

City of New Haven
Audited Financial Statements and
Required Supplementary Information
June 30, 2025

Jones & Associates CPAs, PSC
Certified Public Accountants



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Table of Contents

	Page
Independent Auditor's Report	1 – 3
City Officials	4
Financial Statements.....	5
Government-wide Financial Statements	6
Statement of Net Position	7 – 8
Statement of Activities.....	9
Fund Financial Statements	10
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	12
Statement of Net Position – Proprietary Fund	13 – 14
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	15
Statement of Cash Flows – Proprietary Fund.....	16 – 17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	18
Reconciliation of Fund Balances – Governmental Funds to Net Position of Governmental Activities	19
Notes to the Financial Statements	20 – 37
Required Supplementary Information	38
Budgetary Comparison – Major Governmental Fund	39
Schedule of Proportionate Share of the Net Pension Liability of County Employees Retirement System.....	40 – 41
Schedule of Pension Contributions to County Employees Retirement System.....	42 – 43
Schedule of Proportionate Share of the Net Other Postemployment Benefits Liability (Asset) of County Employees Retirement System.....	44 – 45
Schedule of Other Postemployment Benefits Contributions to County Employees Retirement System.....	46 – 47
Notes to the Required Supplementary Information.....	48 – 50

Table of Contents
(Continued)

Supplementary Information 51

 Combining Balance Sheet – Nonmajor Governmental Funds 52

 Combining Statement of Revenues, Expenditures, and Changes in Fund
 Balances – Nonmajor Governmental Funds 53

Independent Auditor’s Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards* 54 – 55

Schedule of Findings..... 56

Certificate of Compliance – Local Government Economic Assistance Program 57 – 58

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To the Mayor and City Commissioners of
City of New Haven, Kentucky

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of New Haven, Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of New Haven, Kentucky's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of New Haven, Kentucky as of June 30, 2025, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of New Haven, 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.

**To the Mayor and City Commissioners of
City of New Haven, Kentucky
Independent Auditor's Report**
(Continued)

Report on the Audit of the Financial Statements (Continued)

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial 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 New Haven, 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 New Haven, 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 schedules related to budgetary comparison and pension and other postemployment benefits, 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 have applied certain limited

**To the Mayor and City Commissioners of
City of New Haven, Kentucky
Independent Auditor's Report**
(Continued)

Report on the Audit of the Financial Statements (Continued)

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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026, on our consideration of the City of New Haven, 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 New Haven, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of New Haven, Kentucky's internal control over financial reporting and compliance.

Respectfully submitted,

Jones & Associates CPAs, PSC

Jones & Associates CPAs, PSC
Certified Public Accountants
Lexington, Kentucky

March 12, 2026

**City of New Haven
City Officials
June 30, 2025**

Linda Mattingly

Mayor

Mike Morris

Commissioner

Lois Boley

Commissioner

Fred DeWitt

Commissioner

Ruth Faulkner

Commissioner

Joanie Corbin

City Clerk

Note: List of officials who were in office as of June 30, 2025.

Government-wide Financial Statements

City of New Haven
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets and deferred outflows of resources			
Assets			
Current assets			
Cash and cash equivalents	\$ 588,117	\$ 625,973	\$ 1,214,090
Restricted cash and cash equivalents	71,257	21,596	92,853
Accounts receivable, net	150,723	73,744	224,467
Lease receivable, current	8,745		8,745
Inventory		6,379	6,379
Investments	346,528	368,309	714,837
Total current assets	\$ 1,165,370	\$ 1,096,001	\$ 2,261,371
Noncurrent assets			
Investments	\$ 113,225	\$ 144,104	\$ 257,329
Capital assets, net	407,513	3,373,645	3,781,158
Lease receivable, noncurrent	30,344		30,344
Net other postemployment benefits asset	3,072	2,602	5,674
Total noncurrent assets	\$ 554,154	\$ 3,520,351	\$ 4,074,505
Total assets	\$ 1,719,524	\$ 4,616,352	\$ 6,335,876
Deferred outflows of resources			
Pension	\$ 18,238	\$ 15,448	\$ 33,686
Other postemployment benefits	5,953	5,043	10,996
Total deferred outflows of resources	\$ 24,191	\$ 20,491	\$ 44,682
Total assets and deferred outflows of resources	\$ 1,743,715	\$ 4,636,843	\$ 6,380,558
Liabilities, deferred inflows of resources, and net position			
Liabilities			
Current liabilities			
Accounts payable	\$ 117,373	\$ 13,592	\$ 130,965
Payroll related liabilities	6,769	2,201	8,970
Long-term debt, current		10,056	10,056
Deferred revenue, current	8,584		8,584
Customer deposits		8,730	8,730
Other current liabilities	7,922	97	8,019
Total current liabilities	\$ 140,648	\$ 34,676	\$ 175,324

City of New Haven
Statement of Net Position
June 30, 2025
(Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities, deferred inflows of resources, and net position (Continued)			
Noncurrent liabilities			
Net pension liability	\$ 106,102	\$ 89,876	\$ 195,978
Deferred revenue, noncurrent	26,467		26,467
Long-term debt, noncurrent		132,267	132,267
	<u>132,569</u>	<u>222,143</u>	<u>354,712</u>
Total noncurrent liabilities	\$ 132,569	\$ 222,143	\$ 354,712
Total liabilities	\$ 273,217	\$ 256,819	\$ 530,036
Deferred inflows of resources			
Pension	\$ 97,814	\$ 15,242	\$ 113,056
Other postemployment benefits	70,179	29,973	100,152
	<u>167,993</u>	<u>45,215</u>	<u>213,208</u>
Total deferred inflows of resources	\$ 167,993	\$ 45,215	\$ 213,208
Net position			
Net investment in capital assets	\$ 407,513	\$ 3,231,322	\$ 3,638,835
Restricted			
Municipal road aid	47,538		47,538
Fire department	23,718		23,718
Bond, interest, and depreciation reserves		21,596	21,596
Unrestricted	<u>823,736</u>	<u>1,081,891</u>	<u>1,905,627</u>
Total net position	\$ 1,302,505	\$ 4,334,809	\$ 5,637,314
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,743,715</u>	<u>\$ 4,636,843</u>	<u>\$ 6,380,558</u>

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

City of New Haven
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contri- butions	Capital Grants and Contri- butions	Govern- mental Activities	Business- type Activities	Total
Primary government							
Governmental activities							
General government	\$ 114,783	\$ 25,494	\$ 19,564	\$ 330,914	\$ 261,189		\$ 261,189
Streets and maintenance	30,304		20,235		(10,069)		(10,069)
Protection to persons and property	471,437				(471,437)		(471,437)
Recreation and culture	34,760				(34,760)		(34,760)
Total governmental activities	<u>\$ 651,284</u>	<u>\$ 25,494</u>	<u>\$ 39,799</u>	<u>\$ 330,914</u>	<u>\$ (255,077)</u>	<u>\$ -</u>	<u>\$ (255,077)</u>
Business-type activities							
Sewer system	\$ 386,462	\$ 333,176	\$ 3,828	\$ 30,533		\$ (18,925)	\$ (18,925)
Total business-type activities	<u>\$ 386,462</u>	<u>\$ 333,176</u>	<u>\$ 3,828</u>	<u>\$ 30,533</u>	<u>\$ -</u>	<u>\$ (18,925)</u>	<u>\$ (18,925)</u>
Total primary government	<u>\$ 1,037,746</u>	<u>\$ 358,670</u>	<u>\$ 43,627</u>	<u>\$ 361,447</u>	<u>\$ (255,077)</u>	<u>\$ (18,925)</u>	<u>\$ (274,002)</u>
General revenues							
Taxes							
Insurance premium taxes					\$ 170,811		\$ 170,811
Property taxes					102,565		102,565
Franchise taxes					33,644		33,644
Telecommunications taxes					17,396		17,396
Other taxes					14,536		14,536
Licenses					11,230		11,230
Lease revenue					8,853		8,853
Earnings on investments					29,992	19,296	49,288
Miscellaneous					44,372	1,139	45,511
Total general revenues					<u>\$ 433,399</u>	<u>\$ 20,435</u>	<u>\$ 453,834</u>
Gain (loss) on disposal of asset						<u>(22,766)</u>	
Change in net position					<u>\$ 178,322</u>	<u>\$ (21,256)</u>	<u>\$ 157,066</u>
Net position - Beginning					<u>1,124,183</u>	<u>4,356,065</u>	<u>5,480,248</u>
Net position - Ending					<u>\$ 1,302,505</u>	<u>\$ 4,334,809</u>	<u>\$ 5,637,314</u>

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

Fund Financial Statements

City of New Haven
Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 588,117	\$	\$ 588,117
Restricted cash and cash equivalents		71,256	71,256
Investments	459,753		459,753
Accounts receivable	148,616		148,616
Total assets	\$ 1,196,486	\$ 71,256	\$ 1,267,742
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 117,373	\$	\$ 117,373
Payroll related liabilities	6,769		6,769
Other liabilities	7,922		7,922
Total liabilities	\$ 132,064	\$	\$ 132,064
Fund balances			
Restricted	\$	\$ 71,256	\$ 71,256
Committed	30,589		30,589
Unassigned	1,033,833		1,033,833
Total fund balances	\$ 1,064,422	\$ 71,256	\$ 1,135,678
Total liabilities and fund balances	\$ 1,196,486	\$ 71,256	\$ 1,267,742

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

City of New Haven
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2025

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 338,586	\$	\$ 338,586
Intergovernmental	350,477	20,249	370,726
License and permits	11,230		11,230
Charges for service	25,494		25,494
Rental	8,918		8,918
Miscellaneous	61,348	457	61,805
Total revenues	<u>\$ 796,053</u>	<u>\$ 20,706</u>	<u>\$ 816,759</u>
Expenditures			
General government	\$ 193,953	\$	\$ 193,953
Protection to persons and property	452,111	11,580	463,691
Streets and maintenance		13,015	13,015
Recreation and culture	23,991		23,991
Capital outlay	13,701		13,701
Total expenditures	<u>\$ 683,756</u>	<u>\$ 24,595</u>	<u>\$ 708,351</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 112,297</u>	<u>\$ (3,889)</u>	<u>\$ 108,408</u>
Net change in fund balances	\$ 112,297	\$ (3,889)	\$ 108,408
Fund balances - Beginning	<u>952,125</u>	<u>75,145</u>	<u>1,027,270</u>
Fund balances - Ending	<u>\$ 1,064,422</u>	<u>\$ 71,256</u>	<u>\$ 1,135,678</u>

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

City of New Haven
Statement of Net Position - Proprietary Fund
June 30, 2025

	<u>Sewer Fund</u>
Assets and deferred outflows of resources	
Assets	
Current assets	
Cash and cash equivalents	\$ 625,973
Restricted cash and cash equivalents	21,596
Accounts receivable, net	73,744
Inventory	6,379
Investments	<u>368,309</u>
Total current assets	\$ <u>1,096,001</u>
Non-current assets	
Investments	\$ 144,104
Capital assets, net	3,373,645
Net other postemployment benefits asset	<u>2,602</u>
Total non-current assets	\$ <u>3,520,351</u>
Total assets	\$ <u>4,616,352</u>
Deferred outflows of resources	
Pension	\$ 15,448
Other postemployment benefits	<u>5,043</u>
Total deferred outflows of resources	\$ <u>20,491</u>
Total assets and deferred outflows of resources	\$ <u>4,636,843</u>
Liabilities, deferred inflows of resources, and net position	
Liabilities	
Current liabilities	
Accounts payable	\$ 13,592
Payroll related liabilities	2,201
Long-term debt, current	10,056
Customer deposits	8,730
Other current liabilities	<u>97</u>
Total current liabilities	\$ <u>34,676</u>
Non-current liabilities	
Long-term debt, noncurrent	\$ 132,267
Net pension liability	<u>89,876</u>
Total non-current liabilities	\$ <u>222,143</u>

City of New Haven
Statement of Net Position - Proprietary Fund
June 30, 2025
(Continued)

	<u>Sewer Fund</u>
Liabilities, deferred inflows of resources, and net position <i>(Continued)</i>	
Total liabilities	\$ <u>256,819</u>
Deferred inflows of resources	
Pension	\$ 15,242
Other postemployment benefits	<u>29,973</u>
Total deferred inflows of resources	\$ <u>45,215</u>
Net position	
Net investment in capital assets	\$ 3,231,322
Restricted	
Bond, interest, and depreciation reserves	21,596
Unrestricted	<u>1,081,891</u>
Total net position	\$ <u>4,334,809</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u><u>4,636,843</u></u>

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

City of New Haven
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Fund
For the Year Ended June 30, 2025

		<u>Sewer Fund</u>
Operating revenues		
Sewer sales	\$	333,251
Penalties		3,828
Miscellaneous		<u>30,458</u>
Total operating revenues	\$	<u>367,537</u>
Operating expenses		
Depreciation	\$	143,293
Contractual services, operations, and materials		59,588
Utilities		46,580
Salaries, wages, employee benefits, and related taxes		89,538
Repairs		35,402
Insurance		<u>10,638</u>
Total operating expenses	\$	<u>385,039</u>
Excess (deficiency) of operating revenues over operating expenses	\$	<u>(17,502)</u>
Non-operating revenues (expenses)		
Interest revenue	\$	19,296
Interest expense		(1,423)
Unrealized gain (loss) on investments		<u>1,139</u>
Total non-operating revenues (expenses)	\$	<u>19,012</u>
Excess (deficiency) of revenues over expenses	\$	1,510
Gain (loss) on sale of asset		<u>(22,766)</u>
Change in net position	\$	(21,256)
Net position - Beginning		<u>4,356,065</u>
Net position - Ending	\$	<u><u>4,334,809</u></u>

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

City of New Haven
Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2025

	Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 359,636
Cash paid to suppliers for goods and services	(246,481)
Cash paid for employee services and benefits	(90,422)
	<u>22,733</u>
Net cash flows from operating activities	\$ 22,733
Cash flows from capital and related financing activities	
Cash paid for bond principal	\$ (9,981)
Cash paid for interest	(1,423)
	<u>(11,404)</u>
Net cash flows from capital and related financing activities	\$ (11,404)
Cash flows from investing activities	
Interest received on cash and cash equivalents	\$ 19,296
Cash paid for certificates of deposit	(277,813)
Cash paid for capital assets	(73,958)
	<u>(332,475)</u>
Net cash flows from investing activities	\$ (332,475)
Net increase (decrease) in cash and cash equivalents	\$ (321,146)
Cash and cash equivalents - Beginning	<u>968,715</u>
Cash and cash equivalents - Ending	<u><u>\$ 647,569</u></u>
Cash is reported in the Statement of Net Position as follows	
Cash and cash equivalents	\$ 625,973
Restricted cash and cash equivalents	21,596
	<u>647,569</u>
Total	\$ <u><u>647,569</u></u>

City of New Haven
Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2025

(Continued)

	<u>Sewer Fund</u>
Reconciliation of cash flows from operating activities	
Operating income	\$ (17,502)
Adjustments to reconcile income (loss) from operations to cash used in operating activities	
Depreciation	143,293
Change in assets and liabilities	
Accounts receivable, net	(26,385)
Inventory	1
Other current assets	116
Accounts payable	(49,915)
Payroll related liabilities	(884)
Customer deposits	780
Pension and other postemployment benefits	(9,481)
Deferred inflows and deferred outflows	(9,541)
Miscellaneous charges	(7,749)
Net cash flows from operating activities	<u>\$ 22,733</u>

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

City of New Haven
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - Total governmental funds	\$ 108,408
<p>Governmental funds report capital outlay as expenditures but in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as</p>	
Depreciation and Capital assets.	(43,272) 13,701
<p>Payments received for disposed assets are recorded as receipts in the Statement of Revenues, Expenditures, and Changes in Fund Balances while only the gain on disposal is recorded in the Statement of Activities</p>	
Loss on sale of asset.	13,780
<p>Pension and other postemployment contributions are recognized as expenditures in the governmental funds. However, pension and other postemployment benefit expense in the Statement of Activities is primarily the result of changes in the components of the net pension liability and net other postemployment benefits asset over the current and future periods</p>	
Pension expense and Other postemployment benefits.	81,852 18,551
<p>Revenue for delinquent property taxes and bad debts expense for the related allowance is recorded in the Statement of Activities. However, these funds were not received within sixty days of year end and, accordingly, have been removed from the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds along with bad debts expense and the related allowance.</p>	
	(1,093)
<p>Interest on deferred inflows of resources from leases is not accrued in governmental funds, but rather is recognized as revenue when received.</p>	
	(1,072)
<p>Other miscellaneous items included in the Statement of Revenues, Expenditures and Changes in Fund Balance but not included in the Statement of Activities</p>	
	<u>(12,533)</u>
Change in net position of governmental activities	\$ <u><u>178,322</u></u>

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

City of New Haven
Reconciliation of Fund Balances - Governmental Funds
to Net Position of Governmental Activities
June 30, 2025

Fund balances - Governmental funds \$ 1,135,678

Amounts reported for governmental activities in the Statement of Net Position are different because

Assets

Capital assets and infrastructure assets used in governmental activities are not financial resources and, therefore, are not reported in the funds;	407,513
Deferred outflows of resources related to pensions are not recognized in governmental funds;	18,238
Deferred outflows of resources related to other postemployment benefits are not recognized in governmental funds;	5,953
Delinquent property tax receivable and its related allowance are not recognized as an asset in governmental funds;	2,108
Lease receivable is not recognized in governmental funds; and	39,089
Net other postemployment benefits asset is not recognized in governmental funds.	3,072

Liabilities

Net pension liability is not recognized in governmental funds;	(106,102)
Deferred revenue related to leases is not recognized in governmental funds;	(35,051)
Deferred inflows of resources related to pensions are not recognized in governmental funds; and	(97,814)
Deferred inflows of resources related to other postemployment benefits are not recognized in governmental funds.	<u>(70,179)</u>

Net position of governmental activities **\$ 1,302,505**

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

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies

Nature of Operations

The City of New Haven, Kentucky (City) was incorporated under the provisions of the State of Kentucky as a sixth-class city on February 18, 1839. The City, located in Nelson County, operates under a Mayor-Commissioner form of government as authorized by its charter and derives the majority of its revenue from insurance premium taxes, property taxes, and charges for services.

The accounting policies of the City conform to generally accepted accounting principles (GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity would be made by applying the criteria set forth by GASB. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility including, but not limited to, selection of the governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon these criteria, the City has no component units to report.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. Governmental 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 services.

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 (including depreciation) are those that are clearly identifiable with a specific function or segment. Program revenues are directly associated with the function or segment and include charges for services and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants are capital specific. Taxes and other items not identifiable with a program are reported as general revenues.

Amounts paid to acquire fixed assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Separate financial statements are provided for governmental funds and proprietary funds. Thus, individual governmental funds are reported as separate columns in the fund financial statements.

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

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 financial statements. With this measurement focus, all assets and all liabilities, including noncurrent assets as well as noncurrent liabilities, are included in the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting, except debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Taxes 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 revenue of the City's Proprietary Fund is charges to customers for services. The City also recognizes nonoperating revenue for tap fees intended to recover the costs of connecting new customers to the utility system. Operating expenses for the Proprietary Fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major Governmental Fund:

General Fund: is reported as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

The City reports the following major Proprietary Fund:

Sewer Fund: accounts for sewer services of the City for its citizens and the surrounding community.

The City reports the following nonmajor funds:

- Municipal Road Aid Fund: a special revenue fund that accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for streets and roads within the City and
- Fire Fund: receives insurance premium surcharge proceeds as established by House Bill 525. The funds must be used for expenditures related to the fire department in accordance with their intended purpose.

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies *(Continued)*

Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between fund balances in the governmental funds and the net position reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balances on the economic resources measurement focus and the accrual basis of accounting. In addition, capital assets, long-term debt, deferred inflows, deferred outflows, leases, net pension liability, and postemployment benefits are added to the governmental funds to compile the long-term view of the governmental activities column.

The focus of governmental fund measurement (in the fund financial statements) is on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. The Balance Sheet – Governmental Funds contains only current assets and liabilities. The reported fund balance (net current assets) is a measure of available spendable resources.

A similar reconciliation is included for the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. These adjustments reflect the transition from the modified accrual basis of accounting for governmental fund financial statements to the accrual basis of accounting for the government-wide statements. Capital outlay is replaced with depreciation expense.

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

A. Cash, Cash Equivalents, and Investments

For purposes of the Statement of Cash Flows, cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date within 3 months or less of the date acquired by the City. Investments of the City consist of certificates of deposit, which are stated at fair market value as determined by quoted market prices for similar assets.

B. Inventories

Inventories in the Proprietary Fund, stated on a first in, first out basis, consist of expendable supplies held for consumption. They are reported at the lower of cost or market value.

C. Accounts Receivable

Accounts receivable consists of property and other taxes as well as amounts due from other governmental entities. The City has established an allowance for unpaid property taxes in the amount of \$545 in the General Fund and an allowance for uncollectible accounts in the amount of \$701 in the Sewer Fund.

D. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies *(Continued)*

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Balance and Net Position *(Continued)*

E. Capital Assets and Depreciation

The City's capital assets with useful lives of more than 1 year are reported in the government-wide financial statements at historical cost or estimated historical cost. The City maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in the respective fund financial statements. Donated assets are stated at fair value on the date donated. The City capitalizes assets with costs of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend its useful life are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations. All reported capital assets are depreciated with the exception of land and construction in progress. The City provides for depreciation and obsolescence of such assets by annual charges to expense. The following expected useful lives are used:

Building and improvements	20 – 40 years
Infrastructure	20 – 40 years
Office equipment	7 – 10 years
Other equipment	4 – 10 years
Sewer system	10 – 50 years

F. Property Tax

Taxes are levied on October 1 and are due and payable on or before December 31. All unpaid taxes become delinquent January 1 of the following year and attach as an enforceable lien on property as of each April 15.

The constitution of the Commonwealth of Kentucky sets absolute tax rates on the value of taxable property based on the population of the City. For the year ended June 30, 2025, the City had a tax rate of \$0.20 per \$100 for real estate, \$0.2772 per \$100 for tangible property, and \$0.25 per \$100 for motor vehicles.

G. Compensated Absences

Full-time and part-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. A liability is recorded for vacation benefits when it is earned and becomes payable to employees. In accordance with this policy, the City accrued a liability in the government-wide and proprietary fund financial statements for vacation benefits earned but not taken by employees. The liability is considered current because vacation benefits renew on a calendar year and cannot be carried over from year to year. Upon termination, accumulated vacation will be paid to the employee.

It is the City's policy to permit its employees to accumulate earned but unused sick pay benefits. These benefits are not paid to employees who are terminated. However, employees who retire from the City may be eligible to receive payment for a portion of these benefits. No liability is recognized for unpaid accumulated sick pay benefits because the amount is not readily determinable until it becomes due to the employee. These benefits may be subject to employer contribution requirements as determined by the County Employees Retirement System (CERS).

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies *(Continued)*

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Balance and Net Position *(Continued)*

H. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In both the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for the Proprietary Fund is the same in the fund-level statement as it is in the government-wide statement.

I. Fund Balance and Net Position

Government-wide Financial Statements

Net position is classified as follows:

- Net investment in capital assets: Consists of capital assets including restricted balances, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets;
- Restricted: Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation; and
- Unrestricted: Consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the most restricted resources before using unrestricted resources.

Fund Financial Statements

Governmental fund equity is classified as fund balances as follows:

- Nonspendable: Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted: 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: Amounts constrained to specific purposes determined by a formal action of the City. The City must take the action to remove or change the constraint;
- Assigned: Amounts the City intends to use for a specific purpose (such as encumbrances); intent can be expressed by the City Commissioners or by an official or body to which the City delegates the authority; and
- Unassigned: Amounts that are available for any purpose.

When restricted, committed, assigned, and unrestricted resources are available for use, it is the City's policy to use the most restricted resources before using unrestricted resources.

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Balance and Net Position (Continued)

J. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for Deferred Outflows of Resources. Deferred Outflows of Resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items related to pensions and other postemployment benefits included in this category.

In addition to liabilities, the Statement of Net Position reports a separate section for Deferred Inflows of Resources. Deferred Inflows of Resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue/receipt or reduction of expense/expenditure) until that time. The City has items related to pensions and other postemployment benefits included in this category.

K. Pension

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

L. Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits (OPEB) asset, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS Insurance Fund (Insurance Fund) and additions to or deductions from the Insurance Fund's fiduciary net position have been determined on the same basis as they are reported by the Insurance Fund. For this purpose, the Insurance Fund recognizes benefit payments when due and payable in accordance with the benefit terms.

M. Operating Revenues and Expenses

Operating revenues and expenses for the Proprietary Fund are those resulting from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital and related financing, or investing activities.

N. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, governmental fund expenditures are classified by character as current expenditures and capital outlay expenditures. Proprietary fund expenses are classified as operating expenses and nonoperating expenses. Governmental funds report expenditures of financial resources. Proprietary funds report expenses related to use of economic resources.

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies *(Continued)*

Assets, Liabilities, Deferred Inflows and Outflows, and Fund Balance and Net Position *(Continued)*

O. Interfund Transactions

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between business-type activities and governmental activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Budgeting

The City follows the procedures established by the Department for Local Government pursuant to Kentucky Revised Statutes (KRS) Section 91A.030 in establishing the budget.

Estimates

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

Statement of Cash Flows

For purposes of the Statement of Cash Flows, cash includes amounts held in checking and saving accounts (including those held as restricted assets).

Note 2. Leases

The City leases real property under a lease whose terms are greater than 1 year. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$47,338. This total represents amounts not previously included in the measurement of the lease receivable. Future minimum commitments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>
2026	2,055	8,745
2027	1,529	9,271
2028	972	9,828
2029	381	10,419
2030	4	826
Total	\$ 4,941	\$ 39,089

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 3. Compensated Absences

The City accrued \$3,716 for compensated absences as of June 30, 2025. This amount consists of vacation benefits due to employees as of that date.

Note 4. Deposits and Investments

Deposits

The City maintains deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS. According to KRS Section 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, always equals or exceeds the amount of public funds on deposit.

A. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a depository institution's failure, the City's deposits may not be returned. The City does not have a formal deposit policy for custodial credit risk but rather follows the requirements of KRS Section 41.240(4). At June 30, 2025, the City's deposits were fully collateralized by FDIC insurance and securities pledged by financial institutions in the amount of \$1,703,279.

B. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consists of the following:

Fire department	\$	23,719
Municipal road aid		47,539
Bond, interest, and depreciation reserve		21,596
Total restricted cash	\$	<u>92,854</u>

The fire department account is for funds restricted for use in providing fire protection services. The municipal road aid account is for the allocation of funds from the State which are for design, right-of-way acquisitions, relocation of utilities, construction, and other municipal road expenditures. The bond, interest, and depreciation reserve accounts are held for use of payment of interest and principal on revenue bonds, for repairs and maintenance to the sewer system, and for required depreciation reserves.

Investments

KRS authorizes local governmental units to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state-chartered banks insured by federal agencies, and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies. Investing is performed in accordance with these statutes. The City held \$647,166 in certificates of deposit at June 30, 2025, with \$257,329 maturing within 1 year and \$389,837 maturing in more than 1 year.

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 5. Long-Term Debt for Business-Type Activities

Changes in Long-term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and notes payable	\$ 152,304	\$	\$ 9,981	\$ 142,323	\$ 10,056
Total	\$ 152,304	\$	\$ 9,981	\$ 142,323	\$ 10,056

Bonds and Notes Payable

Bonds and notes payable consists of the following as of June 30, 2025:

Sewer Rehab – Construction Loan, interest at .75% with a maturity date of December 1, 2038.	\$	142,323
Total bonds and notes payable	\$	142,323
Less: Current maturities		10,056
Total long-term bonds and notes payable	\$	<u>132,267</u>

Principal and interest for long-term debt for governmental activities were due as follows:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>
2026	\$ 1,049	\$ 10,056
2027	973	10,132
2028	897	10,208
2029	820	10,285
2030	743	10,362
2031 – 2035	2,535	52,989
2036 – 2039	577	38,291
Total	\$ <u>7,594</u>	\$ <u>142,323</u>

Collateralization and Event of Default Consequence

The Kentucky Infrastructure Authority (KIA) loan is considered a direct borrowing. Under the assistance agreement entered into with the KIA, upon the occurrence and continuance of any events of default, the KIA may declare all payments due. Additionally, when an event of default occurs and is continuing, the KIA can declare all payments due, exercise all rights and remedies, take legal action to enforce its rights under the agreement, and submit a formal referral to the appropriate federal agency. The loan is collateralized with the service revenue of the Sewer Fund.

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 6. Risk Management

The City is exposed to various forms of loss associated with the risks of fire, personal liability, theft, vehicular accidents, and errors and omission, etc. Each of these risk areas is covered through participation in a public entity risk pool with the exception of the errors and omissions bond, which is covered through the purchase of commercial insurance. The City retains no risk of loss through participation in the risk pool. For insured programs, there have been no significant reductions in insurance coverage, nor have settlement amounts exceeded insurance coverage for the current year or 3 years prior. The City has purchased certain policies that are retrospectively rated which include worker's compensation insurance.

Note 7. County Employees Retirement System Plan

General Information

The City is a participating employer of the County Employees Retirement System (CERS). The pension plan for Nonhazardous employees was established by KRS Revised Statutes 78.520 and the OPEB plan for Nonhazardous employees is part of the Kentucky Retirement Systems Insurance Trust Fund (Insurance Fund) established by KRS Revised Statutes 61.701

Plan Description

CERS is a cost-sharing multiple-employer defined benefit pension plan (Plan) that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate. The Plan provides plan members with benefits through a pension trust and insurance trust. The pension trust provides retirement, disability, and death benefits. The insurance trust provides health insurance or other postemployment benefits (OPEB). Retirement benefits may be extended to beneficiaries of plan members under certain circumstances.

Contributions

For the year ended June 30, 2025, CERS members were required to contribute 5% of wages for non-hazardous job classifications and 8% of wages for hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers are required to contribute at an actuarially determined rate, per Kentucky Revised Statute Section 78.635. The rates are set each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year and are a percentage of each employee's creditable compensation. Administrative costs are financed through employer contributions and investment earnings.

For the year ended June 30, 2025, participating employers contributed 23.34% of each non-hazardous employee's wages in addition to their proportionate share of the collective pension amounts.

Plan members who began participating on, or after, January 1, 2014 are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the Plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5% of wages to their own account and 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 7. County Employees Retirement System Plan *(Continued)*

Contributions *(Continued)*

actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

For the year ended June 30, 2025, the City contributed \$22,108, or 100% of the required contributions for non-hazardous job classifications. These contributions were allocated to the pension fund. The City was not required to allocate any contributions for non-hazardous employees to the insurance fund.

Benefits

CERS provides retirement, health insurance, death, and disability benefits to Plan employees and beneficiaries. Employees are vested in the Plan after 5 years of service. For retirement purposes, employees are grouped into 3 tiers based on hire date:

	<u>Participation Date</u>	<u>Unreduced Benefit</u>	<u>Reduced Benefit</u>
Tier 1	Before September 1, 2008	27 years of service or 65 years old and 4 years of service	At least 5 years of service and 55 years old or 25 years of service and any age
Tier 2	On or after September 1, 2008 to December 31, 2013	At least 5 years of service and 65 years old or age 57+ and sum of service years plus age equal to 87+	At least 10 years of service and 60 years old
Tier 3	On or after December 31, 2013	At least 5 years of service and 65 years old or age 57+ and sum of service years plus age equal to 87+	Not available

For OPEB purposes, employees are grouped into 3 tiers based on hire date:

	<u>Participation Date</u>	<u>Insurance Eligibility</u>	<u>Benefit</u>
Tier 1	Before July 1, 2003	10 years of service credit required	Set percentage of single coverage health insurance based on service credit accrued at retirement
	On or after July 1, 2003 to September 1, 2008	10 years of service credit required	Set dollar amount based on service credit accrued, increased annually
Tier 2	On or after September 1, 2008 to December 31, 2013	15 years of service credit required	Set dollar amount based on service credit accrued, increased annually
Tier 3	On or after December 31, 2013	15 years of service credit required	Set dollar amount based on service credit accrued, increased annually

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 7. County Employees Retirement System Plan (Continued)

Pension Liabilities, Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2025, the City reported a liability for its proportionate share of the net pension liability of \$195,978. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and rolled forward using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2024, the City's proportion was 0.003277% for non-hazardous employees, which was an increase of 0.000265% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized a \$97,296 reduction of pension expense for non-hazardous classifications. At June 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Non-hazardous		
Difference between expected and actual experience	\$ 9,486	\$
Change in assumptions		8,854
Net difference between projected and actual earnings on investments		12,601
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,092	11,782
Contributions subsequent to the measurement date	22,108	
Total non-hazardous	\$ 33,686	\$ 33,237
Hazardous		
Changes in proportion and difference between employer contributions and proportionate share of contributions		79,819
Total hazardous	\$	\$ 79,819
Total	\$ 33,686	\$ 113,056

The \$22,108 deferred outflows of resources resulting from the City's contributions subsequent to the measurement date as of June 30, 2025, will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 7. County Employees Retirement System Plan (Continued)

Pension Liabilities, Expense, and Deferred Outflows and Inflows of Resources (Continued)

<u>Year Ended June 30,</u>	<u>Non-hazardous</u>	<u>Hazardous</u>	<u>Total</u>
2025	\$ (13,073)	\$ (46,088)	\$ (59,161)
2026	(935)	(28,650)	(29,585)
2027	(4,844)	(5,092)	(9,936)
2028	(2,808)		(2,808)

OPEB Assets, Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2025, the City reported an asset for its proportionate share of the net OPEB asset of \$5,674. The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date and rolled forward using generally accepted actuarial procedures. The City's proportion of the net OPEB asset was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2024, the City's proportion was 0.003280% for non-hazardous classifications, which was an increase of 0.000262% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized a \$1,538 reduction of OPEB expense for non-hazardous classifications. At June 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Non-hazardous		
Difference between expected and actual experience	\$ 3,148	\$ 44,641
Change in assumptions	5,141	4,003
Net difference between projected and actual earnings on Plan investments		5,178
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,169	11,536
Contributions subsequent to the measurement date	1,538	
Total non-hazardous	\$ 10,996	\$ 65,358
Hazardous		
Changes in proportion and difference between employer contributions and proportionate share of contributions	\$	\$ 34,794
Total hazardous	\$	\$ 34,794
Total	\$ 10,996	\$ 100,152

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 7. County Employees Retirement System Plan *(Continued)*

OPEB Assets, Expense, and Deferred Outflows and Inflows of Resources *(Continued)*

The \$1,538 in deferred outflows of resources resulting from an adjustment related to implicit subsidy as of June 30, 2025, will be recognized as an increase in the net OPEB asset in the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>		<u>Non-hazardous</u>		<u>Hazardous</u>		<u>Total</u>
2025	\$	(23,406)	\$	(11,588)	\$	(34,994)
2026		(18,231)		(10,351)		(28,582)
2027		(13,143)		(8,675)		(21,818)
2028		(1,120)		(4,180)		(5,300)

Actuarial Assumptions

The total pension and OPEB liabilities in the June 30, 2024 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.3% to 10.3%, varies by service, including inflation
Investment rate of return	6.50%, net of Plan investment expense, including inflation
Payroll Growth	2.0%
Healthcare trend	
Pre-65	Initial trend starting at 6.8% on January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 8.5% in 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years

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

The actuarial assumption used in the June 30, 2024 valuation was based on the results of an actuarial experience study conducted as of June 30, 2023. The total pension and OPEB liabilities were rolled-forward from the valuation date (June 30, 2024) to the Plan's fiscal year ending June 30, 2025.

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 return 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 estimate of arithmetic real rate of return for each major asset class are summarized in the following table:

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 7. County Employees Retirement System Plan (Continued)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Equity		60.00%
Public equity	4.15%	50.00%
Private equity	9.10%	10.00%
Fixed income		20.00%
Core fixed income	2.85%	10.00%
Specialty credit	3.82%	10.00%
Cash	1.70%	0.00%
Inflation protected		20.00%
Real estate	4.90%	7.00%
Real return	5.35%	13.00%
Total		100.00%

Pension Discount Rate

The discount rate used to measure the total pension liability was 5.99% for the year ended June 30, 2024. The projection of cash flows used to determine the discount rate assumed that local employers would contribute funds as required 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.

OPEB Discount Rate

The discount rate used to measure the total OPEB liability was 5.99% for the year ended June 30, 2024 for non-hazardous classifications. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the funded actuarial accrued asset. The discount rate determination used an expected rate of return of 6.5%, and a municipal bond rate of 5.20%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KPPA's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KPPA's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Total Pension Plan Assets, Liabilities, and Funded Status

The Plan's total Pension liability as of June 30, 2024 is approximately \$15,576,667,000 and fiduciary net position was approximately \$9,596,244,000 resulting in a net pension liability of approximately \$5,980,423,000. Therefore, the Plan's net position as a percentage of the total pension liability was 61.61%.

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 7. County Employees Retirement System Plan (Continued)

Total OPEB Plan Assets, Liabilities, and Funded Status

The Plan's total OPEB liability is approximately \$3,534,297,000 and fiduciary net position was approximately \$3,707,277,000 resulting in a net OPEB liability of approximately \$96,042. Therefore, the Plan's net position as a percentage of the total OPEB liability was 104.89%.

Note 8. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2025 is as follows:

	<u>Beginning Balance</u>		<u>Increase</u>		<u>Decrease</u>		<u>Ending Balance</u>
Assets not being depreciated:							
Land	\$ 49,889	\$		\$		\$	\$ 49,889
Assets being depreciated:							
Buildings and improvements	498,372		3,451				501,823
Machinery and equipment	111,552		10,250		12,261		109,541
Infrastructure	390,677						390,677
Total capital assets	\$ 1,050,490	\$	13,701	\$	12,261	\$	\$ 1,051,930
Less: Accumulated depreciation	613,406		43,272		12,261		644,417
Capital assets, net	\$ 437,084	\$	(29,571)	\$		\$	\$ 407,513

Depreciation was charged to government functions as follows:

General government	\$ 7,468
Streets and maintenance	17,289
Protection to persons and property	7,746
Recreation and culture	10,769
Total	\$ 43,272

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 8. Capital Assets *(Continued)*

Capital asset activity for business-type activities for the year ended June 30, 2025 is as follows:

	<u>Beginning Balance</u>		<u>Increase</u>		<u>Decrease</u>		<u>Ending Balance</u>
Assets not being depreciated:							
Land	\$ 20,801	\$		\$		\$	20,801
Construction in progress	747,441				747,441		
Assets being depreciated:							
Buildings and improvements	93,855		9,760				103,615
Machinery and equipment	551,818		64,198		19,378		596,638
Infrastructure	4,824,536		747,441				5,571,977
Total capital assets	\$ 6,238,451	\$	821,399	\$	766,819	\$	6,293,031
Less: Accumulated depreciation	2,781,690		143,294		5,598		2,919,386
Capital assets, net	\$ 3,456,761	\$	678,105	\$	761,221	\$	3,373,645

Note 9. Net Position and Fund Balances

Net Position

The following is a summary of the City's governmental activities net position at June 30, 2025:

Restricted							
Municipal road aid			\$ 47,538				
Fire department			23,718	\$			71,256
Net investment in capital assets							407,513
Unrestricted							823,736
Total						\$	<u>1,302,505</u>

City of New Haven
Notes to the Financial Statements
For the Year Ended June 30, 2025
(Continued)

Note 9. Net Position and Fund Balances *(Continued)*

Fund Balances

The following is a summary of the Governmental Fund balances of the City at June 30, 2025:

Restricted			
Municipal road aid	\$	47,538	
Fire department		<u>23,718</u>	71,256
Committed			
Community development	\$	24,263	
Police car funds		<u>6,326</u>	30,589
Unassigned			<u>1,033,833</u>
Total			\$ <u>1,135,678</u>

Note 10. Subsequent Events

The City has evaluated and considered the need to recognize or disclose subsequent events through March 12, 2026, the date which the financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended June 30, 2025, have not been evaluated by the City.

Required Supplementary Information

**City of New Haven
Budgetary Comparison -
Major Governmental Fund
For the Year Ended June 30, 2025**

	<u>General Fund</u>			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	
	Original	Final		
Revenues				
Taxes	\$ 250,376	\$ 243,500	\$ 338,586	\$ 95,086
Intergovernmental	10,000	10,000	350,477	340,477
License and permits	16,300	11,500	11,230	(270)
Charges for services			25,494	25,494
Recreation	11,500	7,600		(7,600)
Grants	618,652	736,000		(736,000)
Other revenues	39,780	38,350		(38,350)
Rental			8,918	8,918
Miscellaneous			61,348	61,348
Total revenues	<u>\$ 946,608</u>	<u>\$ 1,046,950</u>	<u>\$ 796,053</u>	<u>\$ (250,897)</u>
Expenditures				
General government	\$ 229,504	\$ 203,302	\$ 193,953	\$ 9,349
Pass thru grant	568,571	736,000	362,916	373,084
LWCF grant	100,162			
Protection to persons and property	89,295	100,700	89,195	11,505
Recreation and culture	36,157	34,350	23,991	10,359
Capital outlay	30,000	50,081	13,701	36,380
Total expenditures	<u>\$ 1,053,689</u>	<u>\$ 1,124,433</u>	<u>\$ 683,756</u>	<u>\$ 440,677</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (107,081)</u>	<u>\$ (77,483)</u>	<u>\$ 112,297</u>	<u>\$ 189,780</u>
Net change in fund balance	<u>\$ (107,081)</u>	<u>\$ (77,483)</u>	<u>\$ 112,297</u>	<u>\$ 189,780</u>
Fund balance - Beginning	<u>107,081</u>	<u>77,483</u>	<u>952,125</u>	<u>874,642</u>
Fund balance - Ending	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$ 1,064,422</u></u>	<u><u>\$ 1,064,422</u></u>

See the accompanying Notes to the Required Supplementary Information.

City of New Haven
Schedule of Proportionate Share of the Net Pension Liability
of County Employees Retirement System
For the Year Ended June 30,

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Non-hazardous					
Proportion of the collective net pension liability	0.003349%	0.002814%	0.004087%	0.004248%	0.004260%
Proportionate share of the net pension liability	\$ 143,974	\$ 138,552	\$ 239,225	\$ 258,716	\$ 299,608
Covered employee payroll	\$ 78,416	\$ 64,372	\$ 99,513	\$ 105,282	\$ 107,451
Proportionate share of the net pension liability as a percentage of its covered employee payroll	183.60%	215.24%	240.40%	245.74%	278.83%
Plan fiduciary net position as a percentage of the total pension liability	59.97%	55.50%	53.32%	53.54%	50.45%
Hazardous					
Proportion of the collective net pension liability	0.008236%	0.008672%	0.008204%	0.008496%	0.008302%
Proportionate share of the net pension liability	\$ 126,434	\$ 148,813	\$ 183,546	\$ 205,472	\$ 229,326
Covered employee payroll	\$ 42,938	\$ 45,252	\$ 45,036	\$ 47,326	\$ 47,281
Proportionate share of the net pension liability as a percentage of its covered employee payroll	294.46%	328.85%	407.55%	434.16%	485.03%
Plan fiduciary net position as a percentage of the total pension liability	57.52%	53.95%	49.78%	49.26%	46.63%

City of New Haven
Schedule of Proportionate Share of the Net Pension Liability
of County Employees Retirement System
For the Year Ended June 30,
(Continued)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Non-hazardous					
Proportion of the collective net pension liability	0.004487%	0.004436%	0.003434%	0.003542%	0.003277%
Proportionate share of the net pension liability	\$ 344,149	\$ 282,830	\$ 248,244	\$ 227,273	\$ 195,978
Covered employee payroll	\$ 159,947	\$ 156,638	\$ 105,325	\$ 102,806	\$ 112,165
Proportionate share of the net pension liability as a percentage of its covered employee payroll	215.16%	180.56%	235.69%	221.07%	174.72%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	57.33%	52.42%	57.48%	61.6%
Hazardous					
Proportion of the collective net pension liability	0.007274%	0.006581%	0.003369%		
Proportionate share of the net pension liability	\$ 219,313	\$ 175,197	\$ 102,804	\$	\$
Covered employee payroll	\$ 42,495	\$ 39,738	\$ 21,715	\$	\$
Proportionate share of the net pension liability as a percentage of its covered employee payroll	516.09%	440.88%	473.42%		
Plan fiduciary net position as a percentage of the total pension liability	44.11%	52.26%	47.11%		

See the accompanying Notes to the Required Supplementary Information.

**City of New Haven
Schedule of Pension Contributions to
County Employees Retirement System
For the Year Ended June 30,**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Non-hazardous					
Statutorily required contributions for pension	\$ 7,995	\$ 13,882	\$ 15,245	\$ 17,429	\$ 30,870
Less: Contributions	<u>7,995</u>	<u>13,882</u>	<u>15,245</u>	<u>17,429</u>	<u>30,870</u>
Contribution deficiency (excess)	\$ <u> </u>				
Covered employee payroll	\$ 64,372	\$ 99,513	\$ 105,282	\$ 107,451	\$ 159,947
Contributions as a percentage of its covered employee payroll	12.42%	13.95%	14.48%	16.22%	19.30%
Hazardous					
Statutorily required contributions for pension	\$ 9,168	\$ 9,777	\$ 10,506	\$ 11,759	\$ 12,774
Less: Contributions	<u>9,168</u>	<u>9,777</u>	<u>10,506</u>	<u>11,759</u>	<u>12,774</u>
Contribution deficiency (excess)	\$ <u> </u>				
Covered employee payroll	\$ 45,252	\$ 45,036	\$ 47,326	\$ 47,281	\$ 42,495
Contributions as a percentage of its covered employee payroll	20.26%	21.71%	22.20%	24.87%	30.06%

City of New Haven
Schedule of Pension Contributions to
County Employees Retirement System
For the Year Ended June 30,
(Continued)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Non-hazardous					
Statutorily required contributions for pension	\$ 30,231	\$ 22,297	\$ 24,057	\$ 24,011	\$ 22,108
Less: Contributions	<u>30,231</u>	<u>22,297</u>	<u>24,057</u>	<u>24,011</u>	<u>22,108</u>
Contribution deficiency (excess)	<u>\$ _____</u>				
Covered employee payroll	\$ 156,638	\$ 105,325	\$ 102,806	\$ 102,875	\$ 112,165
Contributions as a percentage of its covered employee payroll	19.30%	21.17%	23.40%	23.34%	19.71%
Hazardous					
Statutorily required contributions for pension	\$ 11,945	\$ 7,353	\$ _____	\$ _____	\$ _____
Less: Contributions	<u>11,945</u>	<u>7,353</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
Contribution deficiency (excess)	<u>\$ _____</u>				
Covered employee payroll	\$ 39,738	\$ 21,715	\$ _____	\$ _____	\$ _____
Contributions as a percentage of its covered employee payroll	30.06%	33.86%	_____	_____	_____

See the accompanying Notes to the Required Supplementary Information.

City of New Haven
Schedule of Proportionate Share of the Net Other
Postemployment Benefits Liability (Asset) of County Employees Retirement System
For the Year Ended June 30,

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Non-hazardous					
Proportionate share of the collective net OPEB liability (asset)	0.004087%	0.004248%	0.004259%	0.004486%	0.004435%
Proportionate share of the net OPEB liability (asset)	\$ 82,163	\$ 75,422	\$ 71,634	\$ 108,323	\$ 84,906
Covered-employee payroll	\$ 99,513	\$ 105,282	\$ 107,451	\$ 159,947	\$ 156,638
Proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	82.57%	71.64%	66.67%	67.72%	54.21%
Plan fiduciary net position as a percentage of total OPEB liability (asset)	52.39%	57.62%	60.44%	51.67%	62.91%
Hazardous					
Proportionate share of the collective net OPEB liability (asset)	0.008204%	0.008496%	0.008300%	0.007271%	0.006581%
Proportionate share of the net OPEB liability (asset)	\$ 67,820	\$ 60,573	\$ 61,408	\$ 67,192	\$ 53,211
Covered-employee payroll	\$ 45,036	\$ 47,326	\$ 47,281	\$ 42,495	\$ 39,738
Proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	150.59%	127.99%	129.88%	158.12%	133.90%
Plan fiduciary net position as a percentage of total OPEB liability (asset)	58.99%	64.24%	64.44%	58.84%	66.81%

City of New Haven
Schedule of Proportionate Share of the Net Other
Postemployment Benefits Liability (Asset) of County Employees Retirement System
For the Year Ended June 30,
(Continued)

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Non-hazardous			
Proportionate share of the collective net OPEB liability (asset)	0.003434%	0.003542%	0.00328%
Proportionate share of the net OPEB liability (asset)	\$ 67,770	\$ (4,890)	\$ (5,674)
Covered-employee payroll	\$ 105,325	\$ 102,806	\$ 112,165
Proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	64.34%	(4.76%)	(5.06%)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	60.95%	104.23%	204.23%
Hazardous			
Proportionate share of the collective net OPEB liability (asset)	0.003392%		
Proportionate share of the net OPEB liability (asset)	\$ 28,893	\$	\$
Covered-employee payroll	\$ 21,715	\$	\$
Proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	133.06%		
Plan fiduciary net position as a percentage of total OPEB liability (asset)	64.13%		

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

See the accompanying Notes to the Required Supplementary Information.

City of New Haven
Schedule of Other Postemployment Benefits Contributions
to County Employees Retirement System
For the Year Ended June 30,

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Non-hazardous					
Statutorily required contribution for OPEB	\$ 2,987	\$ 4,707	\$ 4,948	\$ 5,652	\$ 7,613
Less: Contributions	<u>2,987</u>	<u>4,707</u>	<u>4,948</u>	<u>5,652</u>	<u>7,613</u>
Contribution deficiency (excess)	\$ <u> </u>				
Covered employee payroll	\$ 64,372	\$ 99,513	\$ 105,282	\$ 107,451	\$ 159,947
Contributions as a percentage of its covered employee payroll	4.64%	4.73%	4.70%	5.26%	4.76%
Hazardous					
Statutorily required contribution for OPEB	\$ 5,742	\$ 4,211	\$ 4,425	\$ 4,950	\$ 4,046
Less: Contributions	<u>5,742</u>	<u>4,211</u>	<u>4,425</u>	<u>4,950</u>	<u>4,046</u>
Contribution deficiency (excess)	\$ <u> </u>				
Covered employee payroll	\$ 45,252	\$ 45,036	\$ 47,326	\$ 47,281	\$ 42,495
Contributions as a percentage of its covered employee payroll	12.69%	9.35%	9.35%	10.47%	9.52%

City of New Haven
Schedule of Other Postemployment Benefits Contributions
to County Employees Retirement System
For the Year Ended June 30,
(Continued)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Non-hazardous					
Statutorily required contribution for OPEB	\$ 7,456	\$ 6,088	\$ 3,485	\$	\$
Less: Contributions	<u>7,456</u>	<u>6,088</u>	<u>3,485</u>	<u> </u>	<u> </u>
Contribution deficiency (excess)	\$ <u> </u>				
Covered employee payroll	\$ 156,638	\$ 105,325	\$ 102,806	\$ 102,875	\$ 112,165
Contributions as a percentage of its covered employee payroll	4.76%	5.78%	3.39%		
Hazardous					
Statutorily required contribution for OPEB	\$ 3,783	\$ 2,274	\$	\$	\$
Less: Contributions	<u>3,783</u>	<u>2,274</u>	<u> </u>	<u> </u>	<u> </u>
Contribution deficiency (excess)	\$ <u> </u>				
Covered employee payroll	\$ 39,738	\$ 21,715	\$	\$	\$
Contributions as a percentage of its covered employee payroll	9.52%	10.47%			

See the accompanying Notes to the Required Supplementary Information.

City of New Haven
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

Note 1. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky. The Mayor is required to submit estimated receipts and proposed expenditures to the City Commission by May 1 of each year. The budget, prepared by fund, function, and activity, is required to be adopted by the City Commission by July 1. The City may change the original budget by transferring appropriations at the activity level or increasing the total budget. Expenditures may not exceed budgeted appropriations at the activity level.

Note 2. Pension and OPEB Information

A. Net Pension Liability

The measurement date is 1 year preceding the fiscal year of the City.

B. Net OPEB Liability (Asset)

The measurement date is 1 year preceding the fiscal year of the City.

C. Contributions

Contractually required employer contributions reported on the Schedule of Pension Contributions to County Employees Retirement System exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of Other Postemployment Benefits Contributions to County Employees Retirement System.

D. Payroll

The City's covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability of County Employees Retirement System and the Schedule of Proportionate Share of the Net Other Postemployment Benefits Liability (Asset) of County Employees Retirement System is 1 year prior to the City's fiscal year payroll as reported on the Schedule of Pension Contributions to County Employees Retirement System and Schedule of Other Postemployment Benefits Contributions to County Employees Retirement System.

Note 3. Changes in Assumptions

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of each fiscal year, for both pension and OPEB:

A. June 30, 2024 – Pension and OPEB

- Phase-in provision: Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018.

B. June 30, 2023 – Pension and OPEB

- The assumed rate of inflation was increased from 2.3% to 2.5%;
- The assumed rate of return was increased from 6.25% to 6.5%;
- The initial healthcare trend rate for pre-65 was changed from 6.2% to 6.8%. The initial healthcare trend rate for post-65 was changed from 9% to 8.5%.

City of New Haven
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025
(Continued)

Note 3. Changes in Assumptions *(Continued)*

B. June 30, 2023 – Pension and OPEB *(Continued)*

- For disabled members, the PUB-2010 Disabled Mortality Table used rates multiplied by 150% for both male and female rates, projected with the ultimate rates from MP-2020 Mortality Improvement Scale using a base year of 2010;
- For healthy retired members, the system-specific mortality table was based on mortality experience from 2013 through 2022, projected with the ultimate rates from MP-2020 Mortality Improvement Scale using a base year of 2023; and
- The actuarial assumption used in the June 30, 2023 valuation was based on the results of an actuarial experience study conducted as of June 30, 2022.

C. June 30, 2022 – Pension and OPEB

- The initial healthcare trend rate for pre-65 was changed from 6.3% to 6.2%. The initial healthcare trend rate for post-65 was changed from 6.3% to 9%.

D. June 30, 2021 – Pension and OPEB

- The initial healthcare trend rate for pre-65 was changed from 6.4% to 6.3%. The initial healthcare trend rate for post-65 was changed from 2.9% to 6.3%.

E. June 30, 2020 – Pension and OPEB

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.4%. The initial healthcare trend rate for post-65 was changed from 5% to 2.9%.

F. June 30, 2019 – Pension and OPEB

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

G. June 30, 2018 – Pension and OPEB

None.

H. June 30, 2017 – Pension and OPEB

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

I. June 30, 2016 – Pension and OPEB

None.

City of New Haven
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025
(Continued)

Note 3. Changes in Assumptions *(Continued)*

J. June 30, 2015 – Pension

- The assumed rate of return was decreased from 7.75% to 7.5%;
- The assumed rate of inflation was reduced from 3.5% to 3.25%;
- The assumed rate of wage inflation was reduced from 1% to 0.75%;
- Payroll growth assumption was reduced from 4.5% to 4%;
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females);
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback 1 year for females);
- For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement; and
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

K. June 30, 2014 – Pension

None.

Supplementary Information

City of New Haven
 Combining Balance Sheet - Nonmajor Governmental Funds
 June 30, 2025

	Municipal Road Aid Fund	Fire Fund	Total
Assets			
Restricted cash and cash equivalents	\$ 47,538	\$ 23,718	\$ 71,256
Total assets	\$ 47,538	\$ 23,718	\$ 71,256
Liabilities and fund balances			
Fund balances			
Restricted	\$ 47,538	\$ 23,718	\$ 71,256
Total fund balances	\$ 47,538	\$ 23,718	\$ 71,256
Total liabilities and fund balances	\$ 47,538	\$ 23,718	\$ 71,256

City of New Haven
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	<u>Municipal Road Aid Fund</u>	<u>Fire Fund</u>	<u>Total</u>
Revenues			
Intergovernmental	\$ 20,235	\$ 14	\$ 20,249
Miscellaneous	457		457
Total revenues	<u>\$ 20,692</u>	<u>\$ 14</u>	<u>\$ 20,706</u>
Expenditures			
Protection to persons and property	\$	\$ 11,580	\$ 11,580
Streets and maintenance	13,015		13,015
Total expenditures	<u>\$ 13,015</u>	<u>\$ 11,580</u>	<u>\$ 24,595</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 7,677</u>	<u>\$ (11,566)</u>	<u>\$ (3,889)</u>
Net change in fund balances	<u>\$ 7,677</u>	<u>\$ (11,566)</u>	<u>\$ (3,889)</u>
Fund balances - Beginning	<u>39,861</u>	<u>35,284</u>	<u>75,145</u>
Fund balances - Ending	<u><u>\$ 47,538</u></u>	<u><u>\$ 23,718</u></u>	<u><u>\$ 71,256</u></u>

Jones & Associates CPAs, PSC

Certified Public Accountants



121 Prosperous Place, Suite 2A, Lexington, KY 40509 (859) 687-0303

To the Mayor and City Commissioners of
City of New Haven, Kentucky

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of New Haven, Kentucky, as of and for the year ended June 30, 2025, and related notes to the financial statements, which collectively comprise the City of New Haven, Kentucky's basic financial statements and have issued our report thereon dated March 12, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the following deficiency described in the accompanying Schedule of Findings to be a material weakness: 2025 – 01.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of New Haven, Kentucky's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those

**To the Mayor and City Commissioners of
City of New Haven, Kentucky
Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
(Continued)**

Report on Compliance and Other Matters (Continued)

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of New Haven, Kentucky's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of New Haven, Kentucky's response to the finding identified in our audit and described in the accompanying Schedule of Findings. The City of New Haven, Kentucky's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Respectfully submitted,

Jones & Associates CPAs, PSC

Jones & Associates CPAs, PSC
Certified Public Accountants
Lexington, Kentucky

March 12, 2026

**City of New Haven
Schedule of Findings
For the Year Ended June 30, 2025**

Internal Control – Material Weaknesses and Significant Deficiencies

Finding Number 2025 – 01

Condition: The City cannot fully segregate the record-keeping, custodial, and authorization activities of its accounting functions due to the size of its staff.

Cause: The City cannot employ enough individuals to fully segregate the record-keeping, custodial, and authorization functions of its internal controls due to budget constraints.

Effect: The risk of errors or fraud occurring and not being prevented or detected in a timely manner increases when accounting functions are not adequately segregated and sufficient controls are not in place.

Criteria: Generally accepted accounting principles require that management design internal controls to provide reasonable assurance that unauthorized acquisition, use, or disposition of assets will be prevented or timely detected and corrected. A fundamental concept in a good system of internal control is segregation of duties.

Recommendation: We realize that the City cannot fully segregate duties with the number of employees available. We recommend that management and the board remain aware of this issue and continue to develop policies and procedures that segregate accounting functions as much as possible. This policy should include separating the responsibilities for authorizing transactions, processing, and recording them, reviewing the transactions, signing checks, and handling any related assets.

Response: The City Clerk/Treasurer will make sure that all purchase orders, timesheets and all other city paperwork are available to be viewed by the Mayor and The Commissioners at all times. All financial reports and purchase orders will be approved by the mayor and/or commissioner in charge of the department.

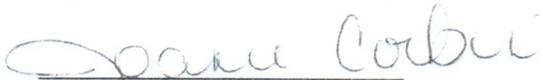
Certificate of Compliance –
Local Government Economic Assistance Program

**Certificate of Compliance –
Local Government Economic Assistance Program
City of New Haven, Kentucky
For the Year Ended June 30, 2025**

The City of New Haven, Kentucky hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Mayor



City Clerk