

CITY OF GOSHEN, KENTUCKY

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

YEAR ENDED JUNE 30, 2022
With
Reports of Certified Public Accountant

Charles J. Veeneman, CPA, PSC
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To: The Honorable Bob Thacker, Mayor, and the City of Goshen's Commissioners
City of GOSHEN, KENTUCKY

Opinions

I have audited the accompanying financial statements of the governmental activities and each major fund of the City of GOSHEN, KENTUCKY 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.

In my 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 of GOSHEN, KENTUCKY, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. I am required to be independent of the City of GOSHEN, KENTUCKY and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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

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

I am 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 I 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 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. Management has omitted the Management's Discussion and Analysis. I have applied certain limited procedures to the budgetary comparison 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 22, 2023 (see pages 26-28), on my consideration of the City of GOSHEN, KENTUCKY's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of GOSHEN, KENTUCKY's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of GOSHEN, KENTUCKY's internal control over financial reporting and compliance.



Charles J. Veeneman, CPA, PSC

Louisville, Kentucky
February 22, 2023

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION
CITY OF GOSHEN, KENTUCKY
JUNE 30, 2022**

ASSETS

<u>Current Assets</u>	
Cash	\$ 316,009
Receivables	56,517
Prepaid expenses	3,556
Total Current Assets	376,082
 <u>Non-Current Assets</u>	
Investments - Restricted - Municipal Aid	55,218
Cash - Restricted - American Rescue Plan	266,119
Total Non-Current Assets	321,337
Capital assets, net of accumulated depreciation	322,382
TOTAL ASSETS	1,019,801

LIABILITIES AND NET POSITION

LIABILITIES

<u>Current Liabilities</u>	
Accounts payable	7,092
Accrued expenses	2,807
Total Current Liabilities	9,899
 <u>Long-Term Liability</u>	
Unearned revenue	266,119
TOTAL LIABILITIES	276,018

NET POSITION

Net investment in capital assets	322,382
 <u>Restricted</u>	
Road Fund	55,218
 <u>Unrestricted</u>	
General Fund	366,183
TOTAL NET POSITION	\$ 743,783

The accompanying notes are an integral part of the financial statements.

**STATEMENT OF ACTIVITIES
CITY OF GOSHEN, KENTUCKY
YEAR ENDED JUNE 30, 2022**

<u>EXPENSES - FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
General government expenses	\$ (97,688)	\$ 7,146	\$ (90,542)
Public safety expenses	(29,691)	4,409	(25,282)
Sanitation expenses	(46,313)	-	(46,313)
Public works expenses	(153,195)	18,587	(134,608)
TOTAL EXPENSES	(326,887)	30,142	(296,745)
<u>GENERAL REVENUES</u>			
Taxes			
Property taxes, levied for general purposes			73,309
Licenses and permits:			
Insurance premium			233,993
Telecommunications			4,951
Rental license fees			3,600
Total, licenses and permits			242,544
Other Revenues			
Gain on sale of assets			20,924
Stormwater fees			10,740
Fines and other charges			4,250
Miscellaneous income			3,769
Investment income			212
TOTAL GENERAL REVENUES			355,748
 CHANGE IN NET POSITION			 59,003
 Net position, beginning of year - July 1, 2021			 684,780
 Net position, end of year - June 30, 2022			 \$ 743,783

The accompanying notes are an integral part of the financial statements.

GOVERNMENTAL FUNDS' FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS' BALANCE SHEETS
CITY OF GOSHEN, KENTUCKY
JUNE 30, 2022

	General Fund	Special Revenue Fund	American Rescue Plan Fund	Total
ASSETS				
Cash	\$ 316,009	\$ -	\$ -	\$ 316,009
Cash - Restricted	-	-	266,119	266,119
Investments - Restricted	-	55,218	-	55,218
Receivables	52,432	-	-	52,432
Prepaid expenses	3,556	-	-	3,556
TOTAL ASSETS	371,997	55,218	266,119	693,334
LIABILITIES				
Accounts payable	7,092	-	-	7,092
Accrued expenses	2,807	-	-	2,807
Unearned revenue	-	-	266,119	266,119
TOTAL LIABILITIES	9,899	-	266,119	276,018
FUND BALANCES				
<u>Nonspendable</u>				
Prepaid items	3,556	-	-	3,556
<u>Restricted</u>				
Road Fund	-	55,218	-	55,218
<u>Unassigned</u>				
General Fund	358,542	-	-	358,542
TOTAL FUND BALANCES	362,098	55,218	-	417,316
TOTAL LIABILITIES AND FUND BALANCES	\$ 371,997	\$ 55,218	\$ 266,119	\$ 693,334

The accompanying notes are an integral part of the financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE
SHEETS' FUND BALANCES TO THE NET POSITION
OF THE STATEMENT OF NET POSITION
CITY OF GOSHEN, KENTUCKY
JUNE 30, 2022**

**RECONCILIATION OF GOVERNMENTAL FUNDS' FUND BALANCES TO THE
NET POSITION OF THE STATEMENT OF NET POSITION**

Total Fund Balances for Governmental Funds' Balance Sheets	\$ 417,316
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Amounts reported for Net Position in the Statement of Net Position are different because:

Capital assets used in Government-Wide financial statements are not considered financial resources by the Governmental Funds' Financial Statements, and, therefore, are not reported on the Governmental Funds' Balance Sheets

Government-Wide capital assets	707,973
Less accumulated depreciation	<u>(385,591)</u>
Government-Wide capital assets, net	322,382

Certain receivables were not collected until after August 29, 2022 (sixty days beyond year-end), and, therefore, are not considered assets on the Governmental Funds' Balance Sheets

	<u>4,085</u>
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Total Net Position of the Statement of Net Position - page 8	<u><u>\$ 743,783</u></u>
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The accompanying notes are an integral part of the financial statements.

**STATEMENT OF GOVERNMENTAL FUNDS' REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CITY OF GOSHEN, KENTUCKY
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Special Revenue Fund	Total
<u>REVENUES</u>			
Taxes			
Property tax, levied for general purposes	\$ 74,084	\$ -	\$ 74,084
Licenses and permits:			
Insurance premium tax	233,993	-	233,993
Telecommunications tax	4,951	-	4,951
Rental license fees	3,600	-	3,600
Total, licenses and permits	242,544	-	242,544
Intergovernmental			
Grant income	6,099	-	6,099
KY Appropriation - Contract Police	4,409	-	4,409
Mineral surcharge	1,047	-	1,047
Kentucky Municipal Aid receipts	-	18,587	18,587
Total Intergovernmental	11,555	18,587	30,142
Other Revenues			
Gain on sale of assets	21,110	-	21,110
Stormwater fees	10,740	-	10,740
Fines and other charges	165	-	165
Miscellaneous income	636	-	636
Investment income	212	-	212
Total Other Revenues	32,863	-	32,863
TOTAL REVENUES	361,046	18,587	379,633
<u>EXPENDITURES</u>			
Current			
General government expenses	97,688	-	97,688
Public safety expenses	29,691	-	29,691
Sanitation expenses	46,313	-	46,313
Public works expenses	93,329	18,587	111,916
Capital outlay	17,968	-	17,968
TOTAL EXPENDITURES	284,989	18,587	303,576
NET CHANGE IN FUND BALANCE BEFORE OTHER SOURCES (USES)	76,057	-	76,057
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer from General Fund to Special Revenue Fund	(3,890)	3,890	-
FUND BALANCES, JULY 1, 2021			
Beginning Fund Balance, July 1, 2021	289,931	51,328	341,259
FUND BALANCES, JUNE 30, 2022	\$ 362,098	\$ 55,218	\$ 417,316

The accompanying notes are an integral part of the financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS'
CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES' CHANGE IN NET POSITION
CITY OF GOSHEN, KENTUCKY
YEAR ENDED JUNE 30, 2022**

**RECONCILIATION OF GOVERNMENTAL FUNDS' EXCESS EXPENDITURES TO
THE STATEMENT OF ACTIVITIES CHANGE IN NET POSITION**

Net Change in Fund Balance For Governmental Statement - page 13	\$ 76,057
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The Change in Net Position reported in the Government-Wide financial statements is different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses.

Expenditures for capital outlays during the year	17,968
Less depreciation on government-wide assets	(38,332)
Depreciation expense in excess of capital expenditures	<u>(20,364)</u>

Property tax collections and other revenues are not available to pay for current-period expenditures, and, therefore, are not reported as income on the Governmental Funds' Financial Statements.	3,310
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Statement of Activities' Change in Net Position - page 9	<u><u>\$ 59,003</u></u>
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The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
CITY OF GOSHEN, KENTUCKY
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of GOSHEN is a Home Rule, Commission Class city in Oldham County, Kentucky.

The City operates on a commission plan of government. The executive, legislative and administrative powers of the City are vested in the City Commission. The mayor is a member of the Commission along with four commissioners. The mayor presides at meetings of the commission, calls special meetings of the Commission, administers oaths, and executes and signs legal obligations of the City. The mayor and four Commissioners are elected by the citizens.

The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB). The accompanying financial statements include all activities and functions of the City.

B. Government-Wide and Fund Financial Statements

Two types of financial statements are presented: government-wide statements and fund statements. The Statement of Net Position and the Statement of Activities are government-wide financial statements. They present a long-term view of the City's finances by major funds. The City has three governmental funds: General Fund, Special Revenue Fund and American Rescue Plan Fund. The Special Revenue Fund accounts for Municipal Road Aid assistance received from the Commonwealth of Kentucky. The ARP Fund is used for funds received from the U.S. Treasury and is restricted to a broad range of government expenses. The general Fund is used to account for all financial resources except those required to be accounted for in another fund. The City has no other fund types, such as fiduciary or proprietary funds, nor does the City have any component units.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide financial statements use 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. Taxes are recognized as revenues in the years 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available to finance current expenditures of the fund. Expenditures related to claims and judgments are recognized when the obligations are expected to be liquidated with expendable financial resources. The City considers revenues to be available if they are collectible within sixty days after year-end. Those revenues susceptible to accrual are: property taxes, franchise taxes, special assessments, licenses, interest, charges for services, and federal and state grants. Revenues from fines, permits, and donations are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. Earned grant revenue that is not available (as defined above) is deferred to future periods.

**NOTES TO FINANCIAL STATEMENTS
CITY OF GOSHEN, KENTUCKY
JUNE 30, 2022**

D. Fund Accounting

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

Governmental Funds

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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The City has the following governmental funds:

General Fund – The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – This fund is used to account for funds distributed by the Commonwealth of Kentucky which are legally restricted to expenditures for the construction, maintenance and repair of streets and roads.

American Rescue Plan Fund – This fund is used to account for funds distributed by the U.S. Treasury and is restricted to a broad range of government expenses. The City received \$ 266,119 during the year ended June 30, 2022, and there were no expenses authorized to be paid with these funds. The City accounts for these receipts as UNEARNED REVENUE until an expense is authorized.

E. Net Position / Fund Balances

In the Statement Of Net Position (p. 8), the difference between the City's assets and liabilities is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets – This category records capital assets net of accumulated depreciation.

Unrestricted Net Position – This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

Restricted Net Position – Net position that is restricted by external sources such as banks or by law is reported separately as restricted net position. When assets are restricted in use they are recorded as restricted net position. The city has restricted net position relating to Municipal Road Aid monies.

In the Governmental Funds' Balance Sheets (p. 11-12), fund balances are segregated as follows:

Nonspendable – These amounts cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements, or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of the other governments.

Committed – Amounts that can be only used for the specific purpose determined by a formal action of the City Commission.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

**NOTES TO FINANCIAL STATEMENTS
CITY OF GOSHEN, KENTUCKY
JUNE 30, 2022**

E. Net Position / Fund Balances (Continued)

Unassigned – Amounts that are not restricted, committed or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City's policy for spending restricted resources is to allocate disbursements to restricted funds to the extent such disbursements were budgeted to be paid from restricted funds. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the City Commission has provided otherwise in its commitment or assignment functions.

F. Other Accounting Policies

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. Actual results could vary from the estimates that were used.

Program Revenues

Program revenues consist of charges for miscellaneous services. Currently, the City has no program revenues.

Indirect Expense

Indirect expenses are minimal and are charged to general administration in the Statement of Activities.

Use of Restricted Net Assets

The City's restricted net assets are from the Special Revenue Municipal Aid Fund which is required by the State of Kentucky to be used only for street and road construction, maintenance and repair. In addition, the City has restricted net assets from the America Rescue Plan Act, whose funds were received but not spent during the year. The City's policy is to charge major costs of maintaining streets and roads to the restricted Special Revenue Municipal Aid net assets as long as they are available. The City has not yet determined its uses of the monies received from the American Rescue Plan.

Property Taxes

Property taxes are assessed as of January 1 and payable by September 30. Payments received prior to September 1 receive a 10% discount. Payments received after September 30 become delinquent and a 10% penalty is assessed. In addition to the 10% penalty, interest at the rate of 1.0% per month is assessed.

Compensated Absences

The City provides vacation-pay benefits to its City Clerk. The financial statements include a liability for unused benefits totaling \$ 2,723.

Capital Assets

All capital assets are capitalized at cost and updated for additions and retirements during the years. Major improvements to assets are capitalized, but the cost of maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Capital assets are reported in the Government-Wide Statement of Net Position (page 8), but not in the Governmental Funds' Balance Sheets (page 11). The City has established a threshold of \$ 1,000 for an expenditure to be considered as a possible capital asset.

**NOTES TO FINANCIAL STATEMENTS
CITY OF GOSHEN, KENTUCKY
JUNE 30, 2022**

Deferred Inflows of Resources

In addition to liabilities, the Governmental Funds' Balance Sheets (page 11) report a separate section for deferred inflows of resources. This separate section is for receivables that are not available to pay current-period expenditures and arise only under the modified accrual basis of accounting. These amounts are deferred and recognized as revenue in the period that the amounts become available.

Capital Assets

Infrastructure assets such as streets, roads, curbs, gutters, sidewalks, drainage systems and lighting systems acquired by the City prior to July 1, 2003 have not been capitalized in accordance with the option available to Phase 3 governments by the Government Accounting Standards Board (GASB 34). Infrastructure assets acquired after 2003 are capitalized.

Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the Statement of Activities. During the year ended June 30, 2022, the City recognized a gain of \$ 20,924 on the disposition of some of its playground equipment.

Estimated useful lives for depreciable assets are as follows:

Drainage and improvements	15 years
Equipment	3-10 years
Road paving	12 years

Depreciation expense for the year ended June 30, 2022 was \$ 38,332. Depreciation is recorded in the Statement of Activities (page 9) but not in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances (page 13). On the Statement of Activities (page 9), all of the \$ 38,332 depreciation expense is reported under 'Public works expenses'.

NOTE 2 - CASH DEPOSITS

Deposits in excess of the amount of depository insurance are required by State law to be secured by collateral pledged by the depositories. At June 30, 2022, the carrying amounts of the City's deposits were \$ 582,128 and the bank balances totaled \$ 594,351.

The cash deposits held at financial institutions can be categorized according to three levels of risk as follows:

Category 1	Deposits that are insured or collateralized with securities held by the City or its agent in the City's name	\$ 250,000
Category 2	Deposits that are collateralized with securities by the pledging financial institution's trust department or agent in the City's name	\$ 332,117
Category 3	Deposits not collateralized or insured	\$ 0

NOTES TO FINANCIAL STATEMENTS
CITY OF GOSHEN, KENTUCKY
JUNE 30, 2022

NOTE 3 - INVESTMENTS

The City's investments consist of money in a certificate of deposit.
 Pertinent information regarding that certificate is as follows:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
Certificate of Deposit	\$ 55,218	0.15%	October 20, 2022

NOTE 4 - RECEIVABLES

The components of amounts owed the City at June 30, 2022 are as follows:

	<u>General Fund Balance Sheet</u>	<u>Road Fund Balance Sheet</u>	<u>Statement of Net Position</u>
Insurance premiums taxes	\$ 49,800	\$ -	\$ 49,800
Fines	72	-	4,157
KY HB 413 police grant	1,195	-	1,195
Other	1,365	-	1,365
TOTALS	\$ 52,432	\$ -	\$ 56,517

NOTE 5 - CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

An analysis of the capital assets of the City and the accumulated depreciation is as follows:

	<u>7/1/2021 Beginning Balances</u>	<u>6/30/2022 Additions</u>	<u>6/30/2022 Disposals</u>	<u>6/30/2022 Ending Balances</u>
<u>COST</u>				
Land	\$ 152,929	-	-	\$ 152,929
Drainage	237,030	-	-	237,030
Roads	199,586	-	-	199,586
Playground	74,163	-	(74,163)	-
Improvements	56,987	15,021	-	72,008
Equipment, Other Than Office	40,702	3,134	-	43,836
Office Equipment	2,585	-	-	2,585
TOTAL COST	\$ 763,982	\$ 18,155	\$ (74,163)	707,974
Less accumulated depreciation	(421,236)	(38,332)	73,976	(385,592)
NET CAPITAL ASSETS	\$ 342,746	\$ (20,177)	\$ (187)	\$ 322,382

NOTES TO FINANCIAL STATEMENTS
CITY OF GOSHEN, KENTUCKY
JUNE 30, 2022

NOTE 6 - INTERGOVERNMENTAL REVENUES

Under current provisions of state law, the City receives subsidies from the State of Kentucky for its roads and its police protection services. The City also received a Federal grant from the American Rescue Plan. The road subsidies are RESTRICTED to the construction, repair and maintenance of the City's roads; the police protection grant is a reimbursement grant for police protection expenditures; the Federal grant is RESTRICTED to broad categories of qualifying expenses.

During the year ended June 30, 2022, the City received \$ 18,587 from the state of Kentucky for its road grant; \$ 3,214 from the state of Kentucky for its police protection grant; and \$ 266,119 from the Federal government's American Rescue Plan Act for qualifying expenditures.

When recording the receipt of its grant monies, the City recognizes the road and police protection grants as REVENUE when received, and it recognizes the ARPA grant as UNEARNED REVENUE until the specific qualifying expenditure has been selected and appropriately documented. Once this selection and documentation are complete, it transfers the selected amount from UNEARNED REVENUE to REVENUE. At June 30, 2022, the City had not selected or documented any qualifying expenditures for the \$ 266,119 received from ARPA, and, consequently, that total amount is shown on page 8's Statement of Net Position and on page 11's Governmental Funds' Balance Sheets as UNEARNED REVENUE.

NOTE 7 - 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 the Kentucky League of Cities. The City carries insurance for general liability, public officials' liability, and building and property. In addition, the City carries a surety bond. All risks general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probably that a loss has occurred and the amount of the loss can be reasonably estimated.

The City Attorney estimates that the amount of actual or potential insurance claims against the City as of June 30, 2022 will not materially affect the financial condition of the City. Therefore, the General Fund contains no provision for estimated claims. There are no claims against the City as of June 30, 2022 or as of the date of this report.

NOTES TO FINANCIAL STATEMENTS
CITY OF GOSHEN, KENTUCKY
JUNE 30, 2022

NOTE 8 - LEASES

The City leases office and storage space. The lease is for a three-year term beginning June 1, 2022 and ending May 31, 2025. The lease requires monthly amount of lease expense is \$ 475. The lease contains an option to renew the lease for an additional two years at a monthly lease amount of \$ 500.

Rent expense for the year ended June 30, 2022 was \$ 5,750.

Future lease expenses at June 30, 2022 were as follows:

June 30, 2023	\$	5,700
June 30, 2024	\$	5,700
June 30, 2025	\$	5,725

NOTE 9 - COMMITMENTS

The City had the following contractual commitments at June 30, 2022:

A contract with its trash and recycling provider for services through June 30, 2023 at a monthly expense of approximately \$ 3,900 per month. Sanitation and recycling expense for the year ended June 30, 2022 was \$ 46,313.

A contract with its police patrol provider for services from July 1, 2022 through June 30, 2023 at a rate of \$ 40 per hour.

A contract with a contractor to improve the drainage of the City . The contract was labeled the Harmony Landing Drainage Improvement Project and was entered into on February 15, 2022. It provides for improvements to be made to the City's drainage at a cost of \$ 175,076 and to be completed by September 30, 2022. No work had been performed on this contract as of June 30, 2022.

A contract for professional engineering services to support its Municipal Separate Storm Sewer System. The contract states that the services will be performed on a time and materials basis.

NOTE 10 - CONTINGENCIES

As of June 30, 2022, and as of the date of this report, the City had no known contingencies.

NOTE 11 - SUBSEQUENT EVENTS

The City has evaluated subsequent events through February 22, 2023, the date of this report, and there are no material subsequent events that required recognition or additional disclosures in these financial statements other than:

The City entered into a contract on February 15, 2022 to improve its drainage (See Commitments above). Much of this contract was completed by December of 2022 at a cost of approximately \$ 175,000. The City plans to use American Rescue Plan grant money for this project.

The City also entered into a contract to construct a sports facility consisting two pickleball courts and a basketball court. The cost of this facility is expected to be approximately \$ 160,645 and completion is expected by March 31, 2023. The City plans to also use ARPA grant receipts for this project.

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
CITY OF GOSHEN, KENTUCKY
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>CURRENT YEAR RESOURCES</u>				
Property tax	\$ 80,320	\$ 80,320	\$ 74,084	\$ (6,236)
Interest income	220	220	212	(8)
KY Appropriation - Contract Police	3,000	3,000	4,409	1,409
Litter abatement grant	510	510	571	61
Other	227,398	227,398	281,770	54,372
TOTAL CURRENT YEAR RESOURCES	311,448	311,448	361,046	49,598
<u>CURRENT YEAR APPROPRIATIONS</u>				
General government expenses	99,352	99,352	97,688	1,664
Public safety expenses	30,000	30,000	29,691	309
Sanitation expenses	46,133	46,133	46,313	(180)
Public works expenses	135,963	135,963	111,297	24,666
TOTAL CURRENT YEAR APPROPRIATIONS	311,448	311,448	284,989	26,459
Excess current year resources over (under) current year appropriations	-	-	76,057	76,057
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer to Special Revenue Fund	-	-	(3,890)	(3,890)
Budgetary fund balance, July 1, 2021	289,931	289,931	289,931	-
Budgetary fund balance, June 30, 2022	<u>\$ 289,931</u>	<u>\$ 289,931</u>	362,098	<u>\$ 72,167</u>
Differences to adjust to generally accepted accounting principles			-	
Governmental Funds' Balance (page 13)			<u><u>\$ 362,098</u></u>	

**BUDGETARY SCHEDULE - SPECIAL REVENUE FUND
CITY OF GOSHEN, KENTUCKY
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>CURRENT YEAR RESOURCES</u>				
Kentucky Municipal Aid revenue	\$ 18,000	\$ 18,000	\$ 18,587	\$ 587
Interest income	-	-	-	-
TOTAL CURRENT YEAR RESOURCES	<u>18,000</u>	<u>18,000</u>	<u>18,587</u>	<u>587</u>
<u>CURRENT YEAR APPROPRIATIONS</u>				
Public works expenses	18,000	\$ 18,000	18,587	(587)
TOTAL CURRENT YEAR APPROPRIATIONS	<u>18,000</u>	<u>18,000</u>	<u>18,587</u>	<u>(587)</u>
Excess current year resources over (under) current year appropriations	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from General Fund	-	-	3,890	3,890
Budgetary fund balance, July 1, 2021	<u>27,683</u>	<u>27,683</u>	<u>51,328</u>	<u>23,645</u>
Budgetary fund balance, June 30, 2022	<u>\$ 27,683</u>	<u>\$ 27,683</u>	55,218	<u>\$ 27,535</u>
Differences to adjust to generally accepted accounting principles			-	
Governmental Funds' Balance (page 13)			<u>\$ 55,218</u>	

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
CITY OF GOSHEN, KENTUCKY
BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2022**

BUDGET POLICY AND BASIS OF ACCOUNTING

Budgeted amounts in the financial statements are adopted by ordinance of the City. The City adopts the upcoming annual budget in June of the year preceding the upcoming budget year beginning July 1. The City may amend the budget, if necessary, due to excess expenditures. The original budget was not amended during the year ended June 30, 2022.

The budget is prepared on a basis without consideration to time of receipt or payment.. Revenues and expenses are budgeted by total expected, and the assumption is made that all revenues will be received and all expenses will be paid during the fiscal year.

Capital expenditures are expensed, rather than capitalized, in the budget preparation and no depreciation expense is budgeted.

INTERNAL CONTROL AND COMPLIANCE REPORT

CHARLES J. VEENEMAN, CPA, PSC
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Government Auditing Standards Report on Internal Control over Financial Reporting and on Compliance and Other Matters—with Material Weakness and Compliance Finding

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To Honorable Bob Thacker, Mayor, and the City of Goshen's Commissioners
City of GOSHEN, KENTUCKY

I 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 and each major fund of the City of GOSHEN, KENTUCKY, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of GOSHEN, KENTUCKY's basic financial statements and have issued my report thereon dated February 22, 2023.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of GOSHEN, KENTUCKY's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of GOSHEN, KENTUCKY's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of GOSHEN, KENTUCKY's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My 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. Given these limitations, during our audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

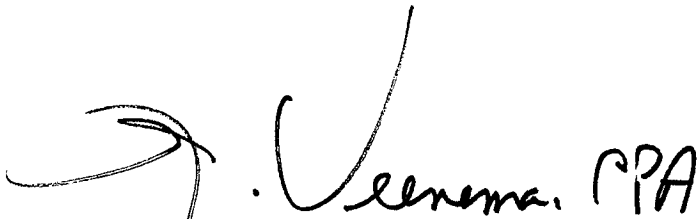


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of GOSHEN, KENTUCKY's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the city'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.

A handwritten signature in black ink that reads ". Veeneman, CPA". The signature is stylized and includes a large, sweeping flourish on the left side.

Charles J. Veeneman, CPA, PSC
Louisville, KY
February 22, 2023