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Independent Auditors' Report

Honorable Mayor and Members of the City Council
City of Manchester, Kentucky
Manchester, Kentucky

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, Kentucky as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manchester, Kentucky as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Manchester, 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 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'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 assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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'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 accompanying Schedule of the City's Proportionate Share of Net Pension Liability, Schedule of the City's Pension Contributions, Schedule of the City's Proportionate Share of Net OPEB Liability, and Schedule of the City's OPEB Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis and the budgetary comparison information that accounting principles generally accepted in the United States of America requires 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2025 on our consideration of the City of Manchester's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Manchester, Kentucky's internal control over financial reporting and compliance.

Abner & Cox, PLLC

Abner & Cox, PLLC
London, Kentucky

July 17, 2025

City of Manchester, Kentucky Balance Sheet - Governmental Funds June 30, 2023				
	General Fund	LGEA Fund	Municipal Road Aid Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,048,320	\$ -	\$ -	\$ 1,048,320
Restricted cash and cash equivalents	712,705	32,814	9,021	754,540
Receivables:				
Customers	82,708	-	-	82,708
Taxes	53,802	-	-	53,802
Allowance	-	-	-	-
Other	104,839	-	-	104,839
Total Assets	\$ 2,002,374	\$ 32,814	\$ 9,021	\$ 2,044,209
Liabilities and Fund Balances				
Liabilities				
Accounts payable	98,819	\$ 3,040	\$ 192	\$ 102,051
Accrued liabilities	113,087	-	-	113,087
Total Liabilities	211,906	3,040	192	215,138
Fund Balances				
Restricted	712,705	29,774	8,829	751,308
Assigned	-	-	-	-
Unassigned	1,077,763	-	-	1,077,763
Total Fund Balance	1,790,468	29,774	8,829	1,829,071
Total Liabilities and Fund Balances	\$ 2,002,374	\$ 32,814	\$ 9,021	\$ 2,044,209

City of Manchester, Kentucky Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Year Ended June 30, 2023				
	General Fund	LGEA Fund	Municipal Road Aid Fund	Total Governmental Funds
Revenues				
Taxes	\$ 775,596	\$ -	\$ -	\$ 775,596
Licenses and permits	85,751	-	-	85,751
Fines and forfeits	-	-	-	-
Fire fees	58,800	-	-	58,800
Franchise fees	-	-	-	-
Grant revenue	120,239	-	-	120,239
Interest income	3,918	65	-	3,983
Intergovernmental programs	106,560	73,737	25,999	206,296
Contributions	-	-	-	-
Miscellaneous income	126,813	11,666	-	138,479
Total Revenues	1,277,677	85,468	25,999	1,389,144
Expenditures				
General government	1,640,728	60,182	-	1,700,910
Public safety	-	-	-	-
Highways and streets	-	-	95,278	95,278
Debt service	49,765	-	-	49,765
Capital outlay	288,704	-	-	288,704
Total Expenditures	1,979,197	60,182	95,278	2,134,657
Excess of Revenues Over (Under) Expenditures	(701,520)	25,286	(69,279)	(745,513)
Other Financing Sources (Uses)				
Operating transfers in (out)	431,754	-	-	431,754
Sources (Uses)	431,754	-	-	431,754
Net Change in Fund Balances	(269,766)	25,286	(69,279)	(313,759)
Fund Balances July 1, 2022	2,060,234	4,488	78,108	2,142,830
Fund Balances June 30, 2023	\$ 1,790,468	\$ 29,774	\$ 8,829	\$ 1,829,071

City of Manchester, Kentucky Statement of Net Position - Proprietary Funds June 30, 2023					
	Water & Sewer	Garbage	Community Center	Golf Course	Total Proprietary Funds
Assets					
Current Assets					
Cash and cash equivalents	\$ 582,268	\$ 53,220	\$ 116,272	\$ 34,772	\$ 786,532
Receivables:					
Customers, net of allowance	410,941	46,532	-	-	457,473
Unbilled	155,025	-	-	-	155,025
Other	-	-	-	-	-
Inventory - materials and supplies	47,259	-	-	-	47,259
Total Current Assets	1,195,493	99,752	116,272	34,772	1,446,289
Noncurrent Assets					
Restricted cash and cash equivalents	754,067	-	-	-	754,067
Capital assets, net	23,525,146	98,906	82,685	332,529	24,039,266
Total Noncurrent Assets	24,279,213	98,906	82,685	332,529	24,793,333
Total Assets	25,474,706	198,658	198,957	367,301	26,239,622
Deferred Outflows of Resources					
Deferred pension outflows	246,339	73,998	-	40,998	361,335
Deferred OPEB outflows	153,166	50,310	-	29,032	232,508
Total Deferred Outflows of Resources	399,505	124,308	-	70,030	593,843
Liabilities and Net Position					
Liabilities					
Current Liabilities					
Current portion of long-term debt	229,470	23,714	-	-	253,184
Accounts payable	240,597	12,318	2,061	10,004	264,980
Accrued liabilities	50,542	4,843	497	-	55,882
Water meter deposits	237,245	-	-	-	237,245
Other current liabilities	-	-	-	799	799
Total current liabilities	757,854	40,875	2,558	10,803	812,090
Long-term Liabilities					
Long-term debt	3,171,827	30,936	-	-	3,202,763
Net pension liability	1,197,262	352,405	-	193,301	1,742,968
Net OPEB liability	(45,230)	18,771	-	19,109	(7,350)
Total Long-term Liabilities	4,323,859	402,112	-	212,410	4,938,381
Total Liabilities	5,081,713	442,987	2,558	223,213	5,750,471
Deferred Inflows of Resources					
Deferred pension inflows	466,462	123,908	-	64,288	654,658
Deferred OPEB inflows	567,842	139,915	-	69,268	777,025
Total Deferred Inflows of Resources	1,034,304	263,823	-	133,556	1,431,683
Net Position					
Invested in capital assets, net of related debt	20,123,849	44,256	82,685	332,529	20,583,319
Restricted for:					
Other purposes	754,067	-	-	-	754,067
Unrestricted	(1,119,722)	(428,100)	113,714	(251,967)	(1,686,075)
Total Net Position	\$ 19,758,194	\$ (383,844)	\$ 196,399	\$ 80,562	\$ 19,651,311

City of Manchester, Kentucky Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund For the Year Ended June 30, 2023					
	Water & Sewer	Garbage	Community Center	Golf Course	Total Proprietary Funds
Operating Revenues					
Charges for services	\$ 3,741,327	\$ 513,957	\$ 75,059	\$ 210,928	\$ 4,541,271
Other income	3,628	-	-	-	3,628
Total Operating Revenues	3,744,955	513,957	75,059	210,928	4,544,899
Operating Expenses					
Advertising and marketing	824	-	397	-	1,221
Chemicals	253,690	-	-	5,138	258,828
Cost of water purchased	73,200	-	-	-	73,200
Depreciation	852,907	29,455	6,274	12,687	901,323
Dues and subscriptions	-	-	-	300	300
Dumping expense	-	147,504	-	-	147,504
Fuel	48,306	13,915	-	4,986	67,207
Grant expense	180,996	-	-	26,502	207,498
Insurance	43,680	16,876	-	325	60,881
Office expense	9,334	12,250	-	-	21,584
Other operating expenses	28,376	1,044	1,118	14,387	44,925
Professional fees	55,302	8,000	1,000	9,000	73,302
Repairs and maintenance	129,743	3,535	4,746	14,456	152,480
Resale items	-	-	246	19,388	19,634
Salaries and benefits	1,028,109	226,531	-	128,437	1,383,077
Supplies and materials	374,748	14,224	6,226	45,807	441,005
Taxes and licenses	112,853	1,438	375	200	114,866
Utilities	544,600	2,719	23,662	12,117	583,098
Water analysis and testing	26,640	-	439	-	27,079
Total Operating Expenses	3,763,308	477,491	44,483	293,730	4,579,012
Operating Income	(18,353)	36,466	30,576	(82,802)	(34,113)
Nonoperating Revenues (Expenses):					
Grant revenue	395,217	-	-	40,551	435,768
Interest income	3,774	-	-	-	3,774
Interest expense	(106,547)	(2,549)	-	-	(109,096)
Gain (loss) on assets	25,284	-	-	2,875	28,159
Transfers	(451,683)	(22,906)	(10,180)	53,015	(431,754)
Total Nonoperating Revenues (Expenses)	(133,955)	(25,455)	(10,180)	96,441	(73,149)
Change in Net Position	(152,308)	11,011	20,396	13,639	(107,262)
Net Position July 1, 2022	19,910,502	(394,855)	176,003	66,923	19,758,573
Net Position June 30, 2023	\$ 19,758,194	\$ (383,844)	\$ 196,399	\$ 80,562	\$ 19,651,311

PIKE

From A2

past Friday night. “We strive to be a team that improves from week to week,” said Sizemore. “Once you get game film on your players, you get an idea of where kids are struggling and where they are doing well so we are always just trying to focus on ourselves and improve on what we see on film whether that be alignments, steps, hand placement, etc. and we just constantly try to trim down the mistakes every week and our guys done an excellent job of that this Friday night as they were able to put forth a great effort on the field.”

Individually, numerous Tigers played well in this scrimmage. Stepping into the quarterback role for Clay County is Keeston Lyttle, who Sizemore said threw the ball very well. “Keeston spread the ball around to several kids, as Jayden Woods, Aiden Wagers, Drew Alveras, Keeton Lyttle, and Weston Bowling all had explosive plays on the night that resulted in scores,” said Sizemore.

Sizemore also gave credit to the lineman who paved the way, saying they played outstanding. “Our guys up front blocked well and got quality reps. Tyler Smith, Ryan Gibson, Gavin Bishop, Brayden Messer, and Brayden Jackson all done a great job up front, as well as Connor Murry and James Henson. Luke (Alveras) was able to run the ball inside and pick up the tough yards for us between the tackles, and was able to have a great night on the ground for us resulting in our first touchdown.”

Defensively, the Tigers had quality play all around as well. “Our guys on the defensive line got better as the game went on and turned in a solid effort for us,” said Sizemore. “Jordan Jones, Aiden “Baby Bear” Wagers, and several others had an excellent night up front. Luke Alveras had a solid night at linebacker, as well as Jake Gray, JayD Stevens, and Weston Bowling.