

**CITY OF BOONEVILLE, KENTUCKY**  
**AUDITED FINANCIAL STATEMENTS**  
**INCLUDING SUPPLEMENTAL SCHEDULES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

CITY OF BOONEVILLE, KENTUCKY  
JUNE 30, 2019

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CITY OF BOONEVILLE, KENTUCKY  
JUNE 30, 2019

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**SUMMERS, MCCRARY & SPARKS, P.S.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

To the Mayor and City Commissioners  
City of Booneville, KY

**Report on the Financial Statements**

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 Booneville, KY as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Booneville, KY's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

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 Booneville, KY, as of June 30, 2019, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Booneville, KY's basic financial statements. The 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. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 December 16, 2019, on our consideration of the City of Booneville, KY'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 Booneville, KY'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 Booneville, KY's internal control over financial reporting and compliance.

## **Summers, McCrary & Sparks, PSC**

Lexington, KY  
December 16, 2019

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**INTRODUCTION**

The Management's Discussion and Analysis (this section) provides financial highlights and interpretation of the financial reports by explaining changes in the financial data. The MDA is intended to disclose any known significant events or decisions that affect the financial condition of the City. In addition, the MDA provides supplementary information that aids in understanding the City as a whole.

The capital asset component of the standard is intended to provide financial information about the City's roads, bridges, storm sewers, sanitary sewers and other capital assets and related debt.

Included as a part of this MDA are several sections that provide important information about the operations and economic environment of the City of Booneville. The sections are summarized as follows:

- A. Overview of the Financial Statements
- B. Government-wide Financial Analysis
- C. Major Projects for the Year and for the Future
- D. Economic Outlook
- E. Profile of Government
- F. Contact Information

**A. OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

The government-wide financial statements outline functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include paving and infrastructure, safety, street lights, recreation and water and sewer services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary funds. The proprietary funds are our water and sewer activities. All other activities of the City are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13 through 20 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 35 of this report.

**B. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$13,078,787 as of June 30, 2019 as compared to \$12,699,985 as of June 30, 2018.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The City's total net position increased \$378,802 in fiscal year 2019.

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Summary of Net Position**

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Current Assets	\$ 91,582	\$ 76,344	\$ 309,846	\$ 199,993	\$ 401,428	\$ 276,337
Noncurrent Assets	-	-	14,705,918	14,562,080	14,705,918	14,562,080
Total Assets	91,582	76,344	15,015,764	14,762,073	15,107,346	14,838,417
Current Liabilities	-	54,467	437,749	446,274	437,749	500,741
Noncurrent Liabilities	-	-	1,512,612	1,596,831	1,512,612	1,596,831
Total Liabilities	-	54,467	1,950,361	2,043,105	1,950,361	2,097,572
Net position:						
Invested in capital assets	-	(54,467)	12,625,492	12,386,215	12,625,492	12,331,748
Restricted	-	-	352,379	410,208	352,379	410,208
Unrestricted	73,745	66,257	27,171	(108,228)	100,916	(41,971)
Total Net Position	\$ 73,745	\$ 11,790	\$13,005,042	\$12,688,195	\$13,078,787	\$12,699,985

Assets increased from 2018 to 2019, mainly due to additions to construction in progress. Liabilities decreased due to the City making principal payments and not issuing any additional debt.

**Governmental Activities:** Governmental activities increased the City's net position \$61,955. The main sources of operating revenues are property taxes.

Total property tax revenue (real, tangible, delinquent ad valorem, motor vehicle ad valorem, and omitted) for fiscal year 2019 amounted to \$44,631. The property tax rate was 30 cents per \$100 assessed value on all real and tangible property in the City limits.

The City also collects bank deposit franchise tax which is levied on all bank deposits. The rate for this tax for the year of 2019 was .00025. The amount collected for this tax in 2019 was \$7,802.

The City of Booneville license and unloading fees are \$50 per year per business. The amount collected in 2019 for these fees was \$2,150.



**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2019 and 2018.

**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total 2019	Total 2018
	2019	2018	2019	2018		
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ -	\$ -	\$ 1,269,136	\$ 1,105,423	\$ 1,269,136	\$ 1,105,423
Operating grants & contributions	757,938	28,407	-	-	757,938	28,407
Capital grants & contributions	54,467	-	613,682	46,260	668,149	46,260
General Revenues:						
Taxes	58,553	53,289	-	-	58,553	53,289
Other	35	38	148	158	183	196
<b>Total Revenues</b>	<b>870,993</b>	<b>81,734</b>	<b>1,882,966</b>	<b>1,151,841</b>	<b>2,753,959</b>	<b>1,233,575</b>
<b>Expenses:</b>						
General government	96,779	100,379	-	-	96,779	100,379
Safety	48,837	39,936	-	-	48,837	39,936
Streets	-	-	-	-	-	-
Recreation	724,150	274	-	-	724,150	274
Water & sewer	-	-	1,505,391	1,555,846	1,505,391	1,555,846
<b>Total Expenses</b>	<b>869,766</b>	<b>140,589</b>	<b>1,505,391</b>	<b>1,555,846</b>	<b>2,375,157</b>	<b>1,696,435</b>
Increase(decrease) in net position before transfers	1,227	(58,855)	377,575	(404,005)	378,802	(462,860)
Transfers	60,728	46,195	(60,728)	(46,195)	-	-
Increase(decrease in net position)	61,955	(12,660)	316,847	(450,200)	378,802	(462,860)
<b>Beginning Net position</b>	<b>11,790</b>	<b>24,450</b>	<b>12,688,195</b>	<b>13,138,395</b>	<b>12,699,985</b>	<b>13,162,845</b>
<b>Ending Net position</b>	<b>\$ 73,745</b>	<b>\$ 11,790</b>	<b>\$ 13,005,042</b>	<b>\$ 12,688,195</b>	<b>\$ 13,078,787</b>	<b>\$ 12,699,985</b>

**Business Activities:** Operating revenues increased \$163,713 to \$1,269,136, an increase of 14.8%. Operating expenses decreased \$50,455 to \$1,505,391, a decrease of 3.2%.

**C. MAJOR PROJECTS FOR THE YEAR AND FOR THE FUTURE**

Capital Assets & Infrastructure

As part of GASB 34 compliance, the City is required to report capital assets, including infrastructure, in its statement of net position and report depreciation expense in the statement of activities. Several capital projects were continued during FY 2019. At the end of fiscal year 2019, the City had \$14.4 million invested in a broad range of capital assets, including police and fire equipment, buildings, roads, bridges, water and sewer lines and construction projects.

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Capital Assets**

	Governmental				Total June 30, 2019
	Activities		Business-type Activities		
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	
Land	\$ -	\$ -	\$ 131,148	\$ 131,148	\$ 131,148
Buildings	-	-	38,776	38,776	38,776
Machinery & Equipment	69,947	69,947	473,609	473,608	543,556
Plant & Lines	-	-	21,453,842	21,453,842	21,453,842
Roads	-	-	576,520	576,520	576,520
Golf Course	241,596	241,596	-	-	241,596
Fire & Police	212,369	212,369	-	-	212,369
Construction in Progress	-	-	849,763	159,204	849,763
Less: Accumulated Depreciation	(523,912)	(523,912)	(9,094,406)	(8,547,685)	(9,618,318)
Capital Assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$14,429,252</u>	<u>\$14,285,413</u>	<u>\$14,429,252</u>

Sidewalk Project

The City has the Safe Routes to School Sidewalk Project currently in development. The total costs on the projects are \$45,436 which are being contributed from the Kentucky Department of Transportation. \$919 was expended on this project in the current year.

Hwy 30 Phase II Project

The City has the HWY 30 Phase II Project currently in development. The total costs on the projects are \$38,713 which are being contributed from the Kentucky Department of Transportation. \$9,913 was expended on this project in the current year.

Water Tank Replacement Project

The City has the Water Tank Replacement Project currently in development. The total costs on the projects are \$715,364 which are being contributed from the Appalachian Regional Commission. \$629,477 was expended on this project in the current year.

Water Line Rehabilitation Project

The City has the Water Line Rehabilitation Project currently in development. The total costs on the projects are \$50,250 which are being contributed from the Appalachian Regional Commission. \$50,250 was expended on this project in the current year.

Law Enforcement

Another huge priority of the City of Booneville is to see that we have law enforcement officers in our community. The City of Booneville has partnered with the Owsley County School Board to see that

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

there is a School Resource Officer working in the school system. This project was started with a grant from the US Department of Justice in the amount of \$52,143 and is to be continued after the 5th year of the program with an \$8,000 contribution from the Owsley Co. School District and the City of Booneville contributing the remainder of the funding.

Road Maintenance

Yearly the City identifies areas of streets that need patching. The amount of funding that is received through the Municipal Road Aid Assistance is limited so it makes the job of determining what areas get the work even more difficult. The City of Booneville expended \$0 on road maintenance during FY 2019. The City will evaluate the road conditions in FY 2019 and determine what areas need attention.

Park Facilities

The City of Booneville and the Owsley County Fiscal Court previously entered into a Mutual Cooperation Agreement to do upgrades to the Community Park. The County has renovated the City/County Park to include a walking trail, additional shelters, as well as a skate board park.

What's ahead for 2020

The City has been awarded \$1,526,000 ARC funds for the Booneville I/I Replacement Project. The purpose of the City of Booneville I/I Replacement Project is to improve the wastewater system to reduce the exceedance of the WWTP design capacity.

The City of Booneville has submitted a grant application for a Sewer Pump Station Rehab Project, due to aging infrastructure. Application was submitted; funding has not been allocated at this time.

The City of Booneville is seeking funding for a Radio Read system throughout the water district, a radio read system would greatly improve CBWS's ability to accurately record water distribution in the system, and it is projected to have a positive impact on revenues.

The City of Booneville will be completing a couple of projects this year, the Booneville Water Line Replacement Project Phase, and Safe Routes to School Sidewalk Project.

The City works with engineers to develop projects and is placing an emphasis on the water treatment plant facilities. We would like to continue making upgrades at the treatment plant and keep it up to date. As the reporting and monitoring requirements are getting tougher to meet, we would like to make sure that our system is ready to meet these requirements.

*DEBT ADMINISTRATION*

At the end of the fiscal year, the City's total long-term debt outstanding was \$1.6 million. The amount was comprised of \$1.6 million in revenue bonds, which are secured by both governmental and business-type revenue sources. The debt was decreased by \$144,031 due to payments made during the fiscal year.

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**D. ECONOMIC CONDITION AND OUTLOOK**

The City of Booneville is located in the eastern mountain region of Kentucky. Owsley County is rich in the majesty of the Daniel Boone National Forest and encompasses much of the great beauty that is Kentucky. Although primarily a rural area, Owsley County has undertaken a major effort to expand infrastructure and create industrial development sites.

The area's industrial and economic development efforts are led by the Booneville/Owsley Industrial Authority. It works closely with government and other organizations to recruit manufacturing jobs to Owsley County.

Booneville has one industrial park located off Kentucky Highway 11 just outside the Booneville City Limits. The park features a 6-inch water line and is located 100 feet from a sewage lift station. There are other sites available in Owsley County suitable for industrial use, and progress is being made on developing them.

The authority had previously constructed 2 speculative buildings in order to attract a potential employer to the area. One of the buildings is a 25,920 square foot building that is basically a shell building that would have to be finished according to the needs of the client. The other building, a 10,000 square foot building is partially finished with an open office area that could be partitioned off according to the client's needs.

The Industrial Board has also paved the roads throughout the industrial park and installed fire hydrants and a water storage tank to maintain adequate flow and pressure for fire protection. This project was funded primarily by an EDA grant.

The cost of living in Owsley County, KY, is lower than the national average. According to the American Chamber of Commerce Researchers Association Cost of Living Index, costs for housing, grocery items, utilities, health care and miscellaneous goods and services in Owsley County are estimated to be about 90% of the national average.

The Booneville/Owsley County labor market area includes Owsley County and the adjoining Kentucky counties of Breathitt, Clay, Jackson, Lee and Perry. Workers may be drawn from other nearby counties as well.

**E. PROFILE OF GOVERNMENT**

The City of Booneville, Kentucky was incorporated in 1847. The city is the county seat of Owsley County, which is in south eastern Kentucky. The city currently serves a population of 111.

The City of Booneville is operated under the Commission Plan of government, pursuant to KRS 83A.140(2) and 83A.030(2). The City has an elected officer, who is called the Mayor and four elected commissioners. The Mayor and commissioners together comprise the city commission.

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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In the commission form of government, all of the executive, administrative and legislative authority of the city is vested in and exercised by the city commission as a body. There is no separation of powers like in the mayor-council form. The executive and legislative branches of government are combined in the city commission, except to the limited extent explained below.

In the commission form of government, the city commission is required by KRS 83A.140(6) to separate all the administrative and service functions of the city into departments by ordinance. The Mayor of the City of Booneville is CEO of the City and there is a City Administrator.

Under KRS 83A.160(6), the individual city commissioners are actually given the authority to exercise certain executive and administrative powers on a day-to-day basis; however, the ultimate authority rests with the city commission acting as a body. In other words, the city commission acting as a body has the power to override any decision made or action taken by an individual commissioner.

The City of Booneville formed the Booneville Water & Sewage District in 1968 and it provides water and wastewater treatment services to the city and surrounding area. The Booneville Water & Sewage District is a proprietary fund of the City of Booneville and the Water & Sewage District audit is incorporated into the City's.

The City of Booneville Police Department provides limited security to the Incorporated Area as well as properties of the Booneville Water & Sewage District.

The City's fiscal year begins July 1 and ends June 30, according to state statute. An annual budget based on the fiscal year is prepared by fund. The annual budget serves as the foundation for financial planning and control. The City is required to have a final budget in place before June 30.

**F. CONTACT INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, creditors, and investors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, the following people will be happy to help you.

Nelson Bobrowski, Mayor  
PO Box 35  
Booneville, KY 41314  
(606) 593-5721  
cityboon@prtcnet.org

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 73,745	\$ 67,774	\$ 141,519
Accounts Receivable			
Accounts, net	-	230,022	230,022
Grants	-	12,050	12,050
Due from other funds	<u>17,837</u>	<u>-</u>	<u>17,837</u>
Total Current Assets	91,582	309,846	401,428
<b>Noncurrent Assets</b>			
Restricted Cash and Cash Equivalents	-	276,666	276,666
Restricted Investments - CD's	-	-	-
<b>Capital Assets:</b>			
Land	-	131,148	131,148
Property, Plant & Equipment (net)	-	13,448,341	13,448,341
Construction in Progress	<u>-</u>	<u>849,763</u>	<u>849,763</u>
Total Noncurrent Assets	<u>-</u>	<u>14,705,918</u>	<u>14,705,918</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 91,582</u></b>	<b><u>\$ 15,015,764</u></b>	<b><u>\$ 15,107,346</u></b>
<b>LIABILITIES:</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ -	\$ 52,645	\$ 52,645
Accrued Sales Tax	-	2,633	2,633
Accrued Payroll Liabilities	-	5,083	5,083
Accrued Interest on Long-term Debt	-	-	-
Due to other funds	<u>17,837</u>	<u>-</u>	<u>17,837</u>
Total Current Liabilities	17,837	60,361	78,198
<b>Current Liabilities from Restricted Assets</b>			
Meter Deposits	-	129,775	129,775
Accrued Interest on Bonds	-	16,826	16,826
Line of Credit	-	206,093	206,093
Current Portion of Note/Bonds Payable	<u>-</u>	<u>85,055</u>	<u>85,055</u>
Total Current Liabilities from Restricted Assets	-	437,749	437,749
<b>Long-term Liabilities</b>			
Note Payable	-	-	-
Revenue Bonds	<u>-</u>	<u>1,512,612</u>	<u>1,512,612</u>
Total Long-term Liabilities	-	1,512,612	1,512,612
<b>TOTAL LIABILITIES</b>	<b><u>17,837</u></b>	<b><u>2,010,722</u></b>	<b><u>2,028,559</u></b>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	-	12,625,492	12,625,492
Restricted for Capital Projects	-	12,050	12,050
Restricted for Meter Deposits	-	129,775	129,775
Restricted for Debt Service	-	210,554	210,554
Unrestricted	<u>73,745</u>	<u>27,171</u>	<u>100,916</u>
<b>TOTAL NET POSITION</b>	<b><u>73,745</u></b>	<b><u>13,005,042</u></b>	<b><u>13,078,787</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 91,582</u></b>	<b><u>\$ 15,015,764</u></b>	<b><u>\$ 15,107,346</u></b>

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS ACTIVITIES	TOTAL
Primary Government							
Governmental Activities:							
General Government	\$ 96,779	\$ -	\$ 19,732	\$ 54,467	\$ (22,580)	\$ -	\$ (22,580)
Safety	48,837	-	3,426	-	(45,411)	-	(45,411)
Streets	-	-	10,630	-	10,630	-	10,630
Intergovernmental	724,150	-	724,150	-	-	-	-
Total Governmental Activities	<u>869,766</u>	<u>-</u>	<u>757,938</u>	<u>54,467</u>	<u>(57,361)</u>	<u>-</u>	<u>(57,361)</u>
Business-type Activities:							
Water & Sewer Service	<u>1,505,391</u>	<u>1,269,136</u>	<u>-</u>	<u>613,682</u>	<u>-</u>	<u>377,427</u>	<u>377,427</u>
Total Primary Government	<u>\$ 2,375,157</u>	<u>\$ 1,269,136</u>	<u>\$ 757,938</u>	<u>\$ 668,149</u>	<u>\$ (57,361)</u>	<u>\$ 377,427</u>	<u>\$ 320,066</u>
General Revenues:							
Taxes:							
Property				\$ 44,631	\$ -	\$ -	\$ 44,631
Bank Deposit				7,802	-	-	7,802
Franchise				1,517	-	-	1,517
Licenses & Permits				4,603	-	-	4,603
Investment Income				35	148	-	183
Transfers				<u>60,728</u>	<u>(60,728)</u>	<u>-</u>	<u>-</u>
Total General Revenues & Transfers				<u>\$ 119,316</u>	<u>\$ (60,580)</u>	<u>\$ -</u>	<u>\$ 58,736</u>
Change in Net Position				61,955	316,847	-	378,802
Net Position, Beginning of the year				<u>11,790</u>	<u>12,688,195</u>	<u>-</u>	<u>12,699,985</u>
Net Position, End of the year				<u>\$ 73,745</u>	<u>\$ 13,005,042</u>	<u>\$ -</u>	<u>\$ 13,078,787</u>

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	GENERAL FUND	TOWN MILL CDBG FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 11,750	\$ 6	\$ 61,989	\$ 73,745
Due from other funds	-	-	17,837	17,837
<b>TOTAL ASSETS</b>	<u>11,750</u>	<u>6</u>	<u>79,826</u>	<u>91,582</u>
<b>LIABILITIES:</b>				
Payroll Liabilities	-	-	-	-
Due to other funds	8,894	-	8,943	17,837
<b>TOTAL LIABILITIES</b>	<u>8,894</u>	<u>-</u>	<u>8,943</u>	<u>17,837</u>
<b>FUND BALANCES:</b>				
Reserved	-	6	70,883	70,889
Unreserved	2,856	-	-	2,856
<b>TOTAL FUND BALANCES</b>	<u>2,856</u>	<u>6</u>	<u>70,883</u>	<u>73,745</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 11,750</u>	<u>\$ 6</u>	<u>\$ 79,826</u>	<u>\$ 91,582</u>

See Auditor's Report and Accompanying Notes



CITY OF BOONEVILLE, KENTUCKY  
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

Total Governmental Fund Balances	\$ 73,745
Amounts reported for governmental activities in the statement of net position are different because:	
Certain liabilities (such as notes payable, and other) accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:	
Accrued Interest	-
Note Payable	-
	<hr/>
Net Position of Governmental Activities	\$ <u>73,745</u>

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND	CDBG FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Taxes	\$ 53,950	\$ -	\$ -	\$ 53,950
Intergovernmental	19,732	724,150	10,630	754,512
Contributions	3,426	-	-	3,426
Interest	6	-	29	35
City Licenses / Fees	4,603	-	-	4,603
<b>TOTAL REVENUES</b>	<u>81,717</u>	<u>724,150</u>	<u>10,659</u>	<u>816,526</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	97,972	-	-	97,972
Safety	44,637	-	4,200	48,837
Streets	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	-	724,150	-	724,150
<b>TOTAL EXPENDITURES</b>	<u>142,609</u>	<u>724,150</u>	<u>4,200</u>	<u>870,959</u>
Excess (Deficit) of Revenues over Expenditures	(60,892)	-	6,459	(54,433)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	60,728	-	-	60,728
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>60,728</u>	<u>-</u>	<u>-</u>	<u>60,728</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(164)	-	6,459	6,295
Fund Balance, beginning	<u>3,020</u>	<u>6</u>	<u>64,424</u>	<u>67,450</u>
Fund Balance, ending	<u>\$ 2,856</u>	<u>\$ 6</u>	<u>\$ 70,883</u>	<u>\$ 73,745</u>

CITY OF BOONEVILLE, KENTUCKY  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$	6,295
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Amounts reported for governmental activities in the statement of activities are different because:

Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:

Accrued interest		1,193
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Bond and lease payments are recognized as expenditures of current financial resources in the fund financial statement, but are reductions of liabilities in the statement of net position

		<u>54,467</u>
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Change in Net Position of Governmental Activities	\$	<u><u>61,955</u></u>
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CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET TO ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE Favorable (Unfavorable)
	ORIGINAL	FINAL		
REVENUES:				
Taxes	\$ 50,820	\$ 50,820	\$ 53,950	\$ 3,130
Intergovernmental	-	-	19,732	19,732
Contributions	2,400	2,400	3,426	1,026
Interest	-	-	6	6
City Licenses / Fees	1,440	1,440	4,603	3,163
TOTAL REVENUES	<u>54,660</u>	<u>54,660</u>	<u>81,717</u>	<u>27,057</u>
EXPENDITURES:				
Current:				
General Government	86,602	86,602	97,972	(11,370)
Safety	-	-	44,637	(44,637)
Debt Service	-	-	-	-
TOTAL EXPENDITURES	<u>86,602</u>	<u>86,602</u>	<u>142,609</u>	<u>(56,007)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(31,942)</u>	<u>(31,942)</u>	<u>(60,892)</u>	<u>(28,950)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	60,728	60,728
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):	<u>-</u>	<u>-</u>	<u>60,728</u>	<u>60,728</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>(31,942)</u>	<u>(31,942)</u>	<u>(164)</u>	<u>31,778</u>
Fund balance, beginning	<u>3,020</u>	<u>3,020</u>	<u>3,020</u>	<u>-</u>
Fund balance, ending	<u>\$ (28,922)</u>	<u>\$ (28,922)</u>	<u>\$ 2,856</u>	<u>\$ 31,778</u>

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2019

	ENTERPRISE FUND
<b>ASSETS:</b>	
Current Assets	
Cash and Cash Equivalents	\$ 67,774
Customer Receivables (net of allowance of \$112,272)	230,022
Grant Receivables	12,050
Total Current Assets	309,846
Noncurrent Assets	
Restricted Cash and Cash Equivalents	276,666
Restricted Investments - CD's	-
Capital Assets:	
Land	131,148
Property, Plant & Equipment (net)	13,448,341
Construction in Progress	849,763
Total Noncurrent Assets	14,705,918
<b>TOTAL ASSETS</b>	<b>\$ 15,015,764</b>
<b>LIABILITIES:</b>	
Current Liabilities	
Accounts Payable	\$ 52,645
Accrued Sales Tax	2,633
Payroll Liabilities	5,083
Total Current Liabilities	60,361
Current Liabilities Payable from Restricted Assets	
Meter Deposits	129,775
Accrued Interest on Revenue Bonds	16,826
Line of Credit	206,093
Current Portion of Revenue Bonds	85,055
Total Current Liabilities from Restricted Assets	437,749
Long-Term Liabilities	
Revenue Bonds	1,512,612
<b>TOTAL LIABILITIES</b>	<b>2,010,722</b>
<b>NET POSITION:</b>	
Invested in Capital Assets (net of related debt)	12,625,492
Restricted for Capital Projects	12,050
Restricted for Meter Deposits	129,775
Restricted for Bond Debt Service	210,554
Unrestricted	27,171
<b>TOTAL NET POSITION</b>	<b>13,005,042</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 15,015,764</b>

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>ENTERPRISE FUND</u>
OPERATING REVENUES	
Water & Sewer Bills	\$ 1,153,483
Water & Sewer Connections	25,733
Service Charges	60,789
Miscellaneous	<u>29,131</u>
Total Operating Revenues	1,269,136
OPERATING EXPENSES	
Personnel and Board Expense	279,434
Operating Expense	365,946
Supplies	151,977
Contract Services	78,913
Depreciation	546,721
Bad Debts	<u>-</u>
Total Operating Expenses	1,422,991
OPERATING INCOME (LOSS)	(153,855)
NON-OPERATING REVENUES (EXPENSES)	
Interest Revenue	148
Interest Expense	<u>(82,400)</u>
Net Non-Operating Revenues (Expenses)	<u>(82,252)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(236,107)
Capital Contributions and Grants	613,682
Operating Transfers Out	<u>(60,728)</u>
CHANGE IN NET POSITION	316,847
TOTAL NET POSITION, BEGINNING	<u>12,688,195</u>
TOTAL NET POSITION, ENDING	<u><u>\$ 13,005,042</u></u>

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 1,192,378
Payments to Suppliers	(568,207)
Payments to Employees	(278,475)
Net Cash Provided by Operating Activities	345,696
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Customer Deposits Received	4,651
Transfers Paid	(60,728)
Net Cash Provided (Used) by Noncapital Financing Activities	(56,077)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Payments	(88,729)
Payments on line of credit	(6,710)
Interest Payments	(84,356)
Acquisition and Construction of Capital Assets	(690,559)
Contributed Capital	613,682
Net Cash Provided (Used) by Capital and Related Financing Activities	(256,672)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	148
Net Cash Provided (Used) by Investing Activities	148
Net Increase in Cash and Cash Equivalents	33,095
Cash and cash equivalents beginning	311,345
Cash and cash equivalents ending	\$ 344,440
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (153,855)
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:	
Depreciation	546,721
Changes in Assets and Liabilities:	
Accounts Receivable, Customers	(83,929)
Grants Receivable	7,171
Accounts Payable	31,045
Accrued Sales Tax Payable	(2,416)
Accrued Payroll Liabilities	959
Net Cash Provided by Operating Activities	\$ 345,696

See Auditor's Report and Accompanying Notes

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES**

The City of Booneville, Kentucky (the "City") was incorporated under the provisions of the State of Kentucky. The City operates under a Commissioners-Clerk form of government and provides the following services as authorized by its charter: public safety (fire and police protection), streets, culture-recreation, public improvements, planning and zoning, general administrative services, and water and sewer operations.

The accounting and reporting policies of the City relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following represent the more significant accounting and reporting practices used in the preparation of these financial statements.

**A - REPORTING ENTITY**

The City, for financial purposes, includes all of the funds, organizations, agencies, boards and commissions relevant to the operations of the City of Booneville, for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The financial statements presented herein do not include entities which have been formed under applicable state laws or separate and distinct units of government apart from the City of Booneville.

The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City.

Based on the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements:

Booneville Water and Sewer District - The City Commissioners appoint the Water and Sewer District board and approve the budget. The Water and Sewer District board cannot issue bonded debt without commission approval. The operations of the Booneville Water and Sewer District are reported in the Water and Sewer Fund, an enterprise fund.



**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES - (CONTINUED)**

**B - BASIS OF PRESENTATION**

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements - Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**Fund Accounting**

The accounts of the City are organized in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, into fund types as follows:

**Governmental Fund Types:**

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

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES - (CONTINUED)**

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

**Proprietary Fund Types:**

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

**C – MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide Financial Statements - On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements rather than reported as expenditures. Proceeds of long-term debt are recognized as a liability rather than as other financing resources. Amounts paid to reduce long-term debt of the City are reported as reductions of the related liability, rather than as expenditures.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each major function/program of the City's governmental activities. Direct expenses are those that are specifically associated with a program. Program revenues include (a) fees, fines, and charges paid by recipients of goods or services offered by the major programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and unrestricted grants and contributions, are presented as general revenues.

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES - (CONTINUED)**

Governmental Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Proprietary Fund Financial Statements - The proprietary fund utilizes an economic resources measurement focus and the accrual basis of accounting as described above for the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing water and sewer services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D - BUDGETARY PROCESS**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund, as well as for all enterprise funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. The City Commission approves, by ordinance, total budget appropriations only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Commission. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expended to a functional basis (General Government, Municipal Aid, etc.).
3. Unused appropriations, for all of the above annually budgeted funds, lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**CITY OF BOONEVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES - (CONTINUED)**

**E - PROPERTY, PLANT AND EQUIPMENT**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

Buildings & Improvements	40 years
Plants & Lines	20-40 years
Infrastructure	20-35 years
Machinery & Equipment	5-10 years
Transport Equipment	5-10 years
Furniture and Fixtures	7-10 years

**F - EQUITY CLASSIFICATIONS**

Government-wide Statements - Equity is classified as net position and displayed in three components:

1. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, 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.
2. Restricted net position consists of net position with constraints placed on the 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.
3. Unrestricted net position consists of all other net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

Proprietary fund equity is classified the same as in the government-wide statements. Expenditures incurred for purposes for which both restricted and unrestricted net position are available are first applied to the restricted net position.

**CITY OF BOONEVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES – (CONTINUED)**

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

- Nonspendable fund balance – amounts that are not in a spendable form or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official body to which the City Council delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

The City reserves a portion of the fund equity which is legally segregated for a specific future use. The following details the description and required amounts, however the City has not funded \$304,744 of the required reserves at June 30, 2019.

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES – (CONTINUED)**

Reserved for Bond Covenants and Meter Deposits:

<u>Water and Sewer Fund</u>	<u>Balance at June 30, 2019</u>
Reserved for Meter Deposits	\$ 129,774
Reserved for Operation and Maintenance	77,515
Reserved 1979 Bond Debt Service	10,425
Reserved 1987 Bond Debt Service	29,025
Reserved 1991 Bond Debt Service	7,247
Reserved 1998 Series A Bond Debt Service	22,561
Reserved 1998 Series B Bond Debt Service	23,119
Reserved 1999 Bond Debt Service	46,444
Reserved 2002 KIA Loan Debt Service	100,000
Reserved 2005 Bond Debt Service	31,663
Reserved for Depreciation	106,300
Total	<u>\$ 584,073</u>

**G - CASH EQUIVALENTS**

Cash equivalents are considered by the City to be all highly liquid investments with a maturity of three months or less when purchased.

**H - ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the governmental financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**I - LONG-TERM DEBT**

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.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of bonds and notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES – (CONTINUED)**

**J - INTERFUND TRANSFERS**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**K – ACCOUNTS RECEIVABLE**

Receivables are for amounts billed to water and sewer customers. Receivables are reported net of an allowance for uncollectible accounts. Based on collection histories, the City has made an allowance for uncollectible accounts of \$112,272, and netted with accounts receivable at June 30, 2019.

**L- REVENUE RECOGNITION – PROPERTY TAXES**

Property taxes for FY 2019 were levied on the assessed property located in the City of Booneville as of the preceding January 1. The assessments are determined by the Owsley County Property Valuation Administrator in accordance with Kentucky Revised Statutes. Taxes were levied on October 15, 2018 and were due January 15, 2019. Taxes unpaid after January 15, 2019 were delinquent and were subject to a 2% penalty if paid by February 15 and a 10% penalty if paid after this date.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Based on collection histories, the City has provided at June 30, 2019, an allowance for uncollectible property taxes of 100% of delinquent accounts.

**M – NEW ACCOUNTING PRONOUCEMENTS**

GASB Statement No. 87, *Leases* (GASB 87), increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that lease are financings of the right to use an underlying asset. GASB 87 will be effective for reporting periods beginning after December 15, 2019. The District has not determined the financial impact of the implementation of GASBS No. 87.

GASB Statement No. 84, *Fiduciary Activities* (GASB 84), improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. This statement establishes criteria for identifying fiduciary activities for all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. GASB 84 will be effective for reporting periods beginning after December 15, 2019. The District has not determined the financial impact of the implementation of GASBS No. 84.

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES – (CONTINUED)**

*N – BOND DISCOUNT AMORTIZATION*

Bond discounts, are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond discount. Amortization expense for bond discount as of June 30, 2019 was \$837.

**NOTE 2- BANK DEPOSITS**

At year end, the carrying amount of the City's cash and cash equivalents was \$418,185 and the bank balance was \$436,659.

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits will not be returned to it. The City does not have a policy for custodial credit risk. At year end, \$250,000 of the City's deposits were covered by Federal depository insurance, \$806,617 were covered by collateral held by the pledging banks' trust departments in the City's name.

**NOTE 3 - PROPERTY PLANT AND EQUIPMENT**

Depreciation expense for 2019 totaled \$0 for governmental activities and \$546,721 for business-type activities, respectively.



**CITY OF BOONEVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 - PROPERTY PLANT AND EQUIPMENT – (CONTINUED)**

The following is a summary of changes in capital assets during the fiscal year:

	Balance June 30, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
<b>Governmental Activities:</b>					
Equipment-Golf Course	\$241,596	\$0	\$0	\$0	\$241,596
Equipment-Fire Dept	178,207	0	0	0	178,207
Vehicles	34,162	0	0	0	34,162
Furniture & Fixtures	69,947	0	0	0	69,947
Total Historical Cost	523,912	0	0	0	523,912
Accumulated Depreciation					
Equipment-Golf Course	(241,596)	0	0	0	(241,596)
Equipment-Fire Dept	(178,207)	0	0	0	(178,207)
Vehicles	(34,162)	0	0	0	(34,162)
Furniture & Fixtures	(69,947)	0	0	0	(69,947)
Total Accumulated Depreciation	(523,912)	0	0	0	(523,912)
Net Capital Assets	\$0	\$0	\$0	\$0	\$0
<b>Business Activities:</b>					
<b>Non-depreciable:</b>					
Land	\$131,148	\$0	\$0	\$0	\$131,148
Construction in Progress	159,204	690,559	0	0	849,763
Sub-total Non-depreciable	290,352	690,559	0	0	980,911
<b>Depreciable:</b>					
Buildings	38,776	0	0	0	38,776
Machinery & Equipment	473,608	0	0	0	473,609
Plant & Lines	21,453,842	0	0	0	21,453,842
Roads	576,520	0	0	0	576,520
Sub-total Depreciable	22,542,746	0	0	0	22,542,746
Total Historical Cost	22,833,098	690,559	0	0	23,523,657
Accumulated Depreciation:					
Buildings	(17,655)	(969)	0	0	(18,624)
Machinery & Equipment	(426,137)	(11,000)	0	0	(437,137)
Plant & Lines	(7,764,078)	(512,173)	0	0	(8,276,251)
Roads	(339,815)	(22,579)	0	0	(362,394)
Total Accumulated Depreciation	(8,547,685)	(546,721)	0	0	(9,094,406)
Net Capital Assets	\$14,285,413	\$143,838	\$0	\$0	\$14,429,252

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 - LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2019:

<u>Business-type Activities:</u>	<u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2019</u>	<u>Within One Year</u>
1979 Issue	\$ 7,000	\$ -	\$ 7,000	\$ -	\$ -
1987 Issue	168,000	-	15,000	153,000	\$16,000
1991 Issue	56,600	-	3,200	53,400	\$3,300
1998 Issue Series A	108,100	-	3,400	104,700	\$3,600
1998 Issue Series B	231,500	-	7,500	224,000	\$7,500
1999 Issue	375,000	-	12,000	363,000	\$12,500
KIA Loan	178,205	-	28,965	149,240	\$29,255
2005 Issue	435,200	-	9,500	425,700	\$9,900
2006 Issue	150,500	-	3,000	147,500	\$3,000
	<u>1,710,105</u>	<u>-</u>	<u>89,565</u>	<u>1,620,540</u>	<u>85,055</u>
Less Unamortized Discount	<u>(23,710)</u>		<u>(837)</u>	<u>(22,873)</u>	
Total Bonds	1,686,396			1,597,667	
<u>Governmental Activities:</u>					
Note Payable	54,467	-	54,467	-	-
Total Debt	<u>\$ 1,740,863</u>	<u>\$ -</u>	<u>\$ 143,195</u>	<u>\$ 1,597,667</u>	<u>\$ 85,055</u>

All of the City of Booneville Water and Sewer revenue bond issues are backed by full faith and credit of the City. The City has pledged income derived from the acquired or constructed assets to pay the debt service on the revenue bonds. Interest expense paid during the fiscal year ended June 30, 2019 was \$15,337.

The original amount of each issue, the issue date, interest rates, and outstanding balances are summarized below:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>	<u>Maturity Dates</u>	<u>Outstanding Balance June 30, 2019</u>
<u>Business-type Activities:</u>				
1979 Issue	\$ 133,000	5.00%	4/1/2009	\$ -
1987 Issue	400,000	5.00%	4/1/2027	153,000
1991 Issue	101,000	5.00%	4/1/2031	53,400
1998 Issue Series A	150,000	4.50%	4/1/2038	104,700
1998 Issue Series B	321,000	4.50%	4/1/2038	224,000
1999 Issue	520,000	4.50%	4/1/2038	363,000
KIA Loan	564,824	1.00%	6/1/2024	149,240
2005 Issue	523,000	4.25%	4/1/2045	425,700
2006 Issue	177,000	4.25%	4/1/2046	147,500
	<u>2,889,824</u>			<u>1,620,540</u>
<u>Governmental Activities:</u>				
Note Payable	230,000	5.50%	9/10/2018	-
Total Debt	<u>\$ 3,119,824</u>			<u>\$ 1,620,540</u>

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4 - LONG-TERM DEBT – (CONTINUED)**

The annual requirements to amortize the debt obligations, as of June 30, 2019, are as follows:

Year	Principal	Interest	Total
2020	85,055	67,760	152,815
2021	88,649	64,908	153,557
2022	91,645	61,922	153,567
2023	94,845	58,792	153,637
2024	97,446	55,518	152,964
2025-2029	336,700	228,745	565,445
2030-2034	322,500	157,216	479,716
2035-2039	331,900	82,235	414,135
2040-2044	163,300	29,844	193,144
2045	8,500	1,845	10,345
	<u>\$1,620,540</u>	<u>\$ 808,785</u>	<u>\$2,429,325</u>

Bond Requirements are as follows:

Sinking Fund Reserve – This reserve is required to receive monthly transfers from revenues equal to 1/6 of the next principal and interest due, plus the maximum amount of principal and interest due in a twelve-month period. The reserve is required to maintain a balance at June 30, 2019 of \$270,482. The actual balance in the reserve at June 30, 2019 was \$53,375.

Depreciation Reserve – This reserve is required to receive monthly transfers from revenues and maintain a balance as of June 30, 2019 of \$106,300. The balance in the reserve at June 30, 2019 was \$173,671.

The City maintains a \$300,000 line of Credit at a rate of 5% with Farmers State Bank to provide interim financing for projects initiated before federal funds are available. Available credit at June 30, 2019 was \$94,694. The following is a summary of the line of credit transactions of the City for the year ended June 30, 2019:

Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amount due Within one year
\$212,803	\$0	\$6,710	\$206,093	\$206,903

**NOTE 5 - CONSTRUCTION IN PROGRESS**

Construction in progress at June 30, 2019 consists of the following:

	Construction in Progress			
	Beginning	Additions	Completed	Ending
HWY 30	\$ 28,800	\$ 9,913	\$ -	\$ 38,713
Safe Sidewalks	44,517	919	-	45,436
Water Line Rehab Phase 1	-	50,250	-	50,250
Water Tank Replacement	85,887	629,477	-	715,364
	<u>\$ 159,204</u>	<u>\$ 690,559</u>	<u>\$ -</u>	<u>\$ 849,763</u>

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 5 - CONSTRUCTION IN PROGRESS – (CONTINUED)**

Costs recorded in Construction in Progress include accumulated costs relating to the Safe Routes to School Sidewalk Project, HWY 30 Phase II Project, the Water Tank Replacement Project, and the Water Line Rehab Project. These projects are being financed by grants. As of June 30, 2019, the remaining contractual commitments were as follows: \$204,564 for the Safe Sidewalks Project, \$19,087 for the HWY 30 Phase II Project, \$34,636 remaining for the Water Tank Replacement Project, and \$449,750 remaining for the Water Line Rehab Project.

**NOTE 6- INSURANCE COVERAGE**

The City is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas are covered through the purchase of commercial insurance. The City has purchased certain policies which are retrospectively rated and include worker's compensation insurance.

**NOTE 7 - LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUNDS**

Pursuant to KRS 42.450, the City of Booneville must expend the Local Government Economic Assistance Funds to satisfy the 30% for coal haul road systems and the 70% priority categories requirements. The City spent \$4,200 of Local Government Economic Assistance Funds.

**NOTE 8 - OPERATING LEASES**

The City has one operating lease which existed at the fiscal year end. Rent expense for 2019 totaled \$10,200. The terms and conditions of the lease are as follows:

<u>Purpose</u>	<u>Date</u>	<u>Term</u>	<u>Monthly Amount</u>	<u>Extension</u>
Office Space	Oct. 15, 2018	5 Years	\$ 850	5 Years

Future minimum rents under the current lease are as follows:

Year	Amount
2020	\$10,200
2021	10,200
2022	10,200
2023	10,200
2024	10,200
Total	<u>\$51,000</u>

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9 - INTERFUND ACTIVITY**

Interfund receivables and payables during the year ending June 30, 2019 were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$0	\$8,894
Local Government Economic Assistance Fund	17,837	0
Municipal Road Aid Fund	0	8,943
Total	\$17,837	\$17,837

In addition, certain funds have been transferred among the governmental funds to allocate resources for required grant matches and to subsidize operations. Transfers during FY 2019 included the following:

From Fund	To Fund	Purpose	Amount
Revenue	O&M	Reimburse expenses	\$1,237,767
Revenue	Depreciation	Reimburse expenses	3,500
Revenue	Construction	Reimburse expenses	141,656
Revenue	Bond	Reimburse expenses	232,092
Construction	O&M	Reimburse expenses	47,393
O&M	General	Reimburse expenses	60,728
O&M	Revenue	Reimburse expenses	101,956
Depreciation	Revenue	Reimburse expenses	31,022
Depreciation	O&M	Reimburse expenses	7,912
Bond	O&M	Reimburse expenses	79,766
			\$1,943,792

**NOTE 11- SUBSEQUENT EVENTS**

In preparing these financial statements, management of the City has evaluated events and transactions for potential recognition or disclosure through December 16, 2019, the date the financial statements were available to be issued.

**NOTE 12 - CITY COMMISSIONERS**

The City Commissioners of the City of Booneville, Kentucky, are also the five regular members of the Board of Commissioners of the Booneville Water and Sewer District (the District). Their terms as members of the Board of Commissioners of the District shall be their regular terms of office as elected to the City Commission for the City of Booneville, Kentucky. Commissioners are as follows:

	<u>Term Expires</u>
Nelson Bobrowski, Chairman, Mayor	December 31, 2019
Betty Sebastian	December 31, 2019
Kyle Bobrowski	December 31, 2019
Michael Paul Harvey	December 31, 2019
Noah Noble	December 31, 2019

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 12 - CITY COMMISSIONERS – (CONTINUED)**

The Board of Commissioners appointed the following:

David Hall, Water Plant Superintendent.

Don Hughes, Financial Officer, and Treasurer of the Board of Commissioners.

Tamara Shouse, City Clerk.

**NOTE 13 – ASSET RETIREMENT OBLIGATIONS**

Management of City of Booneville have reviewed the impact of GASB 83, *Certain Asset Retirement Obligations* on the wastewater plant facilities. The City plans are to repurpose such facilities for an alternative use, which has already been implemented. As such, The City has not recognized a liability under this Standard.

**SUPPLEMENTAL SCHEDULES**

CITY OF BOONEVILLE, KENTUCKY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2019

	MUNICIPAL ROAD AID FUND	LGEA FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 25,343	\$ 36,646	\$ 61,989
Due from other funds	<u>-</u>	<u>17,837</u>	<u>17,837</u>
<b>TOTAL ASSETS</b>	<u>\$ 25,343</u>	<u>\$ 54,483</u>	<u>\$ 79,826</u>
<b>LIABILITIES</b>			
Due to other funds	\$ 8,943	\$ -	\$ 8,943
<b>TOTAL LIABILITIES</b>	<u>8,943</u>	<u>-</u>	<u>8,943</u>
<b>FUND BALANCES:</b>			
Reserved	<u>16,400</u>	<u>54,483</u>	<u>70,883</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 25,343</u>	<u>\$ 54,483</u>	<u>\$ 79,826</u>



CITY OF BOONEVILLE, KENTUCKY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	MUNICIPAL ROAD AID FUND	LGEA FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:			
Intergovernmental	\$ 1,521	\$ 9,109	\$ 10,630
Fees	-	-	-
Interest Income	10	19	29
TOTAL REVENUES	<u>1,531</u>	<u>9,128</u>	<u>10,659</u>
EXPENDITURES:			
General Government	-	-	-
Safety	-	4,200	4,200
Streets	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>4,200</u>	<u>4,200</u>
Excess (Deficit) of Revenues over Expenditures	1,531	4,928	6,459
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>1,531</u>	<u>4,928</u>	<u>6,459</u>
Fund balance, beginning	<u>14,869</u>	<u>49,555</u>	<u>64,424</u>
Fund balance, ending	<u>\$ 16,400</u>	<u>\$ 54,483</u>	<u>\$ 70,883</u>

CITY OF BOONEVILLE, KENTUCKY  
 COMBINING SCHEDULE OF PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2019

	REVENUE FUND	OPERATION AND MAINTENANCE FUND	DEPRECIATION FUND	CONSTRUCTION FUND	BOND FUND	TOTAL PROPRIETARY FUNDS
<b>ASSETS</b>						
Cash	\$ 27,897	\$ 89,163	\$ 173,671	\$ -	\$ 53,709	\$ 344,440
Certificate of Deposit	-	-	-	-	-	-
A/R - Water & Sewer Bills	230,022	-	-	-	-	230,022
A/R - Grants	-	-	-	12,050	-	12,050
Land	60,648	70,500	-	-	-	131,148
Buildings	18,500	20,276	-	-	-	38,776
Machinery & Equipment	121,145	234,561	117,903	-	-	473,609
Plant & Lines	21,025,976	-	427,866	-	-	21,453,842
Roads	557,750	18,770	-	-	-	576,520
Construction in Progress	-	-	-	849,763	-	849,763
Less Accumulated Depreciation	(9,094,406)	-	-	-	-	(9,094,406)
Total Assets	\$ <u>12,947,532</u>	\$ <u>433,270</u>	\$ <u>719,440</u>	\$ <u>861,813</u>	\$ <u>53,709</u>	\$ <u>15,015,764</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ 52,645	\$ -	\$ -	\$ -	\$ 52,645
Accrued Interest	-	-	-	-	16,826	16,826
Accrued Sales Tax	-	2,633	-	-	-	2,633
Payroll Liabilities	-	5,083	-	-	-	5,083
Meter Deposits	129,775	-	-	-	-	129,775
Line of Credit	-	206,093	-	-	-	206,093
Revenue Bonds	-	-	-	-	1,597,667	1,597,667
Total Liabilities	129,775	266,454	-	-	1,614,493	2,010,722
<b>NET POSITION</b>						
Invested in Capital Assets, Net of Related Debt	12,689,613	138,014	545,769	849,763	(1,597,667)	12,625,492
Reserved for Capital Projects	-	-	-	12,050	-	12,050
Reserved for Meter Deposits	129,775	-	-	-	-	129,775
Reserved for Bond Debt Service	-	-	173,671	-	36,883	210,554
Unrestricted	(1,631)	28,802	-	-	-	27,171
Total Net Position	<u>12,817,757</u>	<u>166,816</u>	<u>719,440</u>	<u>861,813</u>	<u>(1,560,784)</u>	<u>13,005,042</u>
Total Liabilities & Net Position	\$ <u>12,947,532</u>	\$ <u>433,270</u>	\$ <u>719,440</u>	\$ <u>861,813</u>	\$ <u>53,709</u>	\$ <u>15,015,764</u>

CITY OF BOONEVILLE, KENTUCKY  
 COMBINING SCHEDULE OF PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 FOR THE PERIOD ENDED JUNE 30, 2019

	REVENUE FUND	OPERATION AND MAINTENANCE FUND	DEPRECIATION FUND	CONSTRUCTION FUNDS	BOND FUNDS	TOTAL PROPRIETARY FUNDS
<b>OPERATING REVENUES</b>						
Water & Sewer Bills	\$ 1,153,483	\$ -	\$ -	\$ -	\$ -	\$ 1,153,483
Water & Sewer Connections	25,733	-	-	-	-	25,733
Service Charges	60,789	-	-	-	-	60,789
Miscellaneous	9,695	19,436	-	-	-	29,131
Total Operating Revenues	<u>1,249,700</u>	<u>19,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,269,136</u>
<b>OPERATING EXPENSES</b>						
Personnel and Board Expense	-	279,434	-	-	-	279,434
Operating Expense	98	343,886	21,950	-	12	365,946
Supplies	-	151,977	-	-	-	151,977
Contract Services	-	73,577	-	5,336	-	78,913
Depreciation	220,000	308,000	18,721	-	-	546,721
Bad Debts	-	-	-	-	-	-
Total Operating Expenses	<u>220,098</u>	<u>1,156,874</u>	<u>40,671</u>	<u>5,336</u>	<u>12</u>	<u>1,422,991</u>
OPERATING INCOME (LOSS)	<u>1,029,602</u>	<u>(1,137,438)</u>	<u>(40,671)</u>	<u>(5,336)</u>	<u>(12)</u>	<u>(153,855)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest Revenue	-	18	105	-	25	148
Interest Expense	-	(54,941)	-	-	(27,459)	(82,400)
Net Non-Operating Revenues (Expenses)	<u>-</u>	<u>(54,923)</u>	<u>105</u>	<u>-</u>	<u>(27,434)</u>	<u>(82,252)</u>
<b>CAPITAL CONTRIBUTIONS</b>						
Capital Contributions and Grants	-	-	-	613,682	-	613,682
Income (Loss) Before Transfers	1,029,602	(1,192,361)	(40,566)	608,346	(27,446)	377,575
<b>TRANSFERS</b>						
Operating Transfers In	132,979	1,372,838	3,500	141,656	232,092	1,883,065
Operating Transfers (Out)	(1,615,015)	(162,684)	(38,935)	(47,393)	(79,766)	(1,943,793)
	<u>(1,482,036)</u>	<u>1,210,154</u>	<u>(35,435)</u>	<u>94,263</u>	<u>152,326</u>	<u>(60,728)</u>
CHANGE IN NET POSITION	(452,434)	17,793	(76,001)	702,609	124,880	316,847
TOTAL NET POSITION, BEGINNING	<u>13,270,191</u>	<u>149,023</u>	<u>795,441</u>	<u>159,204</u>	<u>(1,685,664)</u>	<u>12,688,195</u>
TOTAL NET POSITION, ENDING	<u>\$ 12,817,757</u>	<u>\$ 166,816</u>	<u>\$ 719,440</u>	<u>\$ 861,813</u>	<u>\$ (1,560,784)</u>	<u>\$ 13,005,042</u>

CITY OF BOONEVILLE  
 Schedule of Expenditures of Federal Awards By Grant  
 For the Year Ended June 30, 2019

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Passed Thorough to Subrecipients</i>	<i>Federal Expenditures(\$)</i>
<b><i>Passed Through Kentucky Department of Local Government</i></b>				
<b>Appalachian Regional Commission</b>				
Appalachian Area Development	23.002	#18A-056		571,821
<i>Total Appalachian Regional Commission</i>				<u>571,821</u>
<b>Department of Housing and Urban Development</b>				
Community Development Block Grants/State's program				
Community Development Block Grants/State's program	14.228	#17-026	724,151	724,151
<i>Total Department of Housing and Urban Development</i>				<u>724,151</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u>\$724,151</u>	<u>\$ 1,295,972</u>

The accompanying notes are an integral part of this schedule

The accompanying notes are an integral part of this schedule

**CITY OF BOONEVILLE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2019**

**NOTE 1- BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Booneville under the programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of operations of the City of Booneville, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
  
- 2) City of Booneville did not elect to use the 10% de minimus indirect cost rate.

**SUMMERS, MCCRARY & SPARKS, P.S.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS:

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1961-1992

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

To the Mayor and City Commissioners  
City of Booneville, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Booneville, KY, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Booneville, KY's basic financial statements and have issued our report thereon dated December 16, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Booneville, KY's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Booneville, KY's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Booneville, KY's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Booneville, KY's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002.

## **City of Booneville, KY's Response to Findings**

City of Booneville, KY's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Booneville, KY's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Summers, McCrary & Sparks, PSC*

Lexington, KY  
December 16, 2019

**SUMMERS, MCCRARY & SPARKS, P.S.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and City Commissioners  
City of Booneville, KY

**Report on Compliance for Each Major Federal Program**

We have audited the City of Booneville, KY's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Booneville, KY's major federal programs for the year ended June 30, 2019. City of Booneville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Booneville's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Booneville, KY's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Booneville, KY's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Booneville, KY, 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, 2019.



## Report on Internal Control over Compliance

Management of the City of Booneville, KY, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Booneville, KY's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Booneville, KY's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Summers, McCrary & Sparks, PSC*

Lexington, KY  
December 16, 2019

**CITY OF BOONEVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued - unmodified

Internal control over financial reporting:

Material weakness(es) identified?      \_\_\_\_\_yes      X  no

Significant deficiencies identified  
\_\_\_\_\_yes      X  none reported

Noncompliance material to financial statements noted?        X  yes    \_\_\_\_\_no

**Federal Awards**

Internal control over majority programs:

Material weakness(es) identified?      \_\_\_\_\_yes      X  no

Significant deficiencies identified  
\_\_\_\_\_yes      X  none reported

Type of auditor's report issued on compliance for the major programs - unmodified

Any audit findings disclosed that are required to be report in accordance with 2 CFR section 200.516 (a)?      \_\_\_\_\_yes      X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	CDBG State's Program (Small Cities)

Dollar threshold used to distinguish between type A and type B programs:      \$750,000

Auditee qualified as low-risk auditee?      \_\_\_\_\_yes      X  no

**CITY OF BOONEVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION II – Financial Statement Findings**

**2019-01: Invoices**

Condition: Client paid several invoices after 30 days.

Criteria: Per State Law, Cities are required to pay invoices within 30 days.

Cause: Management failed to note on invoices reasons for late payment.

Recommendation: We recommend management pay invoices within 30 days as required, but if unusual circumstances exist for payment after 30 days, reasons are noted on face of invoice.

Response: Management will strive to note on invoices reasons for late payment.

**2019-02: Budget**

Condition: Expenditures exceeded the budgeted amounts and a budget was not adopted for all funds.

Criteria: Per KRS 91A.030 a budget shall be adopted by ordinance for all funds and expenditures shall be made in accordance with the approved budget.

Cause: Employees paid outside of the established ordinance and not all major special revenue funds had an adopted budget.

Recommendation: We recommend the City adopt a budget for all funds, by ordinance, and amend the budgets as necessary for approved expenditures.

Response: Management will strive to correct this in the current year.

**SECTION III – Federal Award Findings and Questioned Costs**

**CITY OF BOONEVILLE  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION II – Financial Statement Findings**

**2018-01: Invoices**

- Condition: Client paid one invoice after 30 days.
- Criteria: Per State Law, Cities are required to pay invoices within 30 days.
- Cause: Management failed to note on invoices reasons for late payment.
- Recommendation: We recommend management pay invoices within 30 days as required, but if unusual circumstances exist for payment after 30 days, reasons are noted on face of invoice.
- Response: Management will endeavor to note on invoices reasons for late payment.
- Current Status: A similar finding was noted in the current year.

**2018-02: Budget**

- Condition: The fiscal year 2019 budget was adopted in the official board minutes and published but was not done by ordinance.
- Criteria: Per KRS 91A.030 each city shall operate under an annual budget, adopted by ordinance not later than thirty days prior to the beginning of the fiscal year it covers.
- Cause: Management was unaware the budget must be adopted by ordinance and published each year, even if no change from the prior year.
- Recommendation: We recommend the City Commission approve a budget, then adopt it by ordinance at least thirty days prior to the beginning of the fiscal year it covers. A summary of the budget or the text of the budget ordinance should then be published.
- Response: Management has addressed and implemented this recommendation in the current year.
- Current Status: No similar finding was noted in the current year.

### **2018-03: Compensation**

Condition: The City has not adopted by ordinance fixed compensation of City employees in accordance with personnel and pay classification. Bonuses were paid to several employees which did not follow an established ordinance.

Criteria: Per KRS 83A.070 the legislative body of each city shall fix the compensation of city employees and nonelected city officers in accordance with a personnel and pay classification plan which shall be adopted by ordinance.

Cause: Management was unaware compensation of city employees had to be set by ordinance.

Recommendation: We recommend the City adopt by ordinance fixed compensation of city employees in accordance with personnel and pay classification, then compensate employees in accordance with the ordinance and report compensation in accordance with Federal and State requirements.

Response: Management has addressed and implemented this recommendation in the current year.

Current Status: A similar finding was noted in the current year.

### **2018-04: Audit**

Condition: The prior year audited financial statements were not published.

Criteria: Per State Law, Cities are required to publish their audited financial statements once they are available.

Cause: Management failed to publish the prior year audited financial statements.

Recommendation: We recommend management publish the audited financial statements in the local newspaper as soon as they become available.

Response: Management will implement recommendation as a policy and procedure.

Current Status: No similar finding was noted in the current year.

**2018-05: City Information Data Sheet**

Condition: The City Information Data Sheet was not submitted to the DLG by January 31, 2019.

Criteria: Per State Law, Cities are required to submit their City Information Data Sheet to the DLG by January 31<sup>st</sup> each year.

Cause: Management was late submitting the City Information Data Sheet.

Recommendation: We recommend submit the City Information Data Sheet as soon as it becomes available each year.

Response: Management will implement recommendation as a policy and procedure.

Current Status: No similar finding was noted in the current year.