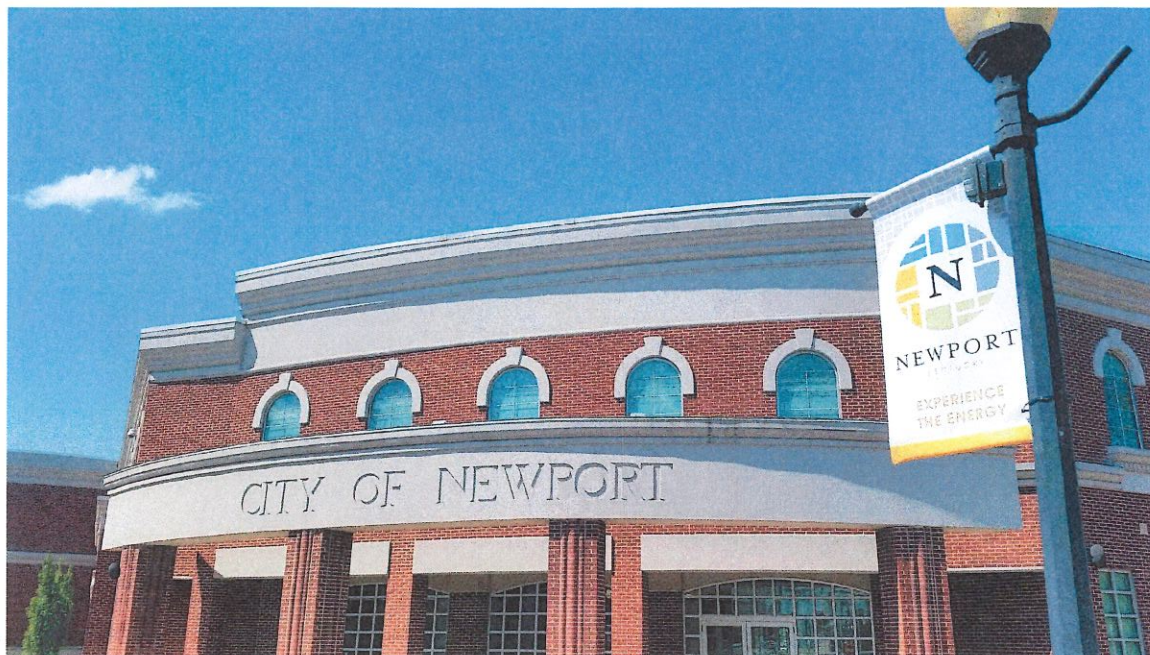


CITY OF NEWPORT, KENTUCKY

Annual Comprehensive Financial Report



Year ended June 30, 2024



CPAs | Consultants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Commission
City of Newport, Kentucky

Report on the Audit of the Financial Statements**Opinions**

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2025, on our consideration of the City of Newport, 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 Newport, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Newport, Kentucky's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
March 5, 2025

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

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,017,187	\$ 1,353,804	\$ 9,370,991
Receivables:			
Property taxes	108,161	-	108,161
Intergovernmental	305,203	-	305,203
Accounts, net	8,169,088	140,374	8,309,462
Leases, current	6,694	-	6,694
Prepaid expenses	67,138	-	67,138
Noncurrent assets:			
Restricted cash and cash equivalents	19,214,366	-	19,214,366
Leases, noncurrent	316,025	-	316,025
Capital assets:			
Land and construction in progress	8,371,397	-	8,371,397
Depreciable capital assets, net	22,778,683	263,046	23,041,729
Subscription based IT, net	95,570	-	95,570
Leased equipment, net	23,984	-	23,984
Total Assets	67,473,496	1,757,224	69,230,720
Deferred Outflows of Resources			
Deferred outflows - defeasance on refunding	256,013	-	256,013
Deferred outflows - pension	5,481,380	63,159	5,544,539
Deferred outflows - OPEB	1,891,440	30,120	1,921,560
Total Deferred Outflows of Resources	7,628,833	93,279	7,722,112
Liabilities			
Accounts payable	2,654,101	14,293	2,668,394
Accrued liabilities	680,672	4,531	685,203
Accrued interest payable	162,872	-	162,872
Unearned revenue	29,751	-	29,751
Noncurrent liabilities:			
Due within one year	2,862,723	-	2,862,723
Due after one year:			
Compensated absences	2,591,709	-	2,591,709
Net pension liability	34,264,502	385,478	34,649,980
Net OPEB liability	1,180,471	3,134	1,183,605
Other noncurrent liabilities	19,883,307	-	19,883,307
Total Liabilities	64,310,108	407,436	64,717,544
Deferred Inflows of Resources			
Deferred inflows - pension	3,402,949	35,341	3,438,290
Deferred inflows - OPEB	9,451,133	114,064	9,565,197
Unavailable revenue - leases	322,719	-	322,719
Total Deferred Inflows of Resources	13,176,801	149,405	13,326,206
Net Position			
Net investment in capital assets	21,760,300	263,046	22,023,346
Restricted for:			
Debt service	996,607	-	996,607
Reserve	5,855,726	-	5,855,726
Other	3,541,879	-	3,541,879
Unrestricted	(34,539,092)	1,030,616	(33,508,476)
Total Net Position	\$ (2,384,580)	\$ 1,293,662	\$ (1,090,918)

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

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

	General	Community Development	Capital Projects	TIF	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 14,470,836	\$ 54,800	\$ 12,238,330	\$ 241,802	\$ 27,005,768
Receivables:					
Property taxes	108,161	-	-	-	108,161
Intergovernmental	305,203	-	-	-	305,203
Accounts	6,736,976	51,775	96,750	1,231,034	8,116,535
Leases	322,719	-	-	-	322,719
Prepays and other assets	67,138	-	-	-	67,138
Due from other funds	-	-	109,173	-	109,173
Total Assets	\$ 22,011,033	\$ 106,575	\$ 12,444,253	\$ 1,472,836	\$ 36,034,697
Liabilities					
Accounts payable	\$ 984,794	\$ 41,126	\$ 3,364	\$ 1,473,016	\$ 2,502,300
Accrued liabilities	774,144	13,455	-	-	787,599
Due to other funds	109,173	-	-	-	109,173
Unearned revenue	29,751	-	-	-	29,751
Total Liabilities	1,897,862	54,581	3,364	1,473,016	3,428,823
Deferred Inflows of Resources					
Unavailable revenue	2,768,339	-	34,707	-	2,803,046
Fund Balances					
Nonspendable	67,138	-	-	-	67,138
Restricted	7,937,420	-	12,406,182	-	20,343,602
Committed	-	-	-	-	-
Assigned	-	51,994	-	-	51,994
Unassigned	9,340,274	-	-	(180)	9,340,094
Total Fund Balances	17,344,832	51,994	12,406,182	(180)	29,802,828
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 22,011,033	\$ 106,575	\$ 12,444,253	\$ 1,472,836	\$ 36,034,697
 Total governmental fund balances					\$ 29,802,828
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets, SBITA, and leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation					31,269,634
Net position of internal service fund					126,535
Accrued interest payable on long-term debt					(162,872)
Deferred outflows - defeasance on bond refunding					256,013
Deferred inflows - unavailable revenue (excluding leases)					2,480,327
Long-term liabilities and related pension and OPEB deferred inflows/outflows, are not due and payable in the current period and therefore are not reported in the funds					(66,157,045)
Net position of governmental activities					\$ (2,384,580)

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

CITY OF NEWPORT, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General	Community Development	Capital Projects	TIF	Total Governmental Funds
Revenues					
Property taxes	\$ 3,778,529	\$ -	\$ -	\$ -	\$ 3,778,529
Licenses and permits	18,633,957	-	418,516	237,092	19,289,565
Intergovernmental	2,590,205	1,217,499	-	1,231,034	5,038,738
Fines and forfeitures	226,166	-	-	-	226,166
Charges for services	1,927,884	-	-	-	1,927,884
Uses of property	1,266,359	-	-	-	1,266,359
Interest	242,404	1,025	581,688	3,196	828,313
Refunds and reimbursements	161,452	-	19,697	-	181,149
Miscellaneous	40,800	20,253	-	-	61,053
Total Revenues	28,867,756	1,238,777	1,019,901	1,471,322	32,597,756
Expenditures					
Current:					
General government	3,759,969	-	-	-	3,759,969
Police	7,648,616	-	-	-	7,648,616
Fire/EMS	6,392,401	-	-	-	6,392,401
Development services	1,291,808	1,236,282	-	2,005,131	4,533,221
Community services	2,599,189	-	57,011	-	2,656,200
Municipal complex	311,142	-	-	-	311,142
Capital outlay	717,876	-	527,751	-	1,245,627
Debt service:					
Principal	2,459,920	-	-	-	2,459,920
Interest	620,367	-	-	-	620,367
Total Expenditures	25,801,288	1,236,282	584,762	2,005,131	29,627,463
Excess (deficiency) of revenues over (under) expenditures	3,066,468	2,495	435,139	(533,809)	2,970,293
Other Financing Sources (Uses)					
Transfers in	59,034	-	-	-	59,034
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	59,034	-	-	-	59,034
Net Change in Fund Balances	3,125,502	2,495	435,139	(533,809)	3,029,327
Fund Balances - Beginning	14,219,330	49,499	11,971,043	533,629	26,773,501
Fund Balances - Ending	\$17,344,832	\$ 51,994	\$ 12,406,182	\$ (180)	\$ 29,802,828

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

CITY OF NEWPORT, KENTUCKY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Business-type Activities	Internal Service Funds
	Refuse	Health and Dental
Operating Revenues		
Charges for sales and services:		
Refuse fees	\$ 1,639,291	\$ -
Franchise fees	56,721	-
Penalties	47,275	-
Other services	-	2,474,362
Total Operating Revenues	<u>1,743,287</u>	<u>2,474,362</u>
Operating Expenses		
Cost of sales and services	1,461,699	2,505,373
Depreciation	79,145	-
Total Operating Expenses	<u>1,540,844</u>	<u>2,505,373</u>
Net Operating Income (Loss)	<u>202,443</u>	<u>(31,011)</u>
Non-Operating Revenues (Expenses)		
Interest income	25,864	4,074
Total Non-Operating Revenues (Expenses)	<u>25,864</u>	<u>4,074</u>
Transfer in (out)	(59,034)	-
Net Income (loss)	<u>169,273</u>	<u>(26,937)</u>
Net Position-Beginning Of Year	<u>1,124,389</u>	<u>153,472</u>
Net Position-End Of Year	<u>\$ 1,293,662</u>	<u>\$ 126,535</u>

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

CITY OF NEWPORT, KENTUCKY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended June 30, 2024

$$\underline{\text{Employee (710)}} + \underline{\text{Police \& Fire (720)}} =$$

**Total
Retirement
Plans**

Additions

Contributions:

Employer \$ 172,000

Total contributions 172,000

Investment earnings:

Interest and dividends 19,950

Net appreciation (depreciation) in the fair value of investments,
including realized gains and losses 98,972

Total investment earnings (losses) 118,922

Total Additions 290,922

Deductions

Benefits 323,548

Administrative expense 15,639

Total Deductions 339,187

Change in Net Position (48,265)

Net Position-Beginning Of Year 820,593

Net Position-End Of Year \$ 772,328

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

$$\frac{\text{Employee Fund}}{7} + \frac{\text{P \& F}}{15} = \frac{\text{Total}}{22}$$

Notes to the Financial Statements

Notes	Notes	Doc Page #	PDF Page #
	A : Policies	38-44	41-47
	B : Stewardship/Compliance	38-44	41-47
	C : Deposits & Investments	45-46	48-49
	D : Fixed Assets	47-48	50-51
	E : Lease Receivables	48	51
	F : Long-Term Debt	49-52	52-55
	G & H : Lease Liabilities	52	55
	I : Claims & Judgments	53	56
	J : Combined Fiduciaries	53	56
	K : State Pension(KPPA)	54-68	57-71
	L : Def Comp Plan	68	71
	M : Inter--Fund Transfers	69	72
	N : Contingent Liabilities	69	72
	O : Risk Management	69	72
	P : Tax Abatements	70-74	73-77

CITY OF NEWPORT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Budgetary fund balance, July 1	\$11,660,697	\$ 14,219,325	\$ 14,219,330	\$ 5
Resources (inflows):				
Taxes:				
Property	3,277,170	3,306,610	3,304,638	(1,972)
Tangible	293,900	301,750	297,047	(4,703)
Bank deposit	150,000	176,840	176,844	4
Licenses and permits:				
Payroll license fees	10,925,000	12,801,870	12,796,969	(4,901)
Insurance license fees	5,000,000	3,913,000	4,024,700	111,700
Other	1,720,050	1,815,450	1,812,288	(3,162)
Intergovernmental	2,510,790	2,525,510	2,590,205	64,695
Fines and forfeitures	244,800	181,140	226,166	45,026
Charges for services	1,351,300	1,813,540	1,927,884	114,344
Uses of property	1,203,680	1,258,940	1,266,359	7,419
Interest	50,000	242,500	242,404	(96)
Miscellaneous	21,100	53,420	40,800	(12,620)
Refunds and reimbursements	6,000	119,940	161,452	41,512
Transfers in	59,790	60,000	59,034	(966)
Amounts available for appropriation	<u>38,474,277</u>	<u>42,789,835</u>	<u>43,146,120</u>	<u>356,285</u>
	26,813,580		28,926,790	= + 2,113,210
Charges to appropriations (outflows):				
General Government:				
Office of City Manager:				
Personnel	1,550,460	1,565,400	1,631,886	(66,486)
Contractual	558,160	587,170	557,129	30,041
Materials and supplies	8,500	9,500	8,513	987
Other-unclassified	441,390	471,480	435,683	35,797
Total Office of City Manager	<u>2,558,510</u>	<u>2,633,550</u>	<u>2,633,211</u>	<u>339</u>
Finance and Administration:				
Personnel	813,810	874,760	835,958	38,802
Contractual	237,970	251,750	241,680	10,070
Materials and supplies	5,920	6,150	3,210	2,940
Other-unclassified	54,000	49,820	45,910	3,910
Total Finance and Administration	<u>1,111,700</u>	<u>1,182,480</u>	<u>1,126,758</u>	<u>55,722</u>
Total General Government	<u>\$ 3,670,210</u>	<u>\$ 3,816,030</u>	<u>\$ 3,759,969</u>	<u>\$ 56,061</u>

CITY OF NEWPORT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
				(Continued)
Municipal Complex:				
Contractual	\$ 288,410	\$ 279,040	\$ 270,194	\$ 8,846
Materials and supplies	22,800	24,800	20,078	4,722
Other-unclassified	23,010	30,510	20,870	9,640
Total Municipal Complex	<u>334,220</u>	<u>334,350</u>	<u>311,142</u>	<u>23,208</u>
Capital Outlay:				
General government	7,500	10,000	9,680	320
Police	105,000	277,880	276,731	1,149
Fire/EMS	295,000	247,000	158,260	88,740
Development services	-	-	-	-
Community services	120,000	229,110	229,006	104
Municipal complex	155,000	78,750	44,199	34,551
Total Capital Outlay	<u>682,500</u>	<u>842,740</u>	<u>717,876</u>	<u>124,864</u>
Debt Service:				
Principal	2,411,830	2,459,940	2,459,920	20
Interest	611,340	620,390	620,367	23
Cost of debt issuance	15,000	-	-	-
Total Debt Service	<u>3,038,170</u>	<u>3,080,330</u>	<u>3,080,287</u>	<u>43</u>
Transfers out	<u>950,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>26,797,130</u>	<u>26,521,440</u>	<u>25,801,288</u>	<u>720,152</u>
Budgetary fund balance, June 30	<u>\$ 11,677,147</u>	<u>\$ 16,268,395</u>	<u>\$ 17,344,832</u>	<u>\$ 1,076,437</u>

= +995,842

\$ 2,113,210 REV
 \$ 995,842 GP
 \$ 3,109,052 TOTAL

General Ledger Line Item	Description	Original Budget	FY 2024 Actuals	Difference	Sub-Total
100-1000-3110-0000	OCCUPATIONAL TAXES :	2,550,000	3,291,804 =	741,804	
100-1000-3117-0000	TIF - OCCUPATIONAL LICENSE TAX :	(60,000)	(96,021) =	(36,021)	
100-1000-3118-0000	OCCUPATIONAL-PENALTY/INTEREST :	25,000	110,611 =	85,611	791,394
100-1000-3120-0000	PAYROLL TAXES :	9,200,000	10,382,143 =	1,182,143	
100-1000-3126-0000	PAYROLL REBATE: KEDFA / JDIP :	(750,000)	(784,792) =	(34,792)	
100-1000-3127-0000	TIF - PAYROLL TAX :	(50,000)	(141,071) =	(91,071)	
100-1000-3128-0000	PAYROLL-PENALTY & INTEREST :	10,000	34,296 =	24,296	1,080,576
100-1000-3130-0000	INSURANCE :	5,000,000	4,443,216 =	(556,784)	(556,784)
100-1000-3150-0000	RENTAL-RESIDENTIAL :	250,000	295,465 =	45,465	
100-1000-3151-0000	RENTAL-RESIDENTIAL P & I :	3,500	9,140 =	5,640	
100-1000-3152-0000	RENTAL-COMMERCIAL :	57,500	102,357 =	44,857	
100-1000-3153-0000	RENTAL-COMMERCIAL P & I :	1,000	4,239 =	3,239	99,201
100-1000-3331-0000	FIRE-AMBULANCE FEE :	450,000	473,997 =	23,997	
100-1000-3332-0000	APAP PROGRAM TAX :	232,650	284,276 =	51,626	75,623
100-1000-3624-0000	STATE-OPIOID SETTLEMENTS :	-	457,091 =	457,091	457,091
100-1000-3880-0000	INTEREST EARNINGS :	50,000	242,404 =	192,404	192,404
REVENUES :		26,813,580	28,926,792	2,139,504	2,139,504

General Ledger Line Item	Description	Original Budget	FY 2024 Actuals	Difference	Sub-Total
100-3130-3500-0000	CHEMICALS	80,000	34,433 =	45,567	
100-4710-7912-0000	OPER TRANS TO CAP PROJ FUNDS	450,000	- =	450,000	
100-4710-7914-0000	OPER TRANS TO INTERNAL SERVICE	500,000	- =	500,000	
	OPERATING TRANSFERS OUT	950,000	-	950,000	
Fund Expense Sub Totals:		26,797,130	25,801,285	995,845	

CITY OF NEWPORT, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Budgetary fund balances, July 1	\$ 12,335,162	\$ 11,971,047	\$ 11,971,043	\$ (4)
Resources (inflows):				
License and permits - Insurance premiums	-	387,000	418,516	31,516
Intergovernmental	6,244,240	12,000	-	(12,000)
Refunds and reimbursements	43,000	1,500	19,697	18,197
Interest	50,000	556,000	581,688	25,688
Transfers in	450,000	-	-	-
Amounts available for appropriation	<u>19,122,402</u>	<u>12,927,547</u>	<u>12,990,944</u>	<u>63,397</u>
Charges to appropriations (outflows):				
Community services	-	-	57,011	(57,011)
Capital project expenditures:				
Street improvement program	8,699,130	702,000	457,794	244,206
Public service facility	840,000	58,130	57,014	1,116
Parks improvement program	935,000	78,070	12,943	65,127
Floodwall repairs and upgrades	120,000	-	-	-
Total charges to appropriation	<u>10,594,130</u>	<u>838,200</u>	<u>584,762</u>	<u>253,438</u>
Budgetary fund balances, June 30	<u>\$ 8,528,272</u>	<u>\$ 12,089,347</u>	<u>\$ 12,406,182</u>	<u>\$ 316,835</u>

G.O. 2021 BONDS \$ 11,000,000



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

OMB CIRCULAR A-133 AUDIT
+ 750,000 FEDERAL FUNDS

OFFICE OF MGT & BUDGET

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

To the Honorable Mayor and
Members of the Commission
City of Newport, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Newport, Kentucky's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management elected to not record the following adjustments:

- An adjustment for a leased postage machine for \$12,555.
- An adjustment to remove an asset recorded in construction in progress that was determined to not be a viable project for \$36,719.

Management has determined that the effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

The following material misstatement detected as a result of audit procedures was corrected by management:

- General Fund – Adjustment of \$886,967 to record receivables and deferred inflows of resources related to additional opioid settlement agreements.
- Governmental Activities – Government-wide – Adjustment of \$886,967 to record receivables and revenue related to additional opioid settlement agreements.
- TIF Fund – Adjustment of \$1,472,961 to record expenditures and a payable for TIF receipts due to the trustee/developer.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 5, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Newport, Kentucky's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Items Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Newport, Kentucky's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Supplementary Information

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison schedules, pension schedules, and OPEB schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

KY INCREMENT 2018-2022/CC 2023/NPT 2023= 11/30/24 DUE

Distributor: 2021 - 2038

Year #	Payment Year	Allegran	Cardinal Health	Cencora	CVS	Distributor	Janssen	Kroger	McKinsey	Teva	Walgreens	Walmart	Yearly (Accrued)
1	(July, 2021) :	-	-	-	-	55,594	19,903	-	-	-	-	-	= 75,497
2	(July, 2022) :	-	-	-	-	58,426	46,435	-	-	-	-	-	= 104,861
3	(July, 2023) :	18,041	12,532	12,436	19,725	43,681	37,166	-	31,010	15,540	29,006	56,866	= 276,002
4	(July, 2024) :	18,056	-	-	15,294	69,639	60,697	23,052	-	15,555	14,751	121,379	= 338,422
5	(July, 2025) :	17,439	-	-	33,393	69,639	66,883	23,052	-	14,669	14,751	-	= 239,826
6	(July, 2026) :	17,439	-	-	33,393	69,639	9,692	-	-	14,669	13,965	-	= 158,797
7	(July, 2027) :	22,243	-	-	33,393	69,639	9,692	-	-	14,669	13,965	-	= 163,601
8	(July, 2028) :	22,243	-	-	39,390	93,844	12,317	-	-	14,669	13,965	-	= 196,428
9	(July, 2029) :	22,243	-	-	37,422	93,844	15,682	-	-	20,104	13,965	-	= 203,261
10	(July, 2030) :	-	-	-	35,454	93,844	15,682	-	-	20,104	29,006	-	= 194,090
11	(July, 2031) :	-	-	-	35,423	78,885	15,682	-	-	20,104	29,006	-	= 179,100
12	(July, 2032) :	-	-	-	35,423	78,885	-	-	-	20,104	29,006	-	= 163,418
13	(July, 2033) :	-	-	-	-	78,885	-	-	-	20,104	29,006	-	= 127,995
14	(July, 2034) :	-	-	-	-	78,885	-	-	-	20,104	29,006	-	= 127,995
15	(July, 2035) :	-	-	-	-	78,885	-	-	-	20,104	29,006	-	= 127,995
16	(July, 2036) :	-	-	-	-	78,885	-	-	-	-	29,006	-	= 107,891
17	(July, 2037) :	-	-	-	-	78,885	-	-	-	-	29,006	-	= 107,891
18	(July, 2038) :	-	-	-	-	78,885	-	-	-	-	-	-	= 78,885
19	- :	-	-	-	-	-	-	-	-	-	-	-	= -
20	- :	-	-	-	-	-	-	-	-	-	-	-	= -
Total:		137,706	12,532	12,436	318,311	1,348,867	309,831	46,103	31,010	230,500	346,417	178,245	2,971,957

FY 2024: Ovation TIF Increment - Payable to Trustee

Agency	Year	Real Estate Tax		Sales Tax		Payroll W/H		Totals
KY	: 2018	14,362.52	+	292,759.63	+	(58,548.58)	=	248,573.57
KY	: 2019	10,977.13	+	316,123.68	+	(50,669.29)	=	276,431.52
KY	: 2020	-	+	-	+		=	-
KY	: 2021	14,142.15	+	233,348.59	+	(51,532.21)	=	195,958.53
KY	: 2022	11,998.02	+	446,971.57	+	(2,757.43)	=	456,212.16
KY	: 2023	-	+	-	+	-	=	-
		51,479.82		1,289,203.47		(163,507.51)	=	1,177,175.78

Received 09/13/24

Agency	Year	Real Estate Tax		Occupational License		Payroll W/H		Totals
Campbell	: 2023	-	+	828.67	+	53,029.14	=	53,857.81
Newport	: 2023	(15,425.37)	+	103,747.65	+	148,797.35	=	237,119.63

Received 07/31/24

Received 06/21/24

Interest Earnings : **4,807.78**

1,472,961.00

Due to Trustee on 11/15/24.....paid on 11/07/24