

**CITY OF LYNNVIEW, KENTUCKY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

Member of City Council  
City of Lynnview, Kentucky  
Lynnview, Kentucky

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Lynnview, Kentucky (City) 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 and each major fund, of the City, 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 of 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 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 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'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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than 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 judgement 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'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 judgement, there are condition or events, considered in the aggregate, that raise substantial doubt about the City'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 and budgetary comparison information, as listed in the table of contents, 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 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.

***Required Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City basic financial statements. The accompanying combining utility fund schedules 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2024, 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 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**Maddox & Associates CPAs Inc.**

Fort Thomas, Kentucky  
September 6, 2024

As management of the City of Lynnview, Kentucky (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements.

### **FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of the City were more than its liabilities and deferred outflows at the close of the most recent fiscal year by \$716,944 (net position). The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors, is \$96,191. The City's total net position increased by \$111,626.

At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$100,560, an increase of \$65,012 from the prior year. Of this amount, \$86,125 is available for spending at the City's discretion (unassigned fund balance).

At the close of the current fiscal year, the unassigned fund balance for the general fund is approximately 20% of total general fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements.

#### **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 financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 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 the related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, police, fire, public works, and parks and recreation.

The government-wide financial statements can be found on pages 8-9 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 are governmental funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financial requirements. The City considers revenues to be available if they are collected within sixty days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two governmental funds.

The City adopts an annual budget for its major funds. A budgetary comparison schedule has been provided for each major fund to demonstrate compliance with the budget.

The fund financial statements can be found on pages 10-13 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is necessary to acquire 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 14-23 of this report.

### **OTHER INFORMATION**

In addition to the basic financial statements and notes to the financial statements, this report also presents required supplementary information concerning the City's budgets. Required supplementary information can be found on pages 25-27 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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.

**Net Position**

	2024	2023	Change
<b>Assets</b>			
Current and other assets	\$ 350,179	\$ 286,755	\$ 63,424
Capital assets	900,969	914,355	(13,386)
<b>Total assets</b>	<b>1,251,148</b>	<b>1,201,110</b>	<b>50,038</b>
<b>Liabilities</b>			
Current liabilities	249,619	251,207	(1,588)
Long-term liabilities	284,585	344,585	(60,000)
<b>Total liabilities</b>	<b>534,204</b>	<b>595,792</b>	<b>(61,588)</b>
<b>Net position</b>			
Net investment in capital assets	616,384	569,770	46,614
Restricted	4,369	246,064	(241,695)
Unrestricted	96,191	(210,516)	306,707
<b>Total net position</b>	<b>\$ 716,944</b>	<b>\$ 605,318</b>	<b>\$ 111,626</b>

**Changes in Net Position**

	2024	2023	Change
<b>Revenues</b>			
Taxes	\$ 369,339	\$ 290,715	\$ 78,624
Licenses and permits	4,900	5,300	(400)
Rents	20,000	24,000	(4,000)
Intergovernmental	24,832	21,094	3,738
Charges for services	58,860	84,535	(25,675)
Investment income	8,118	930	7,188
Grants	-	-	-
Other revenue	64	3,860	(3,796)
<b>Total revenues</b>	<b>486,113</b>	<b>430,434</b>	<b>55,679</b>
<b>Expenses</b>			
General government	279,338	262,597	16,741
Public safety	55,616	64,884	(9,268)
Public works	30,742	29,542	1,200
Interest on long-term debt	8,791	11,191	(2,400)
<b>Total expenses</b>	<b>374,487</b>	<b>368,214</b>	<b>6,273</b>
<b>Change in net position</b>	<b>111,626</b>	<b>62,220</b>	<b>49,406</b>
<b>Net position - beginning</b>	<b>605,318</b>	<b>543,098</b>	<b>62,220</b>
<b>Net position - ending</b>	<b>\$ 716,944</b>	<b>\$ 605,318</b>	<b>\$ 111,626</b>



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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year, the City had \$893,503 net investment in capital assets.

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Buildings and improvements	\$ 411,064	\$ 427,735	\$ (16,671)
Equipment	25,309	14,287	11,022
Infrastructure	<u>464,596</u>	<u>472,333</u>	<u>(7,737)</u>
<b>Total capital assets</b>	<b><u>\$ 900,969</u></b>	<b><u>\$ 914,355</u></b>	<b><u>\$ (13,386)</u></b>

**Long-Term Obligations**

At the end of the fiscal year, the City had \$284,585 in long-term liabilities.

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Leases payable	\$ 284,585	\$ 344,585	\$ (60,000)

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City's solid waste collection costs for the upcoming fiscal year will increase 77% from current year. Subsequent years costs will increase 3%.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, 1241 Gilmore Lane, Lynnview, KY 40213.

City of Lynnview, Kentucky  
Statement of Net Position  
June 30, 2024

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 34,847
Restricted cash	75,880
Certificates of deposit	206,349
Receivables	23,037
Prepaid expenses	10,066
Capital assets, net	900,969
<b>Total assets</b>	<b>1,251,148</b>
<b>Liabilities</b>	
Accounts payable	2,520
Payroll liabilities	1,269
Deferred revenue	245,830
Noncurrent liabilities:	
Due within one year:	
Leases payable	25,000
Due in more than one year:	
Leases payable	259,585
<b>Total liabilities</b>	<b>534,204</b>
<b>Net position</b>	
Net investment in capital assets	616,384
Restricted	4,369
Unrestricted	96,191
<b>Total net position</b>	<b>\$ 716,944</b>

See accompanying notes to financial statements.

City of Lynnview, Kentucky  
Statement of Activities  
Year Ended June 30, 2024

	Expenses	Program Revenues			Net Revenue
		Charges for Services	Grants and Contributions		Expense
			Operating	Capital	Governmental Activities
<b>Governmental activities</b>					
General government	\$ 279,338	\$ -	\$ -	\$ -	(279,338)
Sanitation	55,616	58,860	-	-	3,244
Public safety	-	-	1,296	-	1,296
Public works	30,742	-	23,536	-	(7,206)
Interest on long-term debt	8,791	-	-	-	(8,791)
<b>Total governmental activities</b>	<b>374,487</b>	<b>58,860</b>	<b>24,832</b>	<b>-</b>	<b>(290,795)</b>
<b>General Revenues</b>					
					369,339
Taxes					4,900
Licenses and permits					20,000
Rents					8,118
Investment income					64
Other revenue					
<b>Total general revenues</b>					<b>402,421</b>
Change in net position					111,626
Net position - beginning					605,318
<b>Net position - end of year</b>					<b>\$ 716,944</b>

See accompanying notes to financial statements.

City of Lynnview, Kentucky  
Balance Sheet – Governmental Funds  
June 30, 2024

	General Fund	Special Revenue	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 34,847	\$ -	\$ 34,847
Restricted cash	71,511	4,369	75,880
Certificates of deposit	206,349		206,349
Receivables	23,037	-	23,037
Prepaid expenditures	10,066	-	10,066
<b>Total assets</b>	<b>\$ 345,810</b>	<b>\$ 4,369</b>	<b>\$ 350,179</b>
<b>Liabilities</b>			
Accounts payable	\$ 2,520	\$ -	\$ 2,520
Payroll liabilities	1,269	-	1,269
Deferred revenue	245,830	-	245,830
<b>Total liabilities</b>	<b>249,619</b>	<b>-</b>	<b>249,619</b>
<b>Fund balances</b>			
Restricted	-	4,369	4,369
Assigned	10,066	-	10,066
Unassigned	86,125	-	86,125
<b>Total fund balances</b>	<b>96,191</b>	<b>4,369</b>	<b>100,560</b>
<b>Total liabilities and fund balances</b>	<b>\$ 345,810</b>	<b>\$ 4,369</b>	<b>\$ 350,179</b>

See accompanying notes to financial statements.

City of Lynnview, Kentucky  
Reconciliation of the Balance Sheet – Governmental Funds  
to the Statement of Net Position  
June 30, 2024

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Total governmental fund balances \$ 100,560

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

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds. 900,969

Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported in the funds.

Leases payable (284,585)

Net position of governmental activities \$ 716,944

See accompanying notes to financial statements.

City of Lynnview, Kentucky  
Statement of Revenues, Expenditures and Changes in Fund  
Balances – Governmental Funds  
June 30, 2024

	General Fund	Special Revenue	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 217,757	\$ -	\$ 217,757
Motor vehicle	7,313	-	7,313
Franchise fees	4,033	-	4,033
Insurance premium tax	76,726	-	76,726
Occupational tax	63,510	-	63,510
Intergovernmental	1,296	23,536	24,832
Investment income	8,050	68	8,118
Licenses and permits	4,900	-	4,900
Charges for services	58,860	-	58,860
Rents	20,000	-	20,000
Other revenue	64	-	64
<b>Total revenues</b>	<b>462,509</b>	<b>23,604</b>	<b>486,113</b>
<b>Expenditures</b>			
General government	255,069	-	255,069
Sanitation	55,616	-	55,616
Capital outlay	41,625	-	41,625
Debt service:			
Principal	60,000	-	60,000
Interest	8,791	-	8,791
<b>Total expenditures</b>	<b>421,101</b>	<b>-</b>	<b>421,101</b>
<b>Excess of revenues over (under) expenditures</b>	<b>41,408</b>	<b>23,604</b>	<b>65,012</b>
<b>Other financing sources (uses)</b>			
Transfers in	20,000	-	20,000
Transfers out	-	(20,000)	(20,000)
<b>Total other financing sources (uses)</b>	<b>20,000</b>	<b>(20,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>61,408</b>	<b>3,604</b>	<b>65,012</b>
<b>Fund balances - beginning of year as restated</b>	<b>34,783</b>	<b>765</b>	<b>35,548</b>
<b>Fund balances - end of year</b>	<b>\$ 96,191</b>	<b>\$ 4,369</b>	<b>\$ 100,560</b>

See accompanying notes to financial statements.

City of Lynnview, Kentucky  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in  
 Fund Balances – Governmental Funds to the Statement of Activities  
 June 30, 2024

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Net change in fund balances - total governmental funds	\$	65,012
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Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those asset is  
allocated over their estimated useful lives and reported as  
depreciation expense.

Capital outlay	41,625
Depreciation expense	(55,011)

Repayment of long-term debt are expenditures in the governmental  
funds, but the repayment reduces long-term liabilities in the statement  
of net position.

60,000
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Change in net position of governmental activities	\$	111,626
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See accompanying notes to financial statements

**NOTE 1: ACCOUNTING POLICIES**

Kentucky Revised Statutes and Ordinances of the City Council of the City of Lynnview, Kentucky (City) designate the purpose, function, and restrictions of the various funds.

**Reporting Entity**

The City operates under a City Council government comprised of the Mayor and six council members. The financial statements of the City include all of the funds for which the Mayor and City Council are financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards was determined on the basis of the City's ability to significantly influence operations, select the governing authority, participate in fiscal management, and the scope of public services. The City has no component units or entities for which the government is considered to be financially accountable.

**Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues 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 governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements**

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to determine legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are presented in a single column.



## **NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

### **Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

### **Governmental Fund Types**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows, liabilities, and deferred inflows is reported as fund balance. The City considers revenues to be available if they are collected within sixty days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

The following are the City's major governmental funds:

*The General Fund* used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Kentucky. This is a major fund of the city.

*The Road Fund* accounts for the proceeds of municipal aid road funds received from the Commonwealth of Kentucky as provided in KRS 174 that are legally restricted to disbursements for specified purposes. The City has elected to treat this as a major fund.

### **Measurement Focus and Basis of Accounting**

#### ***Government-wide Financial Statements***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

#### ***Fund Financial Statements***

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within sixty days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures as well as expenditures related to long-term compensated absences and postemployment benefits are recorded only when payment is due.

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance**

***Cash and Cash Equivalents***

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date of ninety days or less.

The City is authorized by state statute to invest in the following subject to additional requirements of KRS 66.480:

- Obligations of the United States and of its Agencies and instrumentalities
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Bonds and Securities of other State and Local Governments
- Mutual Funds, Exchange Traded Funds, Individual Equity Securities and High-quality Corporate bonds managed by a professional investment manager

***Investments***

Investments with a maturity of less than one year are stated at cost. Investments with a maturity greater than one year are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

***Receivables***

*Property taxes* are levied as of July 1 on property values assessed as of the same date. The taxes are billed on approximately October 1. If paid by November 1, a two-percent (2%) discount is applied. The face amount is due December 31. A 10% penalty is applied January 1 in addition to interest at 12% per annum.

*Accounts receivables* are presented, when necessary, net of an allowance for doubtful accounts. No allowance has been recorded for the current fiscal year.

***Capital Assets***

General capital and leased assets are those assets that 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

All reported capital assets are depreciated except for land. 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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	25-50 years
Improvements	20 years
Utility system	40 years
Vehicles	5-10 years
Equipment	7 years
Other	10 years

***Payables and Accrued Liabilities***

All payables and accrued liabilities are reported on the government-wide financial statements and fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, contractually required pension and OPEB contributions that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations are recognized as a liability on the governmental fund financial statements when due.

***Compensated Absences***

The City’s policy does not provide for vacation time, sick time, or any other compensated absences. Therefore, no liability has been recorded.

***Long-Term Obligations***

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt consists of bonds, notes, and lease liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as an other financing source and payment of principal and interest are reported as expenditures.

***Deferred Inflows***

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, are therefore, deferred until that time. In the governmental funds, certain revenue transactions have been reported as unavailable (deferred) revenue.

## **NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

### ***Net Position***

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

*Restricted* net position consists of restricted net assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use by external parties or by law through enabling legislation.

*Unrestricted* net position is the amount of net amount of assets, deferred outflows, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

### ***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable.* Amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted.* Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.

*Committed.* Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance.

*Assigned.* Amounts that are designated for a specific purpose but are not spendable until a budget ordinance is passed or a there is majority passed vote by City Council.

*Unassigned.* All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the City’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City’s policy is to first apply the expenditure toward restricted fund balance, and then to committed, assigned, and unassigned fund balances in that order.

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

**Revenues and Expenditures/Expenses**

***Revenues***

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Expenses/Expenditures***

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on the decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, where are presented as internal balances.

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results could differ from those estimates.

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

**Budgetary Process**

An annual budget is adopted for each governmental fund by ordinance prior to July 1. The budget can be amended by a subsequent ordinance. Expenditures may not legally exceed budgeted appropriations at the function level.

**Subsequent Events**

The City evaluated subsequent events for potential recognition and disclosure through September 6, 2024, the date the financial statements were available to be issued.

**NOTE 2: CASH AND INVESTMENTS**

**Deposits**

*Custodial credit risk.* This is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. At year end, the City's carrying amount was \$120,180. The bank balance is covered by FDIC insurance.

**Investments**

*Custodial credit risk.* This is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City maintains an investment account with a brokerage institution which holds investment's in the City's name.

*Interest rate risk.* This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate risk.

*Credit risk.* This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. At year end, the City held US Treasury notes and certificates of deposit at insured banks.

At year end, the City had the following investments:

	Confirmed	Fair Value	Investment Maturities		Fair Value Meas
			Less Than 1 Year	1 - 5 Years	Level 1 Inputs
Certificate of deposit	C	\$ 103,747	\$ 103,747	\$ -	\$ 103,747
Certificate of deposit	C	102,602	102,602	-	102,602
Total investments		<u>\$ 206,349</u>	<u>\$ 206,349</u>	<u>\$ -</u>	<u>\$ 206,349</u>

**NOTE 3: RECEIVABLES AND REVENUE**

Receivables at year end consist of the following:

Occupational tax	\$ 2,886
Motor vehicle tax	1,270
Insurance tax	18,881
<u>Total receivables</u>	<u>\$ 23,037</u>

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year is summarized below:

	Balance June 30, 2023	Additions	Disposals	Balance June 30, 2024
Governmental activities				
Buildings and improvements	\$ 562,704	\$ 3,004	\$ -	\$ 565,708
Equipment	25,708	15,616	-	41,324
Infrastructure	832,481	23,005	-	855,486
<u>Total capital assets</u>	<u>1,420,893</u>	<u>41,625</u>	<u>-</u>	<u>1,462,518</u>
Accumulated depreciation				
Buildings and improvements	134,969	19,675	-	154,644
Equipment	11,421	4,594	-	16,015
Infrastructure	360,148	30,742	-	390,890
<u>Total accumulated depreciation</u>	<u>506,538</u>	<u>55,011</u>	<u>-</u>	<u>561,549</u>
<u>Net governmental capital assets</u>	<u>\$ 914,355</u>	<u>\$ (13,386)</u>	<u>\$ -</u>	<u>\$ 900,969</u>

Depreciation was charged to the following functions:

General government	\$ 24,269
Public works	30,742
	<u>\$ 55,011</u>

**NOTE 5: LONG-TERM LIABILITIES**

Long-term liability activity for the year is summarized below:

	Balance			Balance June 30, 2023	Amounts Due Within	
	June 30, 2023	Additions	Retirements		One Year	Long-Term
2019 Lease	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ -	\$ -
2020 Lease	309,585	-	25,000	284,585	25,000	259,585
<b>Total</b>	<b>\$ 344,585</b>	<b>\$ -</b>	<b>\$ 60,000</b>	<b>\$ 284,585</b>	<b>\$ 25,000</b>	<b>\$ 259,585</b>

Obligations outstanding at year end are as follows:

Issue	Lease Issue		Lease Balance
	Proceeds	Rates	
2020	\$ 375,000	2.00% - 2.25%	\$ 284,585

Debt service requirements for the City are as follows:

Year Ending June 30,	2020 Lease		
	Principal	Interest	Total
2025	\$ 25,000	\$ 6,993	\$ 31,993
2026	25,000	6,427	31,427
2027	25,000	5,878	30,878
2028	25,000	5,315	30,315
2029	25,000	4,753	29,753
2030 - 2034	142,085	14,781	156,866
2035	17,500	700	18,200
<b>Total</b>	<b>\$ 284,585</b>	<b>\$ 44,847</b>	<b>\$ 329,432</b>

**NOTE 6: OPERATING LEASES**

The City has no operating leases requiring disclosure as right of use assets.

**NOTE 7: CONTINGENCIES**

*Grants.* The City receives funding from federal and state agencies in the form of grants. These funds are to be used for designated purposes only. If the federal or state grantor finds that funds have not been used for the intended purposes, the grantor may request a refund of monies advanced or refuse to reimburse the City for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the City's grant programs is contingent upon the grantors satisfaction that the funds provided are being spent as intended and the grantors intent to continue their programs.



**NOTE 7: CONTINGENCIES - CONTINUED**

*Litigation.* The City is party to various legal proceedings which normally occur in governmental operations. It is neither possible to determine the outcome of these proceedings nor possible to estimate the effects adverse decisions may have on the future expenditures or revenue sources of the City. In the opinion of City management and its legal counsel these legal proceedings are not likely to have a material adverse impact on the accompanying financial statements. Therefore, no provision for any liability that may result upon adjudication of any cases has been made in the accompanying financial statements.

**NOTE 8: RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The City has obtained insurance coverage through a commercial insurance company. In addition, the City has effectively managed risk through various employee education and prevention programs. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonably estimated.

Management estimates that the amount of actual or potential claims against the City as of June 30, 2024, will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal year.

**NOTE 9: CORRECTION OF AN ERROR**

Beginning net position and fund balance were reduced by \$245,830 to properly report deferred revenue.

**NOTE 10 – FUND TRANSFERS**

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Special revenue	General	Debt service	\$ 20,000

**REQUIRED SUPPLEMENTARY INFORMATION**

City of Lynnview, Kentucky  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<b>Revenues</b>				
Property taxes	\$ 237,000	\$ 237,000	\$ 225,070	\$ (11,930)
Franchise fees	4,000	4,000	4,033	33
Insurance premium tax	68,000	68,000	76,726	8,726
Occupational tax	45,000	45,000	63,510	18,510
Intergovernmental	-	-	1,296	1,296
Investment income	-	-	8,050	8,050
Licenses and permits	8,500	8,500	4,900	(3,600)
Charges for services	44,600	44,600	58,860	14,260
Rents	30,000	30,000	20,000	(10,000)
Other revenue	1,050	1,050	64	(986)
<b>Total revenues</b>	<b>438,150</b>	<b>438,150</b>	<b>462,509</b>	<b>24,359</b>
<b>Expenditures</b>				
General government	196,200	196,200	255,069	(58,869)
Sanitation	106,600	106,600	55,616	50,984
Public safety	12,000	12,000	0	12,000
Capital outlay	-	-	41,625	(41,625)
Debt service	76,000	76,000	68,791	7,209
<b>Total expenditures</b>	<b>390,800</b>	<b>390,800</b>	<b>421,101</b>	<b>(30,301)</b>
Excess (deficiency) of revenues over expenditures	47,350	47,350	41,408	(5,942)
<b>Other financing sources (uses)</b>				
Transfer in	-	-	20,000	20,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>20,000</b>
Net change in fund balances	47,350	47,350	61,408	14,058
Budgetary fund balance - beginning of year	75,000	75,000	34,783	(40,217)
<b>Budgetary fund balance - end of year</b>	<b>\$ 122,350</b>	<b>\$ 122,350</b>	<b>\$ 96,191</b>	<b>\$ (26,159)</b>

City of Lynnview, Kentucky  
 Budgetary Comparison Schedule – Special Revenue Fund  
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
<b>Revenues</b>				
Intergovernmental	\$ 25,500	\$ 25,500	\$ 23,536	\$ (1,964)
Investment income	-	-	68	68
<b>Total revenues</b>	<b>25,500</b>	<b>25,500</b>	<b>23,604</b>	<b>(1,896)</b>
<b>Expenditures</b>				
Public works	8,000	8,000	-	8,000
Debt service	21,000	21,000	-	21,000
<b>Total expenditures</b>	<b>29,000</b>	<b>29,000</b>	<b>-</b>	<b>29,000</b>
Excess (deficiency) of revenues over expenditures	(3,500)	(3,500)	23,604	27,104
<b>Other financing sources (uses)</b>				
Transfers out	-	-	(20,000)	(20,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(20,000)</b>	<b>(20,000)</b>
Net change in fund balances	(3,500)	(3,500)	3,604	7,104
Budgetary fund balance - beginning of year	9,000	9,000	765	(8,235)
<b>Budgetary fund balance - end of year</b>	<b>\$ 5,500</b>	<b>\$ 5,500</b>	<b>\$ 4,369</b>	<b>\$ (1,131)</b>

**NOTE 1: BUDGETS AND BUDGETARY PROCESS**

The City follows the procedures established pursuant to KRS 91A.030 in establishing the budgetary data included in the required supplementary information. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**NOTE 2: EXPENDITURES IN EXCESS OF BUDGET**

Expenditures exceeded budgeted amounts in the general government and capital outlay functions.

**SUPPLEMENTARY INFORMATION**

City of Lynnview, Kentucky  
 Schedule of Expenditures  
 June 30, 2024

	<u>Expenditures</u>
1231 Gilmore Lane	\$ 22,458
Audit Fees	7,900
Bank Charge	96
Bond Expense	353
Cleaning	4,550
Community Building	1,526
Contract - Accounting Services	7,200
Contract - Admin Officer	34,000
Council Meeting	3,626
Dues	25
Excise tax - electric vehicle	17
Fees	300
Garbage	55,616
Gifts	500
Insurance	13,194
Irrigation system	590
Legal fees	12,750
Maintenance	38,329
Membership Fees	1,060
Office Expense	29,616
Parking	19
Paving fees and interest	8,790
Payroll Taxes:Interest & Penalties	3,518
Payroll:City Clerk	18,896
Payroll:Council	18,000
Payroll:Mayor	7,000
Property Expense:Personal Prop Lein	118
Refund - surtax	513
Special events	15,122
Square fee	34
Subscriptions	3,694
Utilities	19,952
Quickbooks expenses	329,362
Principal payments	60,000
Capital outlay	35,625
Prepaid expenses	(2,008)
Accounts payable and accrued wages	(1,878)
<u>Audit report expenditures</u>	<u>\$ 421,101</u>