
City of Jenkins, Kentucky

Audited Financial Statements

June 30, 2022

CITY OF JENKINS

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Year Ended June 30, 2022

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Welch & Company, CPAs, PSC
101 Wind Haven Drive, Suite 101
Nicholasville, Kentucky 40356

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Jenkins, Kentucky

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jenkins (City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information beginning on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Welch & Company, CPAs PSC

Welch & Company, CPAs PSC
Nicholasville, Kentucky
July 31, 2023

City of Jenkins
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash, including time deposits	\$ 557,230	\$ 89,017	\$ 646,247
Restricted cash	0	0	0
Accounts receivable, net	24,630	101,236	125,866
Total current assets	581,860	190,253	772,113
Noncurrent Assets:			
Capital assets (net)	2,227,446	15,312,355	17,539,801
Total Assets	2,809,306	15,502,608	18,311,914
LIABILITIES			
Current Liabilities:			
Accounts payable	24,742	50,698	75,440
Payroll related liabilities	26,860	43,503	70,363
Notes payable in the next 12 months	69,629	106,048	175,677
Total current liabilities	121,231	200,249	321,480
Noncurrent Liabilities:			
Water deposits	0	85,916	85,916
Notes payable after 12 months	336,566	2,315,867	2,652,433
Total noncurrent liabilities	336,566	2,401,783	2,738,349
Total Liabilities	457,797	2,602,032	3,059,829
NET ASSETS			
Invested in capital assets, net of related debt	1,821,251	12,890,440	14,711,691
Restricted	0	0	0
Unrestricted	530,258	10,136	540,394
Total Net Position	\$ 2,351,509	\$ 12,900,576	\$ 15,252,085

See accompanying notes to the basic financial statements.

City of Jenkins
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental Activities:					
General government	\$ 553,635	\$ -	\$ -	\$ -	\$ (553,635)
Depreciation	38,631	0	0	0	(38,631)
Interest	2,459	0	0	0	(2,459)
Public safety	255,205	0	0	0	(255,205)
Depreciation	50,220	0	0	0	(50,220)
Interest	2,777	0	0	0	(2,777)
Transportation	94,951	0	0	0	(94,951)
Streets-Depreciation	3,714	0	0	0	(3,714)
Streets-Interest	0	0	0	0	0
Cultural and recreation	70,092	48,031	0	0	(22,061)
Depreciation	27,272	0	0	0	(27,272)
Interest	8,464	0	0	0	(8,464)
Community development	17,591	0	0	0	(17,591)
Total governmental activities	1,125,011	48,031	0	0	(1,076,980)
Business-type activities:					
Water	1,025,875	537,643	0	515,486	27,254
Sewer	432,291	319,171	0	0	(113,120)
Solid waste	215,237	273,156	0	0	57,919
Total business-type activities	1,673,403	1,129,970	0	515,486	(27,947)
Total	\$ 2,798,414	\$ 1,178,001	\$ -	\$ 515,486	\$ (1,104,927)

Changes In Net Assets:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (1,076,980)	\$ (27,947)	\$ (1,104,927)
General revenues:			
Taxes:			
Property	200,876	0	200,876
Payroll	149,081	0	149,081
Franchise and public service	197,401	0	197,401
Insurance	137,166	0	137,166
Building rent	42,451	0	42,451
Intergovernmental	340,538	0	340,538
Investment income	231	103	334
Sale of surplus property	5,000	0	5,000
Stimulus funding	508,454	0	508,454
ABC Regulatory Fee	24,133	0	24,133
Other	71,320	0	71,320
Transfers	0	0	0
Total general revenues and transfers	1,676,651	103	1,676,754
Change in net assets	599,671	(27,844)	571,827
Net assets-beginning	1,751,838	12,928,420	14,680,258
Net assets-ending	\$ 2,351,509	\$ 12,900,576	\$ 15,252,085

See accompanying notes to the basic financial statements.

City of Jenkins
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Municipal Road Aid	L.G.E.A.	Total Govern- mental Funds
Assets				
Cash and cash equivalents	\$ 529,242	\$ 10,410	\$ 17,577	\$ 557,229
Investments			0	0
Receivables, net	24,630	0	0	24,630
Total assets	\$ 553,872	\$ 10,410	\$ 17,577	\$ 581,859
Liabilities and Fund Balances				
Liabilities:				
Payroll liabilities	\$ 26,860	\$ -	\$ -	\$ 26,860
Accounts payable	24,742	0	0	24,742
Total Liabilities	51,602	0	0	51,602
Fund balances:				
Reserved for:				
Assigned	467,473	0	0	467,473
Unassigned	34,797	10,410	17,577	62,784
Total fund balances	502,270	10,410	17,577	530,257
Total liabilities and fund balances	\$ 553,872	\$ 10,410	\$ 17,577	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.	(406,194)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$ 1,339,407	<u>2,227,446</u>
Net assets of governmental activities	<u>\$ 2,351,509</u>

See accompanying notes to the basic financial statements.

City of Jenkins
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

	General Fund	Municipal Road Aid	L.G.E.A.	Total Govern- mental Funds
Revenues				
Property taxes	\$ 200,876	\$ -	\$ -	\$ 200,876
Payroll taxes	149,081	0	0	149,081
Franchise taxes	147,626	0	0	147,626
Insurance tax	137,166	0	0	137,166
Public Service	49,775	0	0	49,775
Licenses and permits	12,334	0	0	12,334
Intergovernmental	22,079	45,046	43,007	110,132
Drawdown for sidewalks	312,438	0	0	312,438
Investment earnings	231	0	0	231
Rent	42,451	0	0	42,451
Parks and recreation	48,031	0	0	48,031
Sale of surplus property	5,000	0	0	5,000
Stimulus funding	508,454	0	0	508,454
Reimbursements	22,884	0	0	22,884
Alcohol Beverage Control	24,133	0	0	24,133
Other	36,102	0	0	36,102
Total revenues	1,718,661	45,046	43,007	1,806,714
Expenditures				
Current:				
General government	518,499	0	35,136	553,635
Public Safety	277,527	0	0	277,527
Road	51,301	43,650	0	94,951
Parks and recreation	70,092	0	0	70,092
Community development	17,591	0	0	17,591
Debt service:				
Principal	58,181	0	0	58,181
Interest and other charges	5,333	0	0	5,333
Capital outlay	312,438	0	0	312,438
Total expenditures	1,310,962	43,650	35,136	1,389,748
Excess (deficiency) of revenues over expenditures	407,699	1,396	7,871	416,966
Other Financing Sources (Uses)				
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Grants	0	0	0	0
Total other financing sources and uses	0	0	0	0
Net Change in Fund Balances	407,699	1,396	7,871	416,966
Fund Balances-beginning	94,571	9,014	9,706	113,291
Fund Balances-Ending	<u>\$ 502,270</u>	<u>\$ 10,410</u>	<u>\$ 17,577</u>	<u>\$ 530,257</u>

See accompanying notes to the basic financial statements.

City of Jenkins
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds to the Statement of Activities**
Year Ended June 30, 2022

Reconciliation of the change in fund balances-total governmental funds
to the change in net assets of governmental activities:

Net change in fund balances-total governmental funds \$ 416,966

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

Governmental funds report capital outlay as expenditures while governmental
activities report depreciation expense to allocate those expenditures over
the life of the assets:

Payments on long term debt	58,181
Loan financing	(95,921)
Capital outlay	312,438
Depreciation expense	<u>(119,837)</u>

154,861

Change in Net Assets of Governmental Activities \$ 571,827

See accompanying notes to the basic financial statements.

City of Jenkins
Statement of Net Assets
Proprietary Funds

June 30, 2022

	Enterprise Funds			Totals
	Water	Sewer	Solid Waste	
Assets				
Current assets:				
Cash and cash equivalents	\$ 58,834	\$ 30,183		\$ 89,017
Investments	0	0	0	-
Restricted cash	0	0	0	-
Receivables, net	48,593	28,346	24,297	101,236
Other current assets	0	0	0	-
Total current assets	107,427	58,529	24,297	190,253
Noncurrent assets:				
Capital assets:				
Land and improvements	0	2,456,691	0	2,456,691
Distribution and collection systems	18,958,442	6,251,406	0	25,209,848
Buildings and equipment	0	149,386	240,870	390,256
Less accumulated depreciation	(6,565,292)	(5,938,278)	(240,870)	(12,744,440)
Total noncurrent assets	12,393,150	2,919,205	0	15,312,355
Total assets	12,500,577	2,977,734	24,297	15,502,608
Liabilities				
Current liabilities				
Accounts payable	34,878	6,820	9,000	50,698
Accrued compensated leave	20,446	12,287	10,770	43,503
Bonds, notes, and loans payable	106,048	0	0	106,048
Total current liabilities	161,372	19,107	19,770	200,249
Noncurrent liabilities:				
Water deposits	85,916	0	0	85,916
Bonds, notes, and loans payable	2,315,867	0	0	2,315,867
Total noncurrent liabilities	2,401,783	0	0	2,401,783
Total liabilities	2,563,155	19,107	19,770	2,602,032
Net Assets				
Invested in capital assets, net of related debt	9,971,235	2,919,205	0	12,890,440
Restricted(nonexpendable)	0	0	0	0
Unrestricted	(33,813)	39,422	4,527	10,136
Total net assets	\$ 9,937,422	\$ 2,958,627	\$ 4,527	\$ 12,900,576

See accompanying notes to the basic financial statements.

City of Jenkins
Statement of Revenues, Expenses, and Changes In Fund Net Assets
Proprietary Funds

Year Ended June 30, 2022

	Enterprise Funds			Totals
	Water	Sewer	Solid Waste	
Operating revenues:				
Charges for services	\$ 537,643	\$ 319,171	\$ 273,156	\$ 1,129,970
Miscellaneous	0	0	0	0
Total operating revenues	537,643	319,171	273,156	1,129,970
Operating expenses:				
Cost of goods sold	95,345	116,483	97,757	309,585
Personnel services	250,897	55,679	70,062	376,638
Materials and supplies	126,925	42,129	47,418	216,472
Other services and charges	38,151	0	0	38,151
Depreciation	471,434	218,000	0	689,434
Total operating expenses	982,752	432,291	215,237	1,630,280
Net operating income	(445,109)	(113,120)	57,919	(500,310)
Nonoperating revenue (expense):				
Investment income	103		0	103
Interest expense	(43,123)	0	0	(43,123)
Grant and Intergovernmental	515,486	0	0	515,486
Total nonoperating revenue (expense)	472,466	0	0	472,466
Net Income before contributions and transfers	27,357	(113,120)	57,919	(27,844)
Insurance proceeds	0	0	0	0
Operating transfers in (out)	513,370	(305,957)	(207,413)	(0)
Net income	540,727	(419,077)	(149,494)	(27,845)
Net assets-beginning of year	9,396,695	3,377,704	154,021	12,928,420
Net assets-end of year	\$ 9,937,422	\$ 2,958,627	\$ 4,527	\$ 12,900,576

See accompanying notes to the basic financial statements.

City of Jenkins
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022

	Enterprise Funds			
	Water	Sewer	Solid Waste	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 538,427	\$ 320,884	\$ 265,568	\$ 1,124,879
Payments to suppliers	(332,254)	(139,505)	(125,405)	(597,164)
Payments to employees	(250,897)	(55,679)	(70,062)	(376,638)
Other	0	0	0	0
Net cash provided (used) by operating activities	<u>(44,724)</u>	<u>125,700</u>	<u>70,101</u>	<u>151,077</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (to) from other funds	190,619	(120,518)	(70,101)	0
Net Cash provided (used) by noncapital financing activities	<u>190,619</u>	<u>(120,518)</u>	<u>(70,101)</u>	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Water deposits	1,711	0	0	1,711
Grant for water line expansion	515,486			
Fixed asset additions	(505,485)			
Principal paid on capital debt	(104,473)	0	0	(104,473)
Interest paid on capital debt	(43,123)	0	0	(43,123)
Net cash provided (used) by capital and related financing activities	<u>(135,884)</u>	<u>0</u>	<u>0</u>	<u>(145,885)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	103	6	0	109
Net increase (decrease) in cash and cash equivalents	10,114	5,188	0	15,302
Balances-beginning of year	48,720	24,995	0	73,715
Balances-end of year	<u>58,834</u>	<u>30,183</u>	<u>0</u>	<u>89,017</u>
Cash, including time deposits	58,834	30,183	0	89,017
Total cash and cash equivalents, end of year	<u>58,834</u>	<u>30,183</u>	<u>0</u>	<u>89,017</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	(445,109)	(113,120)	57,919	(500,310)
Adjustments:				
Depreciation expense	471,434	218,000	0	689,434
Change in assets and liabilities:				
Change in accounts receivable	784	1,713	(7,588)	(5,091)
Change in accounts payable	(81,000)	6,820	9,000	(65,180)
Change in compensated leave	9,167	12,287	10,770	32,224
Net cash provided (used) by operating activities	<u>\$ (44,724)</u>	<u>\$ 125,700</u>	<u>\$ 70,101</u>	<u>\$ 151,077</u>

See accompanying notes to the basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, and licenses, associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are measurable and available when cash is received.

City of Jenkins, Kentucky
Notes To Financial Statements
June 30, 2022

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Enterprise Fund and the Solid Waste Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental fund:

The general fund is the City of Jenkins' primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Municipal Road Aid Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The L.G.E.A. Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

The City reports the following major proprietary funds:

The water and sewer fund accounts for the activities related to the provision of water and sewer services to Jenkins businesses, residents, schools, and churches. It operates the water treatment and sewer treatment plants, water distribution systems, sewer collection systems, and pump stations. The solid waste fund accounts for the activities of the City's trash collection operations.

During operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

1.B. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the Statement of Net Assets, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposits of the City. For the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are limited to Certificate of Deposits in local banks.

Interfund Receivables and Payables

During operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, franchise taxes, and grants. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose most proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

The Jenkins Water and Sewer Funds maintain on hand quantities of supplies and materials. These supplies and materials are not considered material and a value has not been placed on the items.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) 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.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value most of the assets acquired prior to December 31, 2005.

The City has chosen not to value infrastructure assets acquired prior to June 30, 2004 in accordance with provisions for small cities.

City of Jenkins, Kentucky
Notes To Financial Statements
June 30, 2022

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 years
Improvements	10-50 years
Machinery and equipment	3-20 years
Utility system	25-50 years
Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to bond covenants and utility meter deposits.

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 is reported as liabilities in the government-wide statements. The long-term debt consists of bonds 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.

Compensated Leave

The City grants all full-time employees vacation based on years of service. After one year the employee earns two weeks' vacation, after ten years three weeks, after fifteen years eighteen days. Each full-time employee on January 1st earns 48 hours of sick leave.

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

City of Jenkins, Kentucky
Notes To Financial Statements
June 30, 2022

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 assets-Consists of net assets with constraints placed on the use either by: external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
3. Unrestricted net assets-All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Proprietary fund equity is classified the same as in the government-wide statements.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the Mayor through the budgetary process.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

City of Jenkins, Kentucky
Notes To Financial Statements
 June 30, 2022

1.D. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 2. DEPOSITS

It is the City’s objective for deposits to be 100 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The City’s policy is to confine all investments to certificates of deposit. The table presented below is designed to disclose the level of custody credit risk assumed by the City based upon how its deposits were insured or secured with collateral at June 30, 2020. The categories of credit risk are defined as follows:

Category 1-Insured by FDIC or collateralized with securities held by the City or by its agent in its name.

Category 2-Uninsured by collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.

Category 3-Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized with not written or approved collateral agreement.

As of June 30, 2020, the City’s deposits, \$100,151, were insured by the FDIC-Category 1 and Category 2.

Note 3. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of utilities receivable. Accounts receivable of the governmental activities consists of property tax.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Accounts receivable	\$ 24,630	\$ 323,240	\$ 347,870
Allowance for doubtful accounts	<u>0</u>	<u>(222,004)</u>	<u>(222,004)</u>
Net Accounts Receivable	<u>\$ 24,630</u>	<u>\$ 101,236</u>	<u>\$ 125,866</u>

City of Jenkins, Kentucky
Notes To Financial Statements
June 30, 2022

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance At				Balance At
	30-Jun-21	Additions	Disposals		June 30, 2022
<u>Governmental activities:</u>					
Transportation equipment	\$ 487,223	\$ 0	\$ 0	\$ 0	\$ 487,223
Buildings	2,027,222	312,438	0	0	2,339,660
Land	392,985	0	0	0	392,985
Machinery and equipment	346,985	0	0	0	346,985
Totals	3,254,415	312,438	0	0	3,566,853
Less Accumulated depreciation	(1,219,569)	(119,837)	0	0	(1,339,406)
Net	\$ 2,034,846	\$ 192,601	\$ 0	\$ 0	\$ 2,227,447
<u>Business-type activities</u>					
Land and improvements	\$ 2,456,691	\$ 0	\$ 0	\$ 0	\$ 2,456,691
Distribution and collection	24,704,363	505,485	0	0	25,209,848
Buildings and equipment	390,256	0	0	0	390,256
Totals	27,551,310	505,485	0	0	28,056,795
Less Accumulated depreciation	(12,055,006)	(689,434)	0	0	(12,744,440)
Net	\$ 15,496,304	\$ (183,949)	\$ 0	\$ 0	\$ 15,312,355

NOTE 5. COMMITMENTS

The City maintains contractual relationships relating to services provided for the benefit of the City. These commitments include annual contractual obligations for maintenance services. All contracts are current.

NOTE 6. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the City has and expects to continue to have transactions with its employees and elected officials. In the opinion of management, such transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other unfavorable features to the City.

City of Jenkins, Kentucky
Notes To Financial Statements
June 30, 2022

NOTE 7. DEFICIT OPERATING BALANCES

There are no funds of the City that currently have a deficit fund balance. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures and a corresponding reduction of fund equity:

Water	\$	(445,109)
Sewer	\$	(113,120)

NOTE 8. LONG-TERM DEBT

	Balance June 30 2021	Additions	Reductions	Balance June 30 2022	Current Portion
<u>Governmental Funds</u>					
Kentucky League of Cities:					
City Hall	\$ 81,029	\$ 0	\$ (6,134)	\$ 74,895	\$ 6,401
Kansas State Bank					
Fire Truck	95,681	0	(22,478)	73,203	23,413
Insurance loan	9,897		0	9,897	9,897
Bond Issue 2012-C	115,833	0	(10,000)	105,833	10,000
Bond Issue 2013-A	140,834	0	(10,000)	130,834	10,000
Rental Trailer	6,883		(2,583)	4,300	2,685
HME Fire Truck EMT	14,219	0	(6,986)	7,233	7,233
Totals	\$ 464,376	\$ 0	\$ (58,181)	\$ 406,195	\$ 69,629
<u>Debt Service for the Years Ended June 30,</u>					
			Principal	Interest	Total
2022			\$ 69,629	\$ 13,296	\$ 82,925
2023			52,683	11,135	63,818
2024			52,372	9,304	61,676
2025			27,274	7,673	34,947
2026			27,590	6,768	34,358
2027-2031			139,980	19,561	159,541
2032-2035			36,667	2,309	38,976
			\$ 406,195	\$ 70,046	\$ 476,241

City of Jenkins, Kentucky
Notes To Financial Statements
 June 30, 2022

Proprietary Funds						
	June 30			June 30		
	2021	Additions	Reductions	2022	Current Portion	
KIA A12-30	\$ 319,108	\$ -	\$ 21,702	\$ 297,406	\$ 21,865	
KIA F14-005	896,780	0	54,771	842,009	55,183	
USDA RD 91-01	378,000	0	9,000	369,000	9,500	
USDA RD 91-09	398,500	0	7,500	391,000	8,000	
USDA RD 92-12	534,000	0	11,500	522,500	11,500	
Total	\$ 2,526,388	\$ -	\$ 104,473	\$ 2,421,915	\$ 106,048	
Debt Service for the Years Ended June 30,						
			Principal	Interest	Total	
2023			\$ 106,048	\$ 39,130	\$ 145,178	
2024			107,126	37,844	144,970	
2025			108,209	36,541	144,750	
2026			109,797	35,217	145,014	
2027			110,889	33,868	144,757	
2028-2032			576,981	148,253	725,234	
2033-2037			537,365	110,842	648,207	
2038-2042			221,500	79,507	301,007	
2043-2047			251,500	50,689	302,189	
2048-2052			249,500	18,692	268,192	
2053-2054			43,000	913	43,913	
Total			\$ 2,421,915	\$ 591,496	\$ 3,013,411	

Governmental Funds

City Hall: Effective interest rate of 4.27% after considering all monthly fees. Payable monthly at \$792.34

Fire Truck: Effective interest rate of 4.12%, payable semiannually at \$13,095 per payment or \$26,190 per year. The final payment is due February 1, 2024.

Bond Issue 2015-C: Calls for the City to deposit monthly into a sinking fund to cover the bonds and interest as they come due. The interest rate is approximately 1.50%. The original amount was \$175,000 and was used to purchase property to construct a community center and swimming pool.

Bond Issue 2016-A: Calls for the City to deposit monthly into a sinking fund to cover the bonds and interest as they come due. The interest rate is approximately 1.60%. The original amount was \$190,000 for the construction of a community center and swimming pool.

1997 HME Fire Truck-EMT: Purchased August 8, 2017, four annual payments of \$7,489.18 each including interest at 3.54%.

Proprietary Funds

The USDA-RD 91-01: loan is initially calculated at an annual interest rate of 2.5% with annual payments of approximately \$18,000. The City will pay interest only for the first two years and begin principal reduction in the fiscal year 2016.

The USDA-RD 91-09: loan is initially calculated at an annual interest rate of 3.375% with annual payments of approximately \$19,000. The City will pay interest only for the first two years and begin principal reduction in the fiscal year 2016.

The USDA-RD 95-12: loan is initially calculated at an annual interest rate of 2.125% with annual payments of approximately \$22,500 maturing in January of 2054. The drawdowns during the year ended June 30, 2016 and additional drawdowns between July 1, 2015 and October 6, 2015 were converted to permanent financing of \$597,000 as of October 6, 2015. The first principal payment will be due January 1, 2016, interest will be paid semi-annually in January and July.

Kentucky Infrastructure Authority (KIA):

A12-30 loan is initially calculated at an annual interest rate of 0.75% with semi-annual payments of approximately \$12,200 amortized over 20 years. The loan requires the City to deposit \$1,250 per year in a Repair & Maintenance (R&M) until the balance reaches \$12,500 and maintain that balance for the life of the loan. The loan is for \$500,000 with KIA forgiving \$50,000 (10%). As of June 30, 2018, \$500,000 had been drawn down and \$50,000 (10%) forgiven.

F14-005 loan is initially calculated at an annual interest rate of 0.75% with semi-annual payments of approximately \$32,400 amortized over 20 years. The loan requires the City to deposit \$6,000 per year in a Repair & Maintenance (R&M) until the balance reaches \$60,000 and maintain that balance for the life of the loan. The loan is for \$2,400,000 with KIA forgiving \$1,200,000 (50%). As of June 30, 2018, \$2,400,000 had been drawn down and \$1,200,000 (50%) forgiven.

NOTE 9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. The City contracts with the Kentucky League of Cities Insurance Services (KLCIS), a local government risk pool for insurance coverage for these risks. KLCIS was formed for the primary purpose of managing and funding third-party liability claims against its members. As a member of KLCIS, the City is required to make annual contributions sufficient to produce the funds necessary to fund the administrative expenses and the claims and claims expenses, and any deficiencies in the cumulative reserves. For the last three years, settled claims have not exceeded commercial insurance coverage, nor has there been any reduction in insurance coverage.

NOTE 10. CONTINGENCIES

The City is a recipient of several state grants. These programs and grants are subject to a variety of financial and compliance audits by the grantors or their representatives. The City's compliance with applicable requirements for 2020 will be established at a future date.

NOTE 11. RETIREMENT BENEFITS

The City participates in a retirement plan through the Kentucky Public Employees' Deferred Compensation Authority. All full-time employees that wish to participate may do so. The City is currently not contributing to the employees' accounts.

NOTE 12. EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through July 31, 2023, the date which the financial statements were available to be issued.

City of Jenkins
 Budgetary Comparison Schedule
 General Fund
 Year Ended June 30, 2022

	Actual	Original	\$ Over Budget	% of Budget
	Jul '21 - Jun 22	and Final Budget		
Income				
4109.00 · ABC Regulatory Fee	24,133	29,000	(4,867)	83.22%
4110.00 · Tower Rent	550	1,500	(950)	36.67%
4111.00 · City Taxes	111,047	103,000	8,047	107.81%
4111.01 · Bank Tax	8,187	0	8,187	100.0%
4111.02 · Payroll Tax Income	143,997	167,000	(23,003)	86.23%
4112.00 · Occupational License	11,944	16,000	(4,056)	74.65%
4114.00 · Telecommunications Tax	36,039	35,500	539	101.52%
4114.01 · AEP Power Franchise	111,587	103,485	8,102	107.83%
4114.02 · Channell 99 Income	12,100	0	12,100	100.0%
4116.00 · Base Ct Revenue	6,953	6,000	953	115.88%
4117.00 · Ad Val Tax	38,008	35,000	3,008	108.59%
4117.01 · Motor vehicle /watercraft	4,253	4,500	(247)	94.51%
4119.00 · Delinquent Tax	38,839	25,500	13,339	152.31%
4124.30 · Municipal Aid	43,902	0	43,902	100.0%
4125.00 · Omitted Tangibles	542	0	542	100.0%
4127.00 · Court Fines/Cita /Summons	390	1,000	(610)	39.0%
4128.00 · Insurance Tax	137,166	132,000	5,166	103.91%
4131.00 · LGEA Coal Sev Inc	14,760	0	14,760	100.0%
4131.01 · Municipal Mineral Tax	28,248	0	28,248	100.0%
4133.00 · Grants or Donations	8,000	0	8,000	100.0%
4133.03 · Comm Trust Bank Loan (Insurance	0	0	0	0.0%
4134.00 · Public Service Tax	49,775	15,000	34,775	331.83%
4135.30 · Camden Bridge Income	0	0	0	0.0%
4150.20 · Police Incentive	8,894	13,000	(4,106)	68.42%
4160.10 · Misc Admin	23,999	1,000	22,999	2,399.9%
4161.00 · B & D Income	0	9,416	(9,416)	0.0%
4168.00 · Mexican R Bldg Rent	18,000	0	18,000	100.0%
4169.00 · Building Rental	22,991	42,450	(19,459)	54.16%
4170.00 · Old Jenkins High Rental	910	0	910	100.0%
4171.00 · Inc/Property Sale	5,000	0	5,000	100.0%
4172.00 · Parks and Recreation	100	600	(500)	16.67%
4172.80 · Pool Admissions	29,964	0	29,964	100.0%
4172.81 · Pool Concessions	11,261	0	11,261	100.0%
4172.82 · Pool Parties	6,706	0	6,706	100.0%
4180.10 · Reim Admin/Revenue Fund	22,209	0	22,209	100.0%
4180.30 · Reimbursements Road	0	0	0	0.0%
4310.10 · Interest Income-Admin	48	250	(202)	19.2%
4310.11 · Interest B& D Act	6	0	6	100.0%
4310.20 · Interest Income Police	0	0	0	0.0%
4310.30 · Interest Income Road	30	0	30	100.0%

	Actual	and Final	\$ Over Budget	% of Budget
	Jul '21 - Jun 22	Budget		
4310.50 · Interest Income Parks and Rec	5	0	5	100.0%
4310.70 · Interest Income Downtown Ren	10	0	10	100.0%
4310.80 · Interest Income Economic Aid	23	0	23	100.0%
4310.90 · Interest Income Revenue Fund	109	0	109	100.0%
4312.20 · Other	0	35,900	(35,900)	0.0%
Total income	980,685	777,101	203,584	126.2%
Expense				
6109.10 · non -employee contract labor	3,367	0	3,367	100.0%
6109.11 · Refunds	6,335	0	6,335	100.0%
6110.00 · Payroll Exp				
6110.10 · Payroll Expense Admin	175,455	130,000	45,455	134.97%
6110.20 · Payroll Expense Police	144,730	142,500	2,230	101.57%
6110.30 · Payroll Expense Road	0	0	0	0.0%
6110.60 · Payroll Expense Museum	8,578	14,180	(5,602)	60.49%
6110.00 · Payroll Exp - Other	29,129	5,200	23,929	560.17%
6110.80 · Payroll Exp Pool	0	0	0	0.0%
6120.00 · Payroll Tax Expense				
6120.10 · Payroll Tax Expense Admin	12,000	0	12,000	100.0%
6120.00 · Payroll Tax Expense - Other	37,124	0	37,124	100.0%
6122.01 · 401A Employer Match	3,704	4,000	(296)	92.6%
6185.10 · AEP Street Lights Admin	42,803	46,000	(3,197)	93.05%
6190.10 · AEP Expense Admin	23,168	30,000	(6,832)	77.23%
6190.11 · AEP EXP RENTAL BLDG	2,271	0	2,271	100.0%
6190.30 · AEP EXP RD	5,533	4,500	1,033	122.96%
6190.40 · AEP Expense Fire Dept	14,628	8,000	6,628	182.85%
6190.50 · AEP Exp Parks and Rec	11,508	11,000	508	104.62%
6190.60 · AEP Expense Museum	3,217	3,200	17	100.53%
6190.80 · AEP Pool Area	8,815	8,700	115	101.32%
6200.10 · AEP Outdoor Lights	1,518	700	818	216.86%
6400.10 · Advertisement Exp Admin	504	0	504	100.0%
6400.40 · Advertisement Exp Fire Dep	0	0	0	0.0%
6440.10 · Accounting Fees Admin Exp	0	7,500	(7,500)	0.0%
6445.10 · City Attn Retainer	0	12,000	(12,000)	0.0%
6445.30 · Legal Fees Admin	13,034	6,000	7,034	217.23%
6445.31 · B & D Legal fees	1,497	0	1,497	100.0%
6445.32 · B & D EXPENSES	1,500	5,404	(3,904)	27.76%
6450.10 · Fleet One Mayor Exp	3,042	4,500	(1,458)	67.6%
6450.20 · Fleet One Police Dept	16,752	12,000	4,752	139.6%
6450.30 · Fleet One Road	0	1,000	(1,000)	0.0%
6450.40 · Fleet One Fire Dept	7,503	3,800	3,703	197.45%
6450.50 · Fleet One Pks & Rec	5,247	2,000	3,247	262.35%
6560.10 · Bank Service Charges	11,634	0	11,634	100.0%
6660.00 · Expenses on buildings	792	0	792	100.0%
6660.10 · Supplies and Equip Admin	22,745	30,447	(7,702)	74.7%
6660.20 · Supplies and Equip Police	2,975	4,000	(1,025)	74.38%
6660.30 · Supplies and Equip Road	59,948	26,000	33,948	230.57%

	Actual	and Final	\$ Over Budget	% of Budget
	Jul '21 - Jun 22	Budget		
6660.40 · Supplies and Equipment Fire	890	545	345	163.3%
6660.41 · Fire Equip Lease Purchase	26,190	26,190	0	100.0%
6660.50 · Supplies/ Park & Rec	2,962	3,000	(38)	98.73%
6660.60 · Supplies and Equip Museum	0	3,896	(3,896)	0.0%
6660.80 · Pool Expenses	9,947	0	9,947	100.0%
6661.10 · Pool Property Loan Purchase	13,804	15,615	(1,811)	88.4%
6661.11 · Renovation Loan Resturant	14,660	0	14,660	100.0%
6661.12 · Restaurant Renovation Exp	0	12,000	(12,000)	0.0%
6700.10 · Council Member Pay Admin	3,600	3,600	0	100.0%
6710.10 · Health Ins Expense Admin	44,507	50,599	(6,092)	87.96%
6710.11 · Health Ins Deductables	10,916	6,000	4,916	181.93%
6710.20 · HEALTH INS POLICE DEPT	23,516	23,000	516	102.24%
6716.10 · Dental Ins Admin	1,314	0	1,314	100.0%
6716.20 · Dental Expense Police	768	0	768	100.0%
6719.10 · Property Ins Admin	9,055	9,598	(543)	94.34%
6720.10 · Gen/Liab Insurance	36,210	32,263	3,947	112.23%
6724.10 · Work/comp Ins Admin	14,657	10,890	3,767	134.59%
6740.10 · Bond Ins Admin	0	0	0	0.0%
6740.20 · Bond Ins Police	776	0	776	100.0%
6750.10 · Tax Roll Prep Fee Admin	2,632	0	2,632	100.0%
6770.10 · Loan Pmt New City Hall	8,860	9,500	(640)	93.26%
6771.00 · Purchase of New city Hall	0	0	0	0.0%
6784.10 · Main/Repair Rental Bldg	500	0	500	100.0%
6796.10 · Training Exp Admin	275	0	275	100.0%
6796.20 · Training Exp Police	1,914	0	1,914	100.0%
6800.10 · Postage Admin	767	0	767	100.0%
6810.10 · Misc Exp Admin	859	1,200	(341)	71.58%
6810.20 · Misc Expense Police	190	0	190	100.0%
6810.50 · Misc Parks and Rec	261	0	261	100.0%
6837.10 · Jen Festival Expense	5,162	5,000	162	103.24%
6838.60 · Museum Expense	0	0	0	0.0%
6840.10 · Telephone Admin	4,330	5,500	(1,170)	78.73%
6840.40 · Telephone Fire	2,029	1,765	264	114.96%
6840.60 · Telephone Museum	634	0	634	100.0%
6840.80 · Phone Exp Pool	1,335	1,700	(365)	78.53%
6841.10 · Telephone Cell Admin	7,279	4,093	3,186	177.84%
6845.10 · DUES & SUBSCRIPTIONS	971	0	971	100.0%
6860.10 · KRADD Admin	1,696	1,696	0	100.0%
6865.10 · Rental Equipment Admin	0	0	0	0.0%
6870.10 · Reimbursements Admin	0	0	0	0.0%
6870.30 · Reimbursement Road	0	0	0	0.0%
6877.10 · Supplies Admin	3,286	0	3,286	100.0%
6877.20 · Supplies Police	0	0	0	0.0%
6883.00 · Old Jenkins High Gym	8,674	6,000	2,674	144.57%
6886.10 · Lic/Permit/bonds/ Tags/Deeds	0	0	0	0.0%
6887.10 · Service Agreement Admin	1,523	0	1,523	100.0%
6896.10 · Computer Programmer Service	5,524	0	5,524	100.0%

	Actual	and Final		
	Jul '21 - Jun 22	Budget	\$ Over Budget	% of Budget
6896.80 · Sales & Use Tax Pool	888	0	888	100.0%
6897.90 · Channell 99 EXP	12,850	0	12,850	100.0%
6898.50 · Little Shpherd Drama	4,491	6,500	(2,009)	69.09%
6900.30 · Drawdown Sidewalk Exp	321,028	11,515	309,513	2,787.91%
6902.50 · Property / Amp Theatre	3,096	2,805	291	110.37%
Other		0		
	<hr/>	<hr/>	<hr/>	<hr/>
Total expense	1,295,882	777,101	518,781	166.76%
Income more (less) than expenses	(315,197)	0	(315,197)	100.0%
Adjustments to conform with GAAP:				
Non-budgetary inflows/outflows	732,163			
Fund Balance Beginning	<hr/>	113,291		
Fund Balance Ending	<hr/>	\$ 530,257		

Welch & Company, CPAs, PSC
101 A Wind Haven drive, Suite 101
Nicholasville, Kentucky 40356

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

The Mayor and City Council
City of Jenkins
Jenkins, 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, each major fund, and the aggregate remaining fund information of the City of Jenkins, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Jenkins' basic financial statements, and have issued our report thereon dated July 31, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jenkins' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Jenkins' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jenkins' 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 identify a deficiency in internal control that we consider to be a material weakness described in the Schedule of Findings and Questioned Costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jenkins' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Jenkins' Response to Findings

City of Jenkins' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Jenkins' 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.

Welch & Company, CPAs, PSC

Welch & Company, CPAs, PSC

July 31, 2023

City of Jenkins
Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2022

Summary of Auditor's Results:

Basic Financial Statements

- A. Type of report issued on the financial statements: Unmodified
- B. Internal control of financial reporting:
 - Significant deficiencies identified that are not considered a material weakness? Yes
 - Material weakness identified? Yes
- C. Noncompliance material to financial statements noted? None Reported
- D. Noncompliance related to state specifications? No

Findings related to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

Finding 2022-1

Neither those charged with governance nor the individual who performs the accounting functions have the education or training so that they may prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a material weakness in internal control.

Criteria: In order for those charged with governance and Management to make financial decisions affecting the organization, accurate and timely financial statements need to be available.

Cause: Management and the individual who performs the accounting functions have not received an accounting education or training in preparation of financial statements in accordance with generally accepted accounting principles.

Effect: The financial statements that those charged with governance and management receive are not prepared in accordance with generally accepted accounting principles.

Recommendation: No recommendation is made.

Management Response: City of Jenkins is a small organization and as such does not have the resources to hire a CPA. The operating budget is small and until the economy begins to improve and more income is generated, they are limited in their selection. The accounting staff has received some software and accounting training for regular and routine transactions. If unusual or difficult to record transactions are encountered, advice from a CPA is sought.