

CITY OF BOONEVILLE, KENTUCKY
AUDITED FINANCIAL STATEMENTS
INCLUDING SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2021

CITY OF BOONEVILLE, KENTUCKY
JUNE 30, 2021

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CITY OF BOONEVILLE, KENTUCKY
JUNE 30, 2021

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

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INDEPENDENT AUDITOR'S REPORT

To the City Commissioners
City of Booneville, KY

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, 2021, and the related notes to the financial statements, which collectively comprise the City'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, 2021, 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 proprietary fund and nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2022, 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 the 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 City of Booneville, KY's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY
February 24, 2022

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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.

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.

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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 \$12,968,363 as of June 30, 2021 as compared to \$13,302,650 as of June 30, 2020.

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 \$334,287 in fiscal year 2021.

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Summary of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Current Assets	\$ 94,859	\$ 76,892	\$ 277,346	\$ 253,923	\$ 372,205	\$ 330,814
Noncurrent Assets	632,082	351,455	14,200,404	14,651,664	14,832,486	15,003,119
Total Assets	726,941	428,347	14,477,750	14,905,587	15,204,691	15,333,933
Current Liabilities	42,456	8,894	531,094	546,028	573,550	554,922
Noncurrent Liabilities	295,607	-	1,367,171	1,476,361	1,662,778	1,476,361
Total Liabilities	338,063	8,894	1,898,265	2,022,389	2,236,328	2,031,283
Net position:						
Invested in capital assets	326,475	337,579	12,485,685	12,677,668	12,812,160	13,015,247
Restricted	64,718	59,112	263,008	348,831	327,726	407,943
Unrestricted	(2,315)	22,761	(169,208)	(143,302)	(171,523)	(120,540)
Total Net Position	\$ 388,878	\$ 419,453	\$12,579,485	\$12,883,198	\$12,968,363	\$13,302,650

Assets increased from 2020 to 2021, mainly due to acquisition of land.

Governmental Activities: Governmental activities decreased the City's net position \$30,575. 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 2021 amounted to \$47,145. 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 2021 was .00025. The amount collected for this tax in 2021 was \$7,036.

The City of Booneville license and unloading fees are \$50 per year per business. The amount collected in 2021 for these fees was \$2,650.

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2021 and 2020.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total 2021	Total 2020
	2021	2020	2021	2020		
Revenues:						
Program Revenues:						
Charges for services	\$ -	\$ -	\$ 1,298,643	\$ 1,242,817	\$ 1,298,643	\$ 1,242,817
Operating grants & contributions	161,114	155,903	-	-	161,114	155,903
Capital grants & contributions	-	-	240,775	792,421	240,775	792,421
General Revenues:						
Taxes	71,912	64,019	-	-	71,912	64,019
Other	52	40	62	116	114	156
Total Revenues	233,078	219,962	1,539,480	2,035,354	1,772,558	2,255,316
Expenses:						
General government	114,558	72,691	-	-	114,558	72,691
Safety	30,903	45,293	-	-	30,903	45,293
Streets	10,620	-	-	-	10,620	-
Recreation	120,336	85,524	-	-	120,336	85,524
Water & sewer	-	-	1,830,428	1,727,280	1,830,428	1,727,280
Total Expenses	276,417	203,508	1,830,428	1,727,280	2,106,845	1,930,788
Increase(decrease) in net position before transfers	(43,339)	16,454	(290,948)	308,074	(334,287)	324,528
Transfers	12,764	329,254	(12,764)	(329,254)	-	-
Increase(decrease) in net position)	(30,575)	345,708	(303,712)	(21,179)	(334,287)	324,529
Beginning Net position	419,453	73,745	12,883,198	12,904,377	13,302,651	12,978,122
Ending Net position	\$ 388,878	\$ 419,453	\$ 12,579,486	\$ 12,883,198	\$ 12,968,364	\$ 13,302,650

Business Activities: Operating revenues increased \$55,826 to \$1,298,643, an increase of 4.5%. Operating expenses increased \$103,148 to \$1,830,428, an increase of 6.0%.

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 2021. At the end of fiscal year 2021, the City had \$14.8 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, 2021**

Capital Assets

	Governmental		Business-type Activities		Total
	Activities				
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021
Land	\$ 240,000	\$ 10,000	\$ 131,148	\$ 131,148	\$ 371,148
Buildings	-	-	50,605	44,832	50,605
Machinery & Equipment	129,494	80,994	612,818	546,534	742,312
Plant & Lines	-	-	22,796,797	22,783,741	22,796,797
Roads	286,387	286,387	576,520	576,520	862,907
Golf Course	241,596	241,596	-	-	241,596
Fire & Police	258,037	258,037	-	-	258,037
Construction in Progress	5,326	3,876	275,354	75,409	280,680
Less: Accumulated					
Depreciation	(556,274)	(529,435)	(10,242,838)	(9,643,968)	(10,799,112)
Capital Assets, net	\$ 604,566	\$ 351,455	\$14,200,404	\$14,514,215	\$14,804,970

Total Grant Projects Awarded:

Booneville I&I Sewer Rehab	\$1,526,000.00
Currently underway, repairs currently underway. Replacing manholes, and sewer lines in target areas.	
COPS Grant	\$62,400.00
In the hiring process.	
Booneville Radio Read	\$1,000,000.00
Awarded, work in progress completion expect FY 2022.	
USDA grant 2 service trucks Ford F150 & F250	\$60,000.00
AML Pilot Grant (Cabins)	\$600,000.00
 Total Grant Funding on approved and/or completed projects:	 \$3,248,400.00
 Submitted Grants to date pending approval/funding in 2022:	
 Telemetry Expansion Project (ARC offering funding with 20% match):	 \$800,000.00
Water Plant Rehab Project ARC application submitted:	\$1,700,000.00
Sidewalks Phase 2 (High School):	\$395,241.00
 Total Grant funding applications submitted to date:	 \$2,895,241.00

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Projects in the works:

Lift Station Rehab Phase 2, a project profile has been created.

Water Line Replacement Phase 2, a project profile has been created.

Water Line Replacement Phase 3, a project profile has been created

Waste Water Treatment Plant Improvements, a project profile has been created.

Water Pump Station Replacement Phase 1, a project profile has been created.

Water Tank Rehab/Replacement Phase 2, a project profile has been created.

Sewer Rehab I & I Phase 2, a project profile has been created.

Sidewalks Phase 3 (Downtown), design in progress.

City procured dilapidated and blighted properties in FY 2021 for development, City of Booneville will be seeking funding from several agency such as CDBG, ARC, ARC Power, etc. to work toward economic development and affordable housing to improve our City and Community.

D. ECONOMIC CONDITION AND OUTLOOK

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

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

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

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

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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.

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

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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) 593-6800
cityboon@prtcnet.org

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS ACTIVITIES	TOTAL
ASSETS:			
Current Assets			
Cash and Cash Equivalents	\$ 65,965	\$ 135,535	\$ 201,500
Accounts Receivable			
Accounts, net	-	90,339	90,339
Grants	-	51,472	51,472
Due from other funds	28,894	-	28,894
Total Current Assets	94,859	277,346	372,205
Noncurrent Assets			
Capital Assets:			
Land	240,000	131,148	371,148
Property, Plant & Equipment (net)	359,240	13,793,902	14,153,142
Deposits on Purchased Property	27,516	-	27,516
Construction in Progress	5,326	275,354	280,680
Total Noncurrent Assets	632,082	14,200,404	14,832,486
TOTAL ASSETS	\$ 726,941	\$ 14,477,750	\$ 15,204,691
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ -	\$ 13,481	\$ 13,481
Accrued Sales Tax	-	2,977	2,977
Accrued Payroll Liabilities	-	10,179	10,179
Accrued Interest on Long-term Debt	3,562	-	3,562
Due to other funds	28,894	-	28,894
Total Current Liabilities	32,456	26,637	59,093
Current Liabilities from Restricted Assets			
Meter Deposits	-	142,624	142,624
Accrued Interest on Bonds	-	14,285	14,285
Line of Credit	-	237,703	237,703
Current Portion of Note/Bonds Payable	10,000	109,845	119,845
Total Current Liabilities from Restricted Assets	10,000	504,457	514,457
Long-term Liabilities			
Note Payable	-	-	-
Revenue Bonds	295,607	1,367,171	1,662,778
Total Long-term Liabilities	295,607	1,367,171	1,662,778
TOTAL LIABILITIES	338,063	1,898,265	2,236,328
NET POSITION			
Invested in Capital Assets, Net of Related Debt	326,475	12,485,685	12,812,160
Restricted for Capital Projects	64,718	51,473	116,191
Restricted for Meter Deposits	-	142,624	142,624
Restricted for Debt Service	-	68,911	68,911
Unrestricted	(2,315)	(169,208)	(171,523)
Total NET POSITION	388,878	12,579,485	12,968,363
TOTAL LIABILITIES AND NET POSITION	\$ 726,941	\$ 14,477,750	\$ 15,204,691

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 114,558	\$ -	\$ 18,324	\$ -	\$ (96,234)	\$ -	\$ (96,234)
Safety	30,903	-	13,034	-	(17,869)	-	(17,869)
Streets	10,620	-	9,419	-	(1,201)	-	(1,201)
Intergovernmental	120,336	-	120,337	-	1	-	1
Total Governmental Activities	<u>276,417</u>	<u>-</u>	<u>161,114</u>	<u>-</u>	<u>(115,303)</u>	<u>-</u>	<u>(115,303)</u>
Business-type Activities:							
Water & Sewer Service	1,830,428	1,298,643	-	240,775	-	(291,010)	(291,010)
Total Primary Government	<u>\$ 2,106,845</u>	<u>\$ 1,298,643</u>	<u>\$ 161,114</u>	<u>\$ 240,775</u>	<u>\$ (115,303)</u>	<u>\$ (291,010)</u>	<u>\$ (406,313)</u>

General Revenues:

Taxes:

Property	\$ 47,145	\$ -	\$ 47,145
Bank Deposit	7,036	-	7,036
Franchise	5,220	-	5,220
Licenses & Permits	2,650	-	2,650
Other	9,861	-	9,861
Investment Income	52	62	114
Transfers	12,764	(12,764)	-
Total General Revenues & Transfers	<u>\$ 84,728</u>	<u>\$ (12,702)</u>	<u>\$ 72,026</u>

Change in Net Position (30,575) (303,712) (334,287)

Net Position, Beginning of the year 419,453 12,883,197 13,302,650

Net Position, End of the year \$ 388,878 \$ 12,579,485 \$ 12,968,363

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	GENERAL FUND	TOWN MILL CDBG FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and Cash Equivalents	\$ 30,141	\$ 1	\$ 35,823	\$ 65,965
Due from other funds	-	-	28,894	28,894
TOTAL ASSETS	30,141	1	64,717	94,859
 LIABILITIES:				
Payroll Liabilities	-	-	-	-
Due to other funds	28,894	-	-	28,894
TOTAL LIABILITIES	28,894	-	-	28,894
 FUND BALANCES:				
Reserved	-	1	64,717	64,718
Unreserved	1,247	-	-	1,247
TOTAL FUND BALANCES	1,247	1	64,717	65,965
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,141	\$ 1	\$ 64,717	\$ 94,859

CITY OF BOONEVILLE, KENTUCKY
 RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2021

Total Governmental Fund Balances		\$ 65,965
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position		632,082
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position		
Bond obligations		(305,607)
Accrued interest		(3,562)

Net Position of Governmental Activities		\$ 388,878

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND	CDBG FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 69,264	\$ -	\$ -	\$ 69,264
Intergovernmental	10,397	120,337	9,420	140,154
Contributions	20,960	-	-	20,960
Interest	30	-	22	52
City Licenses / Fees	2,650	-	-	2,650
TOTAL REVENUES	103,301	120,337	9,442	233,080
EXPENDITURES:				
Current:				
General Government	68,367	-	-	68,367
Safety	28,271	-	2,100	30,371
Streets	-	-	10,620	10,620
Debt Service	10,716	-	-	10,716
Intergovernmental	-	120,336	-	120,336
Capital Outlay	307,466	-	-	307,466
TOTAL EXPENDITURES	414,820	120,336	12,720	547,876
Excess (Deficit) of Revenues over Expenditures	(311,519)	1	(3,278)	(314,796)
OTHER FINANCING SOURCES (USES):				
Debt issuance proceeds	300,000	-	-	300,000
Operating transfers in	35,632	-	-	35,632
Operating transfers out	(21,750)	-	(1,117)	(22,867)
TOTAL OTHER FINANCING SOURCES (USES):	313,882	-	(1,117)	312,765
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	2,363	1	(4,395)	(2,031)
Fund Balance, beginning	8,884	-	59,112	67,996
Prior period adjustment	(10,000)	-	10,000	-
Fund balance, beginning - restated	(1,116)	-	69,112	67,996
Fund Balance, ending	\$ 1,247	\$ 1	\$ 64,717	\$ 65,965

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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (2,031)

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

Capital outlays are reported as expenditures in the fund financial statement because they are current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.

Capital outlays	307,466
Depreciation expense	(26,840)

Issuance of debt proceeds are recognized in this fund financial statement as resources available for use as current financial resources, but these proceeds are not recognized in the statement of activities. (295,000)

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

Accrued interest	(3,563)
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Bond premiums are recognized as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities:

Bond premium	(15,643)
Amortization bond premium	869

Bond and lease payments are recognized as expenditures of current financial resources in the fund financial statement, but are reductions of liabilities in the statement of net position. 4,167

Change in Net Position of Governmental Activities \$ (30,575)

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

	GENERAL FUND			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE Favorable (Unfavorable)
	ORIGINAL	FINAL		
REVENUES:				
Taxes	\$ 50,740	\$ 50,740	\$ 69,264	\$ 18,524
Intergovernmental	-	-	10,397	10,397
Contributions	5,200	5,200	20,960	15,760
Interest	-	-	30	30
City Licenses / Fees	2,300	2,300	2,650	350
TOTAL REVENUES	<u>58,240</u>	<u>58,240</u>	<u>103,301</u>	<u>45,061</u>
EXPENDITURES:				
Current:				
General Government	63,960	63,960	375,833	(311,873)
Safety	-	-	28,271	(28,271)
Debt Service	-	-	10,716	(10,716)
TOTAL EXPENDITURES	<u>63,960</u>	<u>63,960</u>	<u>414,820</u>	<u>(350,860)</u>
Excess (Deficit) of Revenues over Expenditures	<u>(5,720)</u>	<u>(5,720)</u>	<u>(311,519)</u>	<u>(305,799)</u>
OTHER FINANCING SOURCES (USES):				
Debt issuance proceeds	-	-	300,000	300,000
Operating transfers in	19,200	19,200	35,632	16,432
Operating transfers out	-	-	(21,750)	(21,750)
TOTAL OTHER FINANCING SOURCES (USES):	<u>19,200</u>	<u>19,200</u>	<u>313,882</u>	<u>294,682</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	13,480	13,480	2,363	(11,117)
Fund balance, beginning	<u>8,884</u>	<u>8,884</u>	<u>8,884</u>	<u>-</u>
Fund balance, ending	<u>\$ 22,364</u>	<u>\$ 22,364</u>	<u>\$ 11,247</u>	<u>\$ (11,117)</u>

See Auditor's Report and Accompanying Notes

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

	<u>ENTERPRISE FUND</u>
ASSETS:	
Current Assets	
Cash and Cash Equivalents	\$ 135,535
Customer Receivables (net of allowance of \$320,299)	90,339
Grant Receivables	<u>51,472</u>
Total Current Assets	277,346
Noncurrent Assets	
Capital Assets:	
Land	131,148
Property, Plant & Equipment (net)	13,793,902
Construction in Progress	<u>275,354</u>
Total Noncurrent Assets	<u>14,200,404</u>
TOTAL ASSETS	<u><u>\$ 14,477,750</u></u>
LIABILITIES:	
Current Liabilities	
Accounts Payable	\$ 13,481
Accrued Sales Tax	2,977
Payroll Liabilities	<u>10,179</u>
Total Current Liabilities	26,637
Current Liabilities Payable from Restricted Assets	
Meter Deposits	142,624
Accrued Interest on Revenue Bonds	14,285
Line of Credit	237,703
Current Portion of Revenue Bonds	<u>109,845</u>
Total Current Liabilities from Restricted Assets	504,457
Long-Term Liabilities	
Revenue Bonds	<u>1,367,171</u>
TOTAL LIABILITIES	<u>1,898,265</u>
NET POSITION:	
Invested in Capital Assets (net of related debt)	12,485,685
Restricted for Capital Projects	51,473
Restricted for Meter Deposits	142,624
Restricted for Bond Debt Service	68,911
Unrestricted	<u>(169,208)</u>
TOTAL NET POSITION	<u>12,579,485</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 14,477,750</u></u>

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, 2021

	<u>ENTERPRISE FUND</u>
OPERATING REVENUES	
Water & Sewer Bills	\$ 1,205,310
Water & Sewer Connections	15,125
Service Charges	-
Miscellaneous	<u>78,208</u>
Total Operating Revenues	1,298,643
OPERATING EXPENSES	
Personnel and Board Expense	468,556
Operating Expense	381,014
Supplies	235,019
Contract Services	17,201
Depreciation	598,870
Bad Debts	<u>71,378</u>
Total Operating Expenses	1,772,038
OPERATING INCOME (LOSS)	(473,395)
NON-OPERATING REVENUES (EXPENSES)	
Interest Revenue	62
Interest Expense	<u>(58,390)</u>
Net Non-Operating Revenues (Expenses)	<u>(58,328)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(531,723)
Capital Contributions and Grants	240,775
Operating Transfers Out	<u>(12,764)</u>
CHANGE IN NET POSITION	(303,712)
TOTAL NET POSITION, BEGINNING	<u>12,883,197</u>
TOTAL NET POSITION, ENDING	<u><u>\$ 12,579,485</u></u>

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 1,373,312
Payments to Suppliers	(727,908)
Payments to Employees	(462,931)
Net Cash Provided by Operating Activities	182,473
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Customer Deposits Received	5,176
Transfers Paid	(12,764)
Net Cash Provided (Used) by Noncapital Financing Activities	(7,589)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Payments	(121,829)
Interest Payments	(48,190)
Acquisition and Construction of Capital Assets	(297,188)
Contributed Capital	252,902
Net Cash Provided (Used) by Capital and Related Financing Activities	(214,304)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	62
Net Cash Provided (Used) by Investing Activities	62
Net Increase in Cash and Cash Equivalents	(39,357)
Cash and cash equivalents beginning	174,892
Cash and cash equivalents ending	\$ 135,535
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (473,395)
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:	
Depreciation	598,870
Changes in Assets and Liabilities:	
Accounts Receivable, Customers	30,842
Grants Receivable	43,827
Accounts Payable	(23,744)
Accrued Sales Tax Payable	449
Accrued Payroll Liabilities	5,625
Net Cash Provided by Operating Activities:	\$ 182,473

CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021**

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, 2021**

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, 2021**

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, 2021

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, 2021

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, 2021**

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 \$320,299, and netted with accounts receivable at June 30, 2021.

L- REVENUE RECOGNITION – PROPERTY TAXES

Property taxes for FY 2021 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, 2020 and were due January 15, 2021. Taxes unpaid after January 15, 2021 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, 2021, an allowance for uncollectible property taxes of 100% of delinquent accounts.

CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES – (CONTINUED)

M – NEW ACCOUNTING PRONOUCEMENTS

GASB Statement No. 84, *Fiduciary Activities*, was implemented in the current year. This standard establishes criteria for identifying fiduciary activities based on the government's control of the assets and the beneficiaries included in the fiduciary relationship. In addition, the standard will rename "agency" funds to "custodial" funds. This standard had no financial impact on the City.

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 fiscal years beginning after June 15, 2021. The City has not determined the financial impact of the implementation of GASBS No. 87, but many of the leases reported in Note 5 will be reported as intangible assets and lease liabilities with the implementation of GASBS No. 87.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89)*, which seeks to (1) enhance the relevance and comparability of information concerning capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred during the period of construction. In particular, GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus, and, thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for the City beginning with its year ending June 30, 2022. Management is currently evaluating the impact of this Statement on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020 (GASB 92)*. GASB 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. Provisions related to insurance-related activities of public entity risk pools and derivative instruments were effective upon issuance. All other provisions will be effective for the City beginning with its year ending June 30, 2022. Adoption of the provisions required upon issuance did not have a material effect on the City's financial statements. Management is currently evaluating the impact of the remaining provisions of this Statement on its financial statements.

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES – (CONTINUED)

In May 2021, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This standard will require similar recognition for right-to-use subscription intangible assets and a corresponding subscription liability that is provided for long-term leases in GASBS No. 87. The City will review its current IT subscription services to evaluate the impact of this standard, but since the recognized value for the intangible assets is generally the same as the corresponding subscription liability, there will be minimal financial impact for the City.

In June 2021, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for fiscal years beginning after June 15, 2021 (457 plan reporting). This standard replaces the guidance in GASBS No. 32, the current standard for 457 plan reporting. The City will evaluate the impact of this standard on the City's deferred compensation plan offered to employees, but is likely to have minimal impact since the Kentucky Deferred Compensation Authority has its own governing board and provides the trust reporting for the plans offered to state and local government employees in Kentucky.

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, 2021 was \$22,873.

NOTE 2- CASH AND BANK DEPOSITS

At year end, the carrying amount of the City's cash and cash equivalents was \$201,500 and the bank balance was \$220,382. The \$298,532 year end balance is made up of the following restricted and unrestricted amounts:

Governmental Funds	
Unrestricted Cash	\$65,965
Proprietary Funds	
Unrestricted Cash	(7,089)
Cash Restricted for Customer Deposits	142,624
	\$201,500

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, \$1,214,679 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, 2021**

NOTE 3 - PROPERTY PLANT AND EQUIPMENT

Depreciation expense for 2021 totaled \$26,840 for governmental activities and \$598,870 for business-type activities, respectively.

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

	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Governmental Activities:					
Non-depreciable:					
Land	10,000	\$230,000	\$0	\$0	\$240,000
Construction in Progress	3,876	1,450	0	0	5,326
Deposits on Purchased Property	0	27,516	0	0	27,516
Sub-total Non-depreciable	13,876	258,966	0	0	272,842
Depreciable:					
Equipment-Golf Course	\$241,596	\$0	\$0	\$0	\$241,596
Equipment-Fire Dept	178,207	0	0	0	178,207
Vehicles	79,830	0	0	0	79,830
Furniture & Fixtures	69,947	0	0	0	69,947
Machinery & Equipment	11,048	36,370	0	12,130	59,548
Roads & Sidewalks	286,018	0	0	0	286,018
Sub-total Depreciable	866,646	36,370	0	12,130	915,146
Total Historical Cost	880,522	295,336	0	12,130	1,187,988
Accumulated Depreciation					
Equipment-Golf Course	(241,596)	0	0	0	(241,596)
Equipment-Fire Dept	(178,207)	0	0	0	(178,207)
Vehicles	(39,316)	(9,134)	0	0	(48,450)
Furniture & Fixtures	(69,947)	0	0	0	(69,947)
Machinery & Equipment	0	(6,251)	0	0	(6,251)
Roads & Sidewalks	0	(11,455)	0	0	(11,455)
Total Accumulated Depreciation	(529,066)	(26,840)	0	0	(555,906)
Net Capital Assets	\$351,456	\$268,496	\$0	\$12,130	\$632,082
Business Activities:					
Non-depreciable:					
Land	\$131,148	\$0	\$0	\$0	\$131,148
Construction in Progress	75,409	199,945	0	0	275,354
Sub-total Non-depreciable	206,557	199,945	0	0	406,502
Depreciable:					
Buildings	44,832	5,772	0	0	50,604
Machinery & Equipment	546,535	78,414	0	(12,130)	612,819
Plant & Lines	22,783,741	13,056	0	0	22,796,797
Roads	576,520	0	0	0	576,520
Sub-total Depreciable	23,951,628	97,242	0	(12,130)	24,036,739
Total Historical Cost	24,158,185	297,187	0	(12,130)	24,443,241
Accumulated Depreciation:					
Buildings	(19,643)	(1,120)	0	0	(20,763)
Machinery & Equipment	(449,394)	(29,676)	0	0	(479,070)
Plant & Lines	(8,789,958)	(545,495)	0	0	(9,335,453)
Roads	(384,973)	(22,579)	0	0	(407,552)
Total Accumulated Depreciation	(9,643,968)	(598,870)	0	0	(10,242,838)
Net Capital Assets	\$14,514,217	(\$301,683)	\$0	(\$12,130)	\$14,200,404

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amount Due Within One Year
Business-type Activities:					
2020 Bond	\$ 1,491,875	\$ -	\$ 90,208	\$ 1,401,666	\$ 80,000
KIA Loan	119,985	-	29,549	90,435	\$29,845
	1,611,860	-	119,757	1,492,102	109,845
Less Unamortized Discount	(15,741)	-	(656)	(15,086)	-
Total Business-Type Activities	1,596,118	-	119,101	1,477,016	109,845
Governmental Activities:					
2020 Bond	-	295,000	4,168	290,833	10,000
Plus Unamortized Premium	-	15,643	869	14,774	-
Total Governmental Activities	-	310,643	5,037	305,607	10,000
Total Debt	\$ 1,596,118	\$ 310,643	\$ 124,138	\$ 1,782,623	\$ 119,845

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, 2021 was \$64,939.

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

Issue Date	Proceeds	Rates	Maturity Dates	Outstanding Balance June 30, 2021
Business-type Activities:				
2020 Issue	\$ 1,500,000	2.00-3.00%	2/1/2044	\$ 1,401,666
KIA Loan	564,824	1.00%	6/1/2024	90,435
	2,064,824			1,492,102
Governmental Activities:				
2020 Bond	295,000	3.00%	1/1/2040	290,833
Total Debt	\$ 2,359,824			\$ 1,782,935

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 - LONG-TERM DEBT – (CONTINUED)

The annual requirements to amortize the debt obligations, as of June 30, 2021, are as follows:

Year	Principal	Interest	Total
2022	119,845	42,526	162,371
2023	120,145	40,327	160,472
2024	122,529	38,125	160,654
2025	97,083	35,954	133,038
2026	102,083	33,892	135,975
2027-2031	424,583	139,614	564,196
2032-2036	436,250	90,084	526,335
2037-2041	282,916	31,566	314,482
2042-2044	77,500	4,275	81,775
	<u>\$ 1,782,935</u>	<u>\$ 456,362</u>	<u>\$ 2,239,297</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, 2021 was \$59,571. The following is a summary of the line of credit transactions of the City for the year ended June 30, 2021:

Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amount due Within one year
\$240,429	\$65,482	\$68,209	\$237,703	\$237,703

NOTE 5 - CONSTRUCTION IN PROGRESS

Construction in progress at June 30, 2021 consists of the following:

	Construction in Progress			
	Beginning	Additions	Completed	Ending
HWY 30	\$ 3,876	\$ 1,450	-	\$ 5,326
I & I Project	75,409	94,918	-	170,327
Booneville Pump Station Rehab	-	51,227	-	51,227
Radio Read Project	-	53,800	-	53,800
	<u>\$ 79,285</u>	<u>\$ 201,395</u>	<u>\$ -</u>	<u>\$ 280,680</u>

Costs recorded in Construction in Progress include accumulated costs relating to the HWY 30 Phase II Project, I & I Project, Pump Station Rehabilitation, and the Radio Read Project. These projects are being financed by grants. As of June 30, 2021, the remaining contractual commitments were as follows: \$1,355,673 for the I & I Project, \$448,773 for the Pump Station and \$946,200 for the Radio Read Project.

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 \$13,837 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 2021 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>
2022	10,200
2023	10,200
2024	10,200
Total	<u>\$30,600</u>

NOTE 9 - INTERFUND ACTIVITY

Interfund receivables and payables during the year ending June 30, 2021 were as follows:

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

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 - INTERFUND ACTIVITY – (CONTINUED)

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 2021 included the following:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	O&M	Reimburse expenses	\$21,750
LGEA	General	Reimburse expenses	\$1,117
Bond	O&M	Reimburse expenses	\$15,000
Construction	O&M	Reimburse expenses	\$30,269
O&M	General	Reimburse expenses	\$34,514
O&M	Bond	Reimburse expenses	\$53,450
O&M	Construction	Reimburse expenses	\$2,500
O&M	Revenue	Reimburse expenses	\$25,000
Revenue	Bond	Reimburse expenses	\$135,651
Revenue	Depreciation	Reimburse expenses	\$14,990
Revenue	O&M	Reimburse expenses	\$1,066,862

NOTE 11– SUBSEQUENT EVENTS

In preparing these financial statements, management of the City has evaluated events and transactions for potential recognition or disclosure through February 24, 2022, the date the financial statements were available to be issued.

On July 15, 2021 the City purchased two properties totaling \$68,113 using proceeds from the debt issued in the current year.

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

The Board of Commissioners appointed the following:

David Hall, Water Plant Superintendent.
Tamara Shouse, City Clerk.

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021

	MUNICIPAL ROAD AID FUND	LGEA FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS:			
Cash and Cash Equivalents	\$ 28,617	\$ 7,206	\$ 35,823
Due from other funds	-	28,894	28,894
TOTAL ASSETS	\$ 28,617	\$ 36,100	\$ 64,717
LIABILITIES			
Due to other funds	-	-	-
TOTAL LIABILITIES	-	-	-
FUND BALANCES:			
Reserved	28,617	36,100	64,717
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,617	\$ 36,100	\$ 64,717

CITY OF BOONEVILLE, KENTUCKY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	MUNICIPAL ROAD AID FUND	LGEA FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:			
Intergovernmental	\$ 1,500	\$ 7,920	\$ 9,420
Fees	-	-	-
Interest Income	14	8	22
TOTAL REVENUES	<u>1,514</u>	<u>7,928</u>	<u>9,442</u>
EXPENDITURES:			
General Government	-	-	-
Safety	-	2,100	2,100
Streets	-	10,620	10,620
TOTAL EXPENDITURES	<u>-</u>	<u>12,720</u>	<u>12,720</u>
Excess (Deficit) of Revenues over Expenditures	1,514	(4,792)	(3,278)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	-	(1,117)	(1,117)
TOTAL OTHER FINANCING SOURCES (USES):	<u>-</u>	<u>(1,117)</u>	<u>-1,117</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>1,514</u>	<u>(5,909)</u>	<u>(4,395)</u>
Fund balance, beginning	27,103	32,009	59,112
Prior period adjustment	-	10,000	10,000
Fund balance beginning - restated	<u>27,103</u>	<u>42,009</u>	<u>69,112</u>
Fund balance, ending	<u>\$ 28,617</u>	<u>\$ 36,100</u>	<u>\$ 64,717</u>

CITY OF BOONEVILLE, KENTUCKY
 COMBINING SCHEDULE OF PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2021

	REVENUE FUND	OPERATION AND MAINTENANCE FUND	DEPRECIATION FUND	CONSTRUCTION FUND	BOND FUND	TOTAL PROPRIETARY FUNDS
ASSETS						
Cash	\$ 12,346	\$ 39,992	\$ 36,232	\$ 1	\$ 46,964	\$ 135,535
Certificate of Deposit	-	-	-	-	-	-
A/R - Water & Sewer Bills	90,339	-	-	-	-	90,339
A/R - Grants	-	-	-	51,472	-	51,472
Land	60,648	70,500	-	-	-	131,148
Buildings	18,500	32,105	-	-	-	50,605
Machinery & Equipment	182,195	297,730	132,893	-	-	612,818
Plant & Lines	21,618,932	-	1,177,865	-	-	22,796,797
Roads	557,750	18,770	-	-	-	576,520
Construction in Progress	-	-	-	275,354	-	275,354
Less Accumulated						
Depreciation	(10,242,838)	-	-	-	-	(10,242,838)
Total Assets	<u>\$ 12,297,872</u>	<u>\$ 459,097</u>	<u>\$ 1,346,990</u>	<u>\$ 326,827</u>	<u>\$ 46,964</u>	<u>\$ 14,477,750</u>
LIABILITIES						
Accounts Payable	\$ -	\$ 13,481	\$ -	\$ -	\$ -	\$ 13,481
Accrued Interest	-	-	-	-	14,285	14,285
Accrued Sales Tax	-	2,977	-	-	-	2,977
Payroll Liabilities	-	10,179	-	-	-	10,179
Meter Deposits	142,624	-	-	-	-	142,624
Line of Credit	-	237,703	-	-	-	237,703
Revenue Bonds	-	-	-	-	1,477,016	1,477,016
Total Liabilities	<u>142,624</u>	<u>264,340</u>	<u>-</u>	<u>-</u>	<u>1,491,301</u>	<u>1,898,265</u>
NET POSITION						
Invested in Capital Assets, Net of Related Debt	12,195,187	181,402	1,310,758	275,354	(1,477,016)	12,485,685
Reserved for Capital Projects	-	-	-	51,473	-	51,473
Reserved for Meter Deposits	142,624	-	-	-	-	142,624
Reserved for Bond Debt Service	-	-	36,232	-	32,679	68,911
Unrestricted	(182,563)	13,355	-	-	-	(169,208)
Total Net Position	<u>12,155,248</u>	<u>194,757</u>	<u>1,346,990</u>	<u>326,827</u>	<u>(1,444,337)</u>	<u>12,579,485</u>
Total Liabilities & Net Position	<u>\$ 12,297,872</u>	<u>\$ 459,097</u>	<u>\$ 1,346,990</u>	<u>\$ 326,827</u>	<u>\$ 46,964</u>	<u>\$ 14,477,750</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, 2021

	REVENUE FUND	OPERATION AND MAINTENANCE FUND	DEPRECIATION FUND	CONSTRUCTION FUNDS	BOND FUNDS	TOTAL PROPRIETARY FUNDS
OPERATING REVENUES						
Water & Sewer Bills	\$ 1,205,310	\$ -	\$ -	\$ -	\$ -	\$ 1,205,310
Water & Sewer Connections	15,125	-	-	-	-	15,125
Service Charges	-	-	-	-	-	-
Miscellaneous	1,058	52,350	24,800	-	-	78,208
Total Operating Revenues	<u>1,221,493</u>	<u>52,350</u>	<u>24,800</u>	<u>-</u>	<u>-</u>	<u>1,298,643</u>
OPERATING EXPENSES						
Personnel and Board Expense	-	468,556	-	-	-	468,556
Operating Expense	7,805	325,963	45,658	-	-	379,426
Supplies	-	235,019	-	-	-	235,019
Contract Services	-	17,201	-	-	-	17,201
Depreciation	598,870	-	-	-	-	598,870
Bad Debts	71,378	-	-	-	-	71,378
Miscellaneous	34	1,513	-	13	28	1,588
Total Operating Expenses	<u>678,087</u>	<u>1,048,252</u>	<u>45,658</u>	<u>13</u>	<u>28</u>	<u>1,772,038</u>
OPERATING INCOME (LOSS)	<u>543,406</u>	<u>(995,902)</u>	<u>(20,858)</u>	<u>(13)</u>	<u>(28)</u>	<u>(473,395)</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest Revenue	-	16	27	13	6	62
Interest Expense	(651)	(5,778)	-	-	(51,961)	(58,390)
Net Non-Operating Revenues (Expenses)	<u>(651)</u>	<u>(5,762)</u>	<u>27</u>	<u>13</u>	<u>(51,955)</u>	<u>(58,328)</u>
CAPITAL CONTRIBUTIONS						
Capital Contributions and Grants	-	56,845	-	183,930	-	240,775
Income (Loss) Before Transfers	542,755	(944,819)	(20,831)	183,930	(51,983)	(290,948)
TRANSFERS						
Operating Transfers In	25,000	1,163,282	14,990	2,500	159,701	1,365,473
Operating Transfers (Out)	(1,217,504)	(115,464)	-	(30,269)	(15,000)	(1,378,237)
	<u>(1,192,504)</u>	<u>1,047,818</u>	<u>14,990</u>	<u>(27,769)</u>	<u>144,701</u>	<u>(12,764)</u>
CHANGE IN NET POSITION	(649,749)	102,999	(5,841)	156,161	92,718	(303,712)
TOTAL NET POSITION, BEGINNING	<u>12,804,997</u>	<u>91,758</u>	<u>1,352,831</u>	<u>170,666</u>	<u>(1,537,055)</u>	<u>12,883,197</u>
TOTAL NET POSITION, ENDING	<u>\$ 12,155,248</u>	<u>\$ 194,757</u>	<u>\$ 1,346,990</u>	<u>\$ 326,827</u>	<u>\$ (1,444,337)</u>	<u>\$ 12,579,485</u>

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

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**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, 2021, 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 February 24, 2022.

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 2021-001 to 2021-003.

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
February 24, 2022

**CITY OF BOONEVILLE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

FINDINGS – FINANCIAL REPORTING

None

FINDINGS - COMPLIANCE

2021-01: Payroll

Condition: An employee was paid at the overtime rate for their regular hours worked.

Criteria: Per KRS 83A.070 City employees must be paid in accordance with the pay classification plan as adopted by ordinance.

Cause: Management did not review payroll before submitting for payment.

Recommendation: We recommend management review payroll for accuracy before submission.

Response: City will assess the current review and approval process to address the current finding.

2021-02: Budget – Repeat Finding

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 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 adopt budget and amend accordingly.

**CITY OF BOONEVILLE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

2021-03: Bonuses – Repeat Finding

Condition: City gave a bonus to an appointed City officer and City employees 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 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.

**CITY OF BOONEVILLE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINDINGS – FINANCIAL REPORTING

None

FINDINGS - COMPLIANCE

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.

Status: There is no similar finding in the current year.

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.

Status: There is a similar finding in the current year.

**CITY OF BOONEVILLE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

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
- Status: There is no similar finding in the current year.

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
- Status: There is a similar finding in the current year.