

CITY OF BOONEVILLE, KENTUCKY
AUDITED FINANCIAL STATEMENTS
INCLUDING SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2024

CITY OF BOONEVILLE, KENTUCKY
JUNE 30, 2024

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CITY OF BOONEVILLE, KENTUCKY
JUNE 30, 2024

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

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Commissioners
City of Booneville, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Booneville, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Booneville, Kentucky's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Booneville, Kentucky's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information was 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 schedule of expenditures of federal awards, combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025, on our consideration of the City of Booneville, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Booneville, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Booneville, Kentucky's internal control over financial reporting and compliance.

Summers, McCrary & Sparks, PSC

Lexington, KY
January 31, 2025

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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, 2024**

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 34 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 \$14,801,449 as of June 30, 2024 as compared to \$15,147,929 as of June 30, 2023. Net position as of June 30, 2024 has been restated from \$15,095,455 to \$15,147,929, an increase of \$52,474. The cause and effect of this prior period adjustment are detail in Note 16.

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 \$346,480 in fiscal year 2024.

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Summary of Net Position

| | Governmental Activities | | Business-type Activities | | Total Government | |
|----------------------------|----------------------------|--------------|-----------------------------|--------------|------------------|--------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current Assets | \$ 101,687 | \$ 724,441 | \$ 563,075 | \$ 618,096 | \$ 664,762 | \$ 1,342,537 |
| Noncurrent Assets | 1,644,141 | 1,127,056 | 15,260,955 | 15,728,017 | 16,905,096 | 16,855,073 |
| Total Assets | 1,745,858 | 1,851,497 | 15,824,030 | 16,346,113 | 17,569,858 | 18,197,610 |
| Current Liabilities | 273,183 | 288,839 | 1,039,936 | 1,255,718 | 1,313,119 | 1,544,557 |
| Noncurrent Liabilities | 393,824 | 411,787 | 1,061,466 | 1,145,811 | 1,455,290 | 1,557,598 |
| Total Liabilities | 667,007 | 700,626 | 2,101,402 | 2,401,529 | 2,768,409 | 3,102,155 |
| Net position: | | | | | | |
| Invested in capital assets | 982,084 | 435,466 | 13,380,794 | 13,541,342 | 14,362,878 | 13,976,808 |
| Restricted | 57,869 | 76,408 | 545,037 | 515,628 | 602,906 | 592,036 |
| Unrestricted | 38,868 | 638,997 | (203,203) | (112,386) | (164,335) | 526,611 |
| Total Net Position | \$ 1,078,821 | \$ 1,150,871 | \$13,722,628 | \$13,944,584 | \$14,801,449 | \$15,095,455 |

Assets decreased from 2023 to 2024, mainly due to construction projects in the prior year.

Governmental Activities: Governmental activities decreased the City's net position \$124,524. 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 2024 amounted to \$43,075. 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 2024 was .00025. The amount collected for this tax in 2024 was \$0.

The City of Booneville license and unloading fees are \$50 per year per business. The amount collected in 2024 for these fees was \$2,475.

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2024 and 2023.

| | Changes in Net Position | | | | | |
|---|--------------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | Total |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ - | \$ - | \$ 1,218,331 | \$ 1,386,824 | \$ 1,218,331 | \$ 1,386,824 |
| Operating grants & contributions | 222,313 | 1,616,424 | - | - | 222,313 | 1,616,424 |
| Capital grants & contributions | - | - | 708,580 | 665,304 | 708,580 | 665,304 |
| General Revenues: | | | | | | |
| Taxes | 73,049 | 73,681 | - | - | 73,049 | 73,681 |
| Miscellaneous | 37,750 | 7,585 | - | - | - | - |
| Other | 26 | 23 | 235 | 67 | 261 | 90 |
| Total Revenues | 333,138 | 1,697,713 | 1,927,146 | 2,052,195 | 2,260,284 | 3,749,908 |
| Expenses: | | | | | | |
| General government | 170,779 | 157,813 | - | - | 170,779 | 157,813 |
| Safety | 35,492 | 9,789 | - | - | 35,492 | 9,789 |
| Streets | 1,507 | 34,010 | - | - | 1,507 | 34,010 |
| Intergovernmental | 195,850 | 800,054 | - | - | 195,850 | 800,054 |
| Debt Service | 25,573 | - | - | - | 25,573 | - |
| Water & sewer | - | - | 2,177,563 | 2,337,014 | 2,177,563 | 2,337,014 |
| Total Expenses | 429,201 | 1,001,666 | 2,177,563 | 2,337,014 | 2,606,764 | 3,338,680 |
| Increase(decrease) in net position before transfers | (96,063) | 696,047 | (250,417) | (284,819) | (346,480) | 411,228 |
| Transfers | (28,461) | (10,784) | 28,461 | 10,784 | - | - |
| Increase(decrease in net position) | (124,524) | 685,263 | (221,956) | (274,035) | (346,480) | 411,228 |
| Beginning Net position | 1,150,871 | 465,608 | 13,944,584 | 14,223,320 | 15,095,455 | 14,688,928 |
| Prior Period Adjustment | 52,474 | - | - | - | 52,474 | - |
| Net Position, Beginning restated | 1,203,345 | 465,608 | 13,944,584 | 14,223,320 | 15,147,929 | 14,688,928 |
| Ending Net position | \$ 1,078,821 | \$ 1,150,871 | \$ 13,722,628 | \$ 13,944,584 | \$ 14,801,449 | \$ 15,095,455 |

Business Activities: Operating revenues decreased \$168,493 to \$1,218,331, a decrease of 12.1%. Operating expenses decreased \$159,451 to \$2,177,563, a decrease of 6.8%.

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 2024. At the end of fiscal year 2024, the City had \$16.9 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, 2024**

Capital Assets

| | Governmental Activities | | Business-type Activities | | Total |
|-----------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 | June 30, 2024 |
| Land | \$ 285,731 | \$ 285,731 | \$ 131,148 | \$ 131,148 | \$ 416,879 |
| Buildings | 346,834 | 346,834 | 50,605 | 50,605 | 397,439 |
| Machinery & Equipment | 129,495 | 129,495 | 699,698 | 699,698 | 829,193 |
| Plant & Lines | - | - | 25,901,369 | 24,875,847 | 25,901,369 |
| Roads | 344,185 | 286,386 | 576,520 | 576,520 | 920,705 |
| Golf Course | 241,596 | 241,596 | - | - | 241,596 |
| Fire & Police | 258,037 | 258,037 | - | - | 258,037 |
| Construction in Progress | 729,080 | 224,451 | - | 841,732 | 729,080 |
| Less: Accumulated Depreciation | (690,818) | (645,474) | (12,098,384) | (11,447,533) | (12,789,202) |
| Capital Assets, net | \$ 1,644,141 | \$ 1,127,056 | \$15,260,955 | \$15,728,017 | \$16,905,096 |

Total Grant Projects Awarded:

Funded:

- AML Pilot Grant/Sag Hollow Cabins – 600,000
- Booneville Water Back Wash Pond – \$408,000 Reallocated Cleaner Water Funds
- HB 1 Community Development Projects (City Revitalization; closing out June 30 2023)
\$750,000.00
- CDBG Booneville Redevelopment Phase IV Project (Partnership Housing) \$1,000,000.00

Application Submitted Water & Sewage:

- Telemetry Project - \$1,000,000 ARC pre-application & HB 9 application
- Booneville Water Treatment Plant - \$1,739,000 DWSRF application
- Booneville Waterline Replacement Phase 2 - \$2,109,000 DWSRF application
- Lead Service Line Inventory - \$170,520 DWSRF
- Booneville I & I Phase 2 - \$1,700,000 CWSRF
- Booneville Sewer Force Main Re-Direction Project - \$1,000,000 - \$750,000 HMGP (FEMA), CWSRF
\$250,000
- Brewer Road Waterline Extension – \$205,000 ARC pre-application & HB 9 application

Application Submitted City Projects:

- Fish Creek Park & Kayak Launch - \$789,000 LWCF
- Bates Block – 750,000 ARC

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Project Applications in Progress:

- Booneville Waterline Replacement Phase 3 - \$1,933,000
- Water Storage Tank Replacement Project - \$750,000
- Water Pump Station Replacement - \$2,000,000
- Booneville Pump Station Rehab Phase 2 - \$1,000,000
- Revitalization of Booneville Blighted Properties - \$750,000 (Long Garage, Chrysler Building, Bates Properties) City of Booneville will be seeking funding from several agency such as CDBG, ARC, ARC Power, HB #1 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. 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, Laurel, Lee and Perry. Workers may be drawn from other nearby counties as well.

**CITY OF BOONEVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

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.

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 1
Booneville, KY 41314
(606) 593-6800
cityboon@prtcnet.org

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2024

| | GOVERNMENTAL ACTIVITIES | BUSINESS ACTIVITIES | TOTAL |
|--|----------------------------|------------------------|----------------------|
| ASSETS: | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 101,687 | \$ 429,791 | \$ 531,478 |
| Accounts Receivable | | | |
| Accounts, net | - | 133,284 | 133,284 |
| Total Current Assets | 101,687 | 563,075 | 664,762 |
| Noncurrent Assets | | | |
| Capital Assets: | | | |
| Land | 285,731 | 131,148 | 416,879 |
| Property, Plant & Equipment (net) | 629,330 | 15,129,807 | 15,759,137 |
| Construction in Progress | 729,080 | - | 729,080 |
| Total Noncurrent Assets | 1,644,141 | 15,260,955 | 16,905,096 |
| TOTAL ASSETS | \$ 1,745,828 | \$ 15,824,030 | \$ 17,569,858 |
| LIABILITIES: | | | |
| Current Liabilities | | | |
| Accounts Payable | \$ 1,821 | \$ 39,652 | \$ 41,473 |
| Accrued Sales Tax | - | 2,881 | 2,881 |
| Accrued Payroll Liabilities | - | 5,768 | 5,768 |
| Accrued Interest on Long-term Debt | 3,129 | - | 3,129 |
| Total Current Liabilities | 4,950 | 48,301 | 53,251 |
| Current Liabilities from Restricted Assets | | | |
| Meter Deposits | - | 151,609 | 151,609 |
| Accrued Interest on Bonds | - | 21,331 | 21,331 |
| Line of Credit | 251,150 | 367,315 | 618,465 |
| Current Portion of Note/Bonds Payable | 17,083 | 451,380 | 468,463 |
| Total Current Liabilities from Restricted Assets | 268,233 | 991,635 | 1,259,868 |
| Long-term Liabilities | | | |
| Revenue Bonds | 393,824 | 1,061,466 | 1,455,290 |
| Total Long-term Liabilities | 393,824 | 1,061,466 | 1,455,290 |
| TOTAL LIABILITIES | 667,007 | 2,101,402 | 2,768,409 |
| NET POSITION | | | |
| Invested in Capital Assets, Net of Related Debt | 982,084 | 13,380,794 | 14,362,878 |
| Restricted for Capital Projects | 57,869 | 367,514 | 425,383 |
| Restricted for Meter Deposits | - | 151,609 | 151,609 |
| Restricted for Debt Service | - | 25,914 | 25,914 |
| Unrestricted | 38,868 | (203,203) | (164,335) |
| Total Net Position | 1,078,821 | 13,722,628 | 14,801,449 |
| TOTAL LIABILITIES AND NET POSITION | \$ 1,745,828 | \$ 15,824,030 | \$ 17,569,858 |

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

| 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 | \$ 170,779 | \$ - | \$ 17,100 | \$ - | \$ (153,679) | \$ - | \$ (153,679) |
| Safety | 35,492 | - | 9,318 | - | (26,174) | - | (26,174) |
| Streets | 1,507 | - | 1,713 | - | 206 | - | 206 |
| Intergovernmental | 195,850 | - | 194,182 | - | (1,668) | - | (1,668) |
| Debt Service | 25,573 | - | - | - | (25,573) | - | (25,573) |
| Total Governmental Activities | <u>429,201</u> | <u>-</u> | <u>222,313</u> | <u>-</u> | <u>(206,888)</u> | <u>-</u> | <u>(206,888)</u> |
| Business-type Activities: | | | | | | | |
| Water & Sewer Service | 2,177,563 | 1,218,331 | - | 708,580 | - | (250,652) | (250,652) |
| Total Primary Government | <u>\$ 2,606,764</u> | <u>\$ 1,218,331</u> | <u>\$ 222,313</u> | <u>\$ 708,580</u> | <u>\$ (206,888)</u> | <u>\$ (250,652)</u> | <u>\$ (457,540)</u> |

General Revenues:

Taxes:

| | | | |
|------------------------------------|------------------|------------------|-------------------|
| Property | \$ 43,075 | \$ - | \$ 43,075 |
| Bank Deposit | - | - | - |
| Franchise | 13,399 | - | 13,399 |
| Licenses & Permits | 2,475 | - | 2,475 |
| Other | 14,100 | - | 14,100 |
| Miscellaneous | 37,750 | - | 37,750 |
| Investment Income | 26 | 235 | 261 |
| Transfers | (28,461) | 28,461 | - |
| Total General Revenues & Transfers | <u>\$ 82,364</u> | <u>\$ 28,696</u> | <u>\$ 111,060</u> |

Change in Net Position

| | | | |
|---|---------------------|----------------------|----------------------|
| | (124,524) | (221,956) | (346,480) |
| Net Position, Beginning of the year | 1,150,871 | 13,944,584 | 15,095,455 |
| Prior Period Adjustment | 52,474 | - | 52,474 |
| Net Position, Beginning of the year, restated | <u>1,203,345</u> | <u>13,944,584</u> | <u>15,147,929</u> |
| Net Position, End of the year | <u>\$ 1,078,821</u> | <u>\$ 13,722,628</u> | <u>\$ 14,801,449</u> |

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

| | GENERAL FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|------------------|--------------------------------|--------------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 72,712 | \$ 28,975 | \$ 101,687 |
| Due from other funds | - | 28,894 | 28,894 |
| TOTAL ASSETS | 72,712 | 57,869 | 130,581 |
| LIABILITIES: | | | |
| Accounts payable | 1,821 | | 1,821 |
| Due to other funds | 28,894 | - | 28,894 |
| TOTAL LIABILITIES | 30,715 | - | 30,715 |
| FUND BALANCES: | | | |
| Reserved | - | 57,869 | 57,869 |
| Unreserved | 41,997 | - | 41,997 |
| TOTAL FUND BALANCES | 41,997 | 57,869 | 99,866 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 72,712 | \$ 57,869 | \$ 130,581 |

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, 2024

| | | |
|--|----|-----------|
| Total Governmental Fund Balances | \$ | 99,866 |
| 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 | | 1,644,141 |
| 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 | | (662,057) |
| Accrued interest | | (3,129) |
| | | 1,078,821 |
| Net Position of Governmental Activities | \$ | 1,078,821 |

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

| | GENERAL FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|-----------------|--------------------------------|--------------------------------|
| REVENUES: | | | |
| Taxes | \$ 70,574 | \$ - | \$ 70,574 |
| Intergovernmental | 20,818 | 195,895 | 216,713 |
| Contributions | 5,600 | - | 5,600 |
| Interest | 4 | 22 | 26 |
| Miscellaneous | 25,173 | - | 25,173 |
| City Licenses / Fees | 15,052 | - | 15,052 |
| TOTAL REVENUES | 137,221 | 195,917 | 333,138 |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | 125,435 | - | 125,435 |
| Safety | 35,492 | - | 35,492 |
| Streets | - | 1,507 | 1,507 |
| Debt Service | 51,119 | 2,299 | 53,418 |
| Intergovernmental | - | 195,850 | 195,850 |
| Capital Outlay | 509,955 | - | 509,955 |
| TOTAL EXPENDITURES | 722,001 | 199,656 | 921,657 |
| Excess (Deficit) of Revenues over Expenditures | (584,780) | (3,739) | (588,519) |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating transfers in | 115,539 | 5,200 | 120,739 |
| Operating transfers out | (129,200) | (20,000) | (149,200) |
| TOTAL OTHER FINANCING SOURCES (USES): | (13,661) | (14,800) | (28,461) |
| Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | (598,441) | (18,539) | (616,980) |
| Fund Balance, beginning | 640,438 | 76,408 | 716,846 |
| Fund Balance, ending | \$ 41,997 | \$ 57,869 | \$ 99,866 |

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, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (616,980)

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 | 509,955 |
| Depreciation expense | (45,343) |

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 | 4,086 |
|------------------|-------|

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:

| | |
|---------------------------|-------|
| 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.

| | |
|--|---------------|
| | <u>24,627</u> |
|--|---------------|

| | |
|---|----------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ (124,524)</u></u> |
|---|----------------------------|

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2024

| | GENERAL FUND | | | VARIANCE Favorable (Unfavorable) |
|--|------------------|------------------|------------------|--|
| | BUDGETED AMOUNTS | | ACTUAL | |
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Taxes | \$ 61,561 | \$ 61,561 | \$ 70,574 | \$ 9,013 |
| Intergovernmental | 11,500 | 11,500 | 20,818 | 9,318 |
| Contributions | 5,600 | 5,600 | 5,600 | - |
| Interest | 4 | 4 | 4 | - |
| Miscellaneous | 25,173 | 25,173 | 25,173 | - |
| City Licenses / Fees | 14,992 | 14,992 | 15,052 | 60 |
| TOTAL REVENUES | <u>118,830</u> | <u>118,830</u> | <u>137,221</u> | <u>18,391</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | 643,344 | 643,344 | 635,390 | 7,954 |
| Safety | - | - | 35,492 | (35,492) |
| Streets | - | - | - | - |
| Debt Service | 51,119 | 51,119 | 51,119 | - |
| TOTAL EXPENDITURES | <u>694,463</u> | <u>694,463</u> | <u>722,001</u> | <u>(27,538)</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>(575,633)</u> | <u>(575,633)</u> | <u>(584,780)</u> | <u>(9,147)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Debt issuance proceeds | - | - | #REF! | #REF! |
| Operating transfers in | 95,000 | 95,000 | 115,539 | 20,539 |
| Operating transfers out | (116,200) | (116,200) | (129,200) | (13,000) |
| TOTAL OTHER FINANCING SOURCES (USES): | <u>(21,200)</u> | <u>(21,200)</u> | <u>#REF!</u> | <u>#REF!</u> |
| Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | (596,833) | (596,833) | #REF! | #REF! |
| Fund balance, beginning | <u>640,438</u> | <u>640,438</u> | <u>640,438</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 43,605</u> | <u>\$ 43,605</u> | <u>\$ #REF!</u> | <u>\$ #REF!</u> |

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

| | ENTERPRISE FUND |
|--|----------------------|
| ASSETS: | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 429,791 |
| Customer Receivables (net of allowance of \$322,391) | 133,284 |
| Grant Receivables | - |
| Total Current Assets | 563,075 |
| Noncurrent Assets | |
| Capital Assets: | |
| Land | 131,148 |
| Property, Plant & Equipment (net) | 15,129,807 |
| Construction in Progress | - |
| Total Noncurrent Assets | 15,260,955 |
| TOTAL ASSETS | \$ 15,824,030 |
| LIABILITIES: | |
| Current Liabilities | |
| Accounts Payable | \$ 39,652 |
| Accrued Sales Tax | 2,881 |
| Payroll Liabilities | 5,768 |
| Total Current Liabilities | 48,301 |
| Current Liabilities Payable from Restricted Assets | |
| Meter Deposits | 151,609 |
| Accrued Interest on Revenue Bonds | 21,331 |
| Line of Credit | 367,315 |
| Current Portion of Revenue Bonds | 451,380 |
| Total Current Liabilities from Restricted Assets | 991,635 |
| Long-Term Liabilities | |
| Revenue Bonds | 1,061,466 |
| TOTAL LIABILITIES | 2,101,402 |
| NET POSITION: | |
| Invested in Capital Assets (net of related debt) | 13,380,794 |
| Restricted for Capital Projects | 367,514 |
| Restricted for Meter Deposits | 151,609 |
| Restricted for Bond Debt Service | 25,914 |
| Unrestricted | (203,203) |
| TOTAL NET POSITION | 13,722,628 |
| TOTAL LIABILITIES AND NET POSITION | \$ 15,824,030 |

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, 2024

| | ENTERPRISE FUND |
|--|--------------------|
| OPERATING REVENUES | |
| Water & Sewer Bills | \$ 1,096,271 |
| Water & Sewer Connections | 17,606 |
| Service Charges | 50,507 |
| Miscellaneous | 53,947 |
| Total Operating Revenues | 1,218,331 |
| OPERATING EXPENSES | |
| Personnel and Board Expense | 523,614 |
| Operating Expense | 742,676 |
| Supplies | 122,828 |
| Contract Services | 35,034 |
| Depreciation | 650,851 |
| Miscellaneous | 13,848 |
| Bad Debts | 14,074 |
| Total Operating Expenses | 2,102,925 |
| OPERATING INCOME (LOSS) | (884,594) |
| NON-OPERATING REVENUES (EXPENSES) | |
| Interest Revenue | 235 |
| Interest Expense | (74,638) |
| Net Non-Operating Revenues (Expenses) | (74,403) |
| INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS | (958,997) |
| Capital Contributions and Grants | 708,580 |
| Operating Transfers In | 28,461 |
| CHANGE IN NET POSITION | (221,956) |
| TOTAL NET POSITION, BEGINNING | 13,944,584 |
| TOTAL NET POSITION, ENDING | \$ 13,722,628 |

See Auditor's Report and Accompanying Notes

CITY OF BOONEVILLE, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

| | ENTERPRISE FUND |
|---|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from Customers | \$ 1,285,577 |
| Payments to Suppliers | (913,378) |
| Payments to Employees | (524,421) |
| | (152,222) |
| Net Cash Provided by Operating Activities | (152,222) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Customer Deposits Received | 2,285 |
| Transfers Received | 28,461 |
| | 30,746 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 30,746 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Principal Payments | (316,514) |
| Debt Proceeds | 10,000 |
| Interest Payments | (70,737) |
| Acquisition and Construction of Capital Assets | (183,789) |
| Contributed Capital | 708,580 |
| | 147,540 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 147,540 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest Received | 235 |
| | 235 |
| Net Cash Provided (Used) by Investing Activities | 235 |
| Net Increase in Cash and Cash Equivalents | 26,299 |
| Cash and cash equivalents beginning | 403,492 |
| Cash and cash equivalents ending | \$ 429,791 |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ (884,594) |
| Adjustments to Reconcile Net Income to Net Cash from Operating Activities: | |
| Depreciation | 650,851 |
| Changes in Assets and Liabilities: | |
| Accounts Receivable, Customers | 81,320 |
| Accounts Payable | 810 |
| Accrued Sales Tax Payable | 198 |
| Accrued Payroll Liabilities | (807) |
| | (807) |
| Net Cash Provided by Operating Activities | \$ (152,222) |

See Auditor's Report and Accompanying Notes

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024**

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, 2024

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, 2024**

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, 2024**

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, 2024

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, 2024

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 \$322,391, and netted with accounts receivable at June 30, 2024.

L - REVENUE RECOGNITION – PROPERTY TAXES

Property taxes for FY 2024 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, 2023 and were due January 1, 2024. Taxes unpaid after January 1, 2024 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, 2024, an allowance for uncollectible property taxes of 100% of delinquent accounts.

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES – (CONTINUED)

M – NEW ACCOUNTING PRONOUCEMENTS

In June 2023, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, that will be effective for these types of changes in fiscal years beginning after June 15, 2023. The City will apply this guidance, when appropriate.

In June 2023, the GASB issued Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023 (the City’s 2025 fiscal year). This standard revises some definitions for compensated absences and consolidates guidance for all types of leave to a single accounting recognition. The City is evaluating the effects and implementation of this standard.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, effective for fiscal years beginning after June 15, 2024 (the City’s 2025 fiscal year). This standard is focused on additional disclosures about concentrations and constraints that may have a substantial impact on the City’s financial statements. The City will apply this guidance if and when these types of risks occur.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, effective for fiscal years beginning after June 15, 2025 (the City’s 2026 fiscal year). This guidance clarifies management’s responsibility for explaining key variances in management’s discussion and analysis. The budget discussion will be deleted from the MD&A and governments will only report the budgetary comparison schedule in required supplementary information. Additional changes include classification of unusual or infrequent items, the reporting format for proprietary statements, and reporting major component units. This standard will have no impact on the City’s financial net position, but will require a few edits in the MD&A narrative and the financial statement formats.

N – BOND DISCOUNT AND PREMIUM AMORTIZATION

Bond discounts, are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond discount or premium.

NOTE 2- CASH AND BANK DEPOSITS

At year end, the carrying amount of the City's cash and cash equivalents was \$531,478 and the bank balance was \$642,400. The year-end balance is made up of the following restricted and unrestricted amounts:

| | |
|---------------------------|------------|
| <u>Governmental Funds</u> | |
| Unrestricted Cash | \$ 72,712 |
| Restricted Cash | 28,975 |
| <u>Proprietary Funds</u> | |
| Unrestricted Cash | 1,944 |
| Restricted Cash | 427,847 |
| | \$ 531,478 |

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2- CASH AND BANK DEPOSITS – (CONTINUED)

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, \$392,400 were covered by collateral held by the pledging banks' trust departments in the City's name.

NOTE 3 - PROPERTY PLANT AND EQUIPMENT

Depreciation expense for 2024 totaled \$45,343 for governmental activities and \$650,851 for business-type activities, respectively.

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

| | Balance June 30, 2023 | Additions | Retirements | Transfers | Balance June 30, 2024 |
|---------------------------------|-----------------------------|-----------|-------------|-----------|-----------------------------|
| Governmental Activities: | | | | | |
| Non-depreciable: | | | | | |
| Land | 285,731 | \$0 | \$0 | \$0 | \$285,731 |
| Construction in Progress | 276,925 | 509,955 | 57,800 | 0 | 729,080 |
| Sub-total Non-depreciable | 781,781 | 509,955 | 57,800 | 0 | 1,014,811 |
| Depreciable: | | | | | |
| Equipment-Golf Course | \$241,596 | \$0 | \$0 | \$0 | \$241,596 |
| Equipment-Fire Dept | 178,207 | 0 | 0 | 0 | 178,207 |
| Buildings | 346,834 | 0 | 0 | 0 | 346,834 |
| Vehicles | 79,830 | 0 | 0 | 0 | 79,830 |
| Furniture & Fixtures | 70,314 | 0 | 0 | 0 | 70,314 |
| Machinery & Equipment | 59,548 | 0 | 0 | 0 | 59,548 |
| Roads & Sidewalks | 286,018 | 57,800 | 0 | 0 | 343,818 |
| Sub-total Depreciable | 1,262,347 | 57,800 | 0 | 0 | 1,320,147 |
| Total Historical Cost | 2,044,128 | 567,755 | 57,800 | 0 | 2,334,958 |
| Accumulated Depreciation | | | | | |
| Equipment-Golf Course | (241,596) | 0 | 0 | 0 | (241,596) |
| Equipment-Fire Dept | (178,207) | 0 | 0 | 0 | (178,207) |
| Buildings | 24,204 | (12,845) | 0 | 0 | (37,049) |
| Vehicles | (66,718) | (9,133) | 0 | 0 | (75,851) |
| Furniture & Fixtures | (69,947) | 0 | 0 | 0 | (69,947) |
| Machinery & Equipment | (30,438) | (11,909) | 0 | 0 | (42,347) |
| Roads & Sidewalks | (34,365) | (11,455) | 0 | 0 | (45,820) |
| Total Accumulated Depreciation | (597,067) | (45,342) | 0 | 0 | (690,817) |
| Net Capital Assets | \$1,447,061 | \$522,413 | \$57,800 | \$0 | \$1,644,141 |

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 - PROPERTY PLANT AND EQUIPMENT (Continued)

| | Balance June 30, 2023 | Additions | Retirements | Transfers | Balance June 30, 2024 |
|----------------------------------|-----------------------------|-----------|-------------|-----------|-----------------------------|
| Business Activities: | | | | | |
| Non-depreciable: | | | | | |
| Land | \$131,148 | \$0 | \$0 | \$0 | \$131,148 |
| Construction in Progress | 841,732 | 151,939 | 993,671 | 0 | 0 |
| Sub-total Non-depreciable | 972,880 | 151,939 | 993,671 | 0 | 131,148 |
| Depreciable: | | | | | |
| Buildings | 50,604 | 0 | 0 | 0 | 50,604 |
| Machinery & Equipment | 699,699 | 0 | 0 | 0 | 699,699 |
| Plant & Lines | 24,875,848 | 1,025,521 | 0 | 0 | 25,901,369 |
| Roads | 576,520 | 0 | 0 | 0 | 576,520 |
| Sub-total Depreciable | 26,202,671 | 1,025,521 | 0 | 0 | 27,228,191 |
| Total Historical Cost | 27,175,551 | 1,177,460 | 993,671 | 0 | 27,359,339 |
| Accumulated Depreciation: | | | | | |
| Buildings | (23,003) | (1,120) | 0 | 0 | (24,123) |
| Machinery & Equipment | (558,612) | (48,321) | 0 | 0 | (606,933) |
| Plant & Lines | (10,413,208) | (578,831) | 0 | 0 | (10,992,039) |
| Roads | (452,710) | (22,579) | 0 | 0 | (475,289) |
| Total Accumulated Depreciation | (11,447,533) | (650,851) | 0 | 0 | (12,098,384) |
| Net Capital Assets | \$15,728,018 | \$526,609 | \$993,671 | \$0 | \$15,260,955 |

NOTE 4 - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2024:

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 | Amount Due Within One Year |
|----------------------------------|--------------------------|-----------|------------|--------------------------|-------------------------------|
| Business-type Activities: | | | | | |
| 2020 Bond | \$ 1,241,667 | \$ - | \$ 82,083 | \$ 1,159,583 | \$ 85,000 |
| FEMA Loan | 571,020 | | 204,640 | 366,380 | 366,380 |
| KIA Loan | 30,446 | - | 30,446 | - | - |
| | 1,843,133 | - | 112,530 | 1,525,964 | 451,380 |
| Less Unamortized Discount | (13,773) | - | 656 | (13,118) | - |
| Total Business-Type Activities | 1,829,360 | - | 113,186 | 1,512,846 | 451,380 |
| Governmental Activities: | | | | | |
| 2021 Bond | 142,917 | - | 5,000 | 137,917 | 5,000 |
| 2020 Bond | 270,833 | - | 10,000 | 260,833 | 12,083 |
| Plus Unamortized Premium | 13,037 | - | 880 | 12,157 | - |
| Total Governmental Activities | 426,787 | - | 15,880 | 410,907 | 17,083 |
| Total Debt | \$ 2,256,147 | \$ - | \$ 129,066 | \$ 1,923,753 | \$ 468,463 |

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 - LONG-TERM DEBT – (CONTINUED)

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, 2024 was \$57,414.

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, 2024</u> |
|----------------------------------|---------------------|--------------|-----------------------|--|
| <u>Business-type Activities:</u> | | | | |
| 2020 Issue | \$ 1,500,000 | 2.00-3.00% | 2/1/2044 | \$ 1,159,583 |
| FEMA Loan | 571,020 | 6.00% | 3/16/2024 | 366,380 |
| KIA Loan | 564,824 | 1.00% | 6/1/2024 | - |
| | <u>2,635,844</u> | | | <u>1,525,964</u> |
| <u>Governmental Activities:</u> | | | | |
| 2021 Bond | 150,000 | 2.00-2.625% | 2/1/2051 | 137,917 |
| 2020 Bond | 295,000 | 3.00% | 1/1/2040 | 260,833 |
| Total Debt | <u>\$ 3,080,844</u> | | | <u>\$ 1,924,714</u> |

The annual requirements to amortize the debt obligations, as of June 30, 2024, are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2025 | 467,503 | 39,119 | 506,621 |
| 2026 | 107,083 | 36,956 | 144,039 |
| 2027 | 99,583 | 34,665 | 134,248 |
| 2028 | 85,000 | 32,523 | 117,523 |
| 2029 | 87,083 | 30,673 | 117,756 |
| 2030-2034 | 442,083 | 123,492 | 565,575 |
| 2034-2038 | 431,250 | 63,200 | 494,450 |
| 2039-2043 | 166,249 | 18,501 | 184,750 |
| 2044-2048 | 25,000 | 3,664 | 28,664 |
| 2049-2051 | 12,920 | 492 | 13,411 |
| | <u>\$ 1,923,753</u> | <u>\$ 382,793</u> | <u>\$ 2,307,037</u> |

The City maintains a \$401,107 line of credit at a rate of 3.25% with Farmers State Bank to provide interim financing for grant funded water and sewer projects. Available credit at June 30, 2024 was \$33,792. The City has a second line of credit of \$270,107 at a rate of 5.25% with Farmers State Bank to provide interim financing for projects initiated before federal funds are available. Available credit at June 30, 2024 was \$18,957. The following is a summary of the line of credit transactions of the City for the year ended June 30, 2024:

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 - LONG-TERM DEBT – (CONTINUED)

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 | Amount due within one year |
|-----------------------------|--------------------------|-----------|------------|--------------------------|-------------------------------|
| Proprietary Line of Credit | \$ 357,315 | \$ 10,000 | \$ - | \$ 367,315 | \$ 367,315 |
| Governmental Line of Credit | \$ 264,803 | \$ - | \$ 13,653 | \$ 251,150 | \$ 251,150 |

NOTE 5 - CONSTRUCTION IN PROGRESS

Construction in progress at June 30, 2024 consists of the following:

| | Construction in Progress | | | |
|--------------------------------------|--------------------------|-------------------|---------------------|-------------------|
| | Beginning | Additions | Completed | Ending |
| HWY 30 | \$ 57,800 | \$ - | \$ 57,800 | \$ - |
| KY Rehab Grant- Bates Building Block | 219,125.48 | 509,955 | - | 729,080 |
| Radio Read Project | 841,732 | 151,939 | 993,671 | - |
| | <u>\$ 1,118,657</u> | <u>\$ 661,894</u> | <u>\$ 1,051,471</u> | <u>\$ 729,080</u> |

Costs recorded in Construction in Progress include accumulated costs relating to the HWY 30, and the Radio Read Project. These projects are being financed by grants. As of June 30, 2024, the remaining contractual commitments were \$0.

NOTE 6 – ACCOUNTS RECEIVABLE

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts as of June 30, 2024, including applicable allowances for uncollectible accounts, are presented below:

| Accounts Receivable | Proprietary Fund |
|-----------------------------------|-------------------------|
| Gross Receivables | \$ 455,675 |
| Less: Allowance for Uncollectible | (322,391) |
| Net Receivables | <u>\$ 133,284</u> |

NOTE 7- 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.

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 - 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 \$8,499 of Local Government Economic Assistance Funds.

NOTE 9 - OPERATING LEASES

The City has one operating lease which existed at the fiscal year end. Rent expense for 2024 totaled \$10,200. The terms are a month lease agreement.

NOTE 10 - INTERFUND ACTIVITY

Interfund receivables and payables during the year ending June 30, 2024 were as follows:

| | <u>Receivable</u> | <u>Payable</u> |
|---|-------------------|----------------|
| General Fund | \$0 | \$28,894 |
| Local Government Economic Assistance Fund | 28,894 | 0 |
| Total | \$28,894 | \$28,894 |

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 2024 included the following:

| From Fund | To Fund | Purpose | Amount |
|--------------|--------------|--------------------|---------|
| General | O&M | Reimburse expenses | 124,000 |
| General | LGEA | Reimburse expenses | 5,200 |
| LGEA | General | Reimburse expenses | 20,000 |
| Construction | O&M | Reimburse expenses | 500,980 |
| Construction | Revenue | Reimburse expenses | 524,323 |
| Depreciation | Revenue | Reimburse expenses | 4,363 |
| O&M | General | Reimburse expenses | 95,539 |
| O&M | Construction | Reimburse expenses | 2,500 |
| O&M | Revenue | Reimburse expenses | 418,790 |
| Revenue | Bond | Reimburse expenses | 374,862 |
| Revenue | O&M | Reimburse expenses | 789,838 |

NOTE 12- SUBSEQUENT EVENTS

In preparing these financial statements, management of the City has evaluated events and transactions for potential recognition or disclosure through January 31, 2025, the date the financial statements were available to be issued.

**CITY OF BOONEVILLE, KENTUCKY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 - 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 2027 |
| Joan Campbell | January 2027 |
| Kyle Bobrowski | January 2027 |
| Michael Paul Harvey | January 2027 |
| Darwin Gay | January 2027 |

The Board of Commissioners appointed the following:

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

NOTE 14 – 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.

NOTE 15 – RELATED PARTY TRANSACTIONS

The City rents its office building from the Mayor. During the year ended June 30, 2024 the City paid \$10,200 to the Mayor for use of the building.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that Construction in Progress had been understated by \$52,474. To correct this error, the beginning fund balance of \$1,150,871, as originally reported, has been increased to \$1,203,345.

| | |
|--|---------------------|
| | <u>Governmental</u> |
| | <u>Activities</u> |
| Beginning net position, as previously reported | \$ 1,150,871 |
| Correction of an error | <u>52,474</u> |
| Beginning net position, as restated | <u>\$ 1,203,345</u> |

SUPPLEMENTAL SCHEDULES

CITY OF BOONEVILLE, KENTUCKY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

| | TOWN MILL CBDG FUND | MUNICIPAL ROAD AID FUND | LGEA FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|------------------------|----------------------------|------------------|--|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 501 | \$ 10,560 | \$ 17,914 | \$ 28,975 |
| Due from other funds | - | - | 28,894 | 28,894 |
| TOTAL ASSETS | \$ 501 | \$ 10,560 | \$ 46,808 | \$ 57,869 |
| LIABILITIES | | | | |
| Due to other funds | - | - | - | - |
| TOTAL LIABILITIES | - | - | - | - |
| FUND BALANCES: | | | | |
| Reserved | 501 | 10,560 | 46,808 | 57,869 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 501 | \$ 10,560 | \$ 46,808 | \$ 57,869 |

CITY OF BOONEVILLE, KENTUCKY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

| | TOWN MILL CBDG FUND | MUNICIPAL ROAD AID FUND | LGEA FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|------------------------|----------------------------|--------------|--|
| REVENUES: | | | | |
| Intergovernmental | \$ 190,150 | \$ 1,713 | \$ 4,032 | \$ 195,895 |
| Fees | - | - | - | - |
| Interest Income | - | 6 | 16 | 22 |
| TOTAL REVENUES | 190,150 | 1,719 | 4,048 | 195,917 |
| EXPENDITURES: | | | | |
| General Government | - | - | - | - |
| Safety | - | - | - | - |
| Streets | - | 1,507 | - | 1,507 |
| Debt Service | - | - | 2,299 | 2,299 |
| Intergovernmental | 189,650 | - | 6,200 | 195,850 |
| TOTAL EXPENDITURES | 189,650 | 1,507 | 8,499 | 199,656 |
| Excess (Deficit) of Revenues over Expenditures | 500 | 212 | (4,451) | (3,739) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers in | - | - | 5,200 | 5,200 |
| Operating transfers out | - | - | (20,000) | (20,000) |
| TOTAL OTHER FINANCING SOURCES (USES): | - | - | (14,800) | (14,800) |
| Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses | 500 | 212 | (19,251) | (18,539) |
| Fund balance, beginning | 1 | 10,348 | 66,059 | 76,408 |
| Fund balance, ending | \$ 501 | \$ 10,560 | \$ 46,808 | \$ 57,869 |

CITY OF BOONEVILLE, KENTUCKY
 COMBINING SCHEDULE OF PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2024

| | REVENUE FUND | OPERATION AND MAINTENANCE FUND | DEPRECIATION FUND | CONSTRUCTION FUND | BOND FUND | TOTAL PROPRIETARY FUNDS |
|---|----------------------|---|----------------------|----------------------|--------------------|-------------------------------|
| ASSETS | | | | | | |
| Cash | \$ 1,944 | \$ 13,088 | \$ 4,523 | \$ 367,514 | \$ 42,722 | \$ 429,791 |
| A/R - Water & Sewer Bills | 133,284 | - | - | - | - | 133,284 |
| A/R - Grants | - | - | - | - | - | - |
| Land | 60,648 | 70,500 | - | - | - | 131,148 |
| Buildings | 18,500 | 32,105 | - | - | - | 50,605 |
| Machinery & Equipment | 182,195 | 384,610 | 132,893 | - | - | 699,698 |
| Plant & Lines | 24,723,503 | - | 1,177,865 | - | - | 25,901,368 |
| Roads | 557,750 | 18,770 | - | - | - | 576,520 |
| Construction in Progress | - | - | - | - | - | - |
| Less Accumulated Depreciation | (12,098,384) | - | - | - | - | (12,098,384) |
| Total Assets | \$ 13,579,440 | \$ 519,073 | \$ 1,315,281 | \$ 367,514 | \$ 42,722 | \$ 15,824,030 |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ - | \$ 39,652 | \$ - | \$ - | \$ - | \$ 39,652 |
| Cash Overdraft | - | - | - | - | - | - |
| Accrued Interest | - | - | - | - | 21,331 | 21,331 |
| Accrued Sales Tax | - | 2,881 | - | - | - | 2,881 |
| Payroll Liabilities | - | 5,768 | - | - | - | 5,768 |
| Meter Deposits | - | 151,609 | - | - | - | 151,609 |
| Line of Credit | - | 367,315 | - | - | - | 367,315 |
| Revenue Bonds | - | - | - | - | 1,512,846 | 1,512,846 |
| Total Liabilities | - | 567,225 | - | - | 1,534,177 | 2,101,402 |
| NET POSITION | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 13,444,212 | 138,670 | 1,310,758 | - | (1,512,846) | 13,380,794 |
| Reserved for Capital Projects | - | - | - | 367,514 | - | 367,514 |
| Reserved for Meter Deposits | - | 151,609 | - | - | - | 151,609 |
| Reserved for Bond Debt Service | - | - | 4,523 | - | 21,391 | 25,914 |
| Unrestricted | 135,228 | (338,431) | - | - | - | (203,203) |
| Total Net Position | 13,579,440 | (48,152) | 1,315,281 | 367,514 | (1,491,455) | 13,722,628 |
| Total Liabilities & Net Position | \$ 13,579,440 | \$ 519,073 | \$ 1,315,281 | \$ 367,514 | \$ 42,722 | \$ 15,824,030 |

CITY OF BOONEVILLE, KENTUCKY
 COMBINING SCHEDULE OF PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE PERIOD ENDED JUNE 30, 2024

| | REVENUE FUND | OPERATION AND MAINTENANCE FUND | DEPRECIATION FUND | CONSTRUCTION FUNDS | BOND FUNDS | TOTAL PROPRIETARY FUNDS |
|--|----------------------|---|----------------------|-----------------------|-----------------------|-------------------------------|
| OPERATING REVENUES | | | | | | |
| Water & Sewer Bills | \$ 1,096,271 | \$ - | \$ - | \$ - | \$ - | \$ 1,096,271 |
| Water & Sewer Connections | 17,606 | - | - | - | - | 17,606 |
| Service Charges | 50,507 | - | - | - | - | 50,507 |
| Miscellaneous | 147 | 53,632 | - | - | 168 | 53,947 |
| Total Operating Revenues | <u>1,164,531</u> | <u>53,632</u> | <u>-</u> | <u>-</u> | <u>168</u> | <u>1,218,331</u> |
| OPERATING EXPENSES | | | | | | |
| Personnel and Board Expense | - | 523,614 | - | - | - | 523,614 |
| Operating Expense | 13,269 | 626,630 | - | 102,777 | - | 742,676 |
| Supplies | - | 122,828 | - | - | - | 122,828 |
| Contract Services | - | 35,034 | - | - | - | 35,034 |
| Depreciation | 650,851 | - | - | - | - | 650,851 |
| Bad Debts | - | 14,074 | - | - | - | 14,074 |
| Miscellaneous | 310 | 13,538 | - | - | - | 13,848 |
| Total Operating Expenses | <u>664,430</u> | <u>1,335,718</u> | <u>-</u> | <u>102,777</u> | <u>-</u> | <u>2,102,925</u> |
| OPERATING INCOME (LOSS) | <u>500,101</u> | <u>(1,282,086)</u> | <u>-</u> | <u>(102,777)</u> | <u>168</u> | <u>(884,594)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Interest Revenue | 214 | 15 | 3 | - | 3 | 235 |
| Interest Expense | - | (10,366) | - | - | (64,272) | (74,638) |
| Net Non-Operating Revenues (Expenses) | <u>214</u> | <u>(10,351)</u> | <u>3</u> | <u>-</u> | <u>(64,269)</u> | <u>(74,403)</u> |
| CAPITAL CONTRIBUTIONS | | | | | | |
| Capital Contributions and Grants | - | 387,495 | - | 321,085 | - | 708,580 |
| Income (Loss) Before Transfers | 500,315 | (904,942) | 3 | 218,308 | (64,101) | (250,417) |
| TRANSFERS | | | | | | |
| Operating Transfers In | 947,476 | 1,414,818 | - | 2,500 | 374,862 | 2,739,656 |
| Operating Transfers (Out) | (1,164,701) | (516,828) | (4,363) | (1,025,303) | - | (2,711,195) |
| | <u>(217,225)</u> | <u>897,990</u> | <u>(4,363)</u> | <u>(1,022,803)</u> | <u>374,862</u> | <u>28,461</u> |
| CHANGE IN NET POSITION | 283,090 | (6,952) | (4,360) | (804,495) | 310,761 | (221,956) |
| TOTAL NET POSITION, BEGINNING | <u>13,296,350</u> | <u>(41,200)</u> | <u>1,319,641</u> | <u>1,172,009</u> | <u>(1,802,216)</u> | <u>13,944,584</u> |
| TOTAL NET POSITION, ENDING | <u>\$ 13,579,440</u> | <u>\$ (48,152)</u> | <u>\$ 1,315,281</u> | <u>\$ 367,514</u> | <u>\$ (1,491,455)</u> | <u>\$ 13,722,628</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, Kentucky

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Booneville, Kentucky, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Booneville's basic financial statements and have issued our report thereon dated January 31, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Booneville'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 City of Booneville's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Booneville'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Booneville'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 2024-001, 2024-002 and 2024-003.

We noted certain matters that we reported to management for the City in a separate letter dated January 31, 2025.

City of Booneville's Response to Findings

The City of Booneville's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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
January 31, 2025

**CITY OF BOONEVILLE, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FINDINGS – FINANCIAL REPORTING

None

FINDINGS - COMPLIANCE

2024-001: Cash Disbursements – Repeat Finding

Condition: City is not in compliance with Kentucky regulations for disbursements concerning payments made within 30 days of receipt.

Criteria: Per KRS 65.140 , all invoices are to be paid within 30 days or receipt.

Cause: City did not pay all invoices within 30 days of receipt.

Recommendation: City Management should provide training for the payable clerk for the Kentucky regulations.

Response: City endeavors to pay invoices as timely as possible.

2024-002: Budget – Repeat Finding

Condition: Expenditures exceeded the budgeted amounts.

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 did not amend the budget for over-expenditures.

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

Response: Budget amendments will be made.

**CITY OF BOONEVILLE, KENTUCKY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

2024-003: Publication of Tax Rates

Condition: During testing of state audit requirements compliance, it was noted that the city failed to publish an advertisement of the tax rates in accordance with KRS Chapter 424.

Criteria: Per KRS 424.280, every officer whose duty it is to collect any ad valorem tax for the state or for any political subdivision of the state shall cause notice of the due date of the tax to be advertised by newspaper publication, and shall not be given a quietus for the taxes collected unless he submits proof of such publication. Publication of the ordinance passed by a city adopting the rate of ad valorem tax levy shall be deemed to satisfy the requirements of this section if the due date of the tax is published as a component of the ordinance levying the tax.

Cause: Management inadvertently forgot to publish the tax rates to the newspaper.

Recommendation: We recommend the City ensure all required publications are made in accordance with KRS Chapter 424.

Response: Will follow up to ensure publication.

**CITY OF BOONEVILLE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

FINDINGS – FINANCIAL REPORTING

None

FINDINGS - COMPLIANCE

2023-001: Cash Disbursements – Repeat Finding

Condition: City is not in compliance with Kentucky regulations for disbursements concerning payments made within 30 days of receipt.

Criteria: Per KRS 65.140 , all invoices are to be paid within 30 days or receipt.

Cause: City did not pay all invoices within 30 days of receipt.

Recommendation: City Management should provide training for the payable clerk for the Kentucky regulations.

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

2023-002: Publication

Condition: City failed to publish the 2022 Audit as required under KRS.

Criteria: KRS Chapter 424: Cities must publish the annual audit for public viewing.

Cause: City did not publish the 2022 Audit.

Recommendation: We recommend the City review the KRS publication requirements, and publish all required information.

Status: There was not a similar finding in the current year.

2023-003: Budget – Repeat Finding

Condition: Expenditures exceeded the budgeted amounts.

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 did not amend the budget for over-expenditures.

**CITY OF BOONEVILLE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

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 was a similar finding in the current year.

2023-004: Compensation

Condition: Compensation for one employee did not agree to the pay scale adopted by ordinance.

Criteria: KRS 83A.070: The legislative body of each City shall fix the compensation of City employees in accordance with a personnel and pay classification plan adopted by ordinance.

Cause: Compensation for one employee did not agree to the pay scale adopted by ordinance.

Recommendation: We recommend the City review each payroll run and ensure all employees are being paid in accordance with the approved pay scale.

Status: There was not a similar finding in the current year.