

CITY OF GOSHEN, KENTUCKY
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

**CITY OF GOSHEN, KENTUCKY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	2 – 6
FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	7
Statement of Activities	8
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	9
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	12
NOTES TO FINANCIAL STATEMENTS.....	13 – 18
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	19
Budgetary Comparison Schedule – Special Revenue Fund.....	20
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 <i>GOVERNMENT AUDITING STANDARDS</i>	21 – 22

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Commissioners
City of Goshen, Kentucky

Report on the Financial Statements

We 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 City'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 City'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 and each major fund of the City of Goshen, Kentucky, as of June 30, 2021, 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.

Other Matters*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 on pages 2-6 and 19-20 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 January 20, 2022, on our consideration of the City of Goshen, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of 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.



Welenken CPAs

Louisville, Kentucky
January 20, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Goshen's (the City) discussion and analysis provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Since this information is designed to focus on the current year activities, resulting changes, and currently known facts, it should be read in conjunction with the City's financial statements provided in this document.

FINANCIAL HIGHLIGHTS

- The City's net position increased by \$96,166 as a result of revenues exceeding expenses.
- During the year, the City's insurance premiums tax revenue totaled \$242,407, which is an increase of \$23,439 over prior year.
- The City's total assets increased by \$99,675 over the prior year reaching a total of \$695,438.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

A. Government-Wide Financial Statements

Government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide a broad overview of the City's finances. They include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. In accrual accounting, revenues earned and expenses incurred in the fiscal year are taken into account in the financial statements regardless of when cash is actually received or paid.

The Statement of Net Position provides information on all City assets and liabilities, with the difference between assets and liabilities reported as net position. Increases or decreases in the net position over time are one indicator of whether the City's financial health is improving, stagnating, or deteriorating. Information on other factors, such as changes in the revenue structure and the condition of the City's assets, is also needed to assess the overall financial situation of the City.

The Statement of Activities provides information on the City's annual revenues and expenses, as well as other transactions that increase or reduce net position.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over segregated resources for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City only has governmental funds to be presented in the fund financial statements.

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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The governmental statement of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between the *governmental funds and governmental activities*.

The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue fund (municipal road aid), both of which are considered major funds. No non-major funds exist.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City adopts an annual appropriated budget for both funds as required by state statute. Budgetary comparison statements have been provided for the general fund and the special revenue fund (municipal road aid) for the reader to demonstrate compliance with the adopted budget.

C. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

D. Other Information

This report presents certain required supplementary information concerning the City's budgetary comparison schedules for the General Fund and the Special Revenue Fund, in addition to the basic financial statements and accompanying notes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously indicated, net position may serve over time as a useful indicator of the City's financial position. A portion of the City's net position, \$342,746, or 50%, reflects its investment in capital assets net of accumulated depreciation. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. A portion of the City's net position, \$51,328, or 8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$290,706, or 42%, represents unrestricted net position. At the end of the year, governmental activities had a positive net position.

City of Goshen Comparative Statements of Net Position June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
Current and other assets	\$ 352,692	\$ 304,107	\$ 48,585
Capital assets	<u>342,746</u>	<u>291,656</u>	<u>51,090</u>
Total assets	<u>695,438</u>	<u>595,763</u>	<u>99,675</u>
Current and other liabilities	<u>10,658</u>	<u>7,149</u>	<u>3,509</u>
Total liabilities	<u>10,658</u>	<u>7,149</u>	<u>3,509</u>
Deferred inflows of resources	<u>775</u>	<u>654</u>	<u>121</u>
Net position:			
Invested in capital assets, net	342,746	291,656	51,090
Restricted	51,328	51,328	-
Unrestricted	<u>290,706</u>	<u>245,630</u>	<u>45,076</u>
Total net position	<u>\$ 684,780</u>	<u>\$ 588,614</u>	<u>\$ 96,166</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Goshen Comparative Statements of Activities Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Increase/ (Decrease)</u>
Revenues:				
Program revenue:				
Charges for services	\$ 751	\$ 1,716	(\$ 965)	(56.24%)
Grants	87,945	22,511	65,434	290.68%
General revenues:				
Property taxes	72,553	71,831	722	1.01%
Other taxes	261,268	226,822	34,446	15.19%
Investment	473	1,077	(604)	(56.08%)
Other income	<u>864</u>	<u>1,046</u>	<u>(182)</u>	<u>(17.40%)</u>
Total revenues	<u>423,854</u>	<u>325,003</u>	<u>98,851</u>	<u>30.42%</u>
 Expenses:				
General government	97,598	104,669	(7,071)	(6.76%)
Public safety	45,872	30,952	14,920	48.20%
Public works	139,477	89,359	50,118	56.09%
Sanitation	<u>44,741</u>	<u>44,741</u>	<u>-</u>	<u>- %</u>
Total expenses	<u>327,688</u>	<u>269,721</u>	<u>57,967</u>	<u>21.49%</u>
 Change in net position	 96,166	 55,282	 40,884	 73.96%
Net position – beginning	<u>588,614</u>	<u>533,332</u>	<u>55,282</u>	<u>10.37%</u>
Net position – ending	<u>\$684,780</u>	<u>\$588,614</u>	<u>\$ 96,166</u>	<u>16.34%</u>

Governmental activities increased the City's net position by \$96,166. The increase was attributable to total governmental revenues exceeding expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The financial reporting focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information, particularly *unassigned fund balance*, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the 2020-2021 fiscal year, the City governmental funds reported combined ending fund balances of \$341,259. The General Fund's unassigned balance of \$287,427 is available for spending at the government's discretion. The General Fund is the chief operating fund of the City.

At the end of the 2020-2021 fiscal year, the General Fund balance was \$289,931. As a measure of liquidity, a comparison of the unassigned fund balance to total general fund expenditures and transfers placed the fund balance at 80% of total expenditures.

The Special Revenue Fund which is restricted for road expenditures has a total fund balance of \$51,328. The Special Revenue Fund balance remained constant from the previous fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual charges to appropriations (expenditures) were \$21,990 less than the final budgeted amounts. The City's most negative variance was in public safety expense which was over budget by \$24,272. The most positive variance occurred in the public works/capital projects expense which was under budget by \$45,851.

In addition, resources available for appropriation were \$52,965 greater than the final budgeted amount. The final budget included \$72,620 of property tax revenue in comparison to the \$72,793 actually collected. In addition, other income including insurance tax revenue, was the most significant positive variance at \$52,292.

CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The City's investment in capital assets for governmental activities as of June 30, 2021 is \$342,746 (net of accumulated depreciation). This investment in capital assets includes land, drainage work, playground equipment, office equipment, roads and park facilities.

City of Goshen's 2021 Capital Assets Governmental Activities

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	Ending <u>Balance</u>
Land	\$ 152,929	\$ -	\$ -	\$ 152,929
Roads	199,586	-	-	199,586
Drainage	197,274	39,756	-	237,030
Playground	74,163	-	-	74,163
Office equipment	2,585	-	-	2,585
Other equipment	18,538	22,164	-	40,702
Land improvements	<u>33,068</u>	<u>23,919</u>	<u>-</u>	<u>56,987</u>
Total Cost	678,143	85,839	-	763,982
Less: accumulated depreciation	(<u>386,487</u>)	(<u>34,749</u>)	<u>-</u>	(<u>421,236</u>)
Net Capital Assets	<u>\$ 291,656</u>	<u>(\$ 51,090)</u>	<u>\$ -</u>	<u>\$ 342,746</u>

B. Debt Administration

The City has no long-term debt at June 30, 2021.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

There are currently no economic factors that are expected to change the outlook of the revenue or expenses for the City in the next year. In addition, no rate changes occurred for the next year.

A summary for the 2022 fiscal year budgeted expenses are as follows:

- General government - \$99,352
- Police and public safety - \$30,000
- Public works - \$135,963
- Sanitation - \$46,133
- Road expenses - \$18,000

MANAGEMENT'S DISCUSSION AND ANALYSIS

REQUESTS FOR INFORMATION

This financial report is designed to provide a general financial overview for those interested in the City of Goshen government finances. Questions or requests for additional financial information may be addressed to Bob Thacker, Mayor, City of Goshen, P.O. Box 112, Goshen, KY 40026.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF GOSHEN, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 295,615
Property taxes receivable	413
Insurance premium taxes receivable	52,729
Other receivables	1,431
Prepaid expenses	2,054
Deposits	450
Capital assets, net of accumulated depreciation	<u>342,746</u>
Total Assets	<u>695,438</u>
LIABILITIES	
Accounts payable	8,045
Accrued expenses	<u>2,613</u>
Total Liabilities	<u>10,658</u>
NET POSITION	
Investment in capital assets, net of accumulated depreciation	342,746
Restricted	51,328
Unrestricted	<u>290,706</u>
Total Net Position	<u>\$ 684,780</u>

See accompanying notes to financial statements.

**CITY OF GOSHEN, KENTUCKY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

PRIMARY GOVERNMENT	Governmental Activities			
	Expenses	Charges for Services	Operating Grants	Total
<u>FUNCTIONS/PROGRAMS</u>				
General government	\$ (97,598)	\$ 751	\$ 5,379	\$ (91,468)
Public safety	(45,872)	-	41,872	(4,000)
Public works	(139,477)	-	40,694	(98,783)
Sanitation	(44,741)	-	-	(44,741)
Total Primary Government	(327,688)	751	87,945	(238,992)
GENERAL REVENUES				
Property taxes				72,553
Insurance taxes				242,407
Stormwater fee				10,727
Rental license fee				3,300
Franchise tax				4,834
Investment earnings				473
Miscellaneous				864
				335,158
Total General Revenues				335,158
CHANGE IN NET POSITION				96,166
NET POSITION, BEGINNING OF YEAR				588,614
NET POSITION, END OF YEAR				\$ 684,780

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

CITY OF GOSHEN, KENTUCKY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 244,287	\$ 51,328	\$ 295,615
Property taxes receivable	413	-	413
Insurance premium taxes receivable	52,729	-	52,729
Other receivables	1,431	-	1,431
Prepaid expenses	2,054	-	2,054
Deposits	450	-	450
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 301,364</u>	<u>\$ 51,328</u>	<u>\$ 352,692</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Liabilities			
Accounts payable	\$ 8,045	\$ -	\$ 8,045
Accrued expenses	2,613	-	2,613
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>10,658</u>	<u>-</u>	<u>10,658</u>
Deferred Inflows of Resources			
Unavailable revenue - other	775	-	775
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>775</u>	<u>-</u>	<u>775</u>
Fund Balances			
Nonspendable - prepaid items	2,504	-	2,504
Restricted	-	51,328	51,328
Unassigned	287,427	-	287,427
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>289,931</u>	<u>51,328</u>	<u>341,259</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 301,364</u>	<u>\$ 51,328</u>	<u>\$ 352,692</u>

See accompanying notes to financial statements.

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

Total fund balances for governmental funds	\$	341,259
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, not reported in the general fund.		342,746
Certain property tax collections and other revenues are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		<u>775</u>
Total net position of governmental activities	\$	<u><u>684,780</u></u>

See accompanying notes to financial statements.

CITY OF GOSHEN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Property taxes	\$ 72,793	\$ -	\$ 72,793
Insurance premium taxes	242,407	-	242,407
Grant income	70,277	17,668	87,945
Stormwater fee	10,727	-	10,727
Rental license fee	3,200	-	3,200
Franchise tax	4,834	-	4,834
Fines and other charges	490	-	490
Interest income	473	-	473
Miscellaneous	864	-	864
	<u>406,065</u>	<u>17,668</u>	<u>423,733</u>
EXPENDITURES			
Current			
General government	97,598	-	97,598
Public safety	45,872	-	45,872
Public works	87,060	17,668	104,728
Sanitation	44,741	-	44,741
Capital outlays	<u>85,839</u>	<u>-</u>	<u>85,839</u>
	<u>361,110</u>	<u>17,668</u>	<u>378,778</u>
Net Change in Fund Balance	44,955	-	44,955
Fund Balances - Beginning	<u>244,976</u>	<u>51,328</u>	<u>296,304</u>
Fund Balances - Ending	<u><u>\$ 289,931</u></u>	<u><u>\$ 51,328</u></u>	<u><u>\$ 341,259</u></u>

See accompanying notes to financial statements.

**CITY OF GOSHEN, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Changes in fund balances - governmental funds	\$ 44,955
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The change in net position reported for governmental activities in the statement of net activities is different because:

Certain property tax and other receivable collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.	121
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlays	85,839
Depreciation expense	<u>(34,749)</u>

Change in net position of governmental activities	<u><u>\$ 96,166</u></u>
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See accompanying notes to financial statements.

**CITY OF GOSHEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Goshen, Kentucky (the City) was incorporated under the provisions of the Commonwealth of Kentucky. The City operates under the Mayor-Commission form of government and provides the following services as authorized by its charter: general government, public service, public safety and sanitation. As required by accounting principles generally accepted in the United States of America (GAAP), the accompanying basic financial statements present the activities of the City.

B. BASIC FINANCIAL STATEMENTS

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the non-fiduciary activities of the Primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety, public improvements, cultural and recreation, and general administrative support services.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements or a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**CITY OF GOSHEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENTS 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. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds 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 considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City in general considers revenues available if they are collected within 180 days after year-end, except for property taxes, which the City considers available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when payment is due.

For the governmental funds financial statements, the City considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources and the legally authorized activities of the City, except those required to be accounted for in other specialized funds.

The Special Revenue Fund (Municipal Road Aid) is used to account for the proceeds or specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

**CITY OF GOSHEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Property Taxes and Other Receivables - Property taxes and other receivables are recorded at gross amount less uncollectible amounts recognized under the allowance method. Management considers all receivables to be collectable at June 30, 2021.

Capital Assets - Capital assets are reported in the governmental activity column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year ended June 30, 2021.

Capital assets of the City are depreciated using the straight-line method over their estimated useful lives.

Deferred Inflows of Resources – In addition to liabilities, the balance sheet - governmental funds report a separate section for deferred inflows of resources. This separate financial statement element is for certain receivables that are not available to pay for current-period expenditures and arises only under the modified accrual basis of accounting. Accordingly, the items, unavailable revenue, is reported only in the balance sheet – governmental funds. The governmental funds report unavailable revenue from property taxes and other receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position/Fund Balances

Government-Wide Statements

In the statement of net position, the difference between the City's assets and liabilities is recorded as net position. The three components of net position are as follows:

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

Restricted Net Position – Net position that is restricted by external sources or by law are reported separately as restricted net position. When assets are required to be retained in perpetuity, the non-expendable net position is recorded separately from expendable net position. These are components of restricted net position. The City has restricted net position related to municipal road aid monies received from the Commonwealth of Kentucky. The balance in restricted net position is \$51,328 at June 30, 2021.

**CITY OF GOSHEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION
(continued)**

Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “investment in capital assets, net of accumulated depreciation and related debt”.

Fund Financial Statements

In the balance sheet of governmental funds, fund balances may be segregated as follows:

Nonspendable – amounts that 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 used only for specific purposes determined by a formal action of the City Commission. The Commission is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the 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. Under the Commission adopted policy, only the City Commission may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. 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 City Commission has provided otherwise in its commitment or assignment functions.

Budgetary Accounting - The City follows the procedures established pursuant to Section 91A.030 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

Budgeted amounts in the financial statements are as adopted by ordinance of the City including any authorized revisions

Compensated Absences – The City provides sick pay benefits to its City Clerk. The financial statements include a liability for unused benefits totaling \$1,141.

**CITY OF GOSHEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION
(continued)**

Management's 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 the reported amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Note 2 – DEPOSITS AND INVESTMENTS

Under Kentucky Revised Statutes the City is allowed to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of the Commonwealth of Kentucky and its agencies, insured savings and loans, or interest-bearing deposits of insured national or state banks. The deposits in excess of insurance coverage must be fully collateralized.

Note 3 – CAPITAL ASSETS

	<u>Year Ending June 30, 2021</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Land	\$ 152,929	\$ -	\$ -	\$ 152,929
Roads	199,586	-	-	199,586
Drainage	197,274	39,756	-	237,030
Playground	74,163	-	-	74,163
Office equipment	2,585	-	-	2,585
Other equipment	18,538	22,164	-	40,702
Land improvements	<u>33,068</u>	<u>23,919</u>	<u>-</u>	<u>56,987</u>
Total Cost	678,143	85,839	-	763,982
Less: accumulated depreciation	(<u>386,487</u>)	(<u>34,749</u>)	<u>-</u>	(<u>421,236</u>)
Net Capital Assets	<u>\$ 291,656</u>	<u>(\$ 51,090)</u>	<u>\$ -</u>	<u>\$ 342,746</u>

Depreciation expense for the year ended June 30, 2021 was \$34,749. This amount was charged to public works.

**CITY OF GOSHEN, KENTUCKY
NOTES TO FINANCIAL STATEMENTS**

Note 4 – PROPERTY TAXES

As generally provided in the Constitution of the Commonwealth of Kentucky, the City's property tax is levied each July 1 on the assessed value listed as of the prior January 1 for all real property located in the City. The Oldham County Property Valuation Administrator establishes assessed values. The tax payments are due and payable when levied. The City adopted a tax rate of \$.131 per \$100 of property assessed for taxation.

Property tax revenues are recognized when they become available. A discount of 10% shall be allowed on tax bills paid prior to August 1, each year. Bills paid after that date but before August 31 are not allowed a discount or subject to a penalty. All bills paid after August 31 are charged a penalty of 10% plus interest at the rate of 1% per month until paid.

Note 5 – GRANT REVENUE

Under the provisions of state law, the Commonwealth of Kentucky reimbursed the City \$3,246 for police incentive training and other miscellaneous operating costs during the year ended June 30, 2021 that are recorded as operating grants in the General Fund.

The Commonwealth of Kentucky reimbursed the City \$66,521 for expenses incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) during the year ended June 30, 2021 that are recorded as operating grants in the General Fund.

Note 6 – LEASES

The City leases office and storage space at a rate of \$420 per month. The lease is for a three-year period commencing on December 1, 2018 and expiring on November 31, 2021. Future minimum lease payments at June 30, 2021:

Fiscal Year Ending:	
2022	2,100
	<u>\$ 2,100</u>

Rent expense for the year was \$5,040.

Note 7 - COMMITMENTS

The City maintains contractual relationships relating to services provided for the benefit of the City. These commitments include annual contractual obligations for sanitation and maintenance services. All contracts are current, and no invoices are outstanding.

Note 8 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through January 20, 2022, the date the financial statements were available to be issued.

The City was awarded \$261,549 in funds from the American Rescue Plan Act to be used for qualified projects; \$130,774 of the funds was received on July 26, 2021 and the remaining balance of \$130,775 is expected to be received before the end of fiscal year 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GOSHEN, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Resources (inflows):				
Property taxes	\$ 71,290	\$ 72,620	\$ 72,793	\$ 173
Grant income	4,910	70,030	70,277	247
Interest income	600	220	473	253
Other income	<u>200,460</u>	<u>210,230</u>	<u>262,522</u>	<u>52,292</u>
Amounts available for appropriation	<u>277,260</u>	<u>353,100</u>	<u>406,065</u>	<u>52,965</u>
Charges to appropriations (outflows):				
General government	99,080	98,000	97,598	402
Public safety	30,000	21,600	45,872	(24,272)
Public works/capital projects	103,430	218,750	172,899	45,851
Sanitation	<u>44,750</u>	<u>44,750</u>	<u>44,741</u>	<u>9</u>
Total charges to appropriations	<u>277,260</u>	<u>383,100</u>	<u>361,110</u>	<u>21,990</u>
Net change in fund balance	-	(30,000)	44,955	74,955
Fund balance - beginning	<u>247,740</u>	<u>207,497</u>	<u>244,976</u>	<u>(37,479)</u>
Fund balance - ending	<u><u>\$ 247,740</u></u>	<u><u>\$ 177,497</u></u>	<u><u>\$ 289,931</u></u>	<u><u>\$ 37,476</u></u>

CITY OF GOSHEN, KENTUCKY
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Municipal road aid	<u>\$ 16,000</u>	<u>\$ 18,000</u>	<u>\$ 17,668</u>	<u>\$ (332)</u>
Amounts available for appropriation	<u>16,000</u>	<u>18,000</u>	<u>17,668</u>	<u>(332)</u>
Charges to appropriations (outflows):				
Road repairs and maintenance	<u>16,000</u>	<u>18,000</u>	<u>17,668</u>	<u>332</u>
Total charges to appropriations	<u>16,000</u>	<u>18,000</u>	<u>17,668</u>	<u>332</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>51,900</u>	<u>35,683</u>	<u>51,328</u>	<u>(15,645)</u>
Fund balance -ending	<u><u>\$ 51,900</u></u>	<u><u>\$ 35,683</u></u>	<u><u>\$ 51,328</u></u>	<u><u>\$ (15,645)</u></u>

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

To the Honorable Mayor and Commissioners
City of Goshen, Kentucky

We have audited, 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, the financial statements of the governmental activities and each major fund of City of Goshen, Kentucky, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Welenken CPAs". The letters are cursive and somewhat stylized.

Welenken CPAs

Louisville, Kentucky
January 20, 2022