

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Georgetown-Scott County Parks & Recreation

Opinion

We have audited the accompanying financial statements of the governmental activities of the Georgetown-Scott County Parks & Recreation, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Organization'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 of the Georgetown-Scott County Parks & Recreation, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Georgetown-Scott County Parks & Recreation, and to meet our 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 opinion.

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 Georgetown-Scott County Parks & Recreation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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, 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 Georgetown-Scott County Parks & Recreation'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 Georgetown-Scott County Parks & Recreation'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, schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of changes in benefits and assumptions- pension, schedule of proportionate share of the net OPEB liability, the schedule of OPEB contributions, and the schedule of changes in benefits and assumptions- OPEB on pages 3 through 6, and pages 27 through 33 be presented to supplement the basic financial statements. Such information, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2024 on our consideration of the Georgetown-Scott County Parks & Recreation'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 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 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 Georgetown-Scott County Parks & Recreation's internal control over financial reporting and compliance.

Craft, Waninger, Noble & Company, PLLC

Craft, Waninger, Noble & Company, PLLC
Richmond, Kentucky
January 13, 2024

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The Georgetown-Scott County Parks & Recreation's management offers readers of the financial statements this narrative overview and analysis of the financial activities of the Organization for the fiscal year ended June 30, 2023. Please read this MD&A in conjunction with the Organization's Financial Statements, which follow.

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the Organization. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The government-wide financial statements provide both long-term and short-term information about the Organization's overall financial status. The fund financial statements focus on the current operational activity of the Organization, reporting the Organization's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the Organization's accountability.

Government-Wide Statements

The government-wide statements report information about the Organization as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the Organization's finances is "Is the Organization as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Organization's activities in a way that will help answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position of the Organization and the changes in them. One can think of the Organization's net position – the difference between assets and liabilities – as a way to measure the Organization's financial position. Over time, increases or decreases in the Organization's net position are one indicator of whether the Organization is doing better or worse financially. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth and new or changed government legislation.

In the Statement of Net Position and the Statement of Activities, we look at the Organization's overall activity.

Governmental activities – most of the Organization's basic services are reported here including property taxes, grants and other income which finance most of these activities.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the Organization's funds. The fund financial statements provide more information about the Organization's funds and current year detail operations and not the Organization as a whole.

The Organization's fund statement encompasses the activity of the general fund. The general fund is the primary and only operating fund of the Organization. It accounts for financial resources used for general types of operations. This statement offers a short-term view of the current year.

Financial Analysis of the Organization as a Whole

Below is an analysis of the comparative statement of net position for the years ending June 30, 2023 and 2022:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Variance</u>
Capital assets, net of depreciation	\$ 2,482,923	\$ 1,028,787	\$ 1,454,136
Other assets	2,114,970	1,697,530	417,440
Deferred outflows	1,271,256	552,952	718,304
Long-term liabilities	2,940,339	2,067,666	872,673
Current liabilities	422,773	250,319	172,454
Deferred inflows	780,411	904,796	(124,385)
Invested in fixed assets	2,482,923	1,028,787	1,454,136
Unrestricted net position	(57,297)	(972,299)	915,002

Revenue and Expense Comparison for the years ended:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Variance</u>
Intergovernmental transfers	\$ 4,508,614	\$ 3,219,549	\$ 1,289,065
Program revenues	439,076	421,056	18,020
Membership revenues	690,998	582,143	108,855
Grants and donations	8,538	16,021	(7,483)
Interest income	702	672	30
Other revenues	8,233	25,261	(17,028)
Total revenues	<u>5,656,161</u>	<u>4,264,702</u>	<u>1,391,459</u>
Personnel expenses	2,537,587	2,047,766	489,821
Program supplies	240,852	230,064	10,788
Repairs and maintenance	347,687	339,415	8,272
Utilities and telephone	330,847	304,624	26,223
Insurance	81,234	80,131	1,103
Office supplies	100,060	67,221	32,839
Professional fees	38,436	31,744	6,692
Software and support	47,449	48,456	(1,007)
Marketing and advertising	22,682	16,856	5,826
Travel	50,808	50,206	602
Miscellaneous	929	14,340	(13,411)
Staff education	11,445	13,597	(2,152)
Depreciation	177,007	149,159	27,848
Total expenditures	<u>3,987,023</u>	<u>3,393,579</u>	<u>593,444</u>
Change in net position	<u>\$ 1,669,138</u>	<u>\$ 871,123</u>	<u>\$ 798,015</u>

The Organization's main source of revenue is intergovernmental support from the City of Georgetown and Scott County Fiscal Court, which is approximately 79.71% of the Organization's total revenue. Other income sources include revenue generating activity through rentals, facility usage, and program participation. The personnel expense represents 63.65% of total operating expenditures. Personnel expenditures increased about 23.92% from the previous year. This increase is due to the increased cost of the pension and OPEB plans and additional hiring of staff due to growth.

Capital Asset Activity

Capital funding for FY 2023 included improvements at the Ed Davis Learning Center, continued improvements to the Pavilion Pool area, the wireless network at the Pavilion was improved, Scoreboards, Bleachers, and HVAC systems were installed at parks throughout the County, the Civic Rec software was purchased at a cost of \$53,670, and three new trucks were purchased two for the maintenance crew and rec-to-go van.

In March, GSC Parks received emergency capital funding to removed the observation decks from the natatorium and initial funding to replace the HVAC system in several areas of the Pavilion. The major components of the HVAC system included two (2) Dectrons and two (2) Aon units. The Dectrons controlled the air quality in the natatorium and the pool temperatures. These units were the original units to the facility. Their life expectancy was 12 – 15 years. Our amazing facility maintenance team was able to extend their life beyond 21 years. However, as the air quality was declining through the life of the units, structural damage to the supports of the observation decks was discovered during assessment of the declining units. The failing safety of the observation decks was identified, and both were removed. The replacement of the HVAC and removal of the observation decks is anticipated to be over 1.6 million. Work began in April. The funding for the project came from the Scott County Fiscal Court and the City of Georgetown and the project was finished at a final cost of \$1.33 million.

Budget Highlights

GSC Parks presents it's anticipated budget to the Scott County Fiscal Court mid-March to request funding support. After review by Scott County Fiscal Court, the budget is then submitted to the City of Georgetown. After adjustments are made, GSC Parks adopts an annual budget at the June Board meeting after it has been presented in both April and May for discussion. The budget is devised through a cooperative team of Scott County Fiscal Court, the City of Georgetown, Board members, Management staff, plus the Bookkeeper/Administrative Assistant. Several meetings are held prior to the June Board meeting, and goals for the next year are established by the staff and possible expenditures related to those goals are identified. The Operating Budget includes proposed expenses and the means of financing them. The Organization's operating budget is amended during the year if unusual events occur. A current Fiscal Year budget comparison for the current month and year to date is presented to management and the Board of Trustees as interim financial statements; however, they are not reported on, nor shown, on the financial statements section of this report. A procurement policy has been established by the City of Georgetown and adopted by the GSC Parks Board to give direction to larger spending amounts.

The Organization has operated on a zero-balance budget so that at the end of the fiscal year each budget category reverts back to the new balance for the new year. Each year the Organization staff has worked diligently to keep the overall budget in line with the projected budget. Some categories may be over, but in general the overall amounts are taken to the Board of Trustees for approval before the purchase is made. Please note that this budget comparison is prior to any audit adjustments purposes.

Budget Highlights (Continued)

A summarized comparison of budget highlights is listed below:

Budget Comparison for 2022 – 2023

	<u>Budgeted</u>	<u>Actual Amount</u>	<u>Difference</u>
Net Revenue	\$ 3,867,150	\$ 5,656,161	\$ 1,789,011
Personnel expenses	2,677,800	2,507,603	170,197
Program supplies	207,950	240,852	(32,902)
Repairs and maintenance	266,000	347,687	(81,687)
Utilities and telephone	433,230	330,847	102,383
Insurance	96,500	81,234	15,266
Office supplies	52,000	100,060	(48,060)
Professional fees	25,000	38,436	(13,436)
Software and support	40,000	47,449	(7,449)
Marketing and advertising	25,500	22,682	2,818
Travel	29,600	50,808	(21,208)
Miscellaneous	1,770	929	841
Staff education	11,800	11,445	355
Capital outlay	-	1,631,143	(1,631,143)
Total Budgeted	<u>\$ -</u>	<u>\$ 244,986</u>	<u>\$ 244,986</u>

Economic Factors and Next Year's Budget

The Organization expects to see a continued increase in income as the improvements are finished bringing more services to the members. Staffing is a cost that continues to grow as the challenge to get staffing remains competitive with pay rates increased to meet the required demand.

Contacting the Organization Management

The financial report is designed to provide the citizens of Scott County and its creditors with a general overview of the Organization's finances and to demonstrate the Organization's accountability of the money it receives. If you have questions about this report or need additional financial information, do not hesitate to contact the Treasurer for the GSC Parks Board, Temple Juett.

Georgetown-Scott County Parks & Recreation
Statement of Net Position
June 30, 2023

Assets	
Cash and cash equivalents	\$ 1,966,855
Prepaid insurance and expenses	148,115
Fixed Assets:	
Depreciable buildings, property and equipment, net of depreciation	<u>2,482,923</u>
Total Fixed Assets	<u>2,482,923</u>
Total Assets	4,597,893
Deferred Outflows of Resources:	
Subsequent pension & OPEB contributions	245,823
Deferred outflows related to pensions	640,852
Deferred outflows related to OPEB	<u>384,581</u>
Total Deferred Outflows of Resources	<u>1,271,256</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,869,149</u>
Liabilities:	
Accounts payable	\$ 260,464
Accrued payroll liabilities	22,109
Deferred membership dues	135,200
Current portion of compensated absences	5,000
Long-Term Obligations:	
Compensated absences	81,877
Net pension liability	2,245,548
Net OPEB liability	<u>612,914</u>
Total Liabilities	3,363,112
Deferred Inflows of Resources:	
Deferred inflows related to pensions	388,852
Deferred inflows related to OPEB	<u>391,559</u>
Total Deferred Inflows of Resources	780,411
Net Position:	
Unrestricted	(757,297)
Invested in fixed assets	<u>2,482,923</u>
Total Net Position	<u>1,725,626</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 5,869,149</u>

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

Georgetown-Scott County Parks & Recreation
Statement of Activities
For The Year Ended June 30, 2023

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government
Governmental activities				
Cultural and recreations	\$ (3,987,023)	1,130,074	8,538	\$ (2,848,411)
General Revenues:				
				\$ 4,508,614
				702
				8,233
				4,517,549
				1,669,138
				56,488
				\$ 1,725,626

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

Georgetown-Scott County Parks & Recreation
Balance Sheet
Governmental Fund
June 30, 2023

	Governmental Fund
Assets	
Cash and cash equivalents	\$ 1,966,855
Prepaid insurance and expenses	148,115
Total Assets	\$ 2,114,970
Liabilities	
Accounts payable	\$ 260,464
Accrued payroll liabilities	22,109
Deferred membership dues	135,200
Compensated absences	5,000
Total Liabilities	\$ 422,773
Fund Balances	
Nonspendable	\$ 148,115
Unassigned	1,544,082
Total Fund Balances	\$ 1,692,197
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund	\$ 2,482,923
Deferred outflows, inflows, and net pension and OPEB liabilities related to the implementation of GASB 68 and 75 which are not receivable or payable in the current period and therefore, are not reported in the fund	(2,367,617)
Certain liabilities (including compensated absences) are not due and payable in the current period and therefore, are not reported in the fund	(81,877)
Net position of governmental activities	\$ 1,725,626

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

Georgetown-Scott County Parks & Recreation
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For The Year Ended June 30, 2023

	<u>Governmental Fund</u>
Revenues	
Intergovernmental transfers	\$ 4,508,614
Program revenues	439,076
Membership revenues	690,998
Grants and donations	8,538
Interest income	702
Other revenues	8,233
	<u>5,656,161</u>
Total Revenues	
Expenditures	
Personnel expenses	2,507,603
Program supplies	240,852
Repairs and maintenance	347,687
Utilities and telephone	330,847
Insurance	81,234
Office supplies	100,060
Professional fees	38,436
Software and support	47,449
Marketing and advertising	22,682
Travel	50,808
Miscellaneous expenses	929
Staff education	11,445
	<u>3,780,032</u>
Total Current Expenditures	
Operating capital outlays	1,631,143
	<u>5,411,175</u>
Total Expenditures	
Net change in fund balance	244,986
Fund balance - beginning	1,447,211
Fund balance - ending	<u><u>\$ 1,692,197</u></u>

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

Georgetown-Scott County Parks & Recreation
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
 Balance of Governmental Fund to the Statement of Activities
 For The Year Ended June 30, 2023

Reconciliation to the Statement of Activities:

Net Change in Fund Balance - Governmental Fund	\$	244,986
<p>Government Funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets are allocated over their useful lives and reported as depreciation expenses.</p>		
Capital Outlay		1,631,143
Depreciation Expense		(177,007)
<p>Governmental Funds report pension and OPEB related expenses of \$226,471. However, the Statement of Net Position reports pension and OPEB expenses calculated pursuant to GASB 68 and 75 of \$249,718.</p>		
		(23,247)
<p>Government Funds report expense as paid by the Organization; however, in the Statement of Activities, expenses are reported as due based on a 60-day accrual. Accordingly, the Statement of Activities recorded more expenses than the fund accounting due to accrued compensated absences.</p>		
		(6,737)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>1,669,138</u>

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

Georgetown-Scott County Parks & Recreation
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Georgetown-Scott County Parks & Recreation was created as a joint venture between the City of Georgetown, Kentucky and Scott County, Kentucky to operate the local parks and recreation pursuant to K.R.S. 97.035 et. seq. and K.R.S. 97.010 et. seq. The Organization was created to provide all Scott County residents with access to public parks and facilities, and to establish, equip, maintain and administer a countywide park and recreation system. The affairs of the Organization district shall be operated by a Board of Trustees as set forth by K.R.S. 97.010.

Basis of Presentation

The financial statements of the Georgetown-Scott County Parks & Recreation District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the Organization’s taxing district as a whole.

Fund Financial Statements – are organized into funds, each of which is considered separately. The Organization has only one such governmental fund that accounts for the daily operating activity of the Organization. A description of such fund is as follows:

- The General Fund is the primary and only operating fund of the Organization. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use.

Basis of Accounting

In the government-wide Statement of Net Position and the Statement of Activities, all activities are presented under the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Property taxes are recorded as revenue when collected and available to be remitted to the Organization by county tax collection agencies. Expenditures are recognized when the related fund liability is incurred.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Budgeting

The Organization follows the procedures established pursuant to Section 91A.030 of the Kentucky Statutes in establishing the budgetary data reflected in the financial statements. Budgets for the general fund are adopted on a basis consistent with United States generally accepted accounting principles.

Georgetown-Scott County Parks & Recreation
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Revenues

In the government-wide statements, revenues are recognized when they become available. Available revenues include intergovernmental transfers expected to be collected within sixty days after year-end. These transfers are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

Property, Equipment and Depreciation

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. All property and equipment purchases have been capitalized and recorded in the government-wide financial statements. Additionally, as all capital assets are directly utilized in the Organization’s operating activities, an expense for capital outlays has been reported in the fund financial statements.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation for the year ended June 30, 2023 was \$177,007.

Fund Balance

As of June 30, 2012, the Organization implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. 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 used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Organization. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

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. Only the Board may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2023, fund balances are comprised of the following:

	<u>General Fund</u>
Nonspendable	\$ 148,115
Unassigned	\$ 1,544,082

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Georgetown-Scott County Parks & Recreation
Notes to Financial Statements
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plan

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the benefits, and retirement expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions and OPEB. 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.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash and cash equivalents in local banks which may, at times, exceed the FDIC limits. The Organization’s cash and cash equivalents are categorized as either (1) insured or collateralized with securities held by the entity or by its agent in the entity’s name, (2) collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name or (3) uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity’s name). The Organization’s categorization as of June 30, 2023 was as follows:

Category 1	\$	250,000
Category 2	\$	1,716,855
Category 3	\$	-

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

<u>Governmental Activities</u>	<u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Buildings and improvements	\$ 1,090,147	\$ 192,737	\$ -	\$ 1,282,884
Equipment	1,899,284	1,300,938	-	3,200,222
Vehicles	266,850	137,468	-	404,318
Total at historical cost	<u>3,256,281</u>	<u>1,631,143</u>	<u>-</u>	<u>4,887,424</u>
Less accumulated depreciation	<u>2,227,494</u>	<u>177,007</u>	<u>-</u>	<u>2,404,501</u>
Capital assets – net	<u>\$ 1,028,787</u>	<u>\$ 1,454,136</u>	<u>\$ -</u>	<u>\$ 2,482,923</u>

NOTE 4 – COMPENSATED ABSENCES

It is the Organization’s policy to compensate all employees for certain absences not used at the end of their employment. As of June 30, 2023, the liability for these absences was \$86,877 and has been included in the personnel expenses. Such liability is recorded in the government-wide financial statements.

NOTE 5 – DEFERRED MEMBERSHIP DUES

The Organization sells memberships to the Pavilion to allow citizens to access the facilities and the pool. Some of these memberships are purchased semi-annually or annually. As of June 30, 2023, \$135,200 worth of membership payments were received for services to be provided after the end of the fiscal year.

Georgetown-Scott County Parks & Recreation
Notes to Financial Statements
June 30, 2023

NOTE 6 – LONG-TERM LIABILITIES

The Organization has long-term liabilities related to the aforementioned compensated absences and their involvement in the Kentucky County Employee Retirement System (CERS).

The following is a summary of the long-term liabilities as of June 30, 2023:

	Compensated Absences	Net Pension Liability	Net OPEB Liability
Payable at June 30, 2022	\$ 80,140	\$ 1,532,484	\$ 460,042
Increase in liability	6,737	713,064	152,872
(Decrease) in liability	-	-	-
Payable at June 30, 2023	\$ 86,877	\$ 2,245,548	\$ 612,914

NOTE 7 – INTERGOVERNMENTAL TRANSFERS

The Organization receives funds from the City of Georgetown and Scott County to allow them to continue to operate the park and recreation services on their behalf. The transfers for the year ended June 30, 2023, consisted of \$2,275,201 from Scott County and \$2,233,613 from the City of Georgetown. These funds make up a majority of the revenues of the Organization. The amount of the funds to be transferred is determined annually by the board of trustees of both the City of Georgetown and Scott County’s during their annual budget determination. The contract is automatically renewed annually.

NOTE 8 – RETIREMENT PLAN

The Organization’s employees are provided with the County Employees Retirement System.

General information about the County Employees Retirement System Non-Hazardous (“CERS”)

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date as shown on the following page.

Georgetown-Scott County Parks & Recreation
Notes to Financial Statements
June 30, 2023

NOTE 8 – RETIREMENT PLAN (CONTINUED)

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or at least 4 years of service and 65 years old
	Reduced retirement	At least 5 years service and 55 years old 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 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 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.

Contributions—Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

All current employees participating in County Employees Retirement Systems (CERS) are eligible for healthcare benefits provided by KRS in conjunction with their pension service benefits described. Retiree cost depends on length of service prior to retirement. Employer contribution rates are established annually by the KRS Board of Trustees. KRS issues separate stand-alone financial statements for the statewide multiple employer cost-sharing plan that provides other post-employment benefits for local government employees participating in CERS.

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

At June 30, 2022, the Organization reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the Organization as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the Organization were as follows on the next page.

Georgetown-Scott County Parks & Recreation
Notes to Financial Statements
June 30, 2023

NOTE 8 – RETIREMENT PLAN (CONTINUED)

Organization's proportionate share of the CERS net pension liability	\$	2,245,548
Commonwealth's proportionate share of the CERS net pension liability associated with the Organization		<u>7,226,767,948</u>
	\$	<u>7,229,013,496</u>

The net pension liability for each plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Organization's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the Organization's proportion was 0.031063%.

For the year ended June 30, 2023, the Organization recognized pension expense of \$196,429 related to CERS. At June 30, 2023, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual experience	\$ 2,401	\$ (19,998)
Changes of assumptions	-	-
Difference between projected and actual earnings	305,552	(247,984)
Changes in proportionate share and differences between contributions and proportionate share of contributions	332,899	(120,870)
Contributions made subsequent to the measurement date	<u>214,717</u>	<u>-</u>
	<u>\$ 855,569</u>	<u>\$ (388,852)</u>

The \$214,717 reported as deferred outflows of resources related to pensions resulting from Organization contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Fiscal year ending June 30,	Increase (decrease) in pension expense
2024	\$ 57,252
2025	149,828
2026	(18,870)
2027	63,790
Total	<u>\$ 252,000</u>

S

Actuarial assumptions—The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varying by service
Investment rate of return	6.25%, net of plan investment expense, including inflation

Georgetown-Scott County Parks & Recreation
Notes to Financial Statements
June 30, 2023

NOTE 8 – RETIREMENT PLAN (CONTINUED)

For CERS, the mortality table used for active members is Pub-2010 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, project with the ultimate rates from the MP-2014 mortality improvements scale using a base year of 2010. The mortality table used for health retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was Pub-2010 Disabled Mortality table, with a 4-year-set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-term Expected Real</u>
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	<u>13.00%</u>	<u>4.07%</u>
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount rate—The projection of cash flows used to determine the discount rate of 6.25% for CERS Nonhazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability.

Sensitivity of the Organization’s proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the Organization, calculated using the discount rates selected by each pension system, as well as what the Organization’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>Discount rate</u>	<u>Organization’s proportionate share of net</u>
1% decrease	5.25%	\$ 2,806,657
Current discount rate	6.25%	\$ 2,245,548
1% increase	7.25%	\$ 1,781,465

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of CERS.

Georgetown-Scott County Parks & Recreation
Notes to Financial Statements
June 30, 2023

NOTE 8 – RETIREMENT PLAN (CONTINUED)

Other Post-Employment Benefits (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Organization reported a liability for its proportionate share of the OPEB liability for CERS. The amount recognized by the Organization as its proportionate share of the net OPEB liability, the related Commonwealth support, and the total portion of the net OPEB liability that was associated with the Organization were as follows:

Organization's proportionate share of the CERS net OPEB liability	\$	612,914
Commonwealth's proportionate share of the CERS net OPEB liability associated with the Organization		1,972,900,703
		1,973,513,617
	\$	1,973,513,617

The net OPEB liability for each plan was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The Organization's proportion of the net OPEB liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the Organization's proportion was 0.031057%.

For the year ended June 30, 2023, the Organization recognized OPEB expense of \$53,289 related to CERS. At June 30, 2023, the Organization reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual experience	\$ 61,695	\$ (140,555)
Changes of assumptions	96,937	(79,875)
Difference between projected and actual earnings	114,131	(89,254)
Changes in proportionate share and differences between contributions and proportionate share of contributions	111,818	(81,875)
Contributions made subsequent to the measurement date	31,106	-
	\$ 415,687	\$ (391,559)

The \$31,106 reported as deferred outflows of resources related to OPEBs resulting from Organization contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to OPEBs will be recognized in OPEB expense as follows:

Fiscal year ending June 30,	Increase (decrease) in OPEB expense
2024	\$ (1,608)
2025	(4,608)
2026	(26,927)
2027	26,165
Total	\$ (6,978)

Georgetown-Scott County Parks & Recreation
Notes to Financial Statements
June 30, 2023

NOTE 8 – RETIREMENT PLAN (CONTINUED)

Actuarial assumptions—The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varying by service
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare Cost Trend Rate	
Pre-65	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Post-65	Initial trend starting at 6.30% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

For CERS, the mortality table used for active members is Pub-2010 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, project with the ultimate rates from the MP-2014 mortality improvements scale using a base year of 2010. The mortality table used for health retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was Pub-2010 Disabled Mortality table, with a 4-year-set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-term Expected Real</u>
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	<u>13.00%</u>	<u>4.07%</u>
Expected Real Return	100.00%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

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

Georgetown-Scott County Parks & Recreation
Notes to Financial Statements
June 30, 2023

NOTE 8 – RETIREMENT PLAN (CONTINUED)

Sensitivity of the Organization’s proportionate share of net OPEB liability to changes in the discount rate—The following table presents the net OPEB liability of the Organization, calculated using the discount rates selected by each OPEB system, as well as what the Organization’s 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.

	Discount rate	Organization’s proportionate share of net
1% decrease	4.70%	\$ 819,368
Current discount rate	5.70%	\$ 612,914
1% increase	6.70%	\$ 442,245

Sensitivity of the Organization’s proportionate share of net OPEB liability to changes in the healthcare cost trend rate—The following table presents the net OPEB liability of the Organization, calculated using the current healthcare cost trend rate selected by each OPEB system, as well as what the Organization’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Organization’s proportionate share of net
1% decrease	\$ 455,688
Current healthcare cost trend rate	\$ 612,914
1% increase	\$ 801,713

OPEB plan fiduciary net position—Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued financial reports of CERS.

NOTE 9 – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the Organization also carries commercial insurance for all other risks of loss such as worker’s compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 10 – SUBSEQUENT EVENTS

Management of the Organization has considered subsequent events through January 13, 2024, the date this report became available for issuance.

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

To the Board of Trustees
Georgetown-Scott County Parks & Recreation
Georgetown, 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 of Georgetown-Scott County Parks & Recreation, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Georgetown-Scott County Parks & Recreation's basic financial statements, and have issued our report thereon dated January 13, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Georgetown-Scott County Parks & Recreation'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 Georgetown-Scott County Parks & Recreation's internal control. Accordingly, we do not express an opinion on the effectiveness of Georgetown-Scott County Parks & Recreation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (2023-001).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Georgetown-Scott County Parks & Recreation'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Georgetown-Scott County Parks & Recreation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Georgetown-Scott County Parks & Recreation's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Georgetown-Scott County Parks & Recreation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Craft, Waninger, Noble & Company, PLLC

Craft, Waninger, Noble & Company, PLLC

Richmond, Kentucky

January 13, 2024

GEORGETOWN-SCOTT COUNTY PARKS & RECREATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

FINDINGS- FINANCIAL STATEMENT AUDIT

2023-001

Criteria:

As discussed in *Standards for Internal Control in the Federal Government* published by the General Accounting Office of the United States, internal control is an integral component of an organization's management that provides reasonable assurance that an objective of reliable financial reporting is being achieved. Organizations should implement procedures to ensure this objective is achieved.

Condition:

During the audit procedures performed, instances of this objective not being completely achieved were noted.

Cause:

At present the Organization does not have an individual with the required expertise for financial accounting and reporting necessary to successfully apply generally accepted accounting principles in regard to recording the entity's financial transactions and in drafting the financial statements and related disclosures.

Effect:

The Organization did not have effective procedures in place to ensure that all accruals and adjustments that are needed have been appropriately recorded. Additionally, the Organization's staff or contracted personnel did not collectively possess a full working knowledge of generally accepted accounting principles.

Organization Response and Corrective Action Plan:

Management is aware of the deficiency caused by having no certified public accountant on staff. Supervision by the Board of Trustees, and enhanced oversight by the Treasurer, remains an integral part of the Organization's financial procedure.

We did not audit the Organization's response and, accordingly, we express no opinion on it.

Georgetown-Scott County Parks & Recreation
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Revenues				
Intergovernmental transfers	\$ 2,668,800	\$ 2,668,800	\$ 4,508,614	\$ 1,839,814
Program revenues	481,850	481,850	439,076	(42,774)
Membership revenues	705,000	705,000	690,998	(14,002)
Grants and donations	1,000	1,000	8,538	7,538
Interest income	-	-	702	702
Other revenues	10,500	10,500	8,233	(2,267)
Total Revenues	<u>3,867,150</u>	<u>3,867,150</u>	<u>5,656,161</u>	<u>1,789,011</u>
Expenditures				
Personnel expenses	2,677,800	2,677,800	2,507,603	170,197
Program supplies	207,950	207,950	240,852	(32,902)
Repairs and maintenance	266,000	266,000	347,687	(81,687)
Utilities and telephone	433,230	433,230	330,847	102,383
Insurance	96,500	96,500	81,234	15,266
Office supplies	52,000	52,000	100,060	(48,060)
Professional fees	25,000	25,000	38,436	(13,436)
Software and support	40,000	40,000	47,449	(7,449)
Marketing and advertising	25,500	25,500	22,682	2,818
Travel	29,600	29,600	50,808	(21,208)
Miscellaneous expenses	1,770	1,770	929	841
Staff education	11,800	11,800	11,445	355
Total Current Expenditures	<u>3,867,150</u>	<u>3,867,150</u>	<u>3,780,032</u>	<u>87,118</u>
Operating capital outlays	<u>-</u>	<u>-</u>	<u>1,631,143</u>	<u>(1,631,143)</u>
Total Expenditures	<u>3,867,150</u>	<u>3,867,150</u>	<u>5,411,175</u>	<u>(1,544,025)</u>
Net change in fund balance	-	-	244,986	244,986
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>1,447,211</u>	
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,692,197</u>	

See Independent Auditor's Report.

Georgetown-Scott County Parks & Recreation
Schedule of Proportionate Share of the Net Pension Liability
For the Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.031063%	0.024036%	0.028827%	0.031031%	0.032472%	0.031271%	0.029520%	0.031872%	0.031020%
Proportionate share of the net pension liability	\$ 2,245,548	\$ 1,532,484	\$ 2,211,208	\$ 2,182,424	\$ 1,977,641	\$ 1,830,397	\$ 1,453,453	\$ 1,370,347	\$ 1,006,410
Covered employee payroll	\$ 917,591	\$ 858,955	\$ 613,930	\$ 738,534	\$ 782,723	\$ 804,812	\$ 761,376	\$ 675,264	\$ 746,344
Share of the net pension liability as a percentage of its covered employee payroll	244.72%	178.41%	360.17%	295.51%	252.66%	227.43%	190.90%	202.94%	134.85%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.34%	53.32%	55.50%	59.97%	66.80%

*Notes: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
See the following Schedule of Changes in Benefits and Assumptions for any changes during the periods shown above.
The amounts presented for each fiscal year were determined (measured) as of the previous fiscal year.*

See Independent Auditor's Report.

Georgetown-Scott County Parks & Recreation
Schedule of Pension Contributions
For the Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required employer contribution	\$ 214,717	\$ 181,841	\$ 118,489	\$ 142,538	\$ 126,958	\$ 116,537	\$ 106,212	\$ 83,868	\$ 95,159	\$ 134,431
Contributions relative to contractually required employer contribution	<u>\$ 214,717</u>	<u>\$ 181,841</u>	<u>\$ 118,489</u>	<u>\$ 142,538</u>	<u>\$ 126,958</u>	<u>\$ 116,537</u>	<u>\$ 106,212</u>	<u>\$ 83,868</u>	<u>\$ 95,159</u>	<u>\$ 134,431</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Company's covered employee payroll	\$ 917,591	\$ 858,955	\$ 613,930	\$ 738,534	\$ 782,723	\$ 804,812	\$ 761,376	\$ 675,264	\$ 746,344	\$ 978,390
Employer contributions as a percentage of covered-employee payroll	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%

Notes: See the following Schedule of Changes in Benefits and Assumptions for any changes during the periods shown above.
Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of CERS. The above contributions only include those contributions allocated directly to the CERS pension fund.

See Independent Auditor's Report.

Georgetown-Scott County Parks & Recreation
 Schedule of Changes in Benefits and Assumptions- Pension
 For the Year Ended June 30, 2023

County Employee Retirement System

Changes of benefit terms – The following changes were adopted during the 2018 legislative session.

- Benefits paid to the spouses of deceased members have been increased from 25% of the member’s final pay rate to 75% of the member’s average pay. If the member does not have a surviving spouse, benefits paid to surviving children have been increased from 10% of the member’s final pay to 50% of the average pay for one child, 65% of the average pay for two children, or 75% of the average pay for three children.

Changes in assumptions – The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of June 30, listed below:

2019

- Updated the mortality tables from RP-2000 to Pub-2010
- The salary increase assumption was increased from an average of 3.05% to a range of 3.30% to 10.30%.

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%
- The assumed rate of inflation was reduced from 3.25% to 2.30%
- The assumed rate of wage inflation decreased by 0.95%
- The payroll growth assumption was reduced from 4.00% to 2.00%

2015

- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback one year for females). For disabled members the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (setback four year for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- Assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.

Method and assumptions used in calculations of actuarially determined contributions –The following actuarial methods and assumptions were used to determine contribution effective for the fiscal year ended June 30, 2021:

Actuarial cost method	Entry age normal
Amortization method	Level of percentage of payroll
Remaining amortization period	30 years
Payroll growth rate	2.00%
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary increase	3.30% to 10.30%, varies by service
Investment rate of return	6.25%, net of pension plan investment expense, including inflation
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

See Independent Auditor’s Report.

Georgetown-Scott County Parks & Recreation
Schedule of Proportionate Share of the Net OPEB Liability
For the Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, and 2017

	2023	2022	2021	2020	2019	2018	2017
Proportion of the net OPEB liability	0.031057%	0.024036%	0.028827%	0.031031%	0.032472%	0.031271%	0.029520%
Proportionate share of the net OPEB liability	\$ 612,914	\$ 460,042	\$ 695,635	\$ 521,793	\$ 521,793	\$ 576,507	\$ 628,655
Covered employee payroll	\$ 917,591	\$ 858,955	\$ 613,930	\$ 738,534	\$ 738,534	\$ 782,723	\$ 761,376
Share of the net OPEB liability as a percentage of its covered employee payroll	66.80%	53.56%	113.31%	70.65%	70.65%	73.65%	82.57%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	50.45%	53.54%	52.39%	55.24%

Notes: *Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
See the following Schedule of Changes in Benefits and Assumptions for any changes during the periods shown above.
The amounts presented for each fiscal year were determined (measured) as of the previous fiscal year.*

See Independent Auditor's Report.

Georgetown-Scott County Parks & Recreation
Schedule of OPEB Contributions
For the Years Ended June 30, 2023, 2022, 2021, 2020, 2019, 2018, and 2017

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required employer contribution	\$ 31,106	\$ 49,648	\$ 29,223	\$ 35,154	\$ 41,171	\$ 37,826	\$ 36,013
Contributions relative to contractually required employer contribution	<u>\$ 31,106</u>	<u>\$ 49,648</u>	<u>\$ 29,223</u>	<u>\$ 35,154</u>	<u>\$ 41,171</u>	<u>\$ 37,826</u>	<u>\$ 36,013</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Company's covered employee payroll	\$ 917,591	\$ 858,955	\$ 613,930	\$ 738,534	\$ 782,723	\$ 804,812	\$ 761,376
Employer contributions as a percentage of covered-employee payroll	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%

Notes: *Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. See the following Schedule of Changes in Benefits and Assumptions for any changes during the periods shown above. Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the pension fund of CERS. The above contributions only include those contributions allocated directly to the CERS insurance fund.*

See Independent Auditor's Report.

Georgetown-Scott County Parks & Recreation
 Schedule of Changes in Benefits and Assumptions- OPEB
 For the Year Ended June 30, 2023

County Employee Retirement System

Changes of benefit terms – The following changes were adopted during the 2018 legislative session.

- The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty.

Changes in assumptions – The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of June 30, listed below:

2021

- The single discount rate was decreased from 5.34% to 5.20%

2020

- The single discount rate was decreased from 5.68% to 5.34%

2019

- Updated the mortality tables from RP-2000 to Pub-2010
- The single discount rate was decreased from 5.84% to 5.68%
- The salary increase assumption was increased from an average of 3.05% to a range of 3.30% to 10.30%.

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%
- The assumed rate of inflation was reduced from 3.25% to 2.30%
- The assumed rate of wage inflation decreased by 0.95%
- The payroll growth assumption was reduced from 4.00% to 2.00%

Method and assumptions used in calculations of actuarially determined contributions – The following actuarial methods and assumptions were used to determine contribution effective for fiscal year ending June 30, 2021:

Actuarial cost method	Entry age normal
Amortization method	Level of percentage of payroll
Remaining amortization period	30 years
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Payroll growth rate	2.00%
Salary increase	3.30% to 10.30%, varies by service
Investment rate of return	6.25%, net of pension plan investment expense, including inflation
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.25% at January 1, 2021, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 5.50% at January 1, 2021, gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.