

OFFICIAL STATEMENT

**Rating: S&P “AA” (AGM Insured)
Moody’s “A1” (Underlying)
See “Ratings” herein**

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

In the opinion of Bond Counsel, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the City, and subject to the conditions and limitations set forth herein under the caption “LEGAL MATTERS – Tax Treatment,” interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, interest on any Bonds held by an “applicable corporation” is included in annual “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022. Interest on the Bonds is exempt from Kentucky income tax, and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.



**\$33,580,000
CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2023A**

Dated: Date of Delivery

Due: February 1, as shown below

Interest on the above-captioned Bonds (the “Bonds”) will be payable from the dated date, on each February 1 and August 1, commencing August 1, 2023, and the Bonds mature on each February 1, as shown below:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP 690887</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP 690887</u>
2024	\$1,130,000	4.000%	101.420%	2.520%	WU4	2034	\$1,670,000	4.000%	107.086% ^c	3.090%	XE9
2025	1,175,000	4.000	103.052	2.410	WV2	2035	1,735,000	4.000	105.639 ^c	3.270	XF6
2026	1,220,000	4.000	104.629	2.380	WW0	2036	1,805,000	4.000	103.822 ^c	3.500	XG4
2027	1,270,000	4.000	106.230	2.350	WX8	2037	1,875,000	4.000	102.273 ^c	3.700	XH2
2028	1,320,000	4.000	107.464	2.400	WY6	2038	1,950,000	4.000	101.128 ^c	3.850	XJ8
2029	1,370,000	4.000	108.511	2.460	WZ3	2039	2,030,000	4.000	100.374 ^c	3.950	XK5
2030	1,425,000	4.000	109.549	2.500	XA7	2040	2,115,000	4.000	100.000	4.000	XL3
2031	1,485,000	4.000	110.406	2.550	XB5	2041	2,195,000	4.000	98.735	4.100	XM1
2032	1,545,000	4.000	110.891	2.630	XC3	2042	2,285,000	4.000	98.042	4.150	XN9
2033	1,605,000	4.000	108.639 ^c	2.900	XD1	2043	2,375,000	4.000	97.312	4.200	XP4

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

The Bonds are subject to redemption prior to maturity, as described herein.

The City deems this Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP. (“AGM”)**.



The Bonds are offered when, as, and if issued, subject to the approval of legality and tax exemption by Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel. Certain legal matters have been passed upon for the City by Mark Pfeifer, Esq., City Attorney. The Bonds are expected to be available for delivery on or about February 9, 2023.

Dated January 26, 2023.

^c Priced to call.

REGARDING THIS OFFICIAL STATEMENT

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

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

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

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information of the City, 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, (i) such statements are made as such and not as representations of fact or certainty, (ii) no representation is made that any of such statements have been or will be realized, and (iii) such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information contained herein may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the City preliminary to sale of the Bonds should be regarded as part of the City's contract with the holders of the Bonds.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented herein under the heading "**BOND INSURANCE**" and in "Appendix G – Specimen Municipal Bond Insurance Policy" hereto.

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, (i) "debt service" means the principal of and premium, if any, and interest on the obligations referred to herein; (ii) "City" means the City of Owensboro, Kentucky; and (iii) "Kentucky" or "Commonwealth" means the Commonwealth of Kentucky.

CITY OF OWENSBORO, KENTUCKY

Mayor

Thomas H. Watson

Board of Commissioners

Mark Castlen

Larry Maglinger

Bob Glenn

Pamela Smith-Wright

City Manager

Nate Pagan

City Attorney

Mark Pfeifer

City Clerk/City Treasurer

Beth Davis

Director of Finance and Support Services

Angela Waninger

BOND COUNSEL

Dinsmore & Shohl LLP

Louisville, Kentucky

FINANCIAL ADVISOR

First Kentucky Securities Corporation

Lexington, Kentucky

PAYING AGENT AND BOND REGISTRAR

U.S. Bank Trust Company, National Association

Louisville, Kentucky

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INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$33,580,000 aggregate principal amount of General Obligation Bonds, Series 2023A (the “Bonds”) of the City of Owensboro, Kentucky, as specified on the cover page hereof.

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

The City

The Bonds are being issued by the City of Owensboro, Kentucky (the “City”), a municipal corporation and political subdivision of the Commonwealth of Kentucky. The City is located along the Ohio River in Daviess County in West Central Kentucky.

Authority for Issuance

The authority for the issuance of the Bonds is provided by Sections 66.011 through 66.191, inclusive, of the Kentucky Revised Statutes (“KRS”) and by an ordinance adopted by the Board of Commissioners of the City on January 17, 2023 (the “Ordinance”).

Sources of Payment for the Bonds

The Bonds are a general obligation debt of the City. The basic security for 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 the Bonds as and when the same become due and payable. (See “DESCRIPTION OF THE BONDS – Security and Source of Payment for the Bonds,” herein.)

Purpose of the Bonds

The Bonds are being issued for the purposes of (i) financing the costs of the acquisition, construction, installation, and equipping of (a) an indoor sports complex, (b) a training center for the Owensboro Fire Department, (c) fire station repairs and improvements for the Owensboro Fire Department, and (d) various other community development projects (collectively, the “Project”); (ii) paying the costs of credit enhancement for the Bonds; and (iii) paying the costs of issuance of the Bonds. (See “PLAN OF FINANCE” herein.)

Description of the Bonds

The Bonds will mature as set forth on the cover page hereof. The Bonds are being offered in denominations of \$5,000 or any integral multiple thereof. The Bonds are initially being issued in book-entry only form, registered in the name of The Depository Trust Company, New York, New York (“DTC”), which will act as the securities depository for the Bonds, or in the name of its nominee. There will be no distribution of the Bonds to the ultimate purchasers thereof. (See “DESCRIPTION OF THE BONDS – Book-Entry Only System”) herein.

Redemption

The Bonds maturing on or after February 1, 2033 are subject to optional redemption before maturity commencing February 1, 2032 (see “DESCRIPTION OF THE BONDS – Redemption Provisions – Optional Redemption” herein).

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

Book-Entry Only System

The Bonds are issuable only as fully registered Bonds, without coupons. The Bonds, when issued, will be registered in the name of Cede & Co., as the nominee of DTC. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. So long as DTC or its nominee is the registered owner of the Bonds,

payments of the principal, redemption premium, if any, and interest due on the Bonds will be made directly to DTC. The principal of and redemption premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank Trust Company, National Association, Louisville, Kentucky, as Paying Agent and Bond Registrar for the Bonds (the “Paying Agent and Bond Registrar”). (See “DESCRIPTION OF THE BONDS – Book-Entry Only System” herein and “Appendix F – Book-Entry Only System” attached hereto.)

Payment for the Bonds and Paying Agent and Bond Registrar

The principal of and interest on the Bonds will be paid in lawful money of the United States of America. The principal of the Bonds will be made at the designated corporate trust office of the Paying Agent and Bond Registrar in Louisville, Kentucky. Interest on the Bonds will be mailed by the Paying Agent and Bond Registrar to the registered holders of the Bonds, as of the record date, at the addresses of such registered holders shown on the registration books maintained by the Paying Agent and Bond Registrar. The record dates for the February 1 and August 1 interest payment dates on the Bonds shall be the preceding January 15 and July 15, respectively.

Interest

The Bonds shall be dated their date of initial issuance and delivery and shall bear interest at the rates set forth on the cover page hereof, payable semiannually on February 1 and August 1, beginning August 1, 2023.

Tax Treatment

Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest, including original issue discount, if any, on the Bonds is excludible from gross income for federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax; however, interest on any Bonds held by an “applicable corporation,” as defined in Section 59(k) of the Code, will be included in annual “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022. In rendering the opinions in this paragraph, Dinsmore & Shohl LLP, Bond Counsel for the Bonds, 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 or state tax consequences of purchasing, holding, or disposing of the Bonds. Interest on the Bonds is also exempt from Kentucky income taxation, and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

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

See “LEGAL MATTERS – Tax Treatment” herein and Appendix E attached hereto for the form of the opinion of Bond Counsel to be delivered in connection with the Bonds.

Parties to the Issuance of the Bonds

The Paying Agent and Bond Registrar for the Bonds is U.S. Bank Trust Company, National Association, Louisville, Kentucky. Legal matters incident to the issuance of the Bonds and with respect to the treatment of the interest thereon for purposes of federal and Kentucky income taxation are subject to the approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, as Bond Counsel for the Bonds. The Underwriter for the Bonds is identified under the heading “UNDERWRITER” herein. The Financial Advisor to the City is First Kentucky Securities Corporation, Lexington, Kentucky.

Offering and Delivery of the Bonds

The Bonds are offered when, as, and if issued by the City. The Bonds are expected to be delivered on or about February 9, 2023 in New York, New York through DTC.

Disclosure Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and the continuing disclosure documents of the City are intended to be made available through

one or more repositories. Copies of the basic documentation relating to the Bonds, including the Ordinance authorizing the issuance of the Bonds and the form of the Bonds are available from the City.

The City deems this Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

COVID-19 Pandemic

In March 2020, the Commonwealth of Kentucky and the United States both declared a state of emergency in response to the outbreak of COVID-19 (the “COVID-19 Pandemic”). In December 2020, the first COVID-19 vaccines became available, and by May 2021, most state mandates and regulations related to the COVID-19 Pandemic expired. The long term effects of the COVID-19 Pandemic may be significant and are undetermined at this time, and thus far, COVID-19 has caused the deaths of over 6,725,000 people worldwide. (See “INVESTMENT CONSIDERATIONS – Impact of the COVID-19 Pandemic” herein.)

Additional Information

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Bonds, is available from First Kentucky Securities Corporation, 1500 Leestown Road, Suite 330, Lexington, Kentucky 40511, telephone (859) 425-1100, Attention: Stan Kramer.

DESCRIPTION OF THE BONDS

General

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

Interest on the Bonds is payable semiannually on February 1 and August 1, commencing August 1, 2023. Interest on the Bonds is payable by check or draft mailed to the registered holders thereof by U.S. Bank Trust Company, National Association, Louisville, Kentucky, as the Paying Agent and Bond Registrar for the Bonds. The principal of the Bonds is payable when due to the registered holders thereof upon surrender of the Bonds at the corporate trust office of the Paying Agent and Bond Registrar in Louisville, Kentucky.

Redemption Provisions

Optional Redemption

The Bonds maturing on or after February 1, 2033 are subject to optional redemption prior to stated maturity on any date falling on or after February 1, 2032, in whole or in part, in such order of maturity as shall be designated in writing by the City and, if less than all of a single maturity to be selected, by lot within a maturity, at the election of the City upon thirty-five days’ written notice to the Paying Agent and Bond Registrar, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

Notice of Redemption

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

At least thirty days before the redemption date of any Bonds, the Paying Agent and Bond Registrar shall cause a notice of such redemption, either in whole or in part, signed by the Paying Agent and Bond Registrar, to be mailed, postage prepaid, to all registered owners of the Bonds to be redeemed in whole or in part, at their addresses as they appear on the registration books kept by the Paying Agent and Bond Registrar; provided that the failure to

mail any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid, and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of such Bonds to be redeemed, and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption relating to such Bond shall state also that on or after the redemption date, upon surrender of such Bonds, a new Bond in a principal amount equal to the unredeemed portion of such Bonds will be issued.

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

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

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

Security and Source of Payment for the Bonds

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

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

Statutory Lien

KRS Section 66.400 (the "Municipal Bankruptcy Law") permits a political subdivision, such as the City, for the purpose of enabling such political subdivision to take advantage of the provisions of the federal Bankruptcy Code, and for that purpose only, (i) to file a petition stating (a) that the political subdivision is insolvent or unable to meet its

debts as they mature and (b) that the political subdivision desires to effect a plan for the composition or readjustment of its debts, and (ii) to take such further proceedings as are set forth in the Bankruptcy Code, as they relate to such political subdivision. In addition, under the Municipal Bankruptcy Law, the City does not need the approval or permission of the Kentucky Department for Local Government State Local Debt Officer or any other governmental authority before availing itself of the bankruptcy process.

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

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

Book-Entry Only System

The Bonds initially will be issued solely in book-entry form, to be held in the book-entry system maintained by DTC. So long as such book-entry only system is used, only DTC will receive or have the right to receive physical delivery of the Bonds, and the beneficial owners of the Bonds will not be or be considered to be, and will not have any rights as, the owners or holders of the Bonds under the Ordinance. For additional information about DTC and the book-entry only system see “Appendix F – Book-Entry Only System” attached hereto.

THE INFORMATION SET FORTH IN THIS SECTION AND IN APPENDIX F ATTACHED HERETO CONCERNING DTC AND ITS BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY BELIEVES TO BE RELIABLE, BUT THE CITY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (“AGM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of the principal of and interest on the Bonds when due, as set forth in the form of the Policy attached hereto as Appendix G.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut, or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”), and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell, or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM, in its sole discretion. In addition, the rating agencies may, at any time, change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings, or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees

scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 21, 2022, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2022, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Capitalization of AGM

At September 30, 2022:

- (a) The policyholders' surplus of AGM was approximately \$2,660 million.
- (b) The contingency reserve of AGM was approximately \$915 million.
- (c) The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,102 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AMG and the contingency reserves, net unearned premium reserves, and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (filed by AGL with the SEC on May 6, 2022);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 (filed by AGL with the SEC on August 4, 2022); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022 (filed by AGL with the SEC on November 8, 2022).

All information relating to AGM included in, or as exhibits to, any documents filed by AGL with the SEC pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds, shall be deemed incorporated by reference

into this Official Statement and deemed to be a part hereof from the respective dates of filing of such documents. Copies of such materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “**BOND INSURANCE – Assured Guaranty Municipal Corp.**” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented herein under the heading “**BOND INSURANCE**” and in “Appendix G – Specimen Municipal Bond Insurance Policy” hereto.

PLAN OF FINANCE

The Bonds are being issued for the purposes of (i) financing the costs of the acquisition, construction, installation, and equipping of (a) an indoor sports complex, (b) a training center for the Owensboro Fire Department, (c) fire station repairs and improvements for the Owensboro Fire Department, and (d) various other community development projects (collectively, the “Project”); (ii) paying the costs of credit enhancement for the Bonds; and (iii) paying the costs of issuance of the Bonds.

SOURCES AND USES OF FUNDS

Sources:	
Bond Proceeds	\$33,580,000.00
Plus Original Issue Premium	<u>1,221,171.40</u>
Total Sources	\$34,801,171.40
 Uses:	
Underwriter’s Discount	\$ 347,818.29
Deposit to Construction Fund	34,313,773.98
Cost of Issuance	<u>139,579.13</u>
Total Uses	\$34,801,171.40

INVESTMENT CONSIDERATIONS

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

Limitation on Enforcement of Remedies

Enforcement of the remedies applicable to the Bonds under 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 any litigation or the required use of any statutory remedy procedures. All legal opinions delivered in connection with the Bonds relating to the enforceability of such remedies contain an exception

regarding the limitations that may be imposed by bankruptcy and insolvency laws and by the rights of creditors under general principals of equity.

Risk of Bankruptcy

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

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

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

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

Generally speaking, the City would likely receive a discharge of its debts after (i) the plan of adjustment is confirmed, (ii) the City deposits any consideration to be distributed under the plan with a disbursing agent appointed by the bankruptcy court, and (iii) the bankruptcy court determines that the securities deposited with the disbursing agent will constitute valid and legal obligations of the City and that any provision made to pay or secure the payment of such obligations is valid.

For additional information regarding the statutory pledge of tax revenues provided for the Bonds, see the discussion under the heading "DESCRIPTION OF THE BONDS – Statutory Lien" herein. Prospective bondholders should consult their legal counsel regarding the impact of a bankruptcy filing by the City on the payment and security of the Bonds.

Suitability of Investment

An investment in the Bonds involves a certain degree of risk. The interest rates borne by the Bonds is intended to compensate the investor for assuming this element of risk by purchasing the Bonds. Prospective investors in the

Bonds should carefully examine this Official Statement, including all of the Appendices hereto, and assess their ability to bear the economic risk of such an investment and determine whether or not the Bonds are an appropriate investment for them.

Additional Debt

The City may, from time to time issue, additional general obligation bonds or bond anticipation notes. Such issuances of general obligation bonds or bond anticipation notes would increase debt service requirements for the City and could adversely affect the debt service coverage on the Bonds.

General Economic Conditions

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

Market for the Bonds

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

Bond Ratings

There can be 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 the discussion under the heading “RATINGS” herein for more information.

Tax Implications

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

Impact of the COVID-19 Pandemic

General

The outbreak of a novel strain of coronavirus that can cause severe respiratory disease, referred to as COVID-19, was first detected in China in December 2019. Since then, COVID-19 has spread across the world, resulting in the death of more than 6,725,000 people internationally and more than 1,100,000 people in the United States. In March 2020, the outbreak of COVID-19 was declared a pandemic (the “COVID-19 Pandemic”) by the World Health Organization, as well as a national emergency in the United States and a statewide emergency in the Commonwealth of Kentucky. The responses of governments, businesses, and individuals to the COVID-19 Pandemic have caused widespread and significant changes in economic activity. Certain sectors of the global, national, and local economies are experiencing negative effects due to reduced consumer spending, increased unemployment, and government mandated and voluntary responses to mitigate the COVID-19 Pandemic, including school and business closures, event cancellations, and reduced travel. Unemployment in the United States and in the Commonwealth of Kentucky has increased as a result of the COVID-19 Pandemic.

In March 2020, Congress enacted the “Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), a \$2.2 trillion economic stimulus bill aimed at mitigating the economic and health effects of the COVID-19 Pandemic. The CARES Act provided money and support to individuals, in the form of increased unemployment assistance and direct payments, and to various businesses and governmental entities. In March 2021, Congress passed the American Rescue Plan Act, a \$1.9 trillion economic stimulus bill that provided additional direct payments to individuals and funding for various businesses and governmental entities, including an additional \$350 billion in relief to state, local, and tribal governments.

In December 2020, the first COVID-19 vaccine, developed by Pfizer-BioNTech, and a vaccine developed by Moderna, began distribution in the United States. A third vaccine, developed by Johnson & Johnson, began distribution in February 2021. As of April 2021, all persons age 16 and older are eligible to receive the COVID-19 vaccine, as of November 2021, all persons age 5 and older are eligible to receive the COVID-19 vaccine, and as of June 2022, all persons age 6 months and older are eligible to receive the COVID-19 vaccine. In November 2021, the FDA authorized the use of a booster dose of the COVID-19 vaccine for all persons age 18 or older, and as of January 2022, all persons age 12 and older are eligible to receive a booster dose of the COVID-19 vaccine, and as of May 2022, all persons age 5 and older are eligible to receive a booster dose of the COVID-19 vaccine. On August 31, 2022, the FDA authorized the use of bivalent formulations of the Pfizer-BioNTech and Moderna vaccines as a booster dose for all individuals age 12 and older, and as of October 12, 2022, all individuals age 6 and older are eligible to receive a bivalent booster dose. As of January 15, 2023, over 81% of the United States population had received at least one dose of a vaccine, over 69% of the population is considered fully vaccinated, and approximately 16% of the fully vaccinated population had received the bivalent booster dose.

There can be no assurances as to the continuing materiality, severity, or duration of the negative economic conditions caused by the COVID-19 Pandemic.

Impact on the Commonwealth of Kentucky

In March 2020, pursuant to an executive order issued by Governor Andy Beshear, all businesses in Kentucky that encourage public congregation, such as entertainment, recreational, and sporting event facilities, were required to cease operations. In response to increases in new cases of COVID-19 in late June and early July 2020, Governor Beshear signed an executive order mandating masks in most public places for thirty days, which executive order was renewed and remained in place until June 11, 2021.

In April 2020, Governor Beshear announced the Healthy at Work initiative, a phased plan to reopen Kentucky's economy, based on criteria set by public health experts and advice from industry experts, with progress to be monitored by the Kentucky Department for Public Health. The Healthy at Work initiative sets out minimum requirements for all businesses, such as social distancing, face coverings, hand-washing, proper sanitation, and temperature checks and provides industry-specific guidance with additional rules and requirements for certain types of businesses.

In June 2021, most regulations and mandates (excluding those for certain higher-risk activities) in Kentucky related to COVID-19 lapsed. As of January 1, 2023, over 59% of Kentucky's population is considered fully vaccinated.

COVID-19 Delta Variant

The Delta Variant is a mutation of COVID-19 which was first detected in India in December 2020. In July 2021, the Delta Variant became the primary strain of COVID-19 in the United States. Initial research indicates the Delta Variant is more contagious than prior strains of the COVID-19 virus. Beginning in June 2021, the United States and the Commonwealth of Kentucky both saw an increase in average cases per week, potentially due to the Delta Variant.

COVID-19 Omicron Variant

The Omicron Variant is a mutation of COVID-19 which was first detected in Botswana and South Africa in October 2021. In December 2021, the Omicron Variant became the dominant strain of COVID-19 in the United States. Initial research indicates the Omicron Variant is more contagious than prior strains of the COVID-19 virus but causes less severe illness. Beginning in December 2021, the United States and the Commonwealth of Kentucky both saw an increase in average cases per week, potentially due to the Omicron Variant.

COVID-19 BA.2 Variant

The BA.2 Variant, a sub-variant of the Omicron Variant, is a mutation of COVID-19 which was first detected in the Philippines in November 2021. In March 2022, the BA.2 Variant became the dominant strain of COVID-19 in the United States. Initial research indicates the BA.2 Variant is more contagious than prior strains of the COVID-19 virus but causes less severe illness. Beginning in March 2022, the United States and the Commonwealth of Kentucky both saw an increase in average cases per week, potentially due to the BA.2 Variant.

COVID-19 BA.5 Variant

The BA.5 Variant, a sub-variant of the Omicron Variant, is a mutation of COVID-19 which was first detected in South Africa in February 2022. As of July 2022, the BA.5 Variant has become the dominant strain of COVID-19 in the United States. Initial research indicates the BA.5 Variant is the most contagious strain of COVID-19 thus far, but causes less severe illness. Beginning in June 2022, the United States and the Commonwealth of Kentucky both began seeing an increase in average cases per week, potentially due to the BA.5 Variant.

Impact on the City

The City cannot predict the full economic impact that the COVID-19 Pandemic will have on its financial condition or operations. The City will continue to monitor the impact on its revenue collections and operations.

PROFILE OF THE ISSUER AND SURROUNDING AREA

Demographic, economic, and financial information with respect to the City and the surrounding area are set forth in Appendix B attached hereto.

CITY GOVERNMENT

Organization and Major Offices

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

Elected and Appointed Officials

The City operates under a City Manager form of government. The Board of Commissioners of the City is made up of a Mayor and four Commissioners elected at large by the citizens on a non-partisan ballot. The Mayor is elected for a four-year term and the Commissioners are elected for a two-year term. The Mayor and the Commissioners have equal voting power.

The Board of Commissioners sets the policies that govern the City and appoints advisory citizen groups that help in the decision making process for the City. The City Manager is hired by the Board of Commissioners and is responsible for the day-to-day operations of the City's employees. The department managers are responsible for their various departments and report to the City Manager.

The members of the Board of Commissioners and their terms of office are as follows:

<u>Member</u>	<u>Original Term Began</u>	<u>Current Term Ends</u>
Thomas H. Watson, Mayor	January 1, 2017	December 31, 2024
Mark Castlen	January 1, 2021	December 31, 2024
Larry Maglinger	January 1, 2019	December 31, 2024
Bob Glenn	January 1, 2021	December 31, 2024
Pamela Smith-Wright	January 1, 2023	December 31, 2024

The currently appointed City officials are:

City Manager	Nate Pagan
Director of Finance and Support Services	Angela Waninger
City Clerk/City Treasurer	Beth Davis
City Attorney	Mark Pfeifer, Esq.

Financial Matters

The Director of Finance and Support Services is the chief fiscal officer of the City, and is appointed by and serves at the pleasure of the Board of Commissioners. The Director of Finance and Support Services is responsible for the accounting, collection, custody, and disbursement of the funds of the City.

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 Board of Commissioners.
2. Planning and development, the Mayor and the City Manager.
3. Assessment of real property and personal property, the Daviess County Property Valuation Administrator.
4. Financial control functions, the City Manager and the Director of Finance and Support Services.
5. Inspection and supervision of the accounts and reports of the City as required by law, by the Kentucky Auditor of Public Accounts and by independent certified public accountants.

Financial Management

The Board of Commissioners is responsible for appropriating the funds used to support the various activities of the City. The Board of Commissioners 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 for the City.

Financial Reports and Examinations of Accounts

Each city in the Commonwealth of Kentucky is required to keep its accounting records and to render its financial reports in such a way as to: (i) determine compliance with statutory provisions; (ii) determine fairly and with full disclosure the financial operations of consistent funds and account groups of the city in conformity with generally accepted governmental accounting principles; and (iii) readily provide such financial data as may be required by the federal revenue sharing program.

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

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

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

The Annual Comprehensive Financial Report of the City for its Fiscal Year ending June 30, 2022 is attached hereto as Appendix C.

Budgeting and Appropriations Procedures

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

Investment Policies

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

- (a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including without limitation national or state banks chartered in Kentucky;
- (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including, without limitation:
 - 1. United States Treasury;
 - 2. Export-Import Bank of the United States;
 - 3. Farmers Home Administration;
 - 4. Governmental National Mortgage corporation; and
 - 5. Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including, without limitation:
 - 1. Federal Home Loan Mortgage Corporation;
 - 2. Federal Farm Credit Banks;
 - 3. Bank for Cooperatives;
 - 4. Federal Intermediate Credit Banks;
 - 5. Federal Land Banks;
 - 6. Federal Home Loan Banks;
 - 7. Federal National Mortgage Association; and
 - 8. Tennessee Valley Authority;
- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(d);
- (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- (f) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- (g) Commercial paper rated in the highest category by a competent rating agency;
- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- (j) Shares of mutual funds, each of which shall have the following characteristics:
 - 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - 2. The management company of the investment company shall have been in operation for at least five years; and
 - 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

- (k) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent of the equity allocation; and
- (l) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - 1. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - 2. Have a standard maturity of no more than ten years; and
 - 3. Are rated in the three highest rating categories by at least two competent credit rating agencies.

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

Debt Limitation

Section 158 of the Kentucky Constitution provides that cities shall not incur indebtedness to an amount exceeding the following maximum percentages on the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness:

- (a) Cities having a population of 15,000 or more, 10%;
- (b) Cities having a population of less than 15,000 but not less than 3,000, 5%; and
- (c) Cities having a population of less than 3,000, three percent 3%.

Nothing shall prevent the issue of renewal bonds, or bonds to fund the floating indebtedness of any city, county, or taxing district. Subject to the limits and conditions set forth in that section and elsewhere in the Kentucky Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by cities.

KRS Section 66.041 provides the same limitations as are set forth in the Kentucky Constitution, and further states that the limitations apply to "net indebtedness". In calculating "net indebtedness," KRS Section 66.031 provides that certain obligations of a municipality are not to be considered in the calculation, including notes issued in anticipation of bonds, self-supporting obligations, revenue bonds, special assessment debt, and other infrequently-issued types of obligations. For a complete list of exempt debt, see the Statement of Indebtedness attached hereto as Appendix D.

Appendix D of this Official Statement is a Statement of Indebtedness for the City, certified by the Director of Finance and Support Services, calculating the amount of the outstanding obligations of the City (including the Bonds) that are subject to the 10% total direct debt limit applicable to the City. The total principal amount of general obligation debt that could be issued by the City, subject to the 10% total direct debt limitation is \$440,177,378 and the City's net debt subject to such limitation presently outstanding (including the Bonds) is \$149,595,506 leaving a balance of \$290,581,872 borrowing capacity issuable within such limitation.

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

Tax Limitation

Section 157 of the Kentucky Constitution also indirectly imposes a debt limitation on general obligation indebtedness of cities by limiting the tax rates cities may impose upon the value of taxable property, as follows:

- (a) cities having a population of 15,000 or more, \$1.50 on each \$100.00 of assessed value;
- (b) cities having a population of less than 15,000 and not less than 10,000, \$1.00 on each \$100.00 of assessed value; and
- (c) cities having a population of less than 10,000, \$0.75 on the \$100.00 of assessed value.

Section 159 of the Kentucky Constitution requires the collection of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years. The two constitutional provisions operate as a limit on general obligation debt. Because the indirect debt limit results from tax limitations and the requirement to levy taxes to pay debt charges, it has application only to debts which are payable from taxes either initially or in the event other pledged non-tax revenues prove to be insufficient. It does not have any application where the type of debt being issued does not pledge the credit of the municipality or when the debt is payable solely out of the revenues of non-tax sources, such as utility income.

Appendix D of this Official Statement contains a Statement of Indebtedness, certified by the Director of Finance and Support Services, setting forth the property tax rate currently levied by the City of \$0.2640 per \$100.00 for real property and \$0.3302 per \$100.00 for personal property, and certifying that the issuance of the Bonds will not cause such rates to increase to amounts which would exceed the maximum permissible rates.

Bond Anticipation Notes

Under Kentucky law, notes, including renewal notes, issued in anticipation of and payable from the proceeds of general obligation bonds (or renewal notes) may be issued from time to time upon the same terms and conditions as bonds. The ability of the City to retire bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing when the bonds are issued or the notes are renewed.

Future Borrowings of the City

The City may issue one or more additional series of general obligation bonds or other indebtedness in the future to finance the costs of additional public projects, subject to the constitutional and statutory restrictions described herein. The City presently has no formal plans to issue additional general obligation bonds or other indebtedness to finance the costs of designated public projects. Nevertheless, the City reserves the right to issue additional general obligation indebtedness in the future.

LEGAL MATTERS

General Information

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 Dinsmore & Shohl LLP, as Bond Counsel for the Bonds. Upon the delivery of the Bonds to the successful bidder therefor, the Bonds will be accompanied by an approving legal opinion for the Bonds dated the date of delivery of the Bonds, rendered by Dinsmore & Shohl LLP. A draft of such approving legal opinion of Bond Counsel is attached hereto as Appendix E.

The firm, as Bond Counsel, has performed certain functions to assist the City in the preparation by the City of its Official Statement. However, the firm 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.

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

Transcript and Closing Certificates

A complete transcript of proceedings relating to the Bonds, including a No-Litigation Certificate and other appropriate closing documents, will be delivered by the City when the Bonds are delivered to the original purchaser. At the time of such delivery, the City will also provide the original purchaser with a certificate, executed by the Mayor or the Director of Finance and Support Services of the City and addressed to such purchaser, relating to the accuracy and completeness of this Official Statement.

Litigation

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

Tax Treatment

General

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Bonds will be excludible from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the federal alternative minimum tax; however, interest on any Bonds held by an "applicable corporation" is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022 (see "LEGAL MATTERS – Tax Treatment – Corporate Alternative Minimum Tax" herein). Furthermore, Bond Counsel is of the opinion that interest on the Bonds is exempt from income taxation and that the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion of interest on obligations, such as 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 related issues of Bonds will not be includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in gross income for federal income tax purposes, and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

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

Although Bond Counsel is of the opinion that interest on the Bonds will be excludible from gross income for federal income tax purposes and that interest on the Bonds is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of or the accrual or receipt of interest on the Bonds may otherwise affect a Bondholder's federal, state, or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion, and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding, or disposing 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, (i) increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, (ii) increasing the federal tax liability of certain insurance companies under Section 832 of the Code, (iii) increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, (iv) increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code, and (v) limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

The City has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265 of the Code.

Original Issue Premium

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

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

Original Issue Discount

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

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

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds, other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

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 “applicable corporations,” 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) having 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 that ends after December 31, 2021). This new corporate alternative minimum tax would apply for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on tax-exempt bonds, such as the interest on the Bonds, would be included (i) in average annual adjusted financial statement income for the purpose of determining

whether a corporation is an “applicable corporation” and (ii) in the calculation of an applicable corporation’s “adjusted financial statement income” for purposes of calculating the alternative minimum tax imposed on corporations, regardless of the issue date of such tax-exempt bonds.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), has assigned the Bonds an insured rating of “AA” (stable outlook), with the understanding that the Bond Insurance Policy will be issued by AGM concurrently with the issuance and delivery of the Bonds. Moody’s Investors Service, Inc. (“Moody’s”) has assigned the Bonds an underlying rating of “A1”. The ratings on the Bonds reflect only the view of S&P and Moody’s and any explanation of the significance of the rating may only be obtained (i) from S&P at 55 Water Street, New York, New York 10041, (212) 438-2000, and (ii) from Moody’s at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, (212) 553-0300. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions made by the rating agency. There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely if, in the judgment of the applicable rating agency, the circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

In accordance with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”) and so long as the Bonds are outstanding, the City will agree, pursuant to a continuing disclosure undertaking to be dated as of the date of issuance and delivery of the Bonds (the “Disclosure Undertaking”), to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board (“MSRB”), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system, as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, for each fiscal year of the City certain financial information of the City (the “Annual Financial Information”), including, (a) the operating data of the City for such fiscal year that is included within this Official Statement that is also included in the Annual Comprehensive Financial Report of the City, which, at a minimum, shall include (1) tax levies, rates, and collections, (2) assessed valuation, and (3) the indebtedness of the City (with respect to direct debt only); and (b) audited financial statements, prepared in accordance with generally accepted accounting principles as applied to governmental units, generally consistent with the information contained in Appendix C of this Official Statement and which may also be included in the Comprehensive Annual Financial Report of the City; all Annual Financial Information shall be provided on or before January 25 following the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 2023, provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditor to the City;
- (ii) to the MSRB through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults, if material;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders, if material;
 - (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
 - (i) Defeasances;
 - (j) Release, substitution, or sale of property securing repayment of the securities, if material;

- (k) Rating changes;
 - (l) Bankruptcy, insolvency, receivership, or similar event of the City (Note – This event is considered to occur upon the occurrence of any of the following: The appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or under any other state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);
 - (m) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (o) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
 - (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City or obligated person, any of which reflect financial difficulties.
- (iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which City has knowledge) of the City to provide the required Annual Financial Information on or before the date specified in the Disclosure Undertaking.

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

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

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

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

The City has previously entered into continuing disclosure undertakings pursuant to the Rule (the “Prior Disclosure Undertakings”). To the best of the City’s knowledge, the City has been in compliance with its continuing disclosure undertakings for the past five years, with the following exceptions:

- (1) A material events notice regarding the upgrade of the rating on the City’s general obligation debt by Moody’s Investors Service on October 4, 2019 required to be posted by October 14, 2019 was filed late on February 21, 2020.
- (2) Annual Financial Information for the fiscal year ended June 30, 2020 required by the Prior Disclosure Undertakings to be filed by January 25, 2021 was filed late on February 3, 2021. A material events notice regarding this late filing was timely posted to EMMA on January 22, 2021.

(3) Annual Financial Information for the fiscal year ended June 30, 2021 required by the Prior Disclosure Undertakings to be filed by January 25, 2022 was filed late on April 14, 2022. A material events notice regarding this late filing was posted to EMMA late on April 14, 2022.

In addition, certain prior undertakings provided for continuing disclosure of debt service schedules for certain Bonds. There has been no change in these schedules since the initial filing, so these disclosures have not been updated on EMMA. Certain demographic and economic and tax information related to Daviess County, Kentucky, contained in Official Statement Appendices which were the subject of prior continuing disclosure undertakings do not constitute operating data of the City and the City has not updated this data on EMMA. Other demographic and economic and tax information related to the City has been updated by inclusion in the annual audited financial report.

The City has also entered into Prior Disclosure Undertakings regarding water and sewer revenue bonds and notes and electric revenue bonds and notes. These utilities are operated by Owensboro Municipal Utilities. In the past five years, there have been numerous rating actions reported by Moody's Investors Service, Standard & Poor's Rating Corporation, and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the City and its related utility revenue entities. Due to widespread knowledge of these rating actions, material event notices were not filed by the City in every instance.

As stated herein, the City intends to file all future Annual Financial Information and material events notices within the requirements specified in the Prior Disclosure Undertakings and in the Disclosure Undertaking related to the Bonds, and the City has adopted policies and procedures to ensure the timely filing thereof.

UNDERWRITING

The Bonds are being purchased for reoffering by J.P. Morgan Securities LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$34,453,353.11 (reflecting the par amount of the Bonds, plus original issue premium of \$1,221,171.40, and less underwriter's discount of \$347,818.29). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter, and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page hereto.

FINANCIAL ADVISOR

First Kentucky Securities Corporation, Lexington, Kentucky, has acted as Financial Advisor to the City in connection with the issuance of the Bonds and will receive a fee, payable from the proceeds of the Bonds, for their services as Financial Advisor, contingent upon the issuance and sale of the Bonds.

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.

[Signature page to follow]

SIGNATURE PAGE TO OFFICIAL STATEMENT

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

CITY OF OWENSBORO, KENTUCKY

By: /s/ Thomas H. Watson
 Mayor

Dated: January 26, 2023

APPENDIX A

**CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2023A**

**DEBT SERVICE REQUIREMENTS FOR
CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2023A**

**CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2023A**

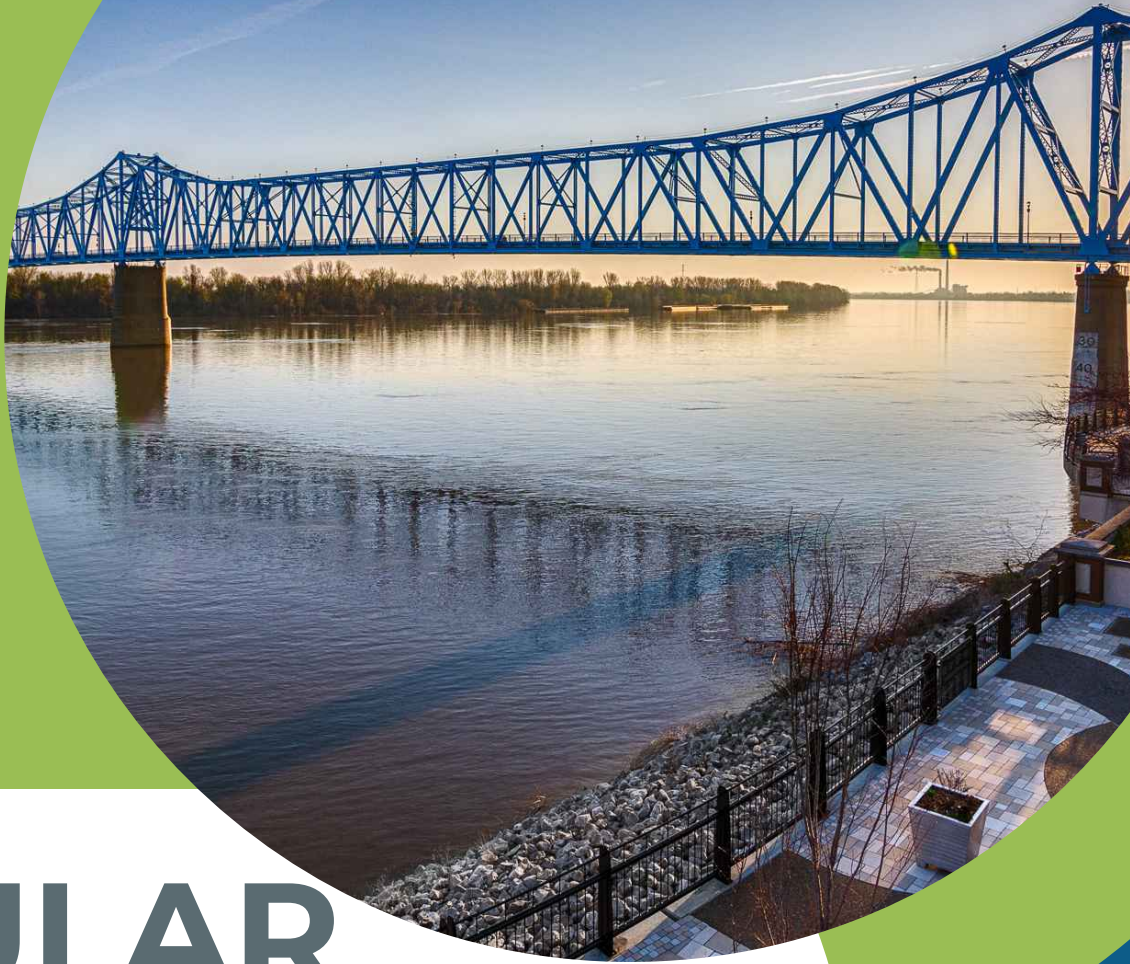
DEBT SERVICE REQUIREMENTS

Date	Principal	Interest	Total	Fiscal Total
08/01/23		\$641,751.11	\$641,751.11	
02/01/24	1,130,000.00	671,600.00	1,801,600.00	\$2,443,351.11
08/01/24		649,000.00	\$649,000.00	
02/01/25	1,175,000.00	649,000.00	1,824,000.00	\$2,473,000.00
08/01/25		625,500.00	\$625,500.00	
02/01/26	1,220,000.00	625,500.00	1,845,500.00	\$2,471,000.00
08/01/26		601,100.00	\$601,100.00	
02/01/27	1,270,000.00	601,100.00	1,871,100.00	\$2,472,200.00
08/01/27		575,700.00	\$575,700.00	
02/01/28	1,320,000.00	575,700.00	1,895,700.00	\$2,471,400.00
08/01/28		549,300.00	\$549,300.00	
02/01/29	1,370,000.00	549,300.00	1,919,300.00	\$2,468,600.00
08/01/29		521,900.00	\$521,900.00	
02/01/30	1,425,000.00	521,900.00	1,946,900.00	\$2,468,800.00
08/01/30		493,400.00	\$493,400.00	
02/01/31	1,485,000.00	493,400.00	1,978,400.00	\$2,471,800.00
08/01/31		463,700.00	\$463,700.00	
02/01/32	1,545,000.00	463,700.00	2,008,700.00	\$2,472,400.00
08/01/32		432,800.00	\$432,800.00	
02/01/33	1,605,000.00	432,800.00	2,037,800.00	\$2,470,600.00
08/01/33		400,700.00	\$400,700.00	
02/01/34	1,670,000.00	400,700.00	2,070,700.00	\$2,471,400.00
08/01/34		367,300.00	\$367,300.00	
02/01/35	1,735,000.00	367,300.00	2,102,300.00	\$2,469,600.00
08/01/35		332,600.00	\$332,600.00	
02/01/36	1,805,000.00	332,600.00	2,137,600.00	\$2,470,200.00
08/01/36		296,500.00	\$296,500.00	
02/01/37	1,875,000.00	296,500.00	2,171,500.00	\$2,468,000.00
08/01/37		259,000.00	\$259,000.00	
02/01/38	1,950,000.00	259,000.00	2,209,000.00	\$2,468,000.00
08/01/38		220,000.00	\$220,000.00	
02/01/39	2,030,000.00	220,000.00	2,250,000.00	\$2,470,000.00
08/01/39		179,400.00	\$179,400.00	
02/01/40	2,115,000.00	179,400.00	2,294,400.00	\$2,473,800.00
08/01/40		137,100.00	\$137,100.00	
02/01/41	2,195,000.00	137,100.00	2,332,100.00	\$2,469,200.00
08/01/41		93,200.00	\$93,200.00	
02/01/42	2,285,000.00	93,200.00	2,378,200.00	\$2,471,400.00
08/01/42		47,500.00	\$47,500.00	
02/01/43	2,375,000.00	47,500.00	2,422,500.00	\$2,470,000.00
Total	\$33,580,000.00	\$15,804,751.11	\$49,384,751.11	

APPENDIX B

**CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2023A**

**CITY OF OWENSBORO, KENTUCKY POPULAR
ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2022



CITY OF OWENSBORO

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Agency Funding & Staffing by Department	11
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Dear OBKY Residents,

In an effort to keep you informed on how your tax dollars are being spent, we are pleased to present the Popular Annual Fiscal Report (PAFR) for the year ended June 30, 2022 (FY2022). The PAFR is a summary of the financial activities of the City. The PAFR also highlights key projects accomplished during the fiscal year.

The information in this report is derived from the Annual Comprehensive Financial Report (ACFR). The ACFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes audited financial statements. This publication is not to be used as a substitution for the ACFR which contains more detailed information.

We are proud to report the City has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) 41 times. Both the PAFR and ACFR Reports are available on the City's website at www.owensboro.org/finance.

We hope you find this report to be informative and understandable. If you have any questions concerning either report or would like additional information, please contact us via email at citymanager@owensboro.org or call 270-687-4444. We value your input and look forward to addressing any questions or comments you may have.

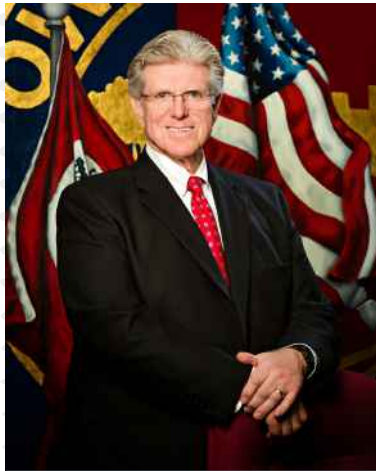
Respectfully,



Nathaniel W. Pagan, City Manager



ELECTED OFFICIALS



Mayor
Thomas H. Watson



Mayor Pro Tem
Larry Maglinger



Commissioner
Mark Castlen



Commissioner
Bob Glenn



Commissioner
Jeff Sanford

ADMINISTRATIVE STAFF

Nate Pagan

City Manager

Angela Waninger

Director of Finance & Support Services

Art Ealum

Police Chief

Amanda Rogers

Director of Parks & Recreations

Abby Shelton

Director of Community Development

Lelan Hancock

Assistant City Manager

Beth Davis

City Clerk

James Howard

Fire Chief

Stephen Franklin

Director of Public Works

Tim Ross

Director of Public Events



CITY PROFILE

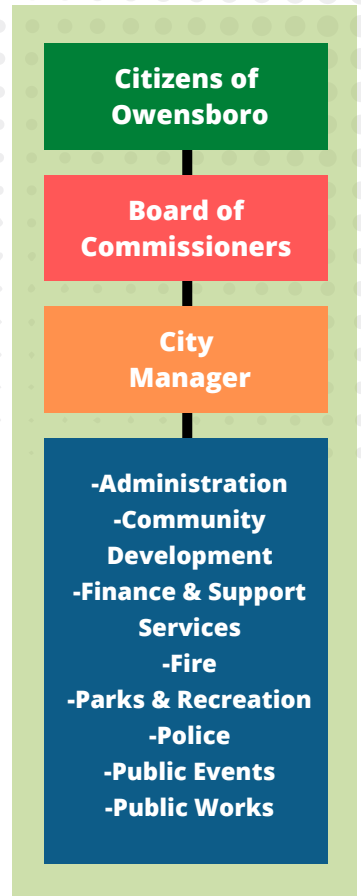
Owensboro, originally known as Yellow Banks (due to the color of the soil along the Ohio River banks), was first settled in 1797. An 1817 Act of the Kentucky Legislature established the town as "Owensborough" later shortened to "Owensboro." Owensboro ranks as Kentucky's fourth largest city in terms of population and is the industrial, medical and cultural capital of western Kentucky.

Owensboro is the county seat of Daviess County and lies on the southern banks of the Ohio River, one of the nation's major waterways. Owensboro is located 32 miles southeast of Evansville, Indiana, 123 miles north of Nashville, Tennessee and 109 miles southwest of Louisville, Kentucky.

Owensboro operates under a City Manager form of government. The Board of Commissioners includes our Mayor and four Commissioners. Citizens elect the Commissioners at large on a non-partisan ballot. The Mayor is elected for a four-year term and the Commissioners for a two-year term. The Mayor and Commissioners have equal voting power. The Commission sets the policies that govern the City. The City Manager is appointed by the Board of Commissioners and is responsible for the day-to-day management of the City.

Owensboro Municipal Utilities and Owensboro Riverport Authority are both municipally owned. As such, they are included in the City's Annual Comprehensive Financial Report.

The City provides a full range of municipal services, including police and fire protection, sanitation services, permitting and inspection services, construction and maintenance of streets and other infrastructure, recreational activities and cultural events, and utilities including electric, internet, and water.



Commission Meetings Dates and Times

Commission meetings are held the first and third Tuesday of each month at 5pm CST.

Work session meetings are held the second Tuesday of each month at 12pm CST.

The location for all meetings is at City Hall, 101 E. 4th Street, Owensboro, KY in the Commission Chambers on the fourth floor.

Commission meetings and work sessions are broadcast live at www.owensboro.org and through the City of Owensboro Facebook page.

City information can be found at the following social media sites:



CITY FACTS

Population:	60,011
Median Income	\$30,470
Median Housing Value	\$125,600

Public Safety

Police Stations	1
Police Substations	2
Police Officers	111
Fire Stations	5
Firefighters	99

Physical

Land Area (Square Miles)	21.10
Miles of Streets	251.95
Miles of Sidewalks	235.83

City Public Schools

Elementary Schools	5
Middle Schools	1
High Schools	1
Preschools	1

Parks and Recreation

Parks	25
Dog Park	1
Spray Parks	3
Acres of Parkland	960
Swimming Pools	2
Tennis Courts	35
Pickleball Courts	4
Golf Courses	2
Ice Arena	1
Recreation Center	1
Softball Complex	1
Ball Diamonds	14
Youth Football/Soccer Fields	15
Basketball Courts	11
Sports Arena	1

Culture

Convention Center	1
Performing Arts Center	1
Senior Center	1
Museums	3

Municipal Utility

Water - Users	25,397
- Annual Consumption (mil)	3,969
Electric - Street Lights	9,637
- Traffic Signals	126

Transit

Routes	9
- 8 by buses, 1 by trolley	

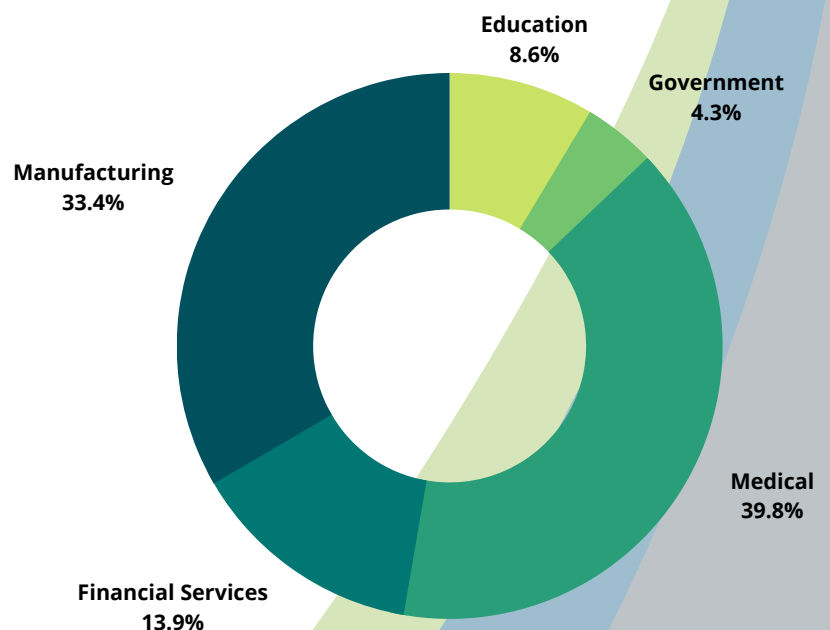


LEGION PARK

Photo by: AP Imagery

TOP 10 EMPLOYERS

1. Owensboro Health Regional Hospital	4,014
2. U.S. Bank Home Mortgage	1,400
3. Owensboro Public Schools	865
4. Toyotetsu Mid America, LLC	778
5. Specialty Foods Group	642
6. Sazerac Distilleries	530
7. Mizkan America Inc.	480
8. Total Packaging LLC	475
9. UniFirst	475
10. City of Owensboro	434



GENERAL FUND

Statement of Revenues, Expenditures & Changes in Fund Balance (page 29 in FY 2020, FY 2021, and FY 2022 ACFR)

General Fund

The General Fund is the general operating fund of the City.

The City has 26 other funds, as follows:

- Debt Service Fund

Special Revenue Funds

- County Employees' Retirement System (CERS)
- Central Dispatch
- Community Development
- Economic Development
- Capital Improvements
- Your Community Vision
- Downtown Development & Revitalization
- Drug & Property Recovery
- Gateway Commons TIF
- Downtown Riverfront TIF
- American Rescue Plan Act (ARPA)

Proprietary Funds

- Convention Center Operations
- Sportscenter Operations
- Sanitation
- Transit
- Recreation
- Geographic Information System (GIS)
- Insurance
- Facilities Maintenance
- Garage Services
- Fleet & Facilities

Fiduciary Funds

- City Employees' Pension
- Police & Firefighters' Retirement
- Investment Trust
- Custodial

REVENUES	FY 2020	FY 2021	FY 2022
Property Taxes	11,393,759	12,065,566	12,638,213
Payroll Withholding Taxes	19,455,070	20,168,502	22,198,660
Net Profit Taxes	4,191,949	4,300,799	4,544,881
Regulatory License (Insurance Premium Taxes)	6,671,813	6,430,011	7,101,964
Charges for Services	1,315,965	1,406,122	2,169,929
Dividends from OMU/ORA	8,325,171	8,258,300	8,196,008
Payments in Lieu Of Taxes (PILOT)	2,650,357	2,582,188	2,912,623
Regulatory Taxes (Atmos, Kenergy, Spectrum)	1,021,766	932,212	1,057,898
Intergovernmental Revenues	2,776,854	8,336,069 (1)	3,643,076
Investment Earnings	660,806	422,379 (2)	(697,648)
Fees, Licenses and Permits	845,712	856,360	476,136
Miscellaneous	537,754	400,370	681,440
Total Revenues	59,846,976	66,158,878	64,923,180
EXPENDITURES			
General Government	10,740,517	11,019,104	11,208,687
Public Safety	24,707,891	25,095,167	27,250,802
Public Works	6,155,207	5,712,284	5,756,599
Community and Cultural	5,636,919	5,511,744	5,767,849
Community/Economic Development	189,615	198,134	270,182
Capital Outlay	322,574	946,819	2,708,560
Total Expenditures	47,752,723	48,483,252	52,962,679
Excess of Revenues Over Expenditures	12,094,253	17,675,626	11,960,501
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	1,234	-	324,447
Transfers In	327,658	-	2,580,480
Transfers Out	(10,396,848) (3)	(9,659,913) (4)	(12,465,244)
Net Change in Fund Balance	2,026,297	8,015,713	2,400,184
FUND BALANCE - BEGINNING	16,945,332	18,971,629	26,987,342
FUND BALANCE - ENDING	18,971,629	26,987,342	29,387,526

(1) Increase due to receipt of CARES Act Funds.

(2) Decrease is primarily due to lower interest rates and having investment bonds recalled.

(3) Increase is primarily due to Transfer to the CERS Fund to reserve funds to accommodate the rising pension costs.

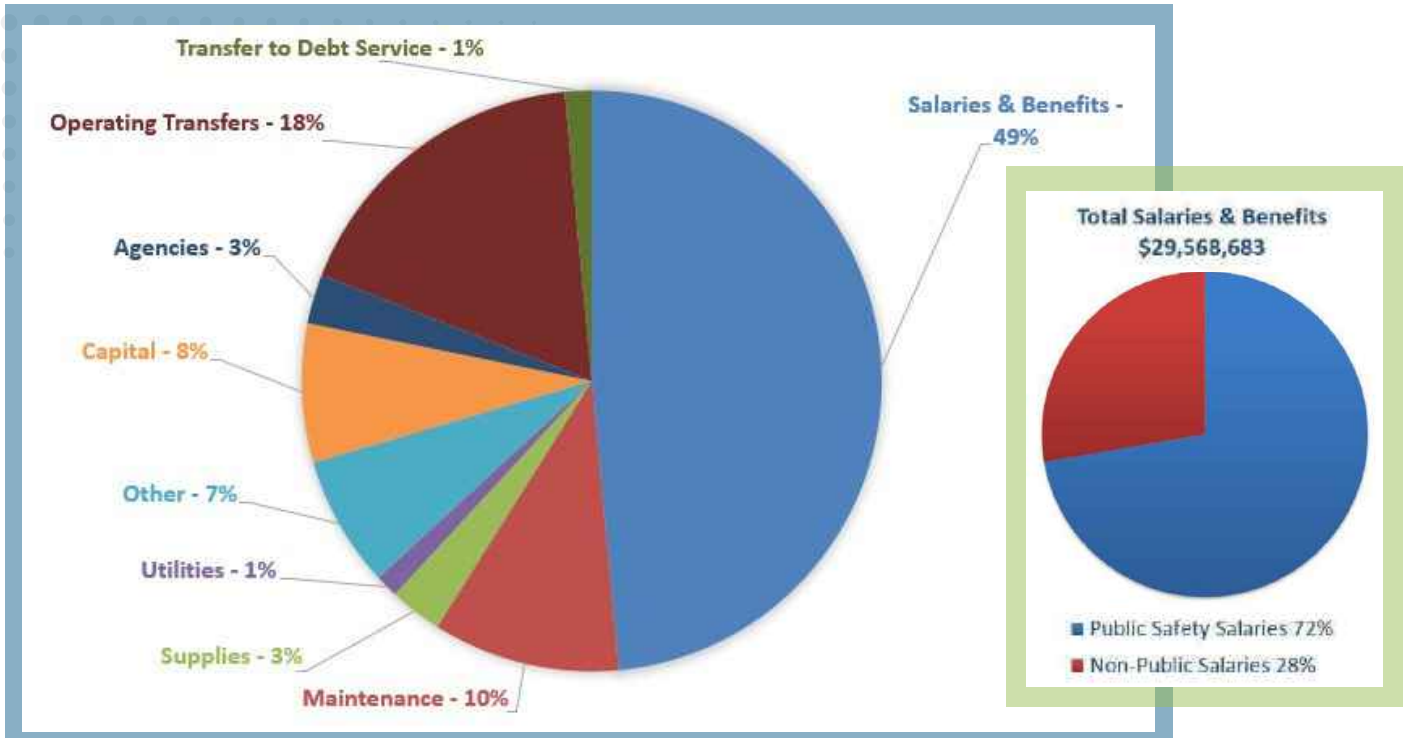
(4) Higher Transfers to Convention Center and Recreational due to financial hardships due to COVID-19 pandemic.



For more information on these funds, see the City's Annual Comprehensive Report (ACFR) at www.owensboro.org.

As of June 30, 2022 the Primary Government's total net position was \$113,584,723, an increase of \$9,567,935, or 9.2%, over the previous year. See page 25 in the ACFR for more detail.

General Fund Expenditures by Expense Type \$65,427,923 (Total Expenditures & Transfers Out) FY 2022



The property tax rates reflected below are applied to each \$100 of assessed value that is determined by a combination of the State and County Property Valuation Administrator (PVA). By example, a house that is assessed at \$100,000 would have a city property tax of \$264.

TAX RATES

Payroll Withholding		1.78%
Net Profit Tax		1.78%
Insurance Premium Tax		10%
Property Tax:	Real	.2640
	Personal	.3302



**ALL AMERICAN 4TH OF JULY
DOWNTOWN OWENSBORO**

ACCOLADES & AWARDS



"Best Cities in Kentucky" (2022) - Moving From To named Owensboro one of the top 6 cities to live in Kentucky, praising Owensboro for being an "industrial, retail, cultural, and medical hub in the western part of the state."

2022 KTIA TRAVERSE AWARDS

Visit Owensboro wins award for "12 Days of Christmas" (2022) - Last year's "12 Days of Christmas" campaign in Owensboro has won the Owensboro-Daviess County Convention & Visitors Bureau a second-place award from the Kentucky Travel Industry Association.



"Must Visit Places" Music Town (2021) - *Rolling Stone Magazine* named Owensboro, KY as one of seven "Must Visit Places Country Music Fans Should Flock to Now," highlighting our Bluegrass Music Hall of Fame & Museum, ROMP Festival and Friday After 5 concert series.

TRAVEL SOUTH USA

Must Experience City of the South (2021) - Travel South USA, one of the largest tourism organizations in the US, has named Owensboro, KY as a "Must Experience City in the South."

SITeseLECTION

Ranked 3rd Best for Economic Development (2020) - *Site Selection Magazine*, an internationally circulated business publication covering corporate real estate and economic development, has ranked the Owensboro Metropolitan Area 3rd Best for Economic Development in 2020.

SITeseLECTION

Great River Cup (2018) - Presented by *Site Selection Magazine*, this award is based on analysis of per-capita metro-area corporate facility location and expansion activity along the entire Ohio River corridor.



WHERE MILLENNIALS ARE MOVING



Top 11 City of Millennial Home Buyers (2017) - According to Ellie Mae, a mortgage data firm, millennials make up 48% of home buyers in Owensboro, as reported by USA Today.

smartasset™

BY THE NUMBERS

THE BEST PLACES TO WORK IN MANUFACTURING

Rank	Metropolitan Area	Percent of Workforce in Manufacturing	Over-the-Job Growth	Over-the-Industry Growth	Income After Housing	Index
1	St. Joseph, MO-KS	22.5%	3.0%	6.5%	\$46,388	81.87
2	Gainesville, FL	4.1%	22.3%	8.4%	\$50,039	81.77
17	Owensboro, KY	16.6%	2.2%	5.2%	\$56,947	81.32

Best Place to Work in Manufacturing (2017) - Based on manufacturing as a percent of workforce, job growth, income growth, and income after housing, Owensboro ranked 17th in the best places to work in manufacturing by SmartAsset in 2017.



Best Performing Cities (2016) - The 2016 Milken Institute Best-Performing Cities index ranks U.S. metropolitan areas by how well they are creating and sustaining jobs and economic growth. The component includes job, wage and salary, and technology growth. In most years, these components give good indication of the underlying structural performance of regional economics.



Top 100 Best Small Cities in the Nation (2015) - Owensboro made the top 100 list. NerdWallet crunched the numbers to find the best small cities in America - places that hit the mark in three key areas: economic health, affordability, and quality of life.

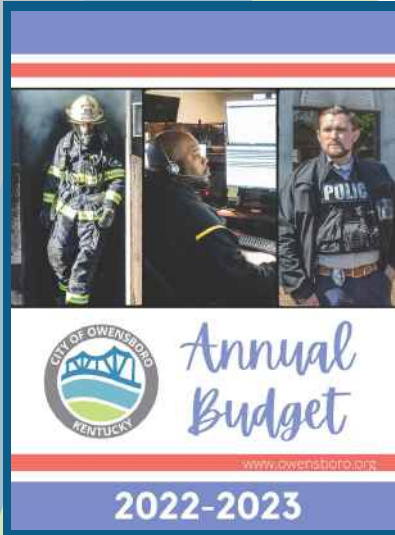


#1 Playground in the World (2015) - Smothers Park Lazy Dayz was ranked No. 1 in the world by Landscape Architects Network, an international website that specializes in landscape architecture.



All-American City Awards (2013) - The City of Owensboro was named as one of ten winners of the 2013 All-American City Awards, an honor given each year to towns, cities, counties, neighborhoods and metropolitan regions for outstanding civic achievement.

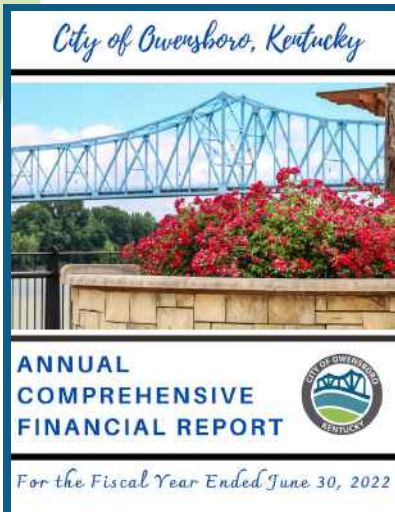
GFOA AWARDS



Distinguished Budget Presentation Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Owensboro, Kentucky, for its Annual Budget for the fiscal year beginning July 1, 2021. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

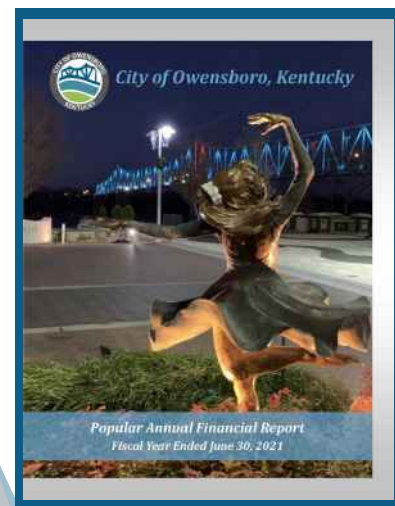
This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and have submitted it to GFOA to determine its eligibility for another award. The City of Owensboro has received this award 23 times.



Certificate for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Certificate for Excellence in Financial Reporting Award to the City of Owensboro, Kentucky, for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

This award is valid for a period of one year only. We believe our current ACFR continues to conform to program requirements and have submitted it to GFOA to determine its eligibility for another award. The City of Owensboro has received this award 41 times.



Award for Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement for Popular Annual Financial Reporting (PAFR) to the City of Owensboro, Kentucky for its Popular Annual Financial Report for the fiscal year ended June 30, 2020. The City has submitted the PAFR for FY 2021 to GFOA for award consideration and is awaiting results. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to achieve this award, a government unit must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

This award is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting Requirements and are submitting it to GFOA to determine its eligibility for another award. The City of Owensboro has received this award 3 times.

ITEMS OF INTEREST



Fire Station #3 Replacement

This project will consist of a total replacement of the existing Fire Station #3, and include the building of a new expanded facility at the current location. Major aspects will include updated daytime, nighttime areas, administrative offices, along with modern apparatus bays.

Fire Training Center

HAFER Architects designed a new 9,000 sq/ft classroom/training building, and a new four-story modular burn tower and burn room to allow Owensboro Firefighters the ability to train for the various conditions they will face on a daily basis saving lives. This facility will be a full replacement of the current facility on J.R. Miller Blvd. and will provide a state-of-the-art training facility for the Owensboro Fire Department, and aid with the recruitment and retention of firefighters.

Jack C. Fisher Park Batting Cages

This project will consist of building additional batting cages for the Kentucky Legend Fields at Jack C. Fisher Park. This will increase the practice area for teams during tournaments.



Ben Hawes Golf Course Irrigation

This project will include the replacement of the entire irrigation system for the Ben Hawes golf courses and practice areas. This system is over 30 years old and is being replaced due to poor quality product used and the massive number of system failures that have occurred leaving the entire course in jeopardy of millions in damage from lack of irrigation.

York Ditch Stormwater Drainage

This project includes drainage improvements in the area bounded by Dallas Avenue to the west, Harlan Avenue to the east, N. Stratford Drive to the north, and Bittel Road to the south.



Indoor Sports Facility

Design and construction of an 88,000 square foot indoor sports complex comprised of one turf court, 5 basketball courts, common areas, and admin offices.



Transient Boat Dock

Brandstetter Carroll has designed a 400 foot transient boat dock on the Ohio River just west of the Pier at the Convention Center. This dock will accommodate local boaters and boaters traveling the Ohio River with the ability for overnight docking, fuel, electric, water, and sewage facilities.



AGENCY FUNDING

ARTS	
Black Expo	\$ 2,727
Friday After 5	23,365
Museum of Fine Art	149,860
Museum of Science and History	156,596
Owensboro Dance Theatre	10,875
Owensboro Symphony Orchestra	120,067
RiverPark Center	174,340
Theatre Workshop	35,065
Western Kentucky Botanical Gardens	23,877
	\$ 696,772
SOCIAL SERVICES	
Green River Asset Building Coalition	\$ 4,668
Senior Community Center	94,698
United Way	331,434
	\$ 430,800
GOVERNMENT SERVICES	
Airport	\$ 150,370
Green River Area Development District	88,732
Human Relations Commission	75,763
OMPC	236,411
Sister Cities	5,885
Sister Cities - Japanese	2,279
Veterans Affairs	1,500
	\$ 560,940

Agencies funded by the City submit annual applications for their funding. These agencies are legally separate from the City.

STAFFING BY DEPARTMENT

<u>Department</u>	<u>Full Time</u>	<u>Non-Full Time</u>
Administration	9.0	10.0
Community Development	2.0	0.0
Information Technology	16.0	2.0
Finance	17.0	5.0
Human Resources	5.0	2.0
Parks/Recreation	16.0	178.0
Police	120.0	14.0
911 Dispatch	30.0	8.0
Fire	100.0	2.0
Property Maintenance	1.5	1.4
Engineering	10.25	5.0
Street	17.55	0.0
Facilities Maintenance	23.625	0.0
Garage	8.1	0.0
Sanitation	28.975	1.6
Stormwater	4.0	0.0
Transit	25.0	5.0
Total City	434.0	234.0

TRANSFERS TO OTHER FUNDS

Dispatch Fund	\$ 2,242,613
Convention Center Operations Fund	913,950
Sportscenter Operations Fund	707,783
Capital Improvement Fund	508,650
Transit Fund	1,134,378
Recreational Fund	1,569,832
Geographic Information Systems Fund	125,639
Police & Firefighters' Retirement Fund	660,000
	\$ 7,862,845

The above Operating Transfers from the General Fund to the listed funds are made to assist in the operations of each fund, either by ordinance or by need.



DOWNTOWN OWENSBORO

CITY CONTACT INFO

City Hall
P.O. BOX 10003
101 E. 4th Street
Owensboro, KY 42302-9003

City Action - 270-687-4444

www.owensboro.org

Community Development

270-687-8658

Engineering Department

270-687-8641

Finance Department

270-687-8523

Fire Department

270-687-8408

Human Resources Department

270-687-8540

Parks & Recreation Department

270-687-8700

Police Department

Emergency dial 911

Non-Emergency 270-687-8888

Public Events

270-687-8702

Purchasing Department

270-687-8431

Sanitation Department

270-687-8760

Street & Stormwater

270-687-8680

Tax Department

270-687-5600

Transit Department

270-687-8570

Other Key Information

Owensboro-Daviess County Regional Airport

2200 Airport Road
Owensboro, KY 42301
270-685-4179

Owensboro Health Regional Hospital

1201 Pleasant Valley Road
Owensboro, KY 42303
270-417-2000

Owensboro Municipal Utilities

2070 Tamarack Road
Owensboro, KY 42301
270-926-3200

Owensboro Riverport Authority

2300 Harbor Road
Owensboro, KY 42301
270-926-4238

PVA Property Valuation Office

212 St. Ann Street
Owensboro, KY 42303
270-685-8474

Cultural Services

RiverPark Center - 270-687-2770
Convention Center - 270-687-8800
Bluegrass Museum & Hall of Fame - 270-926-7891
Museum of Science & History - 270-687-2732
Museum of Fine Arts - 270-685-3181



GLOVER CARY BRIDGE

For a complete copy of the
[Annual Comprehensive Financial Report](#)
click on hyperlink or go to www.owensboro.org



P.O. BOX 10003
101 EAST 4TH STREET
OWENSBORO, KY 42302-9003
PHONE: 270-687-4444
WWW.OWENSBORO.ORG

CITY OF OWENSBORO MISSION STATEMENT

The goals of the City of Owensboro are:
To provide first-class public safety;
To improve the efficiency and effectiveness of government services;
To promote economic development;
To enhance neighborhood quality and values; and
To provide appropriate community facilities.

PAFR FISCAL YEAR ENDED JUNE 30, 2022

APPENDIX C

**CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2023A**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF OWENSBORO, KENTUCKY
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

City of Owensboro, Kentucky



ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2022

City of Owensboro
Annual Comprehensive Financial
Report for the
Fiscal Year Ended June 30, 2022



Issued by the
Department of Finance

Angela Waninger, CPA, CGMA
Director of Finance and Support Services

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE CITY OF OWENSBORO, KENTUCKY
FISCAL YEAR ENDED JUNE 30, 2022**

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CITY OF OWENSBORO KENTUCKY

P.O. Box 10003
Owensboro, Kentucky 42302
www.owensboro.org

December 20, 2022

Owensboro Board of Commissioners and Citizens of Owensboro:

We present to you the Annual Comprehensive Financial Report (ACFR) of the City of Owensboro, Kentucky (City) for the fiscal year ended June 30, 2022. The ACFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and the reporting standards of the Governmental Accounting Standards Board (GASB). The ACFR includes all funds of the City and its component units.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that they have established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge, this report fairly presents the financial position of the City. All information needed for the reader to gain an understanding of the City's financial activities has been included.

The independent accounting firm of Alexander Thompson Arnold PLLC, Certified Public Accountants has audited the City's financial statements and has issued an unmodified (clean) opinion that the City's financial statements for the year ended June 30, 2022 are fairly presented in all material respects in conformity with GAAP. Their report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City, established in 1817, located in the western part of the state, occupies 21.10 square miles and serves a population of 60,011.

The City operates under the City Manager form of government. Policy-making and legislative authority are vested in the Board of Commissioners (Board) consisting of the Mayor and four Commissioners, all elected on a non-partisan basis. The Board appoints the City Manager, who advises and implements decisions of the Board and oversees all city staff. The Mayor is elected for a four-year term and the Commissioners for two-year terms.

The City provides a full range of services including: police and fire protection, the construction and maintenance of highways, streets and other infrastructure, transit, and recreational and cultural activities. All funds, agencies, commissions and trusts involved in the provision of these services, and for which the City is financially accountable, are included with data of the primary government.

In accordance with Governmental Accounting Standards Board Statement No. 14, *“The Financial Reporting Entity,”* the following organizations are reported separately within the City’s basic financial statements:

Owensboro Municipal Utilities
Owensboro Riverport Authority

The Owensboro-Daviess County Regional Airport Board is a joint venture between the City and County governments. The City’s equity interest in this joint venture is reflected in the financial statements.

In accordance with state statute, on or before June 1 of each year, the City Manager submits a proposed budget to the Board for the fiscal year commencing July 1, and on or before June 30 of each year, the Board adopts the budget. This annual budget serves as the foundation for financial planning and control for the City of Owensboro. The budget is prepared by fund, function (ie: public safety), department (ie: police) and account. Budget adjustments, within a department and with no change in total appropriations, require approval by the City Manager. Board approval is required for any of the following situations: an increase above appropriations, a reallocation of expenditure appropriations between departments or if a new source of revenue is available.

LOCAL ECONOMY

Owensboro lies on the southern banks of the Ohio River, one of the nation’s major waterways, in the Western Kentucky Coal Field Region. Owensboro is located 32 miles southeast of Evansville, Indiana, 123 miles north of Nashville, Tennessee, and 109 miles southwest of Louisville, Kentucky.

Over the past ten years, real estate assessments have increased \$1 billion, or 37.7%, from fiscal year ended 2013 to 2022.

Owensboro was able to grow General Fund revenue by 2.5% over prior year. There was notable growth in Occupational License Fees, Property Tax and Regulatory License Fees revenue. Occupational License Fee revenue is \$2,030,158, or 10.1%, higher than prior year due to a higher wage base and lower unemployment. Property Tax revenue is \$572,647, or 4.7%, higher than prior year due to increased assessment values, growing the city boundary through annexations and new construction. Insurance Premium License Fees revenue, reported in Regulatory License Fees, increased \$551,964, or 8.6% due to higher insurance premiums paid during the fiscal year.

Major industries located within the government’s boundaries include health care, banking, manufacturing, and retail. The unemployment rate for the City of Owensboro was 4.1% in June 2022. The state and federal unemployment rates were 4.2% and 3.8%, respectively.

SIGNIFICANT EVENTS AND INITIATIVES

Tax Increment Financing

The City is participating with the State in two tax increment financing (TIF) projects; the Gateway Commons TIF (Gateway TIF) and the Downtown Riverfront Revitalization TIF (Downtown TIF). For approved TIFs, the State returns up to 80% of incremental tax revenues created by the development to the City to pay for public infrastructure costs. The Kentucky State Economic Development Finance Authority approved a total of \$24.5 million for the Downtown TIF and \$20.5 million for the Gateway Commons TIF in state tax incentive rebates over 20 years to cover public infrastructure costs. The City activated the reimbursement period effective January 1, 2018 for both TIFs. The taxes generated in these TIFs have been less than anticipated, due to delayed construction by the developer and the Covid-19 pandemic.

Downtown Redevelopment and Revitalization

The community expressed a desire to redevelop the downtown and riverfront, and as such, voiced their opinion on how to do that through a public forum called 'We the People'. The City's elected officials acted upon that, partnering with Daviess County Fiscal Court (the County) in the development and financing of this project, with the City sponsoring \$79.4 million of the project and the County sponsoring \$20 million. A portion of the City's Insurance Premium License Fee is dedicated to fund this endeavor. This project has spurred over \$360 million in private development downtown, with many more projects on the horizon. This project continues to attract private development. A large utility company has recently decided to locate its corporate headquarters in the downtown area, creating a \$100 million-plus impact on the community. The move will bring 120 employees with an annual payroll of \$14 million a year.

Bluegrass Music Hall of Fame & Museum

The City, in partnership with the International Bluegrass Music Museum, Inc., constructed a \$15.3 million, 46,184 square foot museum and entertainment venue that opened in October 2018 as the new Bluegrass Music Hall of Fame & Museum. The City of Owensboro was officially designated the Bluegrass Music Capital of the World on November 12, 2021. The 447-seat theatre is the home of bluegrass entertainment, showcasing all aspects of the musical roots of bluegrass music. Bluegrass is among the fastest growing music interest in the world. This hall of fame and museum has become a focal point of our tourism industry for not only our region, but the entire country. The debt that the City incurred for this project is being reimbursed by the Downtown TIF funds.

Stormwater Master Plan

The City has identified six separate projects that upon completion will minimize flooding in streets and yards, as well as separate stormwater off the Combined Sewer System. The City secured \$27.7 million in low interest loans from the Kentucky Infrastructure Authority (KIA) Clean Water State Revolving Fund to fund these projects. The debt service on this loan is being paid with funds from the Your Community Vision Fund. The City has identified a seventh project, the York Drainage Project, that encompasses a residential neighborhood and a city park. It is estimated to cost \$5 million and is being paid with American Rescue Plan Act (ARPA) funds.

Parking Garage

The City constructed an \$8 million, 448-space parking garage downtown. The garage fulfills parking needs for the Owensboro Convention Center, the Bluegrass Music Hall of Fame & Museum, Bell Bank, and a third downtown hotel and apartment complex expected to be built across the street. The debt that the City incurred for this project is being reimbursed by the Downtown TIF funds.

Public-Private Partnership

The City's aggressive economic development posture has resulted in significant job growth, annexation of land and businesses into the City, increased City revenue, and acceleration of the private sector's investment in our community. The City's partnership with a global banking company in building three processing centers has had a dramatic economic impact including the creation of over 600 new jobs. The City continues to pursue such partnerships, both large and small, as infill and expansion of its strong financial baseline.

LONG-TERM FINANCIAL PLANNING

A five-year forecast is maintained for all major funds of the City. This enables and encourages discussions on items two to five years before they are needed.

The City's Administration and Board have developed and implemented a strategic plan to provide for expenditure reduction and increased efficiencies and revenues; this is explained in greater detail in the MD&A.

A five-year Capital Improvement Plan is adopted as a component of the annual operating budget. The Capital Improvement Plan is coordinated with the annual operating budget, taking into consideration its impact on annual operating costs.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the City a Certificate of Achievement for Excellence in Financial Reporting for fiscal year ended June 30, 2021, the 41st year Owensboro has received this prestigious award.

In order to be awarded this Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to program requirements and will submit it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the 23rd year. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

In addition, the City received its third GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report for the fiscal year ended June 30, 2020. The City has submitted the Popular Annual Financial Report for the fiscal year ended June 30, 2021, and expects to receive the award. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

The Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current reports continue to conform to the reporting requirements and we will be submitting it to the GFOA to determine its eligibility for another award.

Preparation of this report could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. We wish to express our appreciation to all members of the department for their assistance, with special thanks to Dane' Galloway, Deputy Director of Finance and Support Services, and the staff at Alexander Thompson Arnold, PLLC. We also thank the Owensboro Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Owensboro's finances.

Respectfully submitted,



Nathaniel W. Pagan, ICMA-CM
City Manager



Angela Waninger, CPA, CGMA
Director of Finance and Support Services

DIRECTORY OF PUBLIC OFFICIALS

ELECTED OFFICIALS – BOARD OF COMMISSIONERS

Mayor Thomas H. Watson

Commissioner Larry Maglinger (Mayor Pro Tem)

Commissioner Mark Castlen

Commissioner Bob Glenn

Commissioner Jeff Sanford

APPOINTED OFFICIALS AND DEPARTMENT HEADS

City Manager.....Nate Pagan

Assistant City Manager.....Lelan Hancock

City Attorney.....Mark Pfeifer

City Clerk.....Beth Davis

Director of Finance & Support Services.....Angela Waninger

Director of Public Works.....Stephen Franklin

Fire Chief.....James Howard

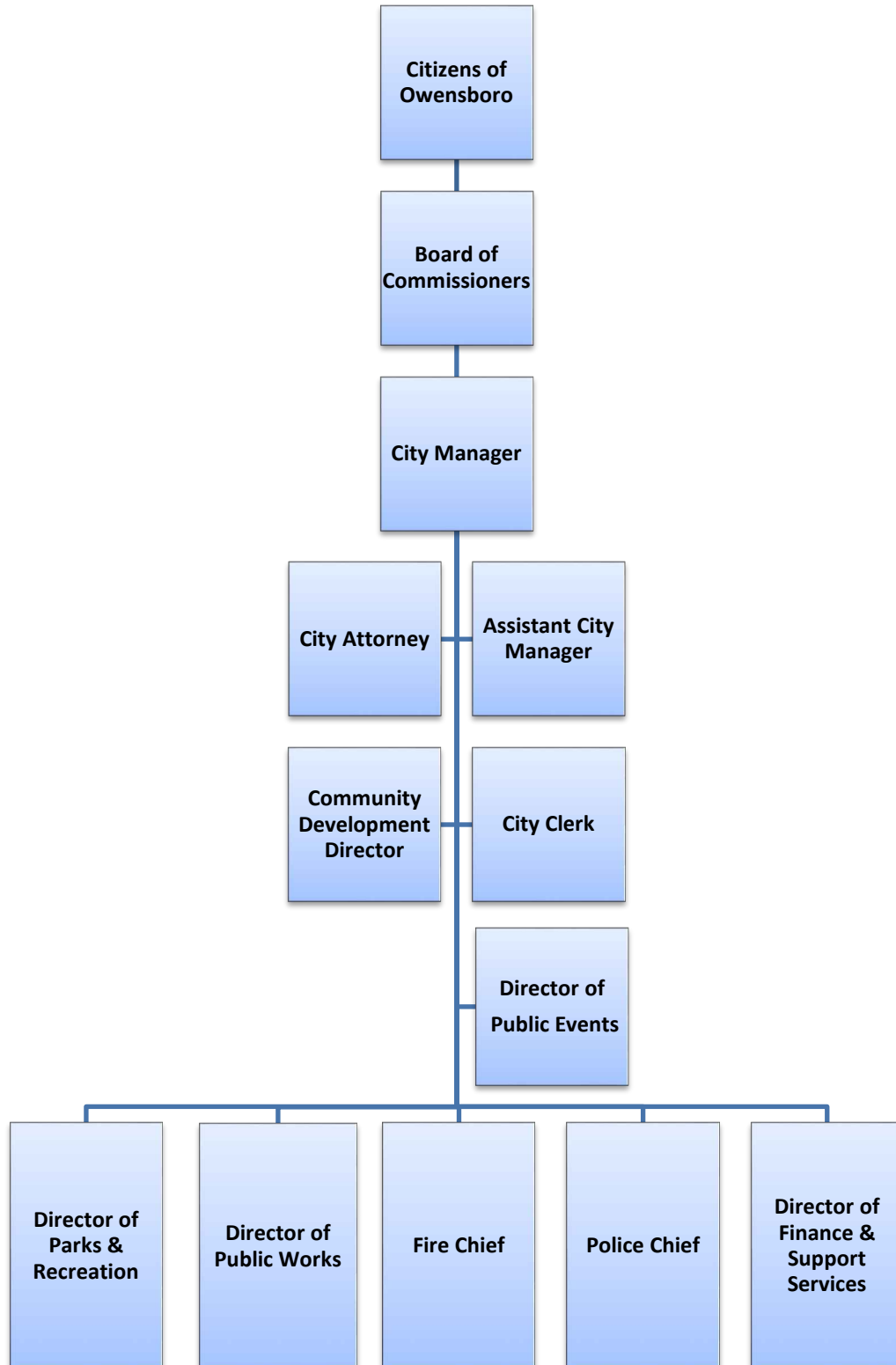
Police Chief.....Art Ealum

Director of Parks & Recreation.....Amanda Rogers

Director of Community DevelopmentAbby Shelton

CITY OF OWENSBORO

ORGANIZATION CHART FISCAL YEAR 2020-2021





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Owensboro
Kentucky**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO





INDEPENDENT AUDITOR'S REPORT

To the Honorable Tom Watson, Mayor
And the Board of Commissioners of the
City of Owensboro, 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 Owensboro, Kentucky, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Owensboro, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, 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 Owensboro, Kentucky as of June 30, 2022, 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 Owensboro Municipal Utilities and the Owensboro Riverport Authority, which represent all component unit assets, total component unit net position, and total component unit revenues. In addition we did not audit the financial statements of the Owensboro-Daviess County Regional Airport, which represents 4.9 percent, 19.7 percent, and -0.5 percent, respectively, of total governmental activities assets, total governmental activities net position, and total governmental activities revenues and transfers as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof 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 Owensboro Municipal Utilities, Owensboro Riverport Authority, and Owensboro-Daviess County Regional Airport are 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Owensboro, 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 Owensboro, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Owensboro, 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 Owensboro, 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 various pension and OPEB schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors 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 Owensboro, Kentucky's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and capital asset schedules 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, on our consideration of the City of Owensboro, 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 Owensboro, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of 's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Owensboro, Kentucky
December 13, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Owensboro ("City") offers Management's Discussion and Analysis to provide a narrative overview and analysis of City financial activities for fiscal year ended June 30, 2022. To fully understand the entire scope of the City's financial activities, this information should be read in conjunction with the letter of transmittal (pages 1-4) and the financial statements (pages 25-133) provided in this document.

I. Financial Highlights

- The government-wide assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$113.2 million at the close of the 2021-2022 fiscal year.
- The government-wide total net position increased by \$9.2 million from prior year.
- City governmental funds reported a combined ending fund balance of \$74.7 million. Approximately \$28.8 million or 38.6% of this total amount is unassigned and available for spending at the City's discretion.
- The unassigned general fund balance of \$28.8 million represents 44.1%, or 160 days of total general fund expenditures including transfers.

II. Overview of Financial Statements

This discussion and analysis serve as an introduction to the City's basic financial statements, which consist of 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.

A. Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of City finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all City assets and deferred outflows compared to the liabilities and deferred inflows, with the difference reported as net position. Monitoring increases and/or decreases in net position over time helps the City to recognize whether its financial position is deteriorating or improving.

The Statement of Activities shows how the City's net position changed during the past fiscal year. All net position changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in the Statement of Activities for some items that will only result in cash flows in the future (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements separate City functions primarily supported by taxes and intergovernmental revenues (governmental activities) from other City functions that are intended to recover all or a significant portion of expenses through user fees and charges (business-type activities). City governmental activities include general government, public safety, public works, community and cultural, and community and economic development. Business-type activities of the City include sanitation, transit, geographic information system, and recreation.

Government-wide financial statements include the City (the primary government) and its legally separate component units, Owensboro Municipal Utilities (“OMU”) and Owensboro Riverport Authority (“ORA”), for which the City is financially accountable. Financial information for the component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements are on pages 25-26 of this report.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over segregated resources for specific activities or objectives. The City of Owensboro, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. City funds are divided into three categories:

- 1) Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike government-wide financial statements, however, governmental fund financial statements focus on near-term inflow and outflows of spendable resources, as well as on balances of spendable resources available at fiscal year-end. This information can help the City when it evaluates near-term financing requirements.

The City maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Improvements Fund, Your Community Vision Fund, Downtown Development and Revitalization Fund and ARPA Fund all of which are considered to be major funds. Data from seven non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each non-major governmental fund is provided in the form of combining statements within the Non-major Governmental Funds section in this report.

Readers may better understand the long-term impact of the City’s near-term financing decisions by comparing the narrow-focus government funds financial statements with governmental activities in the government-wide financial statements. The governmental funds balance sheet (pages 27-28) and the statement of revenues, expenditures and changes in fund balances (pages 29-30) provide a reconciliation to ease comparison between governmental funds and governmental activities.

- 2) Proprietary Funds. The City maintains two different types of proprietary funds:

- a. **Enterprise funds**. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements and are used to account for operations:

- financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- in which the governing body decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City uses six enterprise funds to account for Sanitation, Convention Center Operations, Transit, Geographic Information System, Recreation, and Sportscenter Operations as well as certain component units that provide electric, water, and riverport services. These component units, which each have their own board of directors, are also Enterprise Funds. With the exception of Sanitation and the component units, which are self-supporting, the other enterprises receive subsidy from the General Fund.

The City's component unit enterprises are OMU, which provides the electric, light and power system and the water works system, and ORA, which operates the riverport and navigational facilities.

- b. **Internal Service funds** are used to accumulate and allocate costs internally among the City's various functions. The City uses four internal service funds to account for its Facilities Maintenance, Insurance, Garage Service, and Fleet and Facilities Capital Replacement. Internal Service Funds have been included within governmental activities in the government-wide financial statements because these funds predominantly benefit governmental functions versus business-type functions.

Proprietary fund statements provide the same kind of information as government-wide financial statements, but in greater detail. Individual data for the proprietary fund financial statements is presented in the form of combining statements at pages 31-33 of this report. Individual data for the internal service fund financial statements are likewise presented in the form of combining statements at pages 122-124 of this report.

- 3) **Fiduciary Funds.** Fiduciary funds account for resources held for the benefit of parties outside the government and are not reflected in government-wide financial statements because those resources are not available to support City programs. Individual data for the City's four fiduciary funds (City Employees' Pension Fund, Police and Firefighters' Retirement Fund, Investment Trust Fund, and Custodial Funds) are presented in the form of combining statements at pages 34-35 of this report.

C. Notes to the Financial Statements

These notes provide additional information crucial to fully understanding data provided in the government-wide and fund financial statements. Notes to the financial statements are on pages 38-92 of this report.

D. Other Information

In addition to basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning City funding of its obligation to provide pension and OPEB benefits to its employees and budgetary comparison schedules for the General Fund. Required supplementary information also includes budgetary comparison schedules for ARPA, Your Community Vision, Downtown Development and Revitalization. Required supplementary information is on pages 93-108 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules are on pages 109-130 of this report.

III. Government-Wide Financial Analysis

As previously indicated, net position may serve over time as a useful indicator of the City's financial position. City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$113.2 million at June 30, 2022.

The largest portion of the City's net position, \$81.9 million, or 72.3% reflects its net investment in capital assets. The City uses these capital assets to provide service to citizens and as a result, these assets are not available for future spending. The City's capital assets are reported net of related debt, but the resources to pay this debt must be provided from other sources since the capital assets cannot be used to liquidate the liabilities.

At the end of the last fiscal year, the City was able to report a positive total net position.

City of Owensboro Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$122,177,702	\$127,739,488	\$24,535,114	\$29,451,169	\$146,712,816	\$157,190,657
Capital assets	207,860,047	197,983,408	4,202,182	5,817,038	212,062,229	203,800,446
Total assets	330,037,749	325,722,896	28,737,296	35,268,207	358,775,045	360,991,103
Deferred outflows of resources	31,189,641	26,590,143	-	-	31,189,641	26,590,143
Total assets and deferred outflows of resources	\$361,227,390	\$352,313,039	\$28,737,296	\$35,268,207	\$389,964,686	\$387,581,246
Long-term liabilities	\$253,116,461	\$227,881,415	\$1,417,582	\$1,370,491	\$254,534,043	\$229,251,906
Other liabilities	14,831,723	15,195,667	856,674	906,950	15,688,397	16,102,617
Total liabilities	267,948,184	243,077,082	2,274,256	2,277,441	270,222,440	245,354,523
Deferred inflows of resources	15,725,458	28,259,287	-	721,968	15,725,458	28,981,255
Total liabilities and deferred inflows of resources	\$283,673,642	\$271,336,369	\$2,274,256	\$2,999,409	\$285,947,898	\$274,335,778
Net position:						
Net Invest in capital assets	\$76,380,304	\$76,057,495	\$4,202,182	\$5,817,038	\$80,582,486	\$81,874,533
Restricted	36,004,148	25,051,805	1,340,164	383,623	37,344,312	25,435,428
Unrestricted	(34,830,704)	(20,132,630)	20,920,694	26,068,137	(13,910,010)	5,935,507
Total net position	\$77,553,748	\$80,976,670	\$26,463,040	\$32,268,798	\$104,016,788	\$113,245,468

A. Analysis of the City's Operations

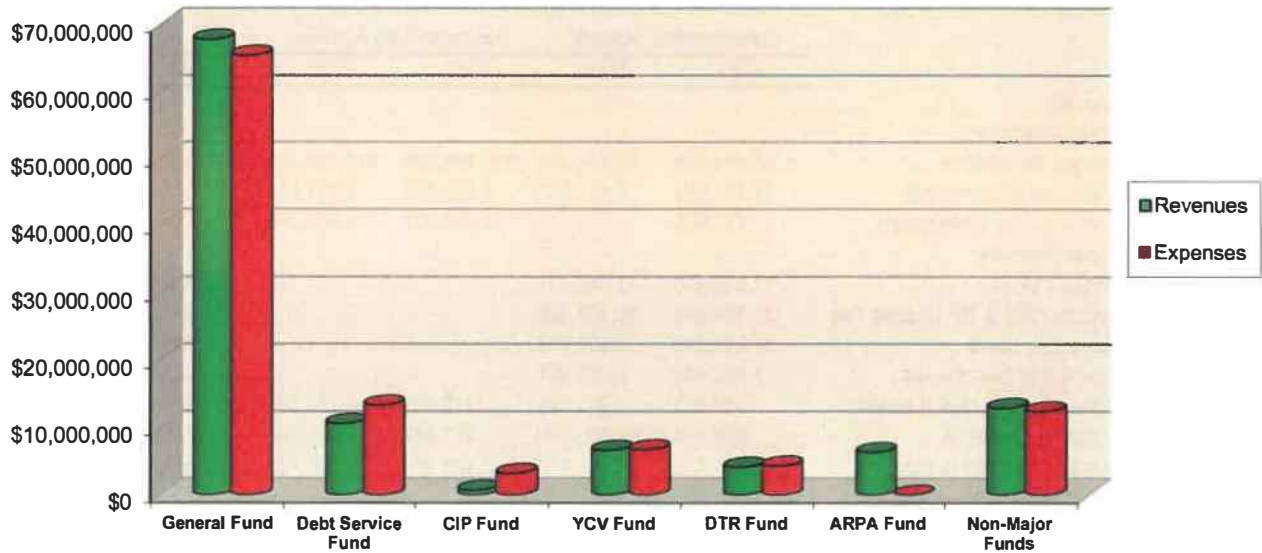
The following table summarizes City operations for the year ended June 30, 2022. The City's net position increased by \$3.4 million under governmental activities and increased by \$5.8 million under business-type activities. The increase in governmental activities net position is primarily due to higher Occupational and net profit license fees. The increase in business-type activities net position is primarily due to operating grant in Transit.

City of Owensboro - Changes in Net Position

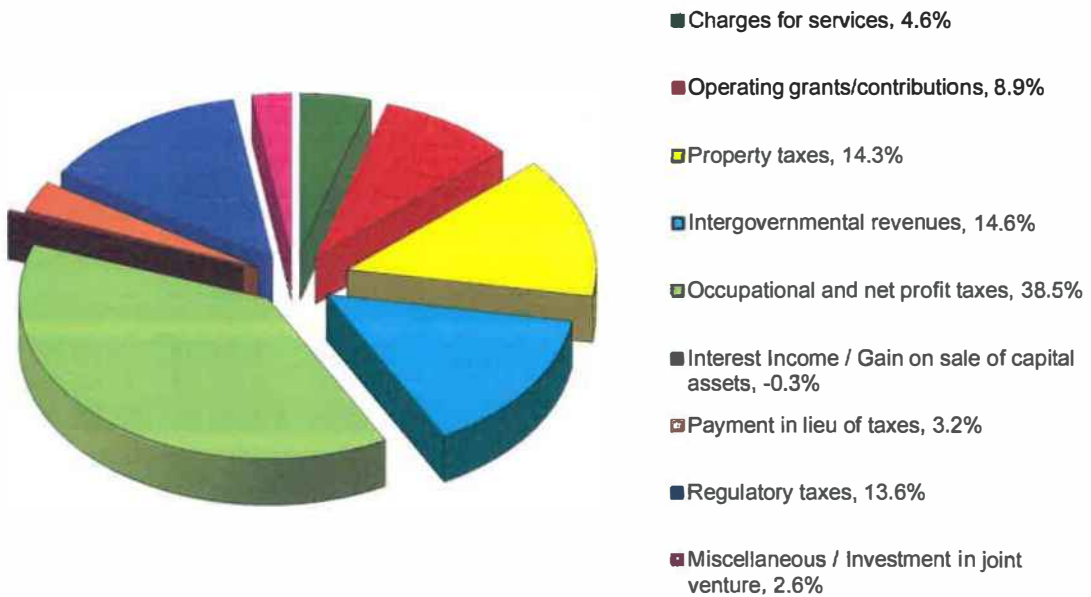
	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Revenues:						
Program revenues:						
Charges for services	\$3,884,578	\$4,274,813	\$12,144,609	\$13,738,325	\$16,029,187	\$18,013,138
Operating grants/contrib	13,163,607	8,170,673	1,483,476	2,797,311	14,647,083	10,967,984
Capital grants/contributions	113,907	-	1,007,261	1,838,395	1,121,168	1,838,395
General revenues:						
Property taxes	12,536,038	13,148,827	-	-	12,536,038	13,148,827
Occupational & NP License Fee	33,459,993	35,436,326	-	-	33,459,993	35,436,326
Regulatory taxes	11,242,943	12,523,914	-	-	11,242,943	12,523,914
Payment in lieu of taxes	2,582,188	2,912,621	-	-	2,582,188	2,912,621
Gain on sale of capital assets	112,021	916,521	313,413	76,041	425,434	992,562
Investment earnings	650,226	(1,228,775)	163,312	(285,681)	813,538	(1,514,456)
Intergovernmental revenues	12,140,416	13,450,179	163,851	680,733	12,304,267	14,130,912
Investment in joint venture	(209,470)	(339,255)	-	-	(209,470)	(339,255)
Miscellaneous	5,015,769	2,692,330	1,254,797	1,043,443	6,270,566	3,735,773
Total revenues	\$94,692,216	\$91,958,174	\$16,530,719	\$19,888,567	\$111,222,935	\$111,846,741
Expenses:						
General government	\$14,397,759	\$13,929,987	-	-	\$14,397,759	\$13,929,987
Public safety	36,521,834	32,837,919	-	-	36,521,834	32,837,919
Public works	12,051,440	9,972,742	-	-	12,051,440	9,972,742
Community and cultural	14,229,456	16,224,578	-	-	14,229,456	16,224,578
Community/economic devel	2,602,842	7,014,021	-	-	2,602,842	7,014,021
Interest on long-term debt	3,787,339	3,546,266	-	-	3,787,339	3,546,266
Sanitation	-	-	6,382,133	6,700,739	6,382,133	6,700,739
Other enterprise funds	-	-	11,073,418	12,391,809	11,073,418	12,391,809
Total expenses	\$83,590,670	\$83,525,513	\$17,455,551	\$19,092,548	\$101,046,221	\$102,618,061
Increase in net position before transfers & special items	\$11,101,546	\$8,432,661	(\$924,832)	\$796,019	\$10,176,714	\$9,228,680
Transfers	(4,206,340)	(5,009,739)	4,206,340	5,009,739	-	-
Increase (decrease) in net position	6,895,206	3,422,922	3,281,508	5,805,758	10,176,714	9,228,680
Net position – beginning of year	70,658,542	77,553,748	23,181,532	26,463,040	93,840,074	104,016,788
Net position – end of year	\$77,553,748	\$80,976,670	\$26,463,040	\$32,268,798	\$104,016,788	\$113,245,468

B. Governmental Activities

Governmental Activities - Revenues and Expenses by Fund

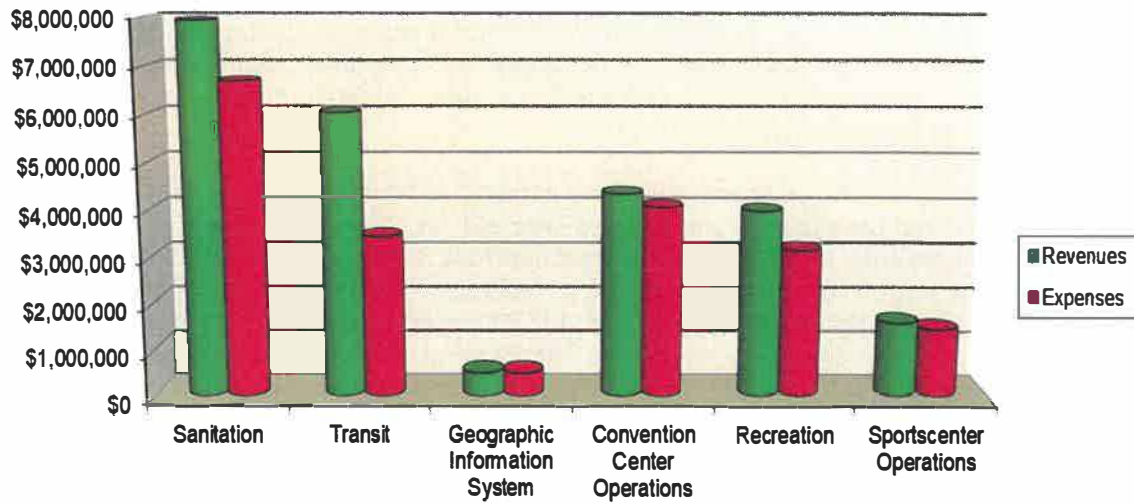


Revenue by Source - Governmental Activities

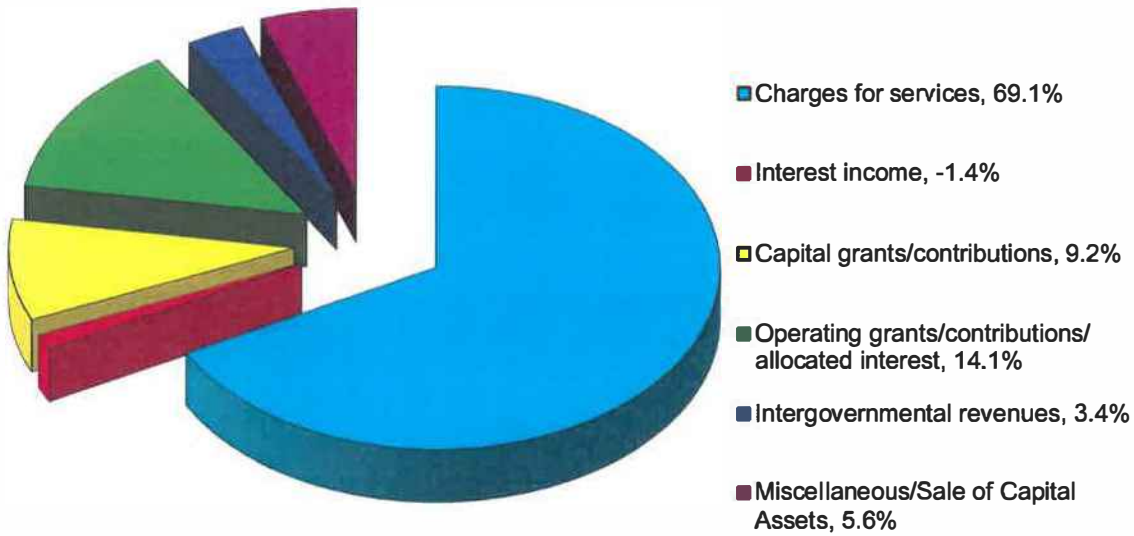


C. Business- Type Activities

Business-Type Activities - Revenue and Expenses by Fund



Revenue by Source - Business-Type Activities



IV. Financial Analysis of the City's Funds

As was earlier stated, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

A. Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources, which is useful in determining the City's financing requirements. Unassigned fund balance serves as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the City governmental funds reported combined ending fund balance of \$74.7 million of which \$32.2 million is restricted, \$9.2 million is committed and \$4.3 million is assigned. Approximately 38.6%, or \$28.8 million, is unassigned fund balance, which is available for spending at the city's discretion.

The General Fund is the chief operating fund of the City. At the end of the 2021-2022 fiscal year, the General Fund unassigned fund balance was \$28,843,269. As a measure of General Fund liquidity, readers may compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 44.1% of total General Fund expenditures including transfers-out of \$65,427,923, while total fund balance represents 44.9% of total General Fund expenditures. The General Fund balance increased by \$2,400,184 during the 2021-2022 fiscal year. This increase is primarily due to higher occupational and net profit license fees.

The Debt Service Fund balance decreased \$2,740,613 from prior year. In 2014 the City issued general obligation bonds in the amount of \$24 million on behalf of the Owensboro Riverport Authority. The amount due for the debt is reflected as a receivable in the Debt Service Fund and the restricted portion of the fund balance is decreased in accordance with the principal paid on the bonds.

The Capital Improvements Fund balance of \$4,567,489 represents a decrease of \$2,504,423 from prior year. This decrease is primarily due to contribution of \$3 million for construction of a parking garage. The total fund balance is restricted.

The Your Community Vision Fund balance of \$5,544,322 represents a decrease of \$110,964 from prior year. This decrease is primarily due to timing of capital outlay. The fund balance consists of \$2,065,619 in restricted funds and \$3,478,703 in committed funds.

The Downtown Development and Revitalization Fund balance of \$244,595 represents a decrease of \$172,957 from prior year. This decrease is due to debt service on downtown projects. The total fund balance is restricted.

The ARPA Fund balance of \$13,030,796 represents an increase of \$6,349,134 from prior year. This increase is due to the receipt of additional ARPA funds during 2021-2022. The total fund balance is restricted.

The City's non-major governmental fund balances are:

CERS	\$ 4,283,542
Central Dispatch	\$ 1,342,255
Economic Development	\$ 5,451,855
Gateway Commons TIF	\$ 1,196,268
Downtown Riverfront TIF	\$ 259,287
Drug and Property Recovery	\$ 635,669

The total net position of all non-major governmental funds increased by \$482,235. The CERS Fund balance increased \$1,025,643 due to a transfer from the General Fund for future pension liabilities. The Economic Development Fund balance increased \$742,761 due to occupational fee revenues and sale of capital assets. The Gateway Commons and Downtown Riverfront TIFs decreased \$293,940 and \$994,578, respectively, due to project expenditure reimbursements. The Central Dispatch, Community Development and Drug and Property Recovery funds remained fairly constant.

B. Proprietary Funds

The City's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. Unrestricted net position of the respective proprietary funds are:

Sanitation	\$ 17,443,573
Convention Center Operations	\$ 270,284
Non-major Enterprise Funds	\$ 2,645,711

The net position for the Proprietary Funds increased \$5.1 million. Sanitation Fund increased \$1.2 million due to timing of capital asset purchases; Convention Center Operations Fund increased \$0.3 million due to decreased operating expenses and increased transfers in. Non-major Enterprise Funds net position increased \$3.6 million due to saving in budgeted expenses versus subsidy received. The changes in net position for the non-major enterprise funds are as follows:

Transit	\$ 2,601,853
GIS	\$ 5,208
Recreation	\$ 833,561
Sportscenter	\$ 136,737

Other factors concerning the Proprietary Enterprise Funds are addressed in the discussion of Proprietary Funds on pages 14-15.

V. General Fund Budgetary Highlights

Differences between the original budgeted appropriations and the final amended budget resulted in a \$10,340,881 increase in appropriations and transfers. The net budgetary increase due to appropriations and transfers of \$10,340,881 was deducted from the available fund balance. The increases are primarily due to carryovers from prior year due to unfinished projects, transfer to CERS fund and to OMU, and increased transfers to Convention Center and Sportscenter for operations. Actual expenditures were \$6,284,274 less than the final amended budgeted appropriations. This was due to various saving in departmental budgets and lower budgeted transfers out.

Differences between the original budgeted revenues and the final amended budget resulted in a \$1,057,772 increase in revenues. The increases in budgeted revenues are due to additional CARES Act funding, State grant funds received for the Fairview Drive extension and additional donations for public events. Actual revenues were \$4,481,280 less than final amended budgeted revenues due to lower budgeted transfers in from ARPA Fund.

For a complete comparison of original budget to final amended budget to actual revenues and expenditures, refer to the General Fund Budgetary Comparison Schedule on pages 103-104.

VI. Capital Asset and Debt Administration

A. Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2022 is \$203.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, parks facilities, roads, highways and bridges, and construction in progress.

For a complete comparison of original budget to final amended budget to actual revenues and expenditures, refer to the General Fund Budgetary Comparison Schedule on pages 103-104.

VI. Capital Asset and Debt Administration

A. Capital Assets

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	Governmental Activities		Business-Type Activities		Total	
	2021	2022	2021	2022	2021	2022
Land	\$27,293,655	\$28,379,986	\$118,739	\$118,739	\$27,412,394	\$28,498,725
Land improvements	90,308,293	82,894,888	284,825	342,660	90,593,118	83,237,548
Buildings	81,400,648	77,764,955	383,092	1,189,018	81,783,740	78,953,973
Vehicles	4,868,520	3,968,108	2,816,144	3,480,709	7,684,664	7,448,817
Machinery and equipment	1,841,020	1,645,618	193,646	685,912	2,034,666	2,331,530
Software	301,261	235,410	-	-	301,261	235,410
Construction in Progress	1,846,650	3,094,443	405,736	-	2,252,386	3,094,443
Total	\$207,860,047	\$197,983,408	\$4,202,182	\$5,817,038	\$212,062,229	\$203,800,446

Major capital asset events during the current fiscal year include the following:

- The Fairview Drive Extension, a project extending a heavily utilized traffic corridor which facilitated access to a newly constructed school, was completed at a cost of \$1.2 million.
- A new maintenance building was constructed at the Ben Hawes Golf Course at cost of \$1.0 million.

Additional information on capital assets is on pages 131-133 and in Footnote 5 at pages 55-57.

B. Long-Term Debt

At year end, the City had \$127,121,435 in outstanding bonds and loans payable, compared to \$137,047,287 at June 30, 2021. That is a 7.2% decrease as shown in the following table:

	Governmental Activities	
	2021	2022
General obligation bonds	\$ 50,695,181	\$46,005,050
Refunding bonds	66,510,000	62,615,000
KIA loan payable	19,842,106	18,501,385
Total	\$137,047,287	\$127,121,435

The City's legal debt limit under Kentucky Constitution Section 158 is 10% of total assessed value of taxable property in Owensboro; therefore, the debt limit is \$436,343,734. The City's bond rating at June 30, 2022 is A1.

The City issues and incurs debt in order to fund capital improvement projects, purchase major capital equipment facilities, and respond to other special funding needs. The City has a very low amount of general obligation debt, which explains our large legal debt margin. Less than 3% of the General Fund budget is expended on debt service, and thus has little impact on current and future operations.

Additional information on long-term debt is in Footnote 6 at pages 58-67.

C. Types of Municipal Debt

- i. **Refunding Bonds.** In 2012, the City issued General Obligation Refunding Bonds Series 2012A and 2012C to refund the 2002A and 2002B Series Bonds to reduce debt service payments and pay down the 2002B Series. In 2014, the City issued General Obligation Refunding Bonds Series 2014 to refund the 2009 BABs to reduce debt service payments. In 2016, the City issued General Obligation Refunding Bonds Series 2016A and 2016B to refund the 2006 and 2008 Bonds Series to reduce debt service. In 2019, the City issued General Obligation Refunding Bonds Series 2019A, 2019B, 2019C, 2019D and 2019E to refund the 2016BAN, 2010, 2011 (2) and 2012B Series Bonds further reducing the debt service.
- ii. **Kentucky Infrastructure Authority Loan Payable.** This debt was issued in 2007 and 2015. The proceeds were used to fund a stormwater separation projects. The outstanding amount as of June 30, 2022 is \$18,501,385.

VII. Economic Factors and Next Year's Budgets and Rates

- A. **Unemployment Rate.** The unemployment rate for the City of Owensboro as of June 2022 was 4.1%. The state and federal unemployment rates were 4.2% and 3.8%, respectively.
- B. **Inflationary Trends.** City inflationary trends compare favorably to state and national trends.
- C. **Annexation Policy.** Incentive investments in annexation and economic development should enable revenue to increase significantly over the next year. The City will continue to aggressively pursue its annexation efforts as these efforts will insure long-term financial stability for the City in terms of increased property taxes, occupational license fees, and occupational net profit fees through mixed commercial, industrial, and residential development. City policy will continue to provide annexation and economic development incentives that will pay for themselves within years of implementation and serve as incentive investments in future revenues to offset the cost of providing services to the newly annexed areas. The policy of balanced and controlled growth will be the City's greatest challenge in the next 5-10 years.
- D. **Fleet and Facilities Maintenance Plan.** The City's strategy to continue to limit expenditure growth and seek cost savings opportunities will insure that funds are available for needed capital projects in the future. To assist with this, the City implemented the Fleet and Facilities Maintenance Plan. This plan allows the City to make long-range plans for facility maintenance and to replace vehicles at the optimal time to avoid high maintenance costs and take advantage of a higher resale value.
- E. **Debt Service Payments.** All future debt service payments must come from operating funds. As a result, debt service requirements are an important consideration when preparing the annual operating budget.

All these factors, in addition to current and future needs of the City of Owensboro, were considered when the 2022-2023 City budget was prepared. The budgeted beginning general fund balance for fiscal year 2022-2023 is \$30,793,530. The City's financial condition is improving due to continued growth in the economic base, both with existing businesses and those annexed into the City.

VIII. Requests for Information

This financial report is designed to provide a general financial overview for those interested in the City of Owensboro government finances. Questions or requests for additional financial information may be addressed to Angela Waninger, Director of Finance and Support Services, City of Owensboro, 101 East Fourth Street, Owensboro, KY 42303.



City of Owensboro, Kentucky
Statement of Net Position
June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Equity in pooled deposits and investments	\$ 86,373,519	\$ 20,195,107	\$ 106,568,626	\$ 2,942,776
Cash and cash equivalents				
In segregated accounts	55,289	346,723	402,012	34,421,015
With escrow agents	30,293	-	30,293	-
Investments	-	-	-	26,474,285
Receivables				
Accounts, net of allowances of \$646,580 Governmental and \$22,849 Business-type	3,511,018	1,311,077	4,822,095	21,449,116
Lease	8,740,000	721,968	9,461,968	-
Component units	8,756,450	1,119,614	9,876,064	-
Taxes	4,932,921	-	4,932,921	-
Intergovernmental	2,311,559	-	2,311,559	-
Delinquent taxes receivable net of allowance for uncollectibles of \$104,946	104,946	-	104,946	-
Internal balances	(5,708,569)	5,708,569	-	-
Materials and supplies inventory	311,816	46,911	358,727	8,682,060
Prepaid items	112,571	1,200	113,771	233,979
Other current assets	-	-	-	31,733
Restricted Assets	-	-	-	51,781,113
Net pension asset	2,262,970	-	2,262,970	-
Capital assets net of accumulated depreciation	-	-	-	274,040,400
Land	28,379,986	118,739	28,498,725	-
Construction in progress	3,094,443	-	3,094,443	-
Depreciable capital assets	166,508,979	5,698,299	172,207,278	-
Other noncurrent assets	-	-	-	19,881,255
Investment in joint venture	15,944,705	-	15,944,705	-
Total assets	325,722,896	35,268,207	360,991,103	439,937,732
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension and postemployment benefits outflows	\$ 22,350,322	\$ -	\$ 22,350,322	\$ 17,953,925
Deferred pension and postemployment benefits obligations	-	-	-	60,062,159
Unamortized loss in Debt Refunding	4,239,821	-	4,239,821	1,608,559
Net realized loss on investments	-	-	-	5,756,698
Total deferred outflows of resources	26,590,143	-	26,590,143	85,381,341
Total assets and deferred outflows of resources	\$ 352,313,039	\$ 35,268,207	\$ 387,581,246	\$ 525,319,073
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 2,987,827	\$ 325,102	\$ 3,312,929	\$ 20,867,891
Accrued wages	1,153,751	198,631	1,352,382	-
Other accrued liabilities	951,545	248,467	1,200,012	460,268
Accrued interest payable	420,844	-	420,844	2,242,361
Unearned revenue	-	28,783	28,783	-
Bonds and loans payable, current portion	9,420,529	79,937	9,500,466	19,993,795
Compensated absences, current portion	264,208	26,030	290,238	-
Noncurrent liabilities due in more than one year:				
Bonds and loans payable, less current portion	116,745,205	875,764	117,620,969	161,972,837
Compensated absences, less current portion	4,216,481	494,727	4,711,208	-
Net pension liability	82,916,704	-	82,916,704	45,812,115
Net other postemployment benefits liability	23,999,988	-	23,999,988	13,752,740
Other noncurrent liabilities	-	-	-	456,194
Total liabilities	243,077,082	2,277,441	245,354,523	265,558,201
DEFERRED INFLOWS OF RESOURCES				
Deferred pension and postemployment benefits inflows	18,600,706	-	18,600,706	20,012,407
Deferred lease inflows	8,740,000	721,968	9,461,968	5,675,132
Deferred revenue	918,581	-	918,581	3,964,676
Total deferred inflows of resources	28,259,287	721,968	28,981,255	29,652,215
NET POSITION				
Net investment in capital assets	76,057,495	5,817,038	81,874,533	109,960,071
Restricted for:				
Capital projects	8,929,497	-	8,929,497	10,883,573
Debt service	12,643,604	-	12,643,604	8,467,831
Public Safety	10,635,670	-	10,635,670	-
Pension	2,262,970	-	2,262,970	-
Other purposes	-	-	-	22,899,646
Unrestricted	(29,552,566)	26,451,760	(3,100,806)	77,897,536
Total net position	80,976,670	32,268,798	113,245,468	230,108,657
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 352,313,039	\$ 35,268,207	\$ 387,581,246	\$ 525,319,073

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

City of Owensboro, Kentucky
Statement of Activities
For Fiscal Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 13,929,987	\$ 1,607,811	\$ 6,662,088	\$ -	\$ (5,660,088)	\$ -	\$ (5,660,088)	
Interest on long term debt	3,546,266	-	-	-	(3,546,266)	-	(3,546,266)	
Community/economic development	7,014,021	953,471	966,553	-	(5,093,997)	-	(5,093,997)	
Public safety	32,837,919	1,452,131	542,032	-	(30,843,756)	-	(30,843,756)	
Public works	9,972,742	47,378	-	-	(9,925,364)	-	(9,925,364)	
Community and cultural	16,224,578	214,022	-	-	(16,010,556)	-	(16,010,556)	
Total governmental activities	83,525,513	4,274,813	8,170,673	-	(71,080,027)	-	(71,080,027)	
Business-type activities:								
Sanitation	6,700,739	7,857,272	-	-	-	1,156,533	1,156,533	
Convention Center Operations	3,967,785	3,049,075	-	-	-	(918,710)	(918,710)	
Transit	3,445,475	37,044	2,797,311	1,838,395	-	1,227,275	1,227,275	
GIS	499,397	379,340	-	-	-	(120,057)	(120,057)	
Recreation Fund	3,017,106	1,573,946	-	-	-	(1,443,160)	(1,443,160)	
Sportscenter Operations	1,462,046	841,648	-	-	-	(620,398)	(620,398)	
Total business-type activities	19,092,548	13,738,325	2,797,311	1,838,395	-	(718,517)	(718,517)	
Total primary government	\$ 102,618,061	\$ 18,013,138	\$ 10,967,984	\$ 1,838,395	\$ (71,080,027)	\$ (718,517)	\$ (71,798,544)	
Component Units:								
Owensboro Municipal Utilities	\$ 106,636,163	\$ 106,476,517	\$ -	\$ 23,010				\$ (136,636)
Owensboro Riverport Authority	17,073,329	15,824,729	2,833,107	-				1,584,507
Total Component Units	\$ 123,709,492	\$ 122,301,246	\$ 2,833,107	\$ 23,010				\$ 1,447,871
General revenues:								
Taxes								
Property taxes					13,148,827	-	13,148,827	
Occupational license fees					29,658,697	-	29,658,697	
Net profit license fees					5,777,629	-	5,777,629	
Regulatory license fees					12,523,914	-	12,523,914	
Intergovernmental					5,254,171	680,733	5,934,904	
Investment earnings					(1,228,775)	(285,681)	(1,514,456)	1,163,357
Miscellaneous					2,692,330	1,043,443	3,735,773	5,663,015
Dividends from component units					8,196,008	-	8,196,008	
Payments in lieu of taxes from component unit					2,912,621	-	2,912,621	
Gain on sale of capital assets					916,521	76,041	992,562	512,606
Investment in joint venture					(339,255)	-	(339,255)	
Transfers					(5,009,739)	5,009,739	-	
Deferred net change in fair value of investments					-	-	-	(5,159,720)
Total general revenues, special items, and transfers					74,502,949	6,524,275	81,027,224	2,179,258
Change in net position					3,422,922	5,805,758	9,228,680	3,627,129
Net position - beginning					77,553,748	26,463,040	104,016,788	226,481,528
Net position - ending					\$ 80,976,670	\$ 32,268,798	\$ 113,245,468	\$ 230,108,657

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

City of Owensboro, Kentucky
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Debt Service	Capital Improvements	Your Community Vision	Downtown Development and Revitalization	ARPA	Total Nonmajor Funds	Total Governmental Funds
ASSETS								
Equity in pooled deposits and investments	\$ 31,641,341	\$ -	\$ 1,992,826	\$ 5,207,349	\$ 244,595	\$ 13,030,796	\$ 11,829,402	\$ 63,946,309
Cash and cash equivalents								
In segregated accounts	55,289	-	-	-	-	-	-	55,289
With escrow agents	-	11	5,613	16,617	-	-	8,052	30,293
Receivables								
Accounts, net of allowance of \$646,580	568,433	-	2,569,050	198,066	-	-	175,069	3,510,618
Lease	-	8,740,000	-	-	-	-	-	8,740,000
Component units	16,450	8,740,000	-	-	-	-	-	8,756,450
Taxes	3,734,091	-	-	977,894	-	-	220,936	4,932,921
Intergovernmental	84,742	-	-	504,337	-	-	1,537,631	2,126,710
Delinquent taxes receivable net of allowance for uncollectibles of \$104,946	104,946	-	-	-	-	-	-	104,946
Materials and supplies inventory	24,453	-	-	-	-	-	-	24,453
Prepaid items	112,235	-	-	-	-	-	336	112,571
Total Assets	\$ 36,341,980	\$ 17,480,011	\$ 4,567,489	\$ 6,904,263	\$ 244,595	\$ 13,030,796	\$ 13,771,426	\$ 92,340,560
LIABILITIES								
Accounts payable	\$ 728,349	\$ -	\$ -	\$ 207,106	\$ -	\$ -	\$ 101,578	\$ 1,037,033
Other accrued liabilities	709,608	-	-	36,500	-	-	204,772	950,880
Accrued wages	995,144	-	-	7,822	-	-	74,564	1,077,530
Total Liabilities	2,433,101	-	-	251,428	-	-	380,914	3,065,443
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	4,521,353	8,740,000	-	1,108,513	-	-	221,636	14,591,502
FUND BALANCES (DEFICITS)								
Nonspendable	136,688	-	-	-	-	-	336	137,024
Restricted	407,569	8,740,011	4,567,489	2,065,619	244,595	13,030,796	3,152,692	32,208,771
Committed	-	-	-	3,478,703	-	-	5,732,306	9,211,009
Assigned	-	-	-	-	-	-	4,283,542	4,283,542
Unassigned	28,843,269	-	-	-	-	-	-	28,843,269
Total Fund Balances (Deficits)	29,387,526	8,740,011	4,567,489	5,544,322	244,595	13,030,796	13,168,876	74,683,615
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 36,341,980	\$ 17,480,011	\$ 4,567,489	\$ 6,904,263	\$ 244,595	\$ 13,030,796	\$ 13,771,426	\$ 92,340,560

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

City of Owensboro, Kentucky
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2022

Fund balances of governmental funds		\$74,683,615
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Internal services funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>		22,415,937
<p>Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds:</p>		
Cost	372,767,984	
Accumulated depreciation	<u>(182,036,937)</u>	190,731,047
<p>Certain assets are not available to pay for current period expenditures:</p>		
Occupational and net profit taxes	4,932,921	
Net pension asset-Single Employer Plan	<u>2,262,970</u>	7,195,891
<p>The City has an equity interest in a joint venture. This investment is not a current financial resource, and therefore is not reported in the funds.</p>		15,944,705
<p>Deferred outflows and inflows of resources shown in governmental activities apply to future periods, and therefore are not reported in governmental</p>		
Deferred outflows of resources-CERS	716,049	
Deferred outflows of resources-Single Employer Plans	21,634,273	
Deferred inflows of resources-CERS	(412,558)	
Deferred inflows of resources-Single Employer Plans	<u>(18,188,148)</u>	3,749,616
<p>Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in governmental funds:</p>		
Long-term debt	(125,714,277)	
Accrued interest payable	(420,844)	
Debt issuance discounts	195,837	
Debt issuance premiums	(647,294)	
Deferred refunding charges	4,239,818	
Compensated absences	(4,480,689)	
Net pension liability-CERS	(79,340,150)	
Net OPEB liability-CERS	(23,999,988)	
Net pension liability-Single Employer Plans	<u>(3,576,554)</u>	(233,744,141)
Net position of governmental activities		\$80,976,670

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

City of Owensboro, Kentucky
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Debt Service	Capital Improvements	Your Community Vision	Downtown Development and Revitalization	ARPA	Total Nonmajor Funds	Total Governmental Funds
REVENUES								
Real and personal property taxes	\$ 12,638,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 510,615	\$ 13,148,827
Occupational license fees	22,198,660	-	-	5,480,654	-	-	1,979,383	29,658,697
Net profit license fees	4,544,881	-	-	1,090,930	-	-	141,818	5,777,629
Regulatory license fees	8,159,862	-	-	-	4,142,852	-	221,200	12,523,914
Intergovernmental	3,643,076	423,716	-	-	-	6,662,087	2,566,896	13,295,775
Investment earnings	(697,648)	(268)	(37,697)	(83,190)	22,900	(312,953)	(119,920)	(1,228,776)
Fees licenses and permits	476,137	-	-	60,450	-	-	-	536,587
Fines and forfeitures	67,175	-	-	-	-	-	-	67,175
Rentals	122,193	-	-	-	-	-	953,471	1,075,664
Charges for services	2,169,929	-	-	-	-	-	905,790	3,075,719
Contributions and donations	123,600	-	-	-	-	-	26,103	149,703
Dividends from component units	8,196,008	-	-	-	-	-	-	8,196,008
Payments in lieu of taxes from component unit	2,912,623	-	-	-	-	-	-	2,912,623
Miscellaneous income	368,472	-	-	6,378	-	-	214,935	589,785
Total Revenues	64,923,180	423,448	(37,697)	6,555,222	4,165,752	6,349,134	7,400,291	89,779,330
EXPENDITURES								
Current:								
General government	11,208,687	-	46,304	-	-	-	-	11,254,991
Public safety	27,250,802	-	-	-	-	-	3,282,636	30,533,438
Public works	5,756,599	-	-	2,027,993	-	-	-	7,784,592
Community and cultural	5,767,849	-	2,202	-	-	-	2,250	5,772,301
Community/economic development	270,182	-	3,176,870	-	-	-	3,552,194	6,999,246
Capital outlay	2,708,560	-	-	2,680,757	-	-	336,714	5,726,031
Debt service:								
Principal retirement	-	13,381,986	-	-	-	-	-	13,381,986
Total Expenditures	52,962,679	13,381,986	3,225,376	4,708,750	-	-	7,173,794	81,452,585
Excess (deficiency) of revenues over expenditures	11,960,501	(12,958,538)	(3,263,073)	1,846,472	4,165,752	6,349,134	226,497	8,326,745
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	324,447	-	-	-	-	-	721,143	1,045,590
Transfers in	2,580,480	10,217,925	758,650	109,054	-	-	4,814,791	18,480,900
Transfers out	(12,465,244)	-	-	(2,066,490)	(4,338,709)	-	(5,280,196)	(24,150,639)
Total Other Financing Sources (Uses)	(9,560,317)	10,217,925	758,650	(1,957,436)	(4,338,709)	-	255,738	(4,624,149)
Net Change in Fund Balances	2,400,184	(2,740,613)	(2,504,423)	(110,964)	(172,957)	6,349,134	482,235	3,702,596
Fund Balances - Beginning	26,987,342	11,480,624	7,071,912	5,655,286	417,552	6,681,662	12,686,641	70,981,019
Fund Balances - Ending	\$ 29,387,526	\$ 8,740,011	\$ 4,567,489	\$ 5,544,322	\$ 244,595	\$ 13,030,796	\$ 13,168,876	\$ 74,683,615

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

City of Owensboro, Kentucky
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net change in fund balances - total governmental funds \$3,702,596

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlays	4,592,816	
Depreciation expense	<u>(13,792,510)</u>	(9,199,694)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Occupational and Net Profit taxes	265,052	
Decrease in investment in joint venture	<u>(339,255)</u>	(74,203)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect of net assets. Also, governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Debt principal payments	9,757,276	
Amortization of bond discounts and premiums	91,623	
Other reconciling items	624	
Amortization of deferred amounts on refunding	<u>(295,069)</u>	9,554,454

Certain expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds:

Increase in compensated absences	(434,361)	
Decrease in accrued interest payable	25,816	
Pension contributions paid after the measurement date-CERS	6,815,955	
OPEB contributions paid after the measurement date-CERS	2,025,755	
Contributions to the Single Employer Plans	667,142	
Actuarial pension expense-CERS	(9,360,097)	
Actuarial OPEB expense-CERS	(2,699,290)	
Actuarial pension expense-Single Employer Plans	<u>245,793</u>	(2,713,287)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.

2,153,056

Change in net position of governmental activities

\$3,422,922

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

City of Owensboro, Kentucky
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities			Total Enterprise Funds	Governmental Activities
	Sanitation	Convention Center Operations	Total Nonmajor Funds		Internal Service Funds
ASSETS					
Current assets:					
Equity in pooled deposits and investments	\$ 16,885,588	\$ 698,712	\$ 2,610,807	\$ 20,195,107	\$ 22,612,060
Cash and cash equivalents	300	197,985	148,438	346,723	-
Receivables					
Accounts	6,496	726,724	1,299,825	2,033,045	400
Component units net of allowance of \$22,849	1,119,614	-	-	1,119,614	-
Materials and supplies inventory	16,848	-	30,063	46,911	287,364
Prepaid expenses	-	-	1,200	1,200	-
Total current assets	<u>18,028,846</u>	<u>1,623,421</u>	<u>4,090,333</u>	<u>23,742,600</u>	<u>22,899,824</u>
Noncurrent assets:					
Capital assets net of accumulated depreciation					
Construction in progress	-	-	-	-	59,560
Land	13,000	-	105,739	118,739	-
Depreciable capital assets	1,419,774	576,640	3,701,885	5,698,299	7,192,801
Total noncurrent assets	<u>1,432,774</u>	<u>576,640</u>	<u>3,807,624</u>	<u>5,817,038</u>	<u>7,252,361</u>
Total Assets	<u>\$ 19,461,620</u>	<u>\$ 2,200,061</u>	<u>\$ 7,897,957</u>	<u>\$ 29,559,638</u>	<u>\$ 30,152,185</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 251,263	\$ -	\$ 73,839	\$ 325,102	\$ 1,950,795
Accrued liabilities	-	156,141	92,326	248,467	663
Accrued wages	70,925	-	127,706	198,631	76,221
Bonds and loans payable, current portion	-	79,937	-	79,937	-
Compensated absences, current portion	20,149	-	5,881	26,030	-
Total current liabilities	<u>342,337</u>	<u>236,078</u>	<u>299,752</u>	<u>878,167</u>	<u>2,027,679</u>
Noncurrent liabilities:					
Bonds payable, net of discount, less current portion	-	875,764	-	875,764	-
Compensated absences less current portion	242,936	-	251,791	494,727	-
Total noncurrent liabilities	<u>242,936</u>	<u>875,764</u>	<u>251,791</u>	<u>1,370,491</u>	<u>-</u>
Total liabilities	<u>585,273</u>	<u>1,111,842</u>	<u>551,543</u>	<u>2,248,658</u>	<u>2,027,679</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	-	-	28,783	28,783	-
Deferred lease inflows	-	-	721,968	721,968	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>750,751</u>	<u>750,751</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>585,273</u>	<u>1,111,842</u>	<u>1,302,294</u>	<u>2,999,409</u>	<u>2,027,679</u>
NET POSITION					
Invested in capital assets	1,432,774	576,640	3,807,624	5,817,038	7,252,361
Unrestricted	17,443,573	270,284	2,645,711	20,359,568	20,872,145
Restricted	-	241,295	142,328	383,623	-
Total net position	<u>18,876,347</u>	<u>1,088,219</u>	<u>6,595,663</u>	<u>26,560,229</u>	<u>28,124,506</u>
Total Liabilities and Net Position	<u>\$ 19,461,620</u>	<u>\$ 2,200,061</u>	<u>\$ 7,897,957</u>	<u>\$ 29,559,638</u>	<u>\$ 30,152,185</u>
Total Net Position				\$ 26,560,229	
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds				5,708,569	
Net Position of Business-Type Activities				<u>\$ 32,268,798</u>	

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

City of Owensboro, Kentucky
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For Fiscal Year Ended June 30, 2022

	Business-type Activities				Governmental Activities
	Sanitation	Convention Center Operations	Total Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 7,857,272	\$ 3,049,075	\$ 2,831,978	\$ 13,738,325	\$ 15,959,202
Miscellaneous income	9,072	418,000	322,282	749,354	23,864
Total operating revenues	<u>7,866,344</u>	<u>3,467,075</u>	<u>3,154,260</u>	<u>14,487,679</u>	<u>15,983,066</u>
OPERATING EXPENSES					
Salaries wages and benefits	2,366,723	-	3,618,416	5,985,139	2,600,239
Maintenance	741,895	122,809	1,282,272	2,146,976	815,765
Utilities	9,481	111,315	245,589	366,385	27,174
Administrative	-	-	-	-	506,506
Supplies	519,652	2,425	1,027,587	1,549,664	874,047
Other	2,463,251	3,705,263	1,943,743	8,112,257	2,044,409
Claims	-	-	-	-	4,721,439
Depreciation	599,737	25,973	306,417	932,127	1,681,265
Total operating expenses	<u>6,700,739</u>	<u>3,967,785</u>	<u>8,424,024</u>	<u>19,092,548</u>	<u>13,270,844</u>
Operating income (loss)	<u>1,165,605</u>	<u>(500,710)</u>	<u>(5,269,764)</u>	<u>(4,604,869)</u>	<u>2,712,222</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on sale of capital assets	71,480	-	4,561	76,041	479,428
Intergovernmental	-	262,733	-	262,733	-
Investment earnings	-	(290,870)	5,189	(285,681)	(326,505)
Operating grants	-	-	2,797,311	2,797,311	-
Total nonoperating revenues (expenses)	<u>71,480</u>	<u>(28,137)</u>	<u>2,807,061</u>	<u>2,850,404</u>	<u>152,923</u>
Income (loss) before contributions and transfers	1,237,085	(528,847)	(2,462,703)	(1,754,465)	2,865,145
Capital contributions- grants	-	-	1,838,395	1,838,395	-
Transfers in	-	913,950	4,340,632	5,254,582	-
Transfers out	-	(105,878)	(138,965)	(244,843)	-
Change in net position	<u>1,237,085</u>	<u>279,225</u>	<u>3,577,359</u>	<u>5,093,669</u>	<u>2,865,145</u>
Net position, Beginning of Year	<u>17,639,262</u>	<u>808,994</u>	<u>3,018,304</u>	<u>21,466,560</u>	<u>25,259,361</u>
Net position, End of Year	<u>\$ 18,876,347</u>	<u>\$ 1,088,219</u>	<u>\$ 6,595,663</u>	<u>\$ 26,560,229</u>	<u>\$ 28,124,506</u>
				Change in Net Position	\$ 5,093,669
				Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	<u>712,089</u>
				Change in Net Position of Business-type Activities	<u>\$ 5,805,758</u>

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

City of Owensboro, Kentucky
Statement of Cash Flows
Proprietary Funds
For Fiscal Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sanitation	Convention Center Operations	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 8,089,559	\$ 2,696,837	\$ 2,864,063	\$ 13,650,459	\$ 15,983,066
Other cash receipts	9,072	418,000	569,038	996,110	-
Cash payments to employees for services	(2,322,186)	-	(3,585,270)	(5,907,456)	(2,586,915)
Cash payments for claims	-	-	-	-	(4,770,993)
Cash payments to suppliers	(3,659,762)	(3,879,600)	(4,641,641)	(12,181,003)	(4,212,984)
Net cash provided by (used in) operating activities	<u>2,116,683</u>	<u>(764,763)</u>	<u>(4,793,810)</u>	<u>(3,441,890)</u>	<u>4,412,174</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grant	-	262,733	2,797,311	3,060,044	-
Capital contributions - grants	-	-	1,838,395	1,838,395	-
Transfers in	-	913,950	4,340,632	5,254,582	-
Transfers out	-	(105,878)	(138,965)	(244,843)	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,070,805</u>	<u>8,837,373</u>	<u>9,908,178</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	71,480	-	4,561	76,041	479,428
Principal payments for long-term debt	-	(76,953)	-	(76,953)	-
Payments for capital acquisitions	(8,590)	(418,000)	(2,120,394)	(2,546,984)	(1,004,319)
Net cash provided (used) by capital and related financing activities	<u>62,890</u>	<u>(494,953)</u>	<u>(2,115,833)</u>	<u>(2,547,896)</u>	<u>(524,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	-	(290,870)	5,189	(285,681)	(326,505)
Net increase (decrease) in equity in pooled cash and deposits and cash equivalents	2,179,573	(479,781)	1,932,919	3,632,711	3,560,778
Equity in pooled cash and deposits, and cash and cash equivalents, beginning of year	14,706,315	1,376,478	826,326	16,909,119	19,051,282
Equity in pooled cash and deposits, and cash and cash equivalents, end of year	<u>\$ 16,885,888</u>	<u>\$ 896,697</u>	<u>\$ 2,759,245</u>	<u>\$ 20,541,830</u>	<u>\$ 22,612,060</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:					
Operating income (loss)	\$ 1,165,605	\$ (500,710)	\$ (5,269,764)	\$ (4,604,869)	\$ 2,712,222
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	599,737	25,973	306,417	932,127	1,681,265
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Accounts Receivables	5,464	(352,237)	278,838	(67,935)	-
Component units receivable	226,818	-	-	226,818	-
Materials and supplies inventory	(8,171)	-	-	(8,171)	12,308
(Increase) decrease in liabilities:					
Accounts Payable	82,693	(47,336)	(51,187)	(15,830)	(1,703)
Deferred charges	-	-	1,307	1,307	-
Accrued liabilities	12,124	109,547	(62,619)	59,052	8,082
Compensated absences	32,413	-	3,198	35,611	-
Net cash provided (used) by operating activities	<u>\$ 2,116,683</u>	<u>\$ (764,763)</u>	<u>\$ (4,793,810)</u>	<u>\$ (3,441,890)</u>	<u>\$ 4,412,174</u>
CASH RECONCILIATION					
Equity in pooled deposits and investments	\$ 16,885,588	\$ 698,712	\$ 2,610,807	\$ 20,195,107	\$ 22,612,060
Cash and cash equivalents	300	197,985	148,438	346,723	-
Equity in pooled cash and deposits, and cash and cash equivalents, end of year	<u>\$ 16,885,888</u>	<u>\$ 896,697</u>	<u>\$ 2,759,245</u>	<u>\$ 20,541,830</u>	<u>\$ 22,612,060</u>

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

City of Owensboro, Kentucky
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	<u>Pension Trust Funds</u>	<u>Investment Trust Funds</u>	<u>Custodial Funds</u>
ASSETS			
Equity in pooled deposits and investments	\$ 763,618	\$ 39,625,374	\$ 527,990
Cash and cash equivalents	121,778	-	-
Intergovernmental receivable	-	-	228,512
Investments, at fair value:			
Corporate stocks	3,067,965	-	-
Total Assets	<u>\$ 3,953,361</u>	<u>\$ 39,625,374</u>	<u>\$ 756,502</u>
LIABILITIES			
Pension payable	\$ 55,771	\$ -	\$ -
Other	2,964	-	879,530
Total Liabilities	<u>58,735</u>	<u>-</u>	<u>879,530</u>
NET POSITION			
Restricted for:			
Pensions	3,894,626	-	-
External pool participants	-	39,625,374	(123,028)
Total Net Position	<u>\$ 3,894,626</u>	<u>\$ 39,625,374</u>	<u>\$ (123,028)</u>

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

City of Owensboro, Kentucky
Statement of Changes In Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2022

	Pension Trust Funds	Investment Trust Funds	Custodial Funds
Additions:			
Purchases of pool units	\$ -	\$ 63,836,112	\$ -
Contributions:			
Employer	660,000	-	-
Other	7,141	-	-
Total contributions	<u>667,141</u>	<u>-</u>	<u>-</u>
Investment earnings:			
Net appreciation in fair value of investments	(694,689)	(1,220,127)	-
Interest	38,362	(633,028)	-
Total investment earnings	<u>(656,327)</u>	<u>(1,853,155)</u>	<u>-</u>
Less Investment Expense	55,247	-	-
Net investment earnings	<u>(711,574)</u>	<u>(1,853,155)</u>	<u>-</u>
Tax Collections for other agencies:			
Property Taxes	-	-	13,888,048
Occupational License Fees	-	-	6,737,765
Total Tax Collections	<u>-</u>	<u>-</u>	<u>20,625,813</u>
Total Additions	<u>(44,433)</u>	<u>61,982,957</u>	<u>20,625,813</u>
Deductions:			
Benefits	778,188	-	-
Redemption of pool units	-	52,552,052	-
Payments of tax collections other agencies	-	-	20,709,403
Total Deductions	<u>778,188</u>	<u>52,552,052</u>	<u>20,709,403</u>
Change in Net Position	(822,621)	9,430,905	(83,590)
Net Position, Beginning of Year	<u>4,717,247</u>	<u>30,194,469</u>	<u>(39,438)</u>
Net Position, End of Year	<u>\$ 3,894,626</u>	<u>\$ 39,625,374</u>	<u>\$ (123,028)</u>

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

City of Owensboro, Kentucky
Statement Net Position
Component Units
June 30, 2022

	Owensboro Municipal Utilities	Owensboro Riverport Authority	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Equity in pooled deposits and investments	\$ -	\$ 2,942,776	\$ 2,942,776
Cash and cash equivalents:			
In segregated accounts	26,323,557	8,097,458	34,421,015
Investments	26,474,285	-	26,474,285
Accounts receivable (less allowance of \$44,600 and \$0 for OMU and ORA, respectively)	17,254,469	4,194,647	21,449,116
Materials and supplies inventory	8,682,060	-	8,682,060
Prepaid items	154,462	79,517	233,979
Other current assets	-	31,733	31,733
Restricted assets	51,781,113	-	51,781,113
Capital assets, net of accumulated depreciation	217,743,515	56,296,885	274,040,400
Other noncurrent assets	15,413,769	4,467,486	19,881,255
Total Assets	363,827,230	76,110,502	439,937,732
Deferred Outflows of Resources:			
Deferred asset retirement outflow	6,489,252	-	6,489,252
Deferred pension outflows	3,762,388	889,856	4,652,244
Deferred other postemployment benefit outflows	5,824,426	988,003	6,812,429
Deferred pension obligation	46,674,551	-	46,674,551
Deferred postemployment benefit obligation	13,387,608	-	13,387,608
Unamortized loss on debt refunding	1,608,559	-	1,608,559
Net realized loss on investments	5,756,698	-	5,756,698
Total Deferred Outflows of Resources	83,503,482	1,877,859	85,381,341
Total Assets and Deferred Outflows of Resources	\$ 447,330,712	\$ 77,988,361	\$ 525,319,073
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities:			
Accounts payable	\$ 20,217,601	\$ 650,290	\$ 20,867,891
Accrued liabilities	-	460,268	460,268
Accrued interest payable	2,242,361	-	2,242,361
Noncurrent liabilities:			
Long-term debt:			
Due within one year	16,620,000	3,373,795	19,993,795
Due in more than one year	155,562,202	6,410,635	161,972,837
Net pension liability	39,541,722	6,270,393	45,812,115
Net other postemployment benefit liability	11,870,376	1,882,364	13,752,740
Other	58,702	397,492	456,194
Total Liabilities	246,112,964	19,445,237	265,558,201
Deferred Inflows of Resources:			
Deferred pension inflows	10,895,216	896,597	11,791,813
Deferred other postemployment benefits inflows	7,341,659	878,935	8,220,594
Deferred lease inflows	-	5,675,132	5,675,132
Deferred revenue	3,808,499	156,177	3,964,676
Total Deferred Inflows of Resources	22,045,374	7,606,841	29,652,215
Net Position:			
Net investment in capital assets	63,447,616	46,512,455	109,960,071
Restricted for:			
Capital projects	10,883,573	-	10,883,573
Debt service	8,467,831	-	8,467,831
Other purposes	22,899,646	-	22,899,646
Unrestricted	73,473,708	4,423,828	77,897,536
Total Net Position	179,172,374	50,936,283	230,108,657
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 447,330,712	\$ 77,988,361	\$ 525,319,073

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

City of Owensboro, Kentucky
Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Owensboro Municipal Utilities</u>	<u>Owensboro Riverport Authority</u>	<u>Total</u>
Owensboro Municipal Utilities	\$ 106,636,163	\$ 106,476,517	\$ -	\$ 23,010	\$ (136,636)	\$ -	\$ (136,636)
Owensboro Riverport Authority	17,073,329	15,824,729	2,833,107	-	-	1,584,507	1,584,507
Total Component Units:	\$ 123,709,492	\$ 122,301,246	\$ 2,833,107	\$ 23,010	(136,636)	1,584,507	1,447,871

General revenues:

Earnings on investments	1,155,291	8,066	1,163,357
Deferred net change in fair value of investments	(5,159,720)	-	(5,159,720)
Miscellaneous	5,430,667	232,348	5,663,015
Gain on disposal of capital assets	-	512,606	512,606
Total General Revenues	1,426,238	753,020	2,179,258
Change in Net Position	1,289,602	2,337,527	3,627,129
Net Position, Beginning of Year	177,882,772	48,598,756	226,481,528
Net Position, End of Year	\$ 179,172,374	\$ 50,936,283	\$ 230,108,657

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City is a municipal corporation governed by an elected mayor and a four-member commission. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government. Individual discretely presented component units are presented in the combining component units' financial statements.

Blended Component Unit:

Established in 1967 pursuant to Kentucky Revised Statute (KRS) 273, the Owensboro Municipal Improvement Corporation (OMIC) has been presented as a blended component unit because the entity's governing body is substantially the same as the governing body of the City, and because its only purpose is to provide a financing vehicle for the acquisition of property to be dedicated to public use by the City. The Corporation has no separate existence apart from the City.

Discretely Presented Component Units:

The component units column in the government-wide financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. Combining financial statements for the discretely presented component units are included within this report. Separate financial statements of the individual component units can be requested from the City's Finance Director. The following component units are included in the City's reporting entity because the primary government is financially accountable for, and is able to impose its will upon, the organizations.

Owensboro Municipal Utilities

Owensboro Municipal Utilities (OMU) is managed, controlled, and operated by the City Utility Commission, established by the City in 1940. OMU consists of the Electric Light and Power System and the Water Works System. The fiscal year-end for OMU is May 31; data presented for OMU is as of and for the year ended May 31, 2022. There were no intervening events that would materially affect financial position or results of operations of the City.

OMU is subject to regulation, including establishment of rates charged for utility services by the City, or set forth in applicable City ordinance. City officials select the Board of Directors. OMU is presented as an enterprise fund. Financial statements can be obtained by contacting the Finance Director of OMU at (270) 926-3200 or 2070 Tamarack Road, Owensboro, Kentucky 42301.

The financial statements are prepared in accordance with generally accepted accounting principles and follow accounting guidance provided by the Governmental Accounting Standards Board (GASB) in the regulated operations provisions of GASB Statement NO. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*, which permit certain entities with cost-based rates to defer certain costs or income that would otherwise be recognized when incurred to the extent that the rate-regulated entity is recovering or expects to recover such amounts in future rates charged to its customers. Regulatory assets are the deferral of costs expected to be recovered in future customer rates and regulatory liabilities represents current recovery of expected future costs.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Owensboro Riverport Authority and Affiliate

The Owensboro Riverport Authority (Authority) was created by ordinance on September 9, 1966, for the purpose of establishing, maintaining, operating, and expanding necessary and proper riverport and navigational facilities for the purpose of attracting river-oriented industry. Because the City appoints the Authority's Board of Directors and provides a specific financial benefit to the City each year in the form of a distribution, the Authority is a component unit of the City. The Authority is presented as an enterprise fund. Financial statements can be obtained by contacting the Controller of the Authority at (270) 926-4238 or P.O. Box 21955, Owensboro, Kentucky 42304.

Related Organization:

The City is responsible for appointing four members to the Board of the Regional Water Resource Agency (RWRA). RWRA was established through an ordinance dated October 18, 1994 as a legally separate entity which administers and provides regional comprehensive wastewater services for Owensboro and Daviess County, excluding the Facilities Planning Area boundary of the City of Whitesville. The Board consists of seven members, the remaining three of which are appointed by the Daviess County Judge-Executive. RWRA has currently contracted with the City to provide financial and personnel services. The City's responsibility does not extend beyond appointing authority and the City is not financially accountable for the activities of RWRA. Separate financial statements for RWRA may be obtained from the City's Finance Director.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, the debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following funds:

Governmental Funds

General Fund

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law, ordinance, or contractual agreement to some other fund are accounted for in this fund. From this fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid through other funds. This is a major fund of the City.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources. This is a major fund of the City.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes, and are as follows:

CERS Fund - established to reserve funds to accommodate the rising cost of the County Employees' Retirement System (CERS), a cost-sharing, multiple-employer defined-benefit plan administered by the Board of Trustees of Kentucky Retirement Systems.

Central Dispatch Fund - established to account for funds used in operation of the Owensboro-Daviess County Central Dispatch.

Community Development Fund - established to account for community development. Resources are restricted for activities directed toward satisfying the primary objective of developing viable urban communities and expanding economic opportunities, principally the persons of low or moderate income.

Economic Development Fund - established to monitor incentives disbursed for economic development of the City and the increased revenues resulting from that development. The City's intent is to offset the incentive with an increased revenue stream.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Improvements Fund - established to account for the acquisition and construction of major capital assets financed with funds from long-term borrowings other than those financed by proprietary funds. This is a major fund of the City.

Your Community Vision Fund - established to account for the revenues derived from a .33% rate increase of occupational license and net profit taxes; expenditures of those revenues fund Your Community Vision Projects. This is a major fund of the City.

Downtown Development and Revitalization Fund - established to account for revenues received from insurance license premium taxes for revitalization and redevelopment of the downtown area. This is a major fund of the City.

Drug and Property Recovery Fund - established to account for funds obtained through drug law enforcement grants.

Gateway Commons TIF - established for the purpose of accounting for the receipt of incremental tax revenues earned within the area of the Gateway Commons TIF.

Downtown Riverfront Revitalization TIF - established for the purpose of accounting for the receipt of incremental tax revenues earned within the area of the Downtown Riverfront Revitalization TIF.

ARPA - established to account for funds received from the American Rescue Plan Act (ARPA) of 2021. This is a major fund of the City.

Proprietary Funds

Proprietary fund reporting focuses on financial position changes in net position and cash flows. The City reports the following proprietary funds, which are classified as either enterprise or internal service.

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determinations of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City reports the following enterprise funds:

Convention Center Operations Fund - established for the purpose of managing and accounting for the operations of the convention and events center. This is a major fund of the City.

Sportscenter Operations Fund - established for the purpose of managing and accounting for the operations of the Owensboro Sportscenter.

Sanitation Fund - established as a means of more effectively managing and accounting for operations of the City Sanitation Department. This is a major fund of the City.

Transit Fund - established for the purpose of managing and accounting for the operations of the City's Transit Department.

Recreation Fund - established for the purpose of managing and accounting for the operations of the City's swimming pools, golf courses, softball complex, and ice arena.

Geographic Information System Fund (GIS) - established for the purpose of managing and accounting for the activity of the GIS Division of the City's Information Technology Department.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a user charge basis. The internal service funds of the City are as follows:

Insurance Fund - established to account for the City's health, unemployment, and workers' compensation insurance programs.

Facilities Maintenance Fund - established to account for the maintenance provided to departments within the City.

Garage Service Fund - established to account for garage maintenance provided to departments within the City.

Fleet and Facilities Fund - established to account for foreseeable capital expenditures and to straight-line depreciate their cost over their useful life.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments, and are therefore not available to support the City's own programs. The various pension trust, investment trust, and custodial funds of the City are as follows:

City Employees' Pension Fund - The City Employees' Pension Fund (a contributory defined benefit plan) was created by ordinance, August 13, 1946, under KRS 90.310-90.410. It covers all employees of the City of Owensboro and Owensboro Municipal Utilities, except for the Owensboro Riverport Authority, the City's police and firefighters, and those employees who elected to transfer into the CERS.

Police and Firefighters' Retirement Fund - The Police and Firefighters Retirement Fund (a contributory defined benefit plan) was created by ordinance, March 26, 1928, under KRS 95.851-95.991. It covers employees of the City of Owensboro in the police and fire departments that elected not to transfer into the CERS.

Investment Trust Fund - Established to account for the monies of legally separate entities that participate in the City-sponsored external investment pool. The Investment Trust Fund is accounted for using the economic resources measurement focus and the accrual basis of accounting.

Custodial Funds - The custodial funds are custodial in nature and do not present results of operations or have a measurement focus. The funds are used to account for assets that the government holds for others in a custodial capacity. The School District Tax Fund accounts for school district tax collection and payment to the Owensboro Board of Education. The County Occupational Tax Fund accounts for occupational tax collection and payment to Daviess County, Kentucky.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes received from one of the City's component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operation grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

revenues. Likewise, general revenues include all taxes.

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 the City's enterprise funds 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. The City considers property taxes as available if they are collected within 60 days after year-end. Revenue from grants, entitlements, and donations is recognized in the 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, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The following is a list of primary revenue sources which have been treated as susceptible to accrual under the modified accrual basis, and which have not:

<u>Susceptible</u>	<u>Non-Susceptible</u>
Taxes	Licenses and permits
Intergovernmental	

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables uncollected within the available period are reported as deferred revenue.

Deposits and Investments

City Ordinance 2-76 requires all City deposits to be secured by bonds or other securities of the U.S. Government, bonds of the City redeemable from taxes collected by the City, or by other certificates of indebtedness of cities or corporations, which shall have a fair value equal to or greater than the amount of the deposits which may exist

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

from time to time.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments (including restricted assets) with a maturity of three months or less from the date of acquisition.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest-bearing depository accounts are presented on the statement of net position as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury.

Investments are stated at fair value. Fair values are obtained from market quotations on the last business day of the fiscal year. The market quotations are obtained from national security exchanges or other published sources. Kentucky Revised Statute 66.480 permits the City to invest in U.S. Treasury obligations, U.S. Agency obligations, certain Federal instruments, repurchase agreements, commercial banks' certificates of deposits, savings and loan deposits, and the Commonwealth of Kentucky Investment Pool.

Materials and Supplies Inventory

Inventory is valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. Inventory consists of expendable supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased and as an expenditure when used (consumption method).

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. They 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. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000 dollars. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water and sewer lines. 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 is not.

All reported capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure are estimated based on the City's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	20 years	3-30 years
Machinery and Equipment	3-9 years	2-25 years
Buildings	30 years	20-60 years
Vehicles	4-6 years	4-10 years
Infrastructure	20 years	N/A

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property Taxes

Property taxes are recognized as revenue to the extent that they are both measurable and available, and an appropriate allowance is established for the portion that is estimated to be uncollectible.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. Sick pay is accumulated to one hundred days; thereafter, employees are compensated for sick pay earned and not taken up to a maximum of twelve days annually. The liability for these compensated absences is recorded as long-term debt and an expense when earned in the government-wide statements. The current portion of this debt is estimated based on historical trends. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignation or retirement.

Interfund Balances

On the fund financial statements, long-term interfund loans are classified as "advances to/from other funds" on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Accrued Liability and Long-Term Obligations

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.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as a liability in the fund financial statements when due.

Retirement Benefits

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

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Bond Discounts/Issuance Costs

In the governmental fund financial statements, bond discounts and issuance costs are recognized in the current period. In the government-wide financial statements and proprietary fund types in the fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds- outstanding method, which approximates the effective interest method. In the government-wide financial statements, bond costs are recognized in the current period as well.

Net Position

The City classifies net position in the government-wide and fiduciary financial statements as follows:

- Net investment in capital assets includes the City's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The City typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The City Commission has the authority to revisit or alter their designation.

The City follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Commission). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.
- Assigned fund balance - amounts the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the Director of Finance and Support Services under the authorization of the City Commission via a municipal order.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Commission establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund (such as for special incentives). Under City policy, assigned fund balance is established by City Commission through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

purposes). All budget appropriations created by passage of ordinance, lapse at fiscal year-end.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

In the General Fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 17% of expenditures.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of City administration and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended June 30, 2022.

Estimates

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 the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except for the Capital Projects Funds and the Debt Service Fund, because effective budgetary control is alternately achieved through project budgets, bond indenture provisions, and City ordinances, respectively.

Budgets for the General and Special Revenue Funds are adopted on the modified accrual basis. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the use of resources are reflected in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds for which annual budgets have been adopted.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 2 – PROPERTY TAXES

Property taxes attach as a lien on property as of January 1st each year. Property values are assessed on January 1st of each year. These taxes are levied annually by ordinance, usually in September, and are payable in one installment on, or before, November 1st. The tax rate and assessed valuation, a County government function, are not known until September of the year. The City bills and collects its own property taxes as well as the taxes for the Owensboro Board of Education. Collections of the school taxes are remitted to the Board each month based upon collections in the previous month.

The City is permitted by Section 157 of the Constitution of Kentucky to levy taxes up to \$1.50 per \$100 of assessed valuation for general governmental services other than school purposes. The real property tax rate to finance general governmental services other than school purposes for the year ended June 30, 2022, was \$0.2640 per \$100 on the assessed valuation of \$3,773,864,509. Although this tax margin would indicate significantly higher potential tax revenues, the City is subject to a recall petition if it levies a tax rate that will produce revenue 4% greater, exclusive of revenue from net assessment growth, than would be produced by application of the tax rate that was levied in the preceding year to the preceding year's assessment. The effect of this legislation has been to limit increases in property tax revenues to minimal levels. The City's personal property and vehicle tax rates were \$0.3302 and \$0.3030 per \$100 of assessed value, respectively.

NOTE 3 - DEPOSITS AND INVESTMENTS

The City sponsors an external investment pool in which monies of the primary government and of legally separate entities that choose to participate are commingled and invested for the benefit of all participants. The internal portion of this fund is allocated to the City's funds participating and the external portion is accounted for in the Investment Trust Fund of the City's reporting entity. The equity position of each City fund is reported at fair value in the assets of those funds with the equity position of the external participants reflected at fair value in the Investment Trust Fund. The pool is not registered with the SEC as an investment company and is not subject to regulatory oversight. Investments are valued at the market quotation on the last business day of the fiscal year. Market quotations are obtained from brokers or available published services. Investment income is allocated to participants based on the participant's average cash balance. Immaterial accounts do not receive investment income.

Participants with negative cash balances are not charged interest. Participants' shares sold and redeemed are determined using specific identification of the participant's cost basis in the investment pool. The City does not issue a separate report for the pool.

The City has neither provided nor obtained any legally binding guarantees during the period to support the value of shares. The pool includes no involuntary participants. The investments held by the pool at June 30, 2022, consist of the following major investment classifications:

	<u>Fair Value</u>	<u>Number of Shares</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>
Government obligations	\$ 44,517,078	47,709,654	1.55-3.75%	8/22 - 11/32
Cash and cash equivalents	<u>106,033,084</u>	<u>106,033,084</u>		
Totals	<u>\$ 150,550,162</u>	<u>153,742,738</u>		

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

The following condensed statements of net position and changes in net position for the year ended June 30, 2022, are presented for the pool as a whole:

Statement of Net Position

Assets:	
Investments at fair value	\$ 44,517,078
Cash and cash equivalents	<u>106,033,084</u>
Total Assets	<u>\$ 150,550,162</u>
 Net Position:	
Held in trust for external pool participants:	
Component unit	\$ 2,942,776
Fiduciary:	
Pension Trust Funds	885,396
Custodial Funds	527,990
Other external participants	39,625,374
Held in trust for internal pool participants	<u>106,568,626</u>
Total Net Position	<u>\$ 150,550,162</u>
Net position consists of:	
Participants' units outstanding (\$1 par)	<u>\$ 153,742,738</u>

Statement of Changes in Net Position

Revenues:	
Interest income	\$ 336,539
Net change in fair value	<u>(4,657,163)</u>
Total Revenues	<u>(4,320,624)</u>
 Share transactions at net position value of \$1 per share:	
Purchase of units	200,932,579
Redemption of units	<u>(173,264,137)</u>
Net increase in net position and shares resulting from share transactions	<u>27,668,442</u>
Total Increase in Net Position	<u>23,347,818</u>
 Net Position:	
Beginning of period	<u>127,202,344</u>
End of period	<u>\$ 150,550,162</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

Interest Rate Risk

To limit exposure to fair value losses resulting from an increase in interest rates, the City manages term to maturity for its investments.

Credit Risk

The City's investment policy limits investments to obligations of the U.S., its agencies and instrumentalities, obligations backed by the full faith and credit of the U.S. or a U.S. government agency, obligations of any corporation of the U.S. government, certificates of deposit issued by FDIC insured or similarly collateralized institutions, and bonds and securities of states, local governments, or related agencies in the U.S. rated in one of the three highest categories by a nationally recognized rating agency.

With the exception of fully insured or fully collateralized investments, authorized investment pools, no more than twenty-five percent of the City's total investment portfolio shall be invested in a single security type or with a single financial institution. Unless matched to a specific cash flow need, no more than fifty percent of the funds shall be invested in securities maturing more than ten years from the date of purchase.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. All of the City's investments in government instrumentalities were purchased by the City and held by the counterparty on the City's behalf; therefore, these investments are not subject to custodial credit risk. The City's investments in government obligations were rated AA+ by Standard & Poor's Ratings Services, and Aaa by Moody's Investor Services, Inc. It is the City's policy that all cash and investments maintained in any financial institution named as a depository be collateralized. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be 102% of the market value of principal. Collateral shall always be held by an independent third-party custodian with whom the City has a current custodial agreement.

At June 30, 2022, the reported amount of the City's pooled and non-pooled bank deposits was \$107,000,931. Of the bank balance, \$250,000 was covered by federal depository insurance and \$115,629,382 was the value of collateral held in the pledging bank's trust department in the City's name.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

As of June 30, 2022, the City had the following investments in the investment pool:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Months)</u>
Federal Home Loan Bank	\$ 7,298,413	
Federal Farm Credit Bank Obligations	1,817,893	
SBA's	517,654	
New York NY GO	4,332,696	
KY Assn Cntys Rev	366,540	
Oregon St	996,310	
New Haven MI Cmnty Schools	1,925,586	
Univ of KY COPS	362,078	
Atlanta GA Dev Authority	124,026	
Lexington-Fayette Urban County Government	1,398,934	
Oklahoma City Development Trust	645,555	
South San Antonio Texas ISD	360,875	
North East Texas GO	520,805	
Washington St	1,999,800	
Florida St Rev	3,441,680	
Imterboro PA Ref GO	889,010	
Monterey Pk CA Rev	560,164	
Northern KY Univ Rev	846,350	
Pike County Rev Ref	843,676	
Reeths-Puffer MI Schs GO	3,735,880	
Santa Maria CA GO	559,902	
Peoria CO GO	431,367	
Ashland KY Rev Ref	431,095	
Bullitt Co KY Rev	416,145	
Fayette Co KY Rev	952,202	
KY State Property & Buildings Rev	4,129,204	
Cuyahoga CO Public Library Rev	341,752	
McAllen TX GO	703,865	
Austin TX Ref GO	2,309,592	
Rhode Island Ref Rev	274,449	
Certificates of Deposit	<u>983,580</u>	
Total investments and weighted average maturity	<u>\$ 44,517,078</u>	<u>61.32</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS, CONTINUED

<u>Primary Government</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits and investments:		
Non-pooled:		
Cash and cash equivalents	<u>\$ 432,305</u>	\$ 432,305
Fiduciary cash equivalents		121,778
Fiduciary investments		3,067,965
		<u>3,622,048</u>
Pooled:		
Cash and cash equivalents		106,033,084
Government obligations		44,517,078
		<u>150,550,162</u>
Total deposits and investments		<u>150,550,162</u>
Less:		
External participants' equity in pool:		
Component unit		(2,942,776)
Other external participants – Investment Trust Fund		(39,625,374)
Fiduciary:		
Cash equivalents		(121,778)
Investments		(3,067,965)
Equity in pool:		
Pension Trust Funds		(885,396)
Custodial Funds		(527,990)
		<u>107,000,931</u>
Total deposits and investments - primary government	<u>\$</u>	<u>107,000,931</u>
<u>Statement of Net Position Accounts:</u>		
Equity in pooled deposits and investments		\$106,568,626
Cash and cash equivalents:		
In segregated accounts		402,012
With escrow agents		30,293
		<u>432,305</u>
Total deposits and investments - primary government	<u>\$</u>	<u>107,000,931</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS. CONTINUED

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The inputs or methodology used for valuing securities are not an indication of risk associated with those securities.

The City has the following recurring fair value measurements as of June 30, 2022:

	June 30, 2022	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Debt Securities:</u>				
U.S. Agency Securities	\$ 9,633,961	\$ 9,633,961	\$ -	\$ -
State & Municipal Securities	33,899,537	33,899,537	-	-
<u>Other Securities: Certificates of Deposit</u>				
	983,580	-	983,580	-
Total Investments-Primary Government	44,517,078	43,533,498	983,580	-
<u>City Employees' Pension Fund:</u>				
Equity Securities	3,067,965	3,067,965	-	-
Total Investments	<u>\$ 47,585,043</u>	<u>\$ 46,601,463</u>	<u>\$ 983,580</u>	<u>\$ -</u>

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Certificates of deposits classified in Level 2 are valued using consensus pricing. Money market funds and certificates of deposit having a maturity of one year or less from the fiscal year end are not subject to GASB Statement No. 72.

Component Units

	<u>Carrying Amount</u>
<u>Deposits:</u>	
Cash and cash equivalents	\$ 71,255,494
<u>Investments:</u>	
Equity in pooled deposits and investments	2,942,776
Negotiable Certificates of Deposit	-
Government agency obligations	41,359,612
Total investments	44,302,388
Total deposits and investments - component units	<u>\$ 115,557,882</u>
<u>Balance Sheet Accounts:</u>	
Equity in pooled deposits and investments	\$ 2,942,776
Cash and cash equivalents	34,421,015
Investments	26,474,285
<u>Restricted assets:</u>	
Cash and cash equivalents	36,834,480
Investments	14,885,326
Other restricted assets	61,307
	<u>115,619,189</u>
Less other restricted assets	<u>(61,307)</u>
Total deposits and investments - component units	<u>\$ 115,557,882</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 4 - RESTRICTED ASSETS

Primary Government

Certain assets of the primary government, which are restricted, consist of the following:

<u>Cash with escrow agents</u>	
Debt Service Fund	\$ 11
Economic Development	8,052
Capital Improvement	5,613
Your Community Vision	16,617
	<u>\$ 30,293</u>

Component Units

Certain assets of Owensboro Municipal Utilities as of May 31, 2022, which are restricted, consist of the following:

Electric Light and Power System:

Cash and investments	\$ 29,855,718
Investments	10,793,435
Accrued interest receivable	42,925
Inventory, at cost	-
Other	-
	<u>40,692,078</u>

Water Works System:

Cash and equivalents	6,978,762
Investments	4,091,891
Accrued interest receivable	18,382
	<u>11,089,035</u>

Total restricted assets - component units	<u>\$ 51,781,113</u>
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City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 5 - CAPITAL ASSETS

Primary Government

Capital asset activity for the City for the fiscal year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 27,293,655	\$ 1,950,000	\$ (863,669)	\$ 28,379,986
Construction in progress	1,846,650	2,067,436	(819,643)	3,094,443
Total capital assets, not being depreciated	<u>29,140,305</u>	<u>4,017,436</u>	<u>(1,683,312)</u>	<u>31,474,429</u>
Capital assets, being depreciated:				
Land improvements/infrastructure	201,171,912	1,277,246	-	202,449,158
Buildings	129,195,737	911,428	-	130,107,165
Vehicles	17,923,935	536,981	(1,963,410)	16,497,506
Machinery and equipment	12,200,849	511,282	(64,983)	12,647,148
Software	1,054,136	31,243	-	1,085,379
Total capital assets, being depreciated	<u>361,546,569</u>	<u>3,268,180</u>	<u>(2,028,393)</u>	<u>362,786,356</u>
Less accumulated depreciation for:				
Land improvements/infrastructure	(110,863,619)	(8,690,651)	-	(119,554,270)
Buildings	(47,795,089)	(4,547,121)	-	(52,342,210)
Vehicles	(13,055,415)	(1,437,393)	1,963,410	(12,529,398)
Machinery and equipment	(10,359,829)	(701,516)	59,815	(11,001,530)
Software	(752,875)	(97,094)	-	(849,969)
Total accumulated depreciation	<u>(182,826,827)</u>	<u>(15,473,775)</u>	<u>2,023,225</u>	<u>(196,277,377)</u>
Total capital assets, being depreciated, net	<u>178,719,742</u>	<u>(12,205,595)</u>	<u>(5,168)</u>	<u>166,508,979</u>
Governmental activities, capital assets, net	<u>\$ 207,860,047</u>	<u>\$ (8,188,159)</u>	<u>\$ (1,688,480)</u>	<u>\$ 197,983,408</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 118,739	\$ -	\$ -	\$ 118,739
Construction in progress	405,736	-	(405,736)	-
Total capital assets, not being depreciated	<u>524,475</u>	<u>-</u>	<u>(405,736)</u>	<u>118,739</u>
Capital assets, being depreciated:				
Land improvements	998,527	84,064	-	1,082,591
Buildings	2,155,982	868,007	-	3,023,989
Vehicles	9,284,253	1,416,058	(425,390)	10,274,921
Machinery and equipment	1,879,475	584,590	-	2,464,065
Total capital assets, being depreciated	<u>14,318,237</u>	<u>2,952,719</u>	<u>(425,390)</u>	<u>16,845,566</u>
Less accumulated depreciation for:				
Land improvements	(713,702)	(26,229)	-	(739,931)
Buildings	(1,772,890)	(62,081)	-	(1,834,971)
Vehicles	(6,468,109)	(751,493)	425,390	(6,794,212)
Machinery and equipment	(1,685,829)	(92,324)	-	(1,778,153)
Total accumulated depreciation	<u>(10,640,530)</u>	<u>(932,127)</u>	<u>425,390</u>	<u>(11,147,267)</u>
Total capital assets, being depreciated, net	<u>3,677,707</u>	<u>2,020,592</u>	<u>-</u>	<u>5,698,299</u>
Business-type activities, capital assets, net	<u>\$ 4,202,182</u>	<u>\$ 2,020,592</u>	<u>\$ (405,736)</u>	<u>\$ 5,817,038</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 5 - CAPITAL ASSETS, CONTINUED

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

Governmental activities:	
General government	\$ 1,463,459
Public safety	653,577
Public works	3,563,358
Community and cultural	9,793,381
Total depreciation expense, governmental activities	<u>\$ 15,473,775</u>
Business-type activities:	
Sanitation	\$ 599,737
Transit	245,916
Recreation	10,692
Sportscenter	15,092
Convention Center	25,973
Geographic information system	34,717
Total depreciation expense, business-type activities	<u>\$ 932,127</u>

Construction Commitments

The City has active construction projects as of June 30, 2022. The projects included the CAD/RMS/MDT Software, Windsor Culvert, Fire Station #2 Expansion, OFD Training Center, Fire Station #1 Roof and the City Hall Boiler Replacement. A list of significant commitments as of June 30, 2022, are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining</u>
CAD/RMS/MDT Software	\$ 1,038,241	\$ 650,757
Windsor Culvert	139,250	1,184,500
Fire Station #2 Expansion	869,417	185,583
Fire Station #1 Roof	7,760	215,340
City Hall Boiler Replacement	51,800	90,250
	<u>\$ 2,106,468</u>	<u>\$ 2,326,430</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 5 - CAPITAL ASSETS, CONTINUED

Component Units

Capital asset activity for Owensboro Municipal Utilities for the fiscal year ended May 31, 2022, was as follows:

	Balance May 31, 2021	Increases	Decreases	Balance May 31, 2022
Electric Light and Power System:				
Capital assets, not being depreciated:				
Construction in progress	\$ 5,657,361	\$ 1,747,637	\$ -	\$ 7,404,998
Capital assets, being depreciated:				
Utility plant	500,299,682	11,974,239	(7,438,816)	504,835,105
Less accumulated depreciation	(370,036,797)	(17,821,728)	2,143,048	(385,715,477)
Total capital assets, being depreciated, net	130,262,885	(5,847,489)	(5,295,768)	119,119,628
Electric Light and Power System capital assets, net	\$ 135,920,246	\$ (4,099,852)	\$ (5,295,768)	\$ 126,524,626
Water Works System:				
Capital assets, not being depreciated:				
Construction in progress	\$ 46,351,850	\$ (38,528,780)	\$ -	\$ 7,823,070
Capital assets, being depreciated:				
Utility plant	97,901,322	41,727,362	(1,429,615)	138,199,069
Less accumulated depreciation	(52,045,945)	(4,186,920)	1,429,615	(54,803,250)
Total capital assets, being depreciated, net	45,855,377	37,540,442	-	83,395,819
Water Works System capital assets, net	\$ 92,207,227	\$ (988,338)	\$ -	\$ 91,218,889

Capital asset activity for Owensboro Riverport Authority for the fiscal year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets, not being depreciated:				
Land and land improvements	\$ 4,875,773	\$ -	\$ (65,011)	\$ 4,810,762
Construction in progress	743,862	3,651,924	(877,801)	3,517,985
Total capital assets, not being depreciated	5,619,635	3,651,924	(942,812)	8,328,747
Capital assets, being depreciated:				
Port facilities	74,893,579	392,077	(48,362)	75,237,294
Right-to -use lease assets	-	-	-	-
Machinery and equipment	15,240,075	574,073	(44,825)	15,769,323
Office furniture and equipment	1,919,215	6,639	-	1,925,854
Total capital assets, being depreciated	92,052,869	972,789	(93,187)	92,932,471
Less accumulated depreciation	(40,414,581)	4,625,863	(76,111)	(44,964,333)
Total capital assets, being depreciated, net	51,638,288	(3,653,074)	(17,076)	47,968,138
Owensboro Riverport Authority capital assets, net	\$ 57,257,923	\$ (1,150)	\$ (959,888)	\$ 56,296,885

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 6 - LONG-TERM LIABILITIES

Primary Government

Long-term liability activity for the City for the fiscal year ended June 30, 2022, was as follows:

	Balance 6/30/2021	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Governmental activities					
Bonds and loans payable:					
General obligation bonds:					
Series 2012A Refunding	\$ 230,000	\$ -	\$ (230,000)	\$ -	\$ -
Series 2012C Refunding	340,000	-	(340,000)	-	-
Series 2013A	16,705,000	-	(540,000)	16,165,000	560,000
Series 2013B	5,994,447	-	(431,555)	5,562,892	440,063
Series 2013C	4,170,000	-	(295,000)	3,875,000	305,000
Series 2014 Refunding	2,860,000	-	(265,000)	2,595,000	275,000
Series 2014B	11,480,000	-	(2,740,000)	8,740,000	2,820,000
Series 2016A Refunding	1,210,000	-	(230,000)	980,000	235,000
Series 2016B Refunding	1,230,000	-	(160,000)	1,070,000	165,000
Series 2016C	2,125,000	-	(120,000)	2,005,000	120,000
Series 2016D	8,645,000	-	(395,000)	8,250,000	415,000
Series 2019A Refunding	4,405,000	-	(235,000)	4,170,000	240,000
Series 2019B Refunding	3,505,000	-	(315,000)	3,190,000	325,000
Series 2019C Refunding	16,930,000	-	(650,000)	16,280,000	665,000
Series 2019D Refunding	1,840,000	-	(165,000)	1,675,000	170,000
Series 2019E Refunding	33,960,000	-	(1,305,000)	32,655,000	1,330,000
Loan payable (direct borrowing):					
KIA A07-04	16,793,596	-	(1,167,906)	15,625,690	1,179,614
KIA A15-36	3,048,510	-	(172,815)	2,875,695	175,852
	135,471,553	-	(9,757,276)	125,714,277	9,420,529
Less deferred amounts:					
For issuance premiums	766,048	-	(118,754)	647,294	-
For issuance discounts	(222,968)	-	27,131	(195,837)	-
Total Governmental	136,014,633	-	(9,848,899)	126,165,734	9,420,529
Business-type activities:					
Bonds payable:					
General obligation bonds:					
Series 2013B	1,050,553	-	(78,445)	972,108	79,937
Less deferred amounts:					
For issuance discounts	(17,889)	-	1,492	(16,407)	-
Total Business-type	1,032,654	-	(76,953)	955,701	79,937
Total Bonds and loans payable net of deferred amounts	137,047,287	-	(9,925,852)	127,121,435	9,500,466
Compensated absences					
Governmental activities	4,046,328	434,361	-	4,480,689	264,208
Business Activities	485,146	35,611	-	520,757	26,030
Total Compensated absences	\$ 4,531,474	\$ 469,972	\$ -	\$ 5,001,446	\$ 290,238

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. For governmental activities, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the respective enterprise fund. Long-term debt of the City at June 30, 2022, consisted of the following:

Series 2013A General Obligation Bonds: 2.00% - 5.00% with principal due annually and interest due semi-annually through May 2043	\$ 16,165,000
Series 2013B General Obligation Bonds: 1.55% -3.125% with principal due annually and interest due semi-annually through May 2033	6,535,000
Series 2013C General Obligation Bonds: 2.00% -3.75% with principal due annually and interest due semi-annually through May 2033	3,875,000
Series 2014 General Obligation Refunding Bonds: 2.00% - 3.25% with principal due annually and interest due semi-annually through October 2029	2,595,000
Series 2014B General Obligation Bonds: 3.00% - 3.40% with principal due annually and interest due semi-annually through July 2025	8,740,000
Series 2016A General Obligation Refunding Bonds: 2.00% - 5.00% with principal due annually and interest due semi-annually through March 2026	980,000
Series 2016B General Obligation Refunding Bonds: 2.00% - 3.00% with principal due annually and interest due semi-annually through January 2029	1,070,000
Series 2016C General Obligation Bonds: 2.00% - 3.00% with principal due annually and interest due semi-annually through January 2037	2,005,000
Series 2016D General Obligation Bonds: 3.00% - 5.00% with principal due annually and interest due semi-annually through December 2036	8,250,000
Series 2019A General Obligation Refunding Bonds: 2.00% - 2.60% with principal due annually and interest due semi-annually through December 2036	4,170,000
Series 2019B General Obligation Refunding Bonds: 2.25% - 2.45% with principal due annually and interest due semi-annually through December 2030	3,190,000

**City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022**

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Series 2019C General Obligation Refunding Bonds: 2.625% - 3.00% with principal due annually and interest due semi-annually through April 2031	\$ 16,280,000
Series 2019D General Obligation Refunding Bonds: 2.25% - 2.625% with principal due annually and interest due semi-annually through June 2031	1,675,000
Series 2019E General Obligation Refunding Bonds: 2.00% - 2.75% with principal due annually and interest due semi-annually through June 2042	32,655,000
Kentucky Infrastructure Authority Federally Assisted Wastewater Revolving Loan A07-04: 1.00% with semi-annual interest only until final closing, thereafter, due in semi-annual principal and interest payments for a period not to exceed twenty years	15,625,690
Kentucky Infrastructure Authority Federally Assisted Wastewater Revolving Loan A15-036: 1.75% semi-annual interest only until final closing, thereafter, due in semi-annual principal and interest payments for a period not to exceed twenty years	<u>2,875,695</u>
Total bonds and loans payable, primary government	<u>\$ 126,686,385</u>

The City obtains loans and issues general obligation bonds primarily to provide funds for the acquisition and construction of various public projects in the City. General Obligation Bonds are direct obligations and are secured by the full faith and credit of the government.

The KIA loans are direct borrowings from the Kentucky Infrastructure Authority and are the primary source of funding for the sewer rehabilitation and stormwater separation project. The loans are secured by and payable solely from the pledged receipts derived from collection of occupational license and net profit fee revenues in the Your Community Vision Fund. In the event of default, KIA may take whatever legal action necessary to enforce its rights under the agreements.

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2022, \$53,625,000 of bonds outstanding is considered defeased.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Annual debt service requirements for governmental and business-type long-term debt (excluding compensated absences) are as follows:

Year Ending June 30:	Governmental Activities Bonds		Notes from Direct Borrowings		Business Type Activities Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 8,065,063	\$ 3,031,565	\$ 1,355,466	\$ 239,201	\$ 79,937	\$ 29,120	\$ 9,500,466	\$ 3,299,886
2024	8,308,571	2,805,675	1,370,383	221,566	81,429	27,149	9,760,383	3,054,390
2025	8,567,079	2,548,896	1,385,472	203,728	82,921	25,246	10,035,472	2,777,870
2026	5,685,587	2,284,040	1,400,737	185,685	84,413	22,800	7,170,737	2,492,525
2027	5,563,750	2,133,279	1,416,179	167,434	86,250	20,286	7,066,178	2,321,000
2028-2032	27,944,750	8,479,971	7,318,874	555,956	470,250	59,537	35,733,874	9,095,464
2033-2037	23,488,092	4,918,721	4,254,275	107,193	86,908	2,330	27,829,275	5,028,244
2038-2042	18,540,000	1,824,250	-	-	-	-	18,540,000	1,824,250
2043	1,050,000	36,750	-	-	-	-	1,050,000	36,750
	<u>\$ 107,212,892</u>	<u>\$ 28,063,147</u>	<u>\$ 18,501,385</u>	<u>\$ 1,680,764</u>	<u>\$ 972,108</u>	<u>\$ 186,468</u>	<u>\$ 126,686,385</u>	<u>\$ 29,930,379</u>

Component Units

Owensboro Municipal Utilities Electric Light and Power System

Long-term debt activity for the year ended May 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Bonds Payable</u>					
Series of 2017	\$ 46,140,000	\$ -	\$ (3,975,000)	\$ 42,165,000	\$ 6,525,000
Series of 2019	<u>53,970,000</u>	<u>-</u>	<u>(10,280,000)</u>	<u>43,690,000</u>	<u>8,405,000</u>
	100,110,000	-	(14,255,000)	85,855,000	14,930,000
Add unamortized debt premium (discount)	<u>9,231,352</u>	<u>-</u>	<u>(1,740,639)</u>	<u>7,490,713</u>	<u>-</u>
Total long-term debt	<u>\$ 109,341,352</u>	<u>\$ -</u>	<u>\$ (15,995,639)</u>	<u>\$ 93,345,713</u>	<u>\$ 14,930,000</u>

Bonds payable on May 31st consist of the following Electric Light and Power Revenue Bonds:

Series of 2017:	
Current interest bonds, 4.00%, due from 2022 to 2037	\$ 42,165,000
Series of 2019:	
Current interest bonds, 4.00% to 5.00%, due from 2022 to 2027	<u>43,690,000</u>
Total long-term debt	85,855,000
Less current maturities	(14,930,000)
Add unamortized debt premium	<u>7,490,713</u>
Long-term portion	<u>\$ 78,415,713</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Sinking fund requirements and scheduled aggregate maturities of long-term debt are as follows:

<u>Year Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 14,930,000	\$ 3,696,750	\$ 18,626,750
2024	15,525,000	3,099,550	18,624,550
2025	16,235,000	2,391,800	18,626,800
2026	16,880,000	1,742,400	18,622,400
2027	17,615,000	1,011,850	18,626,850
2028-2032	1,965,000	787,000	2,752,000
2033-2037	2,705,000	338,200	3,043,200
	<u>\$ 85,855,000</u>	<u>\$ 13,067,550</u>	<u>\$ 98,922,550</u>

The Electric System is subject to certain debt covenants, compliance with which is required by ordinances authorizing its bond issues. Such ordinances require revenue to be first applied to the Sinking Fund, second to Operation and Maintenance Fund, third to the Additions and Replacements Fund, fourth to the Depreciation Fund, fifth to the Reserve and Contingency Fund, and finally to the Facilities Charge Fund.

On August 9, 2017, the City authorized and OMU issued \$49,685,000 of Electric Light and Power System Revenue Bonds, 2017 Series, each dated August 9, 2017. The 2017 Bonds were issued to fund construction of a residential fiber optic distribution network with the ability to provide ultrahigh speed internet access to approximately 6,500 dwellings and to refund the 2010-C series bonds and certain 2013-B series bonds.

The in-substance defeasance of the 2010-C and 2013-B bonds was accomplished by placing \$48,325,931 in proceeds from the 2017 Bonds and \$456,210 in funds from the 2010-C and 2013-B Bond Sinking Funds in an irrevocable escrow fund to be used solely for satisfying scheduled debt service payments of the 2010-C and 2013-B Bonds. Accordingly, the 2010-C Bonds in the amount of \$8,935,000 and certain 2013-B Bonds in the amount of \$36,160,000, as well as accrued interest payable of \$347,104 and unamortized discount and issuance costs of \$1,152,596, were extinguished resulting in the accounting recognition of a loss from defeasance of \$2,187,441, reported in the accompanying financial statements as a deferred outflow. OMU advance refunded the 2010-C and 2013-B bonds to reduce the effective rate on the debt. The advance refunding resulted in an economic savings (difference between the present value of the debt service payment on the old and new debt) of \$3,128,648.

The 2017 series bonds maturing on or after January 1, 2028 are subject to redemption prior to maturity in whole or in part on any date on or after January 1, 2027, at the redemption price (expressed as a percentage of principal amount redeemed) of 100% plus accrued interest to the redemption date.

On December 4, 2019, the City issued \$64,155,000 of Electric Light and Power System Refunding Revenue Bonds, 2019 Series, each dated December 4, 2019. The 2019 Bonds were issued for the purpose of refunding certain outstanding revenue bonds which include the 2010-A Series, 2010-B Series, 2013-A Series and 2013-B Series.

The in-substance defeasance of the 2010 and 2013 Series bonds was accomplished by placing \$71,178,711 in proceeds from the 2019 Bonds, \$3,895,548 of sinking funds and \$15,231,495 of other restricted funds in an irrevocable escrow fund to be used solely for satisfying scheduled debt service payments of the 2010 and 2013 Series Bonds. Accordingly, the 2010 Series Bonds in the amount of \$38,495,000, the 2013 Series Bonds in the

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

amount of \$49,815,000, as well as accrued interest payable of \$1,772,444 and unamortized discount and issuance costs of \$449,846, were extinguished resulting in the accounting recognition of a gain from defeasance of \$226,536, reported in the accompanying financial statements as a deferred outflow of resources. The City advance refunded these bonds to reduce its total outstanding debt and reduce the effective rate on the debt. The advance refunding resulted in an economic savings (difference between the present value of the debt service payment on the old and new debt) of \$7,441,846.

All bonds are secured by a pledge of, and are payable from, the gross revenues derived from the operation of the Electric System and are secured by a statutory mortgage lien as provided and authorized by the Kentucky Revised Statutes.

For all bonds, in the event of default, any Bondholder may proceed to protect and enforce its rights and the rights of the holders of the Bonds under the Ordinance forthwith by a suit or suits in equity or at law.

Owensboro Municipal Utilities Water Works System

Long-term debt activity for the year ended May 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable					
Series of 2014	\$ 6,620,000	\$ -	\$ (315,000)	\$ 6,305,000	\$ 325,000
Series of 2015	5,220,000	-	(35,000)	5,185,000	35,000
Series of 2016	5,935,000	-	(250,000)	5,685,000	255,000
Series of 2018	61,290,000	-	(1,020,000)	60,270,000	1,075,000
	<u>79,065,000</u>	<u>-</u>	<u>(1,620,000)</u>	<u>77,445,000</u>	<u>1,690,000</u>
Add unamortized debt premium	1,447,064	-	(55,575)	1,391,489	-
Total bonds payable	<u>\$ 80,512,064</u>	<u>-</u>	<u>\$ (1,675,575)</u>	<u>\$ 78,836,489</u>	<u>\$ 1,690,000</u>

Long-term debt at May 31, 2022, consists of the following Water Revenue Bonds:

Series of 2014:	
1.75% to 3.90%, due serially September 15, 2022 to 2038	\$ 6,305,000
Series of 2015:	
3.00% to 4.00%, due serially September 15, 2022 to 2041	5,185,000
Series of 2016:	
2.00% to 3.00%, due serially September 15, 2022 to 2035	5,685,000
Series of 2018:	
3.00% to 5.00%, due serially September 15, 2022 to 2048	<u>60,270,000</u>
Total long-term debt	77,445,000
Less current maturities	(1,690,000)
Add unamortized debt premium	<u>1,391,489</u>
Long-term portion	<u>\$ 77,146,489</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Sinking fund requirements and scheduled aggregate maturities of long-term debt are as follows:

<u>Year Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,690,000	\$ 2,895,448	\$ 4,585,448
2024	1,760,000	2,823,874	4,583,874
2025	1,840,000	2,743,383	4,583,383
2026	1,920,000	2,659,448	4,579,448
2027	2,010,000	2,572,124	4,582,124
2028-2032	11,080,000	11,838,360	22,918,360
2033-2037	13,145,000	9,744,144	22,889,144
2038-2042	15,900,000	6,957,509	22,857,509
2043-2047	19,260,000	3,579,964	22,839,964
2048-2049	<u>8,840,000</u>	<u>283,533</u>	<u>9,123,533</u>
	<u>\$ 77,445,000</u>	<u>\$ 46,097,787</u>	<u>\$ 123,542,787</u>

The Water System is subject to certain debt covenants, compliance with which is required by the ordinances authorizing its bond issues. Such ordinances require revenue to be first applied to the Sinking Fund, next to the Operations and Maintenance Fund and finally to the Renewal and Replacement Fund.

On June 12, 2014, the City authorized and OMU issued \$9,730,000 of Water Revenue and improvement Bonds, Series 2014, dated July 31, 2014. The 2014 Bonds were issued to refund all 1999 and 2003 series bonds due after September 15, 2014, and to fund various capital improvement expenditures for the Water System.

The in-substance defeasance of the 1999 and 2003 Bonds was accomplished by placing \$3,835,802 in proceeds from the 2014 Bonds and \$40,700 in funds from the 1999 and 2003 Bonds sinking funds in an irrevocable escrow fund to be used solely for satisfying scheduled debt service payments of the 1999 and 2003 Bonds. Accordingly, 1999 and 2003 Bonds in the amount of \$1,305,000 and \$2,510,000, respectively, net of unamortized discount and issuance costs of \$60,176 and accrued interest payable of \$47,483, were extinguished resulting in the accounting recognition of a loss from defeasance of \$74,195, reported in the accompanying financial statements as a deferred outflow of resources. OMU advance refunded the 1999 and 2003 bonds to reduce the effective rate on the debt. The advance refunding resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$252,617.

The Series 2014 Bonds maturing on and after September 15, 2023, are subject to redemption prior to maturity in whole or in part on September 15, 2022, and on any date thereafter, at the redemption price of 100% of the principal amount redeemed, plus accrued interest to the redemption date.

On December 16, 2015, the City authorized and OMU issued \$5,385,000 of Water Revenue Improvement Bonds, Series 2015, dated December 1, 2015. The 2015 Bonds were issued to provide funds for the various capital improvement expenditures for the Water System and to fully fund the Bond Reserve Account. The Series 2015 Bond maturing on and after September 15, 2024, are subject to redemption in whole or in part on September 15, 2023, and on any date thereafter, at the redemption price of 100% of the principal amount redeemed, plus accrued interest to the redemption date.

On June 8, 2016, the City authorized and OMU issued \$6,590,000 of Water Revenue Refunding Bonds, Series 2016, dated June 8, 2016. The 2016 Bonds were issued to refund a portion of the outstanding Series 2009 Bonds.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

The in-substance defeasance of the 2009 Bonds was accomplished by placing \$6,417,071 in proceeds from the 2014 Bonds and \$104,023 in funds from the 2009 Bond Sinking Fund in an irrevocable escrow fund to be used solely for satisfying scheduled debt service payments of the 2009 Bonds. Accordingly, 2009 Bonds in the amount of \$5,895,000, net of unamortized discount and issuance costs of \$129,024 and accrued interest payable of \$69,133, were extinguished resulting in the accounting recognition of a loss from defeasance of \$685,985, reported in the accompanying financial statements as a deferred outflow of resources. OMU advance refunded the 2009 bonds to reduce the effective rate on the debt. The advance refunding resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$771,709.

The Series 2016 Bonds maturing on and after September 15, 2025, are subject to redemption in whole or in part on September 15, 2024, and on any date thereafter, at the redemption price of 100% of the principal amount redeemed, plus accrued interest to the redemption date.

On September 27, 2018, the City issued \$63,190,000 of Water Revenue Refunding and Improvement Bonds, Series 2018, dated September 27, 2018. These bonds were issued to refund all outstanding 2009 Series Bonds due after September 15, 2018, and to fund various capital improvement expenditures for the Water System including expansion of the Cavin Water Treatment Plant to treat an additional 20 million gallons of water per day. The refunding of the 2009 Bonds was accomplished by placing \$12,811,686 in proceeds from the 2018 Bonds with a paying agent to be used solely for refunding the outstanding 2009 Bonds. Accordingly, 2009 Bonds in the amount of \$12,790,000, net of unamortized discount and issuance cost of \$255,218 and accrued interest payable of \$21,686, were extinguished resulting in the accounting recognition of a loss from defeasance of \$255,218, reported in the accompanying financial statements as a deferred outflow of resources. The City refunded the 2009 Bonds to reduce the effective rate on the debt. The refunding resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$1,777,076.

The Series 2018 Bonds maturing on and after September 15, 2028, are subject to redemption prior to maturity in whole or in part on September 15, 2027, and on any date thereafter, at the redemption price of 100% of the principal amount redeemed, plus accrued interest to the redemption date.

All bonds are secured by a pledge of, and are payable from, the gross revenues derived from the operation of the Water System and are secured by the statutory mortgage lien as provided and authorized by the Kentucky Revised Statutes.

For all bonds, in the event of default, any Bondholder may proceed to protect and enforce its rights and the rights of the holders of the Bonds under the Ordinance forthwith by a suit or suits in equity or at law.

The difference between the reacquisition price and the net carrying amount of defeased bond issues has been deferred and is being amortized using the straight-line method over the lives of the defeased bond issues.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Owensboro Riverport Authority

Long-term debt and lease obligation activity (all direct borrowing) for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
River dock lease obligation	\$ 1,470,323	\$ -	\$ (538,790)	\$ 931,533	\$ 553,795
General obligation bonds	<u>11,480,000</u>	<u>-</u>	<u>(2,740,000)</u>	<u>8,740,000</u>	<u>2,820,000</u>
	12,950,323	-	(3,278,790)	9,671,533	3,373,795
Add unamortized debt premium	<u>158,056</u>	<u>-</u>	<u>(45,159)</u>	<u>112,897</u>	<u>-</u>
Total debt payable	<u>\$ 13,108,379</u>	<u>\$ -</u>	<u>\$ (3,323,949)</u>	<u>\$ 9,784,430</u>	<u>\$ 3,373,795</u>

Long-term debt of the Riverport at June 30, 2022, consisted of the following:

River dock lease obligation:	
2.75% with monthly payments of \$47,705, including interest, through February 14, 2024	\$ 931,533
General obligation bonds:	
3.00% - 3.40% with principal and interest due semi-annually through July 1, 2025	<u>8,740,000</u>
Total long-term debt	9,671,533
Less current maturities	(3,373,795)
Add unamortized debt premium	<u>112,897</u>
Long-term portion	<u>\$ 6,410,635</u>

In fiscal year 2014, the Authority entered into a ten-year lease agreement with a local financial institution pursuant to KRS 65.940 through 65.956 "the Governmental Leasing Act" for financing to construct a new river dock. Under the agreement, the Authority agreed to pay to the financial institution, as rent for the dock, amounts equal to the monthly debt payments of \$47,705, including interest, through February 14, 2024. The dock shall become the property of the Authority and the financial institution's interest therein, shall be conveyed to the Authority, without cost, upon the Authority's performance of all obligations under the lease. The debt is secured by revenues of the Authority, as defined in the agreement. The agreement also contains a provision that in the event of default, the lessor may take legal action to enforce performance and recover damages.

In fiscal year 2015, the City of Owensboro issued general obligation bonds in the amount of \$24,000,000 on behalf of the Authority for the purpose of financing the construction of an economic development project to be owned and operated by the Authority. Payments of principal and interest are made to the City and are due semi-annually through July 1, 2025. In accordance with a related agreement between the Authority and a third party dated November 17, 2014, the third-party pays to the Authority capital cost reimbursement payments, the total of which is not to exceed \$24,000,000. The agreement also established that the Authority would provide services to the third-party relating to the tolling facility for an initial term through December 31, 2025, with an option to renew for three additional years ending December 31, 2028.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 6 - LONG-TERM LIABILITIES, CONTINUED

Annual debt service requirements are as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,373,795	\$ 300,187	\$ 3,673,982
2024	3,287,738	200,821	3,488,559
2025	3,010,000	102,340	3,112,340
	<u>\$ 9,671,533</u>	<u>\$ 603,738</u>	<u>\$ 10,274,881</u>

NOTE 7 - CITY FUNDED RETIREMENT PLANS

The City of Owensboro maintains two pension plans which are funded and administered by the City: the City Employees' Pension Fund (CEPF) and the Police and Firefighters' Retirement Fund (PFRF). The City also participates in the state-wide County Employees' Retirement System (CERS).

Plan Descriptions:

City Employees' Pension Fund (CEPF)

Participants of the CEPF were full-time Civil Service employees of the City (except for police and firefighters) and OMU as of October 6, 1986, who elected to remain in the CEPF rather than enter the CERS. Employees hired after October 6, 1986, are required to participate in the CERS. No active employees remain in the CEPF. A single-employer, defined-benefit plan, the CEPF was created by ordinance on August 13, 1946, under KRS 90.310-90.410. Benefit provisions and contribution requirements are established under these authorities. A board of trustees consisting of the Mayor, two commissioners, and four employees administers the plan.

Police and Firefighters' Retirement Fund (PFRF)

Participants of the PFRF were full-time City police and firefighters as of August 1, 1988, who elected to remain in the PFRF rather than enter the CERS. Employees hired after August 1, 1988, are required to participate in the CERS. No active employees remain in the PFRF. A single-employer, defined-benefit plan, the PFRF was created by ordinance on March 26, 1928, under KRS 95.851-95.991. Benefit provisions and contribution requirements are established under these authorities. A board of trustees consisting of the Mayor, the Finance Director, one retired police officer, and one retired firefighter administers the plan.

The CEPF and PFRF issue publicly available financial reports that include financial statements and required supplementary information. These financial reports may be obtained from the City's Finance Director, City Hall, Owensboro, Kentucky 42303.

Benefits Provided:

CEPF provides retirement, disability, and death benefits to plan members. Employees attaining the age of 60 and who have completed 20 or more continuous years of service are entitled to monthly benefits of 50% of their average monthly earnings for the last ten years of employment. Retirement at age 70 is mandatory unless waived by the City. As of June 30, 2022, the plan had thirteen members, none of whom were active City or OMU employees. The plan is closed to new entrants.

PFRF provides retirement, disability, and death benefits to plan members. Employees attaining the age of 50 and who have completed 20 or more years of continuous service are entitled to annual benefits of 2.5% of their average monthly

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

earnings for each year of service up to a maximum of 75% of average monthly earnings. Early retirement at the completion of 20 years of service is permitted. As of June 30, 2022, the plan had thirty members, none of whom were active City employees. The plan is closed to new entrants.

Contributions:

The City's and OMU's funding policy for CEPF is to provide for periodic employer contributions for active employees at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The required contributions are determined using an entry age normal cost actuarial funding method. The plan has no active employees. The City and OMU made no contributions to the plan for the fiscal year ended June 30, 2022.

The City's funding policy for PFRF is to provide for periodic employer contributions to finance the costs of benefits paid to participants during the current year with an additional amount to finance any unfunded accrued liability. The plan has no active employees. The City made contributions of \$660,000 to the plan for the fiscal year ended June 30, 2022.

NET PENSION LIABILITY/ASSET

The CEPF had a net pension asset of \$2,262,970 as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020.

The PFRF net pension liability was \$3,576,554 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 June 30, 2020.

Actuarial Assumptions:

The total pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CEPF</u>	<u>PFRF</u>
Inflation rate	None	None
Investment rate of return	6.00%	2.75%

Mortality rates were based on the RP-2000 Mortality Table projected to 2020 without collar adjustment (separate tables for Male and Female lives). This assumption has been updated from that used in the 2017 valuation.

The long-term expected rate of return on pension plan investments was determined using a best estimate range of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) based on the nature of investments in each plan. Best estimates of arithmetic real rates of returns was 6.00% for CEPF and 2.75% for PFRF.

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.00% for the CEPF. The projection of cash flows used to determine the discount rate was based on plan income. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

Therefore, the expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability was 2.75% for the PFRF. The projection of cash flows used to determine the discount rate was based on plan income. Based on those assumptions, the plan's fiduciary net position is not sufficient to make all projected future benefit payments of current plan members and additional funding will be necessary in order to have sufficient assets to cover all projected benefit payments. The expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset):

	<u>CEPF</u>	<u>PFRF</u>
Total Pension Liability (Asset)		
Service cost	\$ -	\$ -
Interest	-	-
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit payments	(184,012)	(594,176)
Net change in total pension liability (asset)	<u>(184,012)</u>	<u>(594,176)</u>
Total Pension Liability - Beginning	1,315,235	4,671,164
Total Pension Liability - Ending (a)	<u>\$ 1,131,223</u>	<u>\$ 4,076,988</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ -	\$ 660,000
Contributions - employee	-	-
Contributions - other	-	7,141
Net investment income	(663,849)	7,522
Benefit payments	(184,012)	(594,176)
Administrative expense	(55,094)	(153)
Net change in plan fiduciary net position	<u>(902,955)</u>	<u>80,334</u>
Plan Fiduciary Net Position - Beginning	4,297,148	420,100
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,394,193</u>	<u>\$ 500,434</u>
Net Pension Liability (Asset) (a) - (b)	<u>\$ (2,262,970)</u>	<u>\$ 3,576,554</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate:

Sensitivity of the net pension liability (asset) was calculated using 6.00% for the CEPF, and 2.75% for the PFRF. The following represents the net pension liability of the plans using the discount rates as well as what the City's position would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
City of Owensboro City Employees' Pension Fund net pension liability (asset)	<u>\$ (2,173,017)</u>	<u>\$ (2,262,970)</u>	<u>\$ (2,343,229)</u>
	<u>1% Decrease (1.75%)</u>	<u>Current Discount Rate (2.75%)</u>	<u>1% Increase (3.75%)</u>
City of Owensboro Police and Firefighters' net pension liability	<u>\$ 3,938,430</u>	<u>\$ 3,576,554</u>	<u>\$ 3,176,897</u>

Pension Plan Fiduciary Net Position:

Detailed information about pension plans' fiduciary net position is available in the separately issued CEPF and PFRF financial reports.

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended June 30, 2022, the City recognized negative pension expense of \$(245,793), which consisted of \$(324,499) for CEPF and \$78,706 for PFRF. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:		
CEPF	\$ 30,645	\$ 214,913
PFPF	<u>129,080</u>	<u>197,645</u>
	<u>159,725</u>	<u>412,558</u>
Changes in assumptions:		
CEPF	10,729	-
PFPF	<u>395,331</u>	<u>-</u>
	<u>406,060</u>	<u>-</u>
Net difference between projected and actual earnings on pension plan investments:		
CEPF	143,714	-
PFPF	<u>6,550</u>	<u>-</u>
	<u>150,264</u>	<u>-</u>
Totals		
CEPF	185,088	214,913
PFPF	<u>530,961</u>	<u>197,645</u>
	<u>\$ 716,049</u>	<u>\$ 412,558</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 7 - CITY FUNDED RETIREMENT PLANS, CONTINUED

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	CEPF	PFRF
2023	\$ (80,691)	\$ 86,216
2024	(45,116)	92,087
2025	(20,110)	91,105
2026	162,746	94,472
2027	(11,467)	7,018
Thereafter	(35,187)	(37,582)

NOTE 8 - CERS RETIREMENT PLANS

General Information about the Pension Plans

Plan description: Substantially all of the City's full-time employees, as well as employees of Owensboro Municipal Utilities and Owensboro Riverport Authority, participate in the County Employees' Retirement System (CERS), a cost sharing, multiple-employer defined benefit plan administered by the CERS Board of Trustees. CERS consists of two plans – Non-Hazardous and Hazardous. Kentucky Public Pensions Authority issues a publicly available financial report that includes financial statements and supplementary information for CERS. That report can be obtained at <https://kyret.ky.gov>.

Benefits provided: CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Kentucky Revised Statute 61.645 assigns the authority to establish and amend benefit provisions to the Kentucky Retirement Systems Board of Trustees.

Cost of Living Adjustment (COLA): Prior to July 1, 2009, COLAs were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. No COLA has been granted since July 1, 2011

Contributions: Tier 1 plan members, who began participating prior to September 1, 2008, are required to contribute 5% (non-hazardous) and 8% (hazardous) of their annual creditable compensation. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6% (non-hazardous) and 9% (hazardous) of their annual creditable compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 25 USC Section 401(h) in the Pension Fund. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

Tier 3 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. Members contribute 5% (non-hazardous) and 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Kentucky Retirement System Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) and 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

Interest is paid into the Tier 3 member's account. The account currently earns 4% interest credit on the member's account balance as of June 30 of the previous year. The member's account may be credited with additional interest if the system's five-year Geometric Average Net Investment Return (GANIR) exceeded 4%. If the member was actively employed and participating in the fiscal year, and if the system's GANIR for the previous five years exceeds 4%, then the member's account will be credited with 75% of the amount of the returns over 4% on the account balance as of June 30 of the previous year (Upside Sharing Interest). The Upside Sharing Interest is credited to both the member contribution balance and Employer Pay Credit Balance.

The City is required to contribute at an actuarially determined rate. As of June 30, 2022, the City's required contribution rate was 21.17% (non-hazardous) and 33.86% (hazardous) of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the CERS Board of Trustees. Contributions to CERS from the City were \$2,261,499 for non-hazardous employees and \$4,554,456 for hazardous employees, for total contributions of \$6,815,955 for the year ended June 30, 2022.

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

At June 30, 2022, the City reported a liability of \$79,340,150, for its proportionate share of the collective net pension liabilities, with \$27,638,515 for non-hazardous pensions and \$51,701,635 for hazardous pensions. The collective net pension liabilities were measured as of June 30, 2021, and the total pension liabilities used to calculate the collective net pension liabilities were determined by actuarial valuations as of June 30, 2020 and rolled-forward using generally accepted actuarial principles. The City's proportion of the collective net pension liabilities was based on projections of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was 0.433492% for non-hazardous pensions, an increase of 0.012819% from its proportion measured as of June 30, 2020, and 1.942094% for hazardous pensions, an increase of 0.003786% from its proportion measured as of June 30, 2020.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

The following is a summary of the City's CERS collective net pension liability:

	Net Pension Liability
City of Owensboro:	
Non-Hazardous	\$ 27,638,515
Hazardous	51,701,635
Total City of Owensboro	\$ 79,340,150
Component Units:	
Owensboro Municipal Utilities:	
Electric Light and Power System	\$ 31,848,682
Water Works	7,693,040
Total Owensboro Municipal Utilities	\$ 39,541,722
Owensboro Riverport Authority	\$ 6,270,393

For the year ended June 30, 2022, the City recognized pension expense of \$9,360,097, which consists of \$3,169,727 for non-hazardous pensions and \$6,190,370 for hazardous pensions. The net pension expense in aggregate for all plans was \$9,114,304 for the year ended June 30, 2022. At June 30, 2022, 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 experience	\$ 1,743,134	\$ 268,250
Changes of assumptions	1,016,684	-
Net difference between projected and actual investment earnings on pension plan investments	-	9,234,030
Changes in proportion and differences between City contributions and proportional share of contributions	1,242,894	105,861
City contributions subsequent to the measurement date	6,815,955	n/a
Total	\$ 10,818,667	\$ 9,608,141

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

Of the total amount reported as deferred outflows of resources related to pensions, City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the City's pension expense as follows:

Year ended June 30:	
2023	\$ 119,160
2024	(1,216,522)
2025	(1,696,476)
2026	(2,811,591)
2027	-
Thereafter	-

Actuarial assumptions: The Kentucky Retirement Systems Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The total pension liability as of June 30, 2021, was determined using the following updated assumptions:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service for non-hazardous 3.55% to 19.05%, varies by service for hazardous
Investment Rate of Return	6.25%

The mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2020. The mortality table used for the disabled members was PUB-2010 Disable 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 are summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60)%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Expected Real Return	100.00%	5.00%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		7.30%

Discount rate: The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

Sensitivity of the City's proportionate share of the collective net pension liabilities to changes in the discount rate: The following presents the City's proportionate share of the collective net pension liabilities calculated using the discount rate of 6.25%, as well as what the City's proportionate share of the collective net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate:

<u>City's proportionate share of the collective net pension liability as of June 30, 2021</u>	<u>1.00% Decrease (5.25%)</u>	<u>Current Discount Rate (6.25%)</u>	<u>1.00% Increase (7.25%)</u>
Non-Hazardous	\$ 35,447,707	\$ 27,638,515	\$ 21,176,592
Hazardous	\$ 65,900,909	\$ 51,701,635	\$ 40,129,285

Pension plan fiduciary net position: Detailed information about the pension plans' fiduciary net position is available in the separately issued Kentucky Public Pensions Authority financial report.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

General Information about the Other Postemployment Benefits (OPEB) Plan

Plan description: In addition to the pension benefits described above, Kentucky Public Pensions Authority provides postemployment healthcare benefits through the Kentucky Retirement Systems Insurance Trust Fund (Insurance Fund), a cost-sharing, multiple-employer defined benefit plan. The Insurance Fund was established by KRS 61.701 to provide hospital and medical insurance for those receiving benefits from the Kentucky Employees' Retirement System (KERS), the County Employees' Retirement System (CERS), and the State Police Retirement System (SPRS). The responsibility for the general administration and operation of the Insurance Fund is vested with the KRS and CERS Boards of Trustees.

Benefits Provided: The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2021 (the date of the latest available information), insurance premiums withheld from benefit payments for members of CERS were \$24.3 million and \$3.3 million for non-hazardous and hazardous employees, respectively. For the fiscal year ended June 30, 2020, insurance premiums withheld from benefit payments for members of CERS were \$24.5 million and \$3.0 million for non-hazardous and hazardous employees, respectively. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous employees killed in the line of duty.

The amount of contributions paid by the Insurance Fund is based on years of service. For employees participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are shown below:

<u>Years of Service</u>	<u>% Paid by Insurance Fund</u>
20 or more	100%
15 - 19	75%
10 - 14	50%
4 - 9	25%
Less than 4	0%

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for those who began participating on or after July 1, 2003. Once employees reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003 earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692, and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Contributions: The City is required to contribute at an actuarially determined rate. As of June 30, 2022, the City's required contribution rate was 5.78% and 10.47% of annual covered payroll for non-hazardous and hazardous employees, respectively. The contribution requirements of plan members and the City are established and may be amended by the CERS Board of Trustees. Contributions to the Insurance Fund from the City were \$617,452 (not including implicit subsidies reported in the amount of \$273,007) for non-hazardous employees and \$1,408,303 (not including implicit subsidies reported in the amount of \$111,830) for hazardous employees, for total contributions of

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

\$2,025,755 (not including implicit subsidies reported in the amount of \$384,837) for the year ended June 30, 2022. As described in above, Tier 2 and Tier 3 employees contribute 1% of their annual creditable compensation to the Insurance Fund; Tier 1 employees are not required to contribute.

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

At June 30, 2022, the City reported a liability of \$23,999,988 for its proportionate share of the collective net OPEB liabilities, with \$8,297,054 for non-hazardous OPEB and \$15,702,934 for hazardous OPEB. The collective net OPEB liabilities were measured as of June 30, 2021, and the total OPEB liabilities used to calculate the collective net OPEB liabilities was determined by an actuarial valuation as of June 30, 2020 and rolled-forward using generally accepted actuarial principles. The City's proportion of the collective net OPEB liabilities was based on projections of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was 0.433391% for non-hazardous pensions, an increase of 0.012838% from its proportion measured as of June 30, 2020, and 1.942088% for hazardous pensions, an increase of 0.004392% from its proportion measured as of June 30, 2020.

The following is a summary of the City's CERS net OPEB liability:

	Net OPEB Liability
City of Owensboro:	
Non-Hazardous	\$ 8,297,054
Hazardous	15,702,934
Total City of Owensboro	\$ 23,999,988
Component Units:	
Owensboro Municipal Utilities:	
Electric Light and Power System	\$ 9,560,935
Water Works	2,309,441
Total Owensboro Municipal Utilities	\$ 11,870,376
Owensboro Riverport Authority	\$ 1,882,364

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 8 - CERS RETIREMENT PLANS. CONTINUED

For the year ended June 30, 2022, the City recognized OPEB expense of \$2,699,290, which consists of \$838,141 for non-hazardous OPEB and \$1,861,149 for hazardous OPEB. At June 30, 2022, 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 experience	\$ 1,795,406	\$ 4,166,604
Changes of assumptions	6,137,645	13,583
Net difference between projected and actual investment earnings on OPEB plan investments	-	4,253,607
Changes in proportion and differences between City contributions and proportional share of contributions	471,963	146,213
Implicit subsidy	384,837	n/a
City contributions subsequent to the measurement date	2,025,755	n/a
Total	<u>\$ 10,815,606</u>	<u>\$ 8,580,007</u>

Of the total amount reported as deferred outflows of resources related to OPEB, the implicit subsidy and City contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liabilities in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's OPEB expense as follows:

Year ended June 30:	
2023	\$ 78,338
2024	163,536
2025	49,361
2026	(792,373)
2027	326,145
Thereafter	-

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 8 - CERS RETIREMENT PLANS, CONTINUED

Actuarial assumptions: The Kentucky Retirement Systems Board of Trustees adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. The total OPEB liability as of June 30, 2021, was determined using the following updated assumptions:

Inflation	2.30%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service for non-hazardous 3.55% to 19.05%, varies by service for hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The assumed increase in future healthcare costs, or trend assumption, was reviewed during the June 30, 2020, valuation process and was updated to better reflect the plan’s anticipated long-term healthcare costs. There were no other material assumption changes.

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 or arithmetic real rate of return for each major asset class are summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	68.50%	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	11.50%	
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60)%
Diversifying Strategies	20.00%	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Expected Real Return	100.00%	5.00%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		7.30%

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 8 - CERS RETIREMENT PLANS. CONTINUED

The fully-insured premiums Kentucky Public Pensions Authority pays for the CERS Health Insurance Plans are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Discount rate: Single discount rates of 5.20% for non-hazardous and 5.05% for hazardous were used to measure the total OPEB liability as of June 30, 2021. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of current plan members. However, the cost associated with the implicit employer subsidy was not included in the calculation of the system's actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the system's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the City's proportionate share of the collective net OPEB liabilities to changes in the discount rate: The following presents the City's proportionate share of the collective net OPEB liabilities calculated using discount rates of 5.20% (non-hazardous) and 5.05% (hazardous), as well as what the City's proportionate share of the collective net OPEB liabilities would be if they were calculated using discount rates that are one percentage point lower (4.20% and 4.05%, respectively) or one percentage point higher (6.20% and 6.05%, respectively) than the current rates:

<u>City's proportionate share of the collective net OPEB liability as of June 30, 2021</u>	<u>1.00% Decrease</u>	<u>Current Discount Rate</u>	<u>1.00% Increase</u>
Non-Hazardous	\$ 11,391,792	\$ 8,297,054	\$ 5,757,308
Hazardous	\$ 22,766,274	\$ 15,702,934	\$ 10,027,948

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

<u>City's proportionate share of the collective net OPEB liability as of June 30, 2021</u>	<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Non-Hazardous	\$ 5,972,893	\$ 8,297,054	\$ 11,102,353
Hazardous	\$ 10,289,418	\$ 15,702,934	\$ 22,333,200

OPEB plan fiduciary net position: Detailed information about the OPEB plans' fiduciary net position is available in the separately issued Kentucky Public Pensions Authority financial report.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 9 – LEASES

Primary Government

The City's leasing operations are as follows:

Lessor

Museum of Fine Art, Inc.

On May 21, 1997, the City entered into a lease agreement with the Museum of Fine Art, Inc., for a building known as the "Carnegie Building." The term of the lease is for ninety-nine years, for which the Museum will pay to the City an annual sum of \$1.

RiverPark Center, Inc.

On September 1, 2011, the City entered into a lease agreement with RiverPark Center, Inc. (RPC), for the property on which this performing arts center is situated. The term of the lease is for ninety-nine years, for which RPC will pay to the City an annual sum of \$1.

Owensboro-Daviess Co. Tennis Association, Inc.

On May 12, 2014, the City entered into a lease agreement with the Owensboro-Daviess County Tennis Association, Inc., for real property located at 2965 Bittel Road in Owensboro, Kentucky, location of an indoor tennis facility. The term of the lease is 20 years and will automatically renew for two additional terms of 5 years. The lessee shall pay to the City rent of \$6,059/month for the 20-year term beginning January 1, 2015. The Lease revenue is measured at net present value of the future rent payments expected to be received during the lease term at a discount rate of 3.037%.

During the fiscal year ended June 30, 2022, the City recognized \$51,907 of lease revenue and \$20,801 of interest under the lease.

Future annual minimum lease payments are estimated to be as follows:

<u>Year ending June 30:</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 72,703	\$ 51,486	\$ 21,217
2024	72,703	53,072	19,631
2025	72,703	54,707	17,996
2026	72,703	56,392	16,311
2027	72,703	58,129	14,574
2028-2032	363,515	318,636	44,879
2033-2034	133,289	129,487	3,802
	<u>\$ 860,319</u>	<u>\$ 721,909</u>	<u>\$ 138,410</u>

The deferred inflow of resources on lease activity for the fiscal year ended June 30, 2022 is as follows:

<u>Balance June 30, 2021</u>	<u>Deferred</u>	<u>Balance June 30, 2022</u>
<u>\$</u>	<u>Revenue Recognized</u>	<u>\$</u>
<u>773,875</u>	<u>(51,907)</u>	<u>721,968</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 9 – LEASES, CONTINUED

Bluegrass Music Hall of Fame & Museum

On November 23, 2015, the City entered into a lease agreement with the International Bluegrass Music Museum, Inc. to lease the building at 207 East Second Street where the Bluegrass Music Hall of Fame & Museum is located. The term of the lease is for twenty years, for which the Bluegrass Museum will pay to the City an annual sum of \$1.

The cost and carrying amount of property held under the four aforementioned leases is as follows:

Land	\$	849,562
Buildings		32,214,157
		33,063,719
Less accumulated depreciation		(16,626,982)
		\$ 16,436,737

Lessee

Centre for Business and Research

The City leases premises for its Centre for Business and Research, the purpose of which is to sub-lease incubator space for the start-up of new businesses in the City. Under the City's master lease, monthly rental payments are dependent upon the amount and type of space subleased, and subject to increases, if applicable, in the Consumer Price Index. Based on the existing subleases at June 30, 2022, the City's future annual minimum lease payments are estimated to be as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2023	\$ 137,716
2024	34,429
	\$ 172,145

Because sublease agreements are generally for a period of one-year, future annual minimum sub-lease payments to be received do not extend beyond fiscal year 2022. The City's rental expense and sub-lease income for the year ended June 30, 2022, total \$150,283 and \$0, respectively.

Component Units

Leasing arrangements of the City's component units are as follows:

Owensboro Riverport Authority

Lessor

The Authority's leasing activities as lessor consist primarily of the leasing of land and facilities to certain customers under agreements with original lease terms ranging from 3 to 20 years, some of which contains provisions for payments to be adjusted based on tonnage and/or CPI increases. Lease receivables totaling \$5,756,216 and \$4,575,010 at June 30, 2022 and 2021, respectively, have been recorded based on the present value of the future minimum lease payments received. The deferred inflows of resources totaled \$5,675,132 and \$4,575,010 at June 30, 2022 and 2021, respectively.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 9 – LEASES, CONTINUED

Future minimum lease payments to be received as of June 30, 2022, are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,288,730	\$ 161,749	\$ 1,450,479
2024	1,300,842	121,914	1,422,756
2025	896,626	84,129	980,755
2026	458,238	65,317	523,555
2027	443,568	51,186	494,754
2028-2032	<u>1,368,212</u>	<u>83,864</u>	<u>1,452,076</u>
	<u>\$ 5,756,216</u>	<u>\$ 568,159</u>	<u>\$ 6,324,375</u>

Lease revenue recognized under these leases totaled \$1,420,045 and \$1,288,661 for the years ended June 30, 2022 and 2021, respectively. Interest income recognized under these leases totaled \$171,380 and \$153,975, for the years ended June 30, 2022 and 2021, respectively.

NOTE 10 – PROJECT FINANCING

U.S. Bank

In fiscal years 2011 and 2013, the City issued general obligation bonds totaling \$8,365,000 and \$6,350,000, respectively, to construct certain property to be leased to U.S. Bank (Bank). The City and the Bank then entered into two twenty-year lease agreements wherein the Bank agreed to pay to the City, as rent for the property, annual payments based on square footage, which may decrease in future years depending upon the number of new jobs created. Payments of principal and interest due on the debt shall be provided by the additional occupational license taxes generated from such new jobs and the annual rental payments. The leases are absolute net leases under which the Bank pays, in addition to rent as stated above, any and all expenses related to the leased premises. Upon the earlier of the end of the term or the payoff and retirement of the bond issues, and for 90 days thereafter, the Bank has the option to purchase the properties from the City for \$1. An interest rate of 3.017% has been used to discount.

During the fiscal year ended June 30, 2022, the City recognized \$775,000 of lease revenue and \$250,161 of interest under the lease.

Future minimum lease payments and net present value of these minimum lease payments included in the measurement of the lease receivable as of June 30, 2022 are as follows:

<u>Year ending June 30:</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,032,759	\$ 800,000	\$ 232,759
2024	1,034,189	820,000	214,189
2025	1,034,907	840,000	194,907
2026	1,034,295	860,000	174,295
2027	1,022,470	870,000	152,470
2028-2032	4,539,558	4,140,000	399,558
2033	<u>425,375</u>	<u>410,000</u>	<u>15,375</u>
	<u>\$ 10,123,553</u>	<u>\$ 8,740,000</u>	<u>\$ 1,383,553</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 10 – PROJECT FINANCING-CONTINUED

The deferred inflow of resources on lease activity for the fiscal year ended June 30, 2022 is as follows:

<u>Balance June 30, 2021</u>	<u>Deferred Revenue Recognized</u>	<u>Balance June 30, 2022</u>
\$ 9,515,000	\$ (775,000)	\$ 8,740,000

NOTE 11 – DEFERRED COMPENSATION PLANS

The City provides its employees the opportunity to participate in two deferred compensation plans which comply with Section 457 of the Internal Revenue Code. One plan is administered by Nationwide Retirement Solutions, Inc. and the second is administered by Kentucky Public Employees' Deferred Compensation Authority. Participation in the plans is optional. The City remits amounts withheld from payroll to administrators of each plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plans are compliant with recent law changes. Accordingly, assets of the plans are held in trust under the requirements of IRC Section 457, subsection (g), for the exclusive benefit of the participants and their beneficiaries. The plans do not meet the criteria in NCGA Statement 1 for reporting as fiduciary funds.

NOTE 12 – COMPENSATED ABSENCES

Employees who retire, or whose position has been eliminated, receive payment for accumulated sick leave under one of the following options:

- 1) Cash payment equal to fifty (50) percent of their current salary value of accumulated sick leave,
- 2) Application of all accumulated sick leave as a credit toward years of service, included in the calculation of pension benefits, or
- 3) A combination of Option 1 and Option 2

In addition, upon termination of employment (retirement or otherwise), employees are paid for accumulated vacation at their current rate of pay.

The liability for the aforementioned compensated absences is recorded as a liability on the statement of net position. The liability as of fiscal year end June 30, 2022 totaled \$4,480,689 for governmental activities and \$520,757 for business-type activities.

NOTE 13 – INTERFUND BALANCES

Interfund balances involving governmental and fiduciary funds are reflected as intergovernmental receivables and payables. The balances result from expenditures disbursed by the Investment Trust Fund on behalf of the governmental funds, or taxes received on behalf of the custodial fund.

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Fiduciary Funds:		
Custodial Fund: School District Tax Fund	\$ 228,512	\$ -
Major Governmental Funds:		
General Fund	-	228,512
	<u>\$ 228,512</u>	<u>\$ 228,512</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 13 – INTERFUND BALANCES-CONTINUED

Receivable and payable balances involving component units at June 30, 2022, were as follows:

<u>Primary Government</u>	<u>Receivable</u>	<u>Payable</u>
Debt Service Fund	\$ 8,740,000	\$ -
Sanitation Fund	<u>1,119,614</u>	<u>-</u>
	<u>9,859,614</u>	<u>-</u>
<u>Component Units</u>		
Owensboro Municipal Utilities	-	1,119,614
Owensboro Riverport Authority	<u>-</u>	<u>8,740,000</u>
	<u>\$ -</u>	<u>\$ 9,859,614</u>

Receivables in the General Fund represent balances due from component units for computer services. Receivables in the Debt Service Fund represent balances due from component units for debt service payments made by the City on behalf of the component units. Receivables in the Sanitation Fund represent balances due from component units for sanitation services.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 14 – TRANSFERS

Transfer in:														
Major Governmental Funds				Nonmajor Governmental Funds			Enterprise Funds					Fiduciary Funds		
General Fund	Capital Improvements Fund	Your Community Vision	Debt Service Fund	CERS	Downtown Riverfront TIF	Central Dispatch Fund	Transit Fund	Geographic Information System fund	Convention Center Operations Fund	Sportscenter Operations Fund	Recreation Fund	Police and Firefighters' Retirement Fund	Total	
Transfer out:														
Major Governmental Funds:														
General Fund	\$ -	\$ 758,650	\$ -	\$ 977,221	\$ 2,000,000	\$ 572,178	\$ 2,242,613	\$ 1,134,378	\$ 125,639	\$ 913,950	\$ 707,783	\$ 2,372,832	\$ 660,000	\$ 12,465,244
Your Community Vision Fund				2,066,490										2,066,490
Downtown Revitalization Fund				4,338,709										4,338,709
														18,870,443
Nonmajor Governmental Funds:														
Economic Development Fund				1,177,648										1,177,648
CERS	974,357													974,357
Gateway Commons TIF	844,240		109,054											953,294
Downtown Riverfront TIF	761,883			1,413,014										2,174,897
														5,280,196
Enterprise Funds:														
Convention Center Operations Fund				105,878										105,878
Recreation Fund				138,965										138,965
														244,843
	\$ 2,580,480	\$ 758,650	\$ 109,054	\$ 10,217,925	\$ 2,000,000	\$ 572,178	\$ 2,242,613	\$ 1,134,378	\$ 125,639	\$ 913,950	\$ 707,783	\$ 2,372,832	\$ 660,000	\$ 24,395,482
														(19,385,743)
														5,009,739

NOTE 1:

Transfers are used to:

- (a) move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them.
- (b) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and
- (c) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 2:

The General fund transfer represents the City's support of the combined city-county dispatch operations. This activity is accounted for in a separate fund, the Central Dispatch Fund.

The City and County contribute 73% and 27%, respectively, to fund the dispatch operations.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 15 – FUND BALANCE CLASSIFICATIONS

The composition of the fund balance classifications at June 30, 2022 are as follows:

	Major Governmental Funds							Total Governmental Funds
	General Fund	Your Community Vision Fund	Downtown Development and Revitalization Fund	Debt Service Fund	Capital Improvements Fund	ARPA Fund	Nonmajor Governmental Funds	
Fund balances:								
Nonspendable:								
Inventory	\$ 24,453	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,453
Prepaid items	112,235	-	-	-	-	-	336	112,571
	<u>136,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336</u>	<u>137,024</u>
Restricted for:								
Debt service	407,569	2,065,619	244,595	8,740,011	-	-	1,185,811	12,643,605
Downtown development	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	10,000,000	635,670	10,635,670
Capital projects	-	-	-	-	4,567,489	3,030,796	1,331,211	8,929,496
Parks and wellness	-	-	-	-	-	-	-	-
	<u>407,569</u>	<u>2,065,619</u>	<u>244,595</u>	<u>8,740,011</u>	<u>4,567,489</u>	<u>13,030,796</u>	<u>3,152,692</u>	<u>32,208,771</u>
Committed:								
Public safety	-	-	-	-	-	-	1,342,256	1,342,256
Stormwater maintenance and capital project	-	1,730,698	-	-	-	-	-	1,730,698
Infrastructure	-	1,748,005	-	-	-	-	-	1,748,005
Economic development	-	-	-	-	-	-	4,390,050	4,390,050
	<u>-</u>	<u>3,478,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,732,306</u>	<u>9,211,009</u>
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,283,542</u>	<u>4,283,542</u>
Unassigned	<u>28,843,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,843,269</u>
Total fund balances	<u>\$ 29,387,526</u>	<u>\$ 5,544,322</u>	<u>\$ 244,595</u>	<u>\$ 8,740,011</u>	<u>\$ 4,567,489</u>	<u>\$ 13,030,796</u>	<u>\$ 13,168,876</u>	<u>\$ 74,683,615</u>

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 16 - RISK MANAGEMENT

Primary Government

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Beginning in July 1994, the City established an Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Insurance Fund provides coverage for up to a maximum of \$250,000 through December 31, 2004, and \$300,000 thereafter for each workers' compensation claim, up to a maximum of \$2,000,000 per policy year; and \$100,000 for each health insurance claim per insured. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate in the program and make payments to the Insurance Fund based on historical cost information of the amounts needed to pay prior and current year claims. The claims liability of \$1,831,903 reported in the Insurance Fund at June 30, 2022, is due within one year, and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, as amended by Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims & Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Fiscal Year Liability</u>
2022	\$ 1,698,896	\$ 4,854,446	\$ (4,721,439)	\$ 1,831,903
2021	\$ 2,031,254	\$ 3,977,803	\$ (4,310,161)	\$ 1,698,896
2020	\$ 1,915,995	\$ 4,991,285	\$ (4,876,026)	\$ 2,031,254

Component Units

Owensboro Municipal Utilities

Owensboro Municipal Utilities 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. OMU manages its risks through coverage provided by private insurance carriers for various risks of losses to which it is exposed, including directors and officers, employee dishonesty, boiler and machinery, workers' compensation, and other property risks. The boiler and machinery policy contains a deductible of \$250,000 and excludes acts of terrorism from its coverage. OMU is self-insured for group health insurance and limits its risks of loss by purchasing reinsurance coverage.

Owensboro Riverport Authority

The Owensboro Riverport Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Authority purchases commercial insurance for the risks of losses to which it is exposed.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 17 – INTERGOVERNMENTAL PAYMENTS - COMPONENT UNITS

Payments made to the City from component units for the year ended June 30, 2022 were:

	Riverport	OMU	Total
Dividends	\$ 500,000	\$ 7,696,008	\$ 8,196,008
In Lieu of Tax	-	2,890,704	2,890,704
	\$ 500,000	\$ 10,586,712	\$ 11,086,712

Owensboro Municipal Utilities

The City Utility Commission may withdraw and pay to the General Fund an amount of excess cash, as determined under the terms and restrictions of Ordinance 72-63 of the City. The Ordinance calls for payment to the City of a sum equal to the dollar value of services purchased by the City from the Electric Light and Power System in the fiscal year, not to exceed \$700,000 for the fiscal year ended June 30, 1985, and thereafter increasing at a compound rate of 2.5% per annum. The Water Works System pays to the General Fund each year a sum equal to the dollar value of service purchased by the City from the Water Works System.

Owensboro Riverport Authority

The Authority paid the General Fund \$500,000 for the year ended June 30, 2022.

NOTE 18 - DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL STATEMENTS

The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of those instruments. Investments are stated at their fair value obtained from market quotations from published sources on the last business day of the fiscal year.

NOTE 19 - CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2022, there were no conduit debt obligations.

City of Owensboro, Kentucky
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 20 - INVESTMENT IN JOINT VENTURE

The City of Owensboro and Daviess County Fiscal Court jointly maintain equity interest in the Owensboro-Daviess County Regional Airport. A Board of Directors oversees the operations of the Airport. The Board is comprised of ten members. The City Mayor and County Judge Executive each appoint five members for a term of four years.

The Board is primarily autonomous in its operation. The City does not exercise any control over the Board in its budgetary or financial affairs. If the Airport were to cease operation, its properties would be distributed to the City and County in direct proportion to their cumulative contributed grants. This proportion is approximately 50% each at June 30, 2022.

The City's equity interest in the Owensboro-Daviess County Regional Airport at June 30, 2022, was \$15,944,705 and is reported as an investment in joint venture in the statement of net position. Because the City's participation in the joint venture is for investment purposes, the decrease in this investment of (\$339,255) for the year ended June 30, 2022, is reported as general revenue in the statement of activities.

Audited financial statements for the Airport may be obtained from the City's Finance Director.

NOTE 21 - COMMITMENTS AND CONTINGENCIES

Primary Government

The City is a defendant or plaintiff in lawsuits which have arisen in the normal course of operations. While certain lawsuits involve substantial amounts, it is the opinion of management, based on the advice of legal counsel, that the ultimate resolution of such litigation will not have a material adverse effect on the City's financial position.

Under the terms of certain Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits lead to reimbursement of the grant monies to the respective grantor agency. Management of the City believes that any disallowance would be immaterial.

Components Units

During the fiscal year 2019, the OMU Water System entered into a construction contract to expand the Cavin Water Treatment Plant. Although contracts have termination provisions, minimum future payments on this contract for the year ending May 31, 2022, are estimated to be as follows:

<u>Year ending May 31:</u>	
2023	\$ <u>542,122</u>

OMU 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. OMU manages its risks through coverage provided by private insurance carriers for various risks of losses to which it is exposed, including directors and officers, employee dishonesty, boiler and machinery, workers' compensation, and other property risks. The boiler and machinery policy contains a deductible of \$250,000 and excludes acts of terrorism from its coverage. OMU is self-insured for group health and limits its risk of loss by purchasing reinsurance coverage.

City of Owensboro, Kentucky
Notes to Required Supplementary Information (RSI) on Budgetary Accounting and Control
For the Fiscal Year Ended June 30, 2022

NOTE 21 - COMMITMENTS AND CONTINGENCIES, CONTINUED

OMU has been identified by the United States Environmental Protection Agency as one of numerous parties that may be liable for damages under federal law with respect to a superfund hazardous waste site. Through May 31, 2019, OMU has paid \$57,500, plus legal costs, related to this matter. Based upon the opinion of its outside legal counsel, management does not anticipate additional costs to be material; however, the ultimate resolution of this matter and the related financial impact on OMU, if any, cannot be determined at this time.

There are a number of other pending legal actions involving OMU. Management believes that the outcome of such legal actions and claims will not have a material effect on OMU's financial position or results of operations.

NOTE 22 - RISK MANAGEMENT

The City of Owensboro 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. The City carries commercial insurance for these types of risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 23 - TAX INCREMENT FINANCING (TIF) PROJECTS

The City activated both of their TIF projects, the Downtown Riverfront Revitalization TIF and the Gateway Commons TIF, on January 1, 2018. The activation of the TIFs will result in reimbursements of incremental tax revenues earned within the TIF areas derived from both the City and the Commonwealth of Kentucky. The Kentucky State Economic Development Finance Authority approved a total of \$24.5 million for the Downtown Riverfront Revitalization TIF and \$20.5 million for the Gateway Commons TIF in state tax incentive rebates over 20 years to cover public infrastructure costs. During the year ended June 30, 2022, the City of Owensboro accrued tax incentive rebates of \$1,241,303 for the Gateway Commons TIF and \$280,437 for the Downtown Riverfront Revitalization TIF.

NOTE 24 - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following statements:

During the year ended June 30, 2022, the City of Owensboro adopted Statement No. 87, Leases. The pronouncement establishes guidance for recognition of certain lease assets and liabilities and inflows or outflows of resources based upon payment provisions of lease contracts. The adoption of this pronouncement has no effect on the City's net position.

Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, the requirements of this Statement were implemented and have no material effect on the financial statements.

Statement No. 91, Conduit Debt Obligations, the requirements of this Statement will be effective for financial statements for the fiscal year ending June 30, 2023.

Statement No. 92, Omnibus 2020, the requirements of this Statement were implemented and have no material effect on the financial statements.

Statement No. 94, Public-Private and Public-Public and Availability Payment Arrangements effective for financial statements for the fiscal year ending June 30, 2023.

City of Owensboro, Kentucky
Notes to Required Supplementary Information (RSI) on Budgetary Accounting and Control
For the Fiscal Year Ended June 30, 2022

NOTE 24 – NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

Statement No. 96, Subscription-Based Information Technology Arrangements effective for financial statements for the fiscal year ending June 30, 2023.

Statement No. 98, The Annual Comprehensive Report, the requirements of this Statement were implemented and have no material effect on the financial statements.

Statement No. 99, Omnibus 2022 effective for financial statements for the fiscal year ending June 30, 2024.

Statement No. 100, Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62 effective for financial statements for the fiscal year ending June 30, 2024.

Statement No. 101, Compensated Absences effective for financial statements for the fiscal year ending June 30, 2025.

In addition to the pronouncements discussed previously, GASB has issued additional guidance for state and local governments that are not yet effective. The City reviews each pronouncement to determine the impact of implementation in future periods.

NOTE 25 – SUBSEQUENT EVENTS

The City anticipates issuing bonds in fiscal year 2023-2024 to fund the construction of an indoor sportsplex, a transient boat dock, and a firefighter training center at an estimated total cost of \$33 million

City of Owensboro, Kentucky
Schedule of Changes in Plan Net Pension Liability and Related Ratios
City Employees' Pension Fund
Fiduciary Funds
For the Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	205,362	-	109,970	123,942	138,906	146,041	170,343	179,398
Changes of benefit terms	-	-	44,114	-	33,052	9,813	-	72,434	40,594	50,384
Differences between expected and actual experier	-	-	(184,452)	-	61,290	(94,508)	(77,133)	(7,507)	(234,237)	47,885
Changes of assumptions	-	-	8,402	-	-	7,574	-	9,063	-	11,819
Benefit payments	(184,012)	(196,517)	(221,733)	(253,351)	(269,985)	(291,151)	(334,825)	(343,802)	(426,592)	(456,696)
Net Change in Total Pension Liability	(184,012)	(196,517)	(148,307)	(253,351)	(65,673)	(244,330)	(273,052)	(123,771)	(449,892)	(167,210)
Total Pension Liability (Asset) - Beginning	1,315,235	1,511,752	1,660,059	1,913,410	1,979,083	2,223,413	2,496,465	2,620,236	3,070,128	3,237,338
Total Pension Liability (Asset) - Ending	\$ 1,131,223	\$ 1,315,235	\$ 1,511,752	\$ 1,660,059	\$ 1,913,410	\$ 1,979,083	\$ 2,223,413	\$ 2,496,465	\$ 2,620,236	\$ 3,070,128
Plan Fiduciary Net Position:										
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	-	-	-	-	-	-	-	-	-	-
Contributions - other	-	-	-	-	-	-	-	-	-	-
Net investment income	(663,849)	1,073,017	321,879	257,444	457,681	455,239	59,940	177,203	488,294	344,353
Benefit payments including refunds	(184,012)	(196,517)	(221,733)	(253,351)	(269,985)	(291,151)	(334,825)	(358,624)	(426,592)	(456,696)
Administrative expenses	(55,094)	(45,625)	(26,646)	(32,701)	(24,449)	(32,400)	(35,123)	(33,211)	(31,800)	(18,820)
Other - debt service	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(902,955)	830,875	73,500	(28,608)	163,247	131,688	(310,008)	(214,632)	29,902	(131,163)
Plan Fiduciary Net Position - Beginning	4,297,148	3,466,273	3,392,773	3,421,381	3,258,134	3,126,446	3,436,454	3,651,086	3,621,184	3,752,347
Plan Fiduciary Net Position - Ending	\$ 3,394,193	\$ 4,297,148	\$ 3,466,273	\$ 3,392,773	\$ 3,421,381	\$ 3,258,134	\$ 3,126,446	\$ 3,436,454	\$ 3,651,086	\$ 3,621,184
City's Net Pension Liability (Asset)	\$ (2,262,970)	\$ (2,981,913)	\$ (1,954,521)	\$ (1,732,714)	\$ (1,507,971)	\$ (1,279,051)	\$ (903,033)	\$ (939,989)	\$ (1,030,850)	\$ (551,056)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	300%	327%	229%	204%	179%	165%	141%	138%	139%	118%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actuarial Valuation Date	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

See Independent Auditor's Report and Notes to Required Supplementary Information (RSI) on Pension Schedules.

City of Owensboro, Kentucky
Schedule of Changes in Plan Net Pension Liability and Related Ratios
Police and Firefighters' Retirement Fund
Fiduciary Funds
For the Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	316,658	-	175,528	300,505	328,605	348,249	358,405	363,697
Changes of benefit terms	-	-	173,846	-	6,054	22,257	-	107,953	376,244	417,334
Differences between expected and actual experier	-	-	(219,077)	-	258,165	(56,856)	(40,960)	(18,310)	(56,029)	20,013
Changes of assumptions	-	-	31,143	-	-	920,026	-	27,602	-	29,895
Benefit payments	(594,176)	(636,934)	(673,088)	(777,213)	(800,197)	(828,540)	(874,581)	(839,241)	(931,980)	(942,415)
Net Change in Total Pension Liability	(594,176)	(636,934)	(370,518)	(777,213)	(360,450)	357,392	(586,936)	(373,747)	(253,360)	(111,476)
Total Pension Liability (Asset) - Beginning	4,671,164	5,308,098	5,678,616	6,455,829	6,816,279	6,458,887	7,045,823	7,419,570	7,672,930	7,784,406
Total Pension Liability (Asset) - Ending	\$ 4,076,988	\$ 4,671,164	\$ 5,308,098	\$ 5,678,616	\$ 6,455,829	\$ 6,816,279	\$ 6,458,887	\$ 7,045,823	\$ 7,419,570	\$ 7,672,930
Plan Fiduciary Net Position:										
Contributions - employer	\$ 660,000	\$ 700,000	\$ 815,000	\$ 825,900	\$ 850,000	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	-	-	-	-	-	-	-	-	-	-
Contributions - other	7,141	141	3,177	8,936	3,744	4,312	3,200	4,956	2,816	6,120
Net investment income	7,522	6,902	7,329	6,053	3,358	5,575	8,739	33,444	124,641	135,600
Benefit payments including refunds	(594,176)	(636,934)	(673,088)	(777,213)	(800,197)	(828,540)	(874,581)	(914,051)	(931,980)	(942,415)
Administrative expenses	(153)	(4,849)	(1,538)	(3,579)	(5,672)	(4,984)	(9,078)	(3,465)	(7,736)	(6,308)
Other - debt service	-	-	-	-	-	-	(233,537)	(311,875)	(313,185)	(313,726)
Net Change in Plan Fiduciary Net Position	80,334	65,260	150,880	60,097	51,233	(823,637)	(1,105,257)	(1,190,991)	(1,125,444)	(1,120,729)
Plan Fiduciary Net Position - Beginning	420,100	354,840	203,960	143,863	92,630	916,267	2,021,524	3,212,515	4,337,959	5,458,688
Plan Fiduciary Net Position - Ending	\$ 500,434	\$ 420,100	\$ 354,840	\$ 203,960	\$ 143,863	\$ 92,630	\$ 916,267	\$ 2,021,524	\$ 3,212,515	\$ 4,337,959
City's Net Pension Liability	\$ 3,576,554	\$ 4,251,064	\$ 4,953,258	\$ 5,474,656	\$ 6,311,966	\$ 6,723,649	\$ 5,542,620	\$ 5,024,299	\$ 4,207,055	\$ 3,334,971
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	12%	9%	7%	4%	2%	1%	14%	29%	43%	57%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actuarial Valuation Date	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

See Independent Auditor's Report and Notes to Required Supplementary Information (RSI) on Pension Schedules.

**City of Owensboro, Kentucky
Schedule of City Contributions
City Employees' Pension Fund
For the Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See Independent Auditor's Report and Notes to Required Supplementary Information (RSI) on Pension Schedules.

**City of Owensboro, Kentucky
Schedule of City Contributions
Police and Firefighters' Retirement Fund
For the Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 651,577	\$ 508,246	\$ 314,916
Contributions in relation to the statutorily required contribution	(660,000)	(700,000)	(815,000)	(825,900)	(850,000)	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ (660,000)</u>	<u>\$ (700,000)</u>	<u>\$ (815,000)</u>	<u>\$ (825,900)</u>	<u>\$ (850,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 651,577</u>	<u>\$ 508,246</u>	<u>\$ 314,916</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See Independent Auditor's Report and Notes to Required Supplementary Information (RSI) on Pension Schedules.

City of Owensboro, Kentucky
Schedule of City's Proportionate Share of the Collective Net Pension Liability
County Employees' Retirement System Pension Plan
As of the Measurement Date for the Last Ten Years*

	Non-Hazardous Employees							
	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability	0.433492%	0.420673%	0.417190%	0.402166%	0.405155%	0.434874%	0.427822%	0.435028%
City's proportionate share of the collective net pension liability	\$ 27,638,515	\$ 32,265,271	\$ 29,341,159	\$ 24,493,135	\$ 23,714,968	\$ 21,411,533	\$ 18,394,299	\$ 14,114,000
City's covered payroll	\$ 10,304,109	\$ 11,023,508	\$ 10,883,896	\$ 10,218,059	\$ 10,110,000	\$ 10,576,014	\$ 10,405,208	\$ 10,203,122
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	268.23%	292.70%	269.58%	239.70%	234.57%	202.45%	176.78%	138.33%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

	Hazardous Employees							
	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability	1.942094%	1.938308%	1.952117%	1.883714%	1.822329%	1.911532%	1.873598%	1.877152%
City's proportionate share of the collective net pension liability	\$ 51,701,635	\$ 58,440,537	\$ 53,923,238	\$ 45,556,812	\$ 40,770,576	\$ 32,800,767	\$ 28,761,709	\$ 22,560,000
City's covered payroll	\$ 12,653,247	\$ 11,521,733	\$ 11,255,358	\$ 10,669,149	\$ 10,398,015	\$ 9,755,923	\$ 9,569,156	\$ 9,629,780
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	408.60%	507.22%	479.09%	427.00%	392.10%	336.21%	300.57%	234.27%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to Required Supplementary Information (RSI) on Pension Schedules.

**City of Owensboro, Kentucky
Schedule of City Contributions
County Employees Retirement System Pension Plan
For the Last Ten Fiscal Years***

	Non-Hazardous Employees							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 2,261,499	\$ 1,988,693	\$ 2,127,537	\$ 1,765,368	\$ 1,479,575	\$ 1,410,345	\$ 1,313,541	\$ 1,326,664
Contributions in relation to the statutorily required contribution	<u>(2,261,499)</u>	<u>(1,988,693)</u>	<u>(2,127,537)</u>	<u>(1,765,368)</u>	<u>(1,479,575)</u>	<u>(1,410,345)</u>	<u>(1,313,541)</u>	<u>(1,326,664)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 10,682,565	\$ 10,304,109	\$ 11,023,508	\$ 10,883,896	\$ 10,218,059	\$ 10,110,000	\$ 10,576,014	\$ 10,405,208
Contributions as a percentage of covered payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

	Hazardous Employees							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 4,554,456	\$ 3,803,566	\$ 3,463,433	\$ 2,798,082	\$ 2,368,551	\$ 2,257,409	\$ 1,976,550	\$ 1,983,686
Contributions in relation to the statutorily required contribution	<u>(4,554,456)</u>	<u>(3,803,566)</u>	<u>(3,463,433)</u>	<u>(2,798,082)</u>	<u>(2,368,551)</u>	<u>(2,257,409)</u>	<u>(1,976,550)</u>	<u>(1,983,686)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 13,450,845	\$ 12,653,247	\$ 11,521,733	\$ 11,255,358	\$ 10,669,149	\$ 10,398,015	\$ 9,755,923	\$ 9,569,156
Contributions as a percentage of covered payroll	33.86%	30.06%	30.06%	24.86%	22.20%	21.71%	20.26%	20.73%

*This table will present ten years of information when it becomes available.

See Independent Auditor's Report and Notes to Required Supplementary Information (RSI) on Pension Schedules.

City of Owensboro, Kentucky
Schedule of the City's Proportionate Share of the Collective Net OPEB Liability
County Employees' Retirement System OPEB Plan
As of the Measurement Date for the Last Ten Years*

	Non-Hazardous Employees				
	2021	2020	2019	2018	2017
City's proportion of the collective net OPEB liability	0.433391%	0.420553%	0.417089%	0.402152%	0.405155%
City's proportionate share of the collective net OPEB liability	\$ 8,297,054	\$ 10,155,076	\$ 7,015,249	\$ 7,140,129	\$ 8,145,001
City's covered payroll	\$ 10,304,109	\$ 11,023,508	\$ 10,883,896	\$ 10,218,059	\$ 10,110,000
City's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	80.52%	92.12%	64.46%	69.88%	80.56%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.39%

	Hazardous Employees				
	2021	2020	2019	2018	2017
City's proportion of the collective net OPEB liability	1.942088%	1.937696%	1.951756%	1.883823%	1.822329%
City's proportionate share of the collective net OPEB liability	\$ 15,702,934	\$ 17,906,356	\$ 14,440,258	\$ 13,430,894	\$ 15,064,676
City's covered payroll	\$ 12,653,247	\$ 11,521,733	\$ 11,255,358	\$ 10,669,149	\$ 10,398,015
City's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	124.10%	155.41%	128.30%	125.89%	144.88%
Plan fiduciary net position as a percentage of the total OPEB liability	66.81%	58.84%	64.44%	64.24%	58.99%

*This table will present ten years of information as it becomes available.

See Independent Auditor's Report and Notes to Required Supplementary Information (RSI) on Pension Schedules.

**City of Owensboro, Kentucky
Schedule of City Contributions
County Employees Retirement System OPEB Plan
For the Last Ten Fiscal Years***

Non-Hazardous Employees

	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 617,452	\$ 490,476	\$ 524,718	\$ 572,495	\$ 480,250
Contributions in relation to the statutorily required contribution	<u>(617,452)</u>	<u>(490,476)</u>	<u>(524,718)</u>	<u>(572,495)</u>	<u>(480,250)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 10,682,565	\$ 10,304,109	\$ 11,023,508	\$ 10,883,896	\$ 10,218,059
Contributions as a percentage of covered payroll	5.78%	4.76%	4.76%	5.26%	4.70%

Hazardous Employees

	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 1,408,303	\$ 1,204,589	\$ 1,096,869	\$ 1,179,562	\$ 997,566
Contributions in relation to the statutorily required contribution	<u>(1,408,303)</u>	<u>(1,204,589)</u>	<u>(1,096,869)</u>	<u>(1,179,562)</u>	<u>(997,566)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 13,450,845	\$ 12,653,247	\$ 11,521,733	\$ 1,255,358	\$ 10,669,149
Contributions as a percentage of covered payroll	10.47%	9.52%	9.52%	10.47%	9.35%

*This table will present ten years of information when it becomes available.

See Independent Auditor's Report and Notes to Required Supplementary Information (RSI) on Pension Schedules.

City of Owensboro, Kentucky
Notes to Required Supplementary Information (RSI) on Pension and OPEB Schedules
For the fiscal year ended June 30, 2022

City Employees' Pension Fund (CEPF) and Police and Firefighters' Retirement Fund (PFRF)

1. The total pension liabilities are based on full actuarial valuation reports or GASB updates as of the end of each fiscal year. Full actuarial valuation reports have been prepared in odd numbered years while GASB updates have been prepared in even numbered years.
2. Information as of the latest actuarial valuations:

	<u>CEPF</u>	<u>PFRF</u>
Valuation date	June 30, 2020	June 30, 2020
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar – closed	Level dollar – closed
Remaining amortization period	20 years	20 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	6.00%	2.75%
Inflation rate	None	None
Projected salary increases	None	None
Cost of living adjustment	None	None

3. Changes of assumptions:

CEPF – interest rate assumption used to develop total pension liability is 6.00% for June 30, 2012 and later; 7.00% for earlier years shown in the schedules.

PFRF – interest rate assumptions used to develop total pension liability is 2.75% for June 30, 2017 and later; 5.00% for June 30, 2012 through June 30, 2016; 6.00% for earlier periods shown in the schedules.

4. Components of change in total pension liabilities:

- a. Service cost is zero since there are no active plan members accruing benefits in any reported year.
- b. Interest component of change in total pension liability reflects interest rate used in developing total pension liability as of beginning of the fiscal year.
- c. Changes in benefit terms reflects impact of cost-of-living increases from the previous year benefit amounts.
- d. Changes in assumptions reflects impact of changes in valuation interest and/or mortality assumptions from the prior year.

City of Owensboro, Kentucky
Notes to Required Supplementary Information (RSI) on Pension and OPEB Schedules
For the fiscal year ended June 30, 2022

County Employees' Retirement System (CERS) Pension Plan and Other Postemployment Benefits (OPEB) Plan

Pension Plan

Changes of benefit terms: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final pay rate to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of member's final pay to 50% of average pay for one child, 65% over average pay for two children, of 75% of average pay for three children. The Total Pension Liability beginning June 30, 2018 is determined using these updated benefit provisions.

Changes of assumptions: In the June 30, 2019, 2017 and 2015 actuarial valuations, the following changes in actuarial assumptions were made:

	<u>June 30, 2019</u>	<u>June 30, 2017</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Inflation	2.30%	2.30%	3.25%	3.50%
Payroll Growth	2.00%	0.75%	0.75%	1.00%
Salary Increases		3.05%	4.00%	4.50%
Non-Hazardous	3.30% to 10.30%			
Hazardous	3.55% to 19.05%			
Investment Rate of Return	6.25%	6.25%	7.50%	7.75%

In the June 30, 2019 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disable 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.

Beginning with the June 30, 2015 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

For periods prior to the June 30, 2015 actuarial valuation, the rates of mortality for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years was used for the period after disability retirement.

Other Postemployment Benefits Plan

Changes in benefit terms: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The Total OPEB Liability beginning June 30, 2018 is determined using these updated benefit provisions.

City of Owensboro, Kentucky
Notes to Required Supplementary Information (RSI) on Pension and OPEB Schedules
For the fiscal year ended June 30, 2022

Changes in Assumptions: In the June 30, 2019 actuarial valuation, the following changes in actuarial assumptions were made:

	<u>June 30, 2019</u>	<u>June 30, 2017</u>
Inflation	2.30%	2.30%
Payroll Growth	2.00%	0.75%
Salary Increases		3.05%
Non-Hazardous	3.30% to 10.30%	
Hazardous	3.55% to 19.05%	
Investment Rate of Return	6.25%	6.25%

In the June 30, 2019 actuarial valuation, the mortality table used for active members was a PUB-2010 General Mortality table, for the Non-Hazardous System, and PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disable 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.

Beginning with the June 30, 2017 actuarial valuation, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

City of Owensboro, Kentucky
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Real and personal property taxes	\$ 12,394,793	\$ 12,394,793	\$ 12,638,213	\$ 243,420
Licenses, permits and other taxes:				
Occupational taxes:				
Employer withholding	19,878,787	19,878,787	22,198,660	2,319,873
Net profit license fees	3,455,722	3,455,722	4,544,881	1,089,159
Regulatory:				
Insurance license fees	6,550,000	6,550,000	7,101,965	551,965
Alcoholic Beverage License fees	137,000	137,000	137,306	306
Franchise Fees	895,000	895,000	920,591	25,591
Other	404,800	415,300	476,136	60,836
Total licenses and permits	43,716,102	43,726,602	48,017,752	4,291,150
Intergovernmental revenues:				
Federal grants	173,300	618,782	618,228	(554)
State grants	1,269,240	1,769,240	1,573,458	(195,782)
City's portion of state gas tax	1,158,166	1,158,166	1,170,941	12,775
County contributions - Other	60,000	60,000	60,000	-
Police/Fire incentive reimbursements	15,740	15,740	12,417	(3,323)
FEMA	98,730	98,730	163,825	65,095
LGEA mineral severance tax	32,136	32,136	44,207	12,071
Total intergovernmental revenues	2,807,312	3,752,794	3,643,076	(109,718)
Charges for services:				
Tax collection	330,011	330,011	421,018	91,007
Management fees	1,122,635	1,122,635	1,023,156	(99,479)
Other miscellaneous	728,293	728,293	725,755	(2,538)
Total charges for services	2,180,939	2,180,939	2,169,929	(11,010)
Other revenues:				
Fines and forfeitures	55,000	55,000	67,175	12,175
Investment earnings	425,000	425,000	(697,648)	(1,122,648)
Dividends from component units	8,196,008	8,196,008	8,196,008	-
Payments in lieu of taxes from component unit	2,603,600	2,603,600	2,912,623	309,023
Contributions and donations	84,000	177,000	123,600	(53,400)
Rentals	127,863	127,863	122,193	(5,670)
Miscellaneous income	196,135	204,925	368,472	163,547
Total other revenues	11,687,606	11,789,396	11,092,423	(696,973)
Total Revenues	\$ 60,391,959	\$ 61,449,731	\$ 64,923,180	\$ 3,473,449

See independent auditor's notes and notes to required supplementary information (RSI) on budgetary accounting and control.

City of Owensboro, Kentucky
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Administration	\$ 2,225,693	\$ 2,528,126	\$ 2,429,876	\$ 98,250
Community Development	278,876	300,314	270,182	30,132
Community Services	1,788,698	1,841,830	1,802,214	39,616
Engineering	3,454,736	3,514,417	3,154,571	359,846
Finance	1,898,060	1,898,060	1,855,374	42,686
Fire	12,673,873	13,466,275	12,995,324	470,951
General Government	3,826,356	5,733,197	5,465,748	267,449
Information Technology	2,204,177	2,537,581	2,292,590	244,991
Parks	4,077,437	4,111,537	3,965,634	145,903
Parking Garage	141,112	141,112	135,585	5,527
Personnel	900,926	901,872	826,086	75,786
Police	15,575,946	15,693,105	14,422,796	1,270,309
Property Maintenance	418,825	474,473	326,510	147,963
Street	2,484,307	3,595,004	3,020,187	574,817
Total Expenditures	<u>51,949,022</u>	<u>56,736,903</u>	<u>52,962,679</u>	<u>3,774,224</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,442,937</u>	<u>4,712,828</u>	<u>11,960,501</u>	<u>7,247,673</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	324,447	319,447
Transfers out	(9,422,294)	(14,975,294)	(12,465,244)	2,510,050
Transfers in	974,357	10,854,656	2,580,480	(8,274,176)
Total Other Financing Sources (Uses)	<u>(8,442,937)</u>	<u>(4,115,638)</u>	<u>(9,560,317)</u>	<u>(5,444,679)</u>
Net Change in Fund Balances	-	597,190	2,400,184	1,802,994
Fund Balances - Beginning of Year	<u>26,987,342</u>	<u>26,987,342</u>	<u>26,987,342</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 26,987,342</u>	<u>\$ 27,584,532</u>	<u>\$ 29,387,526</u>	<u>\$ 1,802,994</u>

See independent auditor's notes and notes to required supplementary information (RSI) on budgetary accounting and control.

**City of Owensboro, Kentucky
Budgetary Comparison Schedule
Your Community Vision Special Revenue Fund
For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Occupational license fees	\$ 4,968,903	\$ 4,968,903	\$ 5,480,654	\$ 511,751
Net profit license fees	1,000,000	1,000,000	1,090,930	90,930
Fees licenses and permits	50,000	50,000	60,450	10,450
Miscellaneous income	-	-	6,378	6,378
Investment earnings	50,000	50,000	(83,190)	(133,190)
Total Revenues	<u>6,068,903</u>	<u>6,068,903</u>	<u>6,555,222</u>	<u>486,319</u>
EXPENDITURES				
Public works	2,142,108	2,416,817	2,027,993	388,824
Capital outlay	2,060,000	7,211,911	2,680,757	4,531,154
Total Expenditures	<u>4,202,108</u>	<u>9,628,728</u>	<u>4,708,750</u>	<u>4,919,978</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,866,795</u>	<u>(3,559,825)</u>	<u>1,846,472</u>	<u>5,406,297</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	109,054	109,054
Transfers out	(2,066,588)	(2,066,588)	(2,066,490)	98
Total Other Financing Sources (Uses)	<u>(2,066,588)</u>	<u>(2,066,588)</u>	<u>(1,957,436)</u>	<u>109,152</u>
Net Change in Fund Balances	(199,793)	(5,626,413)	(110,964)	5,515,449
Fund Balances - Beginning of the Year	<u>5,655,286</u>	<u>5,655,286</u>	<u>5,655,286</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 5,455,493</u>	<u>\$ 28,873</u>	<u>\$ 5,544,322</u>	<u>\$ 5,515,449</u>

See Independent auditor's notes and notes to required supplementary information (RSI) on budgetary accounting and control.

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Downtown Development and Revitalization Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Regulatory license fees	\$ 3,800,000	\$ 3,800,000	\$ 4,142,852	\$ 342,852
Investment earnings	6,000	6,000	22,900	16,900
Total Revenues	<u>3,806,000</u>	<u>3,806,000</u>	<u>4,165,752</u>	<u>359,752</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(4,338,816)</u>	<u>(4,338,816)</u>	<u>(4,338,709)</u>	<u>107</u>
Total Other Financing Sources (Uses)	<u>(4,338,816)</u>	<u>(4,338,816)</u>	<u>(4,338,709)</u>	<u>107</u>
Net Change in Fund Balances	(532,816)	(532,816)	(172,957)	359,859
Fund Balances - Beginning of Year	<u>417,552</u>	<u>417,552</u>	<u>417,552</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ (115,264)</u>	<u>\$ (115,264)</u>	<u>\$ 244,595</u>	<u>\$ 359,859</u>

See Independent auditor's notes and notes to required supplementary information (RSI) on budgetary accounting and control.

**City of Owensboro, Kentucky
 Budgetary Comparison Schedule
 ARPA Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 6,662,088	\$ 6,662,087	\$ -
Investment earnings	-	-	(312,953)	(312,953)
Total Revenues	<u>-</u>	<u>6,662,088</u>	<u>6,349,134</u>	<u>(312,954)</u>
EXPENDITURES				
General Government	-	8,274,176	-	8,274,176
Capital Outlay	-	5,050,000	-	5,050,000
Total Expenditures	<u>-</u>	<u>13,324,176</u>	<u>-</u>	<u>13,324,176</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(6,662,088)</u>	<u>6,349,134</u>	<u>13,011,222</u>
Net Change in Fund Balances	-	(6,662,088)	6,349,134	13,011,222
Fund Balances - Beginning of Year	<u>6,681,662</u>	<u>6,681,662</u>	<u>6,681,662</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 6,681,662</u>	<u>\$ 19,574</u>	<u>\$ 13,030,796</u>	<u>\$ 13,011,222</u>

See Independent auditor's notes and notes to required supplementary information (RSI) on budgetary accounting and control.

City of Owensboro, Kentucky
Notes to Required Supplementary Information (RSI) on Budgetary Accounting and Control
For the Fiscal Year Ended June 30, 2022

Stewardship, compliance, and accountability:

Budgets and budgetary accounting:

1. Annual budgets are adopted on a basis consistent with generally accepting accounting principles for all governmental funds, except for the Capital Improvements Fund and the Debt Service Fund, because effective budgetary control is alternately achieved through project budgets, bond indenture provisions, and City ordinances, respectively.

2. Budgets for the General and Special Revenue Funds are adopted on the modified accrual basis. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the use of resources are reflected in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds for which annual budgets have been adopted.



City of Owensboro, Kentucky
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	CERS	Central Dispatch	Community Development	Economic Development	Gateway Commons TIF	Downtown Riverfront TIF	Drug and Property Recovery	Total Nonmajor Governmental Funds
ASSETS								
Equity in pooled deposits and investments	\$ 4,283,542	\$ 1,471,729	\$ -	\$ 5,465,904	\$ 124,343	\$ -	\$ 483,884	\$ 11,829,402
With escrow agents	-	-	-	8,052	-	-	-	8,052
Accounts receivable	-	-	129,069	-	-	-	46,000	175,069
Intergovernmental receivable	-	-	86,554	-	1,071,925	259,287	119,865	1,537,631
Taxes	-	-	-	220,936	-	-	-	220,936
Prepaid items	-	-	-	336	-	-	-	336
Total assets	\$ 4,283,542	\$ 1,471,729	\$ 215,623	\$ 5,695,228	\$ 1,196,268	\$ 259,287	\$ 649,749	\$ 13,771,426
LIABILITIES								
Accounts payable	\$ -	\$ 5,612	\$ 70,523	\$ 21,537	\$ -	\$ -	\$ 3,906	\$ 101,578
Other accrued liabilities	-	58,914	144,400	900	-	-	558	204,772
Accrued wages	-	64,948	-	-	-	-	9,616	74,564
Total liabilities	-	129,474	214,923	22,437	-	-	14,080	380,914
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	-	700	220,936	-	-	-	221,636
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	336	-	-	-	336
Restricted	-	-	-	1,185,811	1,071,925	259,287	635,669	3,152,692
Committed	-	1,342,255	-	4,265,708	124,343	-	-	5,732,306
Assigned	4,283,542	-	-	-	-	-	-	4,283,542
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	4,283,542	1,342,255	-	5,451,855	1,196,268	259,287	635,669	13,168,876
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 4,283,542	\$ 1,471,729	\$ 215,623	\$ 5,695,228	\$ 1,196,268	\$ 259,287	\$ 649,749	\$ 13,771,426

See Independent Auditor's Report

City of Owensboro, Kentucky
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	CERS	Central Dispatch	Community Development	Economic Development	Gateway Commons TIF	Downtown Riverfront TIF	Drug and Property Recovery	Total Nonmajor Governmental Funds
REVENUES								
Real and personal property taxes	\$ -	\$ -	\$ -	\$ 278,876	\$ 177,980	\$ 53,759	\$ -	\$ 510,615
Occupational license fees	-	-	-	1,691,564	78,510	209,309	-	1,979,383
Net profit license fees	-	-	-	62,312	7,655	71,851	-	141,818
Regulatory license fees	-	-	-	221,200	-	-	-	221,200
Intergovernmental	-	-	837,484	-	1,241,303	280,437	207,672	2,566,896
Rentals	-	-	12,480	940,991	-	-	-	953,471
Investment earnings	-	(25,834)	-	(93,057)	402	7,911	(9,342)	(119,920)
Contributions and donations	-	-	-	-	-	-	26,103	26,103
Miscellaneous income	-	-	9,000	-	-	-	205,935	214,935
Charges for services	-	860,181	-	-	-	-	45,609	905,790
Total Revenues	-	834,347	858,964	3,101,886	1,505,850	623,267	475,977	7,400,291
EXPENDITURES								
Current:								
Community/economic development	-	-	1,183,033	1,507,539	846,496	15,126	-	3,552,194
Community and cultural	-	-	-	-	-	-	2,250	2,250
Public safety	-	2,909,884	-	-	-	-	372,752	3,282,636
Capital outlay	-	133,140	-	1,357	-	-	202,217	336,714
Total Expenditures	-	3,043,024	1,183,033	1,508,896	846,496	15,126	577,219	7,173,794
Excess (Deficiency) of Revenues Over Expenditures	-	(2,208,677)	(324,069)	1,592,990	659,354	608,141	(101,242)	226,497
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	-	-	324,069	327,419	-	-	69,655	721,143
Transfers in	2,000,000	2,242,613	-	-	-	572,178	-	4,814,791
Transfers out	(974,357)	-	-	(1,177,648)	(953,294)	(2,174,897)	-	(5,280,196)
Total Other Financing Sources (Uses)	1,025,643	2,242,613	324,069	(850,229)	(953,294)	(1,602,719)	69,655	255,738
Net Change in Fund Balances	1,025,643	33,936	-	742,761	(293,940)	(994,578)	(31,587)	482,235
Fund Balances - Beginning of Year	3,257,899	1,308,319	-	4,709,094	1,490,208	1,253,865	667,256	12,686,641
Fund Balances - Ending of Year	\$ 4,283,542	\$ 1,342,255	\$ -	\$ 5,451,855	\$ 1,196,268	\$ 259,287	\$ 635,669	\$ 13,168,876

See Independent Auditor's Report

**City of Owensboro, Kentucky
 Budgetary Comparison Schedule
 CERS Special Revenue Fund
 For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
Transfers out	(974,357)	(974,357)	(974,357)	-
Total Other Financing Sources (Uses)	<u>(974,357)</u>	<u>1,025,643</u>	<u>1,025,643</u>	<u>-</u>
Net Change in Fund Balances	(974,357)	1,025,643	1,025,643	-
Fund Balances - Beginning of Year	<u>3,257,899</u>	<u>3,257,899</u>	<u>3,257,899</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 2,283,542</u>	<u>\$ 4,283,542</u>	<u>\$ 4,283,542</u>	<u>\$ -</u>

See Independent Auditor's Report

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Central Dispatch Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 829,460	\$ 829,460	\$ 860,181	\$ 30,721
Investment earnings	-	-	(25,834)	(25,834)
Total Revenues	<u>829,460</u>	<u>829,460</u>	<u>834,347</u>	<u>4,887</u>
EXPENDITURES				
Public safety	3,047,873	3,206,239	2,909,884	296,355
Capital outlay	24,200	441,146	133,140	308,006
Total Expenditures	<u>3,072,073</u>	<u>3,647,385</u>	<u>3,043,024</u>	<u>604,361</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,242,613)</u>	<u>(2,817,925)</u>	<u>(2,208,677)</u>	<u>609,248</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,242,613	2,242,613	2,242,613	-
Total Other Financing Sources (Uses)	<u>2,242,613</u>	<u>2,242,613</u>	<u>2,242,613</u>	<u>-</u>
Net Change in Fund Balances	-	(575,312)	33,936	609,248
Fund Balances - Beginning of Year	<u>1,308,319</u>	<u>1,308,319</u>	<u>1,308,319</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,308,319</u>	<u>\$ 733,007</u>	<u>\$ 1,342,255</u>	<u>\$ 609,248</u>

See Independent Auditor's Report

**City of Owensboro, Kentucky
Budgetary Comparison Schedule
Community Development Special Revenue Fund
For the Fiscal Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 796,913	\$ 2,124,801	\$ 837,484	\$ (1,287,317)
Rentals	-	-	12,480	12,480
Miscellaneous income	-	-	9,000	9,000
Total Revenues	<u>796,913</u>	<u>2,124,801</u>	<u>858,964</u>	<u>(1,265,837)</u>
EXPENDITURES				
Community/economic development	946,913	2,274,801	1,183,033	1,091,768
Total Expenditures	<u>946,913</u>	<u>2,274,801</u>	<u>1,183,033</u>	<u>1,091,768</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(150,000)</u>	<u>(150,000)</u>	<u>(324,069)</u>	<u>(174,069)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	150,000	150,000	324,069	174,069
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>324,069</u>	<u>174,069</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Economic Development Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real and personal property taxes	\$ 302,500	\$ 302,500	\$ 278,876	\$ (23,624)
Occupational license fees	1,680,500	1,680,500	1,691,564	11,064
Net profit license fees	116,500	116,500	62,312	(54,188)
Regulatory license fees	200,000	200,000	221,200	21,200
Investment earnings	65,000	65,000	(93,057)	(158,057)
Rentals	940,800	940,800	940,991	191
Total Revenues	<u>3,305,300</u>	<u>3,305,300</u>	<u>3,101,886</u>	<u>(203,414)</u>
EXPENDITURES				
Community/economic development	3,376,891	5,041,468	1,507,539	3,533,929
Capital outlay	-	1,500,000	1,357	1,498,643
Total Expenditures	<u>3,376,891</u>	<u>6,541,468</u>	<u>1,508,896</u>	<u>5,032,572</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(71,591)</u>	<u>(3,236,168)</u>	<u>1,592,990</u>	<u>4,829,158</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	2,109,289	327,419	(1,781,870)
Transfers out	-	(1,176,461)	(1,177,648)	(1,187)
Total Other Financing Sources (Uses)	<u>-</u>	<u>932,828</u>	<u>(850,229)</u>	<u>(1,783,057)</u>
Net Change in Fund Balances	(71,591)	(2,303,340)	742,761	3,046,101
Fund Balances - Beginning of Year	<u>4,709,094</u>	<u>4,709,094</u>	<u>4,709,094</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 4,637,503</u>	<u>\$ 2,405,754</u>	<u>\$ 5,451,855</u>	<u>\$ 3,046,101</u>

See Independent Auditor's Report

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Gateway Commons TIF Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Real and personal property taxes	\$ 190,000	\$ 190,000	\$ 177,980	\$ (12,020)
Occupational license fees	65,000	65,000	78,510	13,510
Net profit license fees	9,000	9,000	7,655	(1,345)
Intergovernmental	592,000	592,000	1,241,303	649,303
Investment earnings	-	-	402	402
Total Revenues	<u>856,000</u>	<u>856,000</u>	<u>1,505,850</u>	<u>649,850</u>
EXPENDITURES				
Community/economic development	746,946	846,496	846,496	-
Total Expenditures	<u>746,946</u>	<u>846,496</u>	<u>846,496</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>109,054</u>	<u>9,504</u>	<u>659,354</u>	<u>649,850</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(109,054)	(953,294)	(953,294)	-
Total Other Financing Sources (Uses)	<u>(109,054)</u>	<u>(953,294)</u>	<u>(953,294)</u>	<u>-</u>
Net Change in Fund Balances	-	(943,790)	(293,940)	649,850
Fund Balances - Beginning of Year	<u>1,490,208</u>	<u>1,490,208</u>	<u>1,490,208</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,490,208</u>	<u>\$ 546,418</u>	<u>\$ 1,196,268</u>	<u>\$ 649,850</u>

See Independent Auditor's Report

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Downtown Riverfront TIF Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Real and personal property taxes	\$ 71,000	\$ 71,000	\$ 53,759	\$ (17,241)
Occupational license fees	365,000	365,000	209,309	(155,691)
Net profit license fees	48,000	48,000	71,851	23,851
Intergovernmental	374,000	374,000	280,437	(93,563)
Investment earnings	-	-	7,911	7,911
Total Revenues	<u>858,000</u>	<u>858,000</u>	<u>623,267</u>	<u>(234,733)</u>
EXPENDITURES				
Community/economic development	17,160	17,160	15,126	2,034
Total expenditures	<u>17,160</u>	<u>17,160</u>	<u>15,126</u>	<u>2,034</u>
Excess (deficiency) of revenues over expenditures	<u>840,840</u>	<u>840,840</u>	<u>608,141</u>	<u>(232,699)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	572,178	572,178	-
Transfers out	(840,840)	(2,174,901)	(2,174,897)	4
Total Other Financing Sources (Uses)	<u>(840,840)</u>	<u>(1,602,723)</u>	<u>(1,602,719)</u>	<u>4</u>
Net Change in Fund Balances	-	(761,883)	(994,578)	(232,695)
Fund Balances - Beginning of Year	<u>1,253,865</u>	<u>1,253,865</u>	<u>1,253,865</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,253,865</u>	<u>\$ 491,982</u>	<u>\$ 259,287</u>	<u>\$ (232,695)</u>

See Independent Auditor's Report

City of Owensboro, Kentucky
Budgetary Comparison Schedule
Drug and Property Recovery Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 111,123	\$ 207,672	\$ 96,549
Charges for services	80,000	80,000	45,609	(34,391)
Investment earnings	8,300	9,125	(9,342)	(18,467)
Contributions and donations	-	20,500	26,103	5,603
Miscellaneous income	-	218,900	205,935	(12,965)
Total Revenues	<u>88,300</u>	<u>439,648</u>	<u>475,977</u>	<u>36,329</u>
EXPENDITURES				
Public safety	144,545	407,610	372,752	34,858
Community and cultural	-	-	2,250	(2,250)
Capital outlay	26,375	259,634	202,217	57,417
Total Expenditures	<u>170,920</u>	<u>667,244</u>	<u>577,219</u>	<u>90,025</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(82,620)</u>	<u>(227,596)</u>	<u>(101,242)</u>	<u>126,354</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	11,000	11,000	69,655	58,655
Transfers in	-	2,400	-	(2,400)
Transfers out	(25,000)	(25,000)	-	25,000
Total Other Financing Sources (Uses)	<u>(14,000)</u>	<u>(11,600)</u>	<u>69,655</u>	<u>81,255</u>
Net Change in Fund Balances	(96,620)	(239,196)	(31,587)	207,609
Fund Balances - Beginning of Year	<u>667,256</u>	<u>667,256</u>	<u>667,256</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 570,636</u>	<u>\$ 428,060</u>	<u>\$ 635,669</u>	<u>\$ 207,609</u>

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City of Owensboro, Kentucky
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2022

	Transit	GIS	Recreation	Sportscenter Operations	Total Nonmajor Enterprise Funds
ASSETS					
Current Assets					
Equity in pooled deposits and investments	\$ 1,055,342	\$ 41,844	\$ 1,131,182	\$ 382,439	\$ 2,610,807
Cash and cash equivalents	200	-	5,910	142,328	148,438
Accounts receivable net of allowance \$0	337,013	47,495	766,829	148,488	1,299,825
Materials and supplies inventory	-	-	30,063	-	30,063
Prepaid expenses	-	-	1,200	-	1,200
Total Current Assets	1,392,555	89,339	1,935,184	673,255	4,090,333
Noncurrent Assets					
Capital assets, net of accumulated depreciation					
Land	-	-	105,739	-	105,739
Depreciable capital assets	3,127,458	47,684	327,926	198,817	3,701,885
Total Noncurrent Assets	3,127,458	47,684	433,665	198,817	3,807,624
Total Assets	\$ 4,520,013	\$ 137,023	\$ 2,368,849	\$ 872,072	\$ 7,897,957
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts payable	\$ 50,429	\$ -	\$ 23,410	\$ -	\$ 73,839
Accrued wages	54,307	13,083	60,316	-	127,706
Accrued liabilities	-	-	13,432	78,894	92,326
Deferred Revenues	-	-	28,783	-	28,783
Compensated absences, current portion	2,688	-	3,193	-	5,881
Total Current Liabilities	107,424	13,083	129,134	78,894	328,535
Noncurrent Liabilities:					
Compensated absences, less current portion	107,328	83,268	61,195	-	251,791
Total Noncurrent Liabilities	107,328	83,268	61,195	-	251,791
Total Liabilities	214,752	96,351	190,329	78,894	580,326
DEFERRED INFLOWS OF RESOURCES					
Deferred lease inflows	-	-	721,968	-	721,968
Total deferred inflows of resources	-	-	721,968	-	721,968
Total liabilities and deferred inflows of resources	214,752	96,351	912,297	78,894	1,302,294
NET POSITION					
Net investment in capital assets	3,127,458	47,684	433,665	198,817	3,807,624
Restricted	-	-	-	142,328	142,328
Unrestricted	1,177,803	(7,012)	1,022,887	452,033	2,645,711
Total Net Position	4,305,261	40,672	1,456,552	793,178	6,595,663
Total Liabilities and Net Position	\$ 4,520,013	\$ 137,023	\$ 2,368,849	\$ 872,072	\$ 7,897,957

See Independent Auditor's Report

City of Owensboro, Kentucky
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise funds
For the Fiscal Year Ended June 30, 2022

	Transit	GIS	Recreation	Sportscenter Operations	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Charges for services	\$ 37,044	\$ 379,340	\$ 1,573,946	\$ 841,648	\$ 2,831,978
Miscellaneous income	236,464	330	42,029	43,459	322,282
Total Operating Revenues	<u>273,508</u>	<u>379,670</u>	<u>1,615,975</u>	<u>885,107</u>	<u>3,154,260</u>
OPERATING EXPENSES					
Salaries wages and benefits	1,895,253	442,418	1,280,745	-	3,618,416
Maintenance	275,384	12,864	818,822	175,202	1,282,272
Utilities	24,909	4,044	216,636	-	245,589
Supplies	595,919	3,587	428,081	-	1,027,587
Other	408,094	1,767	262,130	1,271,752	1,943,743
Depreciation	245,916	34,717	10,692	15,092	306,417
Total operating expenses	<u>3,445,475</u>	<u>499,397</u>	<u>3,017,106</u>	<u>1,462,046</u>	<u>8,424,024</u>
Operating income (loss)	<u>(3,171,967)</u>	<u>(119,727)</u>	<u>(1,401,131)</u>	<u>(576,939)</u>	<u>(5,269,764)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on sale of capital assets	3,736	-	825	-	4,561
Investment earnings	-	(704)	-	5,893	5,189
Operating grants	2,797,311	-	-	-	2,797,311
Total Nonoperating Revenues (Expenses)	<u>2,801,047</u>	<u>(704)</u>	<u>825</u>	<u>5,893</u>	<u>2,807,061</u>
Income (Loss) Before Contributions and Transfers	(370,920)	(120,431)	(1,400,306)	(571,046)	(2,462,703)
Capital contributions- grants	1,838,395	-	-	-	1,838,395
Transfers in	1,134,378	125,639	2,372,832	707,783	4,340,632
Transfers out	-	-	(138,965)	-	(138,965)
Change in net position	<u>2,601,853</u>	<u>5,208</u>	<u>833,561</u>	<u>136,737</u>	<u>3,577,359</u>
Net Position, Beginning of Year	<u>1,703,408</u>	<u>35,464</u>	<u>622,991</u>	<u>656,441</u>	<u>3,018,304</u>
Net Position, End of Year	<u>\$ 4,305,261</u>	<u>\$ 40,672</u>	<u>\$ 1,456,552</u>	<u>\$ 793,178</u>	<u>\$ 6,595,663</u>

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City of Owensboro, Kentucky
Statement of Cash Flows
Nonmajor Enterprise funds
For Fiscal Year Ended June 30, 2022

	Transit	GIS	Recreation	Sportscenter Operations	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 76,499	\$ 367,825	\$ 1,616,099	\$ 803,640	\$ 2,864,063
Other cash receipts	525,579	-	-	43,459	569,038
Cash payments to employees for service	(1,873,644)	(431,738)	(1,279,888)	-	(3,585,270)
Cash payments to suppliers	(1,412,221)	(22,264)	(1,794,730)	(1,412,426)	(4,641,641)
Net cash provided (used) by operating activities	<u>(2,683,787)</u>	<u>(86,177)</u>	<u>(1,458,519)</u>	<u>(565,327)</u>	<u>(4,793,810)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating grant	2,797,311	-	-	-	2,797,311
Capital contributions - grants	1,838,395	-	-	-	1,838,395
Transfers in	1,134,378	125,639	2,372,832	707,783	4,340,632
Transfers out	-	-	(138,965)	-	(138,965)
Net cash provided by noncapital financing activities	<u>5,770,084</u>	<u>125,639</u>	<u>2,233,867</u>	<u>707,783</u>	<u>8,837,373</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from sale of capital assets	3,736	-	825	-	4,561
Payments for capital acquisitions	(2,034,691)	(50,000)	(28,213)	(7,491)	(2,120,395)
Net cash provided (used) by capital and related financing activities	<u>(2,030,955)</u>	<u>(50,000)</u>	<u>(27,388)</u>	<u>(7,491)</u>	<u>(2,115,834)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	-	(704)	-	5,893	5,189
Net cash provided (used) by investing activities	-	(704)	-	5,893	5,189
Net increase (decrease) in cash and cash equivalents	<u>1,055,342</u>	<u>(11,242)</u>	<u>747,960</u>	<u>140,858</u>	<u>1,932,918</u>
Cash and cash equivalents, beginning of year	200	53,086	389,132	383,909	826,327
Cash and cash equivalents, end of the year	<u>\$ 1,055,542</u>	<u>\$ 41,844</u>	<u>\$ 1,137,092</u>	<u>\$ 524,767</u>	<u>\$ 2,759,245</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating Income	\$ (3,171,967)	\$ (119,727)	\$ (1,401,131)	\$ (576,939)	\$ (5,269,764)
Adjustments to reconcile operating income to net cash used by operating activities:					
Depreciation	245,916	34,717	10,692	15,092	306,417
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	328,568	(11,847)	124	(38,007)	278,838
Increase (decrease) in liabilities:					
Accounts payable	18,067	-	(69,254)	-	(51,187)
Accrued liabilities	(114,006)	2,265	14,595	34,527	(62,619)
Unearned revenue	-	-	1,307	-	1,307
Compensated absences	9,635	8,415	(14,852)	-	3,198
Net cash used in operating activities	<u>\$ (2,683,787)</u>	<u>\$ (86,177)</u>	<u>\$ (1,458,519)</u>	<u>\$ (565,327)</u>	<u>\$ (4,793,810)</u>
CASH RECONCILIATION					
Equity in pooled deposits and investments	\$ 1,055,342	\$ 41,844	\$ 1,131,182	\$ 382,439	\$ 2,610,807
Cash and cash equivalents	200	-	5,910	142,328	148,438
Cash and cash equivalents, end of the year	<u>\$ 1,055,542</u>	<u>\$ 41,844</u>	<u>\$ 1,137,092</u>	<u>\$ 524,767</u>	<u>\$ 2,759,245</u>

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City of Owensboro, Kentucky
Combining Statement of Net Position
Internal Service Funds
June 30, 2022

	Governmental Activities Internal Service Funds				Total Internal Service Funds
	Insurance	Facilities Maintenance	Garage Service	Fleet & Facilities	
ASSETS					
Current Assets:					
Equity in pooled deposits and investments	\$ 8,084,288	\$ 2,831,270	\$ 495,264	\$ 11,201,238	\$ 22,612,060
Accounts receivable	-	400	-	-	400
Materials and supplies inventory	-	-	287,364	-	287,364
Total Current Assets	8,084,288	2,831,670	782,628	11,201,238	22,899,824
Noncurrent Assets:					
Capital Assets, net of accumulated depreciation					
Construction in Progress	-	-	-	59,560	59,560
Depreciable capital assets	-	667,522	18,166	6,507,113	7,192,801
Total Noncurrent Assets	-	667,522	18,166	6,566,673	7,252,361
Total Assets	\$ 8,084,288	\$ 3,499,192	\$ 800,794	\$ 17,767,911	\$ 30,152,185
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	\$ 1,843,523	\$ 96,111	\$ 3,511	\$ 7,650	\$ 1,950,795
Accrued liabilities	-	-	663	-	663
Accrued wages	-	53,581	22,640	-	76,221
Total Current Liabilities	1,843,523	149,692	26,814	7,650	2,027,679
Net Position:					
Invested in capital assets	-	667,522	18,166	6,566,673	7,252,361
Unrestricted	6,240,765	2,681,978	755,814	11,193,588	20,872,145
Total Net Position	6,240,765	3,349,500	773,980	17,760,261	28,124,506
Total Liabilities and Net Position	\$ 8,084,288	\$ 3,499,192	\$ 800,794	\$ 17,767,911	\$ 30,152,185

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City of Owensboro, Kentucky
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2022

	Governmental Activities Internal Service Funds				Total Internal Service Funds
	Insurance	Facilities Maintenance	Garage Service	Fleet & Facilities	
OPERATING REVENUES					
Charges for services	\$ 6,940,485	\$ 4,013,059	\$ 1,485,901	\$ 3,519,757	\$ 15,959,202
Miscellaneous income	-	1,208	22,106	550	23,864
Total operating revenues	<u>6,940,485</u>	<u>4,014,267</u>	<u>1,508,007</u>	<u>3,520,307</u>	<u>15,983,066</u>
OPERATING EXPENSES					
Salaries wages and benefits	-	1,865,599	734,640	-	2,600,239
Maintenance	-	777,720	38,045	-	815,765
Utilities	-	17,632	9,542	-	27,174
Administrative	506,506	-	-	-	506,506
Supplies	-	224,569	649,478	-	874,047
Other	1,063,523	836,549	35,211	109,126	2,044,409
Claims	4,721,439	-	-	-	4,721,439
Depreciation	-	34,895	6,895	1,639,475	1,681,265
Total Operating Expenses	<u>6,291,468</u>	<u>3,756,964</u>	<u>1,473,811</u>	<u>1,748,601</u>	<u>13,270,844</u>
Operating Income (Loss)	<u>649,017</u>	<u>257,303</u>	<u>34,196</u>	<u>1,771,706</u>	<u>2,712,222</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) on sale of capital assets	-	841	296	478,291	479,428
Investment earnings	(131,548)	-	-	(194,957)	(326,505)
Total nonoperating revenues (expenses)	<u>(131,548)</u>	<u>841</u>	<u>296</u>	<u>283,334</u>	<u>152,923</u>
Income (loss) before contributions and transfers	<u>517,469</u>	<u>258,144</u>	<u>34,492</u>	<u>2,055,040</u>	<u>2,865,145</u>
Change in Net Position	<u>517,469</u>	<u>258,144</u>	<u>34,492</u>	<u>2,055,040</u>	<u>2,865,145</u>
Total Net Position, Beginning of Year	<u>5,723,296</u>	<u>3,091,356</u>	<u>739,488</u>	<u>15,705,221</u>	<u>25,259,361</u>
Total Net Position, End of Year	<u>\$ 6,240,765</u>	<u>\$ 3,349,500</u>	<u>\$ 773,980</u>	<u>\$ 17,760,261</u>	<u>\$ 28,124,506</u>

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City of Owensboro, Kentucky
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2022

	Governmental Activities Internal Service Funds				Total Internal Service Funds
	Insurance	Facilities Maintenance	Garage Service	Fleet & Facilities	
Cash Flows from Operating Activities:					
Cash receipts from customers	\$ 6,940,485	\$ 4,014,267	\$ 1,508,007	\$ 3,520,307	\$ 15,983,066
Cash Payments to employees for services	-	(1,856,448)	(730,467)	-	(2,586,915)
Cash Payments to suppliers	(1,379,236)	(1,872,026)	(753,235)	(208,487)	(4,212,984)
Cash payments for claims	(4,770,993)	-	-	-	(4,770,993)
Net cash provided (used) by operating activities	<u>790,256</u>	<u>285,793</u>	<u>24,305</u>	<u>3,311,820</u>	<u>4,412,174</u>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from sale of capital assets	-	841	296	483,460	484,597
Payments for capital acquisitions	-	(187,476)	-	(822,012)	(1,009,488)
Net cash used by capital and related financing activities	<u>-</u>	<u>(186,635)</u>	<u>296</u>	<u>(338,552)</u>	<u>(524,891)</u>
Cash Flows from Investing Activities:					
Interest on Investments	(131,548)	-	-	(194,957)	(326,505)
Net cash provided (used) by investing activities	<u>(131,548)</u>	<u>-</u>	<u>-</u>	<u>(194,957)</u>	<u>(326,505)</u>
Net increase (decrease) in cash and cash equivalents	658,708	99,158	24,601	2,778,311	3,560,778
Cash and Cash Equivalents, beginning of year	7,425,580	2,732,112	470,663	8,422,927	19,051,282
Cash and Cash Equivalents, end of the year	<u>\$ 8,084,288</u>	<u>\$ 2,831,270</u>	<u>\$ 495,264</u>	<u>\$ 11,201,238</u>	<u>\$ 22,612,060</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating Income	\$ 649,017	\$ 257,303	\$ 34,196	\$ 1,771,706	\$ 2,712,222
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	-	34,895	6,895	1,639,475	1,681,265
Changes in assets and liabilities:					
(Increase) decrease in assets:					
Materials and supplies inventory	-	-	12,308	-	12,308
(Increase) decrease in liabilities:					
Accounts payable	141,239	(9,651)	(33,930)	(99,361)	(1,703)
Accrued liabilities	-	3,246	4,836	-	8,082
Net cash provided by operating activities	<u>\$ 790,256</u>	<u>\$ 285,793</u>	<u>\$ 24,305</u>	<u>\$ 3,311,820</u>	<u>\$ 4,412,174</u>

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City of Owensboro, Kentucky
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2022

	<u>City Employees' Pension Fund</u>	<u>Police and Firefighters' Retirement Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Equity in pooled deposits and investments	\$ 213,503	\$ 550,114	\$ 763,617
Cash and cash equivalents	121,779	-	121,779
Investments, at fair value:			
Corporate stocks	3,067,965	-	3,067,965
Total Assets	<u>\$ 3,403,247</u>	<u>\$ 550,114</u>	<u>\$ 3,953,361</u>
LIABILITIES			
Pension payable	\$ 7,626	\$ 48,145	\$ 55,771
Other	1,429	1,535	2,964
Total Liabilities	<u>9,055</u>	<u>49,680</u>	<u>58,735</u>
NET POSITION			
Restricted	3,394,192	500,435	3,894,627
Total Net Position	<u>\$ 3,394,192</u>	<u>\$ 500,434</u>	<u>\$ 3,894,627</u>

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City of Owensboro, Kentucky
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2022

	<u>City Employees'</u> <u>Pension Fund</u>	<u>Police and</u> <u>Firefighters'</u> <u>Retirement Fund</u>	<u>Total Pension Trust</u> <u>Funds</u>
ADDITIONS			
Contributions			
Employer	\$ -	\$ 660,000	\$ 660,000
Other	-	7,141	7,141
Total contributions	<u>-</u>	<u>667,141</u>	<u>667,141</u>
Investment earnings			
Net appreciation in fair value of investments	(694,689)	-	(694,689)
Interest	30,840	7,522	38,362
Total investment earnings	<u>(663,849)</u>	<u>7,522</u>	<u>(656,327)</u>
Less Investment Expense	55,094	153	55,247
Net investment earnings	<u>(718,943)</u>	<u>7,369</u>	<u>(711,574)</u>
Total Additions	<u>(718,943)</u>	<u>674,510</u>	<u>(44,433)</u>
DEDUCTIONS			
Benefits	184,012	594,176	778,188
Total Deductions	<u>184,012</u>	<u>594,176</u>	<u>778,188</u>
Change in Net Position	(902,955)	80,334	(822,621)
Net Position, Beginning of Year	4,297,147	420,100	4,717,247
Net Position, End of Year	<u>\$ 3,394,192</u>	<u>\$ 500,434</u>	<u>\$ 3,894,626</u>

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City of Owensboro, Kentucky
Combining Statement of Assets and Liabilities
Custodial Funds
June 30, 2022

	<u>County Occupational Tax Fund</u>	<u>School District Tax Fund</u>	<u>Total Custodial Funds</u>
ASSETS			
Equity in pooled deposits and investments	\$ 527,990	\$ -	\$ 527,990
Intergovernmental receivable	-	228,512	228,512
Total Assets	<u>\$ 527,990</u>	<u>\$ 228,512</u>	<u>\$ 756,502</u>
LIABILITIES			
Other	\$ 522,335	\$ 357,195	\$ 879,530
Total Liabilities	<u>522,335</u>	<u>357,195</u>	<u>879,530</u>
NET POSITION			
Restricted	5,655	(128,683)	(123,028)
Total Net Postion	<u>\$ 5,655</u>	<u>\$ (128,683)</u>	<u>\$ (123,028)</u>

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City of Owensboro, Kentucky
Combining Statement of Changes in Assets and Liabilities
Custodial Funds
For the Fiscal Year Ended June 30, 2022

	<u>County Occupational Tax Fund</u>	<u>School District Tax Fund</u>	<u>Total Custodial Funds</u>
Additions:			
Tax Collections for other agencies:			
Property Taxes	\$ -	\$ 13,888,048	\$ 13,888,048
Occupational License Fees	6,737,765	-	6,737,765
Total Tax Collections	<u>6,737,765</u>	<u>13,888,048</u>	<u>20,625,813</u>
Total Additions	<u>6,737,765</u>	<u>13,888,048</u>	<u>20,625,813</u>
Deductions:			
Payments of tax collections other agencies	<u>6,735,896</u>	<u>13,973,507</u>	<u>20,709,403</u>
Total Deductions	<u>6,735,896</u>	<u>13,973,507</u>	<u>20,709,403</u>
Change in Net Position	1,869	(85,459)	(83,590)
Net Position, Beginning of Year	<u>3,786</u>	<u>(43,224)</u>	<u>(39,438)</u>
Net Position, End of Year	<u>\$ 5,655</u>	<u>\$ (128,683)</u>	<u>\$ (123,028)</u>

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City of Owensboro, Kentucky
Combining Statement Net Position
Component Units
Owensboro Municipal Utilities
May 31, 2022

	Electric Light and Power System	Water Works Systems	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Cash and cash equivalents:			
In segregated accounts	\$ 21,717,343	\$ 4,606,214	\$ 26,323,557
Investments	26,474,285	-	26,474,285
Accounts receivable (less allowance of \$41,000 and \$3,600 for Electric and Water, respectively)	13,996,346	3,258,123	17,254,469
Materials and supplies inventory	7,439,448	1,242,612	8,682,060
Prepaid items	151,345	3,117	154,462
Restricted assets	40,692,078	11,089,035	51,781,113
Capital assets, net of accumulated depreciation	126,524,626	91,218,889	217,743,515
Other noncurrent assets	14,228,661	1,185,108	15,413,769
Total Assets	251,224,132	112,603,098	363,827,230
Deferred Outflows of Resources:			
Deferred asset retirement outflow	6,356,155	133,097	6,489,252
Deferred pension outflows	2,789,286	973,102	3,762,388
Deferred other postemployment benefit outflows	4,625,425	1,199,001	5,824,426
Deferred pension obligation	37,834,894	8,839,657	46,674,551
Deferred postemployment benefit obligation	10,848,812	2,538,796	13,387,608
Unamortized loss on debt refunding	927,608	680,951	1,608,559
Net realized loss on investments	5,248,589	508,109	5,756,698
Total Deferred Outflows of Resources	68,630,769	14,872,713	83,503,482
Total Assets and Deferred Outflows of Resources	\$ 319,854,901	\$ 127,475,811	\$ 447,330,712
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities:			
Accounts payable	\$ 18,679,786	\$ 1,537,815	\$ 20,217,601
Accrued interest payable	1,631,689	610,672	2,242,361
Non-current liabilities:			
Long-term debt:			
Due within one year	14,930,000	1,690,000	16,620,000
Due in more than one year	78,415,713	77,146,489	155,562,202
Net pension liability	31,848,682	7,693,040	39,541,722
Net other postemployment benefit liability	9,560,935	2,309,441	11,870,376
Other	21,438	37,264	58,702
Total Liabilities	155,088,243	91,024,721	246,112,964
Deferred Inflows of Resources:			
Deferred pension inflows	8,775,497	2,119,719	10,895,216
Deferred other postemployment benefits inflows	5,913,303	1,428,356	7,341,659
Deferred revenue	3,808,499	-	3,808,499
Total Deferred Inflows of Resources	18,497,299	3,548,075	22,045,374
Net Position:			
Net investment in capital assets	43,394,868	20,052,748	63,447,616
Restricted for:			
Capital projects	8,496,356	2,387,217	10,883,573
Debt service	6,483,439	1,984,392	8,467,831
Other purposes	22,899,646	-	22,899,646
Unrestricted	64,995,050	8,478,658	73,473,708
Total Net Position	146,269,359	32,903,015	179,172,374
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 319,854,901	\$ 127,475,811	\$ 447,330,712

See Independent Auditor's Report

City of Owensboro, Kentucky
Combining Statement of Activities
Component Units
Owensboro Municipal Utilities
For the Fiscal Year Ended May 31, 2022

	Program Revenues			Net (Expenses) Revenue and Change in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Electric Light and Power System	Water Works System	Total
Electric Light and Power System	\$ 90,621,934	\$ 90,980,968	\$ -	\$ -	\$ 359,034	\$ -	\$ 359,034
Water Works System	16,014,229	15,495,549	-	23,010	-	(495,670)	(495,670)
Total Component Units:	\$ 106,636,163	\$ 106,476,517	\$ -	\$ 23,010	359,034	(495,670)	(136,636)
General Revenues:							
Earnings on investments					993,146	162,145	1,155,291
Deferred net change in fair value of investments					(4,713,145)	(446,575)	(5,159,720)
Miscellaneous					4,869,214	561,453	5,430,667
Total General Revenues					1,149,215	277,023	1,426,238
Change in Net Position					1,508,249	(218,647)	1,289,602
Net Position, Beginning of Year					144,761,110	33,121,662	177,882,772
Net Position, End of Year					\$ 146,269,359	\$ 32,903,015	\$ 179,172,374

See Independent Auditor's Report

City of Owensboro, Kentucky
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2022

Governmental funds capital assets:

Land	\$ 28,379,986
Construction in Progress	3,094,443
Land improvements/infrastructure	200,732,953
Buildings	127,700,371
Vehicles	2,726,981
Equipment	9,047,871
Software	1,085,379
	\$ 372,767,984

Investments in governmental funds capital assets by source:

General Fund	\$ 367,687,925
Community Development Fund	4,525,677
City of Owensboro Municipal Improvement Corporation	554,382
	\$ 372,767,984

This schedule presents only the capital assets balances related to the governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal funds are included as governmental activities in the Statement of Net Assets.

See Independent Auditor's Report

City of Owensboro, Kentucky
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
June 30, 2022

Function and Activity	Governmental Funds Capital Assets June 30, 2021	Additions	Deductions	Governmental Funds Capital Assets June 30, 2022
General government:				
City manager, commissioners and legal	\$ 2,601,221	\$ 1,600,000	\$ (413,669)	\$ 3,787,552
Finance	65,029	-	-	65,029
Personnel	83,968	-	-	83,968
Information services	645,882	31,244	-	677,126
Unallocated	38,331,728	-	-	38,331,728
Total general government	41,727,828	1,631,244	(413,669)	42,945,403
Public safety:				
Police	7,770,559	159,079	(67,423)	7,862,215
Fire	4,214,519	145,461	(176,934)	4,183,046
Total public safety	11,985,078	304,540	(244,357)	12,045,261
Public works:				
Engineering	88,453	12,454	(6,092)	94,815
Streets	57,517,596	1,245,600	-	58,763,196
Garage	267,607	-	-	267,607
Stormwater	374,439	-	-	374,439
Total public works	58,248,095	1,258,054	(6,092)	59,500,057
Community and cultural:				
Parks	24,802,338	-	-	24,802,338
Community services	10,891,913	-	(450,000)	10,441,913
Other agencies	14,582,843	-	-	14,582,843
Downtown Revitalization	98,824,336	-	-	98,824,336
Your Community Vision	105,604,333	1,074,417	(147,360)	106,531,390
Total community and cultural	254,705,763	1,074,417	(597,360)	255,182,820
Community / economic development	-	-	-	-
Construction in Progress	1,846,650	2,067,436	(819,643)	3,094,443
Total governmental funds capital assets	\$ 368,513,414	\$ 6,335,690	\$ (2,081,121)	\$ 372,767,984

This schedule presents only the capital assets balances related to the governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal funds are included as governmental activities in the Statement of Net Assets.

See Independent Auditor's Report

City of Owensboro, Kentucky
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
June 30, 2022

Function and Activity	Land	Construction in Progress	Land Improvements	Buildings	Vehicles	Equipment	Software	Total
General government:								
City manager, commissioners and legal	\$ 1,388,324	\$ -	\$ -	\$ 2,272,567	\$ -	\$ 126,661	\$ -	\$ 3,787,552
Finance	-	-	-	-	-	65,029	-	65,029
Personnel	-	-	-	-	-	35,080	48,888	83,968
Information services	-	-	-	82,124	-	517,836	77,166	677,126
Unallocated	7,029,026	-	4,734,338	23,755,355	-	2,208,610	604,399	38,331,728
Total general government	8,417,350	-	4,734,338	26,110,046	-	2,953,216	730,453	42,945,403
Public Safety:								
Police	767,183	-	5,081	3,378,151	69,224	3,287,650	354,926	7,862,215
Fire	353,862	-	-	2,093,300	1,283,410	452,474	-	4,183,046
Total public safety	1,121,045	-	5,081	5,471,451	1,352,634	3,740,124	354,926	12,045,261
Public works:								
Engineering	-	-	-	-	17,958	76,857	-	94,815
Streets	4,305,872	-	53,270,479	1,003,460	-	183,385	-	58,763,196
Garage	22,500	-	-	173,527	-	71,580	-	267,607
Stormwater	-	-	240,150	-	51,999	82,290	-	374,439
Total public works	4,328,372	-	53,510,629	1,176,987	69,957	414,112	-	59,500,057
Community and cultural:								
Parks	3,785,795	-	5,752,158	15,167,128	-	97,257	-	24,802,338
Community services	876,713	-	2,038,705	7,526,495	-	-	-	10,441,913
Other agencies	-	-	-	14,582,843	-	-	-	14,582,843
Downtown Revitalization	7,542,467	-	35,303,687	55,500,000	-	478,182	-	98,824,336
Your Community Vision	2,308,244	-	99,388,355	2,165,421	1,304,390	1,364,980	-	106,531,390
Total community and cultural	14,513,219	-	142,482,905	94,941,887	1,304,390	1,940,419	-	255,182,820
Construction in Progress	-	3,094,443	-	-	-	-	-	3,094,443
Total governmental funds capital assets	\$ 28,379,986	\$ 3,094,443	\$ 200,732,953	\$ 127,700,371	\$ 2,726,981	\$ 9,047,871	\$ 1,085,379	\$ 372,767,984

See Independent Auditor's Report





CITY OF OWENSBORO GENERAL INFORMATION



The City

Owensboro, originally known as Yellow Banks (due to the color of the soil along the Ohio River banks), was first settled in 1797. By 1810, David Morton had opened a general store and the settlement population grew to 100 by 1815. An 1817 Act of the Kentucky Legislature incorporated the town as "Owensborough," later shortened to "Owensboro." The Owensboro area has grown steadily while retaining the "small town quality" of a friendly city. Owensboro ranks as Kentucky's fourth largest city in terms of population and is the industrial and cultural capital of western Kentucky.



In the July/August 2022 issue of Business Facilities Magazine, Owensboro was ranked #6 in the listing of America's Top 10 Manufacturing Hubs. A 2017 *USA Today* article ranked Owensboro #11 in the country for percentage of new mortgages being closed by millennials (those entering adulthood since 2000), citing our recent downtown makeover as one of the factors attracting this demographic. In 2013, Owensboro was named an All-American City (one of only ten communities selected nationwide) by the National Civic League. *Forbes* magazine ranked Owensboro #6 on their 2013 "Best Small Cities For Jobs" and #62 "Best Small Places for Business and Careers," including #24 in job growth and #37 ranking for "Low Cost of Doing Business." Other recent national honors include recognition of the high quality of life and the good environment for raising a family.

Location

Owensboro, the county seat of Daviess County, Kentucky, lies on the southern banks of the Ohio River, one of the nation's major waterways. Part of the western Kentucky coalfield region, Owensboro is located 32 miles southeast of Evansville, Indiana, 123 miles north of Nashville, Tennessee, and 109 miles southwest of Louisville, Kentucky. An improved section of U.S. Highway 231 in southern Indiana, a recently expanded Owensboro bypass, and I-165 complete a four-lane direct link through Owensboro from Interstate 64 in Indiana to Interstate 65 in southern Kentucky.



Industry and Economic Development

Owensboro has emerged as a major economic hub of western Kentucky, attracting major manufacturing processors in industries such as aluminum, automobile parts, uniforms, paper, food, tobacco, and alcoholic beverages. Locally produced goods include automobile frames and parts, electronics, plastics, wire, spaghetti sauce, bourbon, and various tobacco, food, and paper products. Biodiesel ethanol is locally produced from soybeans grown in the area, and Owensboro has emerged as an international leader in biotechnology research. A large mortgage processing firm and two natural gas transmission corporations also call Owensboro home. A large utility company has recently begun construction of its new corporate headquarters in the downtown area, creating a \$100 million-plus impact on the community, with 120 employees and an annual payroll of \$14 million a year. The same company also plans a new \$30 million operations center on the west side of town with an additional 145 jobs. An entertainment company has announced plans for a new \$16.7 million project, creating approximately 100 jobs.

The City is active in promoting economic development, as new developmental job growth is necessary to ensure the continued stability of the City's revenue base. Economic indicators and trends reflect growth in the area's economy and workforce compared to the previous year. As of June 2022, area employment over the prior twelve months averaged 43,924, an increase of 3.7% from the prior year average. The June 2022 unemployment rate was 4.1%, lower than the prior year rate of 5.2%, and lower than the State rate of 4.2%, but slightly higher than the U.S. rate of 3.8%. All employment numbers show good recovery from the COVID-19 shutdowns. The total number of Owensboro Municipal Utilities active water and electric meters was slightly higher and has been steady for several years, with much of the recent construction in the city occurring in areas served by Kenergy and the local water district. The rate of construction of new single-family housing was up 10% from the prior year. The value of new non-residential projects increased about 58% from last year's total.

The City of Owensboro pursues an aggressive annexation policy to ensure continued growth and development. Much of the City's long-term industrial growth potential lies in the Carter Road/Airport Corridor, anchored by the 400-acre MidAmerica Airpark. The City coordinated with the Greater Owensboro Economic Development Corporation to complete MidAmerica Airpark, which includes Airpark and Unifirst Drives and extensions of Tamarack Road and Southtown Boulevard. This has proven to be a valuable tool for attracting new industry to Owensboro. In recent years, a local expansion to the Airpark of a national mortgage processing company brought over 800 jobs to three new buildings. The Owensboro-Daviess County Regional Airport has completed facility and terminal expansions valued at over \$40 million. Direct flights to the Orlando area since 2009 make Owensboro a hub for convenient and cost-effective transportation between Florida and the Owensboro region, and round-trip daily flights from Owensboro to both St. Louis and Nashville serve a vital connection to cities nationwide. The overall outlook for the area's economy remains bright due to its diversification.

In recent years, the City completed construction of a \$40 million Riverfront Development project which was funded mostly through a federal grant. The project included a river wall, a signature fountain, children's playground and spraypark, and significant additional green space for Smothers Park. In 2015, this "Lazy Dayz" playground was named the #1 playground in the world by the Landscape Architects Network, one of the 10 best playgrounds in the United States by USA Today, and 18th best playground in America by Early Childhood Education Zone.





The City completed a \$99 million downtown redevelopment and revitalization project, partnering with Daviess County Fiscal Court in the development and financing of this project, with the City sponsoring \$79 million of the project and the County sponsoring the remaining \$20 million. A \$55.5 million convention and events center overlooking the Ohio River opened in January 2014, and shortly thereafter two privately-developed hotels with 270 total rooms opened nearby at a total cost of over \$35 million. Nearby ground has been broken on a \$50 million 5-story third hotel/apartment/parking complex

which is scheduled to bring another 121 hotel rooms, 180 apartments, and 245 parking garage spaces to this area of downtown.

A new 437-space parking garage opened in November 2018 to serve parking needs of the convention center and the nearby hotels. Other new construction in the area includes a corporate headquarters and multiple residential buildings on available riverfront property, with additional property available for future development. In 2015, *Southern Business & Development Magazine* included Owensboro on their list of “10 Great Southern Downtowns That Are Worth A Visit.”

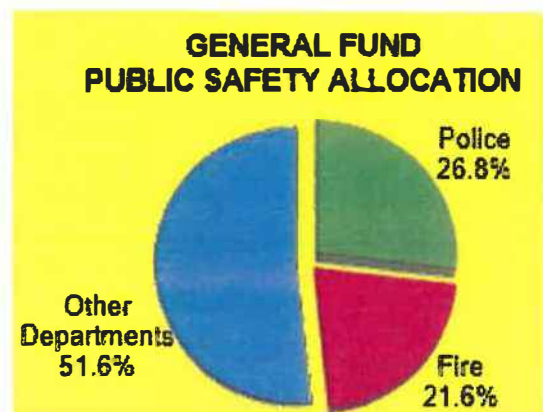
In 2018, the City activated two separate Tax Increment Financing (TIF) project areas in partnership with the Commonwealth of Kentucky. The Downtown Riverfront TIF project continues revitalization of downtown through public and private investment expected to reach \$153.9 million. The Gateway Commons TIF project on 208 acres of annexed land includes total investment of \$198.9 million and is projected to generate \$128.6 million of eligible state and local tax revenues over a 20-year period.

Communications

The citizens of Owensboro and surrounding counties are served by the Owensboro *Messenger-Inquirer* daily print newspaper service and online daily news source the *Owensboro Times*. The Owensboro area is served by many radio stations and by affiliate stations of the four major television networks (ABC, CBS, FOX, and NBC). Cable television service is provided by Spectrum. Owensboro is home to a United States Post Office, with branch offices throughout the City.

Public Safety

The City is committed to excellence from its Police (OPD) and Fire (OFD) Departments. Emergency response times average 3.46 minutes for OPD and 4.42 minutes for OFD, in accordance with the National Fire Protection and United States Insurance Service Offices recommendations. Our combined City-County Central Dispatch Center helps ensure efficient and effective Public Safety dispatch services throughout the county. This chart illustrates General Fund expenditure percentages for public safety and all other departments, not including capital projects funding. Police and Fire account for 48.4% of the General Fund expenditure budget.



Education

Quality education is a priority for the City of Owensboro. Education facilities in the area abound, with city, county and parochial school systems providing elementary, middle and high school students with quality education. The average student-teacher ratio for these systems is 20-25:1.

The Owensboro Community and Technical College, an institute for higher learning, offers two-year Associate of Arts and Science degrees, several doctoral degree programs via telecommunications and vocational education.

Brescia University and Kentucky Wesleyan College are four-year education institutions offering Bachelors of Science and Art degrees. Graduate programs are offered locally by Brescia, Western Kentucky University and Murray State University. Western Kentucky University-Owensboro offers a host of undergraduate and graduate degree programs on their recently expanded Owensboro Campus. These programs provide area residents with the opportunity to earn post-graduate degrees without leaving the city.

Owensboro is proud of the Ford Government Gallery located at the Owensboro Museum of Science and History. The late Senator Wendell H. Ford, who was a local resident, donated memorabilia from his long political career to the Gallery. The Gallery includes a replica of his Senate office, a rotunda, and a 70-seat "Senate chamber" used for community, school meetings and lectures. It is equipped with computer and television connections to Washington, D.C. and Frankfort, KY.

Medical Facilities

Owensboro Health is a community-based, not-for-profit regional health system covering 18 counties in Western Kentucky and Southern Indiana. The health system's mission is to heal the sick and to improve the health of the communities it serves, a population of nearly 400,000 people. Its \$385 million state-of-the-art flagship hospital facility (licensed for 477 beds and pictured to the right) officially opened in Owensboro June 1, 2013. It also operates separate Kentucky hospitals in Greenville and Leitchfield, as well as additional Healthplexes to serve the communities of Henderson, Madisonville and Powderly.



It also operates separate Kentucky hospitals in Greenville and Leitchfield, as well as additional Healthplexes to serve the communities of Henderson, Madisonville and Powderly.

Owensboro Health Regional Hospital (OHRH) offers a variety of medical services, and patients consistently benefit from quality care. US News & World Report named OHRH a 2022-2023 High Performing Hospital, the highest rating available for the care of heart attacks, strokes, COPD and kidney failure. OHRH also earned the 2019 Excellence in Healthcare Facilities Management Award—the first time a Kentucky hospital has ever received this award. Owensboro Health was one of only two recipients of the 2019 Strata Decision LEAP (Lead, Excel, Achieve, and Progress) Award, recognizing healthcare organizations for outstanding performance in the areas of finance and strategy to benefit both their organization and the communities they serve. In recent years, OHRH has been ranked in the top 5 percent for clinical excellence by Healthgrades, a leading healthcare rating firm, including top 2 percent for 2014. Among many services and accomplishments, Owensboro Health also leads two key initiatives for cancer research in the Owensboro region. The Owensboro Health Mitchell Memorial Cancer Center is accredited as a Comprehensive Cancer Center, the highest endorsement awarded to any community hospital from the Commission on Cancer of the American College of Surgeons, confirming that Owensboro Health provides the highest

level of care in the diagnosis and treatment of cancer. OHRH just celebrated the eleven-year anniversary of its Level III Neonatal Intensive Care Unit (NICU), which is the largest of its kind in the region and can tend to babies of any weight born as early as 27 weeks of gestation.

Recreation and Culture

The new, high-tech public library serves the community well with a collection of 197,000 books, 28,000 audio and DVD items, a digital collection of over 55,000 items, and access to 31 online databases. Owensboro Museum of Science and History maintains community interest in the natural sciences and area history. Art lovers benefit from the Owensboro Museum of Fine Art, which now features an Atrium Sculpture Court, a restored Civil War-era mansion, a priceless collection of German stained glass windows, and the Kentucky Spirit Galleries. These institutions are recognized as being among the finest in western Kentucky. In Fall 2018, the Bluegrass Music Hall of Fame & Museum moved into a new \$15.4 million facility in downtown Owensboro.



Owensboro offers wide ranges of recreational and cultural activities to its citizens, who enjoy everything from fishing on nearby lakes to live performances of the Owensboro Symphony Orchestra, one of the finest in the state. Municipal parks provide areas for picnicking, family gatherings, golf, hiking, tennis, softball, football, soccer, fishing, and just plain relaxing. State-maintained Carpenters and Kingfisher lakes offer another fine arena for the fisherman. Other water sports may be enjoyed on the Ohio River. Whether walking, running or biking for fun or exercise, the City's Greenbelt offers a safe route for its residents and visitors.

The City maintains two swimming pools and three sprayparks (shallow water play areas specially built for small children). Legion Park is one of our community's finest parks and includes a spraypark, basketball courts, a foot soccer court, a walking trail, a dog park, two covered shelters perfect for gatherings and family reunions, and one of the city's best playgrounds. This playground was recently updated with GameTime equipment including over 80 play options and a zipline. Adult fitness equipment is located adjacent to the playground so adults can get fit while their children are playing.

As previously mentioned, Smothers Park was greatly expanded and enhanced with additional green space, a signature fountain, and a large children's playground/spraypark complex as part of a recent Riverfront Development Project. This is connected to the new riverfront convention center area by the Mitch McConnell Plaza and Walkway, also a recent addition. Owensboro is indebted to Senator McConnell for his loyalty and dedication to the City and its ambitious riverfront projects. The City has dedicated the plaza and walkway in his honor.



The RiverPark Center, a 100,000 square foot performing arts and civic center, boasts a 1,500 seat multi-purpose auditorium, an experimental theatre, a riverfront plaza, an open-air courtyard, and meeting/reception rooms. Each year, the RiverPark Center hosts hundreds of performance and civic events. Other community activities include music, theatre and art. Cultural activities play a major role in the everyday lives of Owensboro's residents. The City funds many cultural agencies in part.



Friday After 5 is a weekly series of free outdoor concerts held on the riverfront beginning at the Smothers Park and continuing west over several city blocks past the convention center to the Holiday Inn Riverfront. The

event began in 1996 with ten weekly Friday evening concerts. It has grown to a summer-long signature event for the tri-state area hosting more than 50,000 visitors and generally runs from May to September. The festival includes live bands, interactive events for families, entertainment and crafts each Friday after 5:00 p.m. until 11:30 p.m.

Owensboro hosts many festivals throughout the year. Each festival is unique and designed for the whole family. The largest of these is the Bar-B-Q Block Party, formerly known as the International Bar-B-Q Festival, which is hosted on the Ohio Riverfront in May of each year. Owensboro has over 150 years of barbecuing experience and boasts of being the Bar-B-Q Capital of the World. The Bar-B-Q Festival is packed with food, music, dance, and a variety of vendor booths. The Bluegrass Music Hall of Fame & Museum's annual ROMP Fest draws thousands of music lovers to its 4-day event each summer, celebrating the roots and branches of Bluegrass music.



The Fourth of July ushers in Owensboro's next big celebration, with festivities and family fun. The celebration begins with live music and concludes with a large firework show on the riverfront. In addition, there are three locations throughout the City with simultaneously launched fireworks where spectators listen to the soundtrack of the choreographed show. Various other festivals are celebrated during the year, including Pumpkin and Apple Festivals each fall.

Since 2012, the City has sponsored an annual airshow in late summer at the airport and over the downtown riverfront. Both the U.S. Navy Blue Angels and the U.S. Air Force Thunderbirds have been featured performers at this airshow, with the Blue Angels making their second appearance in

2021. August 2022 saw the return of the Owensboro Hydrofair, featuring hydroplane races on the Ohio River at Owensboro for the second time since the late 1970's.

Owensboro has been awarded the designation of Sports Illustrated "Sportstown" as the state's top location for community sports and recreation. As a City representative at the time was quoted in the Sports Illustrated article: "Sports are a huge focus here in Owensboro and we try to appeal to everyone at all stages of life — from t-ball to adult softball to activities for seniors. Our goal is to help residents have a positive, lifelong relationship with sports." In 2016 and 2017, Owensboro was recognized as a Playful City USA Community, a national recognition program honoring cities and towns for making their cities more playable; and health and recreation friendly. The City of Owensboro works to drive sports and recreation tourism, hosting events and tournaments, resulting in an average of \$11-\$17 million in economic impact annually.

The Owensboro Sportscenter, a 5,000-seat, air-conditioned auditorium/arena, is home to local high school and college basketball. The City has several times hosted the NCAA Division II Men's "March Madness" Basketball Tournament and the Kentucky 3rd Region Boys' and Girls' High School Basketball Tournament at this site.

Owensboro high schools participate in all major team sports offered by the Kentucky High School Athletic Association, and often at least one of these schools is in serious contention for state champion for various sports. Owensboro High School won its fifth boys high school state basketball championship in 2015. The Owensboro Rampage high school ice hockey team won Kentucky High School Hockey League state titles in 2012, 2016, 2020, 2021, and 2022.

The Kentucky Wesleyan College basketball team has been referred to as the "UCLA of Small College Basketball." The Panthers have historically been a perennial powerhouse in NCAA's small college basketball ranks and have won eight NCAA II National Tournaments.



The Owensboro softball complex, located in Jack C. Fisher Park, has been the site of more than 30 national level softball and baseball world series' and championships since 2001. The complex is a multiple recipient of the NSA Outstanding Park Award, and the City has received the ASA James Ferrall Award of Excellence on tournament operations multiple times since 2001. The City successfully hosted the three largest Amateur Softball Association's (ASA) National Championships in the history of the ASA, each with more than 140 teams participating.

The Owensboro Parks and Recreation Department, in partnership with Owensboro Catholic High School, was awarded the honor of hosting the KHSAA Girls Fast Pitch Softball State Championship in 2004, 2005, and 2008 through 2018. Anything more than a three-year award to the same host community is unprecedented in the history of the event, and the renewal for eleven consecutive years speaks volumes regarding the caliber of our facilities and staff. The Owensboro Catholic Lady Aces have earned five state fast-pitch softball titles since 1998.

On weeknights throughout the season, the softball complex is home to 450 youth t-ball players, 100 youth baseball players, and 1,200 adult softball players. These leagues are coordinated by the Owensboro Parks and Recreation Department.

A \$2.95 million makeover of the softball complex was completed in 2020, including a new sign, ticketing entrance, batting cages, playground, and expanded parking. The fields now have improved drainage systems and synthetic turf infields, making them much easier to maintain for continued play and allowing for use the majority of the year. In the first year after renovations, the complex has seen growth in both the amount of tournaments hosted and organizations utilizing the facilities.



All Owensboro residents (children, teens, adults, and seniors) have many recreational options, including golf, tennis, pickleball, softball, volleyball, ice-skating, soccer, football, baseball, street soccer, and basketball. There are also developmental and instructional programs in t-ball, soccer, cheerleading, tumbling, tennis, golf, tae-kwon do, baseball, softball, volleyball, ice-skating, swimming, and fishing. The City opened its new Edge Ice Arena in August 2009, replacing a facility that had been built in 1963. Owensboro Youth Hockey Association, Inc. is open to youth ages 4-18. The Owensboro Youth Soccer League involves youth ages 6-19 during spring and fall seasons. Recently, one underutilized tennis court was converted to a street soccer facility, which sees much play and has hosted tournaments. Another tennis court has been converted for pickleball, a rapidly-expanding sport similar to tennis. Owensboro Youth Baseball develops young people ages 6-18 in baseball. In 2014, the City opened a new 14,000 square foot Skate Park, and in 2015, a new indoor-outdoor 15-court tennis complex was opened.



Owensboro's 2010 purchase of Ben Hawes Park from the State of Kentucky allowed for further enhancement of recreational facilities in the area, among them miles of recently renovated mountain biking/hiking trails and a new Soap Box Derby track. The Owensboro Lions Club brought the Soap Box Derby back to Owensboro in 2001 after a 36-year absence. After initially being held on a city street course, in recent years the event has been hosted on a newly-built dedicated track in Ben Hawes Park.

This is the result of a combined commitment of the Owensboro Lions Club, its sponsors, and the governments of the City of Owensboro and Daviess County. This Soap Box Derby track hosts several events each year. In recent years, we've had several veterans from this local track place well in the national All American Soap Box Derby in Akron, Ohio. In 2015, our area produced three Rally Division World Champions.

In 2019, the City opened its first dog park on 1.6 acres within Legion Park. The Castlen Dog Park was funded by donations and sponsorships from the public, and it features separate areas for small and large dogs.

Multi-Cultural

Owensboro Sister Cities and Regions, Inc. (OSCAR) promotes global understanding between our City and other world communities by assisting local governmental entities with proper protocol and reception of foreign dignitaries and visitors. The City and Owensboro Sister Cities hopes to inform and educate the community about international culture, as well as promote the expansion and development of international trade. Owensboro Sister Cities promotes two Sister City communities: Olomouc, Czech Republic, and Nisshan City, Japan. Also, a Sister Region agreement under Sister Cities International has been reached between the Green River Area Development District (GRADD) representing a seven-county area in Western Kentucky and the Olomouc Kraj (Region), comprising thirteen counties in the Central Moravia area of the Czech Republic.



A refugee resettlement agency has had an Owensboro office since 2009, and have assisted over 900 immigrants that have arrived in Owensboro, the majority from Burma, Somalia, and Afghanistan.

The Government

Owensboro operates under a City Manager form of government. The Board of Commissioners includes our Mayor and four Commissioners. Citizens elect the Commissioners at large on a non-partisan ballot. The Mayor is elected for a four-year term and the Commissioners for two-year terms. The Mayor and Commissioners have equal voting power. The Commission sets the policies that govern the City. It appoints citizen advisory groups that help in the decision-making process. The City Manager is appointed by the Board and is responsible for the day-to-day operations of City employees. Department managers are responsible for their various departments and report to the City Manager.

CITY OF OWENSBORO, KENTUCKY
Statistical Section Objectives

The statistical section of our report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	149-155
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	156-159
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	160-163
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	164-165
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	166-168

Sources: Unless otherwise noted, the information in this section is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement No. 54 in 2010.

Schedule 1
CITY OF OWENSBORO
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 51,139,210	\$ 62,041,882	\$ 64,475,753	\$ 71,226,488	\$ 58,035,347	\$ 85,881,234	\$ 76,368,322	\$ 69,816,187	\$ 76,380,304	\$ 76,057,495
Restricted	48,046,513	21,134,973	16,821,765	20,558,893	35,381,751	41,030,114	36,034,801	37,310,871	36,004,148	34,471,741
Unrestricted	28,696,007	34,606,637	(4,244,765)	(10,417,214)	(17,464,235)	(45,867,301)	(33,714,221)	(36,468,516)	(34,830,704)	(29,552,566)
Total governmental activities net position	\$ 127,881,730	\$ 117,783,492	\$ 77,052,753	\$ 81,368,167	\$ 75,952,863	\$ 81,044,047	\$ 78,688,902	\$ 70,658,542	\$ 77,553,748	\$ 80,976,670
Business-Type activities										
Net investment in capital assets	\$ 4,578,564	\$ 4,286,716	\$ 3,551,388	\$ 3,319,301	\$ 2,832,721	\$ 3,048,650	\$ 2,513,370	\$ 3,115,066	\$ 4,202,182	\$ 5,817,038
Restricted	-	-	-	-	-	-	-	1,280,282	1,340,164	-
Unrestricted	11,485,967	8,990,011	8,623,564	10,443,827	12,429,800	14,301,945	17,584,114	18,786,184	20,920,694	26,451,760
Total business-type activities net position	\$ 16,064,531	\$ 13,276,727	\$ 12,174,952	\$ 13,763,128	\$ 15,262,521	\$ 17,350,595	\$ 20,097,484	\$ 23,181,532	\$ 26,463,040	\$ 32,268,798
Primary government										
Net investment in capital assets	\$ 55,717,774	\$ 66,328,598	\$ 68,027,141	\$ 74,545,789	\$ 60,868,068	\$ 88,929,884	\$ 78,881,692	\$ 72,931,253	\$ 80,582,486	\$ 81,874,533
Restricted	48,046,513	21,134,973	16,821,765	20,558,893	35,381,751	41,030,114	36,034,801	38,591,153	37,344,312	34,471,741
Unrestricted	40,181,974	43,596,648	4,378,799	26,613	(5,034,435)	(31,565,356)	(16,130,107)	(17,682,332)	(13,910,010)	(3,100,806)
Total primary government net position	\$ 143,946,261	\$ 131,060,219	\$ 89,227,705	\$ 95,131,295	\$ 91,215,384	\$ 98,394,642	\$ 98,786,386	\$ 93,840,074	\$ 104,016,788	\$ 113,245,468

Schedule 2
CITY OF OWENSBORO
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 9,869,881	\$ 18,605,042	\$ 13,598,984	\$ 12,057,045	\$ 12,523,892	\$ 12,275,046	\$ 13,926,173	\$ 16,320,121	\$ 14,397,759	\$ 13,929,987
Public safety	20,953,730	21,518,684	19,917,267	23,698,594	25,332,284	29,760,594	32,134,068	36,426,414	36,521,834	32,837,919
Public works	12,359,635	7,863,621	6,991,061	8,023,469	8,174,725	9,659,970	10,166,239	11,365,694	12,051,440	9,972,742
Community and cultural	9,600,911	9,904,660	11,074,464	12,340,552	14,348,152	14,652,874	15,654,040	15,510,760	14,229,456	16,224,578
Community/economic development	3,746,406	2,403,239	1,660,769	2,643,392	2,748,147	1,904,167	2,399,082	2,417,961	2,602,842	7,014,021
Interest on long-term debt	3,720,799	4,666,115	4,792,998	5,376,681	5,421,113	5,177,569	5,001,882	4,237,525	3,787,339	3,546,266
Total governmental activities expenses	60,251,362	64,981,561	58,035,563	64,139,753	68,548,313	73,430,240	79,283,484	86,298,495	83,590,670	83,525,513
Business-Type activities:										
Sanitation	5,523,509	5,820,823	5,747,365	5,881,661	6,320,520	6,168,818	6,420,671	6,559,647	6,382,133	6,700,739
Transit	2,141,269	2,722,617	2,678,189	2,454,465	2,454,835	2,170,455	2,336,521	2,470,722	2,799,450	3,445,475
Geographic information system	336,049	363,632	377,619	429,385	386,654	408,314	434,701	466,899	473,735	499,397
Convention Center Operations	612,494	2,237,673	481,697	2,378,892	4,067,132	4,063,694	4,467,443	4,360,646	3,784,256	3,967,765
Recreation	2,724,406	2,986,234	3,046,350	3,135,933	2,649,215	2,504,145	2,638,077	2,531,311	2,677,278	3,017,106
Sportscenter Operations	-	-	-	-	139,565	643,697	813,928	1,038,904	1,338,699	1,462,046
Total business-type activities expenses	11,337,727	14,130,979	12,331,220	14,280,336	16,017,921	15,959,123	17,113,341	17,428,129	17,455,551	19,092,548
Total primary government expenses	\$ 71,589,089	\$ 79,112,540	\$ 70,366,783	\$ 78,420,089	\$ 84,566,234	\$ 89,389,363	\$ 96,396,825	\$ 103,726,624	\$ 101,046,221	\$ 102,618,061

Schedule 2
CITY OF OWENSBORO
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,690,180	\$ 1,693,498	\$ 1,621,957	\$ 1,536,628	\$ 1,540,833	\$ 1,668,690	\$ 1,776,170	\$ 1,292,049	\$ 1,372,135	\$ 1,607,811
Public safety	823,146	1,331,134	1,143,915	1,122,692	1,293,622	1,370,241	1,511,032	1,482,425	1,389,567	1,452,131
Public works	1,367,196	44,339	37,081	40,034	95,877	99,398	109,595	54,305	40,295	47,378
Community and cultural	-	214,533	219,504	225,812	243,243	209,796	241,138	121,698	116,225	214,022
Community/economic development	698,646	853,846	1,045,865	1,026,603	1,031,165	1,020,451	1,104,132	1,103,412	966,356	953,471
Operating grants and contributions	1,416,992	742,900	740,472	364,181	1,414,590	650,420	1,090,247	1,029,486	13,163,607	8,170,673
Capital grants and contributions	1,070,822	651,624	72,620	36,104,114	250,000	-	-	-	113,907	-
Total governmental activities program revenues	7,066,982	5,531,874	4,881,414	40,420,064	5,869,330	5,018,996	5,832,314	5,083,375	17,162,092	12,445,486
Business-type activities:										
Charges for services:										
Sanitation	5,299,182	5,309,154	5,314,021	7,370,383	7,435,484	7,390,612	7,522,096	7,573,650	7,707,634	7,857,272
Transit	128,560	149,976	135,831	130,112	102,623	115,977	140,024	91,662	3,588	37,044
Geographic information system	249,710	262,867	253,500	295,667	285,787	307,260	319,885	323,316	347,915	379,340
Convention Center Operations	-	-	-	1,716,131	3,281,257	3,100,098	3,673,480	3,125,438	2,033,331	3,049,075
Recreation	1,786,512	1,684,964	1,695,516	1,804,377	1,488,243	1,423,815	1,434,706	1,215,508	1,275,012	1,573,946
Sportscenter Operations	-	-	-	-	-	316,862	503,834	593,657	777,129	841,648
Operating grants and contributions	585,334	697,007	693,558	881,430	922,823	899,713	1,057,371	1,685,354	1,483,476	2,797,311
Capital grants and contributions	1,471,164	585,461	585,461	264,864	296,263	447,235	423,250	450,288	1,007,261	1,838,395
Total business-type activities program revenues	9,520,462	8,689,429	8,677,887	12,462,964	13,812,480	14,001,572	15,074,646	15,058,873	14,635,346	18,374,031
Total primary government program revenues	\$ 16,587,444	\$ 14,221,303	\$ 13,559,301	\$ 52,883,028	\$ 19,681,810	\$ 19,020,568	\$ 20,906,960	\$ 20,142,248	\$ 31,797,438	\$ 30,819,517
Net (expense)revenue										
Governmental activities	\$ (53,184,380)	\$ (59,449,687)	\$ (53,154,149)	\$ (23,719,689)	\$ (62,678,983)	\$ (68,411,244)	\$ (73,451,170)	\$ (81,215,120)	\$ (66,428,578)	\$ (71,080,027)
Business-type activities	(1,817,265)	(5,441,550)	(3,653,333)	(1,817,372)	(2,205,441)	(1,957,551)	(2,038,695)	(2,369,256)	(2,820,205)	(7,18,517)
Total primary government net expense	\$ (55,001,645)	\$ (64,891,237)	\$ (56,807,482)	\$ (25,537,061)	\$ (64,884,424)	\$ (70,368,795)	\$ (75,489,865)	\$ (83,584,376)	\$ (69,248,783)	\$ (71,798,544)

Schedule 2
CITY OF OWENSBORO
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes										
Property taxes	\$ 9,622,714	\$ 9,767,158	\$ 9,991,728	\$ 10,326,162	\$ 10,724,339	\$ 10,951,519	\$ 11,306,177	\$ 11,743,623	\$ 12,536,038	\$ 13,148,827
Occupational license taxes	16,281,800	16,058,067	16,375,511	18,292,666	18,816,777	24,228,968	25,267,717	26,177,778	27,403,790	29,658,697
Net profit license taxes	3,856,135	3,907,671	3,723,658	3,017,508	3,850,957	4,418,349	5,481,032	5,182,182	6,056,203	5,777,629
Regulatory taxes	7,992,483	8,234,180	8,824,267	8,818,772	8,819,470	9,182,849	10,825,575	11,685,045	11,242,943	12,523,914
Payments in lieu of taxes from component unit	2,669,050	2,295,286	2,253,698	2,493,330	2,670,618	2,596,009	2,598,448	2,650,357	2,582,188	2,912,621
Investment earnings	641,337	589,698	330,466	466,956	504,883	843,703	1,395,770	1,232,256	650,226	(1,228,775)
Unrestricted grants and contributions	2,078,625	3,353,746	714,119	2,085,495	2,061,368	2,147,882	3,823,386	4,474,650	3,882,116	5,254,171
Gain on sale of assets	326,151	599,960	112,586	22,662	532,369	196,978	908,194	76,233	112,021	916,521
Investment in joint venture	440,926	530,462	(638,194)	(153,877)	(247,350)	593,133	1,126,196	357,671	(209,470)	(339,255)
Miscellaneous	598,847	105,942	8,363,471	3,629,767	5,082,403	6,540,543	3,659,531	5,243,410	5,015,769	2,692,330
Dividends from component unit	6,392,412	6,546,472	6,974,384	7,211,243	7,277,149	7,647,203	8,146,508	8,325,171	8,258,300	8,196,008
Special Item-Property acquired under lease restructure	-	-	-	-	-	-	-	-	-	-
Transfers	(1,593,579)	(1,878,925)	(2,113,824)	(2,306,631)	(2,829,304)	(3,125,154)	(3,442,509)	(3,963,616)	(4,206,340)	(5,009,739)
Total governmental activities	49,306,901	50,109,717	54,911,870	53,904,053	57,263,679	66,221,982	71,096,025	73,184,760	73,323,784	74,502,949
Business-type activities:										
Investment earnings	208,415	131,809	83,919	101,584	99,485	152,766	363,698	359,914	163,312	(285,681)
Unrestricted grants and contributions	128,996	165,624	240,532	230,126	233,865	232,876	242,110	226,132	163,851	680,733
Gain on sale of assets	159,758	150,000	(28,155)	225,337	95,025	103,093	166,043	-	313,413	76,041
Miscellaneous	-	207,888	141,437	541,871	373,196	431,736	571,224	903,642	1,254,797	1,043,443
Transfers	1,593,579	1,878,925	2,113,824	2,306,831	2,903,263	3,125,154	3,442,509	3,963,616	4,206,340	5,009,739
Total business-type activities	2,090,748	2,534,246	2,551,557	3,405,549	3,704,834	4,045,625	4,785,584	5,453,304	6,101,713	6,524,275
Total primary government	\$ 51,397,649	\$ 52,643,963	\$ 57,463,427	\$ 57,309,602	\$ 80,968,513	\$ 70,267,607	\$ 75,881,609	\$ 78,638,064	\$ 79,425,497	\$ 81,027,224
Change in Net Position										
Governmental activities	\$ (3,877,479)	\$ (9,339,970)	\$ 1,757,722	\$ 30,184,364	\$ (5,415,304)	\$ (2,189,262)	\$ (2,355,145)	\$ (8,030,360)	\$ 6,895,206	\$ 3,422,922
Business-type activities	273,483	(2,907,304)	(1,101,776)	1,588,177	1,499,393	2,088,074	2,746,889	3,084,048	3,281,508	5,805,758
Total primary government	\$ (3,603,996)	\$ (12,247,274)	\$ 655,946	\$ 31,772,541	\$ (3,915,911)	\$ (101,188)	\$ 391,744	\$ (4,948,312)	\$ 10,176,714	\$ 9,228,680

Schedule 3

**CITY OF OWENSBORO
GENERAL GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years**

FISCAL YEAR	TOTAL	PROPERTY TAXES	LICENSES AND PERMITS	INTER-GOVERNMENTAL REVENUES	CHARGES FOR SERVICES - GENERAL GOVERNMENT	FINES AND FORFEITS	INVESTMENT EARNINGS	MISC. OTHER REVENUES
2013	\$55,798,233	\$9,622,714	\$28,349,336	\$12,952,702	\$2,174,734	\$107,143	\$569,148	\$2,022,456
2014	55,657,986	9,767,158	28,691,389	12,768,435	841,742	90,775	589,698	2,908,789
2015	61,874,528	9,991,728	29,586,092	12,946,219	858,014	90,594	306,937	8,094,944
2016	63,375,677	10,326,162	30,606,359	12,582,476	872,945	95,306	441,972	8,450,457
2017	64,385,335	10,724,339	32,004,997	14,071,144	868,669	80,489	519,810	6,115,887
2018	68,213,898	10,951,519	38,545,539	13,713,745	893,439	72,455	843,703	3,193,498
2019	75,994,656	11,306,177	42,247,198	16,468,098	916,030	94,518	1,395,770	3,566,865
2020	77,430,450	11,743,623	43,936,349	15,784,432	2,224,223	62,854	1,232,256	2,446,713
2021	91,160,624	12,536,038	45,621,176	28,000,118	2,252,137	48,009	650,226	2,052,920
2022	89,779,330	13,148,828	48,496,826	24,404,406	3,075,719	67,175	(1,228,776)	1,815,152

Schedule 4

**CITY OF OWENSBORO
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>General fund</u>										
Nonspendable	\$ 23	\$ 69	\$ 41	\$ 66	\$ 37	\$ 60	\$ 34	\$ 115	\$ 155	\$ 137
Restricted	-	-	-	138	1,392	1,898	1,898	1,521	1,559	408
Committed	437	396	412	377	547	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	14,155	11,741	9,765	9,127	6,928	9,306	15,013	17,335	25,273	28,843
Total General Fund	\$ 14,615	\$ 12,206	\$ 10,218	\$ 9,709	\$ 8,905	\$ 11,265	\$ 16,945	\$ 18,971	\$ 26,987	\$ 29,388
<u>All other governmental units</u>										
Nonspendable	\$ -	\$ -	\$ -	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	31,407	17,616	16,821	20,421	33,990	39,132	31,862	28,020	31,463	31,801
Committed	15,778	3,123	3,556	4,624	3,567	4,856	7,542	7,747	9,273	9,211
Assigned	-	-	-	-	-	(2)	-	2,500	3,258	4,284
Unassigned	-	-	-	-	-	-	(83)	(6)	-	-
Total all other government funds	\$ 47,185	\$ 20,739	\$ 20,377	\$ 25,056	\$ 37,557	\$ 43,986	\$ 39,321	\$ 38,261	\$ 43,994	\$ 45,296

Schedule 5
CITY OF OWENSBORO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Real and personal property taxes	\$ 9,622,714	\$ 9,767,158	\$ 9,991,728	\$ 10,326,162	\$ 10,724,339	\$ 10,951,519	\$ 11,306,177	\$ 11,743,623	\$ 12,536,038	\$ 13,148,828
Occupational licenses	16,068,006	16,053,903	16,577,471	18,292,666	18,816,777	24,228,967	25,267,716	26,177,778	27,403,790	29,658,697
Net profit license fees	3,860,563	3,907,671	3,723,658	3,017,508	3,850,957	4,418,349	5,481,032	5,182,182	6,056,203	5,777,629
Regulatory licenses	7,992,483	8,234,180	8,824,267	8,818,772	8,819,470	9,317,225	10,955,567	11,685,045	11,242,943	12,523,914
Intergovernmental	3,891,240	3,926,677	3,718,137	2,877,903	4,123,377	3,470,533	5,723,142	4,808,904	17,159,630	13,295,775
Interest	569,148	589,698	306,937	441,972	504,883	843,703	1,395,770	1,232,257	650,226	(1,228,776)
Fees, licenses and permits	428,284	495,635	460,696	477,413	517,793	580,998	542,883	891,343	918,240	536,586
Fines and forfeitures	107,143	90,775	90,594	95,306	80,489	72,455	94,518	62,854	48,009	67,175
Rentals	770,939	68,378	83,503	100,861	101,522	1,089,411	1,193,858	1,238,141	1,091,241	1,075,664
Charges for services	2,174,734	841,742	858,014	872,945	868,669	893,439	916,030	2,224,223	2,252,137	3,075,719
Contributions and donations	46,174	1,333,636	5,632,964	6,205,977	1,330,493	56,531	51,188	138,237	12,912	149,703
Dividends from component units	6,392,412	6,546,472	6,974,384	7,211,243	7,277,149	7,647,203	8,146,508	8,325,171	8,258,300	8,196,008
Payments in lieu of taxes from component unit	2,669,050	2,295,286	2,253,698	2,493,330	2,670,618	2,596,009	2,598,448	2,650,357	2,582,188	2,912,623
Miscellaneous income	1,205,343	1,506,775	2,378,477	2,143,619	4,698,799	2,047,556	2,321,819	1,070,335	948,767	589,785
Total Revenues	55,798,233	55,657,986	61,874,528	63,375,677	64,385,335	68,213,898	75,994,656	77,430,450	91,160,624	89,779,330
Expenditures										
Current:										
General government	8,273,338	9,662,392	9,508,203	10,490,809	11,116,289	9,891,273	10,249,146	10,782,268	11,019,104	11,254,991
Public safety	20,313,577	21,063,414	21,213,287	21,546,175	22,205,055	24,253,472	26,145,686	27,646,175	28,238,306	30,533,438
Public works	5,993,091	6,012,281	5,060,460	6,022,709	6,441,521	7,366,773	7,068,629	7,845,505	7,545,804	7,784,592
Community and cultural	4,996,919	4,968,033	5,231,290	5,483,008	5,294,753	5,532,297	5,170,601	5,636,919	5,524,075	5,772,301
Community/economic development	3,746,406	2,403,240	2,451,953	2,739,068	2,991,944	1,876,680	2,369,586	2,233,341	2,561,653	6,999,246
Capital outlay	28,556,718	31,468,944	12,892,283	7,248,975	6,670,921	14,000,944	8,265,135	5,781,894	4,355,160	5,726,031
Debt service:										
Principal	3,104,301	4,257,000	4,924,239	5,249,513	8,062,924	9,987,703	8,156,487	13,074,258	13,373,483	13,381,986
Interest	3,308,443	4,517,083	4,236,147	4,952,973	4,952,973	5,232,169	5,019,847	1,131,728	-	-
Issuance costs	206,631	85,073	-	166,030	278,974	-	-	-	-	-
Total Expenditures	78,499,424	84,437,460	65,517,862	63,899,260	68,015,354	78,141,311	72,445,117	74,132,088	72,617,585	81,452,585
Excess (deficiency) of revenues over expenditures	(22,701,191)	(28,779,474)	(3,643,334)	(523,583)	(3,630,019)	(9,927,413)	3,549,539	3,298,362	18,543,039	8,326,745
Other financing sources (uses):										
Sale of capital assets	375,934	599,959	112,586	31,417	532,369	196,978	908,194	76,234	112,021	1,045,590
Issuance of debt	36,028,353	4,512,043	26,831,355	10,728,666	17,418,523	-	-	-	-	-
Refunding bond issue	-	-	-	-	-	-	-	65,290,000	-	-
Payment to bond refunding escrow	-	(4,420,000)	-	(4,455,272)	-	-	-	(64,264,384)	-	-
Discount on bonds issued	(179,223)	-	-	-	-	-	-	-	-	-
Premiums on bonds issued	135,476	67,854	-	309,678	280,476	-	-	133,830	-	-
Transfers in	8,141,279	12,277,734	11,752,725	11,609,493	12,000,366	15,033,745	12,149,099	16,031,107	13,213,151	18,480,900
Transfers out	(9,100,688)	(13,112,474)	(13,354,674)	(13,532,587)	(14,903,642)	(18,158,899)	(15,591,608)	(19,599,269)	(18,119,490)	(24,150,639)
Transfers to component unit	-	-	(24,048,087)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	35,401,131	(74,884)	1,293,905	4,691,395	15,328,092	(2,928,176)	(2,534,315)	(2,332,482)	(4,794,318)	(4,624,149)
Net change in fund balances	\$ 12,699,940	\$ (28,854,358)	\$ (2,349,429)	\$ 4,167,812	\$ 11,698,073	\$ (12,855,589)	\$ 1,015,224	\$ 965,880	\$ 13,748,721	\$ 3,702,596
Debt service as a percentage of non-capital expenditures	11.7%	14.4%	16.4%	18.0%	21.7%	23.7%	20.3%	20.6%	19.9%	17.3%

Schedule 6

**CITY OF OWENSBORO
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years**

FISCAL YEAR	ASSESSED VALUE					TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL VALUE	PERCENT ASSESSED TO ESTIMATED VALUE ²
	REAL ESTATE	PERSONAL PROPERTY ¹	FRANCHISE	BANK DEPOSITS	TOTAL			
2013	\$2,705,000,357	\$323,853,657	\$ 77,914,987	\$1,967,329,756	\$ 5,074,098,757	0.5306	\$ 5,146,144,784	98.6%
2014	2,776,010,494	320,779,194	70,832,445	1,972,795,991	5,140,418,124	0.5306	5,304,869,065	96.9%
2015	2,829,192,552	325,776,997	55,438,357	2,164,457,539	5,374,865,445	0.5324	5,558,288,981	96.7%
2016	2,895,178,798	324,995,786	67,106,282	3,173,809,995	6,461,090,861	0.5224	6,709,336,304	96.3%
2017	3,009,034,677	340,470,231	64,687,577	2,606,444,488	6,020,636,973	0.5158	6,522,900,296	92.3%
2018	3,102,696,394	359,094,721	69,227,141	2,239,124,619	5,770,142,875	0.5150	6,347,791,942	90.9%
2019	3,214,327,234	337,315,942	72,127,520	2,498,123,125	6,121,893,821	0.5469	6,817,253,698	89.8%
2020	3,347,793,626	361,190,878	74,307,895	2,270,382,959	6,053,675,358	0.5334	6,942,288,255	87.2%
2021	3,549,574,775	364,774,946	81,208,585	2,540,043,781	6,535,602,087	0.5427	7,376,526,058	88.6%
2022	3,724,513,291	321,322,365	90,429,786	2,486,366,341	6,622,631,783	0.5942	7,198,512,808	92.0%

¹Assessment on motor vehicles are not included as the State of Kentucky collects the taxes when vehicles are licensed.

²Source: Property Valuation Administration- Letter from State of KY to PVA "Final Sales Ratio Study Results for The YEAR Assessment Year."

Schedule 7

**CITY OF OWENSBORO
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Cents Per \$100 of Net Assessed Valuation
Last Ten Fiscal Years**

REAL PROPERTY:

Fiscal Year	DIRECT	OVERLAPPING					CITY RESIDENT TOTALS ¹			
	City	State	County	Health	Extension	Library	City School District	County School District	In City School District	In County School District
2013	0.2593	0.1220	0.1360	0.0350	0.00900	0.0640	0.8210	0.6090	1.4463	1.2343
2014	0.2593	0.1220	0.1360	0.0350	0.00900	0.0640	0.8220	0.6120	1.4473	1.2373
2015	0.2593	0.1220	0.1360	0.0350	0.00900	0.0640	0.8500	0.6310	1.4753	1.2563
2016	0.2593	0.1220	0.1360	0.0350	0.00900	0.0640	0.8530	0.6330	1.4783	1.2583
2017	0.2593	0.1220	0.1350	0.0350	0.00882	0.0640	0.8580	0.6480	1.4821	1.2721
2018	0.2620	0.1220	0.1350	0.0400	0.00860	0.0640	0.8610	0.7050	1.4926	1.3366
2019	0.2660	0.1220	0.1350	0.0400	0.00859	0.0640	0.8630	0.7070	1.4986	1.3426
2020	0.2660	0.1220	0.1350	0.0400	0.00859	0.0630	0.8660	0.7150	1.5006	1.3496
2021	0.2640	0.1220	0.1340	0.0400	0.00859	0.0630	0.8490	0.7150	1.4806	1.3466
2022	0.2640	0.1190	0.1340	0.0400	0.00859	0.0620	0.8660	0.7100	1.4936	1.3376

PERSONAL PROPERTY:

Fiscal Year	DIRECT	OVERLAPPING					CITY RESIDENT TOTALS ¹			
	City	State	County	Health	Extension	Library	City School District	County School District	In City School District	In County School District
2013	0.2713	0.4500	0.1800	0.0350	0.00900	0.0767	0.8210	0.6090	1.8430	1.6310
2014	0.2713	0.4500	0.1800	0.0350	0.00900	0.0785	0.8220	0.6120	1.8458	1.6358
2015	0.2713	0.4500	0.1800	0.0350	0.00900	0.0793	0.8500	0.6310	1.8746	1.6556
2016	0.2631	0.4500	0.1800	0.0350	0.00900	0.0838	0.8530	0.6330	1.8739	1.6539
2017	0.2565	0.4500	0.1789	0.0350	0.00887	0.0839	0.8580	0.6480	1.8712	1.6612
2018	0.2530	0.4500	0.1712	0.0400	0.00859	0.0804	0.8610	0.7050	1.8642	1.7082
2019	0.2809	0.4500	0.1712	0.0400	0.00859	0.0804	0.8630	0.7070	1.8941	1.7381
2020	0.2674	0.4500	0.1637	0.0400	0.00859	0.0757	0.8660	0.7150	1.8714	1.7204
2021	0.2787	0.4500	0.1637	0.0400	0.00859	0.0757	0.8490	0.7150	1.8657	1.7317
2022	0.3302	0.4500	0.1637	0.0400	0.00859	0.0757	0.8660	0.7150	1.9342	1.7832

The Kentucky Revised Statutes state that property tax revenue cannot exceed, excluding new property, 4% of the previous year property.

¹City residents are in either the City School Tax District or the County School Tax District.

Schedule 8

**CITY OF OWENSBORO
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago**

TAXPAYER	TYPE OF BUSINESS	June 30, 2022			June 30, 2013		
		ASSESSED VALUATION ¹	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION OF \$4,127,044,241	ASSESSED VALUATION ¹	RANK	PERCENTAGE OF TOTAL ASSESSED VALUATION OF \$3,034,867,804
Atmos Energy	Gas Company	\$ 56,431,347	1	1.37%	\$ 27,216,408	5	0.90%
Wal-Mart	Retail	35,758,572	2	0.87%	49,543,779	1	1.63%
Gateway Retail Partners I LLC	Commercial Rental	24,758,750	3	0.60%			
Vereit Mt Owensboro KY	Commercial Rental	23,100,000	4	0.56%			
Meijer	Retail	22,822,209	5	0.55%			
US Bank	Bank	20,479,220	6	0.50%	14,111,730	10	0.46%
Unifirst Corporation	Manufacturer	20,405,743	7	0.49%	19,985,101	6	0.66%
Owensboro Grain	Manufacturer	20,154,138	8	0.49%	17,311,418	7	0.57%
Dart Polymers Inc	Manufacturer	19,412,977	9	0.47%			
Independence Bank of Kentucky	Bank	19,007,786	10	0.46%			
Ragu/Thomas Lipton	Manufacturer				32,116,531	2	1.06%
Toyotetsu Midamerica LLC	Manufacturer				31,221,038	3	1.03%
Town Square Mall, LLC	Mall Development				29,000,000	4	0.96%
Lowe's	Retail				14,867,914	8	0.49%
Field Packing Company	Manufacturer				14,724,736	9	0.49%
		<u>\$ 262,330,742</u>		<u>6.36%</u>	<u>\$ 250,098,655</u>		<u>8.25%</u>

¹Source: Daviess County Property Valuation Office

Schedule 9

**CITY OF OWENSBORO
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

FISCAL YEAR	TOTAL TAX LEVY FOR	COLLECTED WITHIN THE FISCAL YEAR OF LEVY		COLLECTIONS IN SUBSEQUENT YEARS (b)	TOTAL COLLECTIONS TO DATE		OUTSTANDING TAX
	FISCAL YEAR (a)	AMOUNT	% OF LEVY		AMOUNT	% OF LEVY	
2013	8,177,433	8,102,791	99.1%	72,298	8,175,089	99.97%	2,344
2014	8,334,055	8,261,950	99.1%	69,014	8,330,964	99.96%	3,091
2015	8,475,485	8,356,643	98.6%	112,779	8,469,422	99.93%	6,063
2016	8,627,508	8,426,426	97.7%	195,508	8,621,934	99.94%	5,574
2017	8,871,770	8,752,631	98.7%	109,195	8,861,826	99.89%	9,944
2018	9,256,586	9,174,028	99.1%	73,044	9,247,072	99.90%	9,514
2019	9,742,058	9,643,753	99.0%	79,051	9,722,804	99.80%	19,254
2020	10,142,789	10,015,297	98.7%	100,308	10,115,605	99.73%	27,184
2021	10,648,862	10,589,089	99.4%	23,505	10,612,594	99.66%	36,268
2022	11,189,172	11,098,516	99.2%	-	11,098,516	99.19%	90,656

(a) Net of all corrections, additions and deletions

(b) Collections as of June 30, 2022

Schedule 10

**CITY OF OWENSBORO
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME ¹	PER CAPITA
	GENERAL OBLIGATION BONDS	LEASE REVENUE BONDS	LOAN PAYABLE	GENERAL OBLIGATION BONDS			
2013	\$ 118,306,822	\$ 290,500	\$ 19,514,814	\$ 1,621,333	\$ 139,733,469	6.57%	2,392
2014	114,537,384	246,200	19,514,814	1,554,103	135,852,501	6.28%	2,329
2015	110,235,118	201,900	21,880,695	1,486,873	133,804,586	5.89%	2,292
2016	133,084,574	157,600	24,744,149	1,417,402	159,403,725	6.78%	2,700
2017	142,525,834	108,300	25,060,874	1,323,862	169,018,870	7.29%	2,852
2018	134,190,256	54,000	23,777,470	1,253,067	159,274,793	6.63%	2,681
2019	127,404,651	-	22,479,983	1,182,084	151,066,718	6.05%	2,526
2020	124,456,053	-	21,168,250	1,108,114	146,732,417	5.76%	2,440
2021	116,172,527	-	19,842,106	1,032,654	137,047,287	4.90%	2,271
2022	107,664,349	-	18,501,385	955,701	127,121,435	4.44%	2,118

Note: Details regarding outstanding debt can be found in the notes to the financial statements.

¹See Schedule 14, Demographic and Economic Statistics, for personal income and population data.

Schedule 11

**CITY OF OWENSBORO
RATIO OF NET GENERAL BONDED DEBT OUTSTANDING
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years**

FISCAL YEAR	POPULATION	ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	TOTAL GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2013	58,083	\$ 5,073,222,677	\$ 119,928,155	\$ 10	\$ 119,928,145	2.36	2,065
2014	58,416	5,304,869,065	116,091,487	516	116,090,971	2.19	1,987
2015	58,374	5,558,288,981	111,721,991	507	111,721,484	2.01	1,914
2016	59,042	6,709,336,304	134,501,976	2,568	134,499,408	2.00	2,278
2017	59,273	6,522,900,296	143,849,696	192	143,849,504	2.21	2,427
2018	59,404	6,347,791,942	135,443,323	19,215,157	116,228,166	1.83	1,957
2019	59,809	6,817,253,698	127,404,651	16,715,459	110,689,192	1.62	1,851
2020	60,131	6,942,288,255	124,456,053	14,135,782	110,320,271	1.59	1,835
2021	60,344	7,376,526,058	116,172,527	11,480,624	104,691,903	1.42	1,735
2022	60,011	7,198,512,808	107,664,349	8,740,011	98,924,338	1.37	1,648

Note: Details regarding outstanding debt can be found in the notes to the financial statements.

¹Source: Bureau of the Census Count

²Source: Kentucky Department of Revenue - Research Division

Schedule 12

CITY OF OWENSBORO
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 June 30, 2022

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Owensboro
Direct			
City of Owensboro			
General Obligation Bonds	\$ 107,664,349	100.0%	\$ 107,664,349
Revolving Loan	<u>18,501,385</u>	100.0%	<u>18,501,385</u>
Total Direct	<u>126,165,734</u>		<u>126,165,734</u>
Overlapping			
Owensboro Independent Schools	61,134,452	100.0%	61,134,452
Daviess County	12,057,958	54.9%	6,624,018
Daviess County Schools	<u>121,103,000</u>	42.8%	<u>51,847,440</u>
Total Overlapping Debt	<u>194,295,410</u>		<u>119,605,910</u>
Total Direct and Overlapping Debt	<u>\$ 320,461,144</u>		<u>\$ 245,771,644</u>

Note: This table includes all debt for which the City is directly or contingently liable should the outstanding entity's revenue not be sufficient to retire the debt. This table excludes debt which is to be retired by the City's enterprise funds or component units through rates.

(1) Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City.

Schedule 13
CITY OF OWENSBORO
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 328,717,300	\$ 335,855,683	\$ 340,588,791	\$ 348,893,937	\$ 361,350,566	\$ 373,462,178	\$ 382,943,092	\$ 400,164,320	\$ 421,390,911	\$ 436,343,734
Total net debt applicable to limit	117,532,066	116,149,298	112,053,360	134,665,000	143,915,000	135,265,001	128,460,000	124,940,000	116,680,000	108,185,000
Legal debt margin	\$ 211,185,234	\$ 219,706,385	\$ 228,535,431	\$ 214,228,937	\$ 217,435,566	\$ 238,197,177	\$ 254,483,092	\$ 275,224,320	\$ 304,710,911	\$ 328,158,734
Total net debt applicable to the limit as a percentage of debt limit	35.75%	34.58%	32.90%	38.60%	39.83%	36.22%	33.55%	31.22%	27.69%	24.79%

Legal Debt Margin Calculation for Fiscal Year 2022

Net assessed value	\$ 4,136,265,442
Add back: exempt real property	227,171,900
Total assessed value	4,363,437,342
Debt limit - 10% of total assessed value ¹	436,343,734
Amount of debt applicable to debt limit:	
Total general bonded debt	126,686,385
Less: Revenue Bonds	-
Loan Payable	(18,501,385)
Amount set aside for repayment of general obligation bonds	-
Total debt applicable to limitation	108,185,000
Legal debt margin	\$ 328,158,734

¹Section 158 of the Commonwealth of Kentucky Constitution states:

Cities, towns, counties, and taxing districts shall not incur indebtedness to an amount exceeding the following maximum percentages on the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness: Cities having a population of fifteen thousand or more, ten percent (10%); cities having a population of less than three thousand, three percent (3%); and counties and case of taxing districts, two percent (2%), unless in case of emergency, the public health or safety should so require. Nothing shall prevent the issue of renewal bonds, or bonds to fund the floating indebtedness of any city, county, or taxing district. Subject to the limits and conditions set forth in this section and elsewhere in this Constitution, the General Assembly shall have the power to establish additional limits on indebtedness and conditions under which debt may be incurred by cities, counties, and taxing districts.

Schedule 14

**CITY OF OWENSBORO
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years**

FISCAL YEAR	POPULATION ¹	PERSONAL INCOME <i>(in thousands)</i>	PER CAPITA PERSONAL INCOME ²	SCHOOL ENROLLMENT ³	UNEMPLOYMENT RATE ⁴
2013	58,049	2,126,973	36,641	4,584	7.6%
2014	58,320	2,163,847	37,103	4,659	6.3%
2015	58,374	2,269,990	38,887	4,782	5.2%
2016	59,042	2,350,521	39,811	4,770	4.8%
2017	59,273	2,319,115	39,126	4,772	5.3%
2018	59,404	2,401,110	40,420	4,782	4.6%
2019	59,809	2,497,265	41,754	4,875	4.4%
2020	60,131	2,547,871	42,372	4,793	4.2%
2021	60,344	2,798,332	46,373	4,815	5.2%
2022	60,011	2,861,985	47,691	4,879	4.1%

Sources:

¹United States Census Estimates

²U.S. Department of Commerce, Bureau of Economic Analysis

³Owensboro Board of Education; represents elementary and secondary public schools

⁴Kentucky Department for Employment Services, June rate

Schedule 15

**City of Owensboro
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Owensboro Health Regional Hospital	4,014	1	10.92%	3,300	1	13.81%
US Bank Home Mortgage	1,400	2	3.83%	1,261	2	5.28%
Owensboro Public Schools	865	3	2.13%	778	3	3.25%
Toyotetsu Mid-America	778	4	1.74%	390	9	1.63%
Specialty Food Group (Field Packing Company)	642	5	1.31%	470	8	1.97%
Sazerac Distilleries	530	6	1.39%			
Mizkan America Inc	480	7	1.15%			
Total Packaging LLC	475	8	1.11%			
Unifirst	475	8	1.11%	390	9	1.63%
City of Owensboro	434	10	1.09%	481	6	2.01%
Metalsa Structural Products, Inc						
Unilever Foods North America				582	4	2.43%
Wal-Mart				541	5	2.26%
Commonwealth of Kentucky				471	7	1.97%
Total	10,093		25.78%	8,664		36.24%

Source: Chamber of Commerce County total and City tax records.

Schedule 16

**City of Owensboro
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years**

FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
General government	50	49	52	51	47	40	43	43	44	44
Public safety	235	235	237	238	236	230	237	251	250	250
Public works	64	65	65	64	65	62	60	64	65	65
Community and cultural	4	3	1	1	1	1	1	1	2	2
Total Governmental Activities	353	352	355	354	349	333	341	359	361	361
Business-type activities:										
Sanitation	29	27	27	28	29	28	28	29	29	29
Other enterprise funds	31	35	32	36	38	36	39	41	43	44
Total business-type activities	60	62	59	64	67	64	67	70	72	73
Total primary government	413	414	414	418	415	397	408	429	433	434

Source: Government Budget

Schedule 17

**City of Owensboro
Operating Indicators by Function
Last Ten Fiscal Years**

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Physical arrests	3,988	4,137	4,042	4,132	4,459	4,946	5,640	4,348	3,241	4,595
Parking violations	5,150	2,948	3,811	3,595	1,009	2,225	3,794	1,116	1,052	1,219 *
Traffic violations and courtesy notices	9,824	11,300	10,507	6,589	4,333	5,128	6,290	5,426	5,047	9,235
Fire										
Number of calls answered	6,631	7,050	7,186	7,070	7,904	8,014	8,113	8,262	9,180	9,585
Inspections	2,071	1,827	1,789	1,780	2,121	2,028	2,157	1,596	1,571	1,895
Highways and streets										
Street resurfacing (miles)	1.0	6.3	4.0	5.2	5.0	7.5	9.9	7.3	8.6	8.0
Potholes repaired	1,047	2,710	3,775	2,627	2,229	2,366	2,917	2,333	1,314	1,544
Transit System										
Bus Routes	8	9	9	9	9	9	9	9	9	9
Sanitation										
Refuse collected (tons/day)	177.4	175.2	177.1	186.1	190.5	177.2	188.7	186.1	196.1	192.8
Recyclables collected (tons/year)	508.2	516.4	465.4	367.2	261.7	265.5	298.2	35.9	1.0	2.3
Culture and recreation										
Participants	196,719	197,396	253,206	380,234	300,525	313,098	323,977	244,697	333,414	281,546
Number of programs	305	309	231	186	176	188	183	143	94	160
Water¹										
New connections	110	99	97	125	79	84	93	156	166	171
Water main breaks and service leaks repaired	349	321	342	322	203	284	234	209	201	201
Average daily consumption (thousands of gallons)	12,035	11,837	11,821	11,612	12,500	11,825	11,789	11,187	10,875	10,669
Electric¹										
New connections (net)	373	(92)	168	(21)	(36)	38	91	205	31	184
Riverport										
Terminal operations (thousands of tons)	758.9	846.8	1,008.0	969.0	1,068.5	1,157.4	1,066.6	1,207.4	1,139.0	1,192.0

Sources: Various government departments and component units.

¹Owensboro Municipal Utilities totals only; other utilities serve some outlying parts of the city

* Citation officer position vacant for extended time in 2014 and 2017. Less ticketing in 2020 & 2021 due to court ruling on tire chalking.

Schedule 18

**City of Owensboro
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	2	2	2	2	2	2	2	2	2
Patrol units	80	80	81	81	81	86	86	86	86	86
Fire stations	5	5	5	5	5	5	5	5	5	5
Sanitation										
Collection trucks (yard waste equipment not included before 2014)	17	24	25	25	25	25	25	25	23	26
Highways and streets										
Streets (miles)	245.2	245.5	245.3	247.4	248.3	250.3	250.3	250.3	250.5	252.0
Streetlights	11,361	9,332	9,350	9,443	9,459	9,422	9,544	9,568	9,637	9,671 *
Traffic signals	119	121	122	125	123	127	126	126	126	126
Culture and recreation										
Parks acreage	963.1	963.1	959.9	959.9	959.9	959.9	959.9	959.9	959.9	960.5
Parks	24	24	24	24	24	24	25	25	25	25
Ball diamonds	15	15	15	15	14	14	14	14	14	14
Basketball courts	11	11	11	11	11	11	11	11	11	11
Football & Soccer fields	15	15	15	15	15	15	15	15	15	15
Golf Courses	3	3	3	3	3	3	3	3	3	3
Sports Arena	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	22	22	37	37	36	36	36	35	35	35
Pickleball courts	-	-	-	-	-	-	-	4	4	4
Ice skating rinks	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water¹										
Water mains (miles)	325	323	326	326	326	325	329	330	330	330
Fire hydrants	2,308	2,319	2,319	2,319	2,319	2,330	2,366	2,379	2,381	2,390
Maximum daily capacity (thousands of gallons)	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Sewer										
Sanitary sewers (miles)	303.60	302.20	303.01	305.33	306.45	309.27	309.37	311.93	313.73	318.72
Storm sewers (miles)	50.80	51.38	52.73	55.33	56.16	57.62	57.68	57.69	57.83	59.36
Maximum daily treatment capacity (thousands of gallons)	21,800	21,800	21,800	21,800	21,800	21,800	21,800	21,800	21,800	26,600
Electric¹										
Number of distribution stations	16	16	15	14	14	14	14	12	12	12
Miles of service lines	697	700	700	706	706	710	716	722	722	728

Sources: Various government departments and component units.

¹Owensboro Municipal Utilities totals only; other utilities serve outlying parts of the city. Pre-2013 miles reported did not include miles for multiple lines on shared poles.

* Streetlights total based on more accurate GIS information beginning with 2014

APPENDIX D

**CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2023A**

STATEMENT OF INDEBTEDNESS

6. The total of bonds, bond anticipation notes, and other obligations subject to the debt limitation set forth in KRS Section 66.041 as computed in 5 above, does not exceed 10% of the assessed valuation of all of the taxable property in the City.*
7. The current tax rate of the City, for other than school purposes, upon the value of its taxable property is \$0.2640 per \$100.00 of assessed valuation for real property, \$0.3302 per \$100.00 of assessed valuation for tangible property, which rate does not exceed the maximum permissible tax rates for the City as set forth in Section 157 of the Kentucky Constitution.
8. The issuance of the bonds, bond anticipation notes, or other obligations set forth in 3 hereof will not cause the tax rate set forth in 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 February 9, 2023.

By: _____
Director of Finance and Support Services

* Per KRS 66.041, a city, urban-county, consolidated local government, or charter county shall not incur net indebtedness to an amount exceeding the following maximum percentages on the value of taxable property within the city, urban-county, consolidated local government, or charter county, as estimated by the last certified assessment previous to 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%; and
- (c) Cities, urban-counties, and charter counties having a population of less than 3,000, 3%.

APPENDIX E

**CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2023A**

FORM OF LEGAL APPROVING OPINION OF BOND COUNSEL

The form of the legal approving opinion of Dinsmore & Shohl LLP, bond counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds referred to therein and may vary from the form set forth below to reflect circumstances both factual and legal at the time of its delivery. Recirculation of the Final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.

February 9, 2023

Ladies and Gentlemen:

We have examined the transcript of proceedings relating to the issue of \$33,580,000 General Obligation Bonds, Series 2023A (the “Bonds”) of the City of Owensboro, Kentucky (the “City”), dated February 9, 2023, numbered R-1 upward, respectively, and of denominations of \$5,000 or any integral multiple thereof. The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

Based on this examination, we are of the opinion, based upon 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.

2. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest on the Bonds is excludible from gross income for federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. However, it should be noted that for applicable corporations, as defined in Section 59(k) of the Code (generally, corporations with more than \$1,000,000,000 in average annual adjusted financial statement income over a period of three tax years), the interest on the Bonds will be taken into account (a) in determining average annual adjusted financial statement income for the purpose of determining whether a corporation is an applicable corporation and (b) in determining adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations under Section 55 of the Code for tax years beginning after December 31, 2022. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the Bonds.

3. The interest on the Bonds is not subject to income taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

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

In giving 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 of proceedings for the Bonds, which we have not independently verified. It is to be understood that the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting creditors’ rights, and to the exercise of judicial discretion.

Very truly yours,

APPENDIX F

**CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2023A**

BOOK-ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, 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 certificate will be issued for each maturity date of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except 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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners of such Bonds. 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 the 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 the 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 of the Bonds may wish to provide their names and addresses to the 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 within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend 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 detailed information from the City or the Paying Agent and Bond Registrar for the Bonds, on the 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 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 Paying Agent and Bond 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 dividend 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 Bond 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.

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

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX G

**CITY OF OWENSBORO, KENTUCKY
GENERAL OBLIGATION BONDS, SERIES 2023A**

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100