumed rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- Payroll growth assumption was reduced from 4% to 2%

June 30, 2016 – Pension and OPEB – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016 for either pension or OPEB.

CITY OF ELIZABETHTOWN, KENTUCKY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
for the year ended June 30, 2024

3. CHANGES OF ASSUMPTIONS (CONTINUED)

June 30, 2015 – Pension – Hazardous and Nonhazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

June 30, 2014 – Pension – Hazardous and Nonhazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2014.

COMBINING FINANCIAL STATEMENTS

CITY OF ELIZABETHTOWN, KENTUCKY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
	Cemetery Fund	Fire and Police Incentive	Municipal Aid	Narcotics Task Force Grant	ARC Fund		
ASSETS							
Non-pooled cash and cash equivalents	\$ 154,329	\$ -	\$ -	\$ -	\$ -	\$ 850,256	\$ 1,004,585
Investments	2,240,951	-	-	-	-	-	2,240,951
Receivables							
Taxes and licenses	-	-	-	-	287,811	-	287,811
Intergovernmental-state of KY	-	24,011	-	-	-	-	24,011
	<u>-</u>	<u>24,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,011</u>
Total assets	<u>\$ 2,395,280</u>	<u>\$ 24,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,811</u>	<u>\$ 850,256</u>	<u>\$ 3,557,358</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances							
Restricted	<u>2,395,280</u>	<u>24,011</u>	<u>-</u>	<u>-</u>	<u>287,811</u>	<u>850,256</u>	<u>3,557,358</u>
Total fund balances	<u>2,395,280</u>	<u>24,011</u>	<u>-</u>	<u>-</u>	<u>287,811</u>	<u>850,256</u>	<u>3,557,358</u>
Total liabilities and fund balances	<u>\$ 2,395,280</u>	<u>\$ 24,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,811</u>	<u>\$ 850,256</u>	<u>\$ 3,557,358</u>

CITY OF ELIZABETHTOWN, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2024

	Special Revenue Funds					Debt Service Funds	Total Nonmajor Governmental Funds
	Cemetery Fund	Fire and Police Incentive	Municipal Aid	Narcotics Task Force Grant	ARC Fund		
REVENUES							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 1,894,359	\$ -	\$ 1,894,359
Fines, forfeitures and penalties	-	-	-	-	10,000	-	10,000
From use of money and property	308,898	-	-	-	-	1,746	310,644
Local government	-	-	-	-	-	1,537,395	1,537,395
State grant revenue	-	534,063	725,644	-	-	-	1,259,707
Federal grant revenue	-	-	-	179,883	-	-	179,883
	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,883</u>	<u>-</u>	<u>-</u>	<u>179,883</u>
Total revenues	<u>308,898</u>	<u>534,063</u>	<u>725,644</u>	<u>179,883</u>	<u>1,904,359</u>	<u>1,539,141</u>	<u>5,191,988</u>
EXPENDITURES							
General government	43,775	-	-	-	-	-	43,775
Public safety	-	555,852	-	179,883	1,895,607	-	2,631,342
Public works	-	-	725,644	-	-	-	725,644
Debt service							
Principal	-	-	-	-	-	1,385,000	1,385,000
Interest	-	-	-	-	-	512,311	512,311
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,311</u>	<u>512,311</u>
Total expenditures	<u>43,775</u>	<u>555,852</u>	<u>725,644</u>	<u>179,883</u>	<u>1,895,607</u>	<u>1,897,311</u>	<u>5,298,072</u>
Excess (deficiency) of revenues over expenditures	<u>265,123</u>	<u>(21,789)</u>	<u>-</u>	<u>-</u>	<u>8,752</u>	<u>(358,170)</u>	<u>(106,084)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	373,894	373,894
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,894</u>	<u>373,894</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,894</u>	<u>373,894</u>
Net change in fund balances	<u>265,123</u>	<u>(21,789)</u>	<u>-</u>	<u>-</u>	<u>8,752</u>	<u>15,724</u>	<u>267,810</u>
Fund balances, July 1, 2023	<u>2,130,157</u>	<u>45,800</u>	<u>-</u>	<u>-</u>	<u>279,059</u>	<u>834,532</u>	<u>3,289,548</u>
Fund balances, June 30, 2024	<u>\$ 2,395,280</u>	<u>\$ 24,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,811</u>	<u>\$ 850,256</u>	<u>\$ 3,557,358</u>



Members American Institute of Certified Public Accountants
and Kentucky Society of Certified Public Accountants

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

To the Mayor and City Council
City of Elizabethtown, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Elizabethtown, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Elizabethtown, Kentucky's basic financial statements and have issued our report thereon dated December 12, 2024. Our report includes a reference to other auditors who audited the financial statements of the Elizabethtown Tourism and Commission Bureau, a discretely presented component unit, as described in our report on City of Elizabethtown, Kentucky's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance or other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 City of Elizabethtown, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

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

RFH

RFH, PLLC
Lexington, Kentucky
December 12, 2024

APPENDIX D

CITY OF ELIZABETHTOWN, KENTUCKY GENERAL OBLIGATION BONDS SERIES 2025

Statement of Indebtedness

KY CONST. §§ 157 and 158
KRS § 66.041

The undersigned Finance Director of the City of Elizabethtown, Kentucky (the “City”), does hereby certify that the following statements concerning the financial condition of the City are all true and correct, as they appear from the records of the City:

- * Preliminary, subject to change.

6. The total of all bonds, notes, and other obligations subject to the debt limitation set forth in KRS Section 66.041, as computed in Line 5, does not exceed 10% of the assessed valuation of all of the taxable property in the City. **
7. The current tax rates of the City, for other than school purposes, upon the value of its taxable property is \$0.260 per \$100.00 of assessed valuation for real property and \$0.116 per \$100.00 of assessed valuation for tangible property, which rates do not exceed the maximum permissible tax rates for the City set forth in Section 157 of the Kentucky Constitution.
8. The issuance of the bonds, bond anticipation notes, or other obligations set forth in Line 3 hereof will not cause the tax rate set forth in Paragraph 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 June 17, 2025.

CITY OF ELIZABETHTOWN, KENTUCKY

By: _____
Finance Director

** In accordance with KRS Section 66.041, a city, county, urban-county, consolidated local government, charter county, or taxing district shall not incur net indebtedness in an amount exceeding the following maximum percentages on the value of taxable property within the city, county, urban-county, consolidated local government, charter county, or taxing district, as estimated by the last certified assessment before the incurring of the indebtedness:

- (a) Cities, urban-counties, consolidated local governments, and charter counties having a population of 15,000 or more, 10%;
- (b) Cities, urban-counties, and charter counties having a population of less than 15,000 but not less than 3,000, 5%;
- (c) Cities, urban-counties, and charter counties having a population of less than 3,000, 3%; and
- (d) Counties and taxing districts, 2%.

APPENDIX E

CITY OF ELIZABETHTOWN, KENTUCKY GENERAL OBLIGATION BONDS SERIES 2025

Form of Legal Opinion of Bond Counsel



700 N. Hurstbourne Parkway
Suite 115
Louisville, Kentucky 40222
Telephone: 502-423-2000
Telefax: 502-423-2001
www.step toe-johnson.com

FORM OF BOND COUNSEL OPINION

_____, 2025

City of Elizabethtown, Kentucky
Elizabethtown, Kentucky

Ladies and Gentlemen:

We have examined the transcript of proceedings for the issue of \$47,000,000 City of Elizabethtown, Kentucky General Obligation Bonds, Series of 2025 (the “Bonds”), dated June 17, 2025, numbered R-1 upward, and of denominations of \$5,000 or any integral multiple thereof. The Bonds are issued by the City of Elizabethtown, Kentucky (“City”). 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 upon this examination, we are of the opinion, based upon the laws, regulations, rulings, and decisions in effect on the date hereof, that:

1. The Bonds constitute valid 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 or amount.

2. Under the laws, regulations, rulings, and judicial decisions in effect on the date hereof, interest on the Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Further, interest on the Bonds will not be treated as a specific item of tax preference in computing the Federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In rendering the opinions set forth in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code.

3. Interest on the Bonds is not subject to taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or any political subdivision thereof. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the Bonds.

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 covenants and certifications of facts, estimates, and expectations made by officials of the City and others contained in the transcript 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 any other laws in effect from time to time affecting creditors’ rights generally, and to the exercise of judicial discretion.

The opinions expressed in this letter are based upon the law in effect on the date hereof, and may be affected by actions taken or omitted or events occurring after the date hereof, including subsequent interpretations of the applicable law by competent judicial, regulatory and administrative authorities that modify, revoke, supplement, reverse, overrule or otherwise change applicable law and current interpretations thereof, and specifically by current or future legislative proposals, which, if enacted into law, could adversely affect the tax exemption of the interest on the Bonds. We assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise, or to determine or to inform any person whether any such actions are taken or omitted or any such events occur.

APPENDIX F

CITY OF ELIZABETHTOWN, KENTUCKY GENERAL OBLIGATION BONDS SERIES 2025

Continuing Disclosure Agreement

CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this “Certificate”) is executed and delivered as of June 17, 2025, by the City of Elizabethtown, Kentucky (the “Issuer”), in connection with the issuance and delivery of \$47,000,000 aggregate principal amount of General Obligation Bonds, Series 2025 (the “Obligations”). The Obligations are being issued under and in accordance with an ordinance duly adopted by the City Council of the Issuer on April 7, 2025 (the “Authorizing Legislation”). The Issuer hereby certifies, covenants, and agrees as follows:

Section 1. Purpose of this Certificate.

This Certificate is being executed and delivered by the Issuer to provide for the disclosure of certain information concerning the Obligations on an ongoing basis, as set forth herein, for the benefit of the Holders (as hereinafter defined) of the Obligations, in accordance with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, as amended from time to time (the “Rule”).

Section 2. Definitions; Scope of this Certificate.

All capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Authorizing Legislation and the Obligations. Notwithstanding the foregoing, the term “Disclosure Agent” shall mean the Issuer or any disclosure agent appointed or engaged by the Issuer, and any successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

“Annual Financial Information” means a copy of the annual comprehensive financial report prepared for the Issuer, which shall include, if prepared, a balance sheet, a statement of revenues and expenditures, and a statement of changes in fund balances, generally consistent with the information set forth in Appendix D to the Offering Document. All of such Annual Financial Information shall be prepared using generally accepted accounting principles as applied to governmental units; provided, however, that the Issuer may change the accounting principles used to prepare such Annual Financial Information so long as the Issuer includes, as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change, and explaining how to compare the financial information provided by the differing accounting principles. Any items listed above may be set forth in other documents which have been transmitted to the MSRB, including any Offering Documents of debt issues of the Issuer or any related public entities, or may be included by specific reference to any documents available to the public on the MSRB’s Electronic Municipal Market Access (EMMA) system or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

“Beneficial Owner” means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Obligations (including any persons holding the Obligations through nominees, depositories, or other intermediaries).

“Event,” with respect to the Obligations, means any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves, reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements, reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of any proposed or final determinations of taxability, any Notices of Proposed Issue (IRS Form 5701-TEB), or any other material notices or determinations with respect to the tax status of the security, or any other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except any mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution, or sale of any property securing the repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership, or any other similar event of the Issuer (Note – This event is considered to occur upon the occurrence of any of the following events: The appointment of a receiver, fiscal agent, or other similar officer for the Issuer in any proceeding under the U.S. Bankruptcy Code or in any other proceeding under any state or federal law in which any court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer in possession of such assets or business 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 Issuer);
- (xiii) The consummation of a merger, consolidation, or other acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such actions, or the termination of a definitive agreement relating to such actions, other than in accordance with its terms, if material;
- (xiv) Appointment of any successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or any other similar terms of any Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, acceleration event, termination event, modification of terms, or any other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The SEC requires the listing of (i) through (xvi), although some of such events may not be applicable to the Obligations.

“Financial Obligation” means (a) any debt obligation; (b) any derivative instrument entered into in connection with, or pledged as security or a source of payment for, any 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.

“Holders” means any holder or Beneficial Owner of the Obligations.

“MSRB” means the Municipal Securities Rulemaking Board.

“Offering Document” means the Official Statement dated June 3, 2025.

“Operating Data” means an update of certain operating data of the Issuer, which is limited to the information set forth under the following headings (or their functional equivalents) of Appendix A to the Offering Document: “Assessed Property Valuation,” “Historical Tax Rates,” “Tax Property Tax Rates,” “Ten Largest Taxpayers”.

“Participating Underwriter” means any of the original underwriters of the Obligations required to comply with the Rule in connection with the offering of the Obligations.

“SEC” means the Securities and Exchange Commission.

Section 3. Disclosure of Information.

(A) Information Provided to the Public. Except to the extent that this Certificate is modified or otherwise altered in accordance with Section 4 hereof, the Issuer shall make, or shall cause the Disclosure Agent to make, public the information set forth in subsections (i), (ii), and (iii) below:

(i) Annual Financial Information and Operating Data. The Annual Financial Information and Operating Data of the Issuer, at least annually, on or before 270 days after the end of each fiscal year ending June 30, commencing with the fiscal year ended June 30, 2025, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information and Operating Data to the Disclosure Agent no later than fifteen Business Days before the disclosure date set forth above. The Annual Financial Information and Operating Data may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the other Annual Financial Information.

(ii) Event Notices. Notice of the occurrence of any Event, in a timely manner, not in excess of ten business days after the occurrence of the Event.

(iii) Failure to Provide Annual Financial Information or Operating Data. Notice of the failure of the Issuer to provide the Annual Financial Information or Operating Data by the disclosure date required by subsection (A)(ii) of this Section.

(B) Dates Information is to be Provided to the Public. The Annual Financial Information and Operating Data of the Issuer and, subject to the timing requirement set forth in subsection (A)(ii) of this Section, notices of Event occurrences shall be made public on the same day as notice thereof is given to the Holders of the outstanding Obligations, if such notice is required in accordance with the provisions of the Authorizing Legislation or the Obligations, and such information shall not be made public before the date of such notice.

(C) Means of Making Information Public.

(i) Information shall be deemed to have been made public by either the Issuer or the Disclosure Agent under this Certificate if such information is transmitted as provided in subsection (C)(ii) of this Section, by the following means:

(a) to all of the Holders of outstanding Obligations, by first class mail, postage prepaid;

(b) to the MSRB, in any electronic format prescribed by the MSRB, and accompanied by the identifying information prescribed by the MSRB; or

(c) to the SEC, by (1) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (2) first class mail, postage prepaid; provided, however, that the Issuer and the Disclosure Agent are authorized to transmit information to the SEC by any means that are mutually acceptable to the Issuer or the Disclosure Agent, as the case may be, and the SEC.

(ii) The following information shall be transmitted to the following parties:

(a) All information required to be provided to the public under subsection (A) of this Section shall also be transmitted to the MSRB.

(b) All information required to be provided to the public under subsection (A) of this Section shall be made available, upon request therefor, to any Holders of the Obligations, but need not be transmitted to the Holders of the Obligations who do not so request.

(iii) To the extent that the Issuer is obligated to file any Annual Financial Information and Operating Data with the MSRB under this Certificate, such Annual Financial Information and Operating Data may be set forth in a document or a set of documents transmitted to the MSRB or may be included by specific reference to any documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system or filed with the SEC.

(iv) The Issuer or the Disclosure Agent may require payment from the Holders of the Obligations in connection with any request from a Holder for any periodic information regarding the finances or operational data of the Issuer or for any information regarding the occurrence of an Event, as provided by subsection (C)(ii)(b) of this Section, by charging any Holder which makes such a request for (1) the reasonable costs incurred by the Issuer or Disclosure Agent in duplicating and transmitting the requested information to such Holder, and (2) the reasonable administrative expenses incurred by the Issuer or Disclosure Agent in providing the requested information to such Holder.

Section 4. Amendment or Modification.

Notwithstanding any other provision of this Certificate to the contrary, the Issuer may amend this Certificate and waive any provision hereof, so long as such amendment or waiver is supported by an opinion of nationally recognized bond counsel with expertise in federal securities laws, stating that such amendment or waiver would not, in and of itself, cause any of the undertakings set forth herein to violate the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in the Rule or in the official interpretation thereof, as well as any change in circumstance.

Section 5. Miscellaneous.

(A) Termination of Certificate. The obligations of the Issuer and the Disclosure Agent, if any, under this Certificate shall terminate when all of the Obligations are, or are deemed to be, no longer outstanding by reason of the redemption or legal defeasance of the Obligations or upon the maturity thereof.

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (i) disseminating any other information using the means of dissemination set forth herein or by any other means of communication, or (ii) including any other information, in addition to the information that is required by this Certificate, in any Annual Financial Information, Operating Data, or notice of the occurrence of an Event provided hereunder. If the Issuer chooses to include any other information in any Annual Financial Information, Operating Data, or notice of the occurrence of an Event in addition to that which is specifically

required under this Certificate, the Issuer shall have no obligation hereunder to update any such additional information or to include such information in any future Annual Financial Information, Operating Data, or notice of the occurrence of an Event provided under this Certificate.

(C) Defaults; Remedies. If the Issuer or the Disclosure Agent, if any, fails to comply with any of the provisions of this Certificate, any Holder of the Obligations may take any action as may be necessary and appropriate, including seeking an action in mandamus or for specific performance, to cause the Issuer or the Disclosure Agent, as the case may be, to comply with its respective obligations hereunder. Any default under this Certificate shall not constitute a default on the Obligations, and the sole remedy available in any proceeding to enforce this Certificate shall be an action to compel specific performance.

(D) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Agent, if any, the Participating Underwriter, and the Holders or Beneficial Owners of the Obligations and shall create no rights in any other person or entity.

Section 6. Additional Disclosure Obligations.

The Issuer hereby acknowledges and understands that other state and federal laws, including, but not limited to, the Securities Act of 1933, the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, may apply to the Issuer and that, under some circumstances, compliance with this Certificate, without additional disclosures or other action, may not fully discharge all of the duties and obligations of the Issuer under such laws.

Section 7. Notices.

Any notices or communications to the Issuer may be given as follows:

To the Issuer: City of Elizabethtown, Kentucky
 200 West Dixie Avenue
 Elizabethtown, Kentucky 42701
 Attention: Finance Director
 Telephone: (270) 765-6121

[The remainder of this page is intentionally left blank.]

[SIGNATURE PAGE CONTINUING DISCLOSURE CERTIFICATE]

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Certificate as of the day and year first above written.

CITY OF ELIZABETHTOWN, KENTUCKY

By: _____

Mayor

APPENDIX G

CITY OF ELIZABETHTOWN, KENTUCKY GENERAL OBLIGATION BONDS SERIES 2025

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE
\$47,000,000*
City of Elizabethtown, Kentucky
General Obligation Bonds,
Series of 2025
Dated June 17, 2025

SALE: 1:00 P.M. E.D.S.T. June 3, 2025

The City of Elizabethtown, Kentucky ("City"), will until June 3, 2025, at 1:00 P.M., E.D.S.T., receive in the office of Jeff Hawkins, the City's Director of Finance, City Hall, 200 W. Dixie Avenue, Elizabethtown, Kentucky 42702 competitive bids for the purchase of the Bonds herein described, subject to the following terms and conditions. To be considered bids must be submitted on an Official Bid Form and must be delivered to the City at the address indicated on the date of sale no later than the hour indicated submitted manually or electronically via PARITY. Bids will be considered by the Mayor and may be accepted without further action by the City Council.

THE BONDS

Description of Bonds - The Bonds offered for sale are \$47,000,000 of General Obligation Bonds, Series of 2025, dated June 17, 2025 (the "Bonds") being fully registered Bonds of the denominations of \$5,000 and any integral multiple of \$5,000. Said Bonds will mature on June 1 in each of the years 2026 through 2055.

*Subject to Permitted Adjustment decreasing the principal amount of the Bonds to be sold as set forth in Bidding Terms and Conditions below.

The Bonds maturing on or after June 1, 2034 are subject to redemption at the option of the Corporation prior to their stated maturities on any date falling on or after June 1, 2033, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Principal on the Bonds will be payable at the principal office of WesBanco Bank, Wheeling, West Virginia. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on June 1 and December 1 of each year, beginning December 1, 2025 utilizing the Book-Entry-Only-System to Registered Owners as of the 15th day of the month preceding a due date.

AUTHORITY, PURPOSE AND SECURITY

The Bonds have been authorized by an ordinance passed and adopted by the City Council (Bond Ordinance) pursuant to the authority of Sections 158 and 159 of the Constitution of the Commonwealth of Kentucky and Sections 66.011 through 66.171 of the Kentucky Revised Statutes.

The proceeds of the Bonds (together with other funds available for such purpose) will be used to finance the acquisition, construction and equipping of a new Music Venue for public use (the "Project").

The Bonds constitute general obligations of the City for the payment of the principal of and interest on which the full faith, credit and taxing power of the City are irrevocably pledged.

BIDDING TERMS AND CONDITIONS

Bids must be made on Official Bid Form, contained in Information for Bidders available from the undersigned or RSA Advisors. LLC, Lexington, Kentucky, or by visiting at www.rsamuni.com submitted manually or electronically via PARITY® *INFRA*.

1. Time of Sale - Bids for the Bonds must be received by the Mayor of the City on the date and no later than the time above set out: 1:00 P.M. E.S.T. on June 3, 2025. The Mayor has been authorized by the City Council, to accept the lowest evaluated bid upon the advice of the Financial Advisor.
2. Sale Conditions -
 - (a) Bids will be considered and must be made on the Official Bid Form or via PARITY® in order to provide for uniformity in submission of bids and ready determination of the lowest and best bid.
 - (b) Bids will be for the entire issue at not less than \$46,295,000 (98.50% of par) principal amount of Bonds plus accrued interest, (if any) from the date of the Bonds (June 17, 2025) to the date of delivery, PAYABLE IN FEDERAL FUNDS.
 - (c) The determination of the best purchase bid for the Bonds will be made on the basis of all bids submitted for exactly the principal amount offered for the Bonds under the terms and conditions herein specified; provided, however, the City reserves the right to decrease the total principal amount of the Bonds sold to such best bidder by up to \$4,700,000 ("Permitted Adjustment"), with such decrease made in any or all maturities. In the event of any such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be at the same price per \$5,000 of Bonds as the price per \$5,000 for the \$47,000,000 of Bonds bid.
 - (d) The successful purchaser of the Bonds (without further advice from the City) is required to deposit with the Paying Agent bank for the Bonds, 2% of the principal amount of Bonds awarded, by the close of business of the first banking business day following the award of the Bonds. The purchaser shall wire transfer the good faith deposit to the Paying Agent, WesBanco Bank, Wheeling, West Virginia; Attention: Ms. Kerrie A. Weisenborn (304-905-7080). The good faith deposit will be applied (without interest) to the purchase price of the Bonds. The good faith deposit will be forfeited to the City if the purchaser fails to take delivery.
 - (e) Bidders must stipulate an interest rate or rates in multiples of 1/8, 1/10 or 1/20 of 1% on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity.
 - (f) Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. There is no limit on the number of different interest rates.
 - (g) The successful bidder may elect to notify the Financial Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each term bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on June 1 in accordance with the maturity schedule setting the actual size of the issue.
 - (h) The right to reject bids for any reason deemed advisable by the City and the right to waive any possible informalities or irregularities in any bid which in the judgment of the City will be minor or immaterial is expressly reserved.

3. Additional Sale Provisions -

- (a) The Bonds are being offered and are to be issued subject to, and the City will furnish to the purchaser upon Bond delivery, the approving legal opinion of Bond Counsel, Steptoe & Johnson PLLC, Louisville, Kentucky, as to the due and proper authorization, validity and tax-exempt status of the Bonds and interest thereon as more particularly described in the Official Statement, to which reference is made. The City will also furnish, at its own expense, the printed Bonds, together with customary closing documents, including a no-litigation certificate.
- (b) The Bonds are offered for sale on the basis of the principal not being subject to Kentucky ad valorem taxation and on the basis of the interest on the Bonds being excludable from gross income for Federal and Kentucky income taxation on the date of their delivery to the successful bidder, subject to the further exceptions, assumptions and provisions of the Official Statement. The Bonds have been NOT designated by the City as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. If, prior to the delivery of the Bonds, any event should occur which alters such tax-exempt and other status, the purchaser will have the privilege of avoiding the purchase contract by giving immediate written notice to the Mayor of the City, whereupon the good faith deposit of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.
- (c) The successful bidder for the Bonds shall be required to certify the re-offering prices of the Bonds purchased to the Financial Advisor immediately upon award of the Bonds.
- (d) Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. 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, the time as maintained by 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 PARITY® conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed 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 PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.
- (e) The purchaser will be required to take delivery of and pay for the Bonds on a date to be designated by the City and upon notice being given by the City or its Financial Advisor at least seven (7) business days prior to the designated delivery date.
- (f) Prospective bidders are advised that RSA Advisors. LLC, Lexington, Kentucky ("RSA") has been employed as Municipal Advisor in connection with the issuance of the Bonds. RSA's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders 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.
- (f) 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.

- (g) The purchaser of 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. All actions to be taken by the City under these Official Terms and Conditions to establish the issue price of the Bonds may be taken on behalf of the City by the City’s Independent Registered Municipal Advisor identified herein and any notice or report to be provided to the City shall be provided to the City’s Independent Registered Municipal Advisor.

The City intends that the provisions of Treasury Regulation § 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 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 herein.

Any bid submitted pursuant to these Official Terms and Conditions shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

If the competitive sale requirements are not satisfied, the City shall 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 any maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids for the Bonds 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)

The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (a) 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; (b) 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 (c) in the event that 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.

By submitting a bid for the Bonds, each bidder confirms that: (1) 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 (2) 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.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel advises as follows with respect to the Bonds:

(A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and interest on the Bonds will not be a specific item of tax preference for purposes of computing the Federal alternative minimum tax, however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

(C) As a result of certifications by the City, indicating the issuance of more than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2025, the Bonds may NOT be treated by financial institutions as “qualified tax-exempt obligations” within the meaning of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

The City will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said City will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

Financial information regarding the City may be obtained from the City Treasurer, City Hall, PO Box 550, 200 West Dixie Avenue, Elizabethtown, Kentucky 42701 Telephone 270-765-6669.

BOOK-ENTRY-ONLY-SYSTEM

The Bonds shall utilize the Book-Entry-Only-System administered by The Depository Trust Company ("DTC").

DTC will act as securities depository for the Bonds. The Bonds initially 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, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

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 Participant's records. 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 ("Beneficial Ownership Interest") 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 Beneficial Ownership interests in Bonds, except in the event that use of the book-entry system for the Securities is discontinued. Transfers of ownership interest in the Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co., effect no 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 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.

Redemption notices shall be sent to Cede & Co. 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 the Bonds to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments of the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' account on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities 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, the Issuer, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Trustee, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payment to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Trustee, as appropriate. The requirements for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered by the Bond Registrar.

NEITHER THE CITY NOR THE BOND REGISTRAR/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 BOND REGISTRAR/PAYING AGENT AS BEING AN OWNER 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 BOND RESOLUTION 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.

CITY OF ELIZABETHTOWN, KENTUCKY

By /s/ Jeff Hawkins, Director of Finance

APPENDIX H

CITY OF ELIZABETHTOWN, KENTUCKY GENERAL OBLIGATION BONDS SERIES 2025

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The City of Elizabethtown, Kentucky (“City” or “Issuer”), will until 1:00 P.M., E.D.S.T., on June 3, 2025, receive in the office of the Director of Finance, City Hall, 200 West Dixie Avenue, Elizabethtown, Kentucky 42701 or electronically via PARITY®, competitive bids for its \$47,000,000* General Obligation Bonds, Series of 2025, dated as of delivery (June 17, 2025); maturing June 1, 2026 through 2055 (“Bonds”).

We hereby bid for said \$47,000,000* principal amount of Bonds, the total sum of \$_____ (not less than \$46,295,000) plus accrued interest, if any, from June 17, 2025, at the following annual rate(s), payable December 1, 2025 and semiannually thereafter (rates on ascending scale) and maturing as to principal on June 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2026	\$475,000	_____ %	2041	\$1,740,000	_____ %
2027	400,000	_____ %	2042	1,815,000	_____ %
2028	415,000	_____ %	2043	1,895,000	_____ %
2029	425,000	_____ %	2044	1,975,000	_____ %
2030	440,000	_____ %	2045	2,065,000	_____ %
2031	455,000	_____ %	2046	2,155,000	_____ %
2032	465,000	_____ %	2047	2,260,000	_____ %
2033	485,000	_____ %	2048	2,360,000	_____ %
2034	500,000	_____ %	2049	2,465,000	_____ %
2035	520,000	_____ %	2050	2,580,000	_____ %
2036	540,000	_____ %	2051	2,695,000	_____ %
2037	1,000,000	_____ %	2052	2,815,000	_____ %
2038	1,540,000	_____ %	2053	2,945,000	_____ %
2039	1,600,000	_____ %	2054	3,085,000	_____ %
2040	1,670,000	_____ %	2055	3,220,000	_____ %

*Subject to Permitted Adjustment decreasing the principal amount of Bonds by up to \$4,700,000 in any or all maturities.

We understand this bid may be accepted for as little as \$40,500,000 of Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined by the City at the time of acceptance of the best bid.

Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. 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, the time as maintained by 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 PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed 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 PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

The successful bidder may elect to notify the Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding

serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on June 1 in accordance with the maturity schedule setting the actual size of the issue.

It is understood that the City will furnish the final approving Legal Opinion of Steptoe & Johnson PLLC, Bond Counsel, Louisville, Kentucky.

The DTC Book-Entry-Only-System will be utilized on delivery of this issue.

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through WesBanco Bank, Wheeling, West Virginia, Attn: Ms. Kerrie A. Weisenborn (304-905-7080).

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds within 45 days of delivery and upon acceptance by the Issuer's Financial Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

Bidder

By _____
Authorized Officer

Address

Total interest cost from June 17, 2025 to final maturity\$

Plus discount or less any premium\$

Net interest cost (Total interest cost plus discount or less any premium)\$

Average interest rate or cost (ie NIC) %

The above computation of net interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted by the Director of Finance for the City of Elizabethtown, Kentucky for \$ amount of Bonds at a price of \$ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2026	,000	%	2041	,000	%
2027	,000		2042	,000	%
2028	,000		2043	,000	%
2029	,000		2044	,000	%
2030	,000		2045	,000	%
2031	,000		2046	,000	%
2032	,000		2047	,000	%
2033	,000		2048	,000	%
2034	,000		2049	,000	%
2035	,000		2050	,000	%
2036	,000		2051	,000	%
2037	,000		2052	,000	%
2038	,000		2053	,000	%
2039	,000		2054	,000	%
2040	,000		2055	,000	%

Dated: June 3, 2025

Director of Finance

City of Elizabethtown, Kentucky