

**CITY OF BOONEVILLE, KENTUCKY**  
**AUDITED FINANCIAL STATEMENTS**  
**INCLUDING SUPPLEMENTAL SCHEDULES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

CITY OF BOONEVILLE, KENTUCKY  
JUNE 30, 2020

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JUNE 30, 2020

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

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LAURENCE T. SUMMERS  
1961-1992

**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, 2020, 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, 2020, 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 October 31, 2020, 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  
October 31, 2020

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**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, 2020**

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 \$12,951,195 as of June 30, 2020 as compared to \$13,078,787 as of June 30, 2019.

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 decreased \$66,405 in fiscal year 2020.

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Summary of Net Position**

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Current Assets	\$ 76,892	\$ 91,582	\$ 253,923	\$ 309,846	\$ 330,814	\$ 401,428
Noncurrent Assets	-	-	14,651,664	14,705,918	14,651,664	14,705,918
Total Assets	76,892	91,582	14,905,587	15,015,764	14,982,478	15,107,346
Current Liabilities	-	-	501,720	437,749	501,720	437,749
Noncurrent Liabilities	-	-	1,476,361	1,512,612	1,476,361	1,512,612
Total Liabilities	-	-	1,978,081	1,950,361	1,978,081	1,950,361
Net position:						
Invested in capital assets	-	-	12,677,668	12,625,496	12,677,668	12,625,496
Restricted	-	-	348,832	352,379	348,832	352,379
Unrestricted	129,188	73,745	(143,302)	27,171	(14,114)	100,916
Total Net Position	\$ 129,188	\$ 73,745	\$12,883,198	\$13,005,046	\$13,012,386	\$13,078,791

Assets decreased from 2019 to 2020, mainly due to completion of several construction projects. Liabilities increased due to the refinancing of the City's bonds.

**Governmental Activities:** Governmental activities increased the City's net position \$55,443. 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 2020 amounted to \$43,945. 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 2020 was .00025. The amount collected for this tax in 2020 was \$7,313.

The City of Booneville license and unloading fees are \$50 per year per business. The amount collected in 2020 for these fees was \$2,600.



**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2020 and 2019.

**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total 2020	Total 2019
	2020	2019	2020	2019		
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ -	\$ -	\$ 1,990,309	\$ 1,269,136	\$ 1,990,309	\$ 1,269,136
Operating grants & contributions	155,903	757,938	-	-	155,903	757,938
Capital grants & contributions	-	54,467	44,929	613,682	44,929	668,149
General Revenues:						
Taxes	60,903	58,553	-	-	60,903	58,553
Other	40	35	116	148	156	183
<b>Total Revenues</b>	<b>216,846</b>	<b>870,993</b>	<b>2,035,354</b>	<b>1,882,966</b>	<b>2,252,200</b>	<b>2,753,959</b>
<b>Expenses:</b>						
General government	359,841	96,779	-	-	359,841	96,779
Safety	45,293	48,837	-	-	45,293	48,837
Streets	-	-	-	-	-	-
Recreation	85,524	724,150	-	-	85,524	724,150
Water & sewer	-	-	1,717,519	1,505,391	1,717,519	1,505,391
<b>Total Expenses</b>	<b>490,658</b>	<b>869,766</b>	<b>1,717,519</b>	<b>1,505,391</b>	<b>2,208,176</b>	<b>2,375,157</b>
Increase(decrease) in net position before transfers	(273,812)	1,227	317,835	377,575	44,024	378,802
Transfers	329,255	60,728	(329,256)	(60,728)	(1)	-
Increase(decrease in net position)	55,443	61,955	(11,420)	316,847	44,023	378,802
<b>Beginning 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>
<b>Ending Net position</b>	<b>\$ 129,188</b>	<b>\$ 73,745</b>	<b>\$ 12,993,622</b>	<b>\$ 13,005,042</b>	<b>\$ 13,122,810</b>	<b>\$ 13,078,787</b>

**Business Activities:** Operating revenues increased \$721,173 to \$1,990,309, an increase of 56.8%. Operating expenses increased \$212,128 to \$1,717,519, an increase of 14.1%.

**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 2020. At the end of fiscal year 2020, the City had \$14.9 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, 2020**

**Capital Assets**

	Governmental				Total June 30, 2020
	Activities		Business-type Activities		
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	
Land	\$ 10,000	\$ -	\$ 131,147	\$ 131,147	\$ 141,147
Buildings	-	-	44,832	38,776	44,832
Machinery & Equipment	80,994	69,947	546,534	473,609	627,528
Plant & Lines	-	-	22,783,741	21,453,842	22,783,741
Roads	286,387	-	576,520	576,520	862,907
Golf Course	241,596	241,596	-	-	241,596
Fire & Police	258,037	212,369	-	-	258,037
Construction in Progress	-	-	79,285	849,763	79,285
Less: Accumulated Depreciation	(529,434)	(523,912)	(9,643,968)	(9,094,406)	(10,173,402)
<b>Capital Assets, net</b>	<b>\$ 347,580</b>	<b>\$ -</b>	<b>\$14,518,090</b>	<b>\$14,429,251</b>	<b>\$14,865,670</b>

**Total Grant Projects Awarded:**

Tank Project (Elk Lick and Betty Bowman)	\$500,000.00*
Booneville Water Line Rehab	\$500,000.00*
Sidewalk Project	\$250,000.00*
Police Truck USDA Grant	\$30,400.00*
Backhoe USDA Grant	\$44,960.00*
Intake Road	\$74,800.00*
CBDG (Partnership Housing/Fish Creek Subdivision)	\$960,000.00 (85%)
Partnership Housing is projected to complete grant within the FY	
Booneville I&I Sewer Rehab	\$1,526,000.00
Currently underway, TVing and Smoke study has been complete. This identifies Problem areas to be repaired. Projected to bid out contract for repairs within the year.	
COPS Grant	\$62,400.00
In the hiring process.	
Booneville Sewer pump station rehab	\$500,000.00
Awarded, engineering is underway will be bid out in the next several months.	
Booneville Radio Read	\$1,000,000.00
Awarded, preliminary paperwork is being completed; project projected to be completed by this time next year.	
 Total Grant Funding on approved and/or completed projects:	 \$5,448,560.00

Submitted Grants to date pending approval/funding in 2020:

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

USDA grant Diesel work truck w/dump bed Submitted	\$48,442.00
USDA grant Mini Excavator Submitted	\$36,375.00
AML Pilot Grant (Business Accelerator Development) Submitted	\$4,830,000.00
Total Grant funding applications submitted to date:	\$4,914,817.00

**Projects in the works:**

Working on applicant for Water plant rehab In the process of completing the application for submission.	\$1,700,000.00
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Working on procuring dilapidated and blighted properties for development. Developments will range from business/work space, recreation, lodging, to housing. City of Booneville will be seeking funding from several agency such as CDBG, ARC, ARC Power, etc. to work toward economic development and improving our City and Community.

Worked with Marty Combs to procure property on Apple Gate Road.

Closing on procurement of Bates property on Court Street and Callahan property on Court Street within the year.

**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

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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.

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.

**CITY OF BOONEVILLE, KENTUCKY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS ACTIVITIES	TOTAL
<b>ASSETS:</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 67,997	\$ 37,443	\$ 105,440
Accounts Receivable			
Accounts, net	-	121,181	121,181
Grants	-	95,299	95,299
Due from other funds	8,894	-	8,894
Total Current Assets	<u>76,892</u>	<u>253,923</u>	<u>330,814</u>
<b>Noncurrent Assets</b>			
Restricted Cash and Cash Equivalents	-	137,449	137,449
Restricted Investments - CD's	-	-	-
<b>Capital Assets:</b>			
Land	10,000	131,148	141,148
Property, Plant & Equipment (net)	337,579	14,307,659	14,645,238
Construction in Progress	3,876	75,409	79,285
Total Noncurrent Assets	<u>351,455</u>	<u>14,651,664</u>	<u>15,003,119</u>
<b>TOTAL ASSETS</b>	<u>\$ 428,347</u>	<u>\$ 14,905,587</u>	<u>\$ 15,333,933</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ -	\$ 37,225	\$ 37,225
Accrued Sales Tax	-	2,528	2,528
Accrued Payroll Liabilities	-	4,554	4,554
Accrued Interest on Long-term Debt	-	-	-
Due to other funds	8,894	-	8,894
Total Current Liabilities	<u>8,894</u>	<u>44,308</u>	<u>53,202</u>
<b>Current Liabilities from Restricted Assets</b>			
Meter Deposits	-	137,449	137,449
Accrued Interest on Bonds	-	4,085	4,085
Line of Credit	-	240,429	240,429
Current Portion of Note/Bonds Payable	-	119,757	119,757
Total Current Liabilities from Restricted Assets	<u>-</u>	<u>501,720</u>	<u>501,720</u>
<b>Long-term Liabilities</b>			
Note Payable	-	-	-
Revenue Bonds	-	1,476,361	1,476,361
Total Long-term Liabilities	<u>-</u>	<u>1,476,361</u>	<u>1,476,361</u>
<b>TOTAL LIABILITIES</b>	<u>8,894</u>	<u>2,022,389</u>	<u>2,031,283</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	337,579	12,677,668	13,015,247
Restricted for Capital Projects	59,112	95,257	154,369
Restricted for Meter Deposits	-	137,449	137,449
Restricted for Debt Service	-	116,126	116,126
Unrestricted	22,761	(143,302)	(120,540)
<b>TOTAL NET POSITION</b>	<u>419,453</u>	<u>12,883,198</u>	<u>13,302,650</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 428,347</u>	<u>\$ 14,905,586</u>	<u>\$ 15,333,933</u>

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 72,691	\$ -	\$ 12,486	\$ -	\$ (60,205)	\$ -	\$ (60,205)
Safety	45,293	-	8,187	-	(37,106)	-	(37,106)
Streets	-	-	49,711	-	49,711	-	49,711
Intergovernmental	85,524	-	85,519	-	(5)	-	(5)
Total Governmental Activities	<u>203,508</u>	<u>-</u>	<u>155,903</u>	<u>-</u>	<u>(47,605)</u>	<u>-</u>	<u>(47,605)</u>
Business-type Activities:							
Water & Sewer Service	<u>1,727,278</u>	<u>1,242,817</u>	<u>-</u>	<u>792,421</u>	<u>-</u>	<u>307,960</u>	<u>307,960</u>
Total Primary Government	<u>\$ 1,930,786</u>	<u>\$ 1,242,817</u>	<u>\$ 155,903</u>	<u>\$ 792,421</u>	<u>\$ (47,605)</u>	<u>\$ 307,960</u>	<u>\$ 260,355</u>
General Revenues:							
Taxes:							
Property				\$ 53,054	\$ -	\$ -	\$ 53,054
Bank Deposit				7,313	-	-	7,313
Franchise				980	-	-	980
Licenses & Permits				2,672	-	-	2,672
Investment Income				40		116	156
Transfers				329,254	(329,256)	-	(2)
Total General Revenues & Transfers				<u>\$ 393,313</u>	<u>\$ (329,140)</u>	<u>\$ -</u>	<u>\$ 64,173</u>
Change in Net Position					345,708	(21,179)	324,528
Net Position, Beginning of the year					73,745	13,005,042	13,078,787
Prior Period Adjustment					-	(100,665)	(100,665)
Net Position, Beginning of the year restated					<u>73,745</u>	<u>12,904,377</u>	<u>12,978,122</u>
Net Position, End of the year					<u>\$ 419,453</u>	<u>\$ 12,883,198</u>	<u>\$ 13,302,650</u>

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	GENERAL FUND	TOWN MILL CDBG FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 17,778	\$ -	\$ 50,220	\$ 67,997
Due from other funds	-	-	8,894	8,894
<b>TOTAL ASSETS</b>	<u>17,778</u>	<u>-</u>	<u>59,114</u>	<u>76,892</u>
<b>LIABILITIES:</b>				
Payroll Liabilities	-	-	-	-
Due to other funds	8,894	-	-	8,894
<b>TOTAL LIABILITIES</b>	<u>8,894</u>	<u>-</u>	<u>-</u>	<u>8,894</u>
<b>FUND BALANCES:</b>				
Reserved	-	0	59,112	59,112
Unreserved	8,884	-	-	8,884
<b>TOTAL FUND BALANCES</b>	<u>8,884</u>	<u>0</u>	<u>59,112</u>	<u>67,996</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 17,778</u>	<u>\$ 0</u>	<u>\$ 59,112</u>	<u>\$ 76,890</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, 2020

Total Governmental Fund Balances	\$ 67,996
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets net of accumulated depreciation used in governmental are not financial resources and therefore are not reported in the governmental funds balance sheet	351,457
	<hr/>
Net Position of Governmental Activities	<u><u>\$ 419,453</u></u>

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND	CDBG FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 61,347	\$ -	\$ -	\$ 61,347
Intergovernmental	12,486	85,519	49,711	147,716
Contributions	8,187	-	-	8,187
Interest	7	-	33	40
City Licenses / Fees	2,672	-	-	2,672
TOTAL REVENUES	<u>84,699</u>	<u>85,519</u>	<u>49,744</u>	<u>219,962</u>
EXPENDITURES:				
Current:				
General Government	357,433	-	21,047	378,480
Safety	50,493	-	40,468	90,961
Streets	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	-	85,524	-	85,524
TOTAL EXPENDITURES	<u>407,926</u>	<u>85,524</u>	<u>61,515</u>	<u>554,965</u>
Excess (Deficit) of Revenues over Expenditures	(323,227)	(5)	(11,771)	(335,003)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	345,755	-	8,944	354,699
Operating transfers out	(16,500)	(1)	(8,944)	(25,445)
TOTAL OTHER FINANCING SOURCES (USES):	<u>329,255</u>	<u>(1)</u>	<u>0</u>	<u>329,254</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	6,028	(6)	(11,771)	(5,749)
Fund Balance, beginning	<u>2,856</u>	<u>6</u>	<u>70,883</u>	<u>73,745</u>
Fund Balance, ending	<u>\$ 8,884</u>	<u>\$ -</u>	<u>\$ 59,112</u>	<u>\$ 67,996</u>

See Auditor's Report and Accompanying Notes

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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (5,749)

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

Governmental funds report capital outlay as expenditure; however, in the  
 statement of activities the cost of those assets is allocated over their estimates  
 usefull lives and reported as depreciation expense:

Capital Outlay	356,979
Depreciation	<u>(5,522)</u>

Change in Net Position of Governmental Activities \$ 345,708

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET TO ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND			VARIANCE Favorable (Unfavorable)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Taxes	\$ 50,820	\$ 50,820	\$ 61,347	\$ 10,527
Intergovernmental	-	-	12,486	12,486
Contributions	2,400	2,400	8,187	5,787
Interest	-	-	7	7
City Licenses / Fees	1,440	1,440	2,672	1,232
TOTAL REVENUES	<u>54,660</u>	<u>54,660</u>	<u>84,699</u>	<u>30,039</u>
EXPENDITURES:				
Current:				
General Government	54,660	54,660	357,433	(302,773)
Safety	-	-	50,493	(50,493)
Debt Service	-	-	-	-
TOTAL EXPENDITURES	<u>54,660</u>	<u>54,660</u>	<u>407,926</u>	<u>(353,266)</u>
Excess (Deficit) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(323,227)</u>	<u>(323,227)</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	345,755	345,755
Operating transfers out	-	-	(16,500)	(16,500)
TOTAL OTHER FINANCING SOURCES (USES):	<u>-</u>	<u>-</u>	<u>329,255</u>	<u>329,255</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>6,028</u>	<u>6,028</u>
Fund balance, beginning	<u>(28,922)</u>	<u>(28,922)</u>	<u>2,856</u>	<u>31,778</u>
Fund balance, ending	<u><u>\$ (28,922)</u></u>	<u><u>\$ (28,922)</u></u>	<u><u>\$ 8,884</u></u>	<u><u>\$ 37,806</u></u>

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2020

	ENTERPRISE FUND
<b>ASSETS:</b>	
Current Assets	
Cash and Cash Equivalents	\$ 37,443
Customer Receivables (net of allowance of \$112,272)	121,181
Grant Receivables	95,299
Total Current Assets	253,923
Noncurrent Assets	
Restricted Cash and Cash Equivalents	137,449
Restricted Investments - CD's	-
Capital Assets:	
Land	131,148
Property, Plant & Equipment (net)	14,307,659
Construction in Progress	75,409
Total Noncurrent Assets	14,651,664
<b>TOTAL ASSETS</b>	<b>\$ 14,905,587</b>
<b>LIABILITIES:</b>	
Current Liabilities	
Accounts Payable	\$ 37,225
Accrued Sales Tax	2,528
Payroll Liabilities	4,554
Total Current Liabilities	44,308
Current Liabilities Payable from Restricted Assets	
Meter Deposits	137,449
Accrued Interest on Revenue Bonds	4,085
Line of Credit	240,429
Current Portion of Revenue Bonds	119,757
Total Current Liabilities from Restricted Assets	501,720
Long-Term Liabilities	
Revenue Bonds	1,476,361
<b>TOTAL LIABILITIES</b>	<b>2,022,389</b>
<b>NET POSITION:</b>	
Invested in Capital Assets (net of related debt)	12,677,668
Restricted for Capital Projects	95,257
Restricted for Meter Deposits	137,449
Restricted for Bond Debt Service	116,126
Unrestricted	(143,302)
<b>TOTAL NET POSITION</b>	<b>12,883,198</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 14,905,586</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, 2020

	ENTERPRISE FUND
<b>OPERATING REVENUES</b>	
Water & Sewer Bills	\$ 1,141,442
Water & Sewer Connections	8,450
Service Charges	38,071
Miscellaneous	54,854
Total Operating Revenues	1,242,817
<b>OPERATING EXPENSES</b>	
Personnel and Board Expense	308,185
Operating Expense	476,991
Supplies	152,007
Contract Services	87,220
Depreciation	549,562
Bad Debts	23,310
Total Operating Expenses	1,597,274
OPERATING INCOME (LOSS)	(354,457)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Revenue	116
Interest Expense	(130,004)
Net Non-Operating Revenues (Expenses)	(129,888)
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(484,345)
Capital Contributions and Grants	792,421
Operating Transfers Out	(329,256)
CHANGE IN NET POSITION	(21,179)
TOTAL NET POSITION, BEGINNING	13,005,042
Prior period adjustment	(100,665)
TOTAL NET POSITION, BEGINNING RESTATED	12,904,377
TOTAL NET POSITION, ENDING	\$ 12,883,198

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	ENTERPRISE FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 1,268,409
Payments to Suppliers	(755,051)
Payments to Employees	(308,714)
Net Cash Provided by Operating Activities	204,644
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Customer Deposits Received	7,674
Transfers Paid	(329,256)
Net Cash Provided (Used) by Noncapital Financing Activities	(321,582)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal Payments	(1,508,681)
Proceeds from Long Term Debt	1,500,000
Borrowing on line of credit	35,124
Interest Payments	(142,745)
Acquisition and Construction of Capital Assets	(718,675)
Contributed Capital	782,251
Net Cash Provided (Used) by Capital and Related Financing Activities	(52,726)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	116
Net Cash Provided (Used) by Investing Activities	116
Net Increase in Cash and Cash Equivalents	(169,548)
Cash and cash equivalents beginning	344,440
Cash and cash equivalents ending	\$ 174,892
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (354,457)
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:	
Depreciation	549,562
Changes in Assets and Liabilities:	
Accounts Receivable, Customers	108,841
Grants Receivable	(83,249)
Accounts Payable	(15,420)
Accrued Sales Tax Payable	(105)
Accrued Payroll Liabilities	(529)
Net Cash Provided by Operating Activities	\$ 204,644

See Auditor's Report and Accompanying Notes

**CITY OF BOONEVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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.

**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.

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**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.

**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 \$236,247, and netted with accounts receivable at June 30, 2020.

**L - REVENUE RECOGNITION – PROPERTY TAXES**

Property taxes for FY 2020 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, 2019 and were due January 15, 2020. Taxes unpaid after January 15, 2020 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, 2020, an allowance for uncollectible property taxes of 100% of delinquent accounts.

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

*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 June 15, 2021. The City 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 City does not believe this will have a material financial impact of the implementation of GASBS No. 84.

*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, 2020 was \$22,873.

**NOTE 2- BANK DEPOSITS**

At year end, the carrying amount of the City's cash and cash equivalents was \$212,930 and the bank balance was \$220,382.

*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, \$720,125 were covered by collateral held by the pledging banks' trust departments in the City's name.

**CITY OF BOONEVILLE, KENTUCKY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 3 - PROPERTY PLANT AND EQUIPMENT**

Depreciation expense for 2020 totaled \$5,522 for governmental activities and \$555,084 for business-type activities, respectively.

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

	Balance June 30, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
<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	45,668	0	0	79,830
Furniture & Fixtures	69,947	0	0	0	69,947
Total Historical Cost	523,912	45,668	0	0	569,580
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)	(5,154)	0	0	(39,316)
Furniture & Fixtures	(69,947)	0	0	0	(69,947)
Total Accumulated Depreciation	(523,912)	(5,154)	0	0	(529,066)
Net Capital Assets	\$0	\$40,514	\$0	\$0	\$40,514
<b>Business Activities:</b>					
<b>Non-depreciable:</b>					
Land	\$131,148	\$0	\$0	\$0	\$131,148
Construction in Progress	849,763	771,008	0	(1,541,486)	79,285
Sub-total Non-depreciable	980,911	771,008	0	(1,541,486)	210,433
<b>Depreciable:</b>					
Buildings	38,776	6,056	0	0	44,832
Machinery & Equipment	473,609	72,925	0	0	546,535
Plant & Lines	21,453,842	74,800	0	1,255,099	22,783,741
Roads	576,520	0	0	0	576,520
Sub-total Depreciable	22,542,747	153,781	0	1,255,099	23,951,627
Total Historical Cost	23,523,658	924,789	0	-286,387	24,162,059
Accumulated Depreciation:					
Buildings	(18,624)	(1,019)	0	0	(19,643)
Machinery & Equipment	(437,137)	(12,257)	0	0	(449,394)
Plant & Lines	(8,276,251)	(513,707)	0	0	(8,789,958)
Roads	(362,394)	(22,579)	0	0	(384,973)
Total Accumulated Depreciation	(9,094,406)	(549,562)	0	0	(9,643,968)
Net Capital Assets	\$14,429,252	\$375,227	\$0	(\$286,387)	\$14,518,092



**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 - LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2020:

<u>Business-type Activities:</u>	Balance			Balance June 30, 2020	Amount Due Within One Year
	June 30, 2019	Additions	Reductions		
1979 Issue	\$ -	\$ 1,500,000	\$ 8,125	\$ 1,491,875	\$ 90,208
1987 Issue	153,000	-	153,000	-	\$0
1991 Issue	53,400	-	53,400	-	\$0
1998 Issue Series A	104,700	-	104,700	-	\$0
1998 Issue Series B	224,000	-	224,000	-	\$0
1999 Issue	363,000	-	363,000	-	\$0
KIA Loan	149,240	-	29,256	119,985	\$29,255
2005 Issue	425,700	-	425,700	-	\$0
2006 Issue	147,500	-	147,500	-	\$0
	<u>1,620,540</u>	<u>1,500,000</u>	<u>1,508,681</u>	<u>1,611,860</u>	<u>119,463</u>
Less Unamortized Discount	<u>(22,873)</u>			<u>(15,741)</u>	
Total Bonds	<u>1,597,667</u>			<u>1,596,118</u>	
<u>Governmental Activities:</u>					
Note Payable	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total Debt	<u>\$ 1,597,668</u>	<u>\$ 1,500,000</u>	<u>\$ 1,508,681</u>	<u>\$ 1,596,118</u>	<u>\$ 119,463</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, 2020 was \$70,628.

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, 2020</u>
<u>Business-type Activities:</u>				
2020 Issue	\$ 133,000	5.00%	4/1/2009	\$ 1,491,875
1987 Issue	400,000	5.00%	4/1/2027	-
1991 Issue	101,000	5.00%	4/1/2031	-
1998 Issue Series A	150,000	4.50%	4/1/2038	-
1998 Issue Series B	321,000	4.50%	4/1/2038	-
1999 Issue	520,000	4.50%	4/1/2038	-
KIA Loan	564,824	1.00%	6/1/2024	119,985
2005 Issue	523,000	4.25%	4/1/2045	-
2006 Issue	177,000	4.25%	4/1/2046	-
	<u>2,889,824</u>			<u>1,611,860</u>
<u>Governmental Activities:</u>				
Note Payable	<u>230,000</u>	5.50%	9/10/2018	<u>-</u>
Total Debt	<u>\$ 3,119,824</u>			<u>\$ 1,611,860</u>

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

The annual requirements to amortize the debt obligations, as of June 30, 2020, are as follows:

Year	Principal	Interest	Total
2020	\$ 119,757	\$ 36,395	\$ 156,153
2021	109,845	33,801	143,646
2022	110,145	31,902	142,047
2023	112,529	30,000	142,529
2024	85,000	28,129	113,129
2025-2029	368,750	116,463	485,213
2030-2034	342,083	79,449	421,532
2035-2039	259,167	34,044	293,210
2040-2044	104,583	7,413	111,996
2045	-	-	-
	<u>\$ 1,611,860</u>	<u>\$ 397,595</u>	<u>\$ 2,009,455</u>

The City maintains a \$300,000 line of Credit at a rate of 3.25% with Farmers State Bank to provide interim financing for projects initiated before federal funds are available. Available credit at June 30, 2020 was \$59,571. The following is a summary of the line of credit transactions of the City for the year ended June 30, 2020:

Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amount due Within one year
\$205,306	\$47,306	\$12,236	\$240,429	\$240,429

**NOTE 5 - CONSTRUCTION IN PROGRESS**

Construction in progress at June 30, 2020 consists of the following:

	Construction in Progress			
	Beginning	Additions	Completed	Ending
HWY 30	\$ 38,713	\$ 16,750	\$ (51,587)	\$ 3,876
Safe Sidewalks	45,436	189,364	(234,800)	-
Water Line Rehab Phase 1	50,250	454,850	(505,100)	-
Water Tank Replacement	715,364	34,635	(749,999)	-
I & I Project	0	75,409		75,409
	<u>\$ 849,763</u>	<u>\$ 695,599</u>	<u>\$ (1,541,486)</u>	<u>\$ 79,285</u>

Costs recorded in Construction in Progress include accumulated costs relating to the HWY 30 Phase II Project and I & I Project. These projects are being financed by grants. As of June 30, 2020, the remaining contractual commitments were as follows: \$1,450,591 for the I & I Project.

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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 \$40,376 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 2020 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:

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

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9 - INTERFUND ACTIVITY**

Interfund receivables and payables during the year ending June 30, 2020 were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$0	\$8,894
Local Government Economic Assistance Fund	8,894	0
Total	\$8,894	\$8,894

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 2020 included the following:

From Fund	To Fund	Purpose	Amount
General	O&M	Reimburse expenses	\$ 16,500
CBDG	MRA	Reimburse expenses	1
LGEA	MRA	Reimburse expenses	8,943
Bond	O&M	Reimburse expenses	429,062
Construction	O&M	Reimburse expenses	209,677
Construction	Revenue	Reimburse expenses	448,888
Construction	General	Infrastructure	345,755
Depreciation	Bond	Reimburse expenses	90,532
O&M	Bond	Reimburse expenses	13,968
O&M	Construction	Reimburse expenses	5,000
O&M	Revenue	Reimburse expenses	102,093
Revenue	Depreciation	Reimburse expenses	589,839
Revenue	O&M	Reimburse expenses	531,468
			\$2,791,726

**NOTE 11- SUBSEQUENT EVENTS**

In preparing these financial statements, management of the City has evaluated events and transactions for potential recognition or disclosure through October 31, 2020, 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	January 2021
Betty Sebastian	January 2021
Kyle Bobrowski	January 2021
Michael Paul Harvey	January 2021
Noah Noble	January 2021

**CITY OF BOONEVILLE, KENTUCKY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

The Board of Commissioners appointed the following:

David Hall, Water Plant Superintendent.  
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, 2020

	MUNICIPAL ROAD AID FUND	LGEA FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 27,103	\$ 23,116	\$ 50,220
Due from other funds	-	8,894	8,894
<b>TOTAL ASSETS</b>	<b>\$ 27,103</b>	<b>\$ 32,010</b>	<b>\$ 59,114</b>
<b>LIABILITIES</b>			
Due to other funds	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-
<b>FUND BALANCES:</b>			
Reserved	27,103	32,009	59,112
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 27,103</b>	<b>\$ 32,009</b>	<b>\$ 59,112</b>

CITY OF BOONEVILLE, KENTUCKY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>MUNICIPAL ROAD AID FUND</u>	<u>LGEA FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES:			
Intergovernmental	\$ 1,746	\$ 47,964	\$ 49,711
Fees	-	-	-
Interest Income	13	20	33
TOTAL REVENUES	<u>1,759</u>	<u>47,985</u>	<u>49,744</u>
EXPENDITURES:			
General Government	-	21,047	21,047
Safety	-	40,468	40,468
Streets	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>61,515</u>	<u>61,515</u>
Excess (Deficit) of Revenues over Expenditures	1,759	(13,530)	(11,771)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	8,944	-	8,944
Operating transfers out	-	(8,944)	(8,944)
TOTAL OTHER FINANCING SOURCES (USES):	<u>8,944</u>	<u>(8,944)</u>	<u>0</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>10,703</u>	<u>(22,474)</u>	<u>(11,771)</u>
Fund balance, beginning	<u>16,400</u>	<u>54,483</u>	<u>70,883</u>
Fund balance, ending	<u>\$ 27,103</u>	<u>\$ 32,009</u>	<u>\$ 59,112</u>



CITY OF BOONEVILLE, KENTUCKY  
 COMBINING SCHEDULE OF PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2020

	REVENUE FUND	OPERATION AND MAINTENANCE FUND	DEPRECIATION FUND	CONSTRUCTION FUND	BOND FUND	TOTAL PROPRIETARY FUNDS
<b>ASSETS</b>						
Cash	\$ 31,804	\$ 22,917	\$ 57,063	\$ (42)	\$ 63,149	\$ 174,891
Certificate of Deposit	-	-	-	-	-	-
A/R - Water & Sewer Bills	121,181	-	-	-	-	121,181
A/R - Grants	-	-	-	95,299	-	95,299
Land	60,648	70,500	-	-	-	131,148
Buildings	18,500	26,333	-	-	-	44,833
Machinery & Equipment	190,656	237,975	117,903	-	-	546,534
Plant & Lines	21,605,876	-	1,177,865	-	-	22,783,741
Roads	557,750	18,770	-	-	-	576,520
Construction in Progress	-	-	-	75,409	-	75,409
Less Accumulated						
Depreciation	(9,643,968)	-	-	-	-	(9,643,968)
Total Assets	<u>\$ 12,942,446</u>	<u>\$ 376,495</u>	<u>\$ 1,352,831</u>	<u>\$ 170,666</u>	<u>\$ 63,149</u>	<u>\$ 14,905,587</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ 37,225	\$ -	\$ -	\$ -	\$ 37,225
Accrued Interest	-	-	-	-	4,085	4,085
Accrued Sales Tax	-	2,528	-	-	-	2,528
Payroll Liabilities	-	4,554	-	-	-	4,554
Meter Deposits	137,449	-	-	-	-	137,449
Line of Credit	-	240,429	-	-	-	240,429
Revenue Bonds	-	-	-	-	1,596,118	1,596,118
Total Liabilities	<u>137,449</u>	<u>284,737</u>	<u>-</u>	<u>-</u>	<u>1,600,203</u>	<u>2,022,389</u>
<b>NET POSITION</b>						
Invested in Capital Assets, Net of Related Debt	12,789,461	113,148	1,295,769	75,409	(1,596,118)	12,677,668
Reserved for Capital Projects	-	-	-	95,257	-	95,257
Reserved for Meter Deposits	137,449	-	-	-	-	137,449
Reserved for Bond Debt Service	-	-	57,062	-	59,064	116,126
Unrestricted	(121,912)	(21,389)	-	-	-	(143,302)
Total Net Position	<u>12,804,997</u>	<u>91,758</u>	<u>1,352,831</u>	<u>170,666</u>	<u>(1,537,055)</u>	<u>12,883,198</u>
Total Liabilities & Net Position	<u>\$ 12,942,446</u>	<u>\$ 376,495</u>	<u>\$ 1,352,831</u>	<u>\$ 170,666</u>	<u>\$ 63,148</u>	<u>\$ 14,905,586</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, 2020

	REVENUE FUND	OPERATION AND MAINTENANCE FUND	DEPRECIATION FUND	CONSTRUCTION FUNDS	BOND FUNDS	TOTAL PROPRIETARY FUNDS
<b>OPERATING REVENUES</b>						
Water & Sewer Bills	\$ 1,143,833	\$ (2,391)	\$ -	\$ -	\$ -	\$ 1,141,442
Water & Sewer Connections	8,450		-	-	-	8,450
Service Charges	38,071	-	-	-	-	38,071
Miscellaneous	4,421	5,473	44,960	-	-	54,854
Total Operating Revenues	<u>1,194,775</u>	<u>3,082</u>	<u>44,960</u>	<u>-</u>	<u>-</u>	<u>1,242,817</u>
<b>OPERATING EXPENSES</b>						
Personnel and Board Expense	-	308,185	-	-	-	308,185
Operating Expense	4,201	489,273	-	(66,740)	40,498	467,232
Supplies	3,371	148,635	-	-	-	152,007
Contract Services	-	87,220	51,472	(51,472)	-	87,220
Depreciation	505,562	44,000	-	-	-	549,562
Bad Debts	23,310	-	-	-	-	23,310
Miscellaneous	100	9,659	-	-	-	9,759
Total Operating Expenses	<u>536,544</u>	<u>1,086,971</u>	<u>51,472</u>	<u>(118,212)</u>	<u>40,498</u>	<u>1,597,274</u>
OPERATING INCOME (LOSS)	<u>658,231</u>	<u>(1,083,889)</u>	<u>(6,512)</u>	<u>118,212</u>	<u>(40,498)</u>	<u>(354,457)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest Revenue	3	20	64	-	29	116
Interest Expense	(3)	(63,484)	-	-	(66,518)	(130,004)
Net Non-Operating Revenues (Expenses)	<u>1</u>	<u>(63,464)</u>	<u>64</u>	<u>-</u>	<u>(66,489)</u>	<u>(129,888)</u>
<b>CAPITAL CONTRIBUTIONS</b>						
Capital Contributions and Grants	-	6,649	140,532	189,961	455,279	792,421
Income (Loss) Before Transfers	658,231	(1,140,704)	134,084	308,173	348,292	308,076
<b>TRANSFERS</b>						
Operating Transfers In	550,981	1,186,707	589,839	5,000	104,500	2,437,027
Operating Transfers (Out)	(1,121,307)	(121,061)	(90,532)	(1,004,320)	(429,062)	(2,766,282)
	(570,326)	1,065,646	499,306	(999,320)	(324,562)	(329,256)
CHANGE IN NET POSITION	87,905	(75,058)	633,391	(691,147)	23,729	(21,179)
TOTAL NET POSITION, BEGINNING	<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>
Prior period adjustment	(100,665)	-	-	-	-	(100,665)
Total Net Position, Beginning Restated	12,717,092	166,816	719,440	861,813	(1,560,784)	12,904,377
TOTAL NET POSITION, ENDING	<u>\$ 12,804,997</u>	<u>\$ 91,758</u>	<u>\$ 1,352,831</u>	<u>\$ 170,666</u>	<u>\$ (1,537,055)</u>	<u>\$ 12,883,198</u>

**CITY OF BOONEVILLE**  
**Schedule of Expenditures of Federal Awards By Grant**  
**For the Year Ended June 30, 2020**

<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	23.205	1600001816		193,638
Appalachian Area Development	23.002	#18A-056		455,613
Appalachian Area Development	23.002	#18A-054		28,179
Appalachian Area Development	23.002	#19A-037		75,409
<i>Total Appalachian Regional Commission</i>				<u>752,839</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	85,519	85,519
<i>Total Department of Housing and Urban Development</i>				<u>85,519</u>
<b>Department of Agriculture</b>				
Rural Development Community Loans and Grants	10.766			44,960
				<u>30,400</u>
				<u>75,360</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u>\$85,519</u>	<u>\$ 913,718</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, 2020**

**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, 2020. 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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JUSTIN B. NICHOLS, CPA  
EMILY N. JACKSON, CPA

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LAURENCE T. SUMMERS  
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, 2020, 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 October 31, 2020.

**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) as a basis for designing 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 financial statements. 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 2020-001 to 2020-004.

## **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  
October 31, 2020

**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, 2020. 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, 2020.

## 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  
October 31, 2020



**CITY OF BOONEVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**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>
23.002 & 23.205	Appalachian Area Development

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, 2020**

**SECTION II – Financial Statement Findings**

**2020-01: 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: City strives to ensure invoices are paid on a timely basis

**2020-02: 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: City inadvertently failed to adopt the budget for a the special revenue funds which was a major fund for the City.

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

Response: City will adapt necessary procedures.

**2020-03: Audit**

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

Criteria: Each city shall, within thirty (30) days after the presentation of an audit to the city legislative body, publish an advertisement in accordance with KRS Chapter 424 containing:

Cause: Budget inadvertently was not published.

Recommendation: We recommend the City establish a checklist of requirements to be published and due dates

Response: City will follow up with newspaper to ensure publication

**2020-04: Bonuses**

Condition: City gave a bonus to an appointed City officer and City employee which were not set by City ordinance

Criteria: KRS 83A.070 Legislative body sets salary levels for appointed officials by ordinance and may amend these salaries by ordinance. Legislative body of each city shall fix the compensation of city employees in accordance with personnel and pay classification plan adopted by ordinance.

Cause: City did not follow or did not know requirement of the KRS.

Recommendation: We recommend the City review with the City attorney the Compensation requirements under KRS before making payments

Response: City will review KRS with attorney.

**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**

**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.

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

**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.

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